

Connecticut Community Colleges

**2022**

**FINANCIAL  
STATEMENTS**

**INCLUDING**

Required Supplementary Information  
Additional Supplemental Information

**June 30, 2022**

**CSCU**



# 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.

**CSCU**

**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

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



**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

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

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

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

Gateway Community College  
20 Church Street  
New Haven, CT 06510  
Dr. William (Terry) Brown, Campus CEO

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

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

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

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

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

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

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

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## 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
<b>ASSETS</b>			
Current assets	\$ 286,928	\$ 196,915	45.7%
Non-current assets	665,020	680,263	-2.2%
Total assets	<u>951,948</u>	<u>877,178</u>	<u>8.5%</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	492,105	537,890	-8.5%
<b>LIABILITIES</b>			
Current liabilities	108,978	72,711	49.9%
Non-current liabilities	1,853,149	2,133,325	-13.1%
Total liabilities	<u>1,962,127</u>	<u>2,206,036</u>	<u>-11.1%</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	437,851	177,224	147.1%
<b>NET POSITION</b>			
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	<u>\$ (955,925)</u>	<u>\$ (968,192)</u>	<u>1.3%</u>

*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 Connecticut State Community College 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.

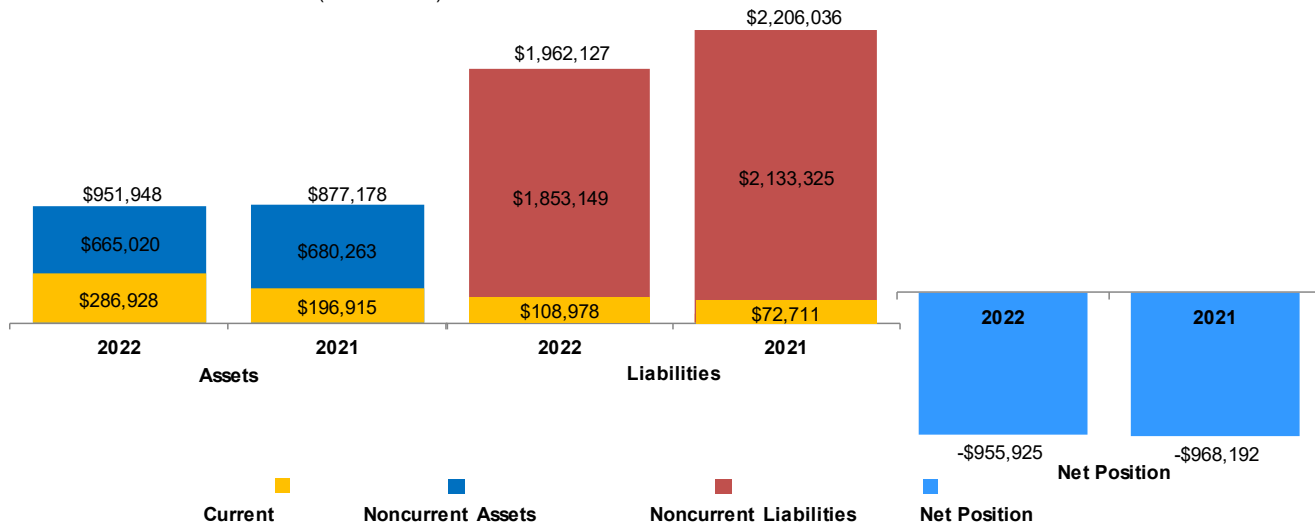
*Current liabilities* as of June 30, 2022 consist primarily of accrued payroll and related benefits of \$46.6 million which increased by \$19.7 million from June 30, 2021 due to salary increases and retroactive payments required due to the new State Employees Bargaining Agent Coalition ("SEBAC") agreement. 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, net OPEB liability, and deferred inflows and outflows related to pension and OPEB:

	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
<b>OPERATING REVENUES</b>			
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	<u>110,649</u>	<u>117,033</u>	<u>-5.5%</u>
<b>OPERATING EXPENSES</b>			
Expenses before depreciation	656,512	684,620	-4.1%
Depreciation and amortization	35,152	37,110	-5.3%
Total operating expenses	<u>691,664</u>	<u>721,730</u>	<u>-4.2%</u>
Operating loss	<u>(581,015)</u>	<u>(604,697)</u>	<u>-3.9%</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
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	<u>594,390</u>	<u>463,542</u>	<u>28.2%</u>
<b>OTHER CHANGES IN NET POSITION</b>			
Other deductions	(1,109)	(2,171)	-48.9%
Total other changes in net position	<u>(1,109)</u>	<u>(2,171)</u>	<u>-48.9%</u>
<b>NET POSITION</b>			
Change in net position	12,267	(143,326)	108.6%
Net position, beginning of year	<u>(968,192)</u>	<u>(824,866)</u>	<u>-17.4%</u>
Net position, end of year	<u>\$ (955,925)</u>	<u>\$ (968,192)</u>	<u>1.3%</u>

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.

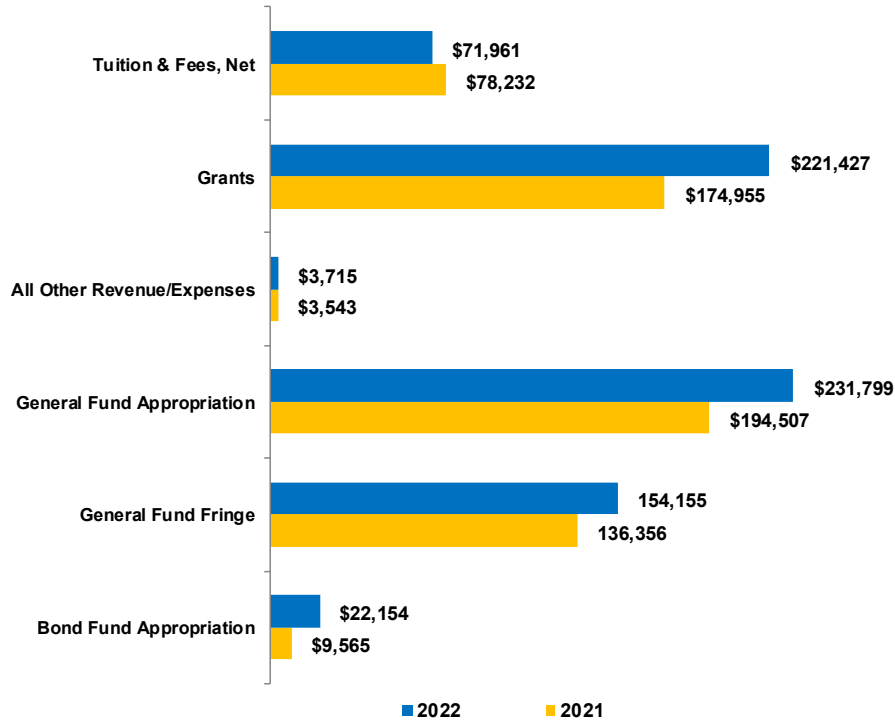
*Total operating expenses* for fiscal year 2022 were \$691.6 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects a decrease of \$30.1 million or 3.9% from fiscal 2021. Salaries and wages increased by \$22.9 million due to the 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.

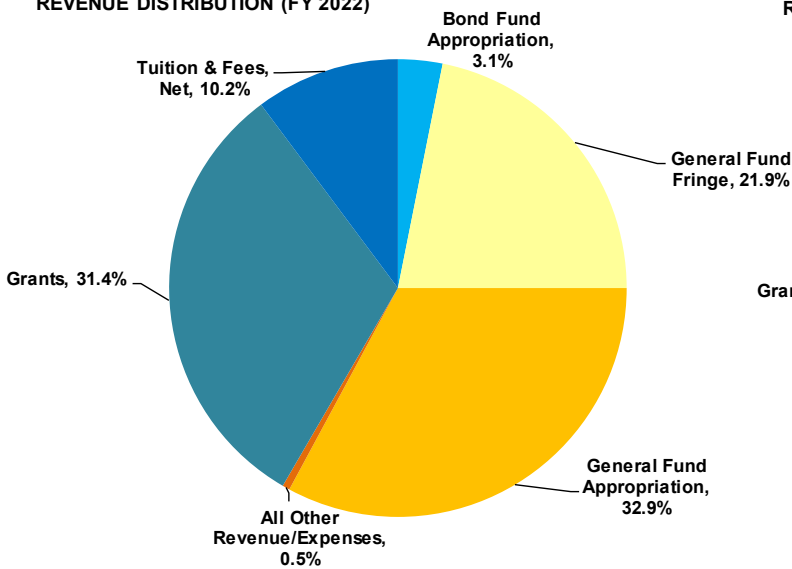
*Nonoperating revenue and expenses* includes certain federal grants including HEERF, Coronavirus Relief Fund ("CRF"), and Governor's Emergency Education Relief Fund ("GEERF") grants, private gifts and donations, investment income earned on cash balances invested by the State treasurer's office, and non-mandatory 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.

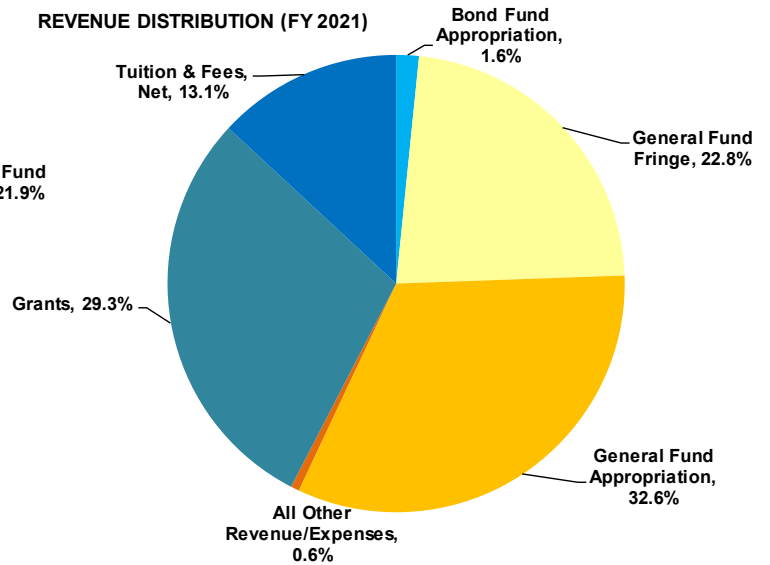
REVENUE SUMMARY (in thousands)



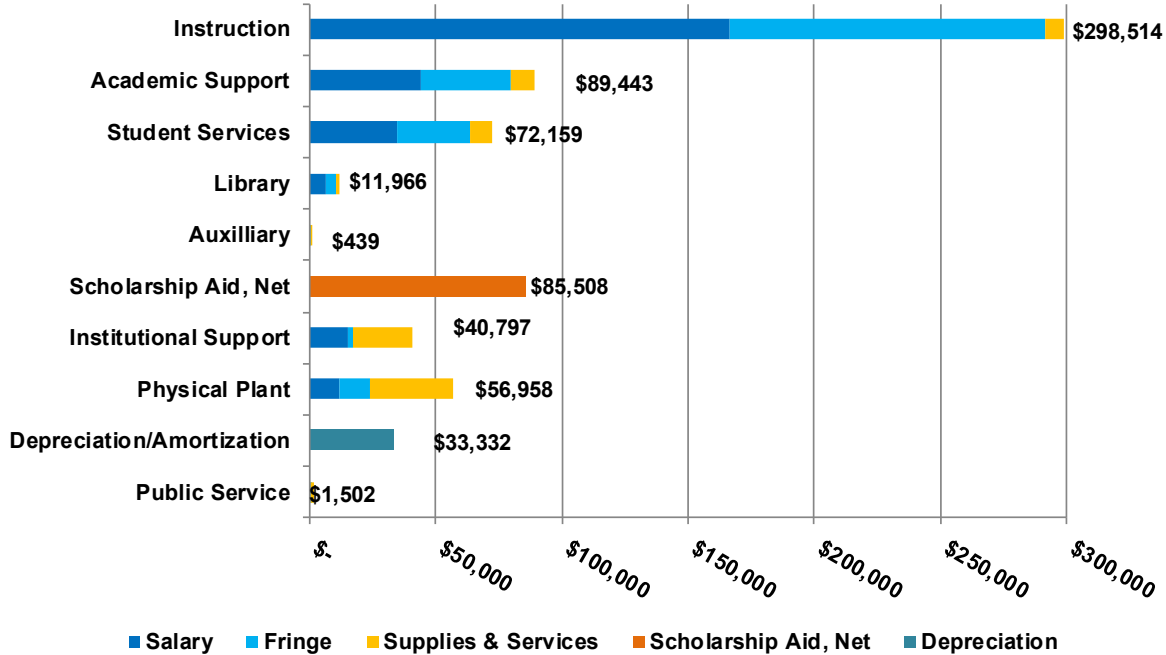
REVENUE DISTRIBUTION (FY 2022)



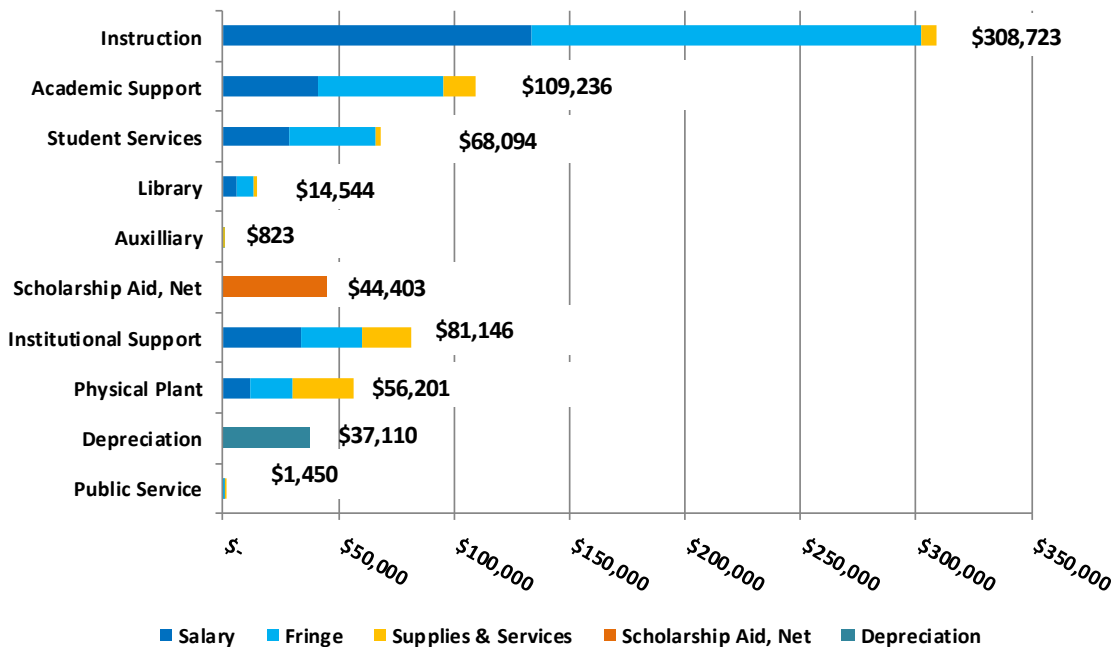
REVENUE DISTRIBUTION (FY 2021)



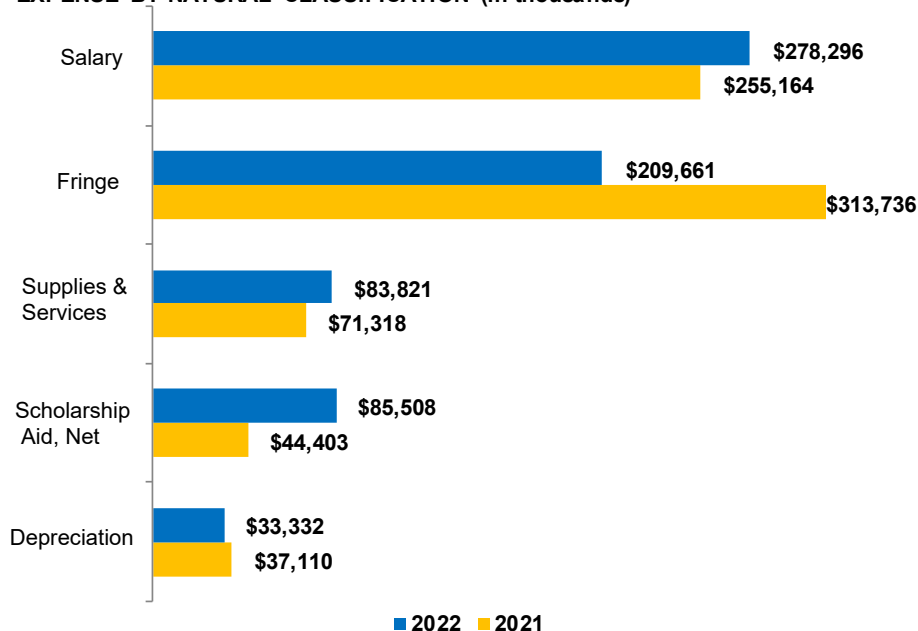
**OPERATING EXPENSES (in thousands)**  
**By Program and Account Type**  
**For The Year Ended June 30, 2022**



**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
<b>NET CASH PROVIDED BY (USED IN)</b>			
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%
<b>CASH AND CASH EQUIVALENTS</b>			
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).



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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Regents of  
Connecticut State Colleges and Universities

### Report on the financial statements

#### Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Connecticut Community Colleges, an enterprise fund of the State of Connecticut (collectively, “CCC” or “System”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units (the affiliated foundations (the “Foundations”)), which statements reflect total assets of \$76.5 million, and total net assets of \$74.2 million as of June 30, 2022, and total revenues, capital gains and losses, and other support of (\$2.3 million) for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of other auditors.

#### Basis for opinions

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

**Responsibilities of management for the financial statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date the financial statements are issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 US 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 statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

**Emphasis of matter**

As discussed in Note 1, the financial statements present only the System, an enterprise fund of the State of Connecticut and do not purport to, and do not present

fairly, the financial position of the State of Connecticut as of June 30, 2022, the changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Required supplementary information**

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 1 through 11 and the Schedule of Net Pension Liability and Related Ratios, Schedule of Net Post-Employment Benefits and Related Ratios, and Schedule of Contributions on pages 42 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplemental Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, and Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group included on pages 46 through 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Grant Thornton LLP*

Boston, Massachusetts  
December 21, 2022

Assets	
Current assets	
Cash and cash equivalents	\$ 177,247,858
Accounts receivable, 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	<u>286,928,431</u>
Non-current assets	
Investment in capital assets	1,143,527,471
Accumulated depreciation	(489,741,316)
Investment in capital assets, net of accumulated depreciation	<u>653,786,154</u>
Right-of-use assets	12,828,885
Accumulated amortization	(1,820,129)
Right-of-use assets, net	<u>11,008,756</u>
Student loans, net	224,777
Total non-current assets	<u>665,019,687</u>
Total assets	<u>\$ 951,948,118</u>
Deferred outflows of resources	
Deferred pension	\$ 224,884,426
Deferred other post employment benefits	267,221,024
Total deferred outflows of resources	<u>\$ 492,105,450</u>
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	<u>108,978,147</u>
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	<u>1,853,149,104</u>
Total liabilities	<u>\$ 1,962,127,251</u>
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	<u>\$ 437,851,345</u>
Net position	
Investment in capital assets, net	\$ 653,786,154
Restricted	
Nonexpendable	20,000
Expendable	43,737,201
Unrestricted	(1,653,468,385)
Total net position	<u>\$ (955,925,030)</u>



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	<u>\$ 76,500,742</u>
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	<u>2,268,757</u>
Net Assets	
Without donor restrictions	16,159,255
With donor restrictions	58,072,730
Total net assets	<u>74,231,985</u>
Total liabilities and net assets	<u>\$ 76,500,742</u>

**Connecticut Community Colleges**Combined Statement of Revenues, Expenses, and Changes in Net Position -  
Primary Institution

For the Year Ended June 30, 2022



Operating revenues	
Student tuition and fees	\$ 146,895,057
Less: Scholarship discounts and allowances	(74,934,238)
Net tuition and fees	<u>71,960,820</u>
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	<u>110,649,151</u>
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	<u>691,663,716</u>
Operating loss	<u>(581,014,566)</u>
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	<u>594,390,266</u>
Loss before other changes in net position	<u>13,375,700</u>
Other changes in net position	
Other deductions	(1,108,674)
Total other changes in net position	<u>(1,108,675)</u>
Change in net position	<u>12,267,025</u>
Net position, beginning of year	<u>(968,192,056)</u>
Net position, end of year	<u>\$ (955,925,030)</u>

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue</b>			
Gifts and grants	\$ 2,564,770	\$ 7,383,454	\$ 9,948,224
Events and activities	598,866	64,750	663,616
Investment return, net	(2,243,674)	(6,082,616)	(8,326,290)
Net assets released from restrictions	6,211,699	(6,211,699)	-
Total revenue	<u>7,131,661</u>	<u>(4,846,111)</u>	<u>2,285,550</u>
<b>Expenses</b>			
Program services	\$ 5,841,100	\$ -	\$ 5,841,100
Scholarships, awards, and financial aid	1,649,212	-	1,649,212
Fundraising events	681,499	-	681,499
Management and general	1,203,986	-	1,203,986
Total expenses	<u>9,375,797</u>	<u>-</u>	<u>9,375,797</u>
Change in net assets	(2,244,136)	(4,846,111)	(7,090,247)
<b>Net assets</b>			
Net assets at beginning of year	<u>\$ 18,403,391</u>	<u>\$ 62,918,841</u>	<u>\$ 81,322,232</u>
Net assets at end of year	<u>\$ 16,159,255</u>	<u>\$ 58,072,730</u>	<u>\$ 74,231,985</u>

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)
Other receipts, net	10,836,884
Net cash used in operating activities	<u>(516,567,131)</u>
Cash flows from investing activities	
Interest income	102,766
Net cash provided by investing activities	<u>102,766</u>
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	<u>5,229,507</u>
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	<u>557,658,761</u>
Net increase (decrease) in cash and cash equivalents	46,423,904
Cash and cash equivalents at beginning of year	\$ <u>130,823,954</u>
Cash and cash equivalents at end of year	\$ <u><u>177,247,858</u></u>
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 compensated 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	<u>\$ (516,567,130)</u>



## 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:

- **Investment in Capital Assets, Net**  
Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation, and right-of-use assets, net of accumulated amortization. Similar net assets are included in net assets without donor restrictions in the statements of the foundation component units.
- **Restricted Nonexpendable**  
Net position subject to externally imposed stipulations that they be maintained in perpetuity by the CCC. Similar net assets are referred to as net assets with donor restrictions in the statements of the foundation component units.
- **Restricted Expendable**  
Net position whose use by the CCC is subject to externally imposed stipulations that can be fulfilled by actions of the CCC pursuant to those stipulations or that expire by the passage of time. Similar net assets are referred to as net assets with donor restrictions in the statements of the foundation component units.
- **Unrestricted**  
Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the Board of Regents (“BOR”) or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic and research programs and initiatives, and capital programs.

### **Classification of Assets and Liabilities**

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

### **Cash and Cash Equivalents**

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

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

### **Fair Value of Financial Instruments**

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

### **Investment in Capital Assets**

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

Useful lives assigned to assets are as follows:

<b><u>Asset Class Description</u></b>	<b><u>Useful Life</u></b>
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 December 21, 2022, 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:

	<u>2022</u>
Cash	\$ 139,513,315
Cash equivalents	37,734,543
Cash and cash equivalents	<u>\$ 177,247,858</u>

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:

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



#### 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)	-	-
	<u>1,111,031,659</u>	<u>4,718,335</u>	<u>(2,483,652)</u>	<u>20,740,517</u>	<u>1,134,006,859</u>
Less: accumulated depreciation	<u>(458,696,386)</u>	<u>(33,331,765)</u>	<u>2,286,835</u>	<u>-</u>	<u>(489,741,316)</u>
	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	<u>\$ 679,901,019</u>	<u>\$ (22,473,715)</u>	<u>\$ (3,641,150)</u>	<u>\$ -</u>	<u>\$ 653,786,154</u>

#### 5. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

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

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	<u>(8,967,553)</u>
Balance as of June 30, 2022	<u>\$ 40,984,752</u>

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:

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

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

	<u>2022</u>
Cash balances held with the State on behalf of the CCC	\$ <u>139,515,841</u>

## 7. Commitments and 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:

	<u>2022</u>
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
	<u>\$ 23,328,897</u>

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:

<u>Right-of-Use Assets</u>	<u>Balance</u> <u>7/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/22</u>
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:

<u>Balance</u> <u>7/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/22</u>	<u>Amounts due</u> <u>within 1 year</u> <u>(Current Portion)</u>
\$ -	\$ 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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,569,241
2027	840,112	148,396	988,508
2028-2032	3,954,578	351,263	4,305,841
Total Requirements	\$ <u>11,156,550</u>	\$ <u>1,556,554</u>	\$ <u>12,713,103</u>
Less Current	\$ <u>(1,666,633)</u>		
Non-Current	\$ <u>9,489,917</u>		

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 26,400	\$ -	\$ 26,400
2024	25,607	793	26,400
Total	\$ <u>52,007</u>	\$ <u>793</u>	\$ <u>52,800</u>

## 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:

	<u>2022</u>
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	\$ <u>26,150,789</u>

## 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:

<b>Measurement Year</b>	<b>2021</b>
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:

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

Actuarial Assumptions for TRS:

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

<b>Measurement Year</b>	<b>2021</b>
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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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:

	<b>1% Decrease (SERS - 5.9%) (TRS - 5.9%)</b>	<b>Current Discount (SERS - 6.9%) (TRS - 6.9%)</b>	<b>1% Increase (SERS - 7.9%) (TRS - 7.9%)</b>
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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 comparison:**

	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		OPEB
Ending June 30,		
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
Auxiliary 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
	<u>\$ 278,017,607</u>	<u>\$ 208,856,038</u>	<u>\$ 13,668,545</u>	<u>\$ 12,178,011</u>	<u>\$ 1,269,518</u>	<u>\$ 28,271,321</u>	<u>\$ 28,746,078</u>	<u>\$ 85,504,704</u>	<u>\$ 35,151,894</u>	<u>\$ 691,663,716</u>

**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
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
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
<b>Total</b>	<b>\$ 213,846,046</b>	<b>\$ 11,038,380</b>	<b>\$ 267,221,024</b>	<b>\$ -</b>	<b>\$ 492,105,450</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
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
<b>Total</b>	<b>\$ 83,825,313</b>	<b>\$ 10,865,122</b>	<b>\$ 343,108,903</b>	<b>\$ 52,007</b>	<b>\$ 437,851,345</b>

**REQUIRED SUPPLEMENTARY INFORMATION**



**Schedule of Net Pension Liability and Related Ratios**

**State Employee Retirement System Plan**

Last 10 Fiscal Years <sup>1</sup>

(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 <sup>1</sup>

**Teachers Retirement System Plan**

Last 10 Fiscal Years <sup>1</sup>

(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
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 <sup>1</sup>

**Schedule of Net Other Post Employment Benefits Liability and Related Ratios**

Last 10 Fiscal Years <sup>1</sup>

	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%

<sup>1</sup> 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 <sup>1</sup>  
(in thousands)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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 <sup>1</sup>  
(in thousands)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
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 <sup>1</sup>  
(in thousands)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
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%

<sup>1</sup> 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**

**Connecticut Community Colleges**  
 Combining Statement of Net Position  
 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
<b>Assets</b>														
<b>Current assets</b>														
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	2,845,933	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	<u>10,567,649</u>	<u>9,618,164</u>	<u>13,795,135</u>	<u>27,548,748</u>	<u>27,054,533</u>	<u>9,473,650</u>	<u>29,644,507</u>	<u>5,951,981</u>	<u>25,922,310</u>	<u>13,541,509</u>	<u>20,434,158</u>	<u>16,494,002</u>	<u>76,882,084</u>	<u>286,928,431</u>
<b>Non-current assets</b>														
Investment in capital assets	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 capital assets, net	<u>32,420,256</u>	<u>35,399,813</u>	<u>141,430,802</u>	<u>101,143,128</u>	<u>46,380,512</u>	<u>7,820,883</u>	<u>85,970,986</u>	<u>40,762,360</u>	<u>40,045,857</u>	<u>17,161,837</u>	<u>61,356,457</u>	<u>39,381,682</u>	<u>4,511,582</u>	<u>653,786,154</u>
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	<u>32,515</u>	<u>944,734</u>	<u>7,218,118</u>	<u>89,456</u>	<u>175,077</u>	<u>124,707</u>	<u>2,220,605</u>	<u>33,469</u>	<u>4,523</u>	<u>60,993</u>	<u>36,879</u>	<u>38,659</u>	<u>29,020</u>	<u>11,008,756</u>
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	<u>32,478,378</u>	<u>36,344,547</u>	<u>148,642,471</u>	<u>101,182,719</u>	<u>46,555,589</u>	<u>7,939,034</u>	<u>88,190,728</u>	<u>40,795,829</u>	<u>40,220,247</u>	<u>17,229,988</u>	<u>61,387,854</u>	<u>39,511,701</u>	<u>4,540,602</u>	<u>665,019,687</u>
<b>Total assets</b>	<b>\$ 43,046,027</b>	<b>\$ 45,962,711</b>	<b>\$ 162,437,607</b>	<b>\$ 128,731,467</b>	<b>\$ 73,610,122</b>	<b>\$ 17,412,685</b>	<b>\$ 117,835,235</b>	<b>\$ 46,747,810</b>	<b>\$ 66,142,557</b>	<b>\$ 30,771,497</b>	<b>\$ 81,822,011</b>	<b>\$ 56,005,703</b>	<b>\$ 81,422,686</b>	<b>\$ 951,948,118</b>
<b>Deferred outflows of resources</b>														
Deferred pension	-	-	-	-	-	-	-	-	-	-	-	-	-	224,884,426
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	267,221,024
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,105,450</u>
<b>Liabilities</b>														
<b>Current liabilities</b>														
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	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	<u>3,307,457</u>	<u>8,320,415</u>	<u>11,766,849</u>	<u>7,971,302</u>	<u>10,174,264</u>	<u>5,461,243</u>	<u>11,570,093</u>	<u>3,768,193</u>	<u>9,591,469</u>	<u>2,810,127</u>	<u>6,223,880</u>	<u>7,251,792</u>	<u>20,761,064</u>	<u>108,978,148</u>
<b>Non-current liabilities</b>														
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	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	<u>1,502,858</u>	<u>2,467,428</u>	<u>9,801,739</u>	<u>1,991,638</u>	<u>2,565,124</u>	<u>1,413,027</u>	<u>4,661,069</u>	<u>969,349</u>	<u>2,258,759</u>	<u>819,371</u>	<u>1,869,595</u>	<u>2,211,933</u>	<u>1,820,617,214</u>	<u>1,853,149,104</u>
<b>Total liabilities</b>	<b>\$ 4,810,315</b>	<b>\$ 10,787,843</b>	<b>\$ 21,568,588</b>	<b>\$ 9,962,940</b>	<b>\$ 12,739,388</b>	<b>\$ 6,874,270</b>	<b>\$ 16,231,162</b>	<b>\$ 4,737,542</b>	<b>\$ 11,850,228</b>	<b>\$ 3,629,497</b>	<b>\$ 8,093,475</b>	<b>\$ 9,463,725</b>	<b>\$ 1,841,378,278</b>	<b>\$ 1,962,127,252</b>
<b>Deferred inflows of resources</b>														
Deferred pension	-	-	-	-	-	-	-	-	-	-	-	-	-	94,690,435
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	343,108,903
Deferred lease inflows	52,007	-	-	-	-	-	-	-	-	-	-	-	-	52,007
Total deferred inflows of resources	<u>52,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,799,338</u>
<b>Net position</b>														
Investment 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	<u>\$ 38,183,705</u>	<u>\$ 35,174,868</u>	<u>\$ 140,869,018</u>	<u>\$ 118,768,527</u>	<u>\$ 60,870,734</u>	<u>\$ 10,538,414</u>	<u>\$ 101,604,073</u>	<u>\$ 42,010,268</u>	<u>\$ 54,292,329</u>	<u>\$ 27,142,000</u>	<u>\$ 73,728,536</u>	<u>\$ 46,541,978</u>	<u>\$ (1,705,649,480)</u>	<u>\$ (955,925,030)</u>

**Connecticut Community Colleges**  
 Combining Statement of Revenues, Expenses and Changes in Net Position  
 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
<b>Operating revenues</b>														
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
<b>Operating expenses</b>														
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	1,190,564	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)
<b>Nonoperating revenues and expenses</b>														
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 revenue	-	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
<b>Other changes in net position</b>														
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 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
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 138,191,813	\$ 2,464,925	\$ 21,869,853	\$ 14,721,266	\$ -	\$ 177,247,858
Accounts receivable, 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
<b>Total current assets</b>	<b>247,525,434</b>	<b>2,769,066</b>	<b>21,912,664</b>	<b>14,721,266</b>	<b>-</b>	<b>286,928,431</b>
<b>Non-current assets</b>						
Investment in capital assets	-	-	-	-	1,143,527,471	1,143,527,471
Accumulated depreciation	-	-	-	-	(489,741,316)	(489,741,316)
Investment in capital assets, net	-	-	-	-	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	11,008,756	-	-	-	-	11,008,756
Other non-current assets	25,607	199,170	-	-	-	224,777
<b>Total non-current assets</b>	<b>11,034,362</b>	<b>199,170</b>	<b>-</b>	<b>-</b>	<b>653,786,154</b>	<b>665,019,687</b>
<b>Total assets</b>	<b>\$ 258,559,796</b>	<b>\$ 2,968,237</b>	<b>\$ 21,912,664</b>	<b>\$ 14,721,266</b>	<b>\$ 653,786,154</b>	<b>\$ 951,948,118</b>
<b>Deferred outflows of resources</b>						
Deferred pension	\$ 224,884,426	\$ -	\$ -	\$ -	\$ -	\$ 224,884,426
Deferred other post employment benefits	267,221,024	-	-	-	-	267,221,024
<b>Total deferred outflows of resources</b>	<b>\$ 492,105,450</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 492,105,450</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
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	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
<b>Total current liabilities</b>	<b>105,156,889</b>	<b>2,874,914</b>	<b>946,344</b>	<b>-</b>	<b>-</b>	<b>108,978,148</b>
<b>Non-current liabilities</b>						
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	35,759,196	-	-	-	-	35,759,196
<b>Total non-current liabilities</b>	<b>1,853,149,104</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,853,149,104</b>
<b>Total liabilities</b>	<b>\$ 1,958,305,993</b>	<b>\$ 2,874,914</b>	<b>\$ 946,344</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,962,127,252</b>
<b>Deferred inflows of resources</b>						
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
<b>Total deferred inflows of resources</b>	<b>\$ 437,851,345</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 437,851,345</b>
<b>Net position</b>						
Investment in capital assets, net	\$ -	\$ -	\$ -	\$ -	\$ 653,786,154	\$ 653,786,154
<b>Restricted</b>						
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)
<b>Total net position</b>	<b>\$ (1,645,492,092)</b>	<b>\$ 93,323</b>	<b>\$ 20,966,320</b>	<b>\$ 14,721,266</b>	<b>\$ 653,786,154</b>	<b>\$ (955,925,030)</b>

**Connecticut Community Colleges**  
Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group  
Year Ended 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
<b>Operating revenues</b>						
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
<b>Operating expenses</b>						
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)
<b>Nonoperating revenues and expenses</b>						
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
<b>Other changes in net position</b>						
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)

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**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, *Other 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.