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Connecticut State Universities

2022 FINANCIAL STATEMENTS

INCLUDING

Required Supplementary Information

Additional Supplemental Information

June 30, 2022

Connecticut State Universities

Mission Statement

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

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

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

REGENTS AS OF 6/30/22

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

JoAnn Ryan, Chair
Richard J. Balducci
Ira Bloom
Felice Gray-Kemp
Holly Howery
Juanita James
Jim McCarthy
Richard Porth
Ari Santiago
Elease E. Wright

EX-OFFICIO, NON-VOTING MEMBERS

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

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

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

Connecticut State Universities

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

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

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

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

System Office, Connecticut State Colleges & Universities (CSCU)
61 Woodland Street, Hartford, CT 06105
Terrence Cheng, CSCU President (Beginning July 2, 2021)

Introduction

Management's Discussion and Analysis provides an overview of the financial position and results of activities of the Connecticut State University System ("CSUS" or "System") and its component units for the fiscal years ended June 30, 2022 and 2021. This discussion has been prepared by and is the responsibility of management and should be read in conjunction with the financial statements and footnote disclosures which follow this section.

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

CSUS is a state-wide public university system of higher learning in the State of Connecticut with 27,564 enrolled students. The Universities offer high-quality applied educational doctoral, graduate and undergraduate programs in more than 150 subject areas and provide extensive opportunities for internships, community service and cultural engagement. In total, CSUS employed approximately 3,000 full time employees at June 30, 2022.

The CSUS is composed of four Universities that make up the primary reporting entity. The System's four Universities include:

- Central Connecticut State University (CCSU) in New Britain,
- Eastern Connecticut State University (ECSU) in Willimantic,
- Southern Connecticut State University (SCSU) in New Haven, and
- Western Connecticut State University (WCSU) in Danbury

As comprehensive, fully accredited universities, CSUS institutions are Connecticut's Universities of choice for students of all ages, backgrounds, races and ethnicities. CSUS provides affordable and high quality, active learning opportunities, which are geographically and technologically accessible. CSUS graduates think critically, acquire enduring problem-solving skills and meet outcome standards that embody the competencies necessary for success in the workplace and in life.

Using the Financial Statements

CSUS's financial report includes the following financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and Universities and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2022 financial data is presented, both for the CSUS *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units").

The component units are the CCSU Foundation, Inc., the ECSU Foundation, Inc., the Southern Connecticut State University Foundation, Inc., the Western Connecticut State University Foundation Inc. and the Connecticut State Colleges and Universities Foundation, Inc. (collectively, the "Foundations"). The Foundations are legally independent, tax-exempt non-profit organizations separate from university control, founded to foster and promote the growth, progress and general welfare of the Universities and to solicit, receive and administer donations for such purposes. The Foundations manage the majority of the Universities' endowments. However, the assets of these component units are not available to CSUS for use at its discretion. This MD&A discusses the University's financial statements only and not those of its component units.

Financial Highlights

At June 30, 2022, total assets of the System were $1,860.8 million, an increase of $35.6 million or 1.9% over the prior year, primarily due to an increase in investment in capital assets, net of $22.2 million and an increase in cash and cash equivalents of $26.3 million, offset by a decrease in investments of $19.1 million.

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

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

Statements of Net Position

The Statements of Net Position present the overall financial position of the System at the end of the fiscal year and includes all assets and liabilities of the Connecticut State University System, including capital assets net of depreciation.

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

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

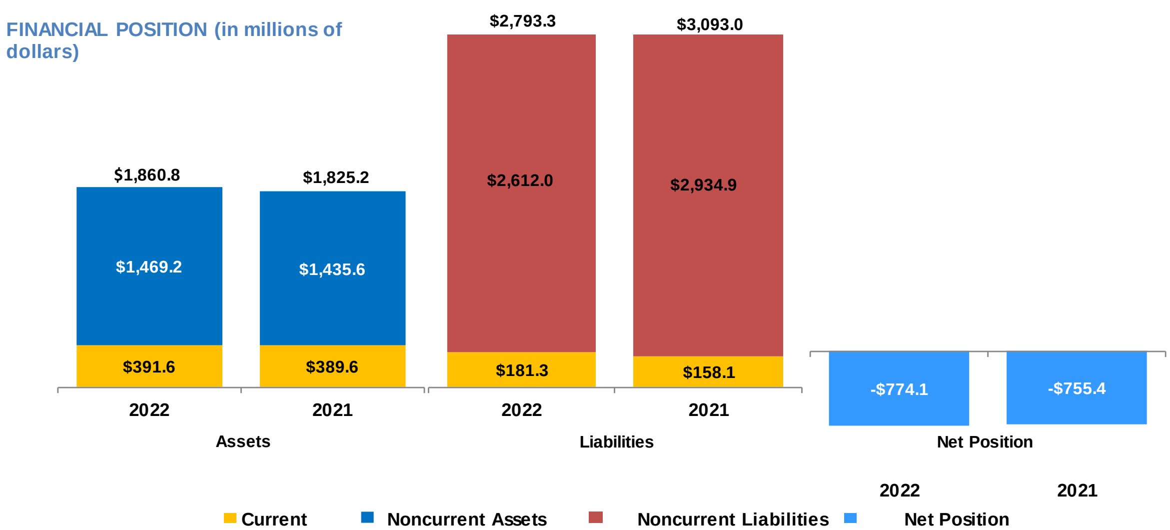
Current assets at June 30, 2022 of $391.6 million increased by $2.0 million or 0.5% primarily due to the decrease in investments of $19.1 million offset by an increase in cash of $13.8 million and an increase in Due from the State of $12.5 million. The decrease in investments is primarily driven by $21.3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

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

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

Non-current liabilities at June 30, 2022 of $2,612.0 million decreased by $322.9 million. The pension liability decreased by $39.7 million and the OPEB liability decreased $251.6 million due to changes in valuation assumptions including demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), updates to per capita health costs and administrative expenses, and adjustments to health care cost trend rates and retiree contribution rates. Bonds payable also decreased by $23.3 million due to payments on principal amounts outstanding during 2022.

Deferred inflows and outflows of resources are related to future periods. This is primarily related to the impact of recognizing net pension and net OPEB liabilities and refunding of debt. For pension and OPEB net liabilities they reflect differences between projected and actual assumptions and earnings, changes in actuarial assumptions, changes in proportion and differences between contributions and proportionate share of contributions and employer contributions subsequent to the measurement date. The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources (loss) or deferred inflow of resources (gain).



Net investment in capital assets represents the System's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

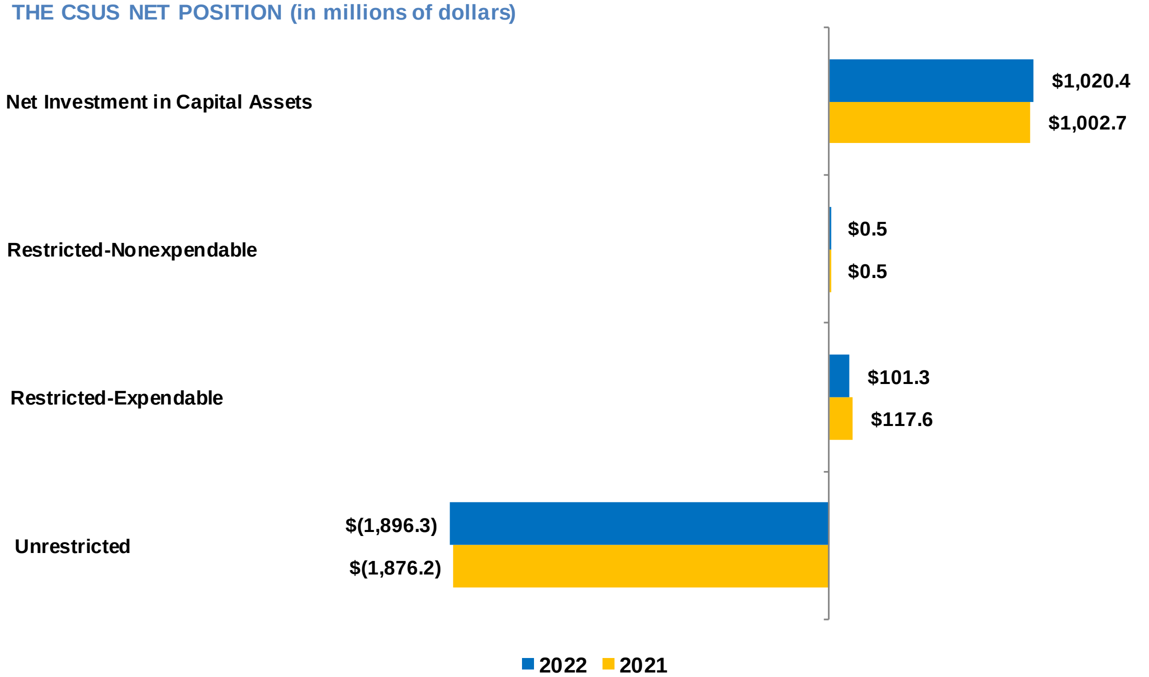
Restricted net position is divided into two classifications, expendable and nonexpendable. Restricted expendable net position is subject to externally imposed restrictions governing its use. In the System, restricted expendable net position primarily represents unexpended proceeds from bond issuances for capital projects and the residual balances of the System's unexpended grant funds. Restricted nonexpendable net position comprises the System's permanent funds such as the Endowment Fund. Most endowed funds are held with the individual institutions' foundations for the benefit of the Universities.

Unrestricted net position (UNP) represents funds available to support CSUS activities and operations at the discretion of the Board of Regents, the President, and the University Presidents. Unrestricted net position is negative due to the System's share of the State's pension plan's net pension liability and OPEB. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the System's reserves are allocated for academic initiatives or programs and for capital and other purposes, including University fee receipts and parking fee receipts that have been designated by universities to meet debt service obligations. Without reflecting the net pension and OPEB liabilities, unrestricted net position increased $40.4 million from 2021 to 2022. UNP adjusted for net pension and OPEB liabilities and deferred inflows and outflows beginning in FY 2018 is as follows:

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

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

THE CSUS NET POSITION (in millions of dollars)



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

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

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

In November 2007, Governor Rell signed Public Act 07-7, "An Act Authorizing and Adjusting Bonds of the State for Capital Improvements and Transportation Infrastructure Improvements and Concerning the Connecticut State University Infrastructure Act" which authorized $80 million for CSUS capital projects. The total amount of allocations to CSUS between 2007 and 2017 were $390.7 million.

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

In addition to its capital plan for academic and related facilities that are supported by State general obligation bonds, the System is in the twenty-seventh year of its long-range capital plan for the renovation and development of auxiliary service facilities. During fiscal year 2021, Series R-1 and R-2 Connecticut Health and Educational Facilities Authority ("CHEFA") bond funds totaling $99.7 million were issued. Series R-1 and R-2 resulted in the refunding of Series I and partial refunding of portions of Series J, M, and N. Total construction funds allotted from the Connecticut Health and Educational Facilities Authority ("CHEFA") revenue bond issues A - R is $644.6 million. There were no new bond issuances during 2022.

Statements of Revenues, Expenses and Changes in Net Position

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

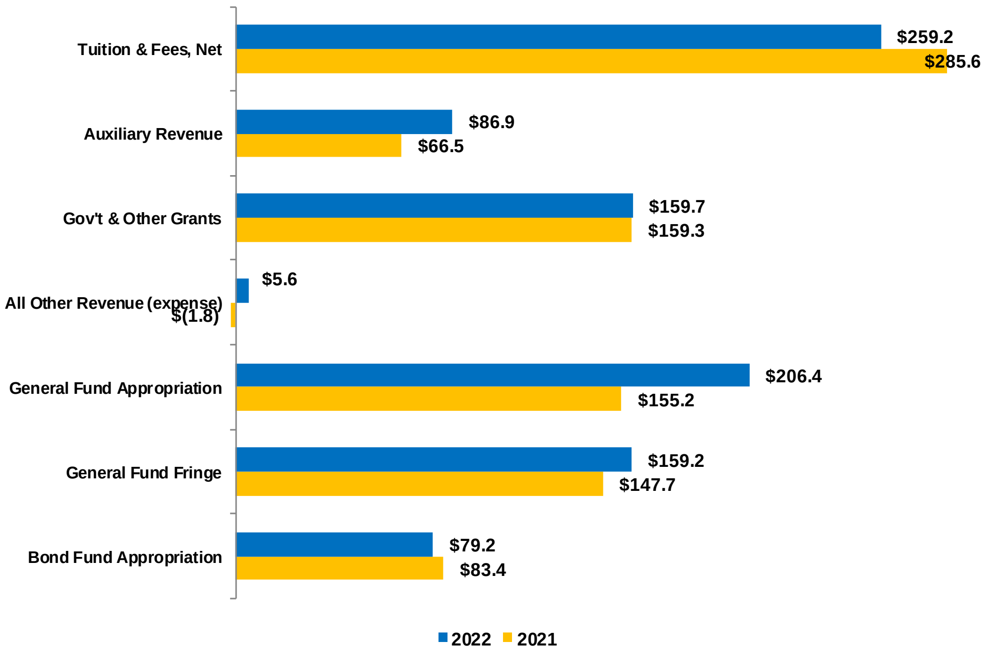
Condensed Statements of Revenues, Expenses and Changes in Net Position
June 30, 2022 and 2021
(in millions)

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

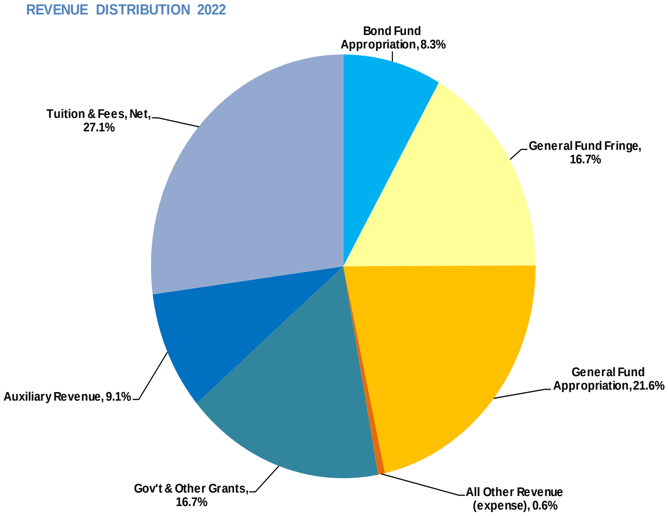
Total *operating revenues* for fiscal year 2022 were $389.4 million after the reduction for scholarship allowances, an increase of 1.0% from $385.7 million in fiscal year 2021. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers of $60.7 million, resulting in net tuition and fee revenue of $259.2 million. On a gross basis, fiscal year 2022 tuition revenues decreased by 6.3% from the previous year, or $21.7 million due to the lingering effects of the decline in enrollment resulting from the coronavirus pandemic. These revenues reflect a FTE credit enrollment decrease of 8.8% in fiscal year 2022. Auxiliary revenues, which are mainly driven by room and board fees, increased by 30.7% due to more students returning to dormitories as the pandemic began to wind down.

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

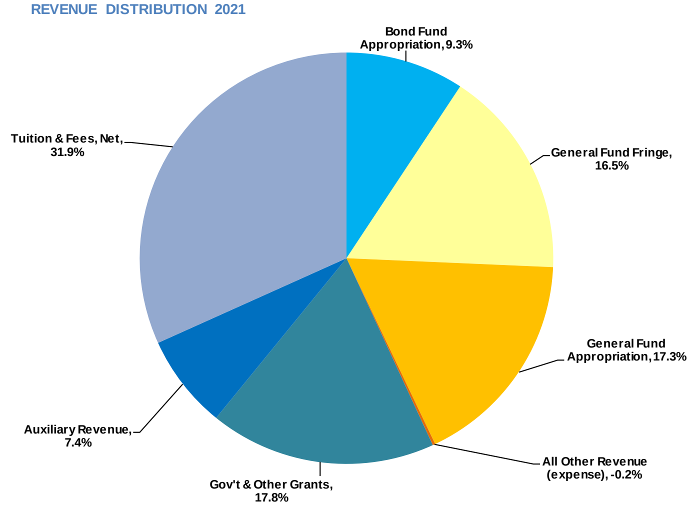
REVENUE SUMMARY (in millions of dollars)



REVENUE DISTRIBUTION 2022



REVENUE DISTRIBUTION 2021

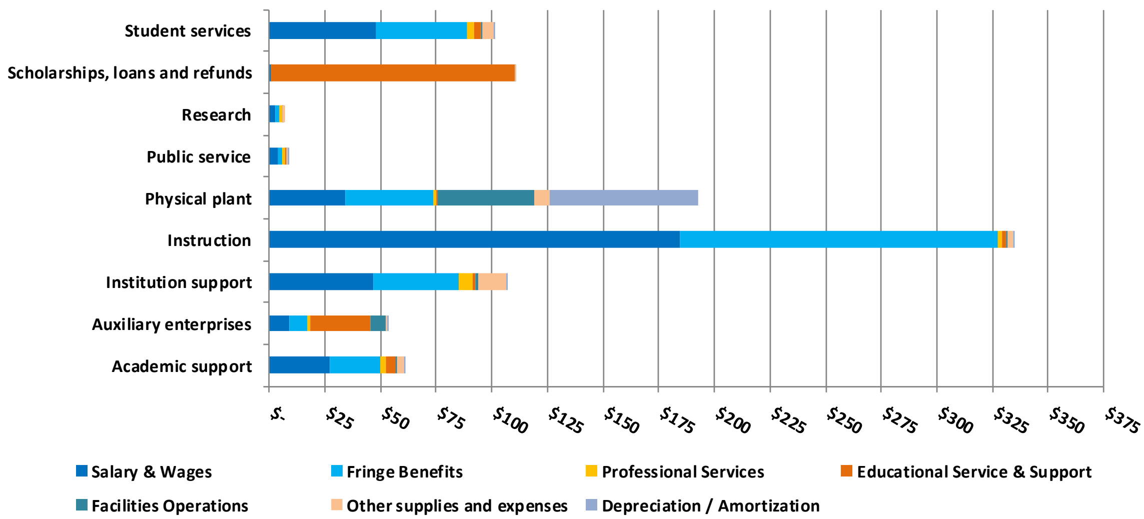


In fiscal 2022, total *operating expenses* less depreciation and amortization of $907.3 million decreased by $61.0 million or 6.3% from the prior fiscal year which is mainly a result of the decrease in the pension and OPEB expenses, which decreased the fringe benefits expense by $115.5 million. This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

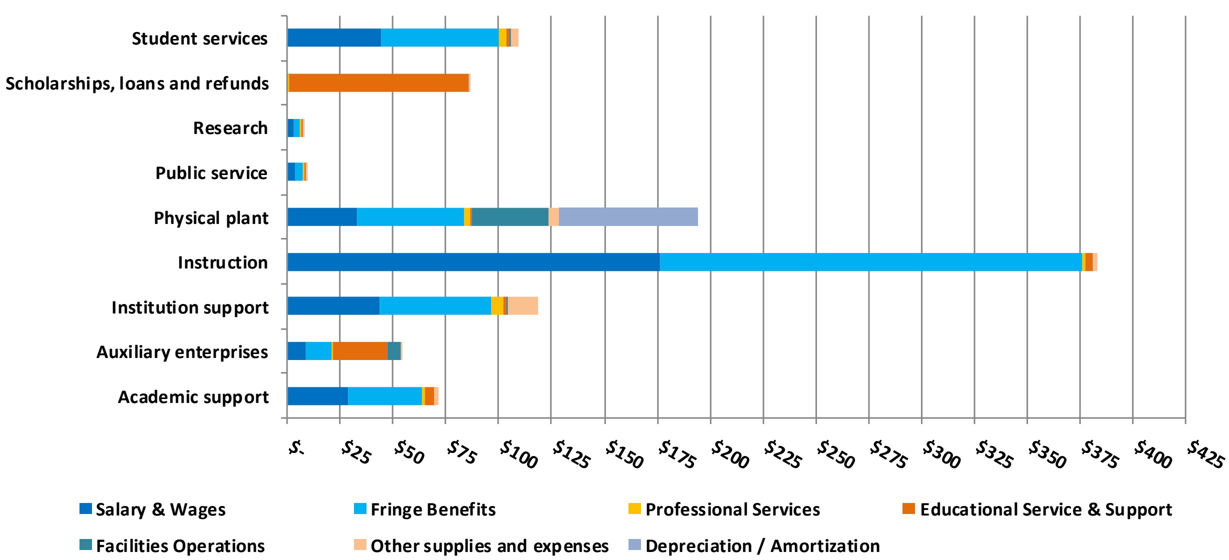
$14.7 million due to SEBAC raises and retroactive payments, an increase in educational services and support of $26.4 million which was largely due to technology updates, and an increase in facilities expense of $7.3 million.

Note 12 to the financial statements details operating expenses by function. The following graph illustrates operating expenses by program & account type for the years ended June 30, 2022 and 2021:

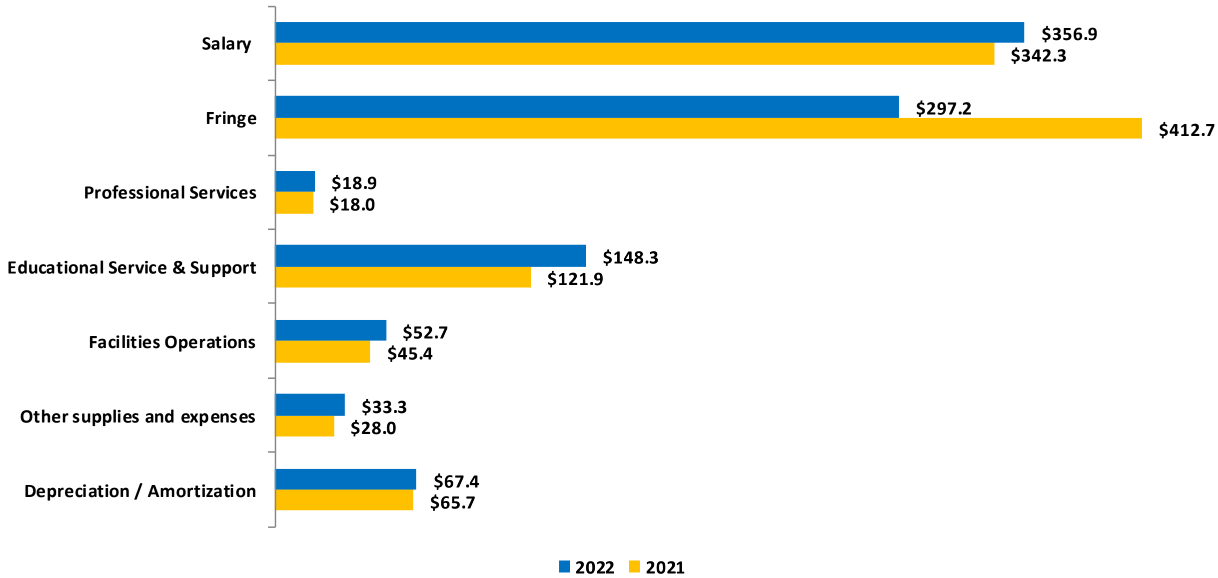
2022
EXPENSE (in millions)
by Program and Account Type



2021
EXPENSE (in millions)
by Program and Account Type



EXPENSE BY NATURAL CLASSIFICATION (in millions)



Statements of Cash Flows

The statements of cash flows present the significant sources and uses of cash. The System's cash and cash equivalents at June 30, 2022 increased $26.3 million or 7.5%. This increase was primarily driven by a $50.0 million increase in state appropriation receipts and a $19.3 million increase in auxiliary revenues, which were partially offset by a $26.4 million increase in educational services and support payments, a $20.4 million increase in payments to employees for salaries and benefits, and a $16.4 million decrease in tuition and fee revenues due to declining enrollment.

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

	2022	2021	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (438.1)	$ (407.2)	(7.6%)
Non-capital financing activities	481.3	433.7	11.0%
Capital & related financing activities	(40.0)	(46.5)	14.0%
Investing activities	23.1	22.8	1.3%
Net change in cash and cash equivalents	26.3	2.8	839.3%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	348.5	345.7	0.8%
Cash and cash equivalents, end of year	$ 374.8	$ 348.5	7.5%

Economic Outlook

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

The following table indicates historical enrollment of undergraduate and graduate students for the 2016-2017 through 2021-2022 academic years. Also indicated is full-time equivalent student enrollment. Enrollment this fiscal year has declined by 8.8% compared to 5.9% for previous fiscal year, which followed a few years of relatively flat enrollment.

Fall Headcount Enrollment and Full Time Equivalent								
Year Ending June 30	Undergraduate	% Change	Graduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2022	22,866	-9.1%	4,698	-0.6%	27,564	-7.7%	22,566	-8.8%
2021	25,148	-6.1%	4,726	-1.3%	29,874	-5.4%	24,735	-5.9%
2020	26,792	-3.3%	4,790	-4.4%	31,582	-3.5%	26,280	-3.0%
2019	27,709	0.2%	5,013	-6.7%	32,722	-0.9%	27,101	-0.7%
2018	27,661	-0.7%	5,372	0.7%	33,033	-0.5%	27,301	0.1%
2017	27,853	-2.0%	5,334	2.3%	33,187	-1.4%	27,263	-0.8%

Additional Information

This financial report is designed to provide a general overview of CSUS's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the CSCU Vice President of Finance / Chief Financial Officer, Connecticut State Colleges & Universities (860-723-0251). University specific questions may also be directed to the Chief Financial Officer / Vice President for Finance at each individual University.

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Boston, MA 02109

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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 State University System (the System Office; Central Connecticut State University; Eastern Connecticut State University, Southern Connecticut State University, and Western Connecticut State University), an enterprise fund of the State of Connecticut (collectively, "Entity" or "System") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the aggregate discretely presented component units (the affiliated foundations (the "Foundations")), which statements reflect total assets of $184.4 million, and total net assets of $182.6 million as of June 30, 2022, and total revenues, capital gains and losses, and other support of ($3.3 million) for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of other auditors.

Basis for opinions

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

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

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

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

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

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

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the System, an enterprise fund of the State of Connecticut and do not purport to, and do not present fairly, the financial position of the State of Connecticut as of June 30, 2022, the changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 1 through 11 and the Schedule of Net Pension Liability and Related Ratios, Schedule of Net Post-Employment Benefits and Related Ratios, and Schedule of Contributions on pages S-2 through S-6 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 S-7 through S-13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
December 21, 2022

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

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

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

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

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

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

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

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

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

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

	2022
Cash flows from operating activities	
Tuition and fees	$ 266,005,449
Grants and contracts	32,818,000
Auxiliary revenues	86,248,995
Other operating revenues	11,938,472
Payments to employees for salaries and benefits	(584,807,809)
Payments to suppliers	(4,731,619)
Professional services and fees	(18,981,916)
Educational services and support	(148,298,026)
Travel expenses	(4,118,621)
Operation of facilities	(56,795,860)
Other operating supplies and expenses	(17,408,356)
Net cash used in operating activities	(438,131,291)
Cash flows from noncapital financing activities	
State appropriations	351,906,850
Gifts for other than capital purposes	5,258,506
Nonoperating grants and revenue other	124,495,874
Transfer to state agency	(335,505)
Net cash provided by noncapital financing activities	481,325,725
Cash flows from investing activities	
Proceeds from sales and maturities of investments	51,148,450
Purchases of investments	(29,804,953)
Interest and dividends received on investments	1,753,928
Net cash provided by investing activities	23,097,425
Cash flows from capital and related financing activities	
Cash paid for capital assets and right-of-use assets	(90,562,082)
State capital appropriations received	80,398,755
Repayments of capital debt and leases	(19,531,644)
Interest paid on capital debt and leases	(10,284,544)
Net cash provided by capital and related financing activities	(39,979,515)
Net increase in cash and cash equivalents	26,312,344
Cash and cash equivalents, beginning of year	348,486,988
Cash and cash equivalents, end of year	$ 374,799,332

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

	2022
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (585,317,256)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	66,752,430
Amortization	693,347
Changes in assets and liabilities:	
Receivables	5,199,892
Prepaid expenses and other	(131,589)
Accounts payable	5,258,179
Accrued salaries and benefits	14,926,502
Other liabilities	(1,468,551)
Due to/from the State of Connecticut	7,521
Unearned tuition, fees and grant revenues	197,229
Deferred compensation	26,063
Depository accounts	(319,519)
Accrued compensated absences	(6,265,335)
Pension Liability	(39,705,598)
Other post employment benefits	(251,612,470)
Changes in deferred outflows	56,016,766
Changes in deferred inflows	297,611,098
Net cash used in operating activities	$ (438,131,291)
Noncash financing activity	
Fixed assets included in accounts payable	$ 9,526,417
Reconciliation of cash and cash equivalents to the combined statements of net position	
Cash and cash equivalents classified as current assets	$ 220,027,841
Cash and cash equivalents classified as noncurrent assets	154,771,491
	$ 374,799,332

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

1. Summary of Significant Accounting Policies

Organization

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

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

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

Basis of Presentation

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

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

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

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

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

The disclosures included in the financial statements address only the Universities and not the related Foundations. No modifications have been made to the Foundation's financial information in CSUS's financial reporting entity for these differences. The Foundations are private nonprofit organizations that report under FASB standards, which include guidelines for *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

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

- **Net Investment in Capital Assets**

  Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Similar net assets are included in net assets without donor restrictions in the statements of the component units.

- **Restricted Nonexpendable**

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

- **Restricted Expendable**

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

- **Unrestricted**

  Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the BOR or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic and research programs and initiatives, and capital programs. Similar net assets are referred to as net assets without donor restrictions in the statements of the component units.

Classification of Assets and Liabilities
CSUS presents short-term and long-term assets and liabilities in the statements of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from the reporting date. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from the reporting date. Cash and cash equivalents presented as short-term in the statement of net position include investments with original maturities of three months or less. Long-term cash and cash equivalents includes balances that have externally imposed restrictions as to use. Investments presented as short-term include balances with a maturity of one year or less from the reporting date. Investments with longer maturity dates and those with externally imposed restrictions as to use are classified as long-term assets.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, and petty cash. The STIF, stated at fair value, is held on behalf of CSUS by the State Treasurer and has original maturities of three months or less (see Notes 2 and 6). CSUS has long-term investments which include debt service reserve funds which are restricted for purposes in accordance with CHEFA regulations. Interest income is recognized on the accrual basis.

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

Fair Value of Financial Instruments
Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable, accounts payable, accrued interest and deposits. Investments are carried at fair value, based upon quoted market prices.

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

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

Major construction projects for new physical plant and original equipment financed by the State of Connecticut capital outlay appropriations are managed and controlled by the Division of Construction Services of the State of Connecticut ("DCS"). The cost value of the project is recognized as revenue and recorded as state financed plant facilities by the Colleges and Universities when eligibility requirements are met. There were no such projects recognized at CSUS for the fiscal year ended June 30, 2022.

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

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

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

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

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

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

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

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

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

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

CSUS was awarded a total of $148.1 million from the Higher Education Emergency Relief Fund (HEERF) to address the unprecedented COVID-19 challenges. Of that total award, $84.5 million is the institutional portion of the award and $63.7 million is the student portion of the award. CSUS fully spent the HEERF funds during 2022 by disbursing $37.5 million of Emergency Financial Aid Grants to students under the student portion of the grant, and spending $36.3 million of the institutional portion of the grant during the year.

Tuition and Fees Revenue
Student tuition and fees revenue is recognized in the period earned net of scholarship allowance and waivers. Student aid for scholarships recorded in the statement of revenues, expenses and changes in net position includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance.

Auxiliary Revenues
Auxiliary revenues consist of housing charges, dining services, fees for health and injury insurance coverage and telecommunication charges. The auxiliary revenues are recognized in the period earned.

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

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

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

GASB Pronouncements Effective in Fiscal Year 2022
In June 2017, GASB released *Statement No. 87, Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 in accordance with GASB 95, with earlier application encouraged. This standard was adopted effective July 1, 2021. See Note 7 for more information related to leases.

In June 2018, GASB released *Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 in accordance with GASB 95, with earlier application encouraged. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

In January 2020, GASB issued *Statement No. 92, Omnibus 2020*. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

In June 2020 GASB issued *Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absences of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit's governing board. The requirement of this Statement is effective for reporting periods beginning after June 15, 2021. This standard was adopted in fiscal year 2022 and there was no material impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years

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

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

In May 2020 GASB issued *Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).* The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use-asset and a corresponding liability would be recognized for SBITAs. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022.

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

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

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

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

Subsequent Events
In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2022, through December 21, 2022, the date the financial statements were issued and no items needing to be reported were noted.

2. Cash, Cash Equivalents and Investments

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

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

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2022 was 1.50%.

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

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

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

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CSUS is invested in U.S. Government obligations, which are not considered to have credit risk. The average credit quality rating of CSUS's guaranteed investment contracts was AA-, as rated by Standard & Poor's Ratings as of June 30, 2022.

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

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. 78% of CSUS total cash, cash equivalents and investments was invested in the STIF and the State's pooled interest credit program accounts as of June 30, 2022.

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

Investment maturities of CSUS's debt securities at June 30 (in years) are as follows:

Debt Securities	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
June 30, 2022					
U.S. Government obligations	$ 82,871,692	$ 82,871,692	$ -	$ -	$ -
Guaranteed Investment Contracts	14,565,298	5,363,526	9,201,764	3	5
	$ 97,436,990	$ 88,235,218	$ 9,201,764	$ 3	$ 5

GASB No. 72, "*Fair Value measurements and Application*" sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB No. 72 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CSUS has the ability to access.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly and include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement. Unobservable inputs are developed based on the best information available in the circumstances and may include the CSUS's own data.

All of the investments held at June 30, 2022 are Level 1. There are no liabilities subject to the fair value provisions of GASB No. 72.

3. Accounts Receivables

Receivables consisted of the following at June 30:

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

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

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

4. Capital Assets

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

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

5. Accrued Compensated Absences

Accrued compensated absences as of June 30 include:

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

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

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

These accruals represent estimated amounts earned by all eligible employees through June 30, 2022. These accrued compensated absences will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of compensated absences is estimated based on recent past history and is presented in today's dollars.

6. Leases

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

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

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

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

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

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

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

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

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

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

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

7. Related Parties

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to another purpose within the State of Connecticut. The only State related transfer in fiscal year 2022 was $335,505 of remaining program funds made to the University of Connecticut for a program they will be administering.

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

Amounts due from the State of Connecticut as of June 30 are comprised of the following:

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

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

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

8. Commitments and Contingencies

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

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

CSUS had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances at June 30 were as follows:

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

9. Pension Plans

Plan Description

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

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

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

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

Alternatively, employees may choose to participate in the ARP, a defined contribution plan which was managed by Prudential the first three quarters of fiscal year 2022 and by Empower in the last quarter. Empower assumed management of ARP accounts effective April 1, 2022 when Empower officially acquired the full services retirement business of Prudential. Under this arrangement, plan participants contribute 6.5% of their pay or they can opt out of the 6.5% and contribute 5% and the State contributes 6.5% to individual participants' investment accounts now managed by Empower. CSCU pays a fringe benefit charge to the State which includes the 6.5% employer contribution, employee health benefits and an administrative charge.

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

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

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed $87.7 million and $1.8 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2022, equal to 100% and 128%, respectively, of the required contributions that year.

Net Pension Liability
The Systems' net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2022 was measured and valued as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the TRS plan, the CSUS's proportion was 0.11% as of June 30, 2022. For the SERS plan, the CSUS's proportion was 4.91% as of June 30, 2022.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to the CSUS is calculated separately. The net pension liability for the CSUS as of June 30, 2022 for SERS and TRS was $1,043.6 million and $17.1 million, respectively.

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

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

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

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

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

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

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

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

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

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2021 measurement date are summarized in the following table:

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

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

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

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

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

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

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

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

10. Other Post-Employment Benefits

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

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

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

Plan Description

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

Funding Policy

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

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

The following is the asset allocation policy as of June 30, 2022:

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

Net OPEB Liability
The Systems' net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2022 of $1,191.8 million was measured and valued as of June 30, 2021 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities and the State, actuarially determined.

For the SEOPEBP plan, at June 30, 2022 the System's proportion was 6.10%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately.

Actuarial Assumptions:

The total OPEB liability was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions:

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

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

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

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

For measurement date of June 30, 2021:

Discount rate comparison:

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

Health care trend rate comparision:

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

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

For the year ended June 30, 2022, the CSUS recognized OPEB expense of $44.1 million. A schedule of deferred outflows and inflows of resources as of June 30, 2022 is disclosed in Note 14. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to the CSUS that will be recognized in pension expense during the next five years and thereafter is as follows:

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

11. Unearned Tuition, Fees and Grant Revenue

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

	2022
Unearned tuition and fees	$ 20,143,178
Grants and contracts	6,894,605
Other	211,845
	$ 27,249,628

12. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

Year ended June 30, 2022
Natural Classification

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

13. Bonds, Notes Payable and Capital Lease Obligations

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

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

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

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

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

Revenue bond interest is payable to the bondholders on May 1 and November 1 of each year. Revenue bonds mature on November 1, in the years set forth below:

Maturity	**Principal**	**Interest**
2023	$ 21,065,000	$ 9,361,285
2024	21,730,000	8,509,275
2025	21,370,000	7,707,979
2026	22,175,000	6,879,896
2027	20,665,000	6,158,035
2028-2032	106,870,000	20,744,793
2033-2037	72,335,000	6,088,374
2038-2040	14,540,000	687,844
	$ 300,750,000	$ 66,137,481

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

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

14. Deferred Outflows and Inflows of Resources

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

As of June 30, 2022	SERS	TRS	OPEB	Debt Refunding	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES						
Difference between expected and actual experience	$ 72,200,587	$ -	$ 19,153,705	$ -	$ -	$ 91,354,292
Changes of assumptions or other inputs	-	3,472,898	172,503,339	-	-	175,976,237
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,640,768	4,280,429	89,036,245	-	-	203,957,442
Employer contributions after measurement date	97,528,646	2,425,197	50,411,144	-	-	150,364,986
Loss on bond refunding	-	-	-	4,637,630	-	4,637,630
Total	**$ 280,370,001**	**$ 10,178,524**	**$ 331,104,433**	**$ 4,637,630**	**$ -**	**$ 626,290,587**
DEFERRED INFLOWS OF RESOURCES						
Difference between expected and actual experience	$ -	$ 458,818	$ 23,516,267	$ -	$ -	$ 23,975,085
Changes of assumptions or other inputs	1,923,283	-	256,871,499	-	-	$ 258,794,782
Net difference between projected and actual earnings on pension plan investments	73,582,071	2,219,924	11,100,724	-	-	$ 86,902,719
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,635,163	6,940,878	75,839,708	-	-	$ 96,415,749
Unrecognized revenues from other than short term leases	-	-	-	-	1,913,658	$ 1,913,658
Total	**$ 89,140,517**	**$ 9,619,620**	**$ 367,328,198**	**$ -**	**$ 1,913,658**	**$ 468,001,993**

Connecticut State University System

Schedule of Net Pension Liability and Related Ratios (Unaudited)

June 30, 2022 – 2014

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014 [1]
System's proportion of the net pension liability	4.91%	4.55%	4.57%	4.07%	3.81%	4.23%	3.96%	3.61%	3.12%
System's proportionate share of the net pension liability	$1,043,539,255	$1,078,763,292	$1,042,307,443	$882,364,851	$876,023,924	$972,052,721	$ 653,585,476	$ 577,889,607	$ 516,857,599
System's covered payroll	$ 212,151,845	$ 205,686,655	$ 196,237,881	$175,778,524	$144,700,282	$152,194,773	$ 154,782,123	$ 140,369,452	$ 119,305,259
System's proportionate share of the net pension liability as a percentage of its covered payroll	492%	524%	531%	502%	605%	639%	422%	412%	433%
Plan Fiduciary net position as a percentage of the total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%	N/A [1]

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

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014 [1]
System's proportion of the net pension liability	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.10%	0.10%	0.10%
System's proportionate share of the net pension liability	$ 17,116,990	$ 21,598,562	$ 32,123,860	$ 24,769,362	$ 12,309,255	$ 12,986,359	$ 10,523,910	$ 9,727,277	$ 10,728,942
State's proportionate share of the net pension liability associated with the System	$ 17,116,990	$ 21,612,130	$ 27,059,919	$ 24,769,425	$ 12,986,445	$ 12,986,447	$ 10,523,916	$ 9,714,654	N/A [1]
Total	$ 34,233,980	$ 43,210,692	$ 59,183,779	$ 49,538,787	$ 25,295,700	$ 25,972,806	$ 21,047,826	$ 19,441,931	$ 10,728,942
System's covered payroll	$ 5,453,126	$ 5,330,522	$ 5,075,252	$ 4,728,567	$ 3,652,263	$ 4,127,906	$ 3,930,206	$ 3,813,448	$ 3,063,073
System's proportionate share of the net pension liability as a percentage of its covered payroll	314%	405%	633%	524%	337%	315%	268%	255%	350%
pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A [1]

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

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

	2022	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	6.10%	6.13%	6.47%	5.57%	4.62%	4.73%
System's proportionate share of the net OPEB liability	$ 1,191,796,570	$ 1,443,409,039	$ 1,338,986,646	$ 967,345,901	$ 996,032,245	$ 1,021,241,708
System's covered payroll	$ 222,718,210	$ 229,673,610	$ 234,304,156	$ 246,718,621	$ 251,238,643	$ 260,590,503
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	535%	628%	571%	392%	396%	392%
Plan Fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

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

Connecticut State University System

Schedule of Contributions (Unaudited)

June 30, 2022 – 2014

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 87,693,784	$ 73,503,269	$ 72,114,688	$ 59,187,070	$ 64,638,177	$ 64,086,201	$ 54,526,224	$ 45,788,758	$ 33,007,798
Contributions in relation to the contractually required contribution	(87,693,784)	(73,503,269)	(72,114,688)	(58,713,574)	(64,121,072)	(63,573,511)	(54,253,593)	(45,788,758)	(32,974,790)
Contribution deficiency (excess)	$ -	$ -	$ -	$ 473,496	$ 517,105	$ 512,690	$ 272,631	$ -	$ 33,008
System's covered payroll	$ 212,151,845	$ 205,686,655	$ 196,237,881	$ 175,778,524	$ 144,700,282	$ 152,194,773	$ 154,782,123	$ 140,369,452	$ 119,305,259
Contributions as a percentage of covered payroll	41.34%	35.74%	36.75%	33.40%	44.31%	41.77%	35.05%	32.62%	27.64%

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

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	1,433,267	1,386,231	2,431,612	2,393,909	922,727	$ 889,376	$ 943,917	$ 909,799
Contributions in relation to the contractually required contribution	(1,831,321)	(1,596,338)	(1,860,654)	(1,234,134)	(569,543)	(1,323,934)	(1,516,991)	(1,343,282)
Contribution deficiency (excess)	$ (398,054)	$ (210,107)	$ 570,958	$ 1,159,775	$ 353,184	$ (434,558)	$ (573,074)	$ (433,483)
System's covered payroll	$ 5,453,126	$ 5,330,522	$ 5,075,252	$ 4,728,567	$ 3,652,263	$ 4,127,906	$ 3,930,206	$ 3,813,448
Contributions as a percentage of covered payroll	33.58%	29.95%	36.66%	26.10%	15.59%	32.07%	38.60%	35.22%

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

Other Post Employment Benefits
Last 10 Fiscal Years [1]

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

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

1. Supplementary Information

Pension Plans

Changes of benefit terms:

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

Changes of assumptions:

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

State Employee OPEB Plan

Changes of benefit terms:

- None

Changes of assumptions:

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

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

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

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

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

Connecticut State University System

Supplemental Information – Combining Statements of Cash Flows

June 30, 2022

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Cash flows from operating activities:							
Tuition and fees	$ 91,545,511	$ 38,044,388	$ 89,690,640	$ 46,724,910	$ -	$ -	$ 266,005,449
Grants and contracts	9,699,537	2,591,944	13,266,259	7,260,260	-	-	32,818,000
Auxiliary revenues	23,221,462	26,127,795	21,581,854	15,317,884	-	-	86,248,995
Other operating revenues	3,815,064	791,445	7,067,080	32,245	232,638	-	11,938,472
Payments to employees for salaries and benefits	(177,059,327)	(103,642,775)	(191,693,744)	(104,778,589)	(7,633,374)	-	(584,807,809)
Payments to suppliers	(1,301,858)	(517,937)	(1,327,071)	(1,447,081)	(137,672)	-	(4,731,619)
Professional services and fees	(5,271,537)	(2,944,633)	(7,305,513)	(2,788,003)	(672,230)	-	(18,981,916)
Educational services and support	(46,895,333)	(21,549,377)	(49,746,319)	(29,172,151)	(934,846)	-	(148,298,026)
Travel expenses	(1,614,817)	(527,293)	(1,411,941)	(505,511)	(59,059)	-	(4,118,621)
Operation of facilities	(25,859,326)	(11,670,946)	(12,275,572)	(6,927,934)	(62,082)	-	(56,795,860)
Other operating supplies and expenses	(7,101,898)	(352,533)	(8,862,425)	1,827,512	(2,919,012)	-	(17,408,356)
Net cash used in operating activities	(136,822,522)	(73,649,922)	(141,016,752)	(74,456,458)	(12,185,637)	-	(438,131,291)
Cash flows from noncapital financing activities:							
State appropriations	109,518,751	64,194,051	105,074,493	65,199,046 `	7,920,509	-	351,906,850
Gifts for other than capital purposes	3,816,585	813,104	592,322	36,495	-	-	5,258,506
Nonoperating grants and revenue other	41,953,116	19,626,466	42,077,838	20,838,454	-	-	124,495,874
Transfer to state agency	(335,505)	-	-	-	-	-	(335,505)
Interagency transfers	(11,423,967)	(6,433,931)	(7,332,107)	(5,171,156)	30,361,161	-	-
Net cash provided by noncapital financing activities	$ 143,528,980	$ 78,199,690	$ 140,412,546	$ 80,902,839	$ 38,281,670	$ -	$ 481,325,725
Cash flows from investing activities:							
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -	$ 51,148,450	$ -	51,148,450
Purchases of investments	-	-	-	-	(29,804,953)	-	(29,804,953)
Interest and dividends received on investments	284,846	163,815	264,148	56,094	985,025	-	1,753,928
Net cash provided by investing activities	284,846	163,815	264,148	56,094	22,328,522	-	23,097,425
Cash flows from capital and related financing activities:							
Cash paid for capital and right-of-use assets	(24,721,959)	(7,006,113)	(43,172,349)	(15,661,661)	-	-	(90,562,082)
Capital projects financed by SO	8,503,467	1,901,718	1,536,256	10,573,431	(22,514,872)	-	-
State capital appropriations received	24,832,640	6,605,882	44,878,586	2,762,593	1,319,054	-	80,398,755
Repayments of capital debt and leases	(82,301)	(169,542)	(78,817)	(140,984)	(19,060,000)	-	(19,531,644)
Interest paid on capital debt and leases	(7,970)	(5,268)	(4,519)	(10,126)	(10,256,661)	-	(10,284,544)
Net cash provided by (used in) capital and related financing activities	8,523,877	1,326,677	3,159,157	(2,476,747)	(50,512,479)	-	(39,979,515)
Net increase (decrease) in cash and cash equivalents	15,515,181	6,040,260	2,819,099	4,025,728	(2,087,924)	-	26,312,344
Cash and cash equivalents, beginning of year	83,674,845	49,177,387	83,932,722	21,258,274	110,443,760	-	348,486,988
Cash and cash equivalents, end of year	$ 99,190,026	$ 55,217,647	$ 86,751,821	$ 25,284,002	$ 108,355,836	$ -	$ 374,799,332

Connecticut State University System

Supplemental Information – Combining Statements of Cash Flows - Continued

June 30, 2022

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2022
Reconciliation of operating loss to net cash used in operating activities:							
Operating loss	$ (156,063,225)	$ (97,156,858)	$ (164,588,170)	$ (93,727,572)	$ (73,781,431)	$ -	$ (585,317,256)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	17,567,459	16,295,287	20,308,571	11,862,940	718,173	-	66,752,430
Amortization	85,301	173,409	277,956	156,681	-	-	693,347
Changes in assets and liabilities:							
Receivables	2,839,844	5,047,385	(2,393,739)	(293,598)	-	-	5,199,892
Prepaid expenses and other	(442,805)	(93,699)	53,962	(57,726)	408,679	-	(131,589)
Accounts payable	709,298	(5,014)	109,157	4,690,210	(245,472)	-	5,258,179
Accrued salaries and benefits	4,146,485	2,292,297	5,660,359	2,548,900	278,461	-	14,926,502
Other liabilities	(40,643)	170,357	(2,351,870)	986,574	(232,969)	-	(1,468,551)
Due to/from State of Connecticut	-	7,831	(7,257)	6,947	-	-	7,521
Due to/from Universities	1,837	-	-	-	(1,837)	-	-
Unearned tuition, fees and grant revenues	(3,629,618)	880,774	1,299,005	1,666,500	(19,432)	-	197,229
Deferred compensation	-	-	-	-	26,063	-	26,063
Depository accounts	(150,739)	(36,640)	40,619	(173,089)	330	-	(319,519)
Accrued compensated absences	(2,881,917)	(1,441,989)	(85,864)	(2,123,225)	267,660	-	(6,265,335)
Pension liability	-	-	-	-	(39,705,598)	-	(39,705,598)
Other post employment benefits	-	-	-	-	(251,612,470)	-	(251,612,470)
Changes in deferred outflows	-	-	-	-	56,016,766	-	56,016,766
Changes in deferred inflows	1,036,201	216,938	660,519	-	295,697,440	-	297,611,098
Net cash used in operating activities	$ (136,822,522)	$ (73,649,922)	$ (141,016,752)	$ (74,456,458)	$ (12,185,637)	$ -	$ (438,131,291)
Noncash investing, noncapital financing and capital and related financing transactions:							
Fixed assets included in accounts payable	$ 2,639,007	$ 1,424,092	$ 1,277,906	$ 4,185,412	$ -	$ -	$ 9,526,417
Reconciliation of cash and cash equivalents to the combined statements of net assets:							
Cash and cash equivalents classified as current assets	$ 74,452,319	$ 38,299,756	$ 55,718,851	$ 24,548,631	$ 27,008,284	$ -	$ 220,027,841
Cash and cash equivalents classified as noncurrent assets	24,737,707	16,917,891	31,032,970	735,371	81,347,552	-	154,771,491
	$ 99,190,026	$ 55,217,647	$ 86,751,821	$ 25,284,002	$ 108,355,836	$ -	$ 374,799,332

1. Basis of Presentation of Supplemental Information

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