CSCU Board of Regents

AGENDA
Audit Committee
Wednesday, December 14, 2022 @ 10:00 a.m.
Conducted Via Remote Participation

Meeting will stream live at: http://youtu.be/B2w-jQU2Jvk

1. Call to Order and Declaration of Quorum

2. Approval of Previous Audit Meeting Minutes – May 9, 2022…………………………………………. 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 4
       b. Draft Connecticut State Universities - June 30, 2022 Financial Statements…… Page 33
       c. Draft Connecticut Community Colleges - June 30, 2022 Financial Statements.. Page 96
       d. Draft Charter Oak State College - June 30, 2022 Financial Statements ………….. Page 152
     - CSCU 2022 Draft Audit Report - CohnReznick (C. Kurth, Partner) ………………………. Page 193

4. Adjournment

Audit Committee members
Elease Wright, Chair
Rick Porth

CSCU Board of Regents

Audit Committee
Monday, May 9, 2022 @ 10:00 a.m.
Conducted Via Remote Participation

Meeting Minutes

AUDIT COMMITTEE MEMBERS	PARTICIPATING REMOTELY
Elease Wright, Chair	Yes
Aviva Budd	Yes
Rick Porth	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, Dave Stoffel, Chris Bradford - 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 JANUARY 20, 2022 AUDIT MEETING MINUTES

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

3. DISCUSSION ITEMS

A. <u>APA Audit Update - Melinda Cruanes</u>

- The Community Colleges 2018, 2019, and 2020 APA Audits were released on March 16.
- The University and System Office 2019 and 2020 APA Audits were released on March 14.
- All matters in the reports have been discussed with the BOR Audit Committee. The team is currently working to ensure that any future findings are minimized.
- APA is currently working on their 2021 and 2022 audits. Final results are not expected for quite a while.

B. <u>Management Update – Melinda Cruanes</u>

- System Office Accounting has been busy working on the CT State Community College merger, especially the transition of the Banner Financial System. They are moving into a new Banner system for the FY23 College transition year. There should be no affect on the FY22 close.

- GASB 87 and 96 will be implemented this year. GASB 87 is the lease standard which requires that all leases that meet certain criteria are recorded on the balance sheet. There is no longer a distinction between operating and capital leases. GASB 96 is like GASB 87, but for subscription-based information technology arrangements. These arrangements will also have to be brought onto the balance sheet if they meet certain criteria.
  - Implementation of GASB 87 and 96 will require the analysis of every contract that may contain a lease. Because of the size of the portfolio at the colleges, universities, and Charter Oak and to ensure consistency in data extraction, accurate evaluation, and accounting entries for the initial implementation, System Office Accounting has engaged Grant Thornton's Advisory Team to assist in extracting and compiling data from the contracts and POs. They will not be performing calculations for entries.
  - SO Accounting is investigating the purchase of software to maintain the lease and software listings.
  - The decision to implement GASB 96 this year instead of FY23 when it's required was made due to its similarity to GASB 87 and the assistance of Grant Thornton.
  - Regent Wright asked what the size of the project was expected to be. Claire Esten could not estimate what the entry to the balance sheet would be, but between 200 – 300 leases are expected to be included in the implementation. From a financial reporting benefit, the work may help with decisions about whether to purchase or to lease, as well the policies and procedures for entering a financing arrangement.
  - Regent Budd asked if the cost of the leases could be discounted going forward creating a more realistic commercial value. Claire Esten responded that they were and added that the rationale for GASB 87 was to create consistency for US accounting with the rest of the world's process to capitalize the leases.
  - Regent Porth asked if these were new GASB requirements. Claire Esten responded that they were, and the implementation was required, not optional. Regent Porth asked if the 200 – 300 leases were mostly equipment and if so, what type of equipment. Melinda Cruanes responded that about 2/3 of the portfolio was comprised of copiers; other items include real estate leases, postage machines, and embedded leases.

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

- The full PowerPoint is included as Attachment A. Their presentation focuses on the timetable for the 2020 Construction Audit (page 9).
- Planning started in April and will be very similar to prior years. There will be a slight change this year as field work at a couple of campuses have been swapped.
- Field work begins right after July 4th.
- An initial draft of the schedule and management letter is due in August. Any issues will be noted and brought to management's attention so that corrections can be made before the final draft is completed. Final draft is due in September.
- A change to the overall look of the report is planned this year to place the opinion as the second paragraph, instead of buried in the second page.

D. <u>FY22 Audit Planning Presentation – Grant Thornton</u>

- Claire Esten, Dave Stoffel, and Chris Bradford of Grant Thornton provided an Audit Planning update. Their presentation (Attachment B) focused on:
  - timeline and scope (slide 1)
  - significant risks and other areas of focus (slides 2 – 4)
  - work of other auditors (slide 5)
  - Grant Thornton Advisory and the GASB 87 work (slide 6)
- Claire Esten also commented on the reformatting of the content of the report. The opinion paragraph will be right at the beginning.
- Industry updates and trends in higher education were also discussed (slides 9 - 25).
  - pension funding status – CT was pointed out as one of the states with the worst funded ratio.
  - environmental, social, and government matters (ESG) – something to watch.

4. ADJOURNMENT

On a motion by Regent Budd, seconded by Regent Porth, the meeting adjourned at 10:36 a.m.

PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

FY22 Annual Audit Presentation

Connecticut State Colleges and Universities

December 2022

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

Audit status as of December 7, 2022

Open Items

Certain support to complete testing (e.g., CSUS net asset rollforward testing support, CSUS GASB 87 testing support)
Supporting workbook for Statement of Cash Flows (CSUS)
Final draft of the financial statements (CCC and CSUS)
Legal letter updates
Concluding management inquiries
Signed management representation letter
Final Manager, Partner, and Concurring Partner reviews
Tunxis Foundation financial statements with audit report signed

Significant risks

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

Significant risk area	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.**

Areas of audit focus

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

Areas of audit focus (continued)

Areas of focus	Results
Capital Assets	• Rolled forward account balances to ensure completeness • Sampled current year additions by vouching capitalized amount to supporting invoices / contracts • Ensured reasonableness of depreciation expense recorded in the period **No exceptions noted.**
Debt	• Confirmed amounts outstanding • Ensured reasonableness of interest expense **No exceptions noted.**
State appropriations	• Obtain detail of appropriations received from the state and reconciled to the GL • Confirm amounts with the state, agree to revenue recorded in the general ledger • Review receivable balance, reconcile the cash received to amounts outstanding based on confirmations **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.**

Areas of audit focus (continued)

Areas of focus	Results
Cash and cash equivalents	• Confirmed material balances and tested reconciliations to the GL **No exceptions noted.**
Adoption of GASB 87- Lease Accounting	• Performed detail testing to ensure the completeness of leases considered for implementation • Selected a sample of leases included in the population to test accuracy of the inputs • Reviewed management's methodology and journal entries to record the GASB 87 adoption entries • Compared draft disclosures to disclosure requirements to ensure completeness and accuracy of presentation/disclosure **No exceptions noted.**
Accounting estimates	• The preparation of the CSCU's financial statements requires management to make multiple estimates and assumptions that affect the reported amounts of assets and liabilities as well as the amounts presented in certain required disclosures in the notes to those financial statements. The most significant estimates relate to the net pension & OPEB liabilities, compensated absences liabilities, useful lives of depreciable assets, allocation of expenses among functional expense classifications, and allowances for student receivables. Our procedures were executed in part, to review these estimates and evaluate their reasonableness. **No exceptions noted.**
Financial statement disclosures	• Our procedures included an assessment as to the adequacy of the CSCU's financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by US GAAP. **No exceptions noted.**

Summary of Adjustments

Entity	Correct Misstatements	Uncorrected Misstatements	Disclosure Adjustments	Omitted Disclosures
CSUS	None noted	None noted	None noted	None noted
CCC	None noted	None noted	None noted	None noted
COSC	None noted	None noted	None noted	None noted

Quality of accounting practices

Accounting policies	Other than the adoption of GASB 87, there were no significant changes to accounting policies during the period.
Accounting estimates	Significant estimates include: • Net pension and OPEB liability, and related deferred inflows / outflows • Liability for compensated absences • Useful lives of depreciable assets • Allocation of expenses among functional expense classifications • Allowance for student receivables • Term of certain leases with option periods to be exercised at a future date
Disclosures	Disclosures within the financial statements are materially complete and accurate.
Other related matters	None noted

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

Grant Thornton

Appendix

1) Management representation letter (draft)
2) Industry updates

Management representation letter (draft)

Industry updates

Moody's 2022 outlook for the Higher Education sector* has changed to "stable" from "negative"

Moody's

Positive financial results in Fiscal 2021 coming out of the pandemic with enrollment levels and inflation key concerns for the future

Positive Developments

- Fiscal 2022 operating revenue projected to rise 4-6% following Fall 2021 return to campus
- Increased liquidity can allow flexibility to manage budget challenges

Risks to Monitor

- Inflation and labor shortages will lead to higher costs and lower margins
- Social and cyber risks pose key risks
- Operating budgets for most institutions remain strained

Outlook could turn negative if operating revenue growth falls substantially below inflation, enrollments decline further than expected, or constrained states' tax revenues lead to cuts in state appropriations

GrantThornton

*** Outlook as of December 2021, affirmed in June 2022 update**

Moody's 2022 Sector Update, continued

Moody's

Global credit themes affecting higher education

Reshaped economies

- High susceptibility to inflation and labor shortages, since over 50% of expenses relate to compensation
- Economic shifts and changes in job market creates new demands for credentials and programs
- Rebound in economy leads to losses of enrollment at community colleges and regionals

Debt sustainability

- Universities have taken advantage of low borrowing costs to refinance outstanding debt at lower cost
- Colleges also locked in lower rates over the long term to invest in strategic capital projects
- Entities that did become highly leveraged will be more exposed to any financial market volatility

Policy shifts

- Supportive federal environment, with extra student aid and funding for minority-focused colleges likely
- State policies and greater politicization of academic issues are complicating operating environments
- More open immigration policies and focus on new national strategy will bolster international enrollment

New technologies

- Online teaching and digitization of recruitment and administration require significant investment
- Expansion of online providers will offer competition, especially as pricing becomes more of a focus
- Cyber risk will continue to rise with greater use of technology and the migration to cloud storage

Path to net zero

- Many universities are implementing net zero energy systems and buildings
- Research departments are working on developing new technologies to address decarbonization
- Sector environmental risk is not high but liable to affect colleges in regions exposed to severe weather

Inequality & social risk

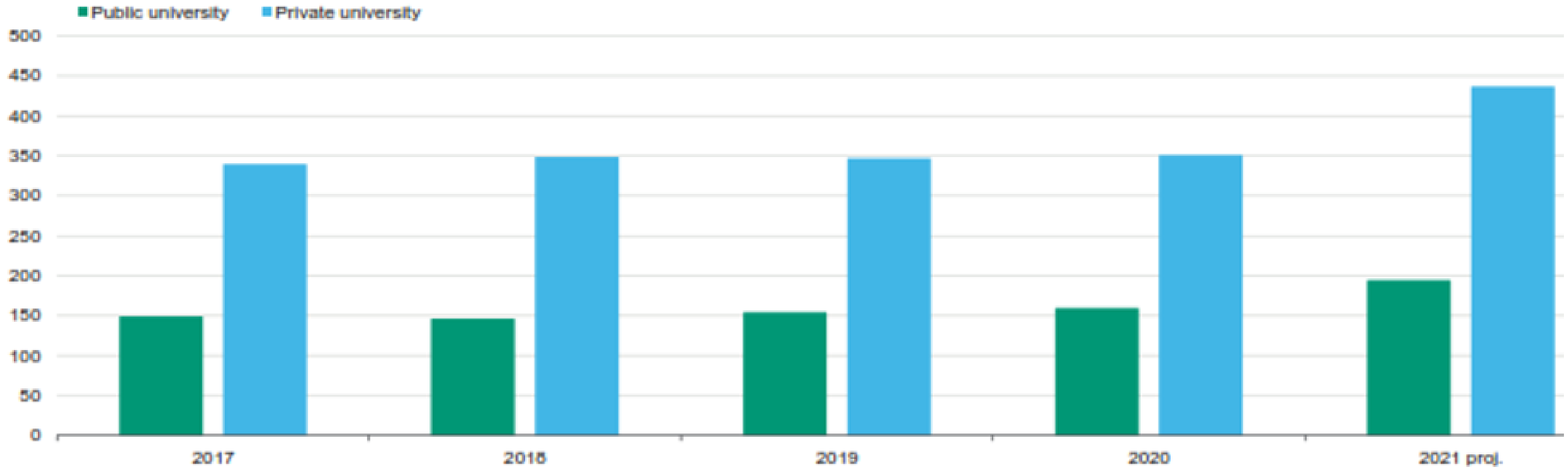
- Cost of student support to rise amid lower academic preparedness and wellness issues due to COVID
- Financial aid will rise as colleges respond to growing student need and affordability of higher education
- Falling numbers of high-school graduates will hit enrollment and intensify competition, price pressures

Moody's 2022 Sector Update, continued

Moody's

Greater financial assets largely driven by outsized fiscal 2021 investment gains will help stave off immediate adverse credit effects for most colleges and universities. Even with recent investment market volatility, the gains in endowment values and liquidity will provide financial flexibility and help universities manage through budget difficulties in fiscal 2023. Median monthly days cash on hand for public and private universities improved by 22% and 24% in fiscal 2021, respectively

Increased liquidity affords some runway to manage budget difficulties
Median monthly days cash on hand by fiscal year



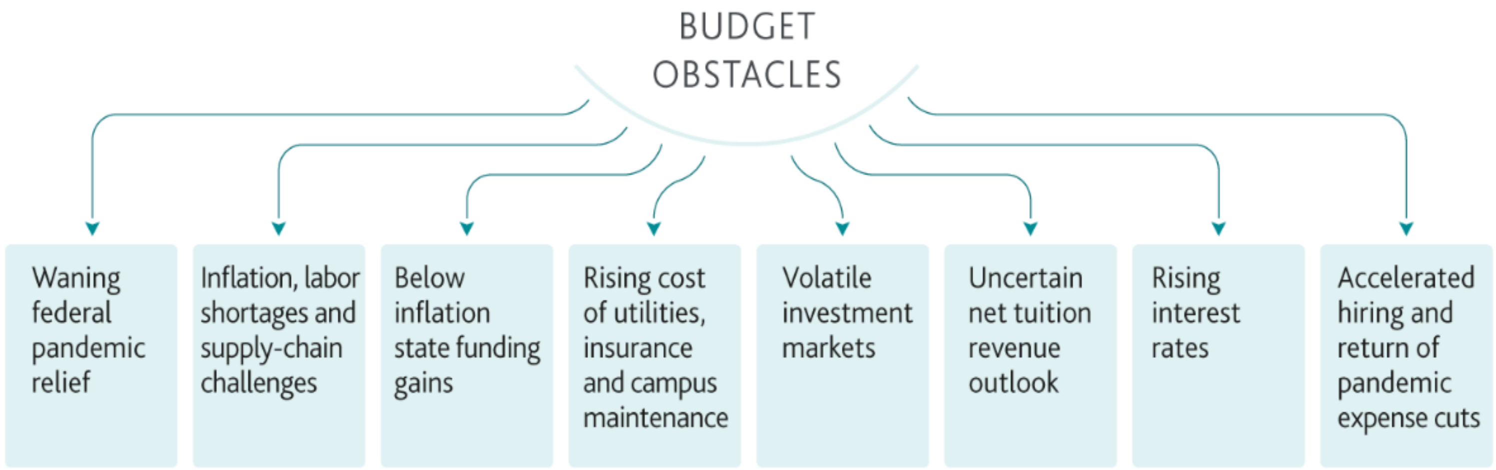
Source: Moody's Investors Service

Moody's 2022 Sector Update, continued

While there is an overall stable outlook for the higher education sector there are many potential budget obstacles to consider as well

Budget obstacles lay path of uncertainty

Converging revenue and expense difficulties drive looming budget stress in fiscal 2023



Grant Thornton

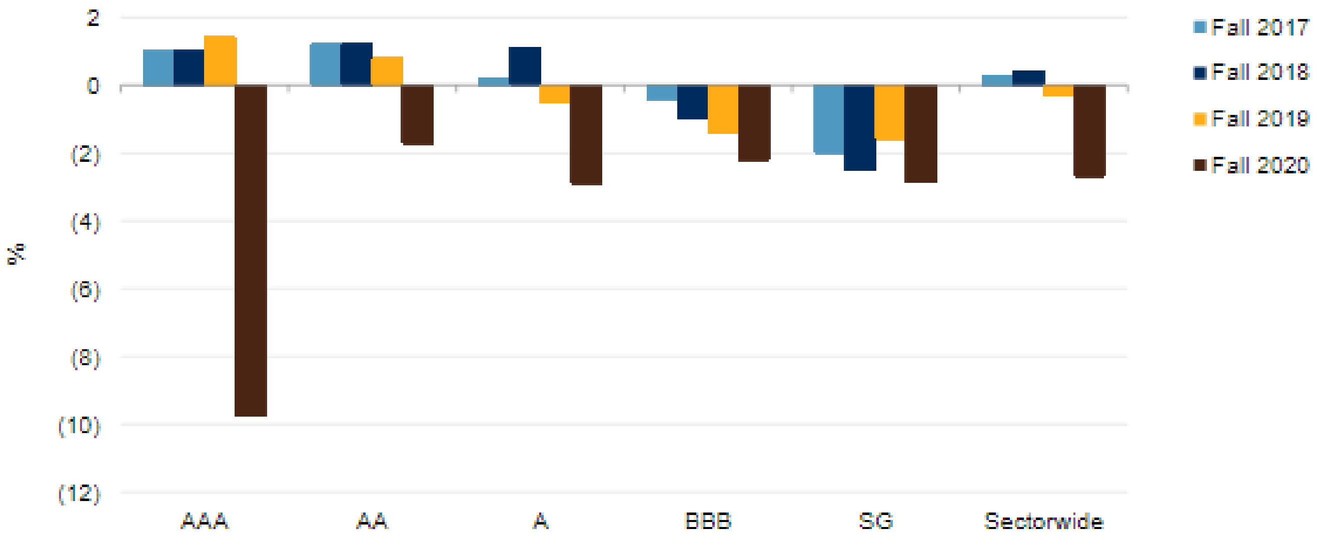
S&P's 2022 outlook for the Higher Education sector* has changed to "stable" after four years of "negative"

S&P Global Ratings

All ratings categories saw sharp enrollment declines due to a large number of selective institutions seeing large deferrals during the pandemic and by not decreasing their admissions standards with the expectation of a future increase.

The lower rated schools may be seeing enrollment declines that are less likely to recover in the future and note the BBB and SG institutions have been trending down each of the 4 years shown.

Private Colleges And Universities--Median Full-Time Equivalent Enrollment Change, Year Over Year



SG--Speculative grade.

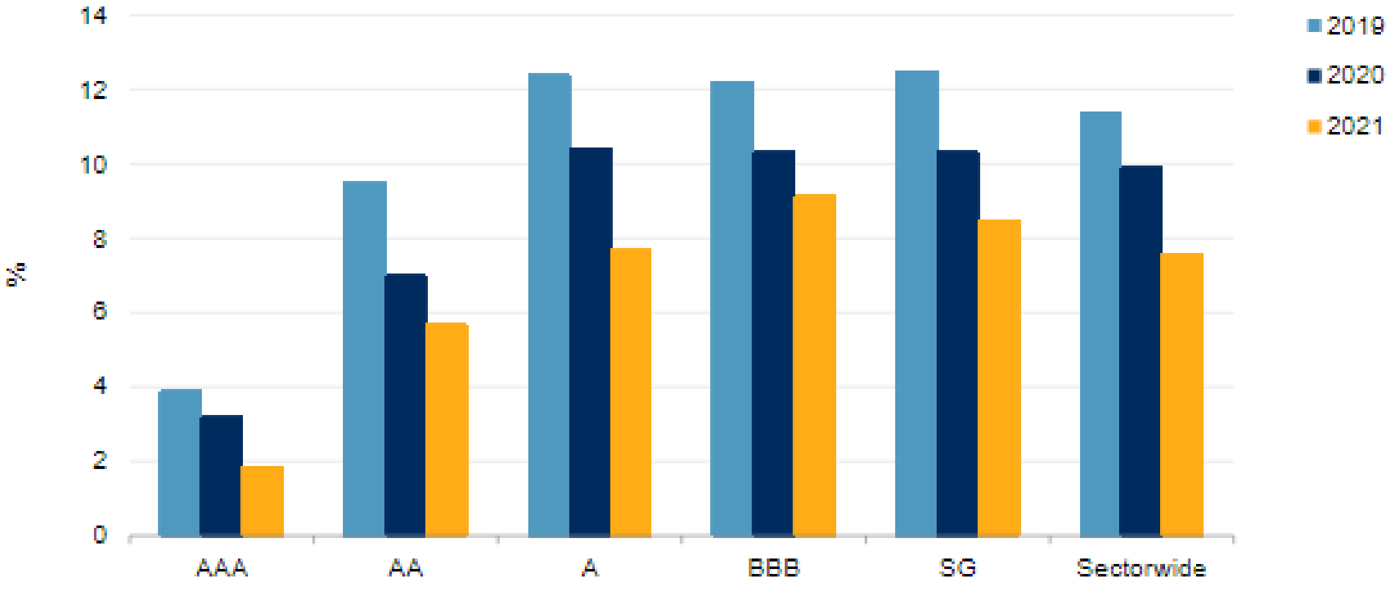
Grant Thornton

*** Outlook from January 2022, affirmed in July 2022 update**

S&P 2022 Sector Update, continued

S&P Global Ratings

As was expected during the pandemic, due to campus closings and fully virtual or hybrid virtual instruction periods, auxiliary revenue decreased from a high of 11% sectorwide in 2019 to just under 8% in 2021 as a percent of total revenue at institutions in all categories.

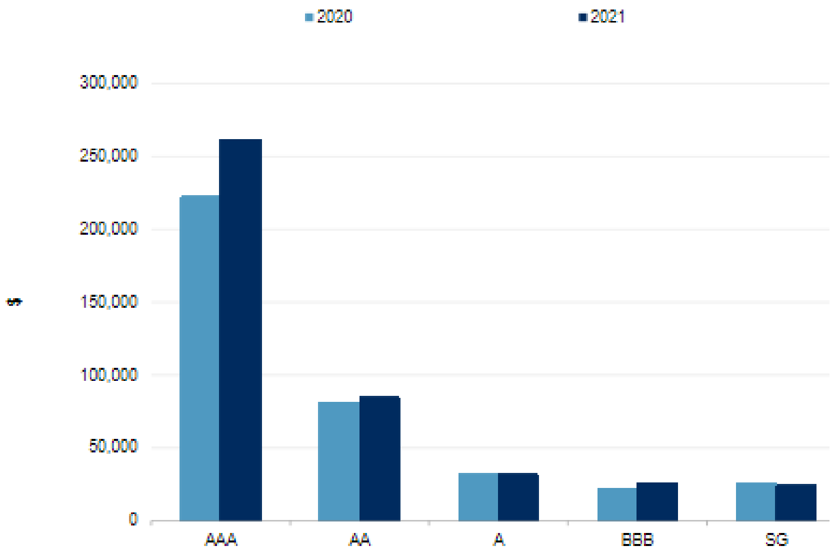


SG--Speculative grade.

S&P 2022 Sector Update, continued

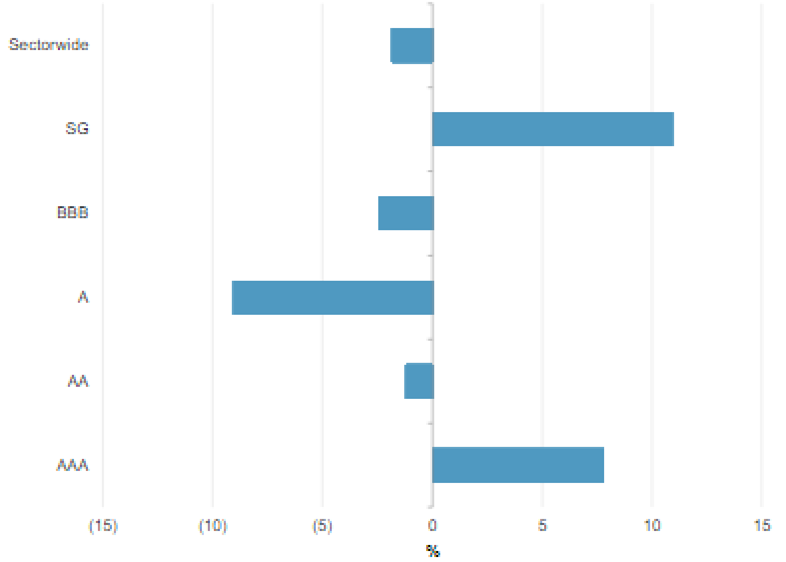
S&P Global
Ratings

Private Colleges And Universities: Median Debt Per Full-Time Equivalent



SG--Speculative grade.

Private Colleges And Universities--Change In Median Debt Outstanding Between



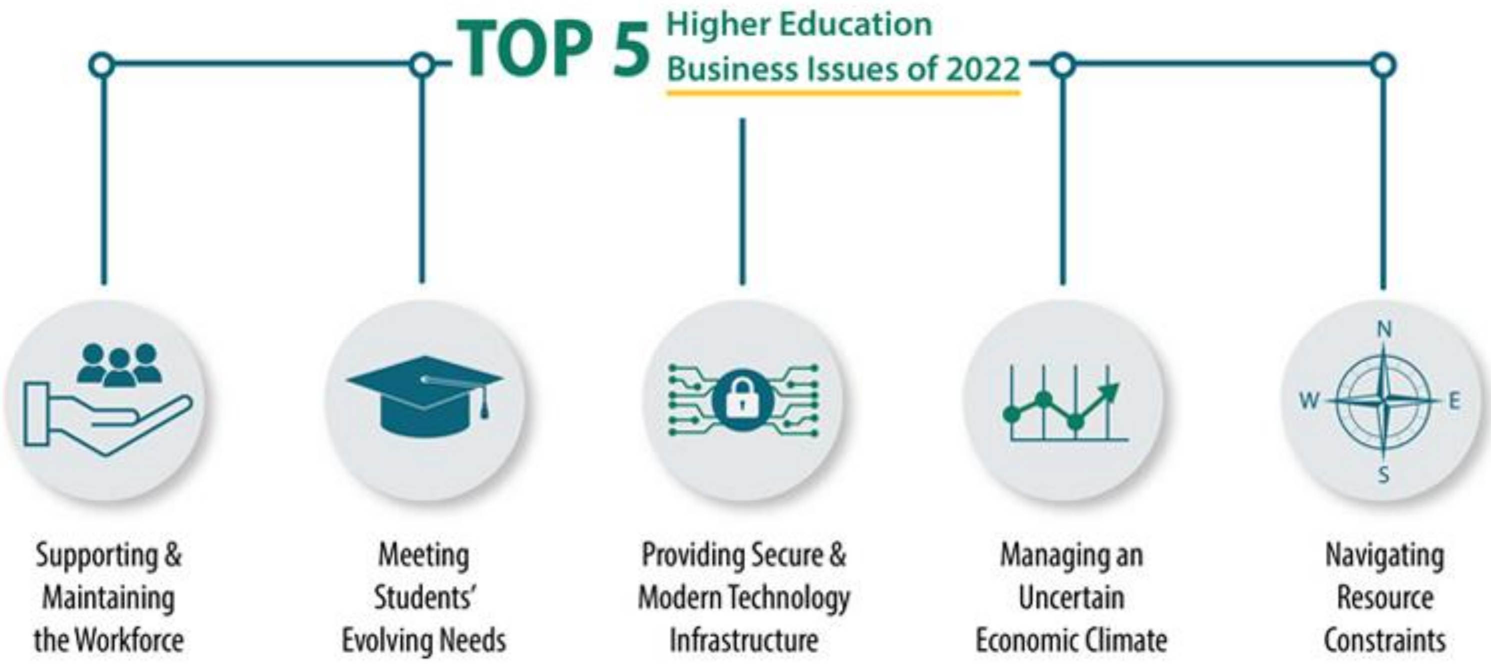
SG--Speculative grade.

The highest rated schools can carry a large debt per FTE ratio.

In Fiscal 2021 the median highest rated (AAA) and lowest rated (SG) sectors increased their debt, with the former for expansion and the latter for necessity, whereas the middle tiers were able to reduce overall debt.

Top 5 Business Issues per NACUBO

NACUBO



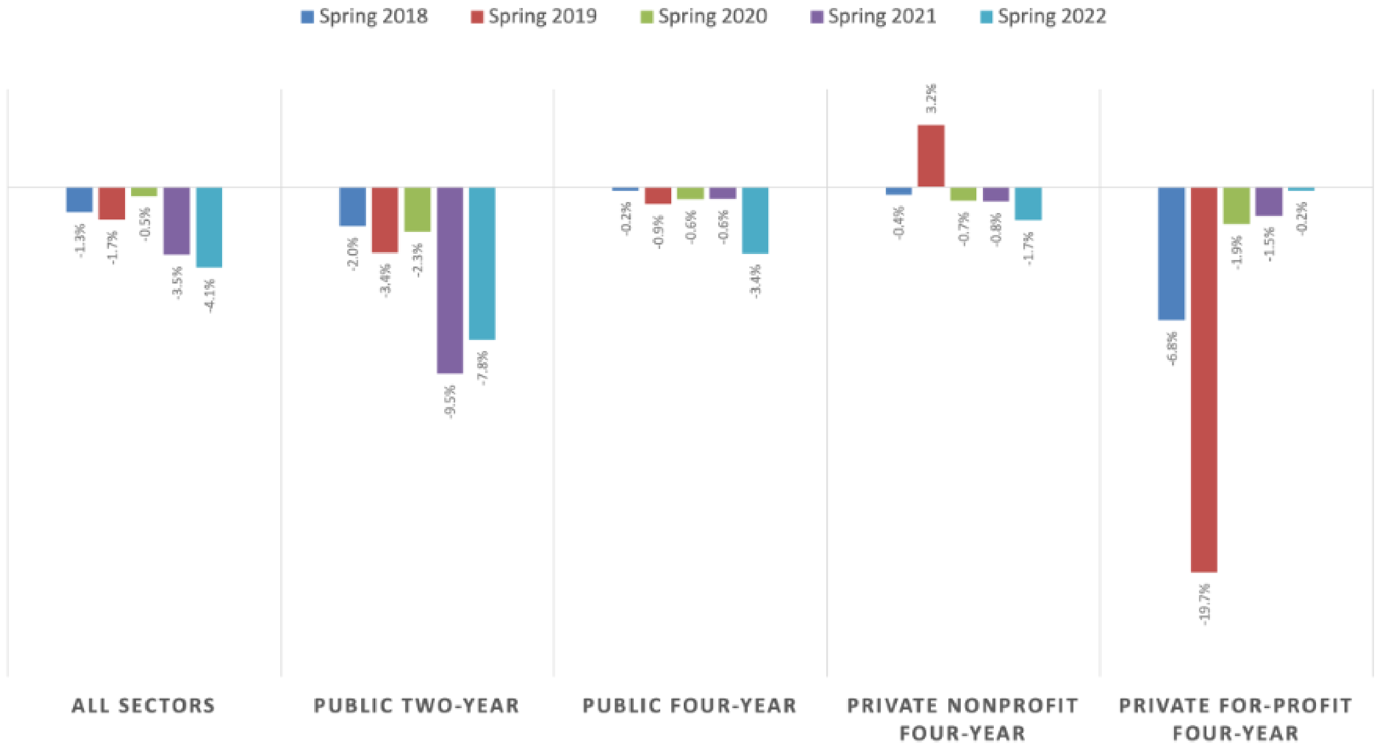
Source: https://www.nacubo.org/Research/2022%20Top%20Business%20Issues

Enrollment Changes – by sector

The total higher education enrollment decrease from Spring 2021 to Spring 2022 is 4.1%, the highest change in the past 5 years.

While public four-year and private nonprofit four-year institutions faired better than two-year and for-profit institutions, their declines from Spring 2021 to 2022 was the highest they have seen in the past 5 years.

Figure 1. Percent Change in Enrollment from Previous Year by Institutional Sector: 2018 to 2022

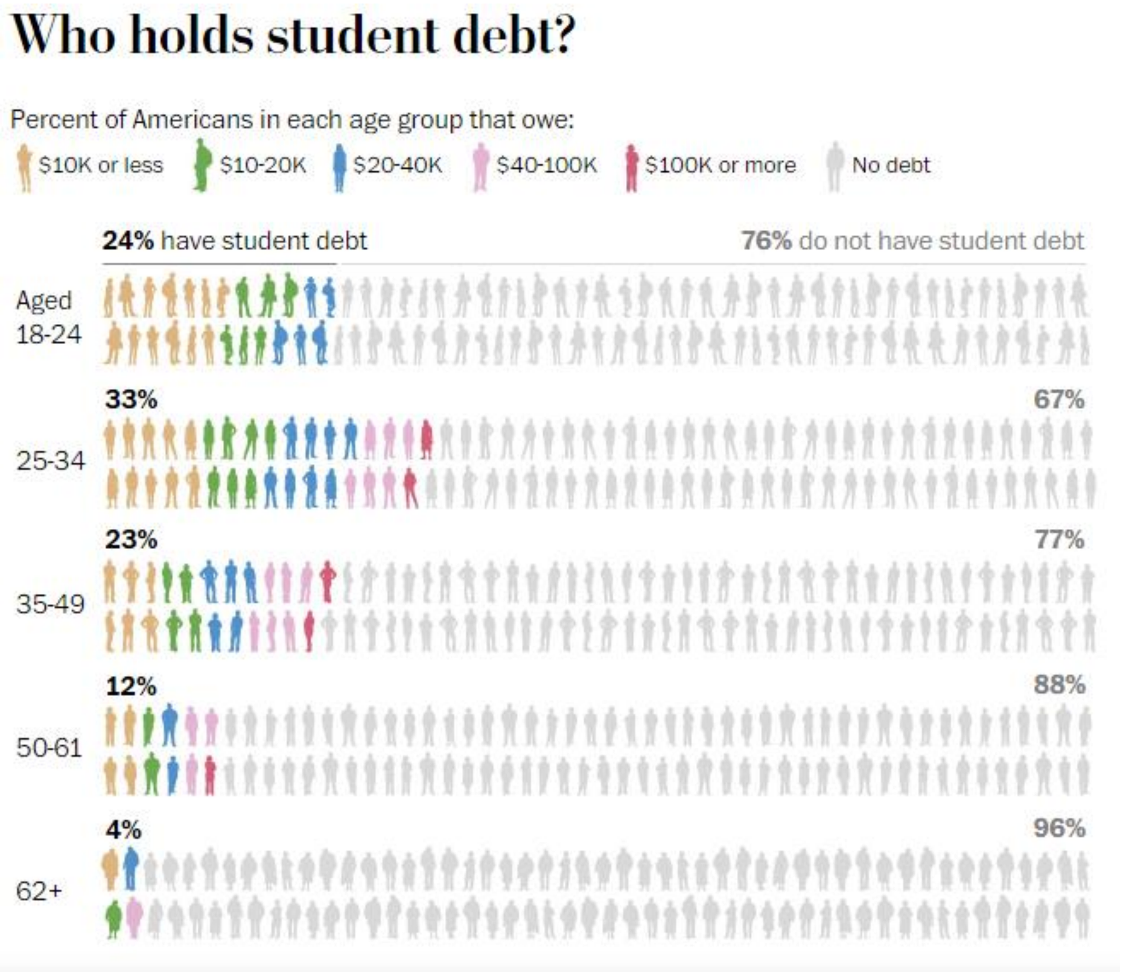


Student Loans

As of 6/30/2022 there is over $1.74 trillion in outstanding federal student debt*. This table was published by the Washington Post.

About 1 in 5 Americans hold student loans. More than half of those 45 million people with federal student loans have $20,000 or less to pay, with about a third of all borrowers owing less than $10,000. Seven percent of people with federal debt owe more than $100,000.

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



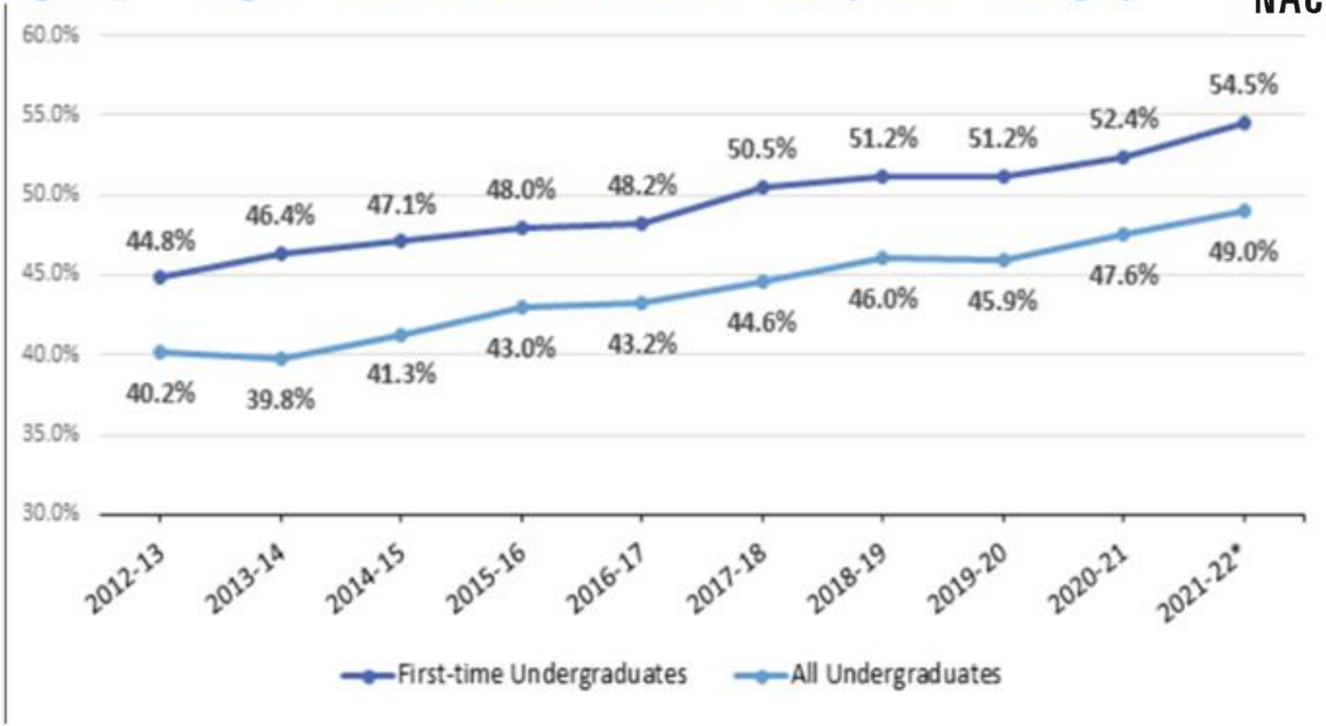
Grant Thornton

Trends in tuition discounting

NACUBO

Discount rates continue their steady climb to record highs projected for 2021-22

Figure 1: Average Institutional Tuition Discount Rate, by Student Category



Source: NACUBO Tuition Discounting Study, data as of May 2022.
*Preliminary estimates.

Grant Thornton

Environmental, social, and governance (ESG)

In 2022 Moody's began rating institutions on ESG under the following framework:

ESG Classification System Incorporates Credit Relevant Considerations

Our assessment of ESG risks is framed by the classification

Environmental

- Physical climate risks
- Carbon transition
- Water management
- Waste and pollution
- Natural capital

Social

Private sector

- Customer relations
- Demographic and societal trends
- Human capital
- Health and safety
- Responsible production

Public sector

- Access to basic services
- Demographics
- Education
- Health and safety
- Housing
- Labor and income

Governance

Private sector

- Financial strategy & risk management
- Management credibility & track record
- Organizational structure
- Board structure, policies & procedures
- Compliance & reporting

Public sector

- Institutional structure
- Policy credibility and effectiveness
- Budget management
- Transparency and disclosure

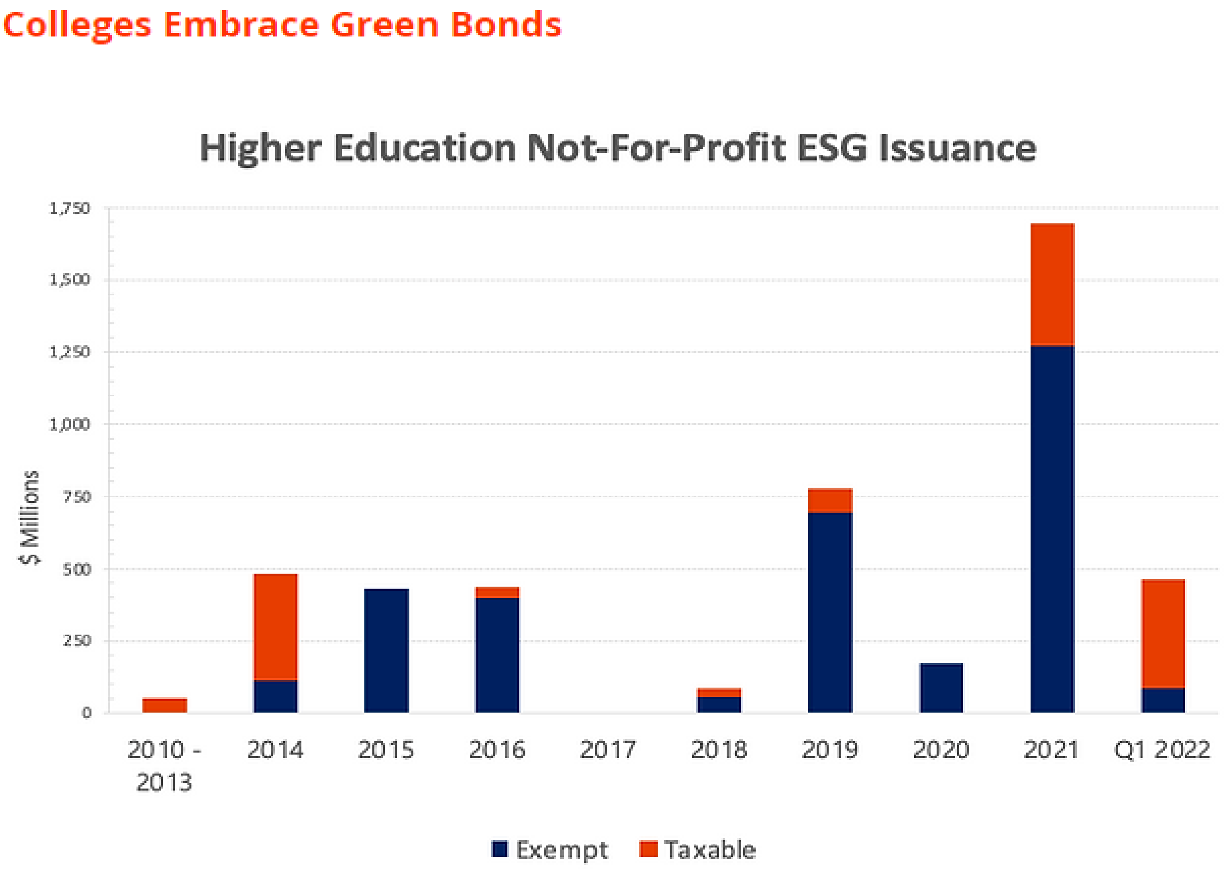
Source: Moody's Investors Service

Environmental, social, and governance (ESG)

A commitment to environmental sustainability is common for higher education institutions and there is now an opportunity to raise money to finance these projects. H2C Securities Inc. and Fifth Third Capital Markets published this chart which shows over $1.7 billion in ESG bonds being issued by institutions in 2021 with an expectation for continued growth.

Green bonds: These bonds enable capital-raising and investment for new and existing environmental projects.

Social bonds: Proceeds from these bonds are applied to projects that are intended to have positive social outcomes.



Grant Thornton

What presidents are saying:

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

Over five years…

81%

All institutions "agree" or "strongly agree"

84%

Public universities "agree" or "strongly agree"

78%

Nonprofit private colleges "agree" or "strongly agree"

Over ten years…

77%

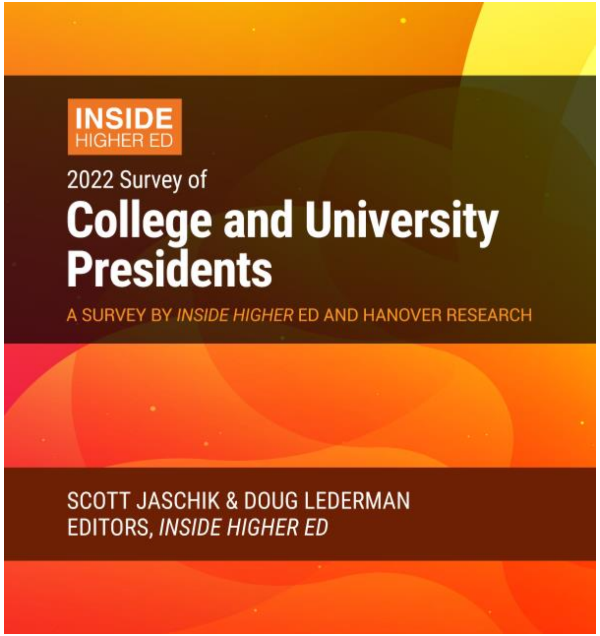
All institutions "agree" or "strongly agree"

76%

Public universities "agree" or "strongly agree"

79%

Nonprofit private colleges "agree" or "strongly agree"



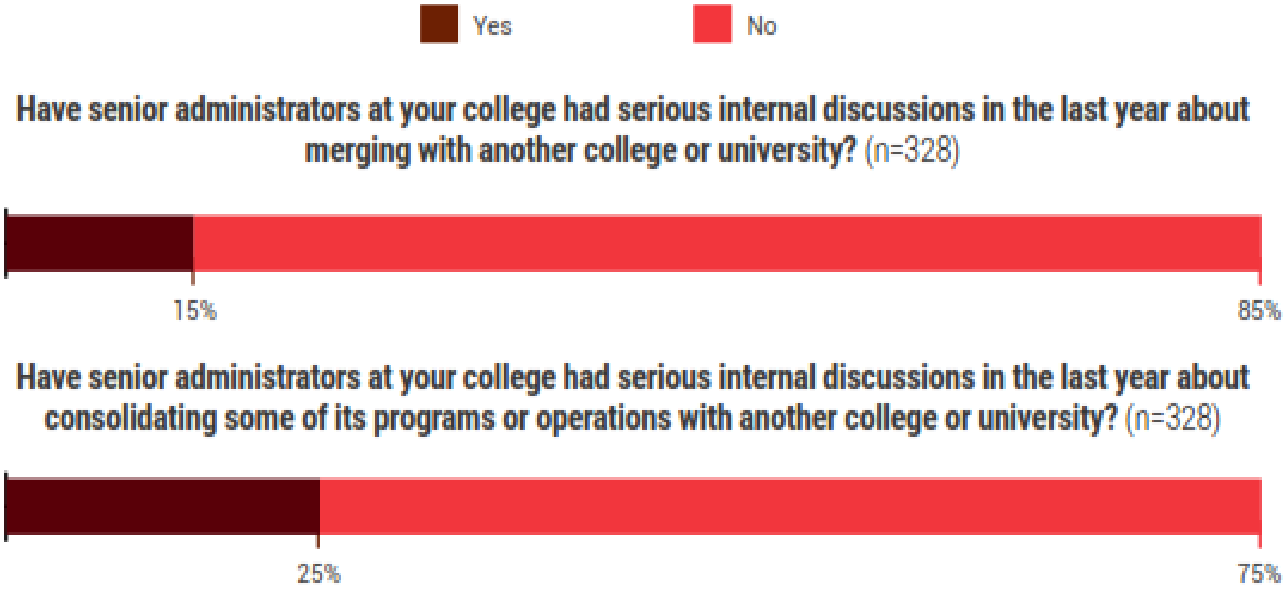
This most recent survey was completed in **March 2022**

Grant Thornton

Inside Higher Ed 2022 Survey of College and University Presidents

Merging or Consolidating Programs

Presidents at private nonprofit colleges are nearly twice as likely as their public college peers (20% vs. 11%) to say they have made merger discussions.



What chief business officers say overall:

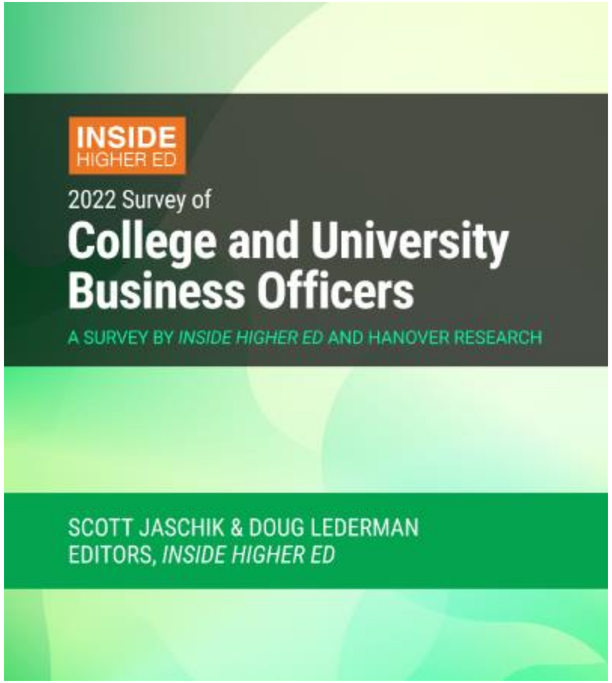
"Confident my institution will be financially **stable over ten years**"

65% in 2022

73% in 2021

53% in 2020

Confidence has declined since the high point of 2021 but still above 2020 levels.

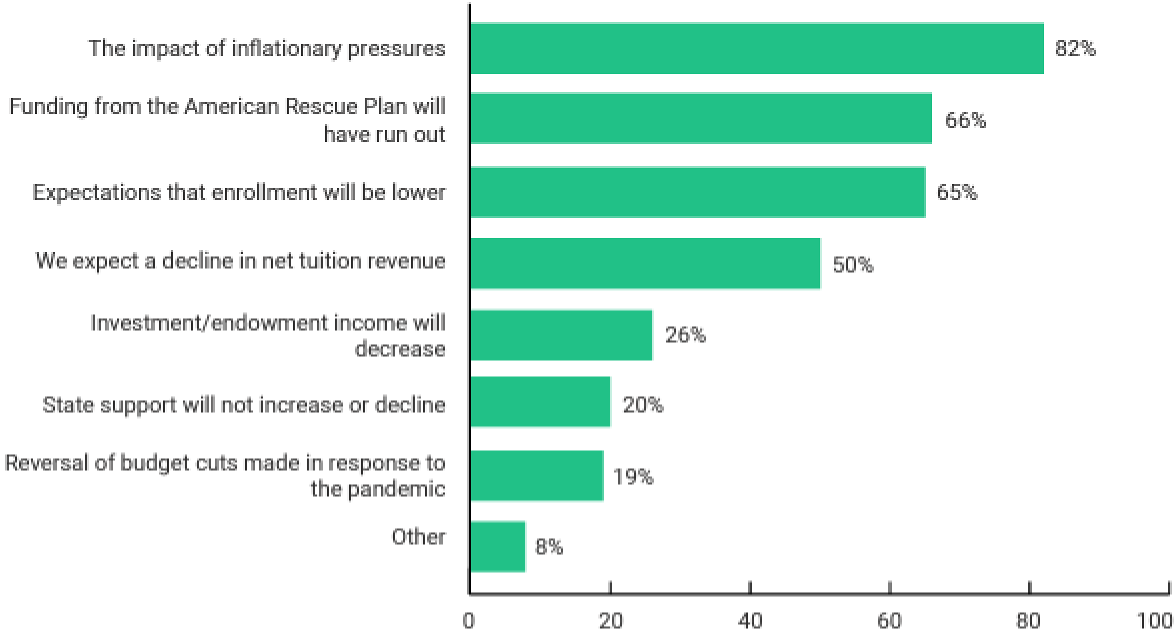


This most recent survey was completed in **July 2022**

What chief business officers say overall:

Note the top 3 concerns are consistent with the credit rating agencies concerns: 1) inflation, 2) ending of pandemic funds, and 3) future enrollment challenges

Why do you feel that your institution is in better financial shape now than it will be a year from now? Please select all that apply. (n=101)



Grant Thornton

Connecticut State Universities

2022 FINANCIAL STATEMENTS

INCLUDING

Required Supplementary Information

Additional Supplemental Information

Draft

12/6/2022

CSCU

June 30, 2022

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 7/1/2021 and 6/30/2022)

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

REGENTS AS OF 6/30/22

(Five vacancies: three legislative appointees and two Student Regent vacancies.)

JoAnn Ryan, Chair
Richard J. Balducci
Ira Bloom
Felice Gray-Kemp
Holly Howery
Juanita James
Jim McCarthy
Richard Porth
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
Dante Bartolomeo – Commissioner of the CT Department of Labor
Charlene Russell-Tucker –Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
Dr. Manisha Juthani – Commissioner CT Dept. of Public Health
Kelli-Marie Vallieres – CT Chief Workforce Officer

<u>Former Board members (who served between 7/1/21 – 6/30/22)</u>

Matt Fleury – BOR Chair
Merle Harris – BOR Vice Chair
Aviva Budd – Regent
Naomi Cohen – Regent
David Jimenez – Regent
Kurt Westby – Retired Commissioner of the Dept. of Labor
Dr. Deidre Gifford – Acting Commissioner Appt. Ended – Dept. of Public Health

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, CT 06105
Terrence Cheng, CSCU President (Beginning July 2, 2021)

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 years ended June 30, 2022 and 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 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 27,564 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, 2022.

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 2022 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, 2022, total assets of the System were $1,860.8 million, an increase of $35.6 million or 1.9% over the prior year, primarily due to an increase in investment in plant, net of $22.2 million and an increase in cash and cash equivalents of $26.3 million, offset by a decrease in investments of $19.1 million.

Total liabilities at June 30, 2022 of $2,793.3 million decreased by $299.7 million, which is largely due to the pension and other post-employment benefits liabilities, which decreased by $291.3 million due to changes in valuation assumptions including demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), updates to per capita health costs and administrative expenses, and adjustments to health care cost trend rates and retiree contribution rates. There was also a decrease in bonds payable of $23.3 million, offset by an increase in accounts payable and accrued salaries of $20.8 million. GASB 87, *Leases*, was adopted for the fiscal year ending June 30, 2022 and therefore is not reflected in June 30, 2021 condensed statements within this management discussion and analysis.

At June 30, 2022 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 ($774.1) million, a decrease of $18.7 million or 2.5% over fiscal year 2021. This decrease was primarily due to a decrease in deferred outflows related to the pension and OPEB liabilities. Without reflecting the pension and other post-employment benefit liabilities, the total unrestricted net position would be $200.6 million and $160.2 million, respectively, as of June 30, 2022 and 2021, which is a $40.4 million increase year over year. The increase in unrestricted net position excluding pension and OPEB liabilities is largely due to an increase in state appropriations to help offset the increase in salaries and additional one-time funding monies the State provided CSUS to cover certain budget shortfalls.

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.

Condensed Statements of Net Position
June 30, 2022 and 2021
(in millions)

	2022	2021	% Change
ASSETS			
Current assets	$ 391.6	$ 389.6	0.5%
Non-current assets:			
Capital assets, net	$ 1,278.0	1,255.8	1.8%
Other	$ 191.2	179.8	6.3%
Total assets	1,860.8	1,825.2	1.9%
DEFERRED OUTFLOWS OF RESOURCES	626.3	682.7	(8.3%)
LIABILITIES			
Current liabilities	181.3	158.1	14.7%
Non-current liabilities	2,612.0	2,934.9	(11.0%)
Total liabilities	2,793.3	3,093.0	(9.7%)
DEFERRED INFLOWS OF RESOURCES	468.0	170.4	174.6%
NET POSITION			
Net investment in capital assets	1,020.4	1,002.7	1.8%
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	101.3	117.6	(13.8%)
Unrestricted	(1,896.3)	(1,876.2)	(1.1%)
Total net position	(774.1)	(755.4)	(2.5%)

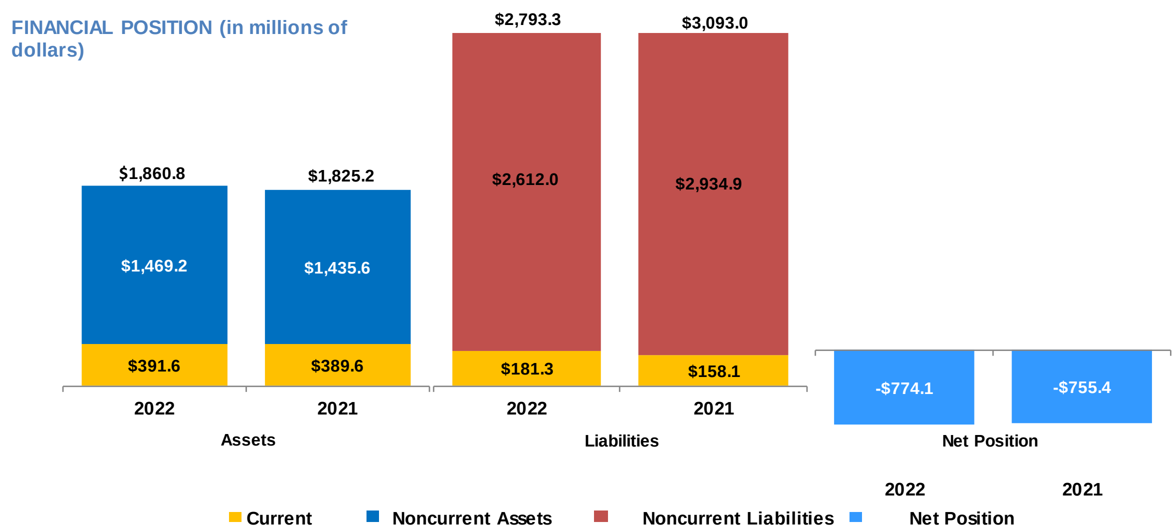
Current assets at June 30, 2022 of $391.6 million increased by $2.0 million or 0.5% primarily due to the decrease in investments of $19.1 million offset by an increase in cash of $13.8 million and an increase in Due from the State of $12.5 million. The decrease in investments is primarily driven by $21.3 million in debt service payments.

Total non-current assets at June 30, 2022 of $1,469.2 million increased by $33.6 million primarily due to an increase in capital assets, net of $22.2 million. See Net Investment in Plant section for more information.

Current liabilities at June 30, 2022 of $181.3 million increased by $23.2 million or 14.7% due to an increase in accrued salaries and benefits payable of $14.9 million from salary increases and retroactive payments required due to a new State Employees Bargaining Agent Coalition (SEBAC) agreement.

Non-current liabilities at June 30, 2022 of $2,612.0 million decreased by $322.9 million. The pension liability decreased by $39.7 million and the OPEB liability decreased $251.6 million due to changes in valuation assumptions including demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), updates to per capita health costs and administrative expenses, and adjustments to health care cost trend rates and retiree contribution rates. Bonds payable also decreased by $23.2 million due to payments on principal amounts outstanding during 2022.

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.

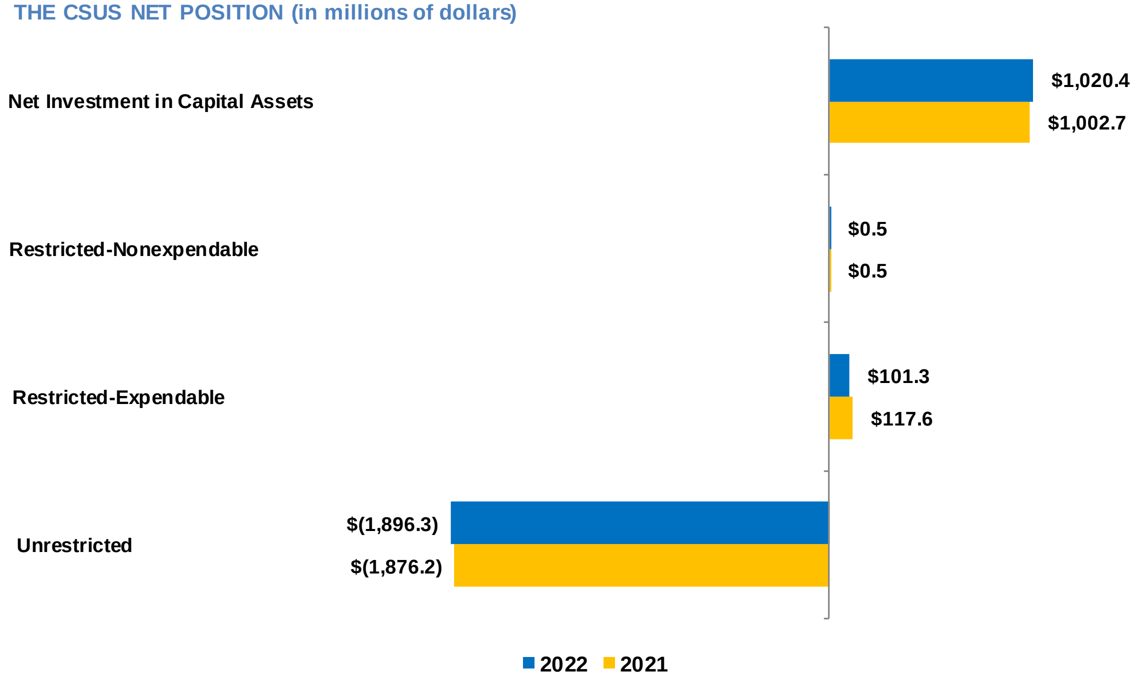
Restricted net position is divided into two classifications, expendable and nonexpendable. Restricted expendable net position is subject to externally imposed restrictions governing its use. In the System, restricted expendable net position primarily represents unexpended proceeds from bond issuances 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 debtservice obligations. Without reflecting the net pension and OPEB liabilities, unrestricted net position increased $40.4 million from 2021 to 2022. UNP adjusted for net pension and OPEB liabilities and deferred inflows and outflows in FY 2018 is as follows:

	FY18	FY19	FY20*	FY21	FY22
UNP Adjusted:	$ 143.5	$ 148.5	$ 125.8	$ 160.2	$ 200.6
UNP:	$ (1,462.7)	$ (1,531.0)	$ (1,728.0)	$ (1,876.2)	$ (1,896.3)

* 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.

THE CSUS NET POSITION (in millions of dollars)



At fiscal year end June 30, 2022, the System had an investment in plant of $1,278.0 million, an increase of $22.2 million or 1.8% over fiscal year end 2021. This increase was primarily due to the increase in buildings and improvements placed in service during FY22.

Net Investment in Capital Assets
June 30, 2022 and 2021
(in millions)

	2022	2021	% Change current year
Land	$ 19.9	$ 19.9	0.0%
Buildings & improvements	2,008.2	1,872.5	7.2%
Land improvements	107.4	109.2	(1.6%)
Furniture, fixtures & equipment	147.5	146.6	0.6%
Library books and materials	23.2	24.4	(4.9%)
Construction in progress	64.3	120.5	(46.6%)
Total investment in capital assets	2,370.5	2,293.1	3.4%
Less accumulated depreciation	1,092.5	1,037.3	5.3%
Investment in capital assets, net	$ 1,278.0	$ 1,255.8	1.8%

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 was the final year of the CSCU 2020 program with all funding received to date. No other new 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-seventh 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 were 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. There were no new bond issuances during 2022.

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.

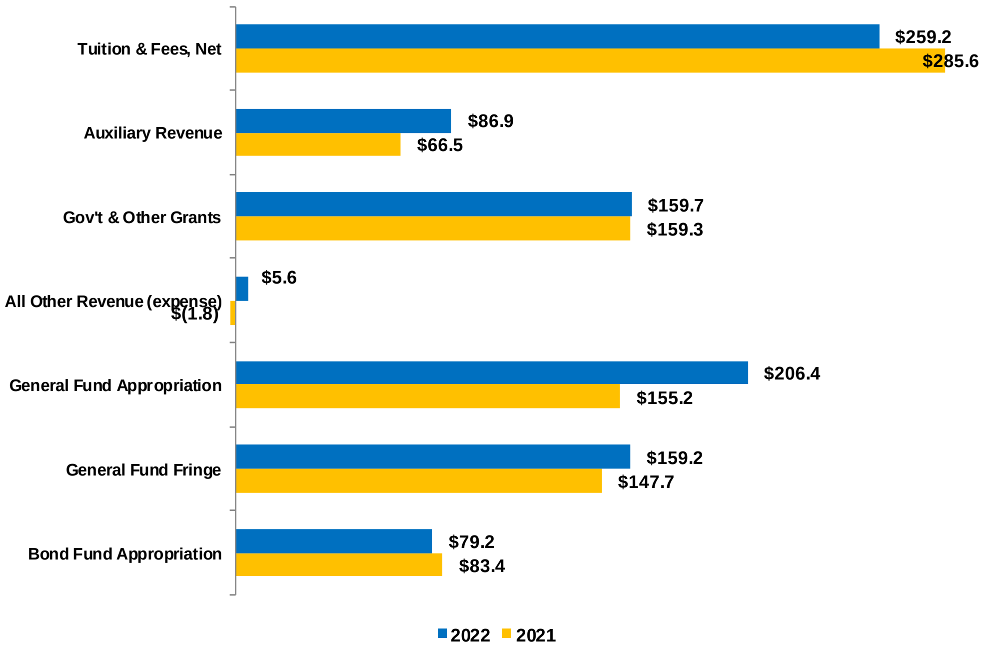
Condensed Statements of Revenues, Expenses and Changes in Net Position
June 30, 2022 and 2021
(in millions)

	2022	2021	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 259.2	$ 285.6	(9.3%)
Auxiliary revenues	86.9	66.5	30.7%
Grants and indirect cost recoveries	35.0	30.5	14.8%
Other	8.3	3.1	169.0%
Total operating revenues	389.4	385.7	1.0%
OPERATING EXPENSES			
Expenses before depreciation and amortization	907.3	968.3	(6.3%)
Depreciation and amortization	67.4	65.7	2.7%
Total operating expenses	974.8	1,034.0	(5.7%)
Operating loss	(585.4)	(648.3)	9.7%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	365.6	302.9	20.7%
State appropriations - bond fund	79.2	83.4	(5.0%)
Pell grant revenue	38.5	41.8	(8.0%)
Federal emergency grant revenue	86.2	87.0	(0.9%)
Investment income	1.9	1.0	90.0%
Other	(4.7)	(5.9)	20.9%
Total non-operating revenues (expenses)	566.6	510.2	11.1%
NET POSITION			
Change in net position	(18.7)	(138.1)	86.5%
Net position, beginning of year	(755.4)	(617.3)	(22.4%)
Net position, end of year	$ (774.1)	$ (755.4)	(2.5%)

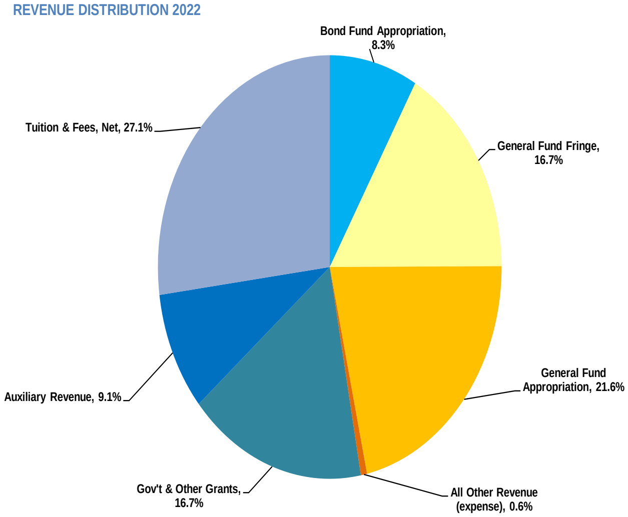
Total *operating revenues* for fiscal year 2022 were $389.4 million after the reduction for scholarship allowances, an increase of 1.0% from $389.4 million in fiscal year 2021. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers of $60.7 million, resulting in net tuition and fee revenue of $259.2 million. On a gross basis, fiscal year 2022 tuition revenues decreased by 6.3% from the previous year, or $21.7 million due to the lingering effects of the decline in enrollment resulting from the coronavirus pandemic. These revenues reflect a FTE credit enrollment decrease of 8.8% in fiscal year 2022. Auxiliary revenues, which are mainly driven by room and board fees, increased by 30.7% due to more students returning to dormitories as the pandemic began to wind down.

In fiscal year 2022, state appropriations of $444.8 million, representing 49.5% of the System's total revenues, were $58.5 million or 15.1% higher than fiscal year 2021. 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 2022, 55.9% of the System's salary and fringe benefit costs were funded from State appropriations. This compares to 52.9% in fiscal year 2021. There were also additional one-time funding allotments during fiscal 2022 to cover raises and other budget shortfalls. Federal emergency grant revenues are mainly from HEERF and Coronavirus Relief Fund (CRF) grants awarded to the CSUS. See Note 1 for more information on the HEERF grant award.

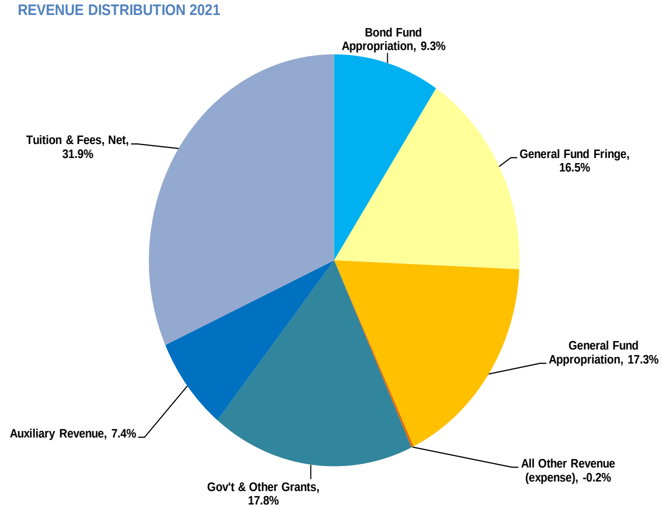
REVENUE SUMMARY (in millions of dollars)



REVENUE DISTRIBUTION 2022



REVENUE DISTRIBUTION 2021

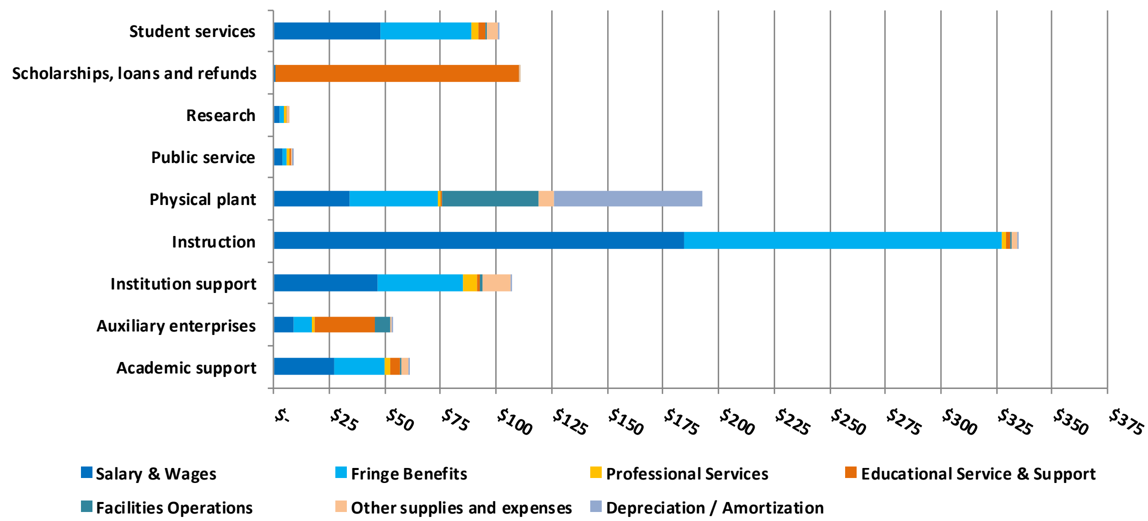


In fiscal 2022, total *operating expenses* less depreciation and amortization of $907.3 million decreased by $61.0 million or 6.3% from the prior fiscal year which is mainly a result of the decrease in the pension and OPEB expenses, which decreased the fringe benefits expense by $115.5 million. This significant reduction in expense was offset by increases in expenses in other areas, including a salary expense increase of

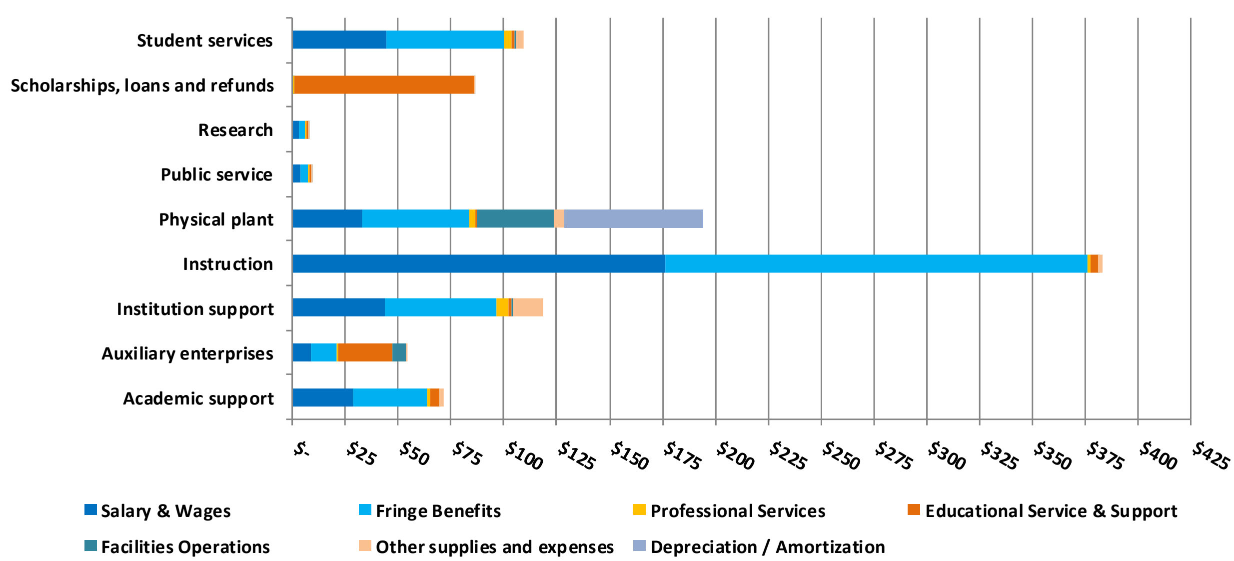
$14.7 million due to SEBAC raises and retroactive payments, an increase in educational services and support of $26.4 million which was largely due to technology updates, and an increase in facilities expense of $7.3 million.

Note 11 to the financial statements details operating expenses by function. The following graph illustrates operating expenses by program & account type for the years ended June 30, 2022 and 2021:

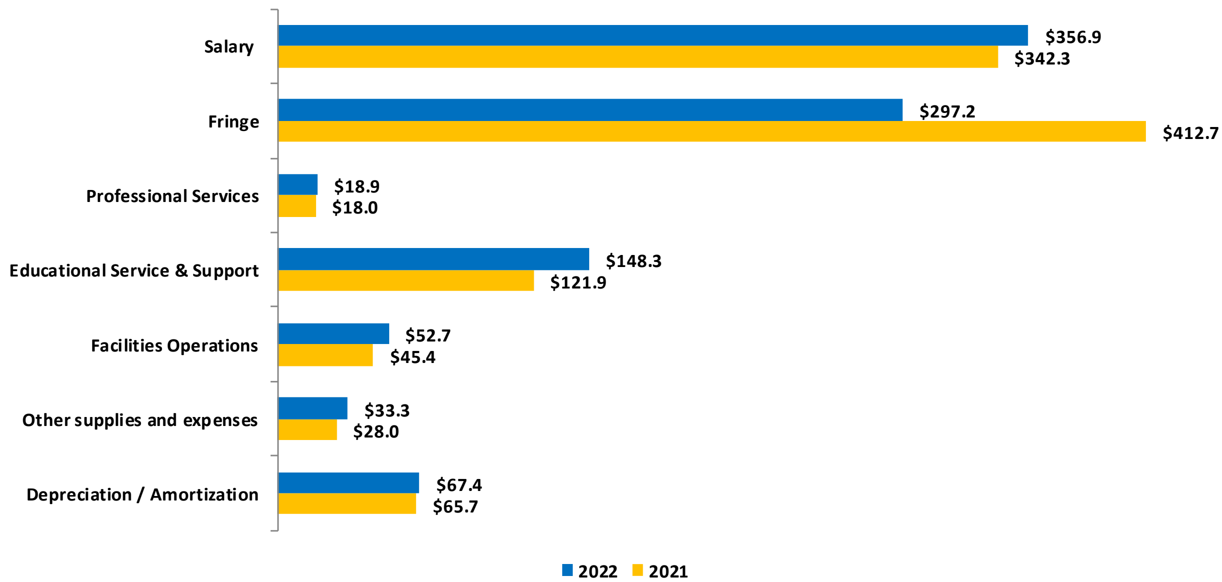
2022
EXPENSE (in millions)
by Program and Account Type



2021
EXPENSE (in millions)
by Program and Account Type



EXPENSE BY NATURAL CLASSIFICATION (in millions)



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, 2022 increased $26.3 million or 7.5%. This increase was primarily driven by a $50.0 million increase in state appropriation receipts and a $19.3 million increase in auxiliary revenues, which were partially offset by a $24.2 million increase in educational services and support payments, a $20.4 million increase in payments to employees for salaries and benefits, and a $18.6 million decrease in tuition and fee revenues due to declining enrollment.

Condensed Statement of Cash Flows
June 30, 2022 and 2021
(in millions)

	2022	2021	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (442.9)	$ (407.2)	(8.8%)
Non-capital financing activities	481.3	433.7	11.0%
Capital & related financing activities	(35.2)	(46.5)	24.3%
Investing activities	23.1	22.8	1.3%
Net change in cash and cash equivalents	26.3	2.8	839.3%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	348.5	345.7	0.8%
Cash and cash equivalents, end of year	$ 374.8	$ 348.5	7.5%

Economic Outlook

The State of Connecticut showed strong economic and fiscal conditions during 2022, including strong employment and state tax revenues. However, continued inflation and the Fed's interest rate hikes in response threaten to undermine the strong economy and labor market and curtail overall growth in CT in 2023, and also drive cost growth across higher education. These larger economic factors will have significant impacts on CSCU institutions, including potential enrollment impacts as well as long-term pressure on public support available for higher education. The CT State Universities are poised to capture enrollment growth once we address the short-term revenue declines driven by pandemic drop-off in enrollment.

The following table indicates historical enrollment of undergraduate and graduate students for the 2016-2017 through 2021-2022 academic years. Also indicated is full-time equivalent student enrollment. Enrollment this fiscal year has declined by 8.8% compared to 5.9% 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
2022	22,866	-9.1%	4,698	-0.6%	27,564	-7.7%	22,566	-8.8%
2021	25,148	-6.1%	4,726	-1.3%	29,874	-5.4%	24,735	-5.9%
2020	26,792	-3.3%	4,790	-4.4%	31,582	-3.5%	26,280	-3.0%
2019	27,709	0.2%	5,013	-6.7%	32,722	-0.9%	27,101	-0.7%
2018	27,661	-0.7%	5,372	0.7%	33,033	-0.5%	27,301	0.1%
2017	27,853	-2.0%	5,334	2.3%	33,187	-1.4%	27,263	-0.8%

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

Hold for Independent Auditors Report

Hold for Independent Auditors Report

Hold for Independent Auditors Report

	2022
Assets	
Current assets	
Cash and cash equivalents	$ 220,027,841
Investments	66,549,924
Accounts receivable, net	22,457,754
Due from the State of Connecticut	74,969,131
Prepaid expenses and other current assets	7,636,384
Total current assets	391,641,034
Noncurrent assets	
Cash and cash equivalents	154,771,491
Investments	30,887,066
Accounts receivable, net	4,651,550
Other assets	92,485
Right-of-use assets, net of accumulated amortization	742,769
Investment in capital assets, net of accumulated depreciation	1,278,036,760
Total noncurrent assets	1,469,182,121
Total assets	1,860,823,155
Deferred outflows of resources	
Deferred pension	$ 290,548,525
Deferred other post employment benefits	331,104,432
Deferred loss on bond refunding	4,637,630
Total deferred outflows of resources	$ 626,290,587

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

		2022
Liabilities		
Current liabilities		
Accounts payable	$	20,364,227
Accrued salaries and benefits		92,797,308
Accrued compensated absences		7,720,489
Due to the State of Connecticut		349,834
Unearned tuition, fees and grant revenue		27,249,628
Bonds payable		21,065,000
Accrued bond interest payable		1,635,500
Leases payable		571,340
Other liabilities		1,430,959
Depository accounts		8,069,509
Total current liabilities		181,253,794
Noncurrent liabilities		
Accrued compensated absences		63,222,162
Bonds payable		292,248,254
Federal loan program advances		1,821,913
Deferred compensation		369,303
Leases payable		344,439
Other noncurrent liabilities		1,544,687
Pension liability, net		1,060,656,895
Other post employment benefits, net		1,191,796,567
Total noncurrent liabilities		2,612,004,220
Total liabilities	$	2,793,258,014
Deferred inflows of resources		
Deferred pension	$	98,760,137
Deferred other post employment benefits		367,328,198
Deferred lease inflows		1,913,658
Total deferred inflows of resources	$	468,001,993
Net Position		
Net investment in capital assets	$	1,020,359,571
Restricted		
Nonexpendable		538,169
Expendable		101,284,186
Unrestricted		(1,896,328,191)
Total net position	$	(774,146,265)

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

		2022
Assets		
Cash and cash equivalents	$	7,205,390
Investments		167,790,604
Contributions and other receivables		4,519,669
Prepaid expenses and other assets		554,842
Beneficial interest in trusts		671,274
Investment in plant, net		3,706,230
Total assets	$	184,448,009
Liabilities		
Accounts payable and accrued expenses		1,079,473
Other liabilities		776,529
Total liabilities		1,856,002
Net Assets		
Without donor restrictions		8,992,390
With donor restrictions		173,599,617
Total net assets		182,592,007
Total liabilities and net assets	$	184,448,009

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

	2022
Operating revenues	
Tuition and fees	
Tuition and fees	$ 319,931,168
Less	
Scholarships allowance	(43,229,619)
Waivers	(17,532,870)
Tuition and fees, net of scholarship allowances and waivers	259,168,679
Federal grants and contracts	11,278,513
State and local grants and contracts	15,570,145
Nongovernment grants and contracts	7,542,327
Indirect cost recoveries	609,173
Auxiliary revenues	86,932,411
Other operating revenues	8,347,038
Total operating revenues	389,448,286
Operating expenses	
Salaries and wages	356,939,042
Fringe benefits	297,181,475
Professional services and fees	18,921,255
Educational services and support	148,298,026
Travel expenses	4,118,621
Operation of facilities	52,719,678
Other operating supplies and expenses	29,141,668
Depreciation expense	66,752,430
Amortization expense	693,347
Total operating expenses	974,765,542
Operating loss	(585,317,256)
Nonoperating revenues (expenses)	
State appropriations	365,565,803
Pell grant revenue	38,470,436
Federal emergency grant revenue	86,184,267
Gifts	5,258,507
Investment income	1,856,538
Interest expense	(9,139,861)
Other nonoperating revenues (expenses), net	373,499
Net nonoperating revenues (expenses)	488,569,189
Loss before other changes in net position	(96,748,067)
Other changes in net position	
State appropriations restricted for capital purposes	79,193,946
Loss on disposal of capital assets	(829,753)
Transfer to state agency	(335,505)
Other changes in net position	78,028,688
Change in net position	(18,719,379)
Net position at beginning of year	(755,426,886)
Net position at end of year	$ (774,146,265)

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

	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenues, gains and other support			
Contributions	$ 4,609,654	$ 11,102,724	$ 15,712,378
Program income	103,724	244,819	348,543
Investment loss, net	(1,343,975)	(18,081,471)	(19,425,446)
Other income (loss)	662,130	(607,337)	54,793
Gain on disposal of asset	2,500	-	2,500
Net assets released from restrictions	10,536,549	(10,536,549)	-
Total revenues, gains and other support	14,570,582	(17,877,814)	(3,307,232)
Operating expenses			
Program services	11,160,020	-	11,160,020
Management and general	2,335,410	-	2,335,410
Fundraising	1,711,633	-	1,711,633
Total operating expenses	15,207,063	-	15,207,063
Change in net assets	(636,481)	(17,877,814)	(18,514,295)
Net assets			
Beginning of year	9,628,871	191,477,431	201,106,302
End of year	$ 8,992,390	$ 173,599,617	$ 182,592,007

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

	2022
Cash flows from operating activities	
Tuition and fees	$ 263,887,924
Grants and contracts	32,818,001
Auxiliary revenues	86,248,995
Other operating revenues	7,608,662
Payments to employees for salaries and benefits	(584,807,809)
Payments to suppliers	(4,731,619)
Professional services and fees	(18,981,917)
Educational services and support	(146,180,500)
Travel expenses	(4,118,621)
Operation of facilities	(56,365,297)
Other operating supplies and expenses	(18,301,630)
Net cash used in operating activities	(442,923,811)
Cash flows from noncapital financing activities	
State appropriations	351,906,850
Gifts for other than capital purposes	5,258,506
Nonoperating grants and revenue other	124,495,874
Transfer to state agency	(335,505)
Net cash provided by noncapital financing activities	481,325,725
Cash flows from investing activities	
Proceeds from sales and maturities of investments	51,148,450
Purchases of investments	(29,804,953)
Interest and dividends received on investments	1,749,409
Net cash provided by investing activities	23,092,906
Cash flows from capital and related financing activities	
Cash paid for capital assets and right-of-use assets	(87,385,883)
State capital appropriations received	80,398,755
Repayments of capital debt and leases	(17,868,602)
Interest paid on capital debt and leases	(10,326,746)
Net cash provided by capital and related financing activities	(35,182,476)
Net increase in cash and cash equivalents	26,312,344
Cash and cash equivalents, beginning of year	348,486,988
Cash and cash equivalents, end of year	$ 374,799,332

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

	2022
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (585,317,256)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	66,575,523
Amortization	452,201
Changes in assets and liabilities:	
Receivables	6,438,613
Prepaid expenses and other	(581,486)
Accounts payable	4,618,387
Accrued salaries and benefits	11,071,245
Other liabilities	684,143
Due to/from the State of Connecticut	28,660
Unearned tuition, fees and grant revenues	(4,443,858)
Deferred compensation	26,063
Depository accounts	2,089,189
Accrued compensated absences	(4,961,373)
Pension Liability	(39,705,598)
Other post employment benefits	(251,612,470)
Changes in deferred outflows	56,016,766
Changes in deferred inflows	295,697,440
Net cash used in operating activities	$(442,923,811)
Noncash financing activity	
Fixed assets included in accounts payable	$ 4,063,099
Reconciliation of cash and cash equivalents to the combined statements of net position	
Cash and cash equivalents classified as current assets	$ 220,027,841
Cash and cash equivalents classified as noncurrent assets	154,771,491
	$ 374,799,332

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

1. Summary of Significant Accounting Policies

Organization

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

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

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

Basis of Presentation

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

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

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

Several legally separate, tax-exempt, affiliated organizations (the "Foundations") must be considered component units of the CSUS and are presented discretely in these financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the

Universities in support of their programs. Although the Universities do not control the timing or amount of receipts from the Foundations, the majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the Universities by the donors**.** Since these restricted resources held by the Foundations can only be used by, or for the benefit of, the Universities, the Foundations are considered component units of CSUS primary institutions.

The 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.**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 Plant
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 year ended June 30, 2022.

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

Interest Capitalization
Prior to fiscal year 2022, interest expense incurred during the construction of capital assets was capitalized, if material, net of interest income earned on related debt proceeds. With the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, on July 1, 2021, interest expense on capital projects is no longer capitalized but expensed as incurred. Interest expense that was capitalized in prior years will continue to be amortized over 35 years. The cumulative capitalized interest was $28.6 million as of June 30, 2022, and the cumulative capitalized interest net of amortization was $19.8 million. Amortization of capitalized interest for the year ended June 30, 2022 was $0.8 million.

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

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

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

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

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

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

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

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

CSUS was awarded a total of $148.1 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. CSUS fully spent the HEERF funds during 2022 by disbursing $15.7 million of Emergency Financial Aid Grants to students under the student portion of the grant, and spending $37.5 million of the institutional portion of the grant during the year.

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 2022
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. This standard was adopted effective July 1, 2021. See Note 7 for more information related to leases.

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. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

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. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

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. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years

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

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

Management 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 rate at June 30, 2022 was 1.50%.

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

	2022	
	Cost	Fair Value
Cash and cash equivalents	$ 374,799,332	$ 374,799,332
U.S. Mutual Funds-Governmental	82,871,692	82,871,692
Guaranteed Investment Contracts	14,565,298	14,565,298
	$ 472,236,322	$ 472,236,322

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, 2022.

Custodial Credit Risk – At June 30, 2022, the carrying amount of CSUS's bank deposits was $4.5 million as compared to bank balances of $6.8 million. The difference between the carrying amount and bank balances was primarily caused by outstanding checks and deposits in transit. Of such bank balances, $6.1 million was uninsured and uncollateralized and therefore subject to custodial credit risk as of June 30, 2022.

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. 78% 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, 2022.

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, 2022					
U.S. Government obligations	$ 82,871,692	$ 82,871,692	$ -	$ -	$ -
Guaranteed Investment Contracts	14,565,298	5,363,526	9,201,764	3	5
	$ 97,436,990	$ 88,235,218	$ 9,201,764	$ 3	$ 5

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, 2022 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:

	2022
Student accounts receivable	$ 16,787,896
Student loans receivable	4,344,225
Grants receivable	11,836,587
Leases receivable	1,960,529
Miscellaneous receivables	2,149,240
	37,078,477
Less allowance for doubtful accounts	(9,969,173)
Net accounts receivable	$ 27,109,304

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2022. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the CSUS for amounts cancelled under these provisions.

CSUS has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. The allowance for uncollectible loans was $0.7 million as of June 30, 2022. As management determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the US Department of Education.

4. Capital Assets

Capital assets for the Universities consist of the following at June 30, 2022:

	Balance June 30, 2021	Additions	Retirements and Transfers	Balance June 30, 2022
Capital assets not being depreciated				
Land	$ 19,950,678	$ -	$ -	$ 19,950,678
Capitalized collections	8,839,265	5,000	(10,800)	8,833,465
Construction in progress	120,526,365	81,972,323	(138,176,591)	64,322,097
Total capital assets not being depreciated	$ 149,316,308	$ 81,977,323	$ (138,187,391)	$ 93,106,240
Other capital assets:				
Land improvements	$ 109,208,920	$ 1,662,054	$ (3,468,578)	$ 107,402,396
Buildings and building improvements	1,872,485,112	137,220,724	(1,525,113)	2,008,180,723
Furniture, fixtures and equipment	146,616,359	6,741,578	(5,889,920)	147,468,017
Library materials	15,538,764	247,793	(1,377,669)	14,408,888
Total other capital assets	2,143,849,155	145,872,149	(12,261,280)	2,277,460,024
Less accumulated depreciation for:				
Land improvements	(79,012,268)	(3,660,112)	2,914,924	(79,757,456)
Buildings and building improvements	(828,144,988)	(55,027,589)	1,515,870	(881,656,707)
Furniture, fixtures and equipment	(119,787,497)	(7,305,225)	5,740,751	(121,351,971)
Library materials	(10,381,535)	(759,504)	1,377,669	(9,763,370)
Total accumulated depreciation	(1,037,326,288)	(66,752,430)	11,549,214	(1,092,529,504)
Other capital assets, net	$ 1,106,522,867	$ 79,119,719	$ (712,066)	$ 1,184,930,520
Capital asset summary:				
Capital assets not being depreciated	$ 149,316,308	$ 81,977,323	$ (138,187,391)	$ 93,106,240
Other capital assets, at cost	2,143,849,155	145,872,149	(12,261,280)	2,277,460,024
Total cost of capital assets	2,293,165,463	227,849,472	(150,448,671)	2,370,566,264
Less accumulated depreciation	(1,037,326,288)	(66,752,430)	11,549,214	(1,092,529,504)
Capital assets, net	$ 1,255,839,175	$ 161,097,042	$ (138,899,457)	$ 1,278,036,760

5. Accrued Compensated Absences

Accrued compensated absences as of June 30 include:

	2022
Accrued vacation	$ 28,426,174
Accrued sick leave	23,905,224
Other accrued fringe benefits	18,611,253
	70,942,651
Less: current portion	7,720,489
Noncurrent portion	$ 63,222,162

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

Balance as of June 30, 2021	$ 77,207,988
Additions in fiscal year 2022	9,748,752
Benefits paid to participants in fiscal year 2022	(16,014,089)
Balance as of June 30, 2022	$ 70,942,651

These accruals represent estimated amounts earned by all eligible employees through June 30, 2022. 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. Leases

CSUS has entered various leases for equipment. A summary of changes in the Right-of-Use Assets, displayed by the nature of underlying assets, is as follows for the year ended June 30, 2022:

Right-of-Use Assets	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
Equipment Leases	-	1,387,423	-	1,387,423
Total Right-of-Use Assets	-	1,387,423	-	1,387,423
Less Accumulated Amortization	-	(644,654)	-	(644,654)
Carrying Value of Lease Assets	$ -			$ 742,769

The activity associated with the long-term lease liability for the year ended June 30, 2022 is summarized as follows:

Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Amounts due within 1 year (Current Portion)
$ -	$ 1,387,423	$ (471,644)	$ 915,779	$ 571,340

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

Fiscal Year	Principal	Interest	Total
2023	$ 571,340	$ 22,568	$ 593,908
2024	200,900	10,239	211,139
2025	100,064	2,914	102,978
2026	39,530	801	40,331
2027	3,945	55	4,000
Total Requirements	$ 915,779	$ 36,577	$ 952,356
Less Current	$ (571,340)		
Non-Current	$ 344,439		

CSUS has entered various leases for equipment. Of these leases, a total of 2 agreements call for payments that are partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales, usage of a capital asset, or changes in index rates. A total of $54,197 was recognized as expenses from these variable payments for the year ended June 30, 2022.

CSUS has entered into additional leases that have not yet commenced as of June 30, 2022, including leases for equipment with both fixed and variable payments required.

For the year ended June 30, 2022, CSUS earned a total of $332,812 in lease revenue and $68,090 in lease interest revenue.

Lease receivable principal and interest requirements to maturity as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 346,220	$ 62,058	$ 408,278
2024	315,201	50,824	366,025
2025	238,663	41,973	280,636
2026	250,060	33,835	283,895
2027	261,942	25,308	287,250
2028-2032	354,468	60,529	414,997
2033-2037	189,827	18,633	208,460
2038-2042	1,386	614	2,000
2043-2047	1,639	362	2,001
2047-2052	1,123	77	1,200
Total	$ 1,960,529	$ 294,213	$ 2,254,742

7. 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. The only State related transfer in fiscal year 2022 was $335,505 of remaining program funds made to the University of Connecticut for a program they will be administering.

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:

	2022
Receivable for accrued salaries, interest and fringe benefits to be paid by State of Connecticut General Fund	$ 49,865,431
State appropriations for capital projects	25,103,700
	$ 74,969,131

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

	2022
Cash balances held with the State of Connecticut on behalf of the CSUS	$ 283,104,327
Amounts invested in the State of Connecticut Short-Term Investment Fund (STIF)	87,232,450
	$ 370,336,777

8. 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:

	2022
System Office	731,712
Central Connecticut State University	8,229,638
Eastern Connecticut State University	2,809,559
Southern Connecticut State University	6,230,662
Western Connecticut State University	2,690,291
	$ 20,691,862

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

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

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

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

Alternatively, employees may choose to participate in the ARP, a defined contribution plan which was managed by Prudential the first three quarters of fiscal year 2022 and by Empower in the last quarter. Empower assumed management of ARP accounts effective April 1, 2022 when Empower officially acquired the full services retirement business of 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 now managed by Empower. 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 $87.7 million and $1.8 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2022, equal to 100% and 128%, 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, 2022 was measured and valued as of June 30, 2021 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% as of June 30, 2022. For the SERS plan, the CSUS's proportion was 4.91% as of June 30, 2022.

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, 2022 for SERS and TRS was $1,043.6 million and $17.1 million, respectively.

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

Measurement Year	2021
Inflation	2.50%
Salary increases including inflation	3.00% to 11.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

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

The actuarial assumptions used in the June 30, 2021 valuation (which was the basis for recording the June 30, 2022 financial statement liabilities) were based on the results of an actuarial experience study for the five-year period July 1, 2015 – June 30, 2020.

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

The best estimates of geometric rates of return for each major asset class as of the 2021 measurement date are summarized in the following table:

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

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

Measurement Year	2021
Inflation	2.50%
Salary increases including inflation	3.00% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the 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 2021 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 Intl. Stock Fund	11%	6.0%
Emerging Market Intl. Stock Fund	9%	7.9%
Core Fixed Income Fund	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%	

Discount Rate for SERS:
The discount rate used to measure the total pension liability was 6.9% in the 2021 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate for TRS:
The discount rate used to measure the total pension liability was 6.9% in the 2021 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate
The following table presents the current-period net pension liability of the CSU System calculated using the current-period discount rate assumption of 6.9% for SERS and 6.9% for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	$ 1,268,185,137	$ 1,043,539,255	$ 856,213,448
TRS	22,650,065	17,116,990	12,522,874

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan
For the year ended June 30, 2022, the CSUS recognized pension expense of $16.3 million. A schedule of deferred outflows and inflows of resources as of June 30, 2022 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to the CSUS that will be recognized in pension expense during the next five years and thereafter is as follows (in thousands):

Fiscal Year Ending June 30,	SERS	TRS	Total
2023	$ 33,111,413	$ 674,174	$ 33,785,587
2024	34,681,299	444,128	35,125,427
2025	20,686,034	(747,642)	19,938,392
2026	(1,767,956)	(1,776,204)	(3,544,160)
2027	6,990,048	(482,652)	6,507,396
Thereafter	-	21,904	21,904
Total	$ 93,700,838	$ (1,866,293)	$ 91,834,545

10. 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, 2022:

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, 2022 of $1,191.8 million was measured and valued as of June 30, 2021 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, 2022 the System's proportion was 6.10%. 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, 2021, using the following actuarial assumptions:

Measurement Year	**2021**
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% to 11.50% varying by years of service and retirement system
Discount rate	2.31%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

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

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

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

For measurement date of June 30, 2021:

Discount rate comparison:

	1% Decrease in Discount Rate (1.31%)	Current Discount Rate (2.31%)	1% Increase in Discount Rate (3.31%)
Net OPEB Liability	$ 1,414,626,096	$ 1,191,796,570	$ 1,014,842,740

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 1,001,803,727	$ 1,191,796,570	$ 1,437,720,010

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

For the year ended June 30, 2022, the CSUS recognized OPEB expense of $44.1 million. A schedule of deferred outflows and inflows of resources as of June 30, 2022 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 and thereafter is as follows:

Fiscal Years Ending June 30,		OPEB
2023	$	(1,455,083)
2024		11,432,743
2025		(32,109,746)
2026		(55,755,713)
2027		(8,785,430)
Thereafter		-
Total	$	(86,673,229)

11. Unearned Tuition, Fees and Grant Revenue

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

	2022
Unearned tuition and fees	$ 20,143,178
Grants and contracts	6,894,605
Other	211,846
	$ 27,249,629

12. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Year ended June 30, 2022 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	$ 27,166,445	$ 23,022,737	$ 2,015,245	$ 4,760,028	$ 852,243	$ 330,905	$ 2,434,820	$ -	$ 50,938	$ 60,633,361
Auxiliary enterprises	9,324,598	8,203,448	1,246,942	26,561,777	30,157	6,820,201	784,525	-	246,890	53,218,538
Institution support	46,616,994	38,418,061	6,430,557	1,495,996	285,002	900,123	12,672,180	-	80,337	106,899,250
Instruction	184,346,887	142,913,448	1,942,698	1,678,414	319,164	599,118	2,254,482	-	19,729	334,073,940
Physical plant	34,414,482	39,230,478	1,561,536	794,235	20,754	42,967,215	6,980,495	66,752,430	274,149	192,995,774
Public service	3,716,736	2,479,576	1,217,491	474,119	184,861	109,603	388,584	-	9,516	8,580,486
Research	2,927,350	2,017,010	630,562	460,148	336,589	57,956	496,593	-	-	6,926,208
Scholarships, loans and refunds	551,194	110,355	352,023	109,331,399	14,938	9,830	229,885	-	-	110,599,624
Student services	47,874,356	40,786,362	3,524,201	2,741,910	2,074,913	924,727	2,900,104	-	11,788	100,838,361
Total expenses	$ 356,939,042	$ 297,181,475	$ 18,921,255	$ 148,298,026	$ 4,118,621	$ 52,719,678	$ 29,141,668	$ 66,752,430	$ 693,347	$ 974,765,542

13. 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 2022
L	4/4/2012	49,040,000	2013 - 2030	2.50% - 4.00%	$ 39,935,000
M	1/10/2013	34,060,000	2014 - 2022	3.00% - 5.00%	1,605,000
N	10/23/2013	80,340,000	2015 - 2026	4.10% - 5.00%	15,500,000
O	9/16/2014	21,240,000	2015 - 2031	2.00% - 4.00%	14,305,000
P-1	9/13/2016	55,030,000	2018 - 2037	2.50% - 5.00%	45,580,000
P-2	9/13/2016	19,530,000	2018 - 2036	2.50% - 5.00%	5,080,000
Q-1	5/10/2019	71,260,000	2021 - 2040	3.00% - 5.00%	66,720,000
Q-2	5/10/2019	20,845,000	2021 - 2032	5.00% - 5.00%	12,275,000
R-1	4/27/2021	14,640,000	2033 - 2034	2.00% - 2.125%	14,640,000
R-2	4/27/2021	85,110,000	2023 - 2034	0.35% - 2.45%	85,110,000
					$ 300,750,000

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

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
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	20,665,000	6,158,035
2028-2032	106,870,000	20,744,793
2033-2037	72,335,000	6,088,374
2038-2040	14,540,000	687,844
	$ 300,750,000	$ 66,137,481

Long-term bond payable activity for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Bonds payable	$ 319,810,000	$ -	$ (19,060,000)	$ 300,750,000
Premium on bonds payable	15,494,824	-	(2,348,370)	13,146,454
Discount on bonds payable	(702,891)	-	119,691	(583,200)
Total bonds payable	$ 334,601,933	-	$ (21,288,679)	$ 313,313,254

14. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2022:

As of June 30, 2022	SERS	TRS	OPEB	Debt Refunding	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES						
Difference between expected and actual experience	$ 72,200,587	$ -	$ 19,153,705	$ -	$ -	$ 91,354,292
Changes of assumptions or other inputs	-	3,472,898	172,503,339	-	-	175,976,237
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,640,768	4,280,429	89,036,245	-	-	203,957,442
Employer contributions after measurement date	97,528,646	2,425,197	50,411,144	-	-	150,364,986
Loss on bond refunding	-	-	-	4,637,630	-	4,637,630
Total	**$ 280,370,001**	**$ 10,178,524**	**$ 331,104,433**	**$ 4,637,630**	**$ -**	**$ 626,290,587**
DEFERRED INFLOWS OF RESOURCES						
Difference between expected and actual experience	$ -	$ (458,818)	$ 23,516,267	$ -	$ -	$ 23,057,449
Changes of assumptions or other inputs	(1,923,283)	-	256,871,499	-	-	$ 254,948,216
Net difference between projected and actual earnings on pension plan investments	(73,582,071)	(2,219,924)	11,100,724	-	-	$ (64,701,271)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(13,635,163)	(6,940,878)	75,878,028	-	-	$ 55,301,987
Unrecognized revenues from other than short term leases	-	-	-	-	1,913,658	$ 1,913,658
Total	**$ (89,140,517)**	**$ (9,619,620)**	**$ 367,366,518**	**$ -**	**$ 1,913,658**	**$ 270,520,039**

Connecticut State University System

Schedule of Net Pension Liability and Related Ratios (Unaudited)

June 30, 2022 – 2014

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014 [1]
System's proportion of the net pension liability	4.91%	4.55%	4.57%	4.07%	3.81%	4.23%	3.96%	3.61%	3.12%
System's proportionate share of the net pension liability	$1,043,539,255	$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	$ 212,151,845	$ 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	492%	524%	531%	502%	605%	639%	422%	412%	433%
Plan Fiduciary net position as a percentage of the total pension liability	44.55%	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]

	2022	2021	2020	2019	2018	2017	2016	2015	2014 [1]
System's proportion of the net pension liability	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.10%	0.10%	0.10%
System's proportionate share of the net pension liability	$ 17,116,990	$ 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	$ 17,116,990	$ 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	$ 34,233,980	$ 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	$ 5,453,126	$ 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	314%	405%	633%	524%	337%	315%	268%	255%	350%
pension liability	60.77%	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.

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

	2022	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	6.10%	6.13%	6.47%	5.57%	4.62%	4.73%
System's proportionate share of the net OPEB liability	$ 1,191,796,570	$ 1,443,409,039	$ 1,338,986,646	$ 967,345,901	$ 996,032,245	$ 1,021,241,708
System's covered payroll	$ 222,718,210	$ 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	535%	628%	571%	392%	396%	392%
Plan Fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

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

State Employee Retirement System Plan
Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 87,693,784	$ 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	(87,693,784)	(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	$ 212,151,845	$ 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	41.34%	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]

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	1,433,267	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	(1,831,321)	(1,596,338)	(1,860,654)	(1,234,134)	(569,543)	(1,323,934)	(1,516,991)	(1,343,282)
Contribution deficiency (excess)	$ (398,054)	$ (210,107)	$ 570,958	$ 1,159,775	$ 353,184	$ (434,558)	$ (573,074)	$ (433,483)
System's covered payroll	$ 5,453,126	$ 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	33.58%	29.95%	36.66%	26.10%	15.59%	32.07%	38.60%	35.22%

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

Other Post Employment Benefits
Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017
Contractually required contribution	52,979,930	53,173,679	48,745,744	44,676,991	38,553,325	36,046,001
Contributions in relation to the contractually required contribution	(52,979,930)	(53,173,679)	(48,745,744)	(44,676,991)	(38,553,325)	(36,046,001)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
System's covered payroll	$ 222,718,210	$ 229,673,610	$ 234,304,156	$ 246,718,621	$ 251,238,643	$ 260,590,503
Contributions as a percentage of covered employee payroll	23.79%	23.15%	20.80%	18.11%	15.35%	13.83%

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

1. Supplementary Information

Pension Plans

Changes of benefit terms:

- The annual COLA for those retiring on or after July 1, 2022 is based on the annual rate of increase in CPI-W from 0.0% to 2.0%, plus 60% of the annual rate of increase in CPI-W from 3.33% to 6.0%, plus 75% of the annual rate of increase in CPI-W above 6.0% and with a cap on the COLA rate of 7.5%.
- A COLA moratorium for those retiring on or after July 1, 2022 for the first 30 months of retirement benefits. If rate of increase in CPI-W exceeds an annualized rate of 5.5% during the initial 18 month period of receiving retirement benefits, the COLA provided beginning with the 31st monthly benefit includes an additional adjustment based on the annual COLA rate as determined above using the annualized rate over the 18 month period. The COLA rate applied is reduced by 2.5% and then multiplied by 1.5 to reflect the 18 month period.

Changes of assumptions:

- Wage Inflation assumed rate changed from 3.50% to 3.00%.
- Assumed Salary Scale changed to reflect experience in above wage inflation rates of increase.
- Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.
- Assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

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
- 2.31% as of June 30, 2021
- The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale) were updated to be consistent with the corresponding retirement system assumptions.
- Per capita health costs, administrative expenses, and retiree contributions were updated for recent experience
- Health care cost trend rates and retiree contribution increase rates were adjusted.

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Assets							
Current assets:							
Cash and cash equivalents	$ 74,452,319	$ 38,299,756	$ 55,718,851	$ 24,548,631	$ 27,008,284	$ -	$ 220,027,841
Investments	-	-	-	-	66,549,924	-	66,549,924
Accounts receivable, net	11,512,978	1,766,863	7,035,659	2,142,254	-	-	22,457,754
Due from the State of Connecticut	26,632,963	12,799,972	21,557,212	11,269,431	2,709,553	-	74,969,131
Due from SO and Universities	1,652,976	650,601	582,977	4,152,067	2,520	(7,041,141)	-
Prepaid expenses and other current assets	4,187,337	820,019	1,624,338	188,257	816,433	-	7,636,384
Total current assets	118,438,573	54,337,211	86,519,037	42,300,640	97,086,714	(7,041,141)	391,641,034
Noncurrent assets:							
Cash and cash equivalents	24,737,707	16,917,891	31,032,970	735,371	81,347,552	-	154,771,491
Investments	-	-	-	-	30,887,066	-	30,887,066
Accounts receivable, net	949,722	587,936	993,544	2,120,348	-	-	4,651,550
Other assets	-	-	92,485	-	-	-	92,485
Right-of-use assets							
Right-of-use assets	321,977	380,271	281,014	404,161	-	-	1,387,423
Accumulated amortization	(85,301)	(172,173)	(242,500)	(144,680)	-	-	(644,654)
Right-of-use assets, net of accumulated amortization	236,676	208,098	38,514	259,481	-	-	742,769
Investment in capital assets	678,103,215	517,671,282	683,914,079	450,552,638	40,325,050	-	2,370,566,264
Accumulated depreciation	(297,861,774)	(217,435,394)	(343,870,042)	(214,799,481)	(18,562,813)	-	(1,092,529,504)
Investment in capital assets, net of accumulated depreciation	380,241,441	300,235,888	340,044,037	235,753,157	21,762,237	-	1,278,036,760
Total noncurrent assets	406,165,546	317,949,813	372,201,550	238,868,357	133,996,855	-	1,469,182,121
Total assets	$ 524,604,119	$ 372,287,024	$ 458,720,587	$ 281,168,997	$ 231,083,569	$ (7,041,141)	$ 1,860,823,155
Deferred outflows of resources:							
Deferred pension	$ -	$ -	$ -	$ -	$ 290,548,525	$ -	$ 290,548,525
Deferred other post employment benefits	-	-	-	-	331,104,432	-	331,104,432
Deferred loss on bond refunding	-	-	-	-	4,637,630	-	4,637,630
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 626,290,587	$ -	$ 626,290,587

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Liabilities							
Current liabilities:							
Accounts payable	$ 7,677,014	$ 2,152,098	$ 4,016,596	$ 6,258,012	$ 260,507	$ -	$ 20,364,227
Accrued salaries and benefits	30,534,559	15,408,582	30,994,119	15,049,017	811,031	-	92,797,308
Accrued compensated absences	2,832,808	1,412,428	2,484,226	813,329	177,698	-	7,720,489
Due to the State of Connecticut	13,095	7,998	321,794	6,947	-	-	349,834
Due to SO and Universities	2,520	-	-	-	7,038,621	(7,041,141)	-
Unearned tuition,fees and grant revenue	8,841,998	3,495,967	9,934,049	4,977,614	-	-	27,249,628
Bonds payable	-	-	-	-	21,065,000	-	21,065,000
Accrued bond interest payable	-	-	-	-	1,635,500	-	1,635,500
Leases payable	84,032	173,031	188,925	125,352	-	-	571,340
Other liabilities	290,947	33,753	310,002	796,257	-	-	1,430,959
Depository accounts	2,315,844	1,340,991	4,000,634	412,040	-	-	8,069,509
Total current liabilities	52,592,817	24,024,848	52,250,345	28,438,568	30,988,357	(7,041,141)	181,253,794
Noncurrent liabilities:							
Accrued compensated absences	18,323,336	10,961,370	20,802,164	11,241,923	1,893,369	-	63,222,162
Bonds payable	-	-	-	-	292,248,254	-	292,248,254
Federal loan program advances	361,195	558,112	-	902,606	-	-	1,821,913
Deferred compensation	-	-	-	-	369,303	-	369,303
Leases payable	155,644	37,698	13,272	137,825	-		344,439
Other noncurrent liabilities	-	151,430	1,280,844	112,413	-	-	1,544,687
Pension liability, net	-	-	-	-	1,060,656,895	-	1,060,656,895
Other post employment benefits, net	-	-	-	-	1,191,796,567	-	1,191,796,567
Total noncurrent liabilities	18,840,175	11,708,610	22,096,280	12,394,767	2,546,964,388	-	2,612,004,220
Total liabilities	$ 71,432,992	$ 35,733,458	$ 74,346,625	$ 40,833,335	$ 2,577,952,745	$ (7,041,141)	$ 2,793,258,014
Deferred inflows of resources:							
Deferred pension	$ -	$ -	$ -	$ -	$ 98,760,137	$ -	$ 98,760,137
Deferred other post employment benefits	-	-	-	-	367,328,198	-	367,328,198
Deferred lease Inflows	1,036,201	216,938	660,519	-	-	-	1,913,658
Total deferred inflows of resources	$ -	$ -	$ -	$ -	$ 466,088,335	$ -	$ 468,001,993
Net Position							
Net investment in capital assets	$ 380,216,950	$ 300,164,311	$ 340,044,037	$ 235,753,157	$ (235,818,884)	$ -	$ 1,020,359,571
Restricted:							
Nonexpendable	-	60,000	71,053	407,116	-	-	538,169
Expendable	13,144,885	4,452,523	9,428,008	2,809,558	71,449,212	-	101,284,186
Unrestricted	58,773,091	31,659,794	34,170,345	1,365,831	(2,022,297,252)	-	(1,896,328,191)
Total net position	$ 452,134,926	$ 336,336,628	$ 383,713,443	$ 240,335,662	$ (2,186,666,924)	$ -	$ (774,146,265)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Operating revenues:							
Tuition and fees:							
Tuition and fees, gross	$ 109,526,830	$ 47,706,383	$ 110,451,266	$ 52,246,689	$ -	$ -	$ 319,931,168
Less:							
Scholarships allowance	(13,936,490)	(13,674,830)	(9,651,031)	(5,967,268)	-	-	(43,229,619)
Waivers	(4,568,433)	(2,032,974)	(9,628,904)	(1,302,559)	-	-	(17,532,870)
Tuition and fees, net of scholarship allowances and waivers	91,021,907	31,998,579	91,171,331	44,976,862	-	-	259,168,679
Federal grants and contracts	5,246,729	503,346	3,731,461	1,796,977	-	-	11,278,513
State and local grants and contracts	4,045,937	1,502,629	4,631,001	5,390,578	-	-	15,570,145
Nongovernment grants and contracts	1,679,058	585,969	5,277,300	-	-	-	7,542,327
Indirect cost recoveries	281,230	49,857	278,086	-	-	-	609,173
Auxiliary revenues	23,127,532	26,076,276	22,713,157	15,015,446	-	-	86,932,411
Other operating revenues	2,460,967	671,635	4,197,093	765,273	252,070	-	8,347,038
Total operating revenues	127,863,360	61,388,291	131,999,429	67,945,136	252,070	-	389,448,286
Operating expenses:							
Salaries and wages	106,885,760	61,663,149	120,335,225	62,986,182	5,068,726	-	356,939,042
Fringe benefits	71,438,135	42,837,764	77,147,577	42,225,029	63,532,970	-	297,181,475
Professional services and fees	5,271,537	2,885,809	7,305,513	2,788,003	670,393	-	18,921,255
Educational services and support	46,895,333	21,549,377	49,746,319	29,172,151	934,846	-	148,298,026
Travel expenses	1,614,817	527,293	1,411,941	505,511	59,059	-	4,118,621
Operation of facilities	25,859,326	7,594,764	12,275,572	6,927,934	62,082	-	52,719,678
Other operating supplies and expenses	8,308,917	5,018,297	7,778,925	5,048,277	2,987,252	-	29,141,668
Depreciation expense	17,567,459	16,295,287	20,308,571	11,862,940	718,173	-	66,752,430
Amortization expense	85,301	173,409	277,956	156,681	-	-	693,347
Total operating expenses	283,926,585	158,545,149	296,587,599	161,672,708	74,033,501	-	974,765,542
Operating loss	$ (156,063,225)	$ (97,156,858)	$(164,588,170)	$ (93,727,572)	$ (73,781,431)	$ -	$ (585,317,256)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Nonoperating revenues (expenses)							
State appropriations	$114,182,265	$ 67,236,552	$108,200,523	$ 68,024,461	$ 7,922,002	$ -	$ 365,565,803
Pell grant revenue	12,533,000	5,820,164	13,592,763	6,524,509	-	-	38,470,436
Federal emergency grant revenue	29,663,377	14,001,729	28,435,320	14,083,841	-	-	86,184,267
Gifts	3,816,585	813,105	592,322	36,495	-	-	5,258,507
Investment income	323,034	163,815	266,450	66,220	1,037,019	-	1,856,538
Interest expense	(7,970)	(5,268)	(4,519)	(10,126)	(9,111,978)	-	(9,139,861)
Capital projects financed by SO	8,679,589	1,365,538	1,513,815	14,481,050	(26,039,992)	-	-
Other nonoperating revenues (expenses), net	205,059	994	49,755	117,691	-	-	373,499
Net nonoperating revenues (expenses)	169,394,939	89,396,629	152,646,429	103,324,141	(26,192,949)	-	488,569,189
Gain/(loss) before other changes in net position	13,331,714	(7,760,229)	(11,941,741)	9,596,569	(99,974,380)	-	(96,748,067)
Other changes in net position							
State appropriations restricted for capital purposes	22,816,381	6,605,882	46,399,842	2,762,593	609,248	-	79,193,946
Loss on disposal of capital assets	(44,966)	(617,792)	(13,946)	(25,349)	(127,700)	-	(829,753)
Transfer to state agency	(335,505)	-	-	-	-	-	(335,505)
Interagency transfers	(11,423,967)	(6,433,931)	(7,332,107)	(5,171,156)	30,361,161	-	-
Other changes in net position	11,011,943	(445,841)	39,053,789	(2,433,912)	30,842,709	-	78,028,688
Change in net position	24,343,657	(8,206,070)	27,112,048	7,162,657	(69,131,671)	-	(18,719,379)
Net position at beginning of year	427,791,269	344,542,698	356,601,395	233,173,005	(2,117,535,253)	-	(755,426,886)
Net position at end of year	$452,134,926	$336,336,628	$383,713,443	$240,335,662	(2,186,666,924)	$ -	$ (774,146,265)

Connecticut State University System

Supplemental Information – Combining Statements of Cash Flows

June 30, 2022

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Cash flows from operating activities:							
Tuition and fees	$ 91,545,511	$ 38,044,388	$ 87,573,115	$ 46,724,910	$ -	$ -	$ 263,887,924
Grants and contracts	9,699,537	2,591,944	13,266,260	7,260,260	-	-	32,818,001
Auxiliary revenues	23,221,462	26,127,795	21,581,854	15,317,884	-	-	86,248,995
Other operating revenues	2,778,863	574,507	3,990,409	32,245	232,638	-	7,608,662
Payments to employees for salaries and benefits	(177,059,327)	(103,642,775)	(191,693,744)	(104,778,589)	(7,633,374)	-	(584,807,809)
Payments to suppliers	(1,301,858)	(517,937)	(1,327,071)	(1,447,081)	(137,672)	-	(4,731,619)
Professional services and fees	(5,271,537)	(2,944,633)	(7,305,514)	(2,788,003)	(672,230)	-	(18,981,917)
Educational services and support	(46,895,333)	(21,549,377)	(47,628,793)	(29,172,151)	(934,846)	-	(146,180,500)
Travel expenses	(1,614,817)	(527,293)	(1,411,941)	(505,511)	(59,059)	-	(4,118,621)
Operation of facilities	(25,859,326)	(11,670,946)	(11,845,009)	(6,927,934)	(62,082)	-	(56,365,297)
Other operating supplies and expenses	(7,101,898)	(560,631)	(9,143,440)	1,423,351	(2,919,012)	-	(18,301,630)
Net cash used in operating activities	(137,858,723)	(74,074,958)	(143,943,874)	(74,860,619)	(12,185,637)	-	(442,923,811)
Cash flows from noncapital financing activities:							
State appropriations	109,518,751	64,194,051	105,074,493	65,199,046	7,920,509	-	351,906,850
Gifts for other than capital purposes	3,816,585	813,104	592,322	36,495	-	-	5,258,506
Nonoperating grants and revenue other	41,953,116	19,626,466	42,077,838	20,838,454	-	-	124,495,874
Transfer to state agency	(335,505)	-	-	-	-	-	(335,505)
Interagency transfers	(11,423,967)	(6,433,931)	(7,332,107)	(5,171,156)	30,361,161	-	-
Net cash provided by noncapital financing activities	$ 143,528,980	$ 78,199,690	$ 140,412,546	$ 80,902,839	$ 38,281,670	$ -	$ 481,325,725
Cash flows from investing activities:							
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -	$ 51,148,450	$ -	51,148,450
Purchases of investments	-	-	-	-	(29,804,953)	-	(29,804,953)
Interest and dividends received on investments	284,846	163,815	259,629	56,094	985,025	-	1,749,409
Net cash provided by investing activities	284,846	163,815	259,629	56,094	22,328,522	-	23,092,906
Cash flows from capital and related financing activities:							
Cash paid for capital and right-of-use assets	(24,845,449)	(6,888,812)	(40,239,315)	(15,412,307)	-	-	(87,385,883)
Capital projects financed by SO	8,503,467	1,901,718	1,536,256	10,573,431	(22,514,872)	-	-
State capital appropriations received	24,832,640	6,605,882	44,878,586	2,762,593	1,319,054	-	80,398,755
Proceeds from refunding of bonds	-	-	-	-	-	-	-
Repayments of capital debt and leases	1,077,390	189,127	(78,816)	3,697	(19,060,000)	-	(17,868,602)
Interest paid on capital debt and leases	(7,970)	(56,202)	(5,913)	-	(10,256,661)	-	(10,326,746)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-
Bond issuance payments	-	-	-	-	-	-	-
Net cash provided by (used in) capital and related financing activities	9,560,078	1,751,713	6,090,798	(2,072,586)	(50,512,479)	-	(35,182,476)
Net increase (decrease) in cash and cash equivale	15,515,181	6,040,260	2,819,099	4,025,728	(2,087,924)	-	26,312,344
Cash and cash equivalents, beginning of year	83,674,845	49,177,387	83,932,722	21,258,274	110,443,760	-	348,486,988
Cash and cash equivalents, end of year	$ 99,190,026	$ 55,217,647	$ 86,751,821	$ 25,284,002	$ 108,355,836	$ -	$ 374,799,332

Connecticut State University System

Supplemental Information – Combining Statements of Cash Flows - Continued

June 30, 2022

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Reconciliation of operating loss to net cash used in operating activities:							
Operating loss	$ (156,063,225)	$ (97,156,858)	$ (164,588,170)	$ (93,727,572)	$ (73,781,431)	$ -	$ (585,317,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	17,567,459	16,295,287	20,131,664	11,862,940	718,173	-	66,575,523
Amortization	85,301	173,409	36,810	156,681	-	-	452,201
Changes in assets and liabilities:							
Receivables	2,839,844	5,047,385	(1,155,018)	(293,598)	-	-	6,438,613
Prepaid expenses and other	(442,805)	(93,699)	(395,935)	(57,726)	408,679	-	(581,486)
Accounts payable	706,778	(213,112)	(320,017)	4,690,210	(245,472)	-	4,618,387
Accrued salaries and benefits	4,146,485	2,292,297	1,805,102	2,548,900	278,461	-	11,071,245
Other liabilities	(40,643)	170,357	204,985	582,413	(232,969)	-	684,143
Due to/from State of Connecticut	-	7,831	13,882	6,947	-	-	28,660
Due to/from Universities	1,837	-	-	-	(1,837)	-	-
Unearned tuition, fees and grant revenues	(3,627,098)	880,774	(1,499,752)	(178,350)	(19,432)	-	(4,443,858)
Deferred compensation	-	-	-	-	26,063	-	26,063
Depository accounts	(150,739)	(36,640)	604,477	1,671,761	330	-	2,089,189
Accrued compensated absences	(2,881,917)	(1,441,989)	1,218,098	(2,123,225)	267,660	-	(4,961,373)
Pension liability	-	-	-	-	(39,705,598)	-	(39,705,598)
Other post employment benefits	-	-	-	-	(251,612,470)	-	(251,612,470)
Changes in deferred outflows	-	-	-	-	56,016,766	-	56,016,766
Changes in deferred inflows	-	-	-	-	295,697,440	-	295,697,440
Net cash used in operating activities	$ (137,858,723)	$ (74,074,958)	$ (143,943,874)	$ (74,860,619)	$ (12,185,637)	$ -	$ (442,923,811)
Noncash investing, noncapital financing and capital and related financing transactions:							
Fixed assets included in accounts payable	$ 2,639,007	$ 1,424,092	$ -	$ -	$ -	$ -	$ 4,063,099
Reconciliation of cash and cash equivalents to the combined statements of net assets:							
Cash and cash equivalents classified as current assets	$ 74,452,319	$ 38,299,756	$ 55,718,851	$ 24,548,631	$ 27,008,284	$ -	$ 220,027,841
Cash and cash equivalents classified as noncurrent assets	24,737,707	16,917,891	31,032,970	735,371	81,347,552	-	154,771,491
	$ 99,190,026	$ 55,217,647	$ 86,751,821	$ 25,284,002	$ 108,355,836	$ -	$ 374,799,332

1. Basis of Presentation of Supplemental Information

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

Connecticut Community Colleges

2022 FINANCIAL STATEMENTS

INCLUDING

Required Supplementary Information

Additional Supplemental Information

Draft

12/6/2022

CSCU

June 30, 2022

Connecticut Community Colleges

Mission Statement

The Connecticut State Community College provides access to academically rigorous and innovative education and training focused on student success. The College supports excellence in teaching and learning, makes data-informed decisions, promotes equity, and advances positive change for the students, communities, and industries it serves.

Members of the Board of Regents for Higher Education (Between 7/1/2021 and 6/30/2022)

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

REGENTS AS OF 6/30/22

(Five vacancies: three legislative appointees and two Student Regent vacancies.)

JoAnn Ryan, Chair
Richard J. Balducci
Ira Bloom
Felice Gray-Kemp
Holly Howery
Juanita James
Jim McCarthy
Richard Porth
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
Dante Bartolomeo – Commissioner of the CT Department of Labor
Charlene Russell-Tucker –Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
Dr. Manisha Juthani – Commissioner CT Dept. of Public Health
Kelli-Marie Vallieres – CT Chief Workforce Officer

<u>Former Board members (who served between 7/1/21 – 6/30/22)</u>

Matt Fleury – BOR Chair
Merle Harris – BOR Vice Chair
Aviva Budd – Regent
Naomi Cohen – Regent
David Jimenez – Regent
Kurt Westby – Retired Commissioner of the Dept. of Labor
Dr. Deidre Gifford – Acting Commissioner Appt. Ended – Dept. of Public Health

Connecticut Community College Presidents/CEOs 7/1/2021 through 6/30/2022

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
Kimberly Hogan, Interim Campus CEO

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

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

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

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

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

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

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

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

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 years ended June 30, 2022 and 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 2021 semester, 37,116 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 21,312. During calendar year 2021, approximately 13,000 students also took a variety of non-credit skill-building programs. The CCC offer two-year associate degrees and transfer programs, short-term certificates, and individual coursework in both credit and non-credit programs, often through partnerships with business and industry. In total, CCC employed approximately 2,100 full time employees at June 30, 2022.

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

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 2022 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"). 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. No magnet schools met the criteria for inclusion as a component unit in the financial statements of CCC in fiscal 2022. 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 $953.1 million, liabilities of $1.9 billion, and a total net position balance of ($955.9) million at June 30, 2022. Of the total net position balance, ($1.6) billion is classified as unrestricted net position, a $26.1 million increase from 2021. The large negative balance in unrestricted net position is a result of the adoption of GASB Statement No. 68 (Pensions) in fiscal year 2015 and GASB Statement No. 75 (Other Post-Employment Benefits) in fiscal year 2018. Adoption of GASB Statement No. 68 required the System to recognize a net liability for pension plans, which was previously disclosed only at the State level. The adoption of GASB Statement No. 75 required the System to recognize the net liability for other post-employment benefits (OPEB). 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 $177.2 million at June 30, 2022, including $23.0 million of cash equivalents in the form of unspent State bond appropriations administered by the CCC, and $14.7 million of unspent State bond appropriations administered by the Department of Administrative Services (DAS) on behalf of the System. Total current assets were $286.9 million at June 30, 2022, an increase of $90.0 million. The current ratio identifies the amount of resources available to meet current obligations. This ratio of unrestricted current assets of $200.9 million to unrestricted current liabilities of $83.6 million is 2.4:1 in 2022 which is unchanged from 2021. The current ratio reflects a financial position sufficient to provide short-term liquidity. Non-current liabilities decreased by $280.2 million from $2.2 billion at June 30, 2021 to $1.9 billion at June 30, 2022. The decrease is mainly due to changes in valuation of the pension and OPEB liabilities. This significant liability includes $9.5 million in non-current leases payable, $865.1 million for the CCC allocation of the state pension plan obligation, $942.8 billion for the CCC allocation of the state's OPEB obligation and $35.8 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 $110.6 million, a 5.5% decrease from the previous year. The decrease of tuition and fees, net of 8.0% was offset by an increase in grants and contracts and other operating revenues. 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 2021 through Spring 2022 semesters was approximately 5.5% due to the ongoing effects of the coronavirus pandemic. Operating expenses were $691.6 million, a decrease of 4.2% from the previous year, resulting in an operating loss of $581.0 million during the year ended June 30, 2022. Net non-operating revenues and other changes were $594.4 million, up 28.2% from the previous year, mainly due to increased grant revenue and one-time appropriation funding. Overall the CCC experienced an increase in net position of $12.3 million during fiscal year 2022.

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 CCC, 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, 2022 and 2021
(in thousands)

	2022	2021	% Change
ASSETS			
Current assets	$ 286,928	$ 196,915	45.7%
Non-current assets	665,020	680,263	-2.2%
Total assets	951,948	877,178	8.5%
DEFERRED OUTFLOWS OF RESOURCES	492,105	537,890	-8.5%
LIABILITIES			
Current liabilities	108,978	72,711	49.9%
Non-current liabilities	1,853,149	2,133,325	-13.1%
Total liabilities	1,962,127	2,206,036	-11.1%
DEFERRED INFLOWS OF RESOURCES	437,851	177,224	147.1%
NET POSITION			
Invested in capital assets	653,786	679,901	-3.8%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	43,737	31,411	39.2%
Unrestricted	(1,653,468)	(1,679,524)	1.6%
Total net position	$ (955,925)	$ (968,192)	1.3%

Current assets consist of cash and cash equivalents and accounts receivable. The $90.0 million increase in current assets from the previous year is attributable to a $37.3 million increase in cash which is largely from additional state allotments not yet spent and also due to decreased spending. There is also an increase of $9.1 million in cash equivalents as building projects are funded and then expended over a period of two to three years. There is a $18.8 million increase in grants receivable, mainly due to timing of drawdowns from reimbursement grants such as Higher Education Emergency Relief Fund ("HEERF"). In addition, student accounts receivable increased by $8.1 million. During 2021, student accounts receivables were discharged with HEERF dollars, and a similar discharge of receivables did not occur for 2022. As a result, receivables increased. 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 2.2% from $680.3 million at June 30, 2021, to $665.0 million at June 30, 2022. Net capital assets account for $653.8 million of the total non-current assets. At June 30, 2022, capital assets in service totaled $1.1 billion, offset by $489.7 million in accumulated depreciation. There were $6.1 million in additions to Construction in Progress, including $1.2 million in renovations to the CT State office, $1.2 million for Tunxis building renovations, $1.0 million in site improvements at Middlesex, and various other site improvements across the colleges. Completed projects include $20.7 million, including Naugatuck Valley renovations to a building ($10.8 million), Housatonic improvements to a building ($1.8 million), and various other projects. Also included in the June 30, 2022 balance are right-of-use assets, which total $12.8 million, offset by $1.8 million in accumulated amortization. GASB Statement No. 87, *Leases,* was adopted for the fiscal year ending June 30, 2022 and therefore is not reflected in June 30, 2021 condensed statements within this management discussion and analysis.

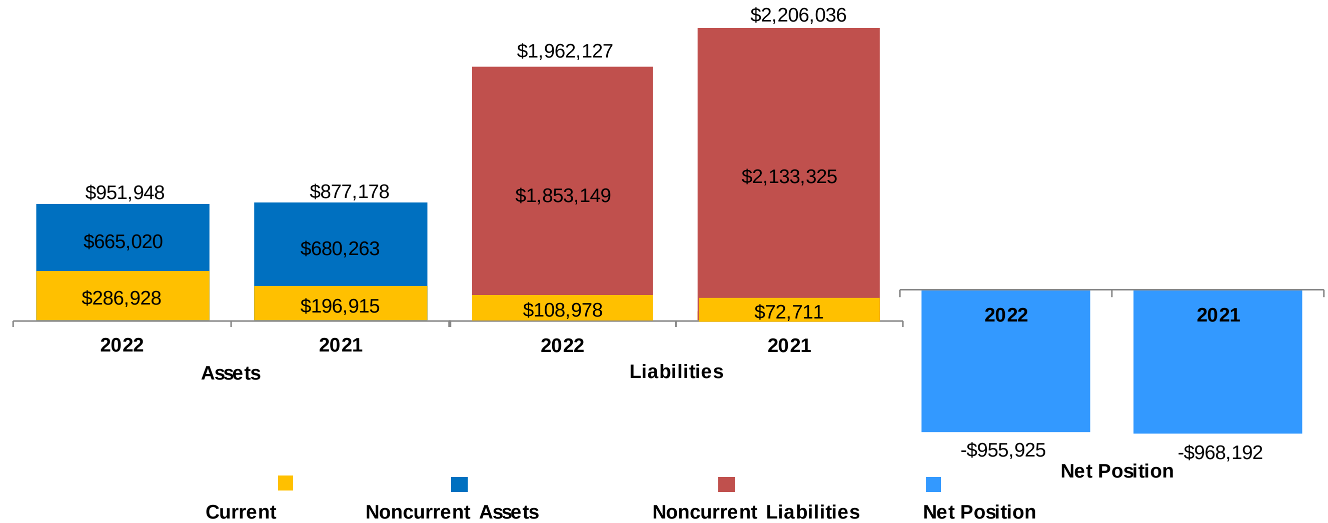
Current liabilities as of June 30, 2022 consist primarily of accrued payroll and related benefits of $46.6 million which increased by $19.7 million from June 30, 2021 due to salary increases and retroactive payments required due to the new State Employees Bargaining Agent Coalition ("SEBAC") agreement. Also included in current liabilities are unearned tuition and fees of $4.3 million and deferred grant revenue of $22.7 million. Deferred grant revenue increased by $13.2 million due to additional COVID-related grant funds that the CCC received and did not yet spend. Additional significant current liabilities include vendor accounts payable of $5.3 million, $5.2 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 $865.1 million in pension liability, $942.8 million in OPEB liability and $35.8 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 $52.0 million and the OPEB liability decreased $257.2 million due to changes in valuation assumptions including demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), updates to per capita health costs and administrative expenses, and adjustments to health care cost trend rates and retiree contribution rates.

Total liabilities were $1.9 billion at the end of fiscal year 2022, an 11.1% decrease from fiscal year 2021 mainly due to the aforementioned decrease in pension and OPEB liability. The total ACA liability of $40.9 million (long-term and current), pension liability of $865.1 million, OPEB liability of $942.8 million, and lease liability (long-term and current) of $11.2 million represents approximately seven 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. Also included in deferred inflows are unrecognized revenues from other than short term leases.

THE CCC FINANCIAL POSITION (in thousands)



The *total net position* includes $653.8 million *Invested in capital assets* net of depreciation. The CCC 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 CCC 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, 2022 ($23.0 million in funds managed by the CCC and $14.7 million for projects managed by DAS), funds held in restricted accounts pending distribution, as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet expended. 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 $45.1 million to $100.1 million during fiscal year 2022. The table below illustrates the fluctuations in aggregate CCC UNP over the past five years adjusted for net pension liability and net OPEB liabilities and deferred inflows and outflows:

	FY18	FY19	FY20	FY21	FY22
UNP Adjusted	$ 44.9	$ 39.9	$ 32.6	$ 55.0	$ 100.1
UNP	$(1,366.8)	$(1,425.7)	$(1,567.4)	$(1,679.5)	$(1,653.5)

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, 2022 and 2021
(in thousands)

	2022	2021	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 71,961	$ 78,232	-8.0%
Grants and contracts	34,907	35,318	-1.2%
Other revenues	3,781	3,483	8.6%
Total operating revenues	110,649	117,033	-5.5%
OPERATING EXPENSES			
Expenses before depreciation	656,512	684,620	-4.1%
Depreciation and amortization	35,152	37,110	-5.3%
Total operating expenses	691,664	721,730	-4.2%
Operating loss	(581,015)	(604,697)	-3.9%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	385,954	330,863	16.7%
State appropriations - bond fund	22,154	9,565	131.6%
Pell grant revenue	55,674	58,539	-4.9%
Federal non-operating grant revenue	111,319	68,806	61.8%
Federal non-operating pass-through grant revenue	19,526	12,292	58.9%
Student reengagement expense	(171)	(16,583)	-99.0%
Other non-operating revenue (expense), net	(66)	60	-209.8%
Total non-operating revenues	594,390	463,542	28.2%
OTHER CHANGES IN NET POSITION			
Other deductions	(1,109)	(2,171)	-48.9%
Total other changes in net position	(1,109)	(2,171)	-48.9%
NET POSITION			
Change in net position	12,267	(143,326)	108.6%
Net position, beginning of year	(968,192)	(824,866)	-17.4%
Net position, end of year	$ (955,925)	$ (968,192)	1.3%

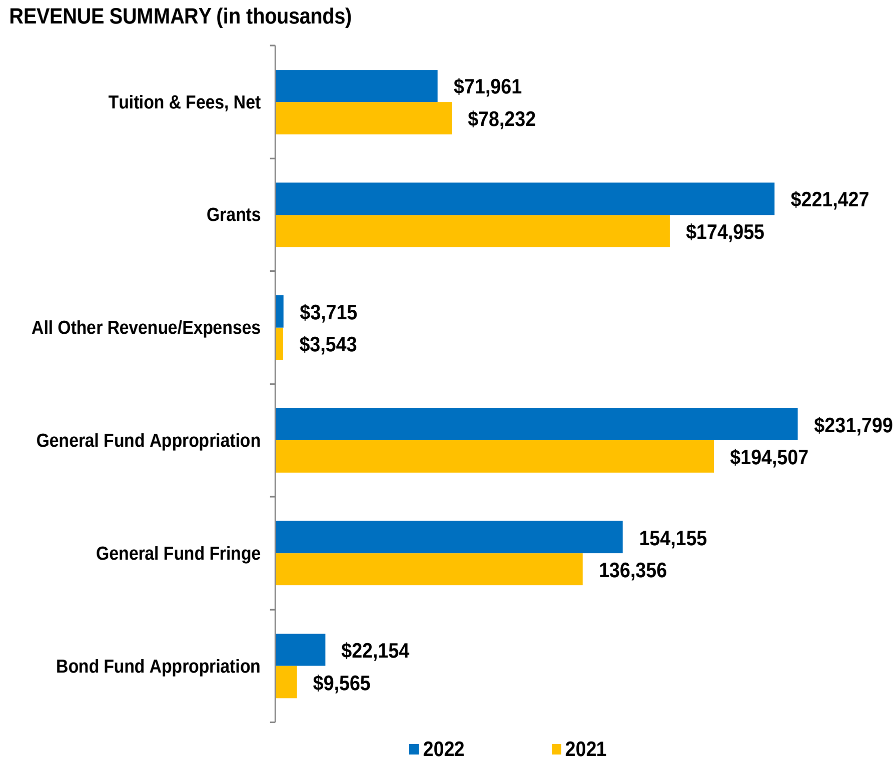
Total *operating revenues* for fiscal year 2022 were $110.6 million after the reduction for scholarship allowances, a decrease of 5.5% from $117.0 million in fiscal year 2021. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers resulting in net tuition and fee revenue of $71.9 million. This differs from budgetary practices, which recognize revenues on a gross basis without offset for scholarship allowances. On a gross basis, fiscal year 2022 tuition revenues decreased by 8.0% from the previous year due to the decline in enrollment resulting from the lingering effects of the coronavirus pandemic. These revenues reflect an FTE credit enrollment decrease of 6% in fiscal year 2022, as tuition rates were frozen.

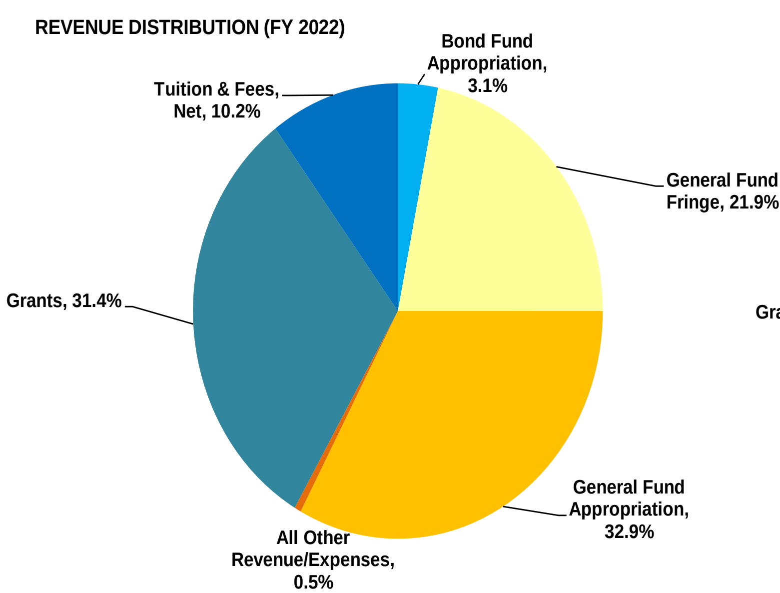
Total operating expenses for fiscal year 2022 were $691.6 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects a decrease of $30.1 million or 3.9% from fiscal 2021. Salaries and wages increased by $22.9 million due to the aforementioned SEBAC agreement raises and retroactive payments. The $104.9 million decrease in fringe benefits in fiscal year 2022 is mainly a result of the decrease in the pension and OPEB fringe expense. In addition, operating expenses include $85.5 million in net scholarship aid expense provided to students, which is an increase of $41.1 million from 2021. The increase in student scholarship aid is due to the HEERF student grant awards, which were fully spent in 2022. There was also $33.3 million in depreciation expense, $1.8 million in amortization expense, and $84.1 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 $7.2 million, mainly due to technology and other expenses funded by various COVID-related grants for pandemic-related supplies and non-capital equipment.

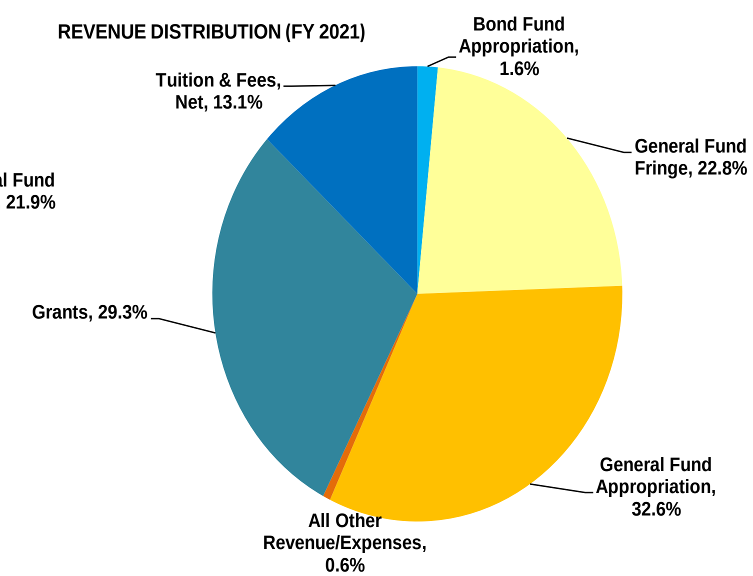
The CCC recorded an operating loss of $581.0 million during the year ended June 30, 2022. This results primarily from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *non-operating revenues*, although the expenditure 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 were $163.4 million, the associated revenues to cover fringe benefit costs increased to $154.2 million, and additional operating appropriations were $68.4 million, a total increase of $55.1 million. The increase in appropriations is due to the increase in salary expenses and additional one-time funding monies the State provided the CCC to cover certain budget shortfalls. Bond fund appropriation revenues increased to $22.1 million in 2022 from $9.5 million in 2021. Total directly awarded COVID-related grant expense during fiscal year 2022 was $111.3 million and indirectly awarded federal grants was $19.5 million. The increase in these grant expenses is due to the colleges spending down the HEERF awards during the year. Pell grant revenue declined by $2.9 million due to the decline in overall enrollment. In 2021, 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 in 2021. No similar large-scale discharge occurred in 2022.

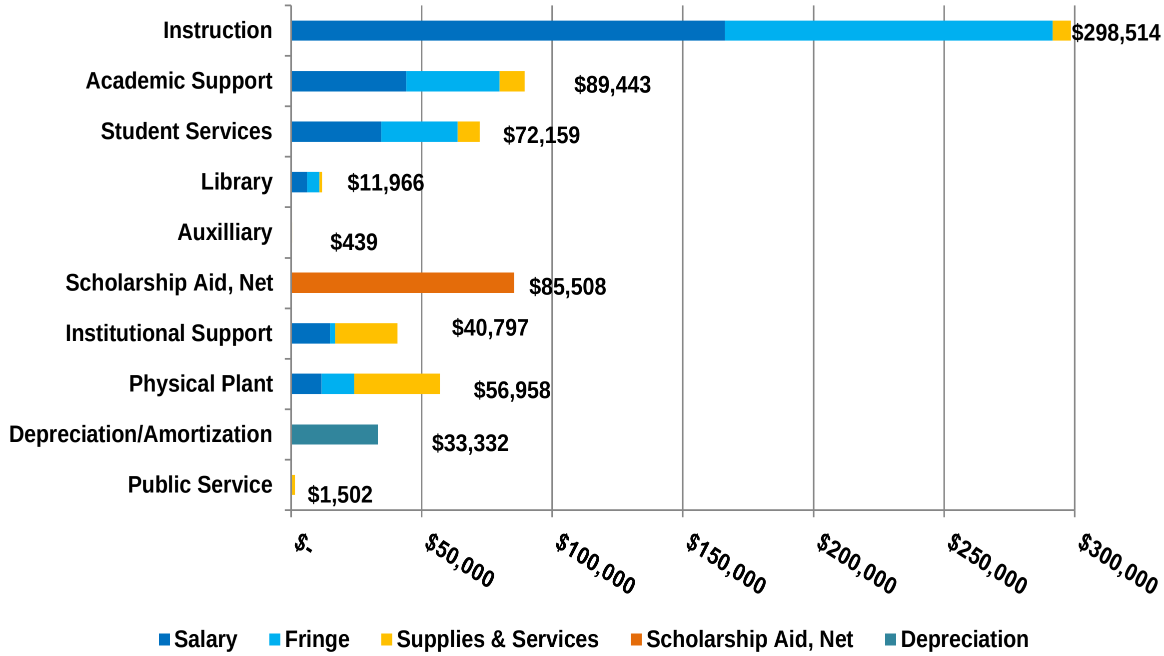
Other changes in net position is a reduction of available projects funds held by, and administered by, DAS on behalf of the CCC.


REVENUE SUMMARY (in thousands)
Tuition & Fees, Net
$71,961
$78,232
Grants
$221,427
$174,955
All Other Revenue/Expenses
$3,715
$3,543
General Fund Appropriation
$231,799
$194,507
General Fund Fringe
154,155
136,356
Bond Fund Appropriation
$22,154
$9,565
2022
2021

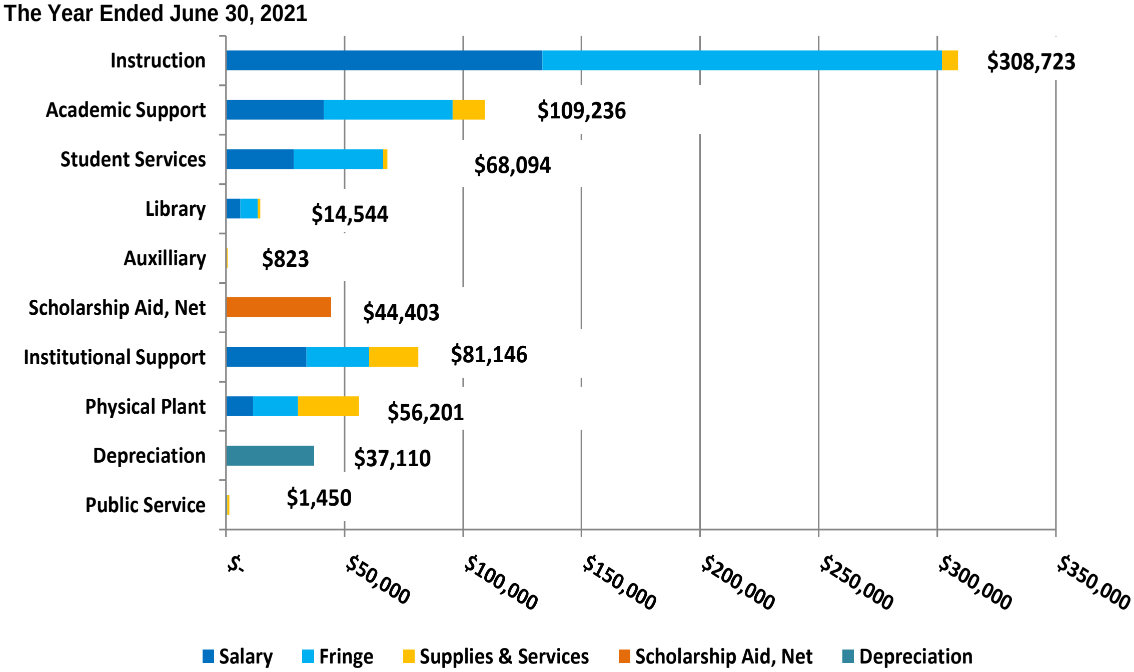

REVENUE DISTRIBUTION (FY 2022)
Bond Fund Appropriation, 3.1%
Tuition & Fees, Net, 10.2%
General Fund Fringe, 21.9%
Grants, 31.4%
General Fund Appropriation, 32.9%
All Other Revenue/Expenses, 0.5%


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/Expenses, 0.6%

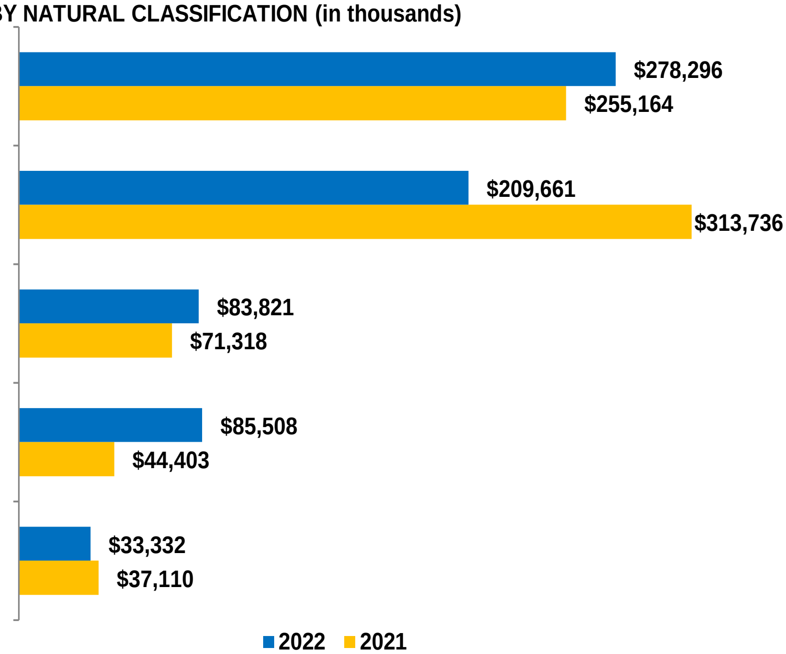
OPERATING EXPENSES (in thousands)
By Program and Account Type
For The Year Ended June 30, 2022



OPERATING EXPENSES (in thousands)
By Program and Account Type
For The Year Ended June 30, 2021



EXPENSE BY NATURAL CLASSIFICATION (in thousands)



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, 2022 and 2021
(in thousands)

	2022	2021	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (516,567)	$ (445,321)	16.0%
Noncapital financing activities	557,659	460,048	-21.2%
Capital and related financing activities	5,230	(9,302)	-156.2%
Investing activities	103	415	-75.2%
Net change in cash and cash equivalents	46,425	5,840	695.0%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	130,824	124,984	4.7%
Cash and cash equivalents, end of year	$ 177,248	$ 130,824	35.5%

Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $67.1 million, down $5.8 million from 2021, and receipts from government grants and contracts of $34.5 million, up $8.4 million from

2021. 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 $264.0 million, which is up 4.6% or $11.7 million from 2021, fringe benefits paid on behalf of employees of $183.9 million, up 4.1% or $7.3 million from 2021, which are due to the SEBAC raises and retroactive payments. Vendor payments were $92.9 million, up 20.1% from 2021 which is largely due to updating technology across the system. Payments to students was $91.8 million, up 81.3% from 2021. 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 Emergency Student Grants, which totaled $62.3 million in 2022, while in 2021 the Emergency Student Grants were $19.6 million. Overall, net cash used by operating activities increased 16.0% during fiscal year 2022.

The largest inflow of cash related to *non-capital financing* is State appropriations, which were $374.7 million, including general fund appropriations to cover salaries and related fringe benefits, additional one-time funding, the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Other non-capital financing cash inflows include Pell grants and Federal COVID-related grants of $176.9 million, private gift receipts of $0.9 million and Federal Family Education Loan Program ("FFELP") receipts of $5.1 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. Also included in fiscal 2022 are principal and interest paid on leases in accordance with GASB Statement No. 87. During fiscal year 2022, capital financing net cash inflows of $18.1 million reflected the receipt of bond appropriations. The amount spent on college facility projects administered by DAS was $1.4 million, and $9.5 million for capital asset initiatives at the colleges and System office. Principal and interest on leases were $2.0 million in fiscal 2022.

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 $0.4 million in fiscal year 2021 to $0.1 million in fiscal year 2022 due to the decline in interest rates.

Economic Outlook

The State of Connecticut showed strong economic and fiscal conditions during 2022, including strong employment and state tax revenues. However, continued inflation and the Fed's interest rate hikes in response threaten to undermine the strong economy and labor market and curtail overall growth in CT in 2023, and also drive cost growth across higher education. These larger economic factors will have significant impacts on CSCU institutions, including potential enrollment impacts as well as long-term pressure on public support available for higher education. The Community Colleges are poised to capture enrollment growth once we address the short-term revenue declines driven by pandemic drop-off in enrollment.

Additional Information

This financial report is designed to provide a general overview of the CCC finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the CSCU Chief Financial Officer or the CSCC Chief Financial Officer (860-723-0251).

Hold for Independent Auditor’s Report

Hold for Independent Auditor's Report

Hold for Independent Auditor’s Report

Connecticut Community Colleges
Combined Statement of Net Position
June 30, 2022

Assets		
Current assets		
Cash and cash equivalents	$	177,247,858
Accounts receviable, due from the State		50,111,886
Accounts receivable other, net		59,216,263
Prepaid expenses and other current assets		352,424
Total current assets		286,928,431
Non-current assets		
Investment in plant		1,143,527,471
Accumulated depreciation		(489,741,316)
Investment in plant, net of accumulated depreciation		653,786,154
Right-of-use assets		12,828,885
Accumulated amortization		(1,820,129)
Right-of-use assets, net		11,008,756
Student loans, net		224,777
Total non-current assets		665,019,687
Total assets	$	951,948,118
Deferred outflows of resources		
Deferred pension	$	224,884,426
Deferred other post employment benefits		267,221,024
Total deferred outflows of resources	$	492,105,450
Liabilities		
Current liabilities		
Accounts payable	$	5,354,218
Lease payable - current		1,666,633
Accrued expenses - salary and fringe benefits		66,290,604
Accrued compensated absences - current portion		5,225,556
Unearned tuition and grant revenue		26,150,789
Retainage		111,842
Agency and loan fund liabilities		2,866,771
Other liabilities		1,311,734
Total current liabilities		108,978,147
Non-current liabilities		
Lease payable - non-current		9,489,917
Pension liability, net		865,087,405
Other post employment benefits liability net		942,812,586
Accrued compensated absences - long term portion		35,759,196
Total non-current liabilities		1,853,149,104
Total liabilities	$	1,962,127,251
Deferred inflows of resources		
Deferred pension	$	94,690,435
Deferred other post employment benefits		343,108,903
Deferred lease inflows		52,007
Total deferred inflows of resources	$	437,851,345
Net position		
Invested in capital assets, net	$	653,786,154
Restricted		
Nonexpendable		20,000
Expendable		43,737,201
Unrestricted		(1,653,468,385)
Total net position	$	(955,925,030)

Assets		
Cash and cash equivalents	$	10,310,374
Accounts receivable, net		72,935
Contributions receivable, net		176,541
Prepaid expenses and other assets		64,016
Investments		65,876,876
Total assets	$	76,500,742
Liabilities		
Accounts payable and accrued expenses	$	731,099
Grants payable		1,464,103
Annuities payable		33,378
Scholarships payable		25,177
Other liabilities		15,000
Total liabilities		2,268,757
Net Assets		
Without donor restrictions		16,126,605
With donor restrictions		58,105,380
Total net assets		74,231,985
Total liabilities and net assets	$	76,500,742

Operating revenues		
Student tuition and fees	$	146,895,057
Less: Scholarship discounts and allowances		(74,934,238)
Net tuition and fees		71,960,820
Federal grants and contracts		21,426,809
State and local grants and contracts		10,422,554
Nongovernment grants and contracts		3,057,735
Auxiliary revenues		270,617
Other operating revenues		3,510,616
Total operating revenues		110,649,151
Operating expenses		
Salaries and wages		278,017,607
Fringe benefits		208,856,038
Professional services and fees		13,668,545
Educational services and support		12,178,011
Travel expenses		1,269,518
Operation of facilities		28,271,321
Other operating supplies and expenses		28,746,078
Scholarship aid, net		85,504,704
Depreciation expense		33,331,765
Amortization expense		1,820,129
Total operating expenses		691,663,716
Operating loss		(581,014,566)
Nonoperating revenues and expenses		
State appropriation - general fund		385,954,046
State appropriation - bond fund		22,153,899
Pell grant revenue		55,674,111
Federal non-operating grant revenue		111,319,227
Federal non-operating pass-through grant revenue		19,526,136
Other non-operating revenue, net		289,695
Student reengagement expense		(171,262)
Interest expense		(355,587)
Total nonoperating revenues (expenses), net		594,390,266
Loss before other changes in net position		13,375,700
Other changes in net position		
Other deductions		(1,108,674)
Total other changes in net position		(1,108,675)
Change in net position		12,267,025
Net position, beginning of year		(968,192,056)
Net position, end of year	$	(955,925,030)

Revenue		
Gifts and grants	$	9,654,041
Events and activities		957,799
Investment return, net		(8,326,290)
Net revenue		2,285,550
Expenses		
Program services	$	4,261,361
Scholarships, awards, and financial aid		1,649,212
Fundraising events		681,499
Management and general		1,203,986
College advancement		1,579,738
Total expenses		9,375,796
Change in net assets		(7,090,246)
Net assets at beginning of year	$	81,322,231
Net assets at end of year	$	74,231,985

Cash flows from operating activities		
Student tuition and fees	$	67,103,343
Government grants and contracts		34,485,809
Private grants and contracts		3,036,100
Sales and services of educational departments		568,803
Payments to employees		(263,951,132)
Payments for fringe benefits		(183,869,802)
Payments to students		(91,846,124)
Payments to vendors		(92,931,011)
Payments by Department of Construction Services (DCS)		-
Other receipts, net		10,836,884
Net cash used in operating activities		(516,567,131)
Cash flows from investing activities		
Interest income		102,766
Net cash provided by investing activities		102,766
Cash flows from capital and related financing activities		
State appropriations		18,165,366
Payments by Department of Construction Services (DCS)		(1,383,532)
Purchase of capital assets		(9,525,136)
Principal paid on leases		(1,671,618)
Interest paid on leases		(355,573)
Net cash used in capital and related financing activities		5,229,507
Cash flows from noncapital financing activities		
State appropriations		374,734,772
Nonoperating federal grants		176,887,674
Private gifts		917,942
Federal Family Education Loan Program (FFELP)		5,118,373
Net cash provided by noncapital financing activities		557,658,761
Net increase (decrease) in cash and cash equivalents		46,423,904
Cash and cash equivalents at beginning of year	$	130,823,954
Cash and cash equivalents at end of year	$	177,247,858
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(581,014,566)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization expense		35,151,894
Loss on disposal of capital assets, net		(108,867)
Operating application of FFELP receipts		(5,118,373)
Changes in operating assets and liabilities:		
Accounts receivable, net		(12,751,355)
Prepaid expenses and other assets		(199,413)
Right-of-use assets		(12,828,885)
Accrued compensation and compesated absences		18,639,416
Pension liability, net		(52,023,488)
Other post-employment benefits liability		(235,270,781)
Accounts payable and other liabilities		(16,931)
Lease liabilities		11,156,550
Unearned tuition, fees and grant revenue		11,509,851
Changes in deferred outflows and inflows of resources:		
Deferred pension outflows		(1,898,130)
Deferred other post-employment benefits outflows		47,682,330
Deferred lease inflows		(52,007)
Deferred pension inflows		52,812,005
Deferred other post-employment benefits inflows		207,763,619
Net cash used in operating activities	$	(516,567,130)

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.

The twelve community colleges are in the process of merging under the name Connecticut State Community College (CSCC). CSCC's first semester of operation will be Fall 2023.

Basis of Presentation

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

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

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

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

The Foundations are private nonprofit organizations that report under Financial Accounting Standards Board ("FASB") standards, which include guidelines for *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the CCC financial reporting entity for these differences. The disclosures included in the financial statements address only the CCC and not the related Foundations. Three of the twelve Foundations report on a December 31 fiscal year end. These Foundation's assets represent 8.6% of total assets, and 8.8% of total net assets for the discretely presented component units at June 30, 2022. Each of the foundations issues a separate audited financial statement which may be obtained by contacting the System Office at 61 Woodland Street, Hartford, CT 06105.

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

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

Useful lives assigned to assets are as follows:

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

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

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

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

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

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

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

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

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 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 disbursed $62.3 million of

Emergency Financial Aid Grants to students during fiscal year 2022. This amount is included in student aid expenses and is shown in non-operating revenue. During fiscal year 2022, the CCC spent $52.6 million of the institutional portion under the grant, including $34.4 million for reimbursement of lost revenue, $4.5 million in additional student Emergency Financial Grants and $13.7 million for other pandemic-related expenses. The remaining balances from the HEERF funds of $18.4 million will be drawn down and spent in 2023.

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

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

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

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

GASB Pronouncements Effective in Fiscal Year 2022
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. This standard was adopted effective July 1, 2021. See Note 7 for more information related to leases.

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. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

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. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

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. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

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

Subsequent Events
In accordance with generally accepted accounting principles, CCC has evaluated subsequent events for the period after June 30, 2022, 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, 2022 was 1.2%.

Cash and cash equivalents at June 30 are as follows:

	2022
Cash	$ 139,513,315
Cash equivalents	37,734,543
Cash and cash equivalents	$ 177,247,858

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, 2022.

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:

		2022
Tuition and fees	$	9,890,878
Less: allowance for doubtful accounts		(1,425,722)
Student tuition and fee receivables, net		8,465,156
Third-party contracts		1,240,886
Federal, state, local, and private grants		47,838,848
Other receivables		1,744,762
Subtotal		50,824,496
Less: allowance for doubtful accounts		(73,388)
Other receivables, net		50,751,107
Accounts receivable other, net	$	59,216,263

4. Capital Assets

Capital assets consist of the following at June 30:

	Balance at June 30, 2021	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2022
Land and land/site improvements	$ 43,468,319	$ 14,850	$ -	$ -	$ 43,483,169
Building and building improvements	969,395,803	1,311,239	-	18,237,041	988,944,083
Furniture and equipment	94,738,318	3,179,788	(1,681,147)	2,503,476	98,740,435
Library books	3,139,508	212,458	(512,794)	-	2,839,172
Software	289,711	-	(289,711)	-	-
	1,111,031,659	4,718,335	(2,483,652)	20,740,517	1,134,006,859
Less: accumulated depreciation	(458,696,386)	(33,331,765)	2,286,835	-	(489,741,316)
	652,335,273	(28,613,430)	(196,817)	20,740,517	644,265,543
Construction in progress	27,565,746	6,139,715	(3,444,333)	(20,740,517)	9,520,611
Capital assets, net	$ 679,901,019	$ (22,473,715)	$ (3,641,150)	$ -	$ 653,786,154

5. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

	2022
Accrued vacation	$ 18,191,709
Accrued sick leave	10,587,892
Other accrued fringe benefits	12,205,151
Total accrued compensated absences	40,984,752
Less: current portion	(5,225,556)
Accrued compensated absences - non-current portion	$ 35,759,196

Activity for compensated absences as of June 30 includes:

Balance as of June 30, 2021	$ 42,068,126
Additions in 2022	7,884,179
Benefits paid to participants in 2022	(8,967,553)
Balance as of June 30, 2022	$ 40,984,752

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 2022.

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, shared services for payroll, accounting, accounts payable, and procurement, 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:

		2022
Receivable for accrued salaries, interest and fringe benefits to be paid by State General Fund	$	50,111,886

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

		2022
Cash balances held with the State on behalf of the CCC	$	139,515,841

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:

		2022
Asnuntuck Community College	$	(32,794)
Capital Community College		771,100
Gateway Community College		655,698
Housatonic Community College		1,100,435
Manchester Community College		1,460,603
Middlesex Community College		1,764,589
Naugatuck Valley Community College		280,836
Northwestern Connecticut Community College		535,598
Norwalk Community College		1,250,190
Quinebaug Valley Community College		(34,272)
System Office		13,332,801
Three Rivers Community College		1,987,321
Tunxis Community College		256,792
	$	23,328,898

The CCC are party to one non-cancellable lease contract entered into on July 1, 2012 by Gateway with the City of New Haven for parking in the Temple Street Parking Garage for $861,300 per year for the next 10 years.

CCC has entered various leases for building, equipment, and infrastructure. Of these leases, one agreement is a perpetual lease and therefore was not included in lease assets or lease liabilities. A total of $347,000 was recognized as expenses from these perpetual lease payments for the year ended June 30, 2022.

A summary of changes in the Right-of-Use Assets, displayed by the nature of underlying assets, is as follows for the year ended June 30, 2022:

Right-of-Use Assets	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
Building and Infrastructure Leases	$ -	$ 11,854,862	$ -	$ 11,854,862
Equipment Leases	-	974,023	-	974,023
Total Right-of Use Assets	-	12,828,885	-	12,828,885
Less Accumulated Amortization	-	(1,820,129)	-	(1,820,129)
Carrying Value of Lease Assets	$ -			$ 11,008,756

Long-term lease liability activity for the year ended June 30, 2022 is summarized as follows:

Balance 7/1/21	Additions	Deletions	Balance 6/30/22	Amounts due within 1 year (Current Portion)
$ -	$ 12,828,885	$ (1,672,335)	$ 11,156,550	$ 1,666,633

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

Fiscal Year	Principal	Interest	Total
2023	$ 1,666,633	$ 342,898	$ 2,009,531
2024	1,642,547	290,096	1,932,643
2025	1,670,498	236,842	1,907,340
2026	1,382,182	187,059	1,569,240
2027	840,112	148,396	988,508
2028-2032	3,954,578	351,263	4,305,841
Total Requirements	$ 11,156,550	$ 1,556,554	$ 12,713,104
Less Current	$ (1,666,633)		
Non-Current	$ 9,489,917		

CCC has entered into additional leases that have not yet commenced as of June 30, 2022, including leases for building and equipment with both fixed payments required.

For the year ended June 30, 2022, CCC earned a total of $26,000 in lease revenue and $-0- in lease interest revenue.

Lease receivable principal and interest requirements to maturity as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 26,400	$ -	$ 26,400
2024	25,607	793	26,400
Total	$ 52,007	$ 793	$ 52,800

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:

	2022
Unearned tuition and fees	$ 4,346,377
Deferred grants revenue	21,535,439
Unapplied payments and other	268,973
Total unearned tuition and grant revenue	$ 26,150,789

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 $71.3 million and $1.8 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2022, equal to 100.0% and 128%, 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, 2022 was measured and valued as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, the CCC System's proportion was 3.99% as of June 30, 2022. For the TRS plan, the CCC System's proportion was 0.11% as of June 30, 2022.

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, 2022 for SERS and TRS was $848.2 million and $16.9 million, respectively.

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

Measurement Year	**2021**
Inflation	2.50%
Salary increases including inflation	3.00% to 11.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

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

The actuarial assumptions used in the June 30, 2021 valuation (which was the basis for recording the June 30, 2022 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2021.

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 2021 measurement date are summarized in the following table:

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

<u>Actuarial Assumptions for TRS:</u>

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

Measurement Year	2021
Inflation	2.50%
Salary increases including inflation	3.00% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the 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 2021 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 2021 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate for TRS:
The discount rate used to measure the total pension liability was 6.9% in the 2021 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate
The following table presents the current-period net pension liability of the CCC System calculated using the current-period discount rate assumption of 6.9% for SERS and 6.9% for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	$ 1,030,766,642	$ 848,176,994	$ 695,920,680
TRS	22,376,708	16,910,411	12,371,739

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

For the year ended June 30, 2022, the CCC System recognized pension expense of $76.8 thousand for SERS and a credit to pension expense of $(1.2) million for TRS. A schedule of deferred outflows and inflows of resources as of June 30, 2022 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
2023	$ 20,246,776	$ 522,980	$ 20,769,756
2024	20,724,310	453,551	21,177,861
2025	8,724,735	(806,874)	7,917,861
2026	(6,450,907)	(1,862,968)	(8,313,875)
2027	4,618,540	(522,286)	4,096,254
Thereafter	-	21,730	21,730
Total	$ 47,863,454	$ (2,193,867)	$ 45,669,587

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, 2022:

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

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, 2022 of $942.8 million was measured and valued as of June 30, 2021 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, 2022, the System's proportion was 4.83%. 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, 2022 using the following actuarial assumptions:

Measurement Year	**2021**
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% to 11.50% varying by years of service and retirement system
Discount rate	2.31%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

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

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

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

For measurement date of June 30, 2021:

Discount rate comparison:

	1% Decrease in Discount Rate (1.31%)	Current Discount Rate (2.31%)	1% Increase in Discount Rate (3.31%)
Net OPEB Liability	$ 1,119,089,725	$ 942,812,586	$ 802,827,040

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 792,512,071	$ 942,812,586	$ 1,137,358,977

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

For the year ended June 30, 2022, the CCC System recognized OPEB expense of $20.2 million. A schedule of deferred outflows and inflows of resources as of June 30, 2022 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
2023	$	(13,911,656)
2024		(4,775,501)
2025		(38,602,843)
2026		(51,688,935)
2027		(7,932,315)
Thereafter		-
Total	$	(116,911,250)

11. Natural Classification with Functional Classification

The operating expenses by functional classification for the year ended June 30, 2022 are summarized as follows:

Year Ended June 30, 2022

	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expenses	Operation of facilities	Other operating supplies and expenses	Scholarship aid, net	Depreciation and amortization expense	Total operating expenses
Academic support	$ 43,501,801	$ 35,053,953	$ 715,040	$ 3,890,080	$ 796,135	$ 1,391,611	$ 4,918,202	$ -	$ -	$ 90,266,822
Auxilliary enterprises	126,876	95,902	141,635	-	-	8,838	62,244	-	-	435,495
Institutional support	14,760,482	1,601,271	7,531,927	705,642	144,434	299,202	15,527,124	-	1,820,129	42,390,211
Instruction	167,695,795	126,210,410	588,683	4,728,222	150,667	407,975	1,051,752	-	-	300,833,504
Library	6,226,378	4,636,438	281,444	635,632	5,136	8,703	147,197	-	-	11,940,928
Physical plant	11,485,861	12,398,079	3,642,968	118,721	22,929	26,050,500	734,310	-	33,331,765	87,785,134
Public service	196,431	192,570	194,162	702,802	19,783	3,574	195,518	-	-	1,504,841
Scholarship aid	-	-	3,000	-	-	-	-	85,504,704	-	85,507,704
Student services	34,023,983	28,667,415	569,686	1,396,911	130,434	100,918	6,109,732	-	-	70,999,079
	$ 278,017,607	$ 208,856,038	$ 13,668,545	$ 12,178,011	$ 1,269,518	$ 28,271,321	$ 28,746,078	$ 85,504,704	$ 35,151,894	$ 691,663,716

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, 2022:

As of June 30, 2022	SERS	TRS	OPEB	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 58,683,827	$ -	$ 15,152,212	$ -	$ 73,836,039
Changes of assumptions or other inputs	-	3,430,984	136,464,834	-	139,895,818
Changes in proportion and differences between employer contributions and proportionate share of contributions	73,004,940	5,240,271	74,580,607	-	152,825,818
Employer contributions after measurement date	82,157,279	2,367,124	41,023,371	-	125,547,775
Total	**$ 213,846,046**	**$ 11,038,380**	**$ 267,221,024**	**$ -**	**$ 492,105,450**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ 453,281	$ 18,603,371	$ -	19,056,652
Changes of assumptions or other inputs	1,563,222	-	203,207,233	-	204,770,455
Net difference between projected and actual earnings on pension plan investments	59,806,682	2,193,133	8,781,618	-	70,781,433
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,455,409	8,218,708	112,516,681	-	143,190,798
Unrecognized revenues from other than short term leases	-	-	-	52,007	52,007
Total	**$ 83,825,313**	**$ 10,865,122**	**$ 343,108,903**	**$ 52,007**	**$ 437,851,345**

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.11%	0.11%	0.11%
CCC System's proportionate share of the net pension liability	$ 16,910	$ 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	$ 16,910	$ 21,351	$ 32,758	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,094	N/A [1]
Total	$ 33,821	$ 42,689	$ 65,516	$ 50,516	$ 24,260	$ 25,596	$ 24,036	$ 22,203	$ 12,253
CCC System's covered payroll	$ 5,483	$ 5,348	$ 5,559	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197	$ 4,001
CCC System's proportionate share of the net pension liability as a percentage of its covered payroll	308%	399%	589%	384%	342%	361%	278%	265%	306%
Plan Fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A [1]

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

	2022	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	4.83%	5.00%	5.45%	4.81%	3.90%	4.03%
System's proportionate share of the net OPEB liability	$ 942,812,586	$ 1,178,083,372	$ 1,128,067,973	$ 834,514,351	$ 841,977,711	$ 869,278,680
System's covered payroll	$ 176,189,073	$ 187,455,290	$ 197,396,304	$ 194,411,536	$ 200,795,770	$ 206,023,378
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	535%	628%	571%	429%	419%	N/A
Plan Fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

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

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

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

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

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

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

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

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

1. Supplementary Information

Pension Plans

Changes of benefit terms:

- The annual COLA for those retiring on or after July 1, 2022 is based on the annual rate of increase in CPI-W from 0.0% to 2.0%, plus 60% of the annual rate of increase in CPI-W from 3.33% to 6.0%, plus 75% of the annual rate of increase in CPI-W above 6.0% and with a cap on the COLA rate of 7.5%.
- A COLA moratorium for those retiring on or after July 1, 2022 for the first 30 months of retirement benefits. If rate of increase in CPI-W exceeds an annualized rate of 5.5% during the initial 18 month period of receiving retirement benefits, the COLA provided beginning with the 31st monthly benefit includes an additional adjustment based on the annual COLA rate as determined above using the annualized rate over the 18 month period. The COLA rate applied is reduced by 2.5% and then multiplied by 1.5 to reflect the 18 month period.

Changes of assumptions:

- Wage Inflation assumed rate changed from 3.50% to 3.00%.
- Assumed Salary Scale changed to reflect experience in above wage inflation rates of increase.
- Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.
- Assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

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
- 2.31% as of June 30, 2021
- The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale) were updated to be consistent with the corresponding retirement system assumptions.
- Per capita health costs, administrative expenses, and retiree contributions were updated for recent experience
- Health care cost trend rates and retiree contribution increase rates were adjusted.

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	$ 6,831,591	$ (1,021,744)	$ (9,066,077)	$ 18,874,859	$ 18,611,803	$ 2,176,086	$ 19,857,607	$ 2,762,599	$ 17,878,970	$ 9,503,103	$ 15,539,725	$ 9,144,663	$ 66,154,672	$ 177,247,858
Accounts receivable, due from the State	1,885,958	3,780,269	5,009,621	3,919,511	5,561,639	2,755,414	5,892,685	1,752,168	4,025,762	1,682,055	2,776,005	3,347,288	7,723,511	50,111,886
Accounts receivable other, net	1,831,896	6,858,799	17,845,278	4,750,326	2,845,953	4,529,639	3,891,068	1,436,897	4,015,797	2,356,203	2,114,468	3,998,353	2,741,584	59,216,263
Prepaid expenses and other current assets	18,204	840	6,313	4,052	35,138	12,510	3,146	317	1,780	147	3,960	3,698	262,317	352,424
Total current assets	10,567,649	9,618,164	13,795,135	27,548,748	27,054,533	9,473,650	29,644,507	5,951,981	25,922,310	13,541,509	20,434,158	16,494,002	76,882,084	286,928,431
Non-current assets														
Investment in plant	48,690,592	74,200,473	199,124,894	152,694,720	114,294,583	23,140,543	173,815,278	62,531,181	74,227,931	30,651,553	100,633,937	65,583,537	23,938,247	1,143,527,471
Accumulated depreciation	(16,270,336)	(38,800,660)	(57,694,093)	(51,551,592)	(67,914,071)	(15,319,660)	(87,844,292)	(21,768,821)	(34,182,074)	(13,489,716)	(39,277,480)	(26,201,855)	(19,426,665)	(489,741,316)
Investment in plant, net of accumulated depreciation	32,420,256	35,399,813	141,430,802	101,143,128	46,380,512	7,820,883	85,970,986	40,762,360	40,045,857	17,161,837	61,356,457	39,381,682	4,511,582	653,786,154
Right-of-use assets	43,507	1,265,041	8,006,939	129,928	203,185	146,498	2,753,029	61,355	9,046	78,443	46,464	51,756	33,694	12,828,885
Accumulated amortization	(10,992)	(320,307)	(788,821)	(40,471)	(28,109)	(21,791)	(532,424)	(27,886)	(4,523)	(17,450)	(9,585)	(13,097)	(4,673)	(1,820,129)
Right-of-use assets, net	32,515	944,734	7,218,118	89,456	175,077	124,707	2,220,605	33,469	4,523	60,993	36,879	38,659	29,020	11,008,756
Other non-current assets	25,607	-	(6,449)	(49,865)	-	(6,556)	(863)	-	169,867	7,159	(5,482)	91,360	-	224,777
Total non-current assets	32,478,378	36,344,547	148,642,471	101,182,719	46,555,589	7,939,034	88,190,728	40,795,829	40,220,247	17,229,988	61,387,854	39,511,701	4,540,602	665,019,687
Total assets	$ 43,046,027	$ 45,962,711	$ 162,437,607	$ 128,731,467	$ 73,610,122	$ 17,412,685	$ 117,835,235	$ 46,747,810	$ 66,142,557	$ 30,771,497	$ 81,822,011	$ 56,005,703	$ 81,422,686	$ 951,948,118
Deferred outflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 224,884,426	$ 224,884,426
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	267,221,024	267,221,024
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 492,105,450	$ 492,105,450
Liabilities														
Current liabilities														
Accounts payable	$ 88,025	$ 203,991	$ 225,391	$ 338,072	$ 224,553	$ 228,435	$ 190,909	$ 228,189	$ 816,878	$ 56,677	$ 226,298	$ 354,278	$ 2,172,524	$ 5,354,218
Lease payable - current	11,238	311,644	643,386	36,365	43,934	31,804	514,305	20,947	4,576	16,985	11,428	13,133	6,886	1,666,633
Accrued expenses - salary and fringe benefits	2,639,324	4,635,331	7,765,238	5,248,964	6,758,450	3,423,929	7,268,928	2,012,764	5,869,463	1,913,504	4,008,562	4,534,966	10,211,180	66,290,604
Accrued compensated absences - current portion	216,452	266,303	457,623	283,127	355,547	192,791	426,855	139,766	330,077	113,198	269,237	319,451	1,855,130	5,225,556
Unearned tuition and grant revenue	243,990	2,601,887	1,909,430	1,721,106	2,314,111	1,327,115	2,496,271	1,242,533	2,019,427	581,365	1,449,299	1,748,996	6,495,260	26,150,789
Retainage	-	-	-	6,640	-	-	36,813	-	-	-	-	68,390	-	111,842
Agency and loan fund liabilities	51,117	143,273	394,473	249,945	347,723	190,102	546,561	95,792	421,639	100,368	188,108	137,670	-	2,866,771
Other liabilities	57,311	157,987	371,309	87,083	129,945	67,067	89,452	28,202	129,410	28,029	70,949	74,908	20,084	1,311,734
Total current liabilities	3,307,457	8,320,415	11,766,849	7,971,302	10,174,264	5,461,243	11,570,093	3,768,193	9,591,469	2,810,127	6,223,880	7,251,792	20,761,064	108,978,148
Non-current liabilities														
Lease payable - non-current	21,649	645,080	6,670,161	54,159	132,069	93,732	1,740,041	12,914	-	44,740	27,172	25,886	22,315	9,489,917
Pension liability, net	-	-	-	-	-	-	-	-	-	-	-	-	865,087,405	865,087,405
Other post employment benefits liability net	-	-	-	-	-	-	-	-	-	-	-	-	942,812,586	942,812,586
Accrued compensated absences - long term portion	1,481,209	1,822,347	3,131,578	1,937,479	2,433,055	1,319,296	2,921,028	956,435	2,258,759	774,631	1,842,424	2,186,047	12,694,907	35,759,196
Total non-current liabilities	1,502,858	2,467,428	9,801,739	1,991,638	2,565,124	1,413,027	4,661,069	969,349	2,258,759	819,371	1,869,595	2,211,933	1,820,617,214	1,853,149,104
Total liabilities	$ 4,810,315	$ 10,787,843	$ 21,568,588	$ 9,962,940	$ 12,739,388	$ 6,874,270	$ 16,231,162	$ 4,737,542	$ 11,850,228	$ 3,629,497	$ 8,093,475	$ 9,463,725	$ 1,841,378,278	$ 1,962,127,252
Deferred inflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 94,690,435	$ 94,690,435
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	343,108,903	343,108,903
Deferred lease inflows	52,007	-	-	-	-	-	-	-	-	-	-	-	-	52,007
Total deferred inflows of resources	$ 52,007	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 437,799,338	$ 437,851,345
Net position														
Invested in capital assets, net	$ 32,420,256	$ 35,399,813	$ 141,430,802	$ 101,143,128	$ 46,380,512	$ 7,820,883	$ 85,970,986	$ 40,762,360	$ 40,045,857	$ 17,161,837	$ 61,356,457	$ 39,381,682	$ 4,511,582	$ 653,786,154
Restricted														
Nonexpendable	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Expendable	2,095,634	5,474,589	254,257	1,913,833	66,213	171,324	1,191,667	372,045	4,581,230	281,467	139,913	956,812	26,238,219	43,737,201
Unrestricted	3,667,815	(5,699,534)	(816,041)	15,691,566	14,424,009	2,546,207	14,441,421	875,863	9,665,242	9,698,696	12,232,167	6,203,485	(1,736,399,281)	(1,653,468,385)
Total net position	$ 38,183,705	$ 35,174,868	$ 140,869,018	$ 118,768,527	$ 60,870,734	$ 10,538,414	$ 101,604,073	$ 42,010,268	$ 54,292,329	$ 27,142,000	$ 73,728,536	$ 46,541,978	$ (1,705,649,480)	$ (955,925,030)

Connecticut Community Colleges
Combining Statement of Cash Flows
Year Ended June 30, 2022

	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, net	$ 5,818,609	$ 9,850,671	$ 22,113,841	$ 13,191,418	$ 16,398,919	$ 8,541,462	$ 18,824,797	$ 4,176,448	$ 16,315,355	$ 4,496,906	$ 13,368,777	$ 13,837,478	$ (39,623)	$ 146,895,057
Less: Scholarship discounts and allowances	(3,026,269)	(5,391,295)	(11,120,693)	(7,282,229)	(7,851,914)	(4,038,769)	(9,453,803)	(2,557,545)	(7,480,005)	(2,483,121)	(6,547,149)	(7,701,446)	-	(74,934,238)
Net tuition and fees	2,792,340	4,459,375	10,993,148	5,909,189	8,547,005	4,502,693	9,370,994	1,618,903	8,835,350	2,013,785	6,821,628	6,136,032	(39,623)	71,960,820
Federal grants and contracts	531,895	1,805,871	1,043,819	1,219,165	1,085,980	803,738	3,751,819	988,631	1,763,963	153,095	593,718	1,617,738	6,067,377	21,426,809
State and local grants and contracts	287,152	791,310	1,825,643	1,416,527	1,185,909	412,079	1,679,672	223,042	1,043,394	254,565	682,229	827,916	(206,885)	10,422,554
Nongovernment grants and contracts	229,278	329,750	36,339	59,932	230,622	24,916	273,820	(127,579)	1,240,814	366,115	253,874	62,276	77,578	3,057,735
Auxiliary revenues	-	-	109,781	-	28,943	-	-	-	-	-	131,894	-	-	270,617
Other operating revenues	226,284	179,143	655,247	477,742	330,549	21,608	260,374	23,294	413,418	112,607	334,050	384,250	92,049	3,510,616
Total operating revenues	4,066,950	7,565,449	14,663,977	9,082,555	11,409,008	5,765,034	15,336,680	2,726,291	13,296,939	2,900,167	8,817,393	9,028,212	5,990,496	110,649,151
Operating expenses														
Salaries and wages	10,743,113	18,100,858	32,647,921	21,080,750	25,587,387	13,207,655	31,601,034	9,127,452	24,256,311	8,359,041	17,847,271	19,126,735	46,332,078	278,017,607
Fringe benefits	7,695,736	12,808,598	21,231,440	14,545,522	18,336,794	8,688,965	22,581,715	5,979,398	13,987,565	5,597,667	11,273,528	12,780,378	53,348,732	208,856,038
Professional services and fees	390,804	433,838	672,415	467,394	379,769	338,060	943,931	197,198	3,436,240	252,847	394,548	355,646	5,405,855	13,668,545
Educational services and support	308,919	715,407	1,011,236	540,823	890,196	999,584	1,045,189	547,734	694,276	357,151	416,161	789,677	3,861,657	12,178,011
Travel expenses	60,876	64,454	176,549	75,091	156,688	50,099	102,202	61,728	93,347	26,988	66,661	85,390	249,444	1,269,518
Operation of facilities	1,576,052	2,163,127	4,453,508	3,993,436	1,872,916	1,524,310	2,205,694	1,180,777	4,307,504	792,356	1,867,249	1,795,469	538,922	28,271,321
Other operating supplies and expenses	305,849	351,195	1,827,798	623,705	966,450	424,504	1,103,920	167,549	978,574	282,049	1,190,564	516,376	20,007,547	28,746,078
Scholarship aid	3,325,725	7,017,739	12,578,932	9,981,006	10,402,769	3,931,297	10,819,297	2,043,101	8,433,405	2,571,156	7,027,805	7,098,207	274,266	85,504,704
Depreciation expense	2,676,315	1,971,031	5,218,398	4,617,977	2,894,918	630,333	4,238,226	2,049,325	2,034,833	1,036,974	2,910,606	2,310,749	742,080	33,331,765
Amortization expense	10,992	320,307	788,821	40,471	28,109	21,791	532,424	27,886	4,523	17,450	9,585	13,097	4,673	1,820,129
Total operating expenses	27,094,381	43,946,555	80,607,018	55,966,173	61,515,996	29,816,598	75,173,632	21,382,148	58,226,579	19,293,680	43,003,978	44,871,722	130,765,254	691,663,716
Operating loss	(23,027,431)	(36,381,107)	(65,943,041)	(46,883,618)	(50,106,988)	(24,051,564)	(59,836,953)	(18,655,858)	(44,929,640)	(16,393,513)	(34,186,585)	(35,843,510)	(124,774,759)	(581,014,566)
Nonoperating revenues and expenses														
State appropriation - general fund	16,195,641	25,887,031	42,132,254	32,340,361	37,553,989	18,946,541	44,613,582	14,071,900	29,773,341	13,499,688	24,655,646	27,157,021	59,127,051	385,954,046
State appropriation - bond fund	153,302	159,547	-	235,707	116,960	183,852	772,752	390,288	37,866	127,732	276,815	1,273,063	18,426,016	22,153,899
Pell grant revenue	1,889,812	4,453,328	9,029,273	6,289,411	5,472,167	2,583,485	7,200,837	1,596,611	5,564,164	1,687,254	4,694,579	5,213,189	-	55,674,111
Federal non-operating grant revenue	4,747,212	9,128,530	17,889,205	13,260,844	13,101,619	5,458,370	14,033,883	2,393,200	11,982,173	3,148,602	8,299,005	7,583,300	293,285	111,319,227
Federal non-operating pass-through grant revenu	-	88,122	7,122	-	900	-	2,489	-	30,417	-	426	117,575	19,279,084	19,526,135
Other non-operating revenue, net	7,420	-	-	45,193	45,487	2,609	41,267	4,483	29,612	28,176	42,735	12,387	30,324	289,695
Student reengagement expense	(1,013)	9,859	(11,506)	(139,070)	6,472	6,966	9,349	3,752	(571)	(39,599)	2,699	(18,601)	-	(171,262)
Interest expense	(1,008)	(31,525)	(238,221)	(2,957)	(2,675)	(2,238)	(71,128)	(1,190)	(195)	(1,945)	(982)	(1,011)	(511)	(355,587)
Total nonoperating revenues (expenses), net	22,991,368	39,694,893	68,808,126	52,029,490	56,294,920	27,179,585	66,603,031	18,459,045	47,416,807	18,449,907	37,970,922	41,336,923	97,155,249	594,390,266
Loss before other changes in net position	(36,063)	3,313,786	2,865,085	5,145,871	6,187,931	3,128,021	6,766,078	(196,813)	2,487,167	2,056,395	3,784,337	5,493,413	(27,619,509)	13,375,700
Other changes in net position														
Capital and other additions (deductions)	88,396	95,245	(27,677)	119,508	600,512	131,178	1,732,516	19,726	249,937	1,011,293	(10,659)	1,397,494	(5,407,471)	(0)
Other deductions	-	-	(9,326)	(29,080)	(50,776)	(126,444)	(18,707)	(10,389)	(7,221)	(97,883)	(276)	(46,472)	(712,101)	(1,108,675)
Interagency transfers	(1,355,104)	(2,935,741)	(5,699,412)	(5,206,110)	(4,998,600)	(2,666,821)	(5,895,503)	(1,355,994)	(4,430,332)	(1,214,567)	(3,586,618)	(3,337,980)	42,682,782	(0)
Total other changes in net position	(1,266,708)	(2,840,496)	(5,736,415)	(5,115,682)	(4,448,865)	(2,662,087)	(4,181,694)	(1,346,656)	(4,187,615)	(301,157)	(3,597,552)	(1,986,958)	36,563,210	(1,108,675)
Change in net position	(1,302,771)	473,291	(2,871,330)	30,189	1,739,067	465,934	2,584,384	(1,543,469)	(1,700,449)	1,755,238	186,785	3,506,455	8,943,700	12,267,025
Net position, beginning 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)
Net position, end of year	$ 38,183,705	$ 35,174,868	$ 140,869,018	$ 118,768,527	$ 60,870,734	$ 10,538,414	$ 101,604,073	$ 42,010,268	$ 54,292,329	$ 27,142,000	$ 73,728,536	$ 46,541,979	$ (1,705,649,480)	$ (955,925,030)

Connecticut Community Colleges
Combining Statement of Cash Flows
Year Ended June 30, 2022

	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	$ 2,541,056	$ 3,885,903	$ 10,036,352	$ 5,201,634	$ 7,623,751	$ 4,463,877	$ 8,340,602	$ 1,945,316	$ 9,179,020	$ 1,778,288	$ 6,482,941	$ 5,521,168	$ 103,435	67,103,343
Government grants and contracts	1,094,644	2,078,847	2,509,888	2,732,217	2,448,167	968,792	5,429,944	2,002,167	3,261,908	530,306	1,843,526	2,274,611	7,310,792	34,485,809
Private grants and contracts	37,389	796,321	-	63,364	305,576	15,375	194,063	32,845	966,251	166,677	335,997	97,242	25,000	3,036,100
Sales and services of educational departments	11,563	292	23,987	138,131	7,980	14,768	86,154	-	171,454	-	-	114,474	-	568,803
Payments to employees	(10,224,927)	(17,657,315)	(31,019,950)	(19,929,168)	(24,865,834)	(12,487,099)	(30,675,553)	(8,776,586)	(23,614,868)	(8,218,938)	(17,089,031)	(18,484,279)	(40,907,584)	(263,951,132)
Payments for fringe benefits	(7,440,555)	(12,637,722)	(20,609,696)	(13,967,874)	(18,048,645)	(8,423,524)	(22,376,407)	(5,905,398)	(14,065,083)	(5,560,769)	(11,130,482)	(12,558,815)	(31,144,832)	(183,869,802)
Payments to students	(3,859,815)	(7,475,125)	(13,396,969)	(10,347,335)	(11,653,951)	(4,340,239)	(11,694,368)	(2,599,749)	(9,333,416)	(2,731,476)	(7,595,799)	(7,473,067)	655,185	(91,846,124)
Payments to vendors	(2,847,110)	(4,183,487)	(8,942,452)	(6,959,378)	(5,444,121)	(3,744,056)	(5,694,557)	(2,040,315)	(6,860,830)	(1,844,922)	(4,660,409)	(4,224,130)	(35,485,246)	(92,931,011)
Other receipts, net	145,311	471,369	1,548,770	542,107	1,187,106	447,115	801,898	75,668	612,007	105,072	710,137	723,024	3,467,300	10,836,884
Net cash used in operating activities	(20,542,444)	(34,720,917)	(59,850,070)	(42,526,302)	(48,439,971)	(23,084,991)	(55,588,224)	(15,266,052)	(39,683,557)	(15,775,762)	(31,103,120)	(34,009,772)	(95,975,950)	(516,567,131)
Cash flows from investing activities														
Interest income	2,674	-	-	17,076	15,855	3,276	15,703	2,112	9,863	11,684	16,316	4,225	3,982	102,766
Net cash provided by investing activities	2,674	-	-	17,076	15,855	3,276	15,703	2,112	9,863	11,684	16,316	4,225	3,982	102,766
Cash flows from capital and related financing activities														
State appropriations	17,519	-	-	123,807	82,594	133,251	251,118	52,783	-	13,303	93,396	713,389	16,684,206	18,165,366
Payments by Department of Construction Services (DCS)	-	-	(9,326)	(40,207)	(37,974)	(126,444)	(158,423)	(10,389)	(303,851)	(98,212)	(552)	(48,422)	(549,732)	(1,383,532)
Purchase of capital assets	(33,732)	(53,348)	(464,174)	(384,888)	(44,777)	(501,173)	(659,288)	(287,237)	(241,285)	(25,808)	(65,410)	(233,352)	(6,530,664)	(9,525,136)
Principal paid on leases	(10,619)	(308,317)	(693,392)	(40,950)	(27,183)	(20,962)	(498,683)	(27,494)	(4,470)	(16,718)	(7,864)	(10,474)	(4,492)	(1,671,618)
Interest paid on leases	(1,008)	(31,525)	(238,221)	(3,005)	(2,675)	(2,238)	(71,128)	(1,190)	(195)	(1,945)	(982)	(949)	(511)	(355,573)
Net cash (used in) provided by capital and related financing activities	(27,840)	(393,190)	(1,405,114)	(345,243)	(30,015)	(517,566)	(1,136,404)	(273,527)	(549,801)	(129,379)	18,587	420,192	9,598,808	5,229,507
Cash flows from noncapital financing activities														
State appropriations	15,799,218	25,004,409	40,807,716	31,178,599	36,265,815	17,827,255	43,665,479	13,859,912	29,040,100	13,149,581	24,353,217	26,516,860	57,266,611	374,734,772
Nonoperating federal grants	6,799,475	12,242,261	15,938,967	20,143,937	21,816,470	5,677,962	22,876,169	3,614,516	17,215,399	3,961,385	13,109,311	13,695,768	19,796,054	176,887,674
Private gifts	174,378	33,824	-	-	-	54,721	54,494	(144,287)	475,639	244,200	24,689	284	-	917,942
Federal Family Education Loan Program (FFELP)	1,654,029	730,703	315,593	197,456	427,306	271,234	318,360	158,403	7,621	45,000	449,091	543,577	-	5,118,373
Interagency transfers	(1,368,652)	(2,961,329)	(5,739,640)	(5,219,752)	(4,887,817)	(2,669,749)	(5,940,367)	(1,367,113)	(4,446,958)	(1,214,943)	(3,642,986)	(3,359,744)	42,819,050	-
Net cash provided by noncapital financing activities	23,058,448	35,049,868	51,322,636	46,300,240	53,621,774	21,161,423	60,974,135	16,121,431	42,291,801	16,185,223	34,293,322	37,396,745	119,881,715	557,658,761
Net increase (decrease) in cash and cash equivalents	2,490,838	(64,239)	(9,932,548)	3,445,771	5,167,644	(2,437,858)	4,265,210	583,964	2,068,306	291,766	3,225,105	3,811,390	33,508,555	46,423,904
Cash and cash equivalents at beginning 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
Cash and cash equivalents at end of year	$ 6,831,591	$ (1,021,744)	$ (9,066,077)	$ 18,874,859	$ 18,611,803	$ 2,176,086	$ 19,857,607	$ 2,762,599	$ 17,878,971	$ 9,503,103	$ 15,539,725	$ 9,144,663	$ 66,154,672	$ 177,247,858

Connecticut Community Colleges

Combining Statement of Net Position by Fund Group

As of June 30, 2022

	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	$ 138,191,813	$ 2,464,925	$ 21,869,853	$ 14,721,266	$ -	$ 177,247,858
Accounts receviable, due from the State	50,111,886	-	-	-	-	50,111,886
Accounts receivable other, net	58,869,311	304,141	42,811	-	-	59,216,263
Prepaid expenses and other current assets	352,424	-	-	-	-	352,424
Total current assets	247,525,434	2,769,066	21,912,664	14,721,266	-	286,928,431
Non-current assets						
Investment in plant	-	-	-	-	1,143,527,471	1,143,527,471
Accumulated depreciation	-	-	-	-	(489,741,316)	(489,741,316)
Investment in plant, net of accumulated depreciation	-	-	-	-	653,786,154	653,786,154
Right-of-use assets	12,828,885	-	-	-	-	12,828,885
Accumulated amortization	(1,820,129)	-	-	-	-	(1,820,129)
Right-of-use assets, net of accumulated amortization	11,008,756	-	-	-	-	11,008,756
Other non-current assets	25,607	199,170	-	-	-	224,777
Total non-current assets	11,034,362	199,170	-	-	653,786,154	665,019,687
Total assets	$ 258,559,796	$ 2,968,237	$ 21,912,664	$ 14,721,266	$ 653,786,154	$ 951,948,118
Deferred outflows of resources						
Deferred pension	$ 224,884,426	$ -	$ -	$ -	$ -	$ 224,884,426
Deferred other post employment benefits	267,221,024	-	-	-	-	267,221,024
Total deferred outflows of resources	$ 492,105,450	$ -	$ -	$ -	$ -	$ 492,105,450
Liabilities						
Current liabilities						
Accounts payable	$ 4,512,822	$ 6,895	$ 834,502	$ -	$ -	$ 5,354,218
Lease payable - current	1,666,633	-	-	-	-	1,666,633
Accrued expenses - salary and fringe benefits	66,289,356	1,248	-	-	-	66,290,604
Accrued compensated absences - current portion	5,225,556	-	-	-	-	5,225,556
Unearned tuition and grant revenue	26,150,789	-	-	-	-	26,150,789
Retainage	-	-	111,842	-	-	111,842
Agency and loan fund liabilities	-	2,866,771	-	-	-	2,866,771
Other liabilities	1,311,734	-	-	-	-	1,311,734
Total current liabilities	105,156,889	2,874,914	946,344	-	-	108,978,148
Non-current liabilities						
Lease payable - non-current	9,489,917	-	-	-	-	9,489,917
Pension liability, net	865,087,405	-	-	-	-	865,087,405
Other post employment benefits liability net	942,812,586	-	-	-	-	942,812,586
Accrued compensated absences - long term portion	35,759,196	-	-	-	-	35,759,196
Total non-current liabilities	1,853,149,104	-	-	-	-	1,853,149,104
Total liabilities	$ 1,958,305,993	$ 2,874,914	$ 946,344	$ -	$ -	$ 1,962,127,252
Deferred inflows of resources						
Deferred pension	$ 94,690,435	$ -	$ -	$ -	$ -	$ 94,690,435
Deferred other post employment benefits	343,108,903	-	-	-	-	343,108,903
Deferred lease inflows	52,007	-	-	-	-	52,007
Total deferred inflows of resources	$ 437,851,345	$ -	$ -	$ -	$ -	$ 437,851,345
Net position						
Invested in capital assets, net	$ -	$ -	$ -	$ -	$ 653,786,154	$ 653,786,154
Restricted						
Nonexpendable	-	20,000	-	-	-	20,000
Expendable	7,976,293	73,323	20,966,320	14,721,266	-	43,737,201
Unrestricted	(1,653,468,385)	-	-	-	-	(1,653,468,385)
Total net position	$ (1,645,492,092)	$ 93,323	$ 20,966,320	$ 14,721,266	$ 653,786,154	$ (955,925,030)

	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, net	$ 146,895,057	$ -	$ -	$ -	$ -	$ 146,895,057
Less: Scholarship discounts and allowances	(74,934,238)	-	-	-	-	(74,934,238)
Net tuition and fees	71,960,820	-	-	-	-	71,960,820
Federal grants and contracts	21,426,809	-	-	-	-	21,426,809
State and local grants and contracts	10,422,554	-	-	-	-	10,422,554
Nongovernment grants and contracts	3,057,054	-	-	-	681	3,057,735
Auxiliary revenues	270,618	-	-	-	-	270,618
Other operating revenues	3,457,185	42,057	-	-	11,375	3,510,616
Total operating revenues	110,595,039	42,057	-	-	12,055	110,649,151
Operating expenses						
Salaries and wages	278,017,607	-	-	-	-	278,017,607
Fringe benefits	208,856,038	-	-	-	-	208,856,038
Professional services and fees	10,397,841	-	192,636	-	3,078,069	13,668,545
Educational services and support	11,942,041	-	235,969	-	-	12,178,011
Travel expenses	1,269,518	-	-	-	-	1,269,518
Operation of facilities	26,169,835	(0)	1,741,493	-	359,993	28,271,321
Other operating supplies and expenses	27,510,914	-	1,235,164	-	-	28,746,078
Scholarship aid	85,504,225	479	-	-	-	85,504,704
Depreciation expense	-	-	-	-	33,331,765	33,331,765
Amortization expense	1,820,129	-	-	-	-	1,820,129
Total operating expenses	651,488,148	479	3,405,263	-	36,769,826	691,663,717
Operating loss	(540,893,109)	41,578	(3,405,263)	-	(36,757,771)	(581,014,566)
Nonoperating revenues and expenses						
State appropriation - general fund	385,954,046	-	-	-	-	385,954,046
State appropriation - bond fund	-	-	22,153,899	-	-	22,153,899
Pell grant revenue	55,674,111	-	-	-	-	55,674,111
Federal non-operating grant revenue	111,319,227	-	-	-	-	111,319,227
Federal non-operating pass-through grant revenue	19,526,136	-	-	-	-	19,526,136
Other non-operating revenue, net	289,695	-	-	-	-	289,695
Student reengagement expense	(171,262)	-	-	-	-	(171,262)
Interest expense	(355,587)	-	-	-	-	(355,587)
Total nonoperating revenues (expenses), net	572,236,367	-	22,153,899	-	-	594,390,266
Gain/(Loss) before other changes in net position	31,343,258	41,578	18,748,636	-	(36,757,771)	13,375,700
Other changes in net position						
Capital additions (deductions)	(1,635,426)	-	(8,817,487)	(189,993)	10,642,906	(0)
Other deductions	-	-	-	(1,108,674)	-	(1,108,674)
Total other changes in net position	(1,635,427)	-	(8,817,487)	(1,298,667)	10,642,906	(1,108,675)
Change in net position	29,707,831	41,578	9,931,149	(1,298,667)	(26,114,865)	12,267,025
Net position, beginning of year	(1,675,199,924)	51,745	11,035,172	16,019,933	679,901,019	(968,192,056)
Net position, end of year	$ (1,645,492,093)	$ 93,323	$ 20,966,320	$ 14,721,266	$ 653,786,154	$ (955,925,030)

1. Basis of Presentation of Supplemental Information

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

Charter Oak State College

2022 FINANCIAL STATEMENTS

INCLUDING

Required Supplementary Information

Additional Supplemental Information

Draft 5

12/6/2022

CSCU

June 30, 2022

Charter Oak
STATE COLLEGE

A Higher Degree of Online Learning

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

Members of the Board of Regents for Higher Education

(Between 7/1/21 – 6/30/22)

- 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
  - CT Chief workforce Officer

Regents as of 6/30/22

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

(Five vacancies: three legislative appointees and two Student Regent vacancies.)
JoAnn Ryan, Chair
Richard J. Balducci
Ira Bloom
Felice Gray-Kemp
Holly Howery
Juanita James
Jim McCarthy
Richard Porth
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
Dante Bartolomeo – Commissioner of the CT Department of Labor
Charlene Russell-Tucker –Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
Dr. Manisha Juthani – Commissioner CT Dept. of Public Health
Kelli-Marie Vallieres – CT Chief Workforce Officer

Former Board members (who served between 7/1/21 – 6/30/22)

Matt Fleury – BOR Chair
Merle Harris – BOR Vice Chair
Aviva Budd – Regent
Naomi Cohen – Regent
David Jimenez – Regent
Kurt Westby – Retired Commissioner of the Dept. of Labor
Dr. Deidre Gifford – Acting Commissioner Appt. Ended – Dept. of Public Health

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 unit for the fiscal year ended June 30, 2022, along with certain comparative information for the prior 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 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 2022 to prior reporting periods is included. Full financial statements and footnotes for fiscal year 2022 are also presented, both for the COSC primary institution, as well as for certain other organizations that have a significant related party relationship with COSC (the "component unit").

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

Financial Highlights

Charter Oak State College had total assets of $13.7 million, deferred outflows of $15.2 million, liabilities of $59.6 million, deferred inflows of $10.0 million and a total net position balance of ($40.7) million as of June 30, 2022. Of this amount, ($42.8) million is classified as unrestricted net position which decreased slightly as compared to 2021. 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 $8.4 million, down 12% as compared to the previous year. Operating expenses were $21.3 million, a 8% decrease from the previous year, resulting in an operating loss of $12.9 million during the year ended June 30, 2022. Net non-operating revenues and other changes were $11.9 million up 24% compared with prior year. State of Connecticut general fund appropriations were also up 32% within fiscal 2022 at $8.6 million.

Cash and cash equivalents were $11.1 million at June 30, 2022, including $0.7 million of cash equivalents restricted for use in the form of specific programmatic expenditures or other governing agreements. Total current assets were $12.4 million as of June 30, 2022 compared to $10.8 million in the prior year. Liabilities decreased from $65.2 million to $59.6 million attributable to a 9% decrease in non-current liabilities. The majority of the liability is composed of the net pension and other post-employment benefit liabilities. These large liabilities represent long-term obligations that are paid by the State of Connecticut and not COSC individually. The remaining long-term liability represents the long-term portion of the accrued value of vacation and sick time benefits earned by employees which must be paid out when they retire or otherwise terminate service in the future (net of the estimated amounts to be paid out in the upcoming year).

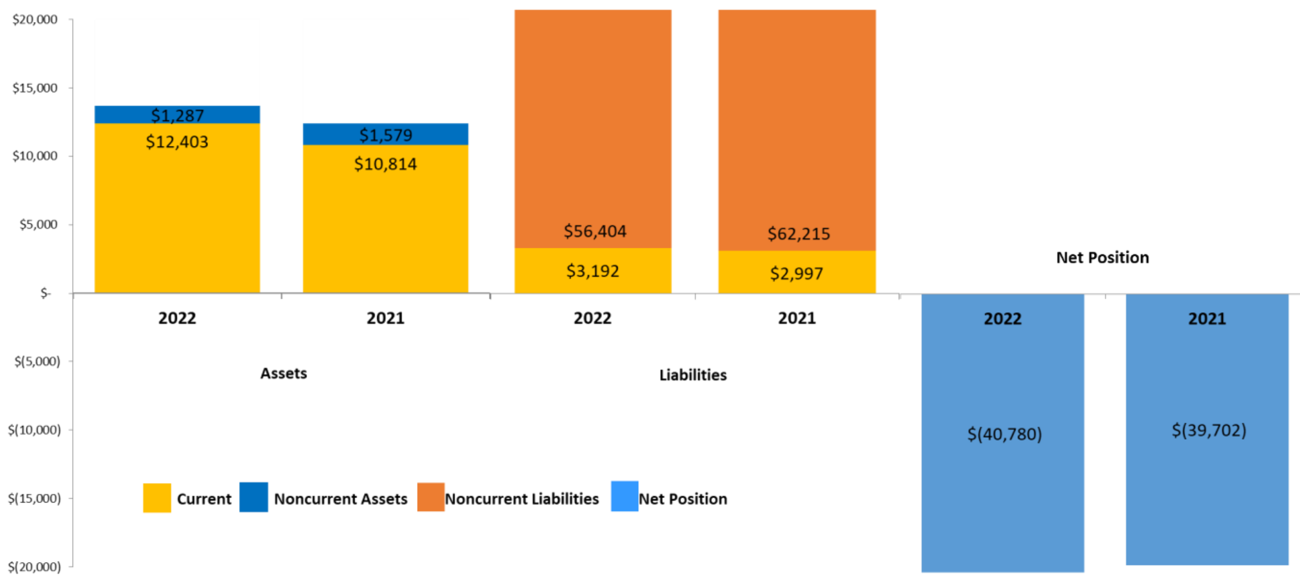
Statements of Net Position

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

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

	2022	2021	% Change
ASSETS			
Current assets	$ 12,403	$ 10,814	15%
Non-current assets	1,287	1,579	-18%
Total assets	13,690	12,393	10%
DEFERRED OUTFLOWS OF RESOURCES	15,221	16,082	-5%
LIABILITIES			
Current liabilities	3,192	2,997	7%
Noncurrent liabilities	56,404	62,215	-9%
Total liabilities	59,596	65,212	-9%
DEFERRED INFLOWS OF RESOURCES	10,095	2,965	240%
NET POSITION			
Invested in capital assets	1,287	1,579	-18%
Restricted-expendable	743	229	224%
Unrestricted	(42,810)	(41,510)	3%
Total net position	(40,780)	(39,702)	-3%

Current assets consist of cash, cash equivalents, accounts receivable and prepaid assets. The 15% increase in current assets from the previous year is largely attributable to an increase in cash. Accounts receivable decreased slightly due to the timing of settlements with third parties and favorable collections. 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.



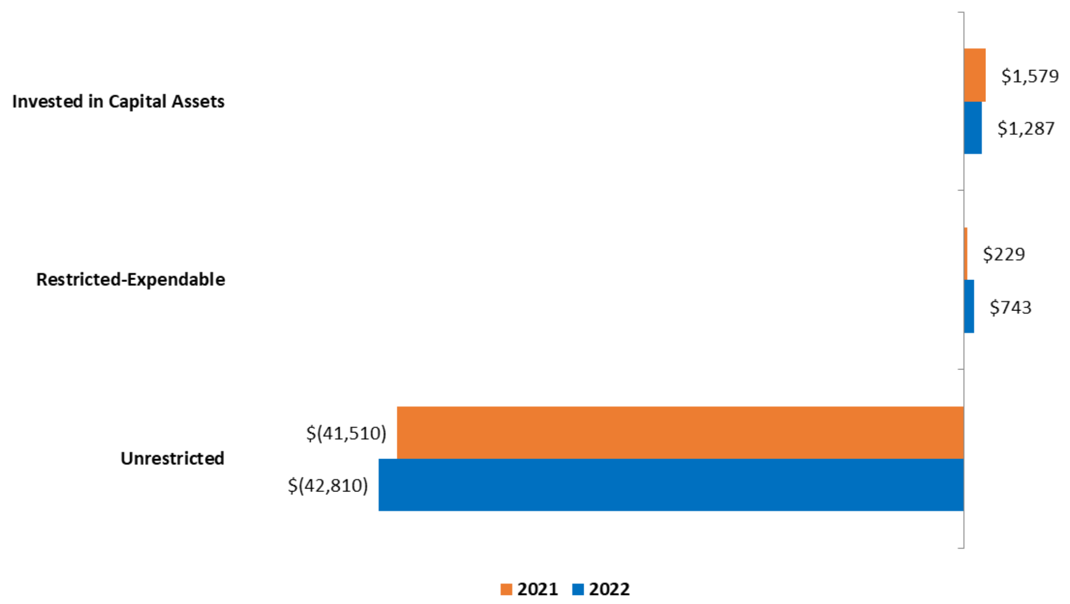
Non-current assets decreased 18% from $1.6 million at June 30, 2021, to $1.3 million at June 30, 2022. Net capital assets account for the total amount of non-current assets. At June 30, 2021, capital assets in service totaled $5.0 million, offset by $3.7 million in accumulated depreciation; this compared with $3.6 million of accumulated depreciation at the end of fiscal year 2021. The decrease in fiscal 2022 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 $0.2 million in equipment.

Current liabilities consist primarily of accrued payroll and related benefits, unearned revenue, and accounts payable. Total current liabilities were $3.2 million at the end of fiscal year 2022, representing a $0.2 million increase from fiscal year 2022. The most significant current liability was employee salary and fringe benefits payable of $1.4 million attributable to accrued payroll. 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 $25.8 million in pension liability, $29.8 million in other post-employment benefit liabilities and long-term accrued compensated absences ("ACA") of $0.8 million– to be paid out to terminating employees over time in the future beyond one year. Total non-current liabilities decreased by 9% in 2022 due to decreases in retirement benefit allocations 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 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 is included as personnel service costs within the income statement.

The total *net position* balance includes $1.3 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.

COSC NET POSITION (in thousands)

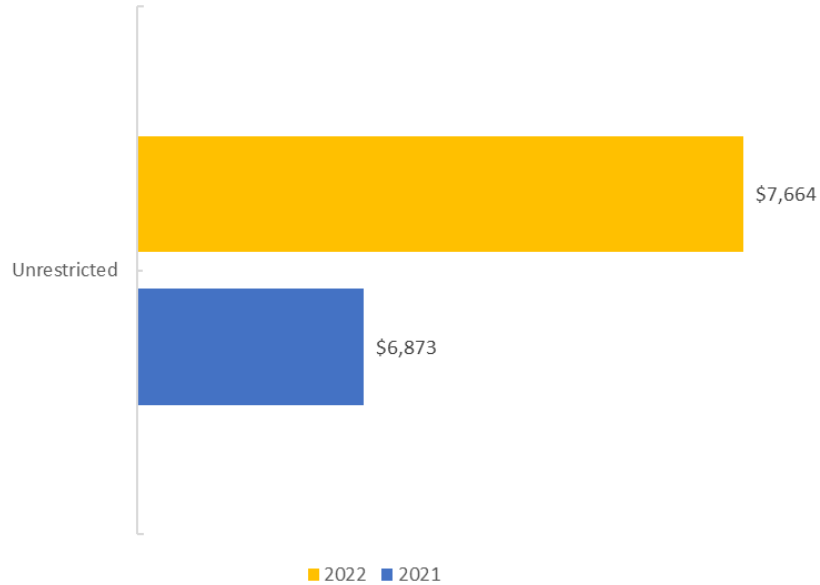


Restricted-Expendable net position represents primarily bond fund appropriation balances at June 30, 2022 and unexpended funds held for certain minor grant program activities. There were no significant changes in restricted-expendable net position year over year.

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 $0.8 million to $7.7 million during fiscal year 2022. 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 (in millions) over the past several years:

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22
UNP Excluding Pension and OPEB Liability	$1.5	$1.2	$0.7	$0.8	$0.9	$3.5	$6.0	$6.9	$7.7
UNP Adjusted for Pension Liability:	-	($6.1)	($6.7)	($7.4)	($8.9)	($8.7)	($9.0)	($11.0)	($11.7)
UNP Adjusted for Pension & OPEB Liability:	-	-	-	($34.3)	($36.0)	($36.0)	($37.6)	($41.5)	($42.8)

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



<u>Statement of Revenues, Expenses and Changes in Net Position</u>

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 2022 were $8.4 million, down 12% from $9.5 million in fiscal year 2021. *Student tuition and fees* of $11.3 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 $7.6 million after scholarship allowances. These revenues reflect downward enrollment trends with an increase in institutional aid.

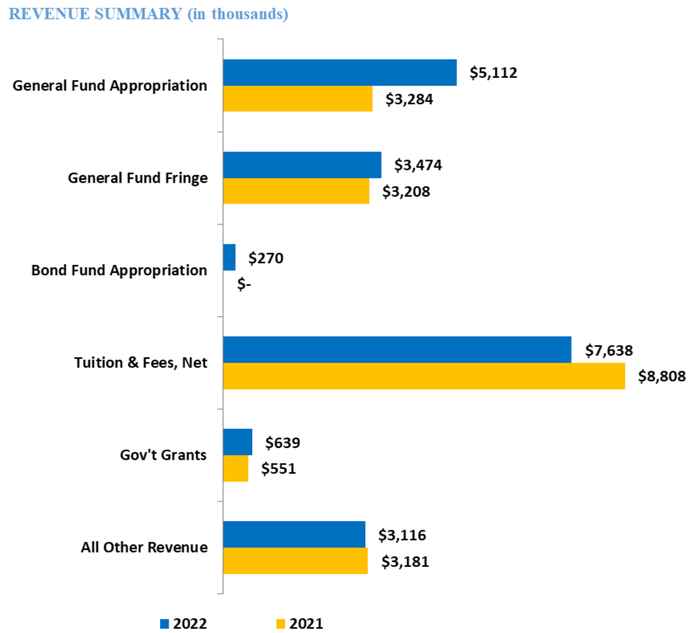
Condensed Combined Statements of Revenues, Expenses and Changes in Net Position for the Year Ended June 30 (in thousands)

	2022	2021	% Change
OPERATING REVENUES			
Tuition and fees, net	7,638	8,808	-13%
Government grants and contracts	639	551	16%
Additional operating revenues	114	148	-23%
Total operating revenues	8,391	9,507	-12%
OPERATING EXPENSES			
Expenses before depreciation	21,035	23,021	-9%
Depreciation	292	236	24%
Total operating expenses	21,327	23,257	-8%
Operating loss	(12,936)	(13,750)	6%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund *	8,586	6,493	32%
State appropriations - capital appropriations	270	-	100%
Pell Grants	2,266	2,460	-8%
Other non-operating revenues (expenses), net	736	573	28%
Net non-operating revenues	11,858	9,526	24%
NET POSTION			
Change in net position	(1,078)	(4,224)	74%
Net position, beginning of year	(39,702)	(35,478)	-12%
Net position, end of year	$ (40,780)	$ (39,702)	-3%

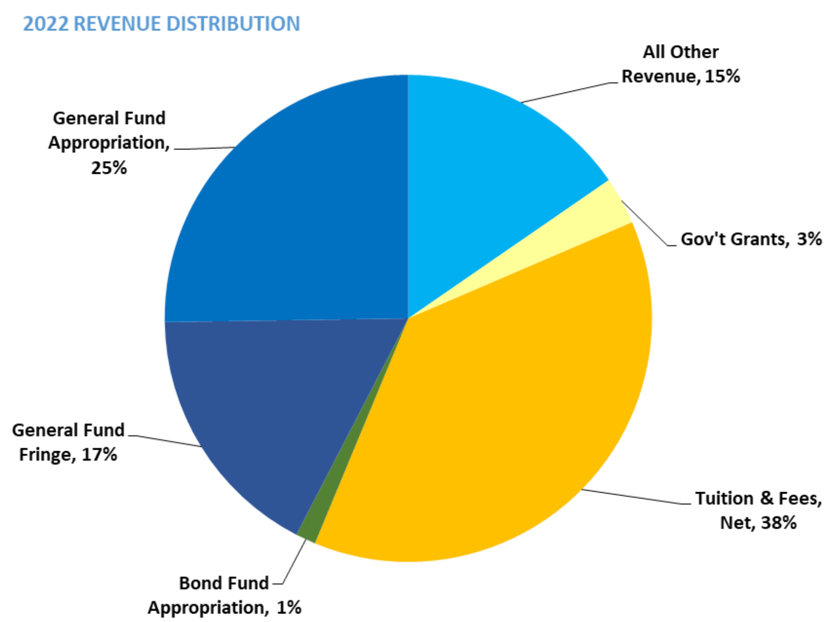
* Including non-cash fringe benefit expenditures

Charter Oak State College recorded an operating loss of $12.9 million during the year ended June 30, 2022. The primary contributing factors of the increase in loss year over year relates to decreased revenue. In addition, State appropriations and Pell Grant revenue are classified as *non-operating revenues* under GASB 35 although the expenditures of these resources on personnel, non-capital equipment, depreciation and scholarships are an operating expense 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, 2022 were $0.6 million with federal and state dollars consistent with the previous fiscal year. *Additional operating revenues* were down $0.1 million from 2021 due to strategic targets for departments partnering with institutional entities.

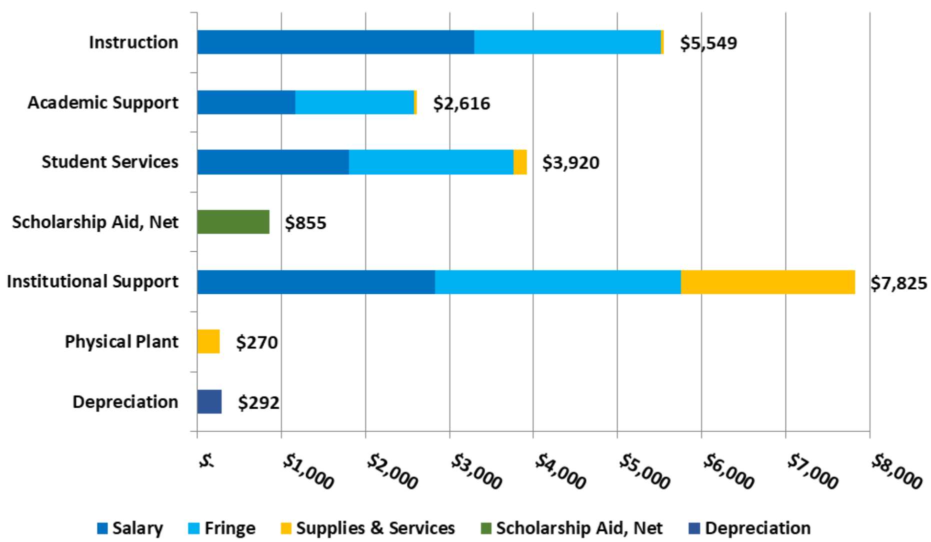


The State general fund appropriation for salaries and associated State of Connecticut reimbursements to cover fringe benefit increased by 8% in 2022. Charter Oak received bond fund appropriations of $0.3 million as compared to the no allocation in 2021. Other non-operating activity in fiscal year 2022 was limited to income earned on cash balances invested by the State treasurer's office.



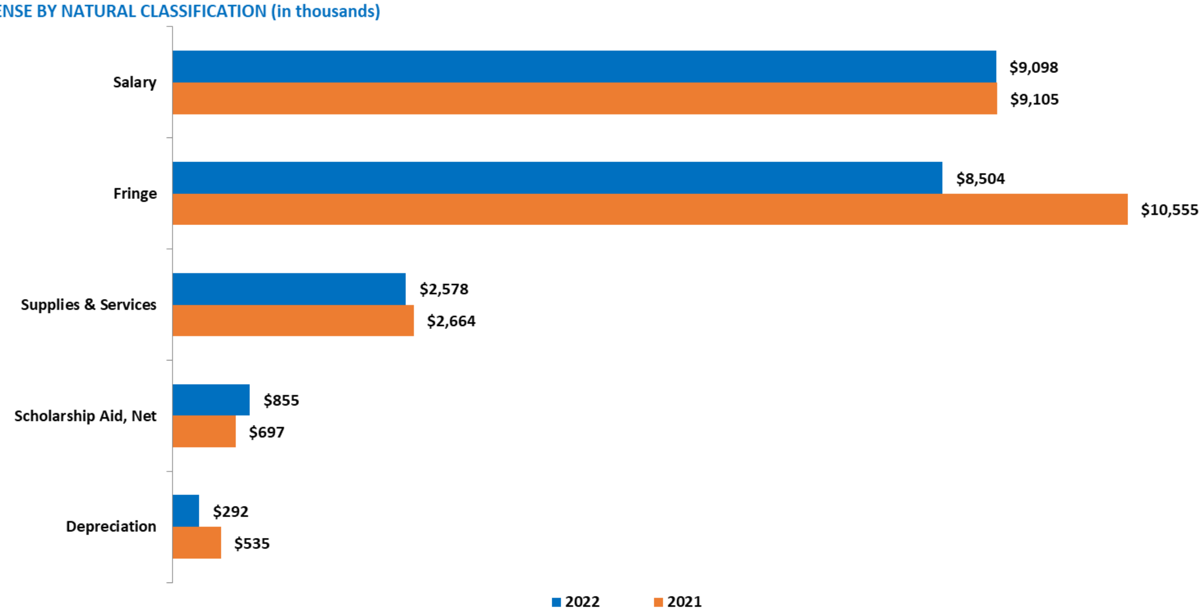
Total operating expenses for fiscal year 2022 were $21.3 million. This reflects an operating expense decrease of 8% from $23.2 million in fiscal year 2021. The decrease in fiscal year 2022 reflects an overall decrease in pension and other post retirement benefits recorded as fringe expenditures.

2022 OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION (in thousands)



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

EXPENSE BY NATURAL CLASSIFICATION (in thousands)



Statement of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $7.7 million and receipts from government grants and contracts of $0.6 million, which is down $1.0 million compared to prior year. Cash is also received from other miscellaneous activities such as testing, educational services and Connecticut Credit Assessment Program (CCAP). The largest operating cash outflows include salaries paid to employees of $11.9 million, up 5% from prior year. Operating cash outflows also include vendor payments of $2.8 million, up 11% from prior year. Payments to students of $0.9 million for financial aid refunds and federal grants was up year over year due to the inclusion of Charter Oak students in qualifying for additional pandemic related aid. Net cash used in operating activities increased 43% in fiscal year 2022 when compared to fiscal year 2021, 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 $3.5 million, representing a non-cash transaction for COSC.

Capital and related financing cash flows are derived from capital appropriations from the state. 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 increased year over year due to increased return rates from the State's short term investment pool.

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

	2022	2021	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (7,022)	$ (4,897)	43%
Noncapital financing activities	8,085	6,310	28%
Capital and related financing activities	270	-	100%
Investing activities	30	7	329%
Net change in cash and cash equivalents	1,363	1,420	-4%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	9,765	8,345	17%
Cash and cash equivalents, end of year	$ 11,128	$ 9,765	14%

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 over the past ten year period:

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

Economic Outlook

For the 2021-2022 academic year, the College experienced a slight decrease in enrollment and increase in institutional aid awarded directly to students. The College continues to remain focused on balancing future affordable tuition rate structures with the financial needs of the College. Insitutional aid packages developed by the College are beginning to synergize with the community colleges in the State. The College is exploring further corporate partnerships to upskill the workforce by having employees attend the College part time while continuing to work full time. Out of state rates are being reconsidered by the College for the 2023-2024 academic year as geographic based pricing within a digital environment may prevent the College from being competitive in distant markets. The College continues receive feedback from its adult learners that residual impacts from the pandemic now coupled with inflationary issues limit the availability of household funds to commit to furthering an individuals degree.

Previously delayed due to the pandemic, the College will be renovating a previously existing office building in late 2022 and early 2023 with the intent to consolidate its New Britain and Newington, Connecticut campuses. 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

As of June 30, 2022

	2022
Assets	
Current assets:	
Cash and cash equivalents	$ 11,128,083
Accounts receivable, net	499,547
Other current assets	775,147
Total current assets	12,402,777
Noncurrent assets:	
Capital assets, net	1,287,004
Total noncurrent assets	1,287,004
Total assets	13,689,781
Deferred outflows of resources:	
Deferred pension	8,361,685
Deferred other post-employment benefits	6,859,496
Total deferred outflows of resources	15,221,181
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	156,048
Accrued payroll	1,405,768
Unearned tuition revenues	613,026
Accrued employee compensated absences	1,017,063
Total current liabilities	3,191,905
Noncurrent liabilities	
Accrued employee compensated absences	803,190
Net pension liability	25,776,491
Net other post-employment benefit liability	29,824,661
Total noncurrent liabilities	56,404,342
Total liabilities	59,596,247
Deferred inflows of resources:	
Deferred pension	1,902,187
Deferred other post-employment benefits	8,192,523
Total deferred inflows of resources	10,094,710
Net Assets	
Invested in capital assets, net of related debt	1,287,004
Restricted expendable	743,226
Unrestricted	(42,810,225)
Total net position (deficit)	$ (40,779,995)

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

	2022
Operating revenues:	
Student tuition and fees	$ 11,287,894
Less: scholarships and fellowships	(3,649,905)
Net tuition and fees	7,637,989
Federal grants and contracts	374,980
State and local grants and contracts	263,840
Other operating revenue	113,842
Total operating revenues	8,390,651
Operating expenses:	
Personnel services and fees	17,602,636
Professional services and fees	179,931
Travel expenses	91,350
Operation and maintenance of plant	269,561
Student aid	854,543
Other operating expenses	2,036,487
Depreciation	292,040
Total operating expenses	21,326,548
Net operating income (loss)	(12,935,897)
Nonoperating revenues (Expenses):	
State appropriations	8,586,013
Investment income	30,412
Other nonoperating revenues	3,642
Federal emergency grant revenue	702,401
Pell grants	2,265,607
Net nonoperating revenues	11,588,075
Increase (decrease) in net position before capital appropriations	(1,347,822)
Capital appropriations	270,174
Increase (decrease) in net position	(1,077,648)
Net position:	
Net assets - beginning of year	(39,702,347)
Net assets - end of year	$ (40,779,995)

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

	2022
Cash flows from operating activities	
Tuition and fees	$ 7,771,575
Grants and contracts	638,820
Payments to employees	(11,905,412)
Payments to suppliers and vendors	(2,751,282)
Payments to students	(854,543)
Other operating receipts	78,292
Net cash used in operating activities	(7,022,550)
Cash flows from non-capital financing activities	
State appropriations	5,112,461
Pell grants	2,265,607
Federal emergency grant revenue	702,401
Other	3,642
Net cash provided by non-capital financing activities	8,084,111
Cash flows from capital financing activities	
Capital appropriations	270,174
Net cash provided by capital financing activities	270,174
Cash flows from investing activities	
Interest on cash held by the State	30,412
Net increase (decrease) in cash and equivalents	1,362,147
Cash and equivalents, beginning of year	9,765,936
Cash and equivalents, end of year	11,128,083
Reconciliation of net operating loss to net cash used in operating activities	
Net operating loss	(12,935,897)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation	292,040
Fringe benefits provided by the state	3,473,552
Changes in assets and liabilities:	
Accounts receivable	60,196
Other current assets	(287,032)
Accounts payable	82,260
Accrued payroll	175,223
Accrued employee compensation and benefits	(43,073)
Unearned tuition revenues	68,659
Net pension obligation	1,482,730
Net other post-employment benefit obligation	608,792
Net cash used for operating activities	$ (7,022,550)
Non-cash transaction	
Fringe benefits provided by the state	$ 3,473,552

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

Statement of Financial Position

Assets	
Cash and cash equivalents	$ 66,793
Investments	2,365,141
Other assets	2,482
Total assets	2,434,416
Liabilities	
Accounts payable	7,662
Total liabilities	7,662
Net assets	
Without donor restrictions	46,384
With donor restrictions	2,380,370
Total liabilities and net assets	$ 2,434,416

Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 15,532	$ 101,449	$ 116,981
Interest income	8	-	8
Investment return, net	-	(348,509)	(348,509)
Fundraiser proceeds, net	-	8,171	8,171
Net assets released from restrictions:			
Restrictions satisfied by payments	137,483	(137,483)	-
Total revenues and support	153,023	(376,372)	(223,349)
Expenses			
Program services - scholarships and grants	129,986		129,986
Supporting services - administrative and fundraising	23,968		23,968
Total expenses	153,954	-	153,954
Change in net assets	(931)	(376,372)	(377,303)
Net position			
Net assets - beginning of year	47,315	2,756,742	2,804,057
Net assets - end of year	$ 46,384	$ 2,380,370	$ 2,426,754

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

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

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

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

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

Investment in 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 the Current Fiscal Year

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. This standard was adopted and had no material impact as a result of the adoption.

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. This standard was adopted in fiscal year 2022 and had no material impact as a result of the adoption.

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.

This standard was adopted in fiscal year 2022 and had no material impact as a result of the adoption.

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. This standard was adopted in fiscal year 2022 and had no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

Management 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, 2022, through December 21, 2022, 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, 2022 was 1.50%. 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, 2022.

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:

	2022
Student accounts receivable	$ 745,613
Other receivables	30,725
Gross accounts receivable	776,338
Less: allowance for doubtful accounts	(276,791)
Accounts receivable, net	$ 499,547

4. Capital Assets

Capital Asset activity for the year ended June 30, 2022 is as follows:

	Estimated life (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not depreciated:					
Art		$ 15,000	$ -	$ -	$ 15,000
Capital assets, depreciated:					
Buildings and improvements	10-40	2,508,961	-	-	2,508,961
Furnishings and equipment	5	2,230,057	-	(181,190)	2,048,867
Software	5	432,976	-	-	432,976
Total depreciable assets		5,171,994	-	(181,190)	4,990,804
Total capital assets		5,186,994	-	(181,190)	5,005,804
Less: accumulated depreciation					
Buildings and Improvements		1,493,610	58,002	-	1,551,612
Furnishings and equipment		1,805,294	146,558	(181,190)	1,770,662
Software		309,046	87,480	-	396,526
Total accumulated depreciation		3,607,950	292,040	(181,190)	3,718,800
Capital assets, net		1,579,044	(292,040)	-	1,287,004

5. Accrued Compensated Absences

Accrued compensated absences at June 30, 2022 consist of:

	Current	Non Current	Total
Vacation	$ 939,079	$ 627,499	$ 1,566,578
Sick	77,984	175,691	253,675
	$ 1,017,063	$ 803,190	$ 1,820,253

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

Balance as of June 30, 2021	$ 1,863,326
Additions during the fiscal year	128,098
Benefits paid to employees during the fiscal year	(171,171)
Balance as of June 30, 2022	1,820,253

These accruals represent estimated amounts earned by all eligible employees through June 30, 2022. 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 2022.

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, 2022 relate to Cash and Cash equivalents held by the State Treasurer.

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

7. Commitments, Contingencies and Leases

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

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

COSC may have outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30, 2022. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances as of June 30, 2022 were not material.

8. Unearned Revenue

Unearned revenues for the year ended June 30, 2022 amounted to $613,026

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 65.9% for SERS in the fiscal year ended June 30, 2022 resulting in a contribution of $2.5 million on behalf of COSC, equal to the required contribution that year.

Net Pension Liability
COSC's net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2022 was measured and valued as of June 30, 2021 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, 2022.

All SERS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to COSC is calculated separately. The net pension liability for COSC as of June 30, 2022 for SERS was $25.8 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 2021 measurement year was determined using the following actuarial assumptions, applied to all periods:

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

Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale. The actuarial assumptions used in the June 30, 2021 valuation (which was the basis for recording the June 30, 2022 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2021.

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 2021 measurement date are summarized in the following table:

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

Discount Rate for SERS:
The discount rate used to measure the total pension liability was 6.9% in the 2021 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%)*
$31,330,284	*$25,780,449*	*$21,152,598*

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

For the year ended June 30, 2022, COSC recognized pension expense of $1,482,730. A schedule of deferred outflows and inflows of resources as of June 30, 2022 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
2023	$ 1,641,245	$ 15,739	$ 1,656,984
2024	1,020,345	13,696	1,034,041
2025	713,849	12,135	725,984
2026	213,923	9,103	223,026
2027	244,722	5,169	249,891
Thereafter	-	1,235	1,235
Total	$ 3,834,084	$ 57,077	$ 3,891,161

10. Other Post-Employment Benefits

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

The State also pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined in a formula based on the number of years of State service that the retiree had at the time of retirement. The State finances the cost of post-retirement health care and life insurance benefits

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

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

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

Investments
The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the State's Chief Investment Officer, as they manage the investment programs of the State Employee OPEB Plan. Plan assets are managed primarily through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. The best estimates of rates of return for each major asset class as of the 2021 measurement date are summarized in the following table:

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

Net OPEB Liability
COSC's net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2022 was measured and valued as of June 30, 2021 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, 2022 for SEOPEBP was $29.8 million.

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

Inflation	2.5%
Payroll growth rate	3%
Salary increases	3% to 11.5% varying by years of service/plan
Discount rate	2.31%
Healthcare cost trend rates:	
Medical	6.% graded to 4.5% over 6 years
Prescription drug	3%
Dental and Part B	4.5%
Administrative expense	3%

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

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

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

Discount rate sensitivity:

1% Decrease (1.31%)	Current Discount (2.31%)	1% Increase (3.31%)
$35,400,962	$29,824,662	$25,396,399

Healthcare cost trend rate sensitivity:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$25,070,099	$29,824,662	$35,978,886

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

For the year ended June 30, 2022, COSC recognized OPEB expense of $608,791. A schedule of deferred outflows and inflows of resources as of June 30, 2022 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
2023	$	(334,397)
2024		36,790
2025		(752,490)
2026		(1,365,306)
2027		(220,423)
Thereafter		-
Total	$	(2,635,826)

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	$-	$-	$-	$-	$292	$292
Physical Plant	-	-	270	-	-	270
Institutional Support	2,825	2,924	2,076	-	-	7,825
Scholarship Aid, Net	-	-	-	855	-	855
Student Services	1,803	1,955	162	-	-	3,920
Academic Support	1,170	1,411	35	-	-	2,616
Instruction	3,300	2,214	35	-	-	5,549
Total operating expenses	$9,098	$8,504	$2,578	$855	$292	$21,327

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, 2022 (in thousands):

	SERS	TRS	Total Pension	OPEB	Total Deferred
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 1,784	$ -	$ 1,784	$ -	$ 1,784
Changes of assumptions or other inputs	-	-	-	4,317	4,317
Net difference between projected and actual earnings on pension plan investments	-	-	-	479	479
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,953	57	4,010	760	4,770
Employer contributions after measurement date	2,519	49	2,568	1,303	3,871
Total	$ 8,256	$ 106	$ 8,362	$ 6,859	$ 15,221
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ -	$ -	$ 588	$ 588
Changes of assumptions or other inputs	48	-	48	6,428	6,476
Net difference between projected and actual earnings on investments	1,818	-	1,818	278	2,096
Changes in proportion and differences between employer contributions and proportionate share of contributions	37	-	37	898	$ 935
Total	$ 1,903	$ -	$ 1,903	$ 8,192	$ 10,095

REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
COSC's proportion of the net pension liability	0.12%	0.11%	0.11%	0.10%	0.10%	0.07%	0.06%	0.06%	0.05%
COSC's proportionate share of the net pension liability	$ 25,776	$ 25,358	$ 24,013	$ 21,201	$ 20,753	$ 15,610 0	$ 10,043	$ 9,130	$ 7,870
COSC's covered payroll	$ 4,664	$ 3,926	$ 3,880	$ 3,351	$ 3,793	$ 2,529	$ 2,199	$ 1,988	$ 1,592
COSC's proportionate share of the net pension liability as a percentage of its covered payroll	553%	646%	619%	633%	563%	617%	457%	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	44.55%	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.

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

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

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

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

For the June 30, 2021 valuation, the following changes of benefit terms were included:

- The annual COLA for those retiring on or after July 1, 2022 is based on the annualrate of increase in CPI-W from 0% to 2%, plus 60% of the annual rate of increase in CPI-W from 3% to 6%, plus 75% of the annual rate of increase in CPI-W above 6% and with a cap on the COLA rate of 7.5%.
- A COLA moratorium for those retiring on or after July 1, 2022 for the first 30 months of retirement benefits. If rate of increase in CPI-W exceeds an annualized rate of 5.5% during the initial 18 month period of receiving retirement benefits, the COLA provided beginning with the 31st monthly benefit includes an additional adjustment based on the annual COLA rate as determined above using the annualized rate over the 18 month period. The COLA rate applied is reduced by 2.5% and then multiplied by 1.5 to reflect the 18 month period.

For the June 30, 2021 valuation, the following changes of assumptions were included:

- Wage Inflation assumed rate changed from 3.5% to 3%.
- Assumed Salary Scale changed to reflect experience in above wage inflation ratesof increase.
- Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.
- Assumed rates of withdrawal, disability, and retirement have been adjusted toreflect experience more closely.

Schedule of Net Other Post Employment Benefits Liability and Related Ratios

Last 10 Fiscal Years [1]

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

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

Schedule of Contributions

Other Post Employment Benefits

Last 10 Fiscal Years [1]

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

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

1. Changes in Assumptions for State Employee OPEB Plan

For the June 30, 2021 valuation, there were no changes of benefit terms and the following assumptions were updated:

- The discount rate was updated in accordance with GASB Statement No. 75 to 2.31% as of June 30, 2021.
- The demographic assumptions (mortality, disability, retirement, withdrawal andsalary scale) were updated to be consistent with the corresponding retirementsystem assumptions.
- Per capita health costs, administrative expenses, and retiree contributions were updated for recent experience.
- Health care cost trend rates and retiree contribution increase rates were adjusted.

CohnReznick
ADVISORY • ASSURANCE • TAX

Connecticut State Colleges and Universities System

2022 Audit Results
Presented to:
CT Board of Regents for Higher Education

December 14, 2022

December 14, 2022

Dear Members:

Thank you once again for the opportunity to provide professional services to the Connecticut State Colleges and Universities System (“CSCU System”), an organization we are extremely proud to serve. We are pleased to meet with you today to discuss our results of the audit of the expenditures paid during the year ended June 30, 2022 as reported in the schedule of CSCU 2020 Construction Expenditures - Cash basis (the schedule). This meeting will serve as a forum to validate our understanding of key issues, discuss the results of our work, and make certain that our efforts aligned with your expectations. We welcome your suggestions regarding areas of special concern and ideas to aid us in presenting the most appropriate and valuable reports to you.

Our audit was designed to express an opinion on CSCU System’s 2022 Schedule. We considered the CSCU System's current and emerging business needs, along with an assessment of risks that could materially affect the Schedule and designed our audit procedures accordingly. Our audit was conducted with the objectivity and independence that you and the entire Board of Regents expect. Rest assured that our unceasing commitment to quality was reflected in every aspect of our work.

The attached report outlines the scope of our work and key considerations affecting the audit of the 2022 Schedule. If you have questions or comments on this material, please don't hesitate to contact Carolyn at 959-200-7055.

We look forward to working with you again this year.

Carolyn S. Kurth, CPA, CFE
Director
CohnReznick LLP

COHNREZNICK'S COMMITMENT TO YOU

- To provide forward-thinking solutions, service that exceeds expectations, and create opportunity, value, and trust for our clients, our people, and our communities.

- We are a firm of excellence and innovation—providing invaluable services and insights to our clients; fostering a workplace culture that develops leaders and values diversity; and working to make our communities better.

Meeting the challenges. Providing value.

SERVICES AND DELIVERABLES TO THE CSCU SYSTEM

Schedule of CSCU 2020 Construction Expenditures – Cash basis	• Express an opinion on the schedule of CSCU 2020 Construction Expenditures – Cash basis (the schedule)
	• Communicate matters in accordance with AU-C 265, “Communicating Internal Control Related Matters Identified in an Audit.
Non-attest services	• Assist in the preparation of the Schedule

CohnReznick

KEY MEMBERS OF THE ENGAGEMENT TEAM

Audit Resources

- Paul Ballasy, Not-for-Profit Engagement Partner
- Patricia McGowan, Higher Education Partner
- Carolyn Kurth, Director
- Alexandra Marsh, Manager

CohnReznick

AUDIT CONSIDERATIONS

Understanding and Evaluating Controls

- Reviewed accounting policies and procedures
- Understanding of internal control documentation and performed walkthroughs of key processes:
    - Cash receipts
    - Cash disbursements
    - Payroll
    - Revenue recognition
    - Journal entries
    - Financial reporting and closing

Significant Risks

- Management override of controls
- Improper recognition of and reporting of project costs and budgets

Key Audit Areas

- Direct Cost | Expenditures
- Labor Costs
- Ensured that the Schedule of Values (SOV) is based on management's original estimates and supported by the budget and bid documents.
- Made sure that the schedule was properly updated for any change order additions or deducts.
- Testing of the approved allocation methodologies utilized on the various projects for appropriate and accurate application.

USE OF TECHNOLOGY

Converge is CohnReznick's preferred method of sharing electronic information with our clients. We leverage Converge to securely and efficiently communicate with our clients. Our portal allows our clients to upload and download documents, share open items, and review project information.

Microsoft Office 365 Email Encryption is CohnReznick's method for sending protected emails to our clients. With this easy-to-use and proven service, our professionals can securely send clients sensitive, personal information, such as personally identifiable information ("PII"), protected health information ("PHI"), and credit card information, as regulated by the Payment Card Industry Data Security Standard ("PCI DSS").

CCH Engagement is a powerful trial balance and engagement workflow tool that not only allows us to automate financial statements, workpapers, and tax return preparation, but also provides the tools to manage and perform our engagements in a completely paperless environment.

WorkFlow enables our professionals to track entire tax processes, from the creation of an electronic tax folder, to the routing of client source documents, to the final delivery of the tax return reports to the client. It gives us convenient access to reports and the ability to easily monitor and manage project workflow.

IDEA data extraction software allows our professionals to gather and analyze financial information from your systems.

GoFileRoom is a Web-hosted document management service that maintains all paper and electronic files in a secure data center, allowing for convenient, 24/7 access from any location. CohnReznick professionals can access all client documents quickly and easily, which results in increased efficiency and quick response times for client requests. Other significant advantages of GoFileRoom include advanced document security and business continuity.

TeamMate Analytics data extraction software allows our professionals to gather and analyze financial information from your systems, aiding in the efficiency of our audit.

Artificial Intelligence Software Tool
CohnReznick uses Leverton, an artificial intelligence software tool, to automatically extract data from documents to create structured data for better data analysis and document management. Leverton is a time-saving platform that uses optical character recognition and data extraction to efficiently consolidate data from disparate sources. Once data is consolidated, it can be validated, accessed, analyzed, and exported.

CohnReznick

TIMETABLE OF AUDIT SERVICES

	APRIL	MAY	JUNE	JULY	AUG	SEPT	DEC
Audit design and planning							
Planning meeting with audit committee and management							
Year-end field work							
Present draft of the Schedule and if applicable, management letter, to management & audit committee							
Issue Schedule and if applicable, management letter							

RESPONSIBILITIES

Management's Responsibilities*	• The preparation and fair presentation of the Schedule in accordance with the Cash Basis of accounting. • Designing, implementing, and maintaining of internal controls relevant to the preparation and fair presentation of Schedule that are free from material misstatement, whether due to fraud or error, fraudulent financial reporting, misappropriation of assets or violations of laws, governmental regulations, grant agreements, or contractual agreements. • Accepting responsibility for nonattest services, including identifying the proper party with the skills, knowledge, and experience to oversee the nonattest services provided. • Informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the Schedule. • Ensuring the accuracy and completeness of all information provided. • The audit of the Schedule does not relieve management or those charged with governance of their responsibilities.
Auditor's Responsibilities*	• Communicating with those charged with governance the responsibilities of CohnReznick regarding the audit of the Schedule and an overview of the planned scope and timing of the audit. • Obtaining from those charged with governance information relevant to the audit. • Providing those charged with governance with timely observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process. • Promoting effective two-way communication between the auditor and those charged with governance. • Communicating effectively with management and third parties. • Forming and expressing an opinion about whether the Schedule has been prepared by management, with the oversight of governance, are prepared, in all material respects, in accordance with the applicable financial reporting framework. • Establish the overall audit strategy and audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

**The complete terms of our mutual responsibilities are included in our engagement letter.*

EFFECTIVE ACCOUNTING AND AUDITING UPDATES

Auditing		
Effective Year Beginning Date for the Organization	Auditing Standards Number	Pronouncement Description
Effective	Auditing Standards 134	Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of the Schedule.

CohnReznick

KEY CHANGES TO THE AUDITOR'S REPORT

Current Auditor's Report	SAS 134 Changes - Auditor's Report
1. A title that includes the word independent 2. Addressee 3. A statement that the financial statements identified in the report were audited 4. Management's responsibility for the financial statements 5. Auditor's responsibility 6. Basis for opinion 7. Opinion 8. Other matters	1. A title that includes the word independent 2. Addressee 3. Opinion and identify the entity and financial statements audited 4. Basis for opinion 5. Going concern (if applicable) 6. Key audit matters (if engaged to communicate key audit matters) 7. Management's responsibility for the financial statements 8. Auditor's responsibility 9. Other matters

SAS 134 - Other Changes:

- Amends AU-C section 260, *The Auditor's Communication With Those Charged With Governance.*
- Expanded description of the auditor's responsibilities
- Clarifies the relationship between Emphasis-of-Matter (EOM) paragraphs and the communication of key audit matters.
- Amends various AU-C sections to focus auditor attention on disclosures throughout the audit process.

CohnReznick

Connecticut State Colleges and Universities System

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

June 30, 2022

Connecticut State Colleges and Universities System
CSCU 2020 Construction Expenditures - Cash Basis

Index

Independent Auditor's Report

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

Opinion

We have audited the expenditures paid during the year ended June 30, 2022 as reported in the Schedule of CSCU 2020 Construction Expenditures - Cash Basis (the "Schedule") of the Connecticut State Colleges and Universities System (the "CSCU System"), and the related notes to the Schedule.

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the construction expenditures related to CSCU 2020 construction projects of the CSCU System specifically identified by management that were paid during the year ended June 30, 2022 in conformity with the cash basis of accounting.

Basis for Opinion

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

Management's Responsibility for the Schedule

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

Auditor's Responsibility

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

Emphasis of Matter

We have not audited the expenditures paid during the period from July 1, 2008 through June 30, 2018, and, accordingly, we express no opinion or other assurance with respect to these amounts. Annual expenditures for prior years through June 30, 2018 were previously audited by other auditors dated October 16, 2018 with an unmodified opinion. Our opinion on cash paid for construction expenditures for the year ended June 30, 2022 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
Report Date

Connecticut State Colleges and Universities System

Schedule of CSCU 2020 Construction Expenditures - Cash Basis
June 30, 2022

	Approved budget as of June 30, 2022	Expenditures paid in the year ended June 30, 2022	Recommended adjustments	Adjusted expenditures paid in the year ended June 30, 2022	Expenditures paid during the period from July 1, 2018 through June 30, 2021	Expenditures paid during the period from July 1, 2008 through June 30, 2018	Total adjusted expenditures through June 30, 2022
Eastern Connecticut State University							
Fine Arts Instructional Center (design and construction)	$ 85,461,643	$ 315,891	$ -	$ 315,891	$ 496,425	$ 80,842,310	$ 81,654,626
Goddard Hall Renovations	32,951,000	(95)	-	(95)	15,463,263	13,741,187	29,204,355
Code Compliance/Infrastructure	14,907,318	1,531,045	-	1,531,045	3,000,489	15,914,698	20,446,232
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	-	-	-	282,265	83,178,467	83,460,732
Higgins Hall Renovations	34,576,000	676,209	-	676,209	35,627,689	2,199,128	38,503,026
Code Compliance/Infrastructure	17,734,734	-	-	-	8,232,195	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	-	-	-	25,679,131	33,740,430	59,419,561
Kaiser Hall Bubble Renovations	25,385,809	90,946	-	90,946	18,336,775	4,395,711	22,823,432
Barnard Hall Additions and Renovations	23,099,000	184,269	-	184,269	21,359,859	1,364,061	22,908,189
New Engineering Building	62,700,000	18,087,829	-	18,087,829	34,817,093	3,313,863	56,218,785
Code Compliance/Infrastructure Improvements	24,238,366	1,260,663	-	1,260,663	4,293,636	25,771,596	31,325,895
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	1,639,762	-	1,639,762	820,768	-	2,460,530
Southern Connecticut State University							
New Academic Building	72,115,000	166	-	166	252,513	69,283,846	69,536,525
Health and Human Services Building	76,507,344	22,833,785	-	22,833,785	35,411,757	1,173,084	59,418,626
School of Business	52,476,933	16,574,867	-	16,574,867	3,560,716	-	20,135,583
Code Compliance/Infrastructure Improvements	25,899,406	121,694	-	121,694	2,921,430	28,765,832	31,808,956
Buley Library	17,436,817	-	-	-	-	17,436,816	17,436,816
Asnuntuck Community College							
New Manufacturing Center	25,500,000	-	-	-	2,642,814	20,809,260	23,452,074
Various Community Colleges							
Code Compliance/Infrastructure Improvement	48,557,000	623,368	-	623,368	6,131,148	19,369,023	26,123,539
Connecticut State University Systems Office							
System-wide Telecom Infrastructure Upgrades	18,415,000	159,742	-	159,742	1,773,581	16,289,396	18,222,719
Consolidation Updated	20,000,000	-	-	-	8,437	17,555,587	17,564,024
CSUS/CCC Master Plan	3,000,000	-	-	-	21,701	3,217,583	3,239,284
System-Wide New & Replacement Equipment Program	103,239,000	2,354,219	-	2,354,219	10,703,472	84,675,622	97,733,313
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	1,234,283	-	1,234,283	4,831,065	28,195,348	34,260,696
Supplemental Project Funding	16,000,000	-	-	-	-	-	-
	$ 1,069,500,000	$ 67,688,643	$ -	$ 67,688,643	$ 236,682,911	$ 632,051,418	$ 936,422,972

December XX, 2022

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, 2022, and the related notes to the Schedule, and have issued our report thereon dated December XX, 2022. 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 June 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

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 2022. 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, 2022.

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

Connecticut State Colleges and Universities System

Schedule of CSCU 2020 Construction Expenditures - Cash Basis
June 30, 2022

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, 2022
Expenditures paid in the year ended June 30, 2022 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2022.

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, 2022
Adjusted expenditures paid in the year ended June 30, 2022 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2022 plus (or minus) the recommended adjustments.

Expenditures paid during the period from July 1, 2018 through June 30, 2021
Expenditures paid during the period from July 1, 2018 through June 30, 2021 represent expenditures that were paid on CSCU 2020 projects during the period from July 1, 2018 through June 30, 2021.

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, 2022
Total adjusted expenditures through June 30, 2022 represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2022.

Subsequent events
In preparing the Schedule, management has evaluated subsequent events through July XX, 2022, 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, 2022

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, 2022 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, 2022, 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 June 1, 2022, including our responsibility for the preparation and fair presentation of the Schedule.
2) The Schedule referred to above are fairly presented in conformity 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 the 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 Company 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 the 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 names of all of the CSCU System's related parties and all the related party relationships and transactions, including any side agreements.

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, 2022.

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

____

Melinda Cruanes, Controller

____

Keith Epstein, Vice President for Facilities, Real Estate & Infrastructure Planning