Connecticut Community Colleges

Annual Comprehensive Financial Report

for the year ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

CSCU

Connecticut Community Colleges

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For the Year Ended June 30, 2023

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Prepared by the Office of the Controller

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

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

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

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

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

EX-OFFICIO, NON-VOTING MEMBERS

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

Connecticut Community College Presidents and CEOs

As of June 30, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL SECTION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Regents of
Connecticut State Colleges and Universities

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Connecticut Community Colleges, an enterprise fund of the State of Connecticut (collectively, "CCC" or "System") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2023 and the respective changes in financial position and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units (the affiliated foundations (the "Foundations")), which statements reflect total assets of $81 million, and total net assets of $79 million as of June 30, 2023, and total revenues, capital gains and losses, and other support of $4.7 million for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of other auditors.

Basis for opinions

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of management for the financial statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of matter
As discussed in Note 1, the financial statements present only the System, an enterprise fund of the State of Connecticut and do not purport to, and do not present fairly, the financial position of the State of Connecticut as of June 30, 2023, the changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the System has adopted new accounting guidance in 2023 related to the accounting for subscription-based information technology agreements. Our opinion is not modified with respect to this matter.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 10 through 20 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 48 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplemental Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, and Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group included on pages 52 through 54 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
December 21, 2023

INTRODUCTION

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

Reporting Entity

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

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

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

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

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

Financial Statements

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

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

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

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

Key Reporting Changes

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

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

Financial Summary

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

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

STATEMENT OF NET POSITION

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

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

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

Assets

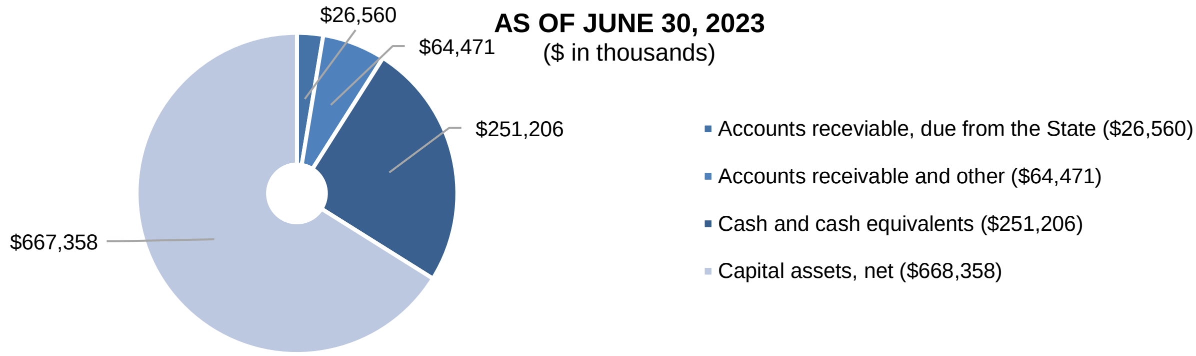
Total assets increased by $57.6 million in fiscal year 2023 due to the following:

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

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

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

The following graph shows total assets by major category:



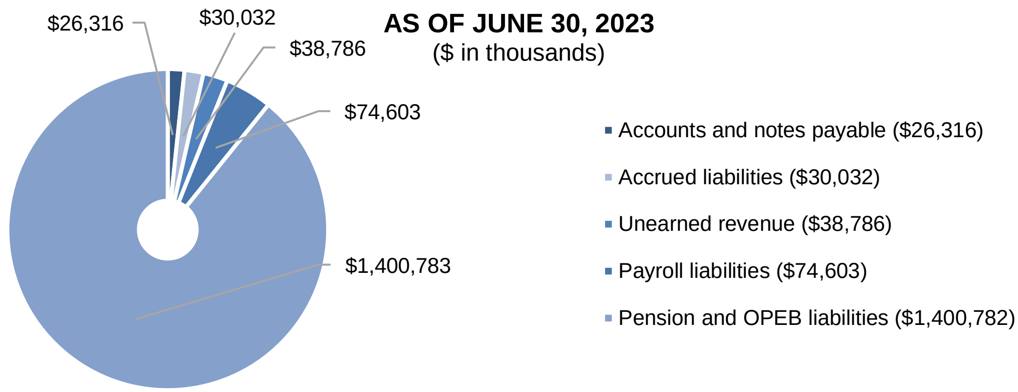
Liabilities

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

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

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

The following graph shows total liabilities by major category:



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

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

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

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

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

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

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

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

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

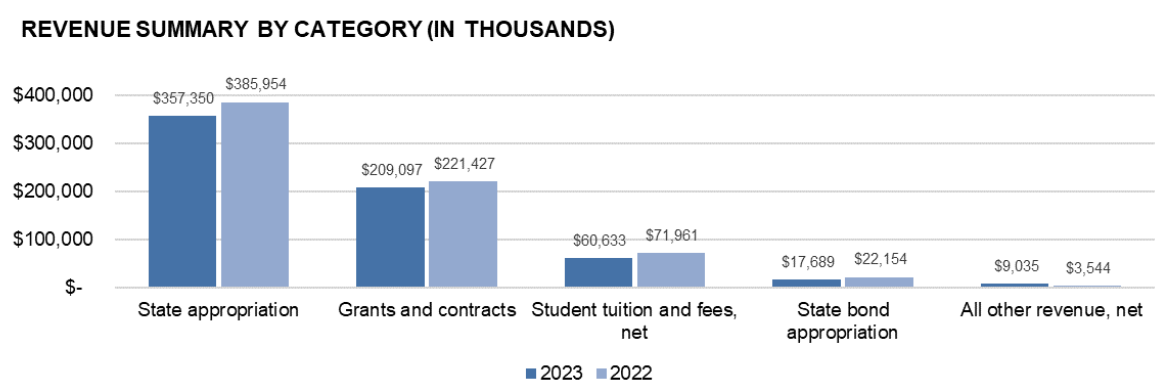
As a state-funded institution, the CCC does not receive sufficient tuition and fee revenue to support the operations of the CCC. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State for general operations and federal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

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

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

Revenues

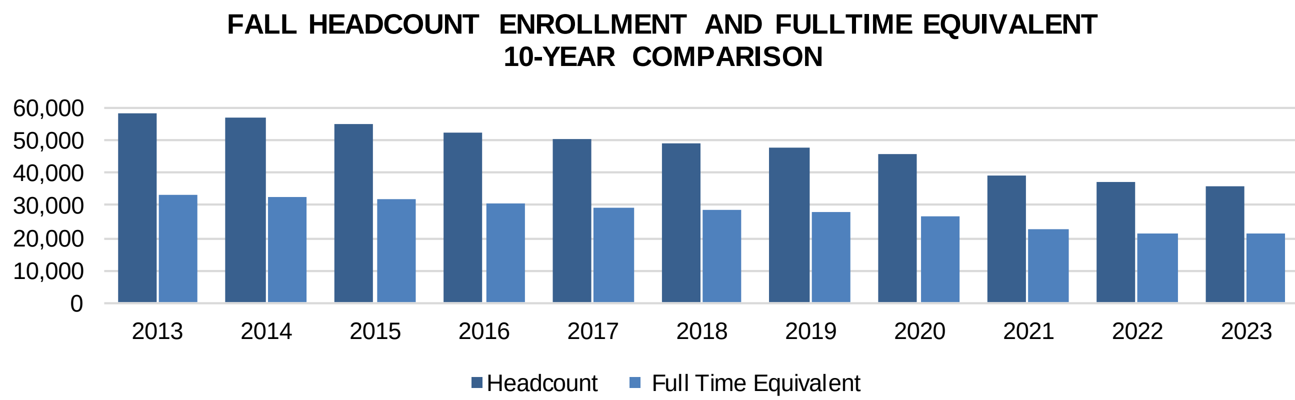
The following graph shows the CCC's total operating and nonoperating revenues by category, excluding other changes in net position:



Operating Revenues

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

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

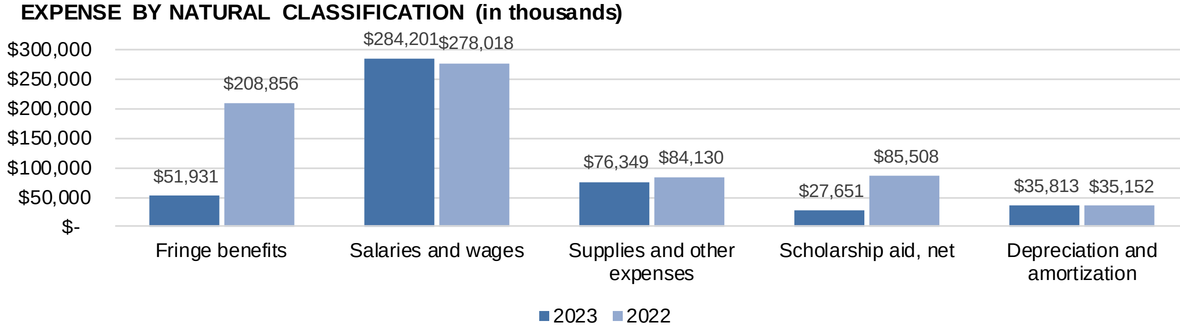


Nonoperating Revenue and Expenses

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

Operating Expenses

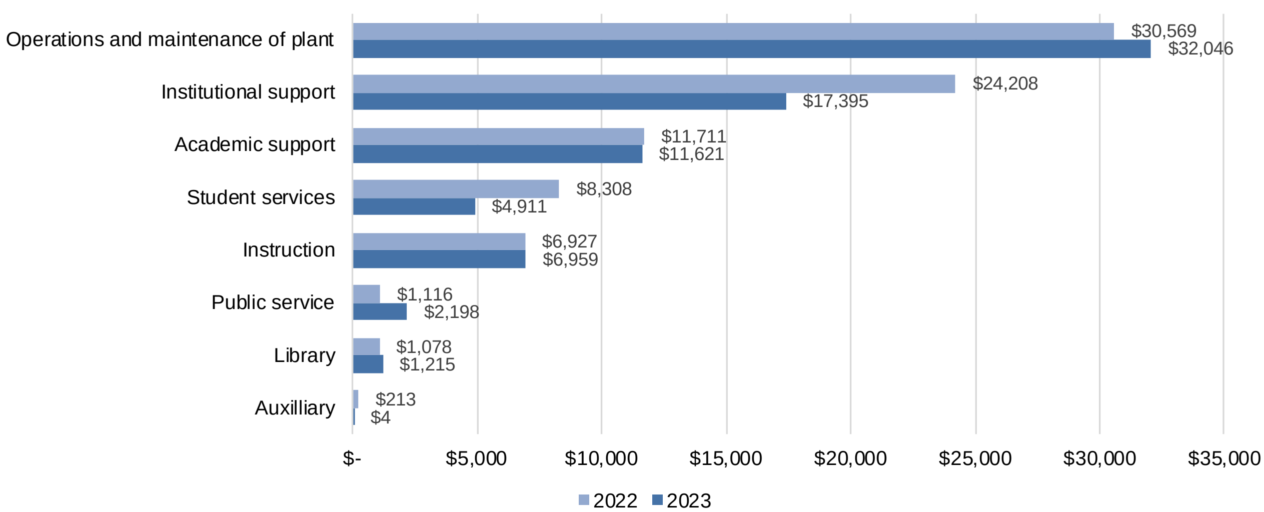
The following graph shows the CCC's operating expenses by natural classification:



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

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

SUPPLIES AND OTHER EXPENSES BY FUNCTIONAL CLASSIFICATION (in thousands)



<u>Other Changes in Net Position</u>

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

STATEMENT OF CASH FLOWS

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

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

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

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

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

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

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

ECONOMIC OUTLOOK

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

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

Additional Information

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

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

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

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

See accompanying notes to basic financial statements

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

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	64,168,869
Government grants and contracts		50,840,973
Private grants and contracts		2,080,903
Sales and services of educational departments		619,112
Payments to employees		(295,082,758)
Payments for fringe benefits		(204,575,279)
Payments to students		(35,854,675)
Payments to vendors		(75,082,008)
Other receipts, net		8,222,336
Net Cash Used in Operating Activities		(484,662,527)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		6,059,700
Net Cash Provided by Investing Activities		6,059,700
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State appropriations		11,980,958
Payments by Department of Construction Services		(322,955)
Purchase of capital assets		(14,293,419)
Receipt for IT infrastructure project escrow		14,270,581
Interest paid on obligations		(1,213,682)
Principal paid on obligations		(13,020,950)
Net Cash Used by Capital and Related Financing Activities		(2,599,467)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		388,925,963
Nonoperating federal grants		160,759,899
Private gifts		1,497,568
Federal Family Education Loan Program		3,977,284
Net Cash Provided by Noncapital Financing Activities		555,160,714
INCREASE IN CASH AND CASH EQUIVALENTS		73,958,420
BEGINNING CASH AND CASH EQUIVALENTS	$	177,247,858
ENDING CASH AND CASH EQUIVALENTS	$	251,206,278
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$	(358,368,399)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation and amortization expense		35,813,041
Operating application of Federal Family Education Loan Program receipts		(3,977,284)
Changes in Operating Assets, Liabilities and Deferred Outflows and Inflows of Resources:		
Accounts receivable, net		(15,851,925)
Prepaid expenses and other assets		161,432
Accounts payable and other liabilities		3,516,527
Unearned tuition, fees and grant revenue		19,828,949
Accrued compensation and compensated absences		(32,670,806)
Pension and other post-employment benefits liability, net		(407,117,255)
Deferred outflows of resources		(36,896,715)
Deferred inflows of resources		310,899,908
Net Cash Used in Operating Activities	$	(484,662,527)

See accompanying notes to basic financial statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Useful lives assigned to assets are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of Estimates

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

GASB Pronouncements Effective in Fiscal Year 2023

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

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

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

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

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

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

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

Subsequent Events
In accordance with generally accepted accounting principles, CCC has evaluated subsequent events for the period after June 30, 2023, through December 21, 2023, the date the financial statements were issued.

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

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

2. Cash and Cash Equivalents

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

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

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

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

Cash and cash equivalents at June 30 are as follows:

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

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

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

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

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

3. Accounts Receivable Other, Net

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

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

4. Capital Assets

Capital assets consist of the following at June 30:

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

5. Unearned Revenue

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

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

6. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

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

Activity for compensated absences as of June 30 includes:

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

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

7. Leases

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

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

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

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

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

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

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

8. Subscription-Based Information Technology Arrangements

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

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

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

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

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

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

9. Bonds and Note Payable

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

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

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

10. Commitments and Contingencies

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

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

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

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

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

8. Pension Plans

Plan Description

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Actuarial Assumptions for TRS:

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

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

Mortality rates were based on the Pub-2010 Healthy Retiree Table, projected generationally with MP-2019 for the period after service retirement. The Pub-2010 Disabled Retiree Table projected generationally with MP-2020 was used for the period after disability retirement. The Pub-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The Pub-2010 Employee Table projected generationally with MP-2019 was used for active members.

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

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

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

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate for TRS:
The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

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

9. Other Post-Employment Benefits

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

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

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

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

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

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

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

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

Net OPEB Liability

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

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

Actuarial Assumptions:

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

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

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

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

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

For measurement date of June 30, 2022:

Discount rate comparison:

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

Health care trend rate comparision:

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

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

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

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

13. Deferred Outflows and Inflows of Resources

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

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

14. Natural Classification with Functional Classification

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Notes to Required Supplementary Information

Pension Plans

Changes of benefit terms:

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

Changes of assumptions:

- None

State Employee OPEB Plan

Changes of benefit terms:

- None

Changes of assumptions:

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

SUPPLEMENTARY SCHEDULES

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

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

Connecticut Community Colleges

Combining Statements of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

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

1. Basis of Presentation of Supplemental Information

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