

Connecticut State Community College

Financial Statements

for the year ended June 30, 2025

Included as an Enterprise Fund of the State of Connecticut





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Prepared by the Office of the Controller



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INTRODUCTORY SECTION



Connecticut State Colleges and Universities
Members of the Board of Regents for Higher Education
As of June 30, 2025

APPOINTED BY THE GOVERNOR

Martin C. Guay, Chair
Juanita James, Vice Chair
Ira Bloom
Delwyn Cummings
Richard Porth
Ari Santiago
Elease E. Wright
Ted Yang

APPOINTED BY LEGISLATIVE LEADERS

Richard J. Balducci
Sophia Jappinen
Erin Stewart

APPOINTED BY STUDENTS

Luis Sanchez
Shian Earlington

As of June 30, 2025 there were two vacancies: one Governor Appointee and one Legislative Appointee.

EX-OFFICIO, NON-VOTING MEMBERS

Brendan Cunningham	Chair of the Faculty Advisory Committee
Colena Sesanker	Vice Chair of the Faculty Advisory Committee
Dante Bartolomeo	Commissioner of the Connecticut Department of Labor
Charlene Russell-Tucker	Commissioner of the Connecticut Department of Education
Daniel O'Keefe	Commissioner of the Connecticut Department of Economic and Community Development
Dr. Manisha Juthani	Commissioner of the Connecticut Department of Public Health
Kelli-Marie Vallieres	Connecticut Chief Workforce Officer
Charlene Casamento	Undersecretary for Strategic Initiatives (OPM Sec. Designee)



Connecticut State Community College Leadership

As of June 30, 2025

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

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

FINANCIAL SECTION

GRANT THORNTON LLP

53 State Street, 16th Floor
Boston, MA 02109

D +1 617 723 7900

F +1 617 723 6340

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Regents of
Connecticut State Colleges and Universities

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Connecticut State Community College, an enterprise fund of the State of Connecticut (the "College"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the Entity as of June 30, 2025, 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 discretely presented component units (the affiliated foundations (the "Foundations")), whose statements reflected total assets of \$89 million and total net assets of \$87.8 million as of June 30, 2025, and total revenues and support of \$16.8 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 opinion

We conducted our audits 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 Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters*Presentation*

As discussed in Note 1, the financial statements present only the Entity, 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, 2025, 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.

Change in accounting method

As discussed in Note 1 to the financial statements, the Entity was required to change its method of accounting for net pension and OPEB liabilities and deferrals in the year ended June 30, 2025.

Our opinion is not modified with respect to these matters.

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 Entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Entity'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 Entity'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 10 through 19 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.

Grant Thornton LLP

Boston, Massachusetts
December 22, 2025

INTRODUCTION

Management's Discussion and Analysis ("MD&A") provides an overview of the financial position and results of activities for the fiscal year ended June 30, 2025, with selected comparative information from fiscal year 2024. This discussion has been prepared by and is the responsibility of management and should be read in conjunction with the financial statements and footnote disclosures.

Reporting Entity

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

The Connecticut State Community College ("CT State") is a single accredited community college comprised of twelve campuses (previously colleges). During the fall 2024 semester, 36,315 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 21,708. During calendar year 2024, approximately 11,450 students also took a variety of non-credit skill-building programs. CT State 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, CT State employed approximately 2,200 full time employees at June 30, 2025.

CT State is composed of twelve campuses, the college office in New Britain, and shared services at the system office in Hartford that make up the primary reporting entity. The primary reporting entity is financially accountable for the units that make up its legal entity. CT State's twelve primary campuses are as follows:

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

CT State 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 CT State campuses 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 Bristol, Danbury, Meriden, North Haven and Willimantic.

Financial Statements

The CT State financial report includes the following financial statements and related footnotes: 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"). The MD&A, financial statements, notes, and other supplementary information are the responsibility of management.

GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of CT State as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2025 financial statements and footnotes are presented for the CT State primary institution, as well as for certain other organizations that have a significant related party relationship with CT State (the "component units").

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

Key Reporting Changes

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium that changed the way fringe is paid for institutions of higher education. Effective July 1, 2023, the State funds the employee retirement benefits for CT State's employees so there is no longer a charge to CT State through a fringe benefit rate assessment. CT State funds all non-retirement employee fringe costs. A reduction in appropriations to CT State is also a result of the State directly covering retirement-related costs for CT State employees. Beginning in fiscal year 2025, CT State no longer recognizes net pension and Other Postemployment Benefits (OPEB) liabilities and deferrals. See Notes 13, 14 and 15 for details.

Financial Summary

CT State had total assets of \$1.1 billion, liabilities of \$134 million, and a total net position balance of \$972.0 million at June 30, 2025. Of the total net position balance, \$285.3 million is classified as unrestricted net position, a \$1.1 billion increase from 2024. The increase in total net position is attributable primarily to the derecognition of pension and OPEB liabilities and deferrals (See Note 15) plus a combination of other factors including an increase in enrollment. These factors and other changes are further detailed in the following sections of the MD&A.

STATEMENT OF NET POSITION

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

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

	<u>2025</u>	<u>2024 (Restated)</u>	<u>% Change</u>
ASSETS			
Current assets	\$ 434,391	\$ 370,988	17.1%
Non-current assets	672,541	689,027	-2.4%
Total Assets	<u>1,106,932</u>	<u>1,060,015</u>	4.4%
DEFERRED OUTFLOWS OF RESOURCES			
	-	304,033	-100.0%
LIABILITIES			
Current liabilities	84,235	86,464	-2.6%
Non-current liabilities	50,234	1,268,466	-96.0%
Total Liabilities	<u>134,469</u>	<u>1,354,930</u>	-90.1%
DEFERRED INFLOWS OF RESOURCES			
	504	721,545	-99.9%
NET POSITION			
Invested in capital assets	646,364	658,529	-1.8%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	40,298	26,452	52.3%
Unrestricted	285,276	(1,397,428)	120.4%
Total Net Position	<u>\$ 971,958</u>	<u>\$ (712,427)</u>	236.4%

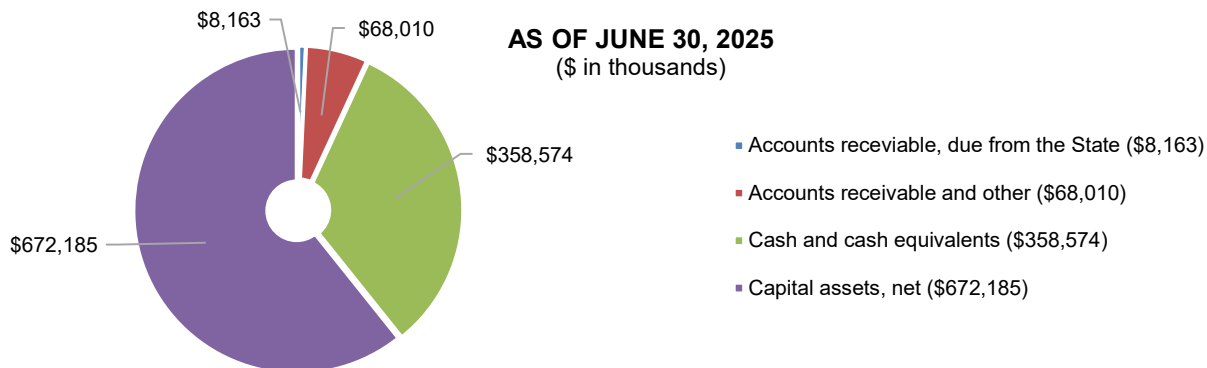
Assets

Total assets increased by \$46.9 million in fiscal year 2025 due to the following:

Current assets consist of cash and cash equivalents and accounts receivable. The \$63.4 million increase in current assets from the previous year is primarily attributable to a \$45.1 million increase in cash and cash equivalents and a \$17.1 million increase in accounts receivable other, net that is attributable to timing differences in federal student loan drawdowns.

Non-current assets which consists of capital assets, net and noncurrent receivables, decreased by \$16.5 million. At June 30, 2025, capital assets in service totaled \$1.2 billion, offset by \$603.7 million in accumulated depreciation and amortization. There were \$12.6 million in additions to Construction in Progress, representing various building improvements across the campuses. Completed projects totaled \$5.4 million and include various building improvements.

The following graph shows total assets by major category:



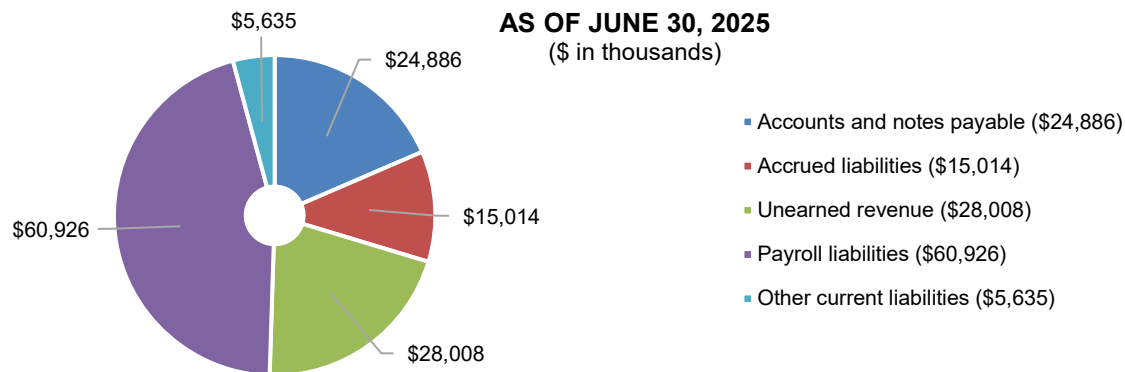
Liabilities

Total liabilities decreased by \$1.220.4 million in fiscal year 2025 due to the following:

Current liabilities as of June 30, 2025 consist primarily of accrued payroll and related benefits of \$27.4 million which decreased by \$5.5 million from June 30, 2024 due to timing of payroll. An increase of \$5.9 million in vendor accounts payable is primarily due to amounts related to construction projects and grants. Additional significant current liabilities include \$3.8 million for the estimated value of accrued compensated absences that are estimated to be paid within the coming year to employees who terminate or retire, and \$3.1 million in agency and loan fund liabilities. The current portion of notes payable consists of an agreement to purchase IT infrastructure, and loans relating to energy efficiency projects.

Non-current liabilities consist of \$29.8 million of long-term accrued compensated absences (“ACA”) to be paid out to terminating employees over time in the future beyond one year, \$10.9 million in subscription based IT arrangement and lease liabilities, and \$9.6 million in the non-current portion of the notes payable mentioned above.

The following graph shows total liabilities by major category:



Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources decreased to zero from \$304.0 million due to the derecognition of pension and OPEB balances, and *Deferred inflows of resources* decreased to \$504 thousand from \$721.0 million, also primarily due to the derecognition of pension and OPEB balances (See Note 15).

Net Position

The *total net position* includes \$646.4 million *Net Investment in Capital Assets* which represents CT State's capital assets net of accumulated depreciation and amortization, and offset by lease and subscription liabilities and a note payable relating to IT improvements.

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

Restricted-Expendable net position represents primarily bond fund appropriation balances at June 30, 2025, 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.

Unrestricted net position (“UNP”) has shifted to a positive balance due to the derecognition of pension and OPEB liabilities (Note 15). Excluding the impact of the change in net pension and OPEB liabilities, UNP increased by \$50.4 million to \$285.3 million from 2024 to 2025.

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

	<u>2025</u>	<u>2024 (Restated)</u>	<u>% Change</u>
NET POSITION			
Net investment in capital assets	\$ 646,364	\$ 658,529	-1.8%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	40,298	26,452	52.3%
Unrestricted	285,276	(1,397,428)	120.4%
Total Net Position	<u>\$ 971,958</u>	<u>\$ (712,427)</u>	236.4%
Pension and OPEB Impact (GASB 68 and 75)	-	1,632,348	-100.0%
Total Net Position, Excluding Pension and OPEB	<u>\$ 971,958</u>	<u>\$ 919,921</u>	5.7%
Unrestricted Net Position, Excluding Pension and OPEB	<u>\$ 285,276</u>	<u>\$ 234,920</u>	

Unrestricted net position excluding pension and OPEB of \$285.3 million includes funds that are designated to be set aside as reserves according to the CSCU fund balance policy.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

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

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

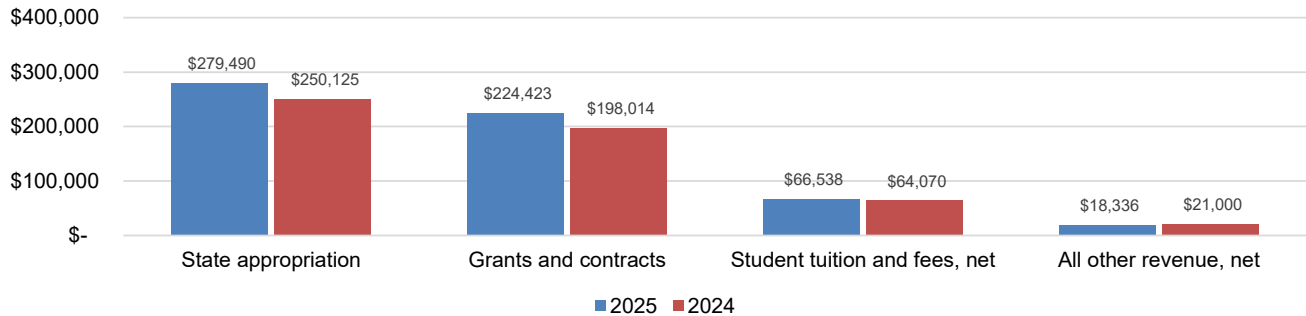
	<u>2025</u>	<u>2024</u>	<u>% Change</u>
OPERATING REVENUES			
Student tuition and fees, net	\$ 66,538	\$ 64,070	3.9%
Grants and contracts	65,591	52,783	24.3%
Other revenues	6,033	9,316	-35.2%
Total Operating Revenues	<u>138,162</u>	<u>126,169</u>	9.5%
OPERATING EXPENSES			
Expenses before depreciation and amortization	494,034	462,379	6.8%
Depreciation and amortization	41,647	38,106	9.3%
Total Operating Expenses	<u>535,681</u>	<u>500,485</u>	7.0%
Operating Loss	<u>(397,519)</u>	<u>(374,316)</u>	6.2%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations	279,490	250,125	11.7%
Pell grant revenue	81,389	67,562	20.5%
Federal non-operating grant revenue	77,443	77,669	-0.3%
Other non-operating revenue (expense), net	12,303	11,684	5.3%
Total Non-operating Revenues	<u>450,625</u>	<u>407,040</u>	10.7%
OTHER CHANGES IN NET POSITION			
Loss on disposal of asset and other additions (deductions)	(1,069)	473	-326.0%
Derecognition of pension and OPEB balances	1,632,348		100.0%
Total Other Changes in Net Position	<u>1,631,279</u>	<u>473</u>	344779.3%
NET POSITION			
Change in Net Position	1,684,385	33,197	4973.9%
Net Position, Beginning of Year	<u>(747,478)</u>	<u>(780,675)</u>	4.3%
Adjustment to beginning balance (Note 16)	<u>35,051</u>	<u>-</u>	
Net Position, Beginning of Year, restated	<u>(712,427)</u>	<u>-</u>	
Net Position, End of Year	<u>\$ 971,958</u>	<u>\$ (747,478)</u>	230.0%



Revenues

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

REVENUE SUMMARY BY CATEGORY (\$ IN THOUSANDS)

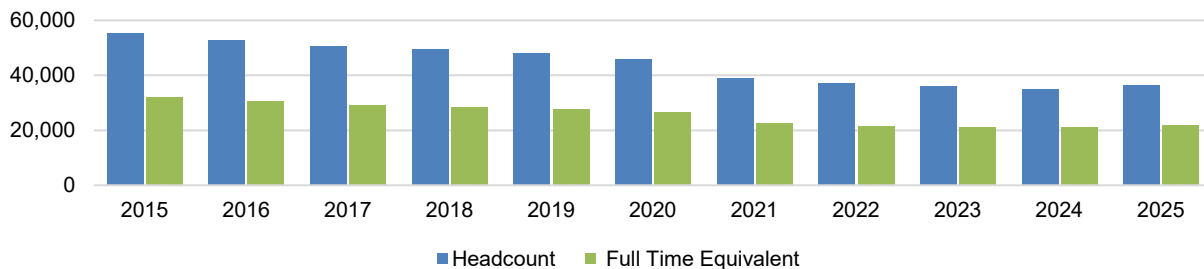


Operating Revenues

Total *operating revenues* increased by \$12.0 million in fiscal year 2025. *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 \$66.5 million. These revenues reflect an increase in tuition and fees of 5%, combined with an increase in full-time equivalents of 3.4%. Scholarship discounts and allowances increased by \$14.8 million due to an increase in Pell grants, continued State support for the Mary Ann Handley Award scholarships (formerly named Pledge to Advance Connecticut ("PACT")) scholarships, and an increase in other institutional scholarships.

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

FALL HEADCOUNT ENROLLMENT AND FULLTIME EQUIVALENT 10-YEAR COMPARISON



Nonoperating Revenue and Expenses

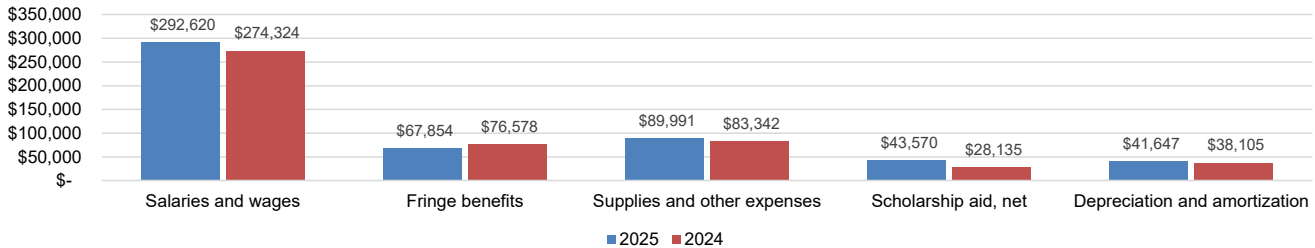
Nonoperating revenue and expenses includes state appropriations, certain federal grants including the American Rescue Plan Act of 2021 ("ARPA") grants, private gifts and donations, and investment income earned on cash balances invested by the State treasurer's office. The State appropriation for salaries, fringe, and other was \$249.5 million which is an increase of \$29.8 million from 2024. The increase in appropriations is due to an increase in the block grant to cover salary increases required under collective bargaining agreements and other operating expenses. Bond fund appropriation revenues increased to \$30.0 million in 2025 from \$25.7 million in 2024. Total indirectly awarded federal grants were \$77.4 million, up from \$76.6 million in 2024. Pell grant revenue increased by \$13.8 million due to the increase in overall enrollment, and more students qualifying for assistance.



Operating Expenses

The following graph shows CT State's operating expenses by natural classification:

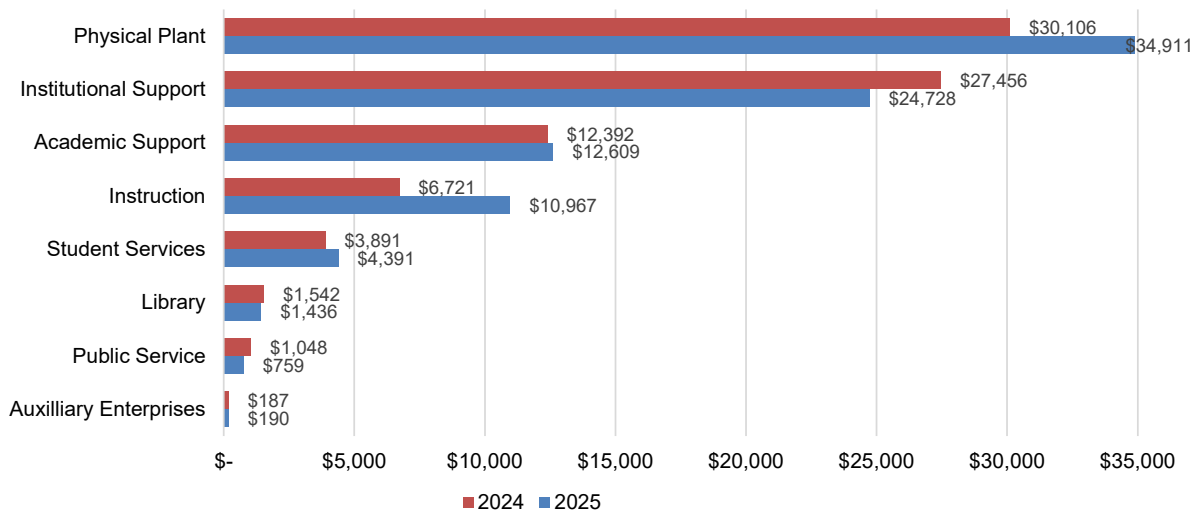
EXPENSE BY NATURAL CLASSIFICATION (\$ IN THOUSANDS)



Total operating expenses for fiscal year 2025 were \$535.7 million which reflects an increase of \$35.2 million from fiscal 2024. In addition, operating expenses include \$43.6 million in net scholarship aid expense provided to students, which is an increase of \$15.4 million from 2024. There was also \$33.5 million in depreciation expense, \$8.1 million in amortization expense, and \$90.0 million for all other service and supply costs in 2025. 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 college. Other operating supplies and expenses decreased by \$2.1 million.

CT State recorded an operating loss of \$397.5 million during the year ended June 30, 2025. 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 *nonoperating revenues*, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be operating expenses.

SUPPLIES AND OTHER EXPENSES BY FUNCTIONAL CLASSIFICATION (\$ IN THOUSANDS)



Other Changes in Net Position

Other changes in net position include the derecognition of pension and OPEB balances, and a loss on disposal of assets.

STATEMENT OF CASH FLOWS

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

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

	<u>2025</u>	<u>2024</u>	<u>% Change</u>
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (374,705)	\$ (334,618)	12.0%
Noncapital financing activities	407,663	388,833	-4.8%
Capital and related financing activities	(822)	(4,468)	-81.6%
Investing activities	<u>12,953</u>	<u>12,532</u>	3.4%
Net change in cash and cash equivalents	45,089	62,279	-27.6%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	<u>313,485</u>	<u>251,206</u>	24.8%
Cash and cash equivalents, end of year	<u>\$ 358,574</u>	<u>\$ 313,485</u>	14.4%

Major sources of *operating activity* cash inflows include receipts of student tuition and fees of \$69.4 million and receipts from government grants and contracts of \$57.2 million. Cash is also received from private grants and contracts, miscellaneous auxiliary and educational sales, and other activities. The largest operating cash outflows include salaries paid to employees of \$293.9 million and fringe benefits paid on behalf of employees of \$67.9 million.

The largest inflow of cash related to *non-capital financing* is State appropriations, which were \$248.8 million, including general fund appropriations to cover salaries and certain fringe benefits, additional one-time funding, the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Other non-capital financing cash inflows include Pell grants and other federal grants of \$158.8 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 CT State directly, or by DAS on CT State's behalf. During fiscal year 2024, capital financing net cash inflows of \$30.0 million reflected the receipt of bonds which were offset by \$19.9 million used for the purchase of capital assets, and \$10.9 million used for principal and interest payments on obligations.

Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of CT State and distributed quarterly. Cash inflows from the Short-Term Investment Fund ("STIF") increased by \$420 thousand due to the continuation of favorable interest rates.

ECONOMIC OUTLOOK

In June 2025, the Board of Regents approved CT State Community College's (CT State CC) 2026 operating budget of \$505.2 million. The budget is supported by \$425.9 million in revenue, with the \$79.3 million gap to be covered by accumulated reserves, resulting in a balanced budget.

The projected shortfall - before applying reserves—largely reflects the expiration of one-time funding that previously supported ongoing services. CT State CC also faces inflationary cost pressures and potential increases tied to the new collective bargaining agreements, without the benefit of added revenue from tuition and fee increases.

To address the structural deficit from the loss of temporary state funds, CT State CC has adopted a multi-year deficit mitigation plan focused on strategic resource allocation, revenue diversification, cost efficiency measures, and investment in student success initiatives.

For FY2026, the State budget provides \$278.6 million in state appropriations to CT State CC, including flat funding for Developmental Education and Outcomes-Based Funding. This represents an 18% or (\$61 million) decrease from FY2025 levels. Of this amount, approximately \$244.5 million is allocated to maintain current services across campuses. The remaining shortfall will be covered through the use of accumulated reserves, a measure intended to avoid passing on the financial burden onto students through tuition and fee increases.

Additional Information

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

	<u>2025</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 358,573,871
Accounts receivable, due from the State	8,163,302
Accounts receivable other, net	66,594,617
Prepaid expenses and other current assets	1,059,199
Total Current Assets	<u>434,390,989</u>
Non-current Assets	
Accounts receivable - non current	355,255
Capital assets, net	672,185,298
Total Non-current Assets	<u>672,540,553</u>
Total Assets	<u>\$ 1,106,931,542</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 12,499,744
Subscription liabilities	2,590,089
Lease liabilities	1,549,825
Accrued expenses - salary and fringe benefits	27,390,072
Accrued compensated absences	3,756,018
Unearned tuition and grant revenue	28,007,537
Agency and loan fund liabilities	3,129,472
Notes payable	2,806,701
Other liabilities	2,505,630
Total Current Liabilities	<u>84,235,088</u>
Non-current Liabilities	
Subscription liabilities	5,720,914
Lease liabilities	5,153,299
Notes payable	9,579,669
Accrued compensated absences	29,779,857
Total Non-current Liabilities	<u>50,233,739</u>
Total Liabilities	<u>\$ 134,468,827</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred lease inflows	504,314
Total Deferred Inflows of Resources	<u>\$ 504,314</u>
NET POSITION	
Net investment in capital assets	\$ 646,363,927
Restricted	
Nonexpendable	20,000
Expendable	40,298,222
Unrestricted	285,276,252
Total Net Position	<u>\$ 971,958,401</u>



	<u>2025</u>
ASSETS	
Cash and cash equivalents	\$ 4,749,199
Contributions receivable, net	408,705
Prepaid expenses and other assets	1,728,591
Investments	82,537,539
Undeposited Funds	693
Total Assets	<u>\$ 89,424,727</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 396,966
Grants payable	1,185,787
Other liabilities	49,767
Total Liabilities	<u>\$ 1,632,520</u>
NET ASSETS	
Without donor restrictions	\$ 22,179,048
With donor restrictions	65,613,159
Total Net Assets	<u>87,792,207</u>
Total Liabilities and Net Assets	<u>\$ 89,424,727</u>

Connecticut State Community College
Statement of Revenues, Expenses, and Changes in Net Position –
Primary Institution
For the Year Ended June 30, 2025



	<u>2025</u>
OPERATING REVENUES	
Student tuition and fees	\$ 169,350,112
Less: Scholarship discounts and allowances	(102,812,479)
Net student tuition and fees	<u>66,537,633</u>
Federal grants and contracts	24,895,140
State and local grants and contracts	37,797,464
Nongovernment grants and contracts	2,898,650
Auxiliary revenues	319,373
Other operating revenues	5,713,791
Total Operating Revenues	<u>138,162,051</u>
OPERATING EXPENSES	
Salaries and wages	292,620,001
Fringe benefits	67,853,731
Professional services and fees	19,488,498
Educational services and support	11,409,648
Travel expenses	2,475,578
Operation of facilities	35,923,414
Other operating supplies and expenses	20,693,782
Scholarship aid, net	43,569,653
Depreciation and amortization	41,646,555
Total Operating Expenses	<u>535,680,860</u>
Operating Loss	<u>(397,518,809)</u>
NONOPERATING REVENUES (EXPENSES)	
State appropriation - Payroll	249,478,248
State appropriation - Bond Fund	30,012,013
Pell grant revenue	81,389,111
Federal non-operating pass-through grant revenue	77,442,766
Other non-operating revenue (expense), net	13,013,362
Interest Expense	(710,550)
Net Nonoperating Revenues	<u>450,624,950</u>
Increase Before Other Changes in Net Position	<u>53,106,141</u>
OTHER CHANGES IN NET POSITION	
Loss on disposal of assets	(1,068,457)
Derecognition of pension (Note 15)	647,548,097
Derecognition of OPEB (Note 15)	984,799,685
Total Other Changes in Net Position	<u>1,631,279,325</u>
Increase in Net Position	<u>1,684,385,466</u>
NET POSITION	
Net Position, Beginning of Year, restated (Note 16)	(712,427,065)
Net Position, End of Year	<u>\$ 971,958,401</u>

See accompanying notes to basic financial statements



	2025		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Gifts and grants	\$ 2,272,957	\$ 5,159,822	\$ 7,432,779
Events and activities	527,956	487,508	1,015,464
Investment return, net	2,344,161	5,962,050	8,306,211
Net assets released from restrictions	5,066,402	(5,066,402)	-
Total Revenues	10,211,476	6,542,978	16,754,454
EXPENSES			
Program services	4,091,631	9,500	4,101,131
Scholarships, awards, and financial aid	2,700,680	-	2,700,680
Fundraising events	726,369	-	726,369
Management and general	1,375,915	-	1,375,915
Total Expenses	8,894,595	9,500	8,904,095
Change in Net Assets	1,316,881	6,533,478	7,850,359
NET ASSETS			
Net Assets, Beginning of Year	20,977,198	65,505,423	86,482,621
*Transfer Out	(115,031)	(6,425,742)	(6,540,773)
Net Assets, End of Year	\$ 22,179,048	\$ 65,613,159	\$ 87,792,207

*In February 2025, the QVCC Foundation Board of Directors elected to dissolve the organization, and transferred endowment balances to the Northeast Connecticut Education Foundation (NCEF).

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 69,355,005
Grants and contracts	57,232,290
Auxiliary and Other Operating Revenues	6,370,010
Payments to employees	(293,854,565)
Payments for fringe benefits	(67,853,731)
Payments to students	(44,935,685)
Payments to vendors	(101,017,878)
Net Cash Used in Operating Activities	<u>(374,704,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	12,952,518
Net Cash Provided by Investing Activities	<u>12,952,518</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State appropriations	30,012,013
Purchase of capital assets	(19,908,501)
Principal and interest paid on obligations	(10,925,781)
Net Cash (Used In) Provided by Capital and Related Financing Activities	<u>(822,270)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	248,769,018
Nonoperating federal grants	158,831,224
Other non-operating revenue	63,059
Net Cash Provided by Noncapital Financing Activities	<u>407,663,301</u>
INCREASE IN CASH AND CASH EQUIVALENTS	45,088,996
BEGINNING CASH AND CASH EQUIVALENTS	\$ 313,484,875
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 358,573,871</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	\$ (397,518,809)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation and Amoritzation expense	41,646,555
Loss on disposal of assets	1,068,457
Changes in Operating Assets, Liabilities and Deferred Outflows and Inflows of Resources:	
Accounts Receivable, net	(17,110,772)
Prepaid expenses and other assets net	(848,657)
Accounts payable and other liabilities	(11,026,958)
Unearned tuition, fees and grant revenue	10,378,250
Accrued compensation and compensated absences	(1,234,564)
Deferred inflows of resources	(58,057)
Net Cash Used in Operating Activities	<u>\$ (374,704,554)</u>

See accompanying notes to basic financial statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The Connecticut State Colleges and Universities System ("CSCU") was established by the State of Connecticut (the "State") in 2011 via Public Act 11-48 as amended by Public Act 11-61. This brought together the governance structure for the Connecticut State University System ("CSU"), the Connecticut Community College System ("CCC" or "the Colleges") and Charter Oak State College ("COSC") under the newly formed Board of Regents for Higher Education. Effective July 1, 2023, the twelve community colleges were merged under the name Connecticut State Community College ("CT State") and were granted accreditation by the New England Commission of Higher Education ("NECHE"). CT State's first semester of operation as a merged college was Fall 2023.

CSCU consists of six separate institutions including four state universities, CT State Community College (comprised of twelve campuses), 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 financial statements presented herein represent only the financial activities of CT State. Separate financial statements are issued for CSU and COSC.

Basis of Presentation

The financial statements for CT State 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 organization in the financial statements includes CT State, and its aggregate discretely presented component units.

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

The CT State 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 CT State'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'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 CT State 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 CT State campuses 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 campuses by the donors. Since these restricted resources held by the Foundations can only be used by, or for the benefit of, CT State, the Foundations are considered component units of the CT State primary institution.

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 CT State financial reporting entity for these differences. The disclosures included in the financial statements address only the CT State and not the related Foundations. Three of the twelve Foundations report on a December 31 fiscal year end. These Foundation's assets represent 8.5% of total assets, and 8.6% of total net assets for the discretely presented component units at June 30, 2025. 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 acquisition value on date of gift, net of accumulated depreciation, and right-of-use assets, net of accumulated amortization, reduced by notes payable and lease and subscription liabilities that are attributable to the acquisition of those assets. 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 CT State. 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 CT State is subject to externally imposed stipulations that can be fulfilled by actions of CT State 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 to support academic and research programs and initiatives, and capital programs.

In 2025, beginning net position was adjusted to reflect an increase of \$35 million related to certain capital assets that had not been previously recorded. Refer to note 16 for additional details regarding this immaterial correction of an error in the prior period financial statements.

Classification of Assets and Liabilities

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund (“STIF”), state general fund and capital appropriations, restricted cash held in an escrow account, and petty cash. The STIF, stated at market value, is held on behalf of CT State 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 CT State 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:

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

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

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

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

Right of Use Asset

Right-of-Use (“ROU”) building and equipment assets are recognized at the lease commencement date and represent CT State’s right to use an underlying asset for the lease term. ROU assets are measured at the

initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs.

ROU subscription assets are recognized at the agreement's commencement date and represent CT State's right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs.

Amortization for ROU intangible assets is computed using the straight-line method over the shorter of the contract term or estimated useful lives of the assets; but if the underlying lease contains a purchase option determined to be reasonably certain of being exercised, the ROU intangible asset is amortized over the estimated useful life of the asset. ROU lease and subscription assets are reported within capital assets, net in the statement of net position.

Lease Receivable

Lease receivables are recorded by CT State as the present value of lease payments expected to be received under all leases other than those deemed to be 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 unrecognized revenues from lease receivables.

Lease Liabilities

Lease liabilities represent CT State's obligations to make future payments for leases of real property and equipment. Lease liabilities are recognized at the lease commencement date based on the present value of the payments over the remaining lease term. If the discount rate is not implicit in the agreement, an institutional borrowing rate determined by CT State is used to calculate the present value. Short-term subscriptions with a maximum period of 12 months are expensed as incurred.

Subscription Liabilities

Subscription liabilities represent CT State's obligations to make future payments for Subscription-Based Information Technology Agreements (SBITAs). SBITA liabilities are recognized at the subscription commencement date based on the present value of the payments over the remaining SBITA term. If the discount rate is not implicit in the agreement, an institutional borrowing rate determined by CT State is used to calculate the present value. Short-term subscriptions with a maximum period of 12 months are expensed as incurred.

Accrued Compensated Absences (ACA)

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

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 State allotted \$70.2 million to CT State in fiscal year 2025 which was part of the State's American Rescue Plan Act of 2021 ("ARPA") allocation to offset operating losses incurred because of COVID-19. The funding was recorded as federal pass-through grant revenue under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2025.

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 and represent the largest portion of operating revenue. This amount is 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 CT State 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.

State Funding for Employee Retirement and Other Post Employment Benefit (OPEB) Plans

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium that changed the way fringe is paid for institutions of higher education. Effective July 1, 2023, the State directly funds CT State employee benefit retirement costs, which are therefore no longer charged to CT State through a fringe benefit rate assessment. As a result, there is a reduction in appropriations to CT State since the State is directly covering retirement-related costs for all eligible CT State employees. The direct funding by the State is not considered to be a special funding situation which would require on behalf payments to be recorded by CT State. This is because CT State is an agency of the State, and not a separate legal entity. Beginning in Fiscal Year 2025, CT State no longer recognizes net pension and OPEB liabilities and deferrals due to the legislative change that shifts retirement cost funding entirely to the State. The reversal of these amounts are presented as special items in Other Changes in Net Position on the Statement of Revenues, Expenses, and Changes in Net Position.

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with 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 Current Year

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. The adoption of GASB 101 had no effect on CT State's financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints, if the government reports a liability for revenue debt. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The adoption of GASB 102 had no effect on CT State's financial statements.

GASB Pronouncements Effective in Future Years

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability, and also addresses certain application issues. Management is currently assessing the impact of this Statement.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement requires intangible right-to-use capital assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale. Management is currently assessing the impact of this Statement.

Subsequent Events

In accordance with generally accepted accounting principles, CT State has evaluated subsequent events for the period after June 30, 2025, through December 22, 2025, the date the financial statements were issued.

Note 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. CT State may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow requirements.

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

The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities that 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, 2025 was 4.45%.

Cash and cash equivalents at June 30 are as follows:

	<u>2025</u>
Cash	\$ 316,483,787
Cash equivalents	42,090,084
Total Cash and Cash Equivalents	<u>\$ 358,573,871</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. CT State is only invested in the State Treasurer’s STIF, which is a combined investment pool of high quality, short-term money market instruments. The risk is low for 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. All of CT State’s cash, cash equivalents and investments were invested in the STIF or consist of State general fund and capital bond fund appropriations allocated to CT State as of June 30, 2025.

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.

Note 3: Accounts Receivable Other, Net

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

	<u>2025</u>
Student tuition and fees receivable	\$ 21,049,657
Allowance for doubtful accounts	(13,315,428)
Student tuition and fee receivables, net	<u>7,734,229</u>
Other receivables	
Third-party contracts	833,911
Federal, state, local, and private grants	40,723,495
Other receivables	17,561,413
Allowance for doubtful accounts for other receivables	(258,431)
Other receivables, net	<u>58,860,388</u>
Accounts receivable other, net	<u>\$ 66,594,617</u>

Note 4: Capital Assets

The following table reflects the changes in capital assets for the year ended June 30, 2025 (in thousands):

	Balance (Restated) July 1, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
<u>Capital assets not being depreciated</u>					
Land	\$ 12,614	\$ 40	\$ -	\$ -	\$ 12,654
Construction in progress	18,605	12,613	-	(2,860)	28,358
Total capital assets not being depreciated	<u>31,219</u>	<u>12,653</u>	<u>-</u>	<u>(2,860)</u>	<u>41,012</u>
<u>Depreciable capital assets</u>					
Land improvements	29,151	-	(78)	-	29,073
Building and building improvements	1,055,220	2,513	(226)	2,860	1,060,367
Furniture and equipment	104,581	4,216	(8,775)	-	100,022
Library books	2,267	367	(466)	-	2,168
Artwork non-collection	3,383	103	-	-	3,486
Vehicles	766	96	(133)	-	729
Right-of-use assets - real estate	11,855	-	(2)	-	11,853
Right-of-use assets - equipment	1,601	388	(295)	-	1,694
Right-of-use assets - subscriptions	25,728	4,128	(4,604)	-	25,252
Total depreciable capital assets	<u>1,234,552</u>	<u>11,811</u>	<u>(14,579)</u>	<u>2,860</u>	<u>1,234,644</u>
<u>Less: accumulated depreciation and amortization</u>					
Land improvements	(14,139)	(1,158)	66	-	(15,231)
Building and building improvements	(462,940)	(26,008)	1,469	-	(487,479)
Furniture and equipment	(79,878)	(5,469)	7,712	-	(77,635)
Library books	(1,267)	(380)	455	-	(1,192)
Artwork non-collection	(2,079)	(448)	1	-	(2,526)
Vehicles	(652)	(47)	133	-	(566)
Right-of-use assets - real estate	(4,648)	(1,546)	9	-	(6,185)
Right-of-use assets - equipment	(939)	(342)	253	-	(1,028)
Right-of-use assets - subscriptions	(10,202)	(6,247)	4,822	-	(11,627)
Total accumulated depreciation and amortization	<u>(576,744)</u>	<u>(41,647)</u>	<u>14,920</u>	<u>-</u>	<u>(603,471)</u>
<u>Depreciable Capital Assets, Net</u>	<u>657,808</u>	<u>(29,836)</u>	<u>341</u>	<u>2,860</u>	<u>631,173</u>
<u>Capital Assets, Net</u>	<u>\$ 689,027</u>	<u>\$ (17,182)</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ 672,185</u>

Certain capital asset balances were adjusted as of July 1, 2024. See Note 16 for additional details.

Note 5: Bonds and Note Payable

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

On October 1, 2022, CSCU entered into an installment payment agreement (IPA) with a financial institution for \$37.1 million for the purchase of IT infrastructure software and equipment. The outstanding balance on

the IPA at June 30, 2025 is \$26.5 million; CT State's distributive share of this CSCU note payable is \$10.8 million and CSUS's share is \$15.7 million. Part of the agreement included the receipt of cash of an equal amount in an escrow account to be used for the purchase of the equipment. The escrow account totaled \$678 thousand at June 30, 2025 for CT State, and is included in cash and cash equivalents on the financial statements. The escrow account earned \$35.0 thousand of interest during 2025. The agreement calls for annual payments beginning October 2023 and continuing until October 2029 at 0% interest. CT State's distributive portion of the payments is \$2.2 million each year for the next 6 years.

CT State has entered into multiple installment payment plans for campus energy efficiency projects at several campuses. The payment plans are for 48 – 60 months at 0% interest. The outstanding balance on these loans totals \$1.6 million as of June 30, 2025.

Note 6: Subscription-Based Information Technology Arrangements

CT State entered into various SBITAs that convey CSCU control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities.

Long-term liability activity for the year ended June 30, 2025, is summarized as follows:

Balance 07/01/24	Additions	Deletions	Balance 06/30/25	Amounts due within 1 year
\$ 9,398,650	\$ 4,111,727	\$ (5,199,374)	\$ 8,311,003	\$ 2,590,089

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

Fiscal Year	Principal	Interest	Total
2026	\$ 2,590,089	\$ 475,234	\$ 3,065,323
2027	2,116,624	323,984	2,440,608
2028	795,449	199,903	995,352
2029	856,626	156,223	1,012,849
2030	922,771	108,275	1,031,046
Thereafter	1,029,444	86,413	1,115,857
Total Requirements	\$ 8,311,003	\$ 1,350,032	\$ 9,661,035
Less Current	<u>(2,590,089)</u>		
Non-Current	<u>\$ 5,720,914</u>		

Note 7: Leases

CT State has entered into various leases for buildings and equipment.

Long-term leases payable activity for the year ended June 30, 2025 is summarized as follows:

Balance 07/01/2024	Additions	Deletions and Adjustments	Balance 06/30/25	Amounts due within 1 year
\$ 8,228,477	\$ 365,220	\$ (1,890,573)	\$ 6,703,124	\$ 1,549,825

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

Fiscal Year	Principal	Interest	Total
2026	\$ 1,549,825	\$ 210,364	\$ 1,760,189
2027	1,036,376	162,026	1,198,402
2028	870,570	127,476	998,046
2029	793,228	98,038	891,266
2030	790,122	71,178	861,300
Thereafter	1,663,003	59,597	1,722,600
Total Requirements	\$ 6,703,124	\$ 728,679	\$ 7,431,801
Less Current	<u>(1,549,825)</u>		
Non-Current	<u>\$ 5,153,299</u>		

Note 8: Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

	2025
Accrued vacation	\$ 21,364,633
Accrued sick leave	9,805,965
Other accrued fringe benefits	2,365,278
Total Accrued Compensated Absences	33,535,876
Less: Current Portion	3,756,018
Accrued Compensated Absences - Non-current Portion	\$ 29,779,857

Activity for compensated absences as of June 30 includes:

Balance as of June 30, 2024	\$ 34,770,439
Net Changes FY 2025	<u>(1,234,563)</u>
Balance as of June 30, 2025	<u>\$ 33,535,876</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 CT State. The current portion of ACA is estimated based on recent past history.

Note 9: Unearned Revenue

Deferred grants and contracts and other unearned revenue for the year ended June 30 are as follows:

	<u>2025</u>
Unearned tuition and fees	\$ 5,898,768
Deferred grants revenue	<u>22,108,769</u>
Total Unearned Tuition and Grant Revenue	<u>\$ 28,007,537</u>

Note 10: Commitments and Contingencies

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

CT State is 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 CT State’s financial position.

CT State 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>2025</u>
Total Commitments	\$ 32,673,043

Note 11: Related Parties

The State supports CT State’s mission by providing appropriations from the General Fund. For the year ended June 30, 2025, CT State received \$249.5 million in general fund appropriation.

Accrued salaries for CSCU employees within CT State, whose salaries will be charged to the State of Connecticut General Fund, represent a related party balance. As of June 30, 2025, CT State has a receivable for accrued salaries and fringe in the amount of \$8,163,302.

The accompanying statement of net position includes balances among related parties. As of June 30, 2025, the State of Connecticut held \$345.7 million on behalf of CT State.

In June 2023, the Connecticut General Assembly enacted and the Governor signed Public Act 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amends the State's funding structure for constituent units of the State system of higher education. Effective July 1, 2023, the State began directly funding all of CT State's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. For the year ending June 30, 2025, \$100.3 million was paid by the State for retirement costs for CT State employees. CT State remains responsible for funding all employee non-retirement fringe benefit costs.

Note 12: Natural Classification with Functional Classification

The operating expenses by functional classification for the year ended June 30, 2025 are summarized as follows (in thousands):

	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	Total
Instruction	\$ 158,396	\$ 30,246	\$ 4,274	\$ 5,620	\$ 132	\$ 271	\$ 670	-	-	\$ 199,609
Public Service	101	40	107	316	10	1	325	-	-	900
Academic Support	35,620	9,778	1,276	2,332	1,630	897	6,474	-	-	58,007
Library	7,168	1,795	75	1,194	10	17	140	-	-	10,399
Student Services	38,780	11,083	1,632	1,486	162	190	920	-	-	54,253
Institutional Support	39,427	10,359	11,722	429	488	1,019	11,071	-	-	74,515
Physical Plant	13,032	4,651	272	32	44	33,528	1,035	-	-	52,594
Depreciation and amortization	-	-	-	-	-	-	-	-	41,647	41,647
Scholarship Aid	-	-	-	-	-	-	-	43,570	-	43,570
Auxiliary Enterprises	96	(98)	131	-	-	-	59	-	-	188
Total	\$ 292,620	\$ 67,854	\$ 19,489	\$ 11,409	\$ 2,476	\$ 35,923	\$ 20,694	\$ 43,570	\$ 41,647	\$ 535,682

Note 13: Retirement Plans

Pension Plans

All regular full-time employees of CSCU are eligible to participate in one of two defined benefit plans administered through the State: the State Employees Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports, but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at osc.ct.gov.

The State of Connecticut is statutorily responsible for the pension benefits of CSCU employees who participate in the 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.

TRS is a cost-sharing multiple-employer defined benefit plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with CSCU and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State legislature and is administered by the Teachers' Retirement Board.

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

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

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. Employee contribution rates for the year ended June 30, 2025 are as follows:

Tier I Plan B – 2% of earnings up to the Social Security Taxable Wage Base plus 5% of earnings above that level

Tier I Plan B Hazardous Duty – 4% of earnings up to the Social Security Taxable Wage Base plus 5% of earnings above that level

Tier I Plan C – 5% of earnings

Tier II Regular – 2% of earnings

Tier II Hazardous Duty – 6% of earnings

Tier IIA and III Regular – 4% of earnings

Tier IIA and III Hazardous – 7% of earnings

Tier IV – 5% of earnings

Effective July 1, 2023, State legislation altered the funding structure for public higher education for employer contributions to the SERS and TRS (See Note 15). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and CT State did not make any payments to SERS or TRS. As a result, no deferred outflows of resources were reported starting with the June 30, 2024 reporting date for contributions made after the measurement date (June 30, 2023).

Prior to the legislative change effective July 1, 2023, the total collective pension liability (TPL) used to calculate the net pension liability (NPL) was based on actuarial valuation reports for both SERS and TRS,

and CT State's proportionate share of the NPL was determined by its share of total contributions to each plan. Due to the legislative changes effective after June 30, 2023, CT State's proportionate share was reduced to zero for both plans as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions.

With a zero percent proportionate share, CT State no longer met the criteria under GASB 68 to report pension liabilities or pension-related deferred inflows and deferred outflows in its financial statements, and recorded no pension expense for the year ended June 30, 2025. This change in accounting for pension is recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025 rather than being amortized as a change in proportionate share through pension expense. Additional details are provided in Note 15.

Alternate Retirement Plan (ARP)

Alternatively, employees may choose to participate in the ARP, which is a defined contribution plan managed by Empower. Eligible employees who became ARP participants prior to September 1, 2017 contribute 5.0% of their pay and the State contributes 7.0% to participants' investment accounts. Employees becoming ARP participants on or after September 1, 2017 contribute 6.5% and the State contributes 7.0% to individual participants' investment accounts managed by Empower. Employees that became ARP employees on or after September 1, 2017 may opt out of the 6.5% contribution and elect a 5.0% participant contribution.

Note 14: 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 Plan 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

SEOPEBP is primarily funded on a pay-as-you-go basis for non-contributory members and 100 percent for contributory members through an annual appropriation in the General Fund. 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 employee's unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits for a period of time. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, effective July 1, 2023, legislation altered the funding structure for public higher education's employer contributions to the SEOPEBP (see Note 15). Beginning in fiscal year 2024, the State assumed responsibility for these contributions, and CT State did not make any payments to SEOPEBP. As a result, no deferred outflows of resources were reported starting with the June 30, 2024 reporting date for contributions made after the measurement date (June 30, 2023).

Prior to the legislative change effective July 1, 2023, the total collective OPEB liability (TOL) used to calculate the net OPEB liability (NOL) was based on actuarial valuation reports for SEOPEBP, and CT State's proportionate share of the NOL was determined by its share of total contributions. Due to the legislative changes effective after June 30, 2023, CT State's proportionate share was reduced to zero as of the June 30, 2024 measurement date, reflecting the State's full funding of contributions.

With a zero percent proportionate share, CT State no longer met the criteria under GASB 75 to report OPEB liabilities or OPEB-related deferred inflows and outflows in its financial statements, and recorded no OPEB expense for the year ended June 30, 2025. This change in accounting for OPEB is recorded as a special item in the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025 rather than being amortized as a change in proportionate share through OPEB expense. Additional details are provided in Note 15.

Note 15: Special Items: Derecognition of Pension and OPEB Balances

As described in Note 1, in fiscal year 2025 CT State recorded special items for the removal of pension and OPEB balances. These derecognitions are classified as special items under GASB Statements No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* because they are infrequent in occurrence and involved management participation and influence.

GASB Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* do not require allocation of pension and OPEB liabilities to individual funds within the reporting entity unless those liabilities are directly related to and expected to be paid from those funds. Based on this guidance and legislative changes, CT State no longer recognizes these liabilities. The derecognitions were recorded separately in other changes in net position in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2025.

The total impact of the derecognitions for CT State was approximately \$1.632 billion. The following table shows the increase (decrease) to net position by plan and balance type (amounts in thousands) as of July 1, 2024:

	SERS	TRS	Total Pension	SEOPEBP	Total Pension and OPEB Derecognition
Liabilities	\$467,427	\$19,396	\$486,823	\$728,627	\$1,215,450
Deferred inflows of resources	274,298	7,600	\$281,898	439,033	\$720,931
Deferred outflows of resources	\$ (112,001)	\$ (9,172)	\$ (121,173)	\$ (182,860)	\$ (304,033)
	\$629,724	\$17,824	\$647,548	\$984,800	\$1,632,348

Note 16: Beginning Net Position Adjustment

An adjustment to beginning net position was made for capital assets relating to magnet schools that were previously recorded as discreetly presented component units. Two separate magnet schools, Quinebaug Middle College and Great Path Academy at the Manchester campus were no longer reported as component units beginning in fiscal year 2016 and fiscal year 2021, respectively. During the year ended June 30, 2025, CT State determined that certain capital assets relating to the magnet schools are owned by CT State, and should be reported in capital assets, net. This adjustment is considered an immaterial correction of an error in the previous financial statements. The effect of the beginning net position adjustment is as follows:

	Previously reported July 1, 2024	Magnet Schools Adjustment	Restated Balance July 1, 2024
Depreciable capital assets:			
Buildings and building improvements	\$ 1,003,072,360	\$ 52,147,825	\$ 1,055,220,185
Furniture and equipment	103,017,856	1,563,589	104,581,445
Artwork non-collection	3,157,758	225,000	3,382,758
Less accumulated depreciation:			
Buildings and building improvements	(445,749,977)	\$ (17,190,509)	\$ (462,940,486)
Furniture and equipment	(78,407,663)	(1,470,023)	(79,877,686)
Artwork non-collection	(1,854,235)	(225,000)	(2,079,235)
Capital assets, net	653,975,843	35,050,882	689,026,725
Net investment in capital assets	623,478,154	\$ 35,050,882	\$ 658,529,036
Total net position	\$ (747,477,947)	\$ 35,050,882	\$ (712,427,065)

REQUIRED SUPPLEMENTARY INFORMATION

Connecticut State Community College
Schedule of Net Pension Liability, OPEB Liability, and Related Ratios (Unaudited)
Years Ended 2025-2016 (Pension) and 2025-2017 (OPEB)



State Employee Retirement System Plan

Last 10 Fiscal Years

(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CT State's proportion of the net pension liability	0.00%	2.25%	2.88%	3.99%	3.78%	3.89%	3.55%	3.55%	3.61%	3.60%
CT State's proportionate share of the net pension liability	\$ -	\$ 467,427	\$ 635,914	\$ 848,177	\$ 895,828	\$ 888,170	\$ 770,504	\$ 747,249	\$ 829,328	\$ 594,978
CT State's covered payroll	\$ -	\$ 93,937	\$ 109,200	\$ 153,456	\$ 138,687	\$ 143,525	\$ 121,796	\$ 136,569	\$ 134,378	\$ 130,285
CT State's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	498%	582%	553%	646%	619%	633%	547%	617%	457%
Plan Fiduciary net position as a percentage of the total pension liability	0.00%	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%

Teachers Retirement System Plan

Last 10 Fiscal Years

(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
CT State's proportion of the net pension liability	0.00%	0.11%	0.08%	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.11%
CT State's proportionate share of the net pension liability	\$ -	\$ 19,396	\$ 15,054	\$ 16,910	\$ 21,338	\$ 32,758	\$ 25,258	\$ 12,130	\$ 12,798	\$ 12,018
CT State's covered payroll	\$ -	\$ 5,593	\$ 3,758	\$ 5,483	\$ 5,348	\$ 5,559	\$ 6,578	\$ 3,549	\$ 3,549	\$ 4,327
CT State's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	347%	401%	308%	399%	589%	384%	342%	361%	278%
Plan Fiduciary net position as a percentage of the total pension liability	0.00%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Other Post Employment Benefits

Last 10 Fiscal Years ¹

(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CT State's proportion of the net OPEB liability	0.00%	4.67%	4.84%	4.83%	5.00%	5.45%	4.81%	3.90%	4.03%
CT State's proportionate share of the net OPEB liability	\$ -	\$ 728,627	\$ 749,814	\$ 942,813	\$ 1,178,083	\$ 1,128,068	\$ 834,514	\$ 841,978	\$ 869,279
CT State's covered payroll	\$ -	\$ 227,294	\$ 181,848	\$ 176,189	\$ 187,455	\$ 197,396	\$ 194,412	\$ 200,796	\$ 206,023
CT State's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	321%	412%	535%	628%	571%	429%	419%	N/A
Plan Fiduciary net position as a percentage of the total OPEB liability	0.00%	14.60%	12.63%	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

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



State Employee Retirement System Plan

Last 10 Fiscal Years
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ 73,498	\$ 82,157	\$ 71,276	\$ 61,039	\$ 61,450	\$ 51,270	\$ 55,136	\$ 54,676	\$ 49,636
Contributions in relation to the contractually required contribution	-	(73,498)	(82,157)	(71,276)	(61,039)	(61,450)	(51,270)	(54,695)	(54,239)	(49,388)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ 437</u>	<u>\$ 248</u>
CT State's covered payroll	\$ -	\$ 93,937	\$ 109,200	\$ 153,456	\$ 138,687	\$ 139,212	\$ 121,796	\$ 136,569	\$ 136,569	\$ 130,285
Contributions as a percentage of covered payroll	0.00%	78.24%	75.24%	46.45%	44.01%	44.14%	42.09%	40.05%	39.72%	37.91%

Teachers Retirement System Plan

Last 10 Fiscal Years ¹
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ 1,800	\$ 1,187	\$ 1,416	\$ 1,370	\$ 2,480	\$ 2,441	\$ 909	\$ 876	\$ 1,078
Contributions in relation to the contractually required contribution	-	(2,134)	(2,367)	(1,811)	(1,642)	(1,963)	(1,296)	(551)	(1,613)	(1,970)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (335)</u>	<u>\$ (1,180)</u>	<u>\$ (395)</u>	<u>\$ (273)</u>	<u>\$ 517</u>	<u>\$ 1,145</u>	<u>\$ 358</u>	<u>\$ (737)</u>	<u>\$ (892)</u>
CT State's covered payroll	\$ -	\$ 5,593	\$ 3,758	\$ 5,483	\$ 5,348	\$ 5,559	\$ 6,578	\$ 3,549	\$ 3,549	\$ 4,327
Contributions as a percentage of covered payroll	0.00%	38.16%	62.98%	33.03%	30.71%	35.31%	19.70%	15.53%	45.45%	45.53%

Other Post Employment Benefits

Last 10 Fiscal Years ¹
(in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ 39,728	\$ 41,023	\$ 41,912	\$ 43,399	\$ 41,067	\$ 38,542	\$ 32,590	\$ 30,682
Contributions in relation to the contractually required contribution	-	(39,728)	(41,023)	(41,912)	(43,399)	(41,067)	(38,542)	(32,590)	(30,682)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CT State's covered-employee payroll	\$ -	\$ 227,294	\$ 181,848	\$ 176,189	\$ 187,455	\$ 197,396	\$ 194,412	\$ 200,796	\$ 206,023
Contributions as a percentage of covered payroll	0.00%	17.48%	22.56%	23.79%	23.15%	20.80%	19.83%	16.23%	14.89%

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

Note 1: Notes to Required Supplementary Information

Beginning in Fiscal Year 2025, CT State no longer recognizes net pension and OPEB liabilities and deferrals due to the legislative change that shifts retirement cost funding entirely to the State. The pension and OPEB balances and contributions are reduced to zero for 2025 in the supplementary schedules. The reversal of these amounts are presented as special items in Other Changes in Net Position on the Statement of Revenues, Expenses, and Changes in Net Position. See Note 15 for details.