CSCU Connecticut Community Colleges

2019 Financial Statements

including

Required Supplementary Information
Additional Supplemental Information

June 30, 2019

Connecticut Community Colleges Mission Statement

As part of the Connecticut State Colleges & Universities (CSCU) system, the twelve Connecticut Community Colleges share a mission to make excellent higher education and lifelong learning affordable and accessible. Through unique and comprehensive degree and certificate programs, non-credit life-long learning opportunities and job skills training programs, they advance student aspirations to earn career-oriented degrees and certificates and to pursue their further education. The Colleges nurture student learning and success to transform students and equip them to contribute to the economic, intellectual, civic, cultural and social well-being of their communities. In doing so, the Colleges support the state, its businesses and other enterprises and its citizens with a skilled, well-trained and educated workforce.

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Members of the Board of Regents for Higher Education
(Between 7/1/18 – 6/30/19)

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

REGENTS AS OF 6/30/19

(Three vacancies: one student regent; two legislative appointees.)

Matt Fleury, Chair
Merle W. Harris, Vice Chair
Richard J. Balducci
Aviva D. Budd
Naomi K. Cohen
Felice Gray-Kemp
Holly Howery
David R. Jimenez
Pete Rosa (appointed September 2018)
JoAnn Ryan
Elease E. Wright
Elena Ruiz, Vice Chair of Student Advisory Committee

EX-OFFICIO, NON-VOTING MEMBERS

Del Cummings –Chair of the Faculty Advisory Committee
(term as Chair began 1/1/19; previously Vice Chair)
William Lugo – Vice Chair of the Faculty Advisory Committee
(term as Vice Chair began 1/1/19; previously Chair)
Kurt Westby – Commissioner of the CT Department of Labor
Dianna R. Wentzell – Commissioner of the State Department of Education
David Lehman – Commissioner of Department of Economic and Community Development
(joined March 2019)
Commissioner Renee D. Coleman-Mitchell – Commissioner of CT Department of Public Health
(joined April 2019)

Former Board members (who served between 7/1/18 – 6/30/19)
Yvette Meléndez, Vice Chair (left September 2018)
Sage Maier, SAC Chair (left May 2019)
Raul Pino – Commissioner of the CT Department of Public Health (left March 2019)
Catherine Smith – Commissioner of CT Department of Economic and Community Development (left February 2019)

Connecticut Community College Presidents 7/1/2018 through 6/30/2019[1]

Asnuntuck Community College
170 Elm Street
Enfield, CT 06082
Dr. James Lombella, President

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

Gateway Community College
20 Church Street
New Haven, CT 06510
Dr. Paul Broadie II, Interim President

Housatonic Community College
900 Lafayette Boulevard
Bridgeport, CT 06604
Dr. Paul Broadie II, President

Manchester Community College
Great Path
Manchester, CT 06045-1046
Dr. Tanya Millner-Harlee, Interim Campus CEO

Middlesex Community College
100 Training Hill Road
Middletown, CT 06457
Dr. Steven Minkler, Interim Campus CEO

Naugatuck Valley Community College
750 Chase Parkway
Waterbury, CT 06708
Dr. Daisy Cocco DeFilippis, President

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

Norwalk Community College
188 Richards Avenue
Norwalk, CT 06854
Dr. David L. Levinson, President

Quinebaug Valley Community College
742 Upper Maple Street
Danielson, CT 06239
Dr. Carlee Drummer, President

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

Tunxis Community College
271 Scott Swamp Road
Farmington, CT 06032
Dr. James Lombella, Interim President

System Office, Connecticut State Colleges & Universities (CSCU)
61 Woodland Street, Hartford, CT 06105
Mark E. Ojakian, CSCU President

[1] Where 6/30/2019 is last date, successor effective 7/1/2019 is also included.

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Introduction

The Management Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Connecticut Community Colleges ("CCC" or "System") and its component units for the fiscal year ended June 30, 2019. This discussion has been prepared by and is the responsibility of management, and should be read in conjunction with the financial statements and footnote disclosures which follow this section.

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

The Connecticut Community Colleges is a state-wide system of twelve regional community colleges. During the fall 2018 semester, 47,912 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 27,709. During calendar year 2019, approximately 30,000 students also took a variety of non-credit skill-building programs. The CCC's offer two-year associate degrees and transfer programs, short-term certificates, and individual coursework in both credit and non-credit programs, often through partnerships with business and industry. In total, CCC employed approximately 2,000 full time employees at June 30, 2019.

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

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

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

Using the Financial Statements

CCC's financial report includes the following financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2019 financial statements and footnotes are presented for the CCC *primary institution*, as well as for certain other organizations that have a significant related party relationship with CCC (the "component units").

The component units are the twelve college foundations (the "Foundations") and the Great Path Academy ("GPA"), a magnet high school at Manchester Community College ("MCC"). Magnet high schools which are operating on CCC campuses are legally separate, tax-exempt non-profit organizations. Each magnet school established is evaluated for inclusion within the System financial statements as a component unit. The Great Path Academy (GPA) at MCC meets the criteria for inclusion as a component unit in the financial statements of CCC and is discretely presented and identified in a single column on the face of the CCC financial statements. The Foundations are legally independent, tax-exempt non-profit organizations separate from College control, founded to foster and promote the growth, progress and general welfare of the Colleges and to solicit, receive and administer donations for such purposes. The Foundations manage the majority of the Colleges' endowments. However, the assets of these component units are not available to CCC for use at its discretion. The MD&A discusses CCC's financial statements only and not those of its component units.

Financial Highlights

The Connecticut Community Colleges had total assets of $903.5 million, liabilities of $1.7 billion, and a total net position balance of ($653.6) million at June 30, 2019. Of the total net position balance, ($1.4) billion is classified as unrestricted net position, a $46.9 million decrease from 2018. The large negative balance in unrestricted net position is a result of the adoption of GASB 68 (Pensions) in fiscal year 2015 and GASB 75 (Other Post-Employment Benefits) in fiscal year 2018. Adoption of GASB 68 required the System to recognize a net liability for pension plans, which was previously disclosed only at the State level. The adoption of GASB 75 required the System to recognize the net liability for other post-employment benefits (OPEB). The offset to the net pension and OPEB liabilities was a reduction in unrestricted net position as further discussed below.

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were $133.9 million, a 7.1% decrease from the previous year. Operating expenses were $583.3 million, an increase of 1.4% from the previous year, resulting in an operating loss of $449.3 million during the year ended June 30, 2019. Net non-operating revenues and other changes were $390.3 million, up 3.2% from the previous year, which was primarily the result of an $11.7 million increase in state appropriations - general funds. Overall the CCC's experienced a decrease in net position of $59.0 million during fiscal year 2019.

Cash and cash equivalents were $137.0 million at June 30, 2019, including $20.1 million of cash equivalents in the form of unspent State bond appropriations administered by the CCC's, and $21.7 million of unspent State bond appropriations administered by the Department of Administration Services ("DAS") on behalf of the System. DAS-administered cash equivalents (bond appropriations) decreased by $4.6 million during the fiscal year ended June 30, 2019. Total current assets were $186.6 million at June 30, 2019. The current ratio identifies the amount of resources available to meet current obligations. This ratio of unrestricted current assets of $140.5 million to unrestricted current liabilities of $62.1 million is 2.2:1 in 2019, and was 2.3:1 in 2018. The current ratio reflects a financial position sufficient to provide short-term liquidity. However, as the State continues to address budget shortfalls over the next few years, management will continue to carefully monitor liquidity metrics. Non-current liabilities increased 1.0% from $1,644.0 billion at June 30, 2018 to $1,661.1 billion at June 30, 2019. This significant liability includes $795.7 million for the CCC allocation of the state pension plan obligation, $829.8 million for the CCC allocation of the state's OPEB obligation and $35.5 million for the long-term portion of the accrued value of benefits, other than pension and OPEB, earned by employees which must be paid out when they retire or otherwise terminate service in the future (net of the estimated amounts to be paid out in the upcoming year).

Statement of Net Position

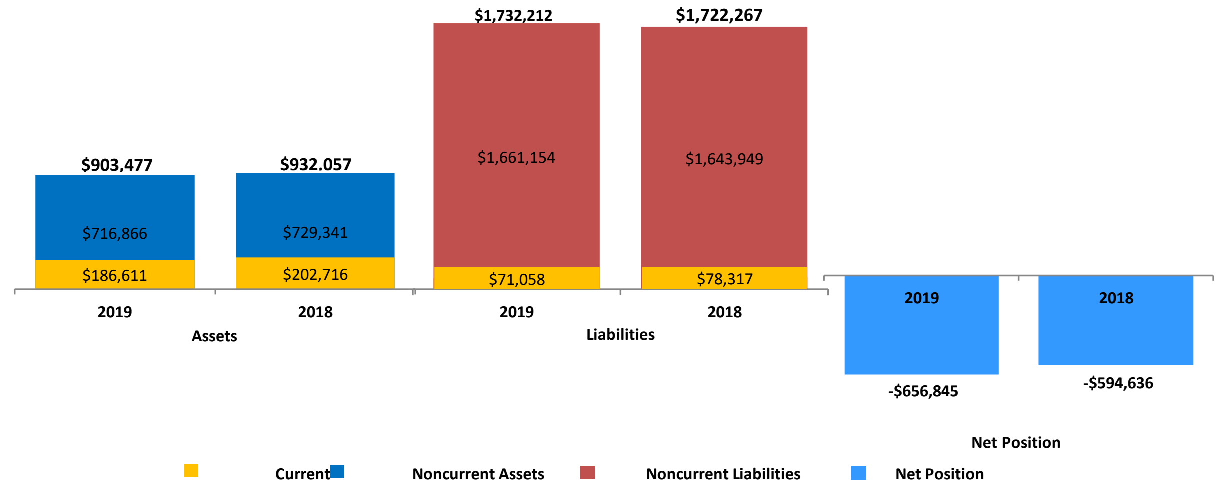
The Statement of Net Position presents the overall financial position of the System at the end of the fiscal year, and includes all assets and liabilities of the Connecticut Community Colleges, including capital assets net of depreciation. The change in Net Position is one indicator of whether the overall financial condition of CCC has improved or worsened during the year.

Condensed Statements of Net Position
June 30, 2019 and 2018
(in thousands)

	2019	2018	% Change
ASSETS			
Current assets	$ 186,611	$ 202,716	-7.9%
Non-current assets	716,866	729,341	-1.7%
Total assets	903,477	932,057	-3.1%
DEFERRED OUTFLOWS OF RESOURCES	274,250	267,682	2.5%
LIABILITIES			
Current liabilities	71,058	78,317	-9.3%
Non-current liabilities	1,661,154	1,643,949	1.0%
Total liabilities	1,732,212	1,722,266	0.6%
DEFERRED INFLOWS OF RESOURCES	102,360	72,109	42.0%
NET POSITION			
Invested in capital assets - net of related debt	716,632	729,184	-1.7%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	40,209	42,910	-6.3%
Unrestricted	(1,413,706)	(1,366,750)	-3.4%
Total net position	$ (656,845)	$ (594,636)	-10.5%

Current assets consist of cash and cash equivalents and accounts receivable. The $16.1 million decrease in current assets from the previous year is largely attributable to a $10.4 million decrease in the cash equivalents. Cash equivalents fluctuate as sizeable building projects are funded and then expended over a period of two to three years. Investment of cash is handled by the State of Connecticut Treasurer's Office, which invests cash balances in a Short Term Investment Fund ("STIF") on behalf of State agencies. The CCC's do not carry any other separate investments.

THE CCC's FINANCIAL POSITION (in thousands)



Non-current assets decreased 1.7% from $729.3 million at June 30, 2018, to $716.8 million at June 30, 2019. Net capital assets account for all but $0.2 million of non-current assets, which represents student loan receivables. At June 30, 2019, capital assets in service totaled $1.1 billion, offset by $399.0 million in accumulated depreciation. The $12.9 million increase in capital assets included $7.7 million in building improvements.

Completed projects included $1.7 million for site improvement at Asnuntuck, $1.4 million for fire alarm systems at Naugatuck Valley, $1.3 million for a paving project at Middlesex, and $1.3 million for a roof replacement at Norwalk. Construction-In-Progress increased $3.8 million from $83.5 to $87.4 million. The increase included $11.5 million in additions less $7.6 million in transfers of completed projects.

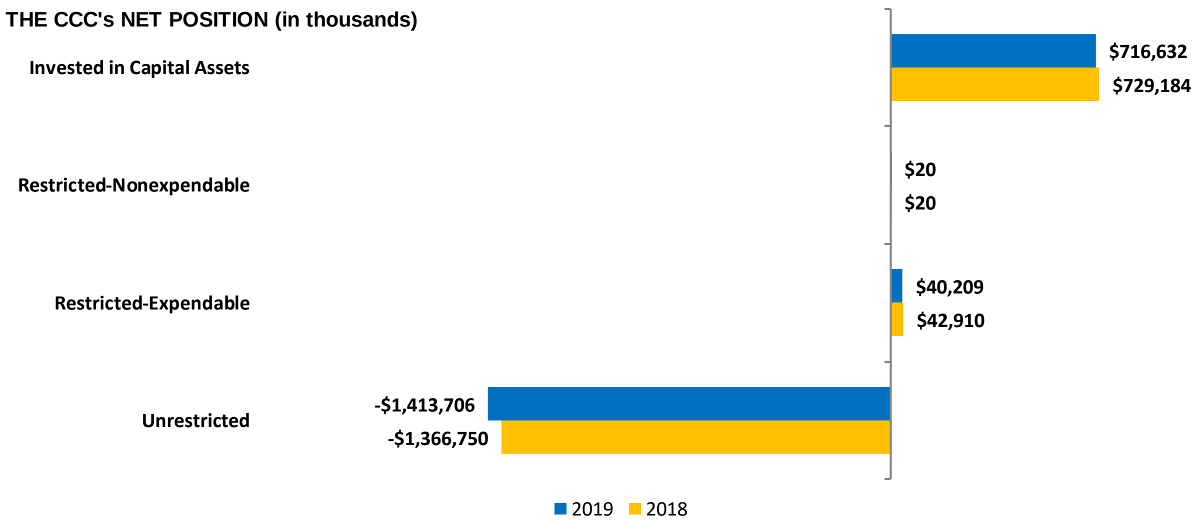
Current liabilities consist primarily of accrued payroll and related benefits of $43.7 million and unearned tuition, fees and grant revenue of $14.9 million, primarily collected in advance for late-summer and fall 2019 academic terms. Additional current liabilities include vendor accounts payable of $6.1 million, retainage of $3.1 million, and $3.1 million for the estimated value of accrued compensated absences that will be paid within the coming year to employees who terminate or retire.

Non-current liabilities consist almost exclusively of $795.7 million in pension liability, $829.8 million in OPEB liability and $35.5 million of long-term accrued compensated absences ("ACA") to be paid out to terminating employees over time in the future beyond one year. *Pension liabilities* represent the System's proportionate share of the State Employee Retirement System's (SERS) and the Teachers Retirement System's (TRS) net pension liability. *Other post-employment benefits* liability represents the System's proportionate share of the State's OPEB liability as a whole.

Total liabilities were $1.7 billion at the end of fiscal year 2019, which is comparable to total liabilities at the end of fiscal year 2018. This is driven primarily by the $36.3 million dollar increase in the net pension liability offset by an $18.0 million dollar decrease in OPEB liability. The total ACA liability of $38.7 million (long-term and current), pension liability of $795.7 million and OPEB liability of $829.7 million, represents approximately twelve times the existing unrestricted current assets that are available to pay for these previously earned employee benefits, and causes the reported unrestricted net position balance to be negative. In practice, however, much of these payouts are funded through current-year revenues rather than through existing net position.

Deferred inflows and outflows of resources are related to future periods. In the colleges financial statements this is primarily related to the impact of recognizing net pension and net OPEB liabilities. They reflect differences between projected and actual assumptions and earnings, changes in actuarial assumptions, changes in proportion and differences between contributions and the proportionate share of contributions and employer contributions subsequent to the measurement date.

The *total net position* includes $716.6 million *Invested in capital assets* net of depreciation. The Connecticut Community Colleges do not carry any capital debt, as property acquisitions, facility construction and major renovations are financed by capital appropriations made to one or more of the CCC's. Bonding and debt repayment are the responsibility of the State of Connecticut and are not reflected in the CCC financial statements. The Connecticut Community Colleges continue to implement a long-range capital plan to provide for new and renovated campus facilities necessary to meet academic program needs.



The $26.6 million in new bond fund appropriations in fiscal year 2019 was for System administered projects, repairs, and equipment. The System-administered dollars funded a variety of small projects and IT initiatives.

The CCC's have a minimal level of *Restricted-Nonexpendable* net position as the colleges do not generally carry any permanent endowment as a direct activity which is generally held by the supporting foundations. *Restricted-Expendable* net position here represents primarily bond fund appropriation balances at June 30, 2019 ($18.9 million in funds managed by the CCC's and $18.4 million for projects managed by DAS), funds held in restricted accounts pending distribution under the terms of the Board's collective bargaining agreement with its professional unions, as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet expended. Changes in restricted-expendable net position are related primarily to the change in bond fund appropriation revenues and expenses in connection with various facility projects.

Unrestricted net position ("UNP") has shifted to a negative balance with the recognition of the pension and OPEB liabilities. Excluding the activity related to the actuarially determined net pension and OPEB liabilities, UNP decreased by $4.9 million to $39.9 million during fiscal year 2019. The table below illustrates the fluctuations in aggregate CCC UNP over the past five years adjusted for net pension liability beginning in fiscal year 2014 and net OPEB liability beginning in fiscal year 2017:

	FY15	FY16	FY17	FY18	FY19
UNP	$ 25.7	$ 37.7	$ 45.7	$ 44.9	$ 39.9
UNP Adjusted	$ (475.9)	$ (466.0)	$ (1,374.8)	$ (1,366.8)	$ (1,413.7)

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Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents CCC's results of operations, as well as the non-operating revenues and expenses. Total *operating revenues* for fiscal year 2019 were $133.9 million after the reduction for scholarship allowances, a decrease of 7.1% from $144.1 million in fiscal year 2018. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis, but are offset by student financial aid and waivers resulting in net tuition and fee revenue of $98.2 million. This differs from budgetary practices, which recognize revenues on a gross basis without offset for scholarship allowances. On a gross basis, fiscal year 2019 tuition revenues decreased by 0.15% from the previous year. These revenues reflect an FTE credit enrollment decrease of 3.1% in fiscal year 2019.

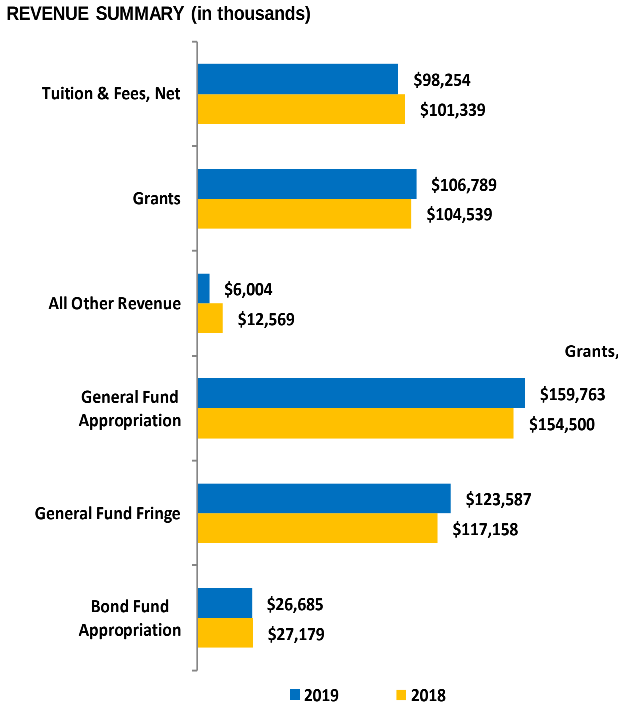
The Connecticut Community Colleges recorded an operating loss of $449.3 million during the year ended June 30, 2019. This results primarily from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *non-operating revenues*, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be an operating expense. Other non-operating activity includes private gifts and donations, investment income earned on cash balances invested by the State treasurer's office, and non-mandatory transfers between individual colleges and the System Office. The State general fund appropriation for salaries increased by 3.4% and the associated revenues to cover fringe benefit costs increased by 5.5%, to $159.7 million and $123.5 million, respectively. Bond fund appropriation revenues decreased from $27.2 million in 2018 to $26.6 million in 2019. When the full value of the general fund appropriation and fringe benefits, capital appropriations, and other non-operating revenue and expense is taken into account, the System recorded a net decrease in net position of $58.9 million in 2019 compared with a $53.2 million decrease in 2018.

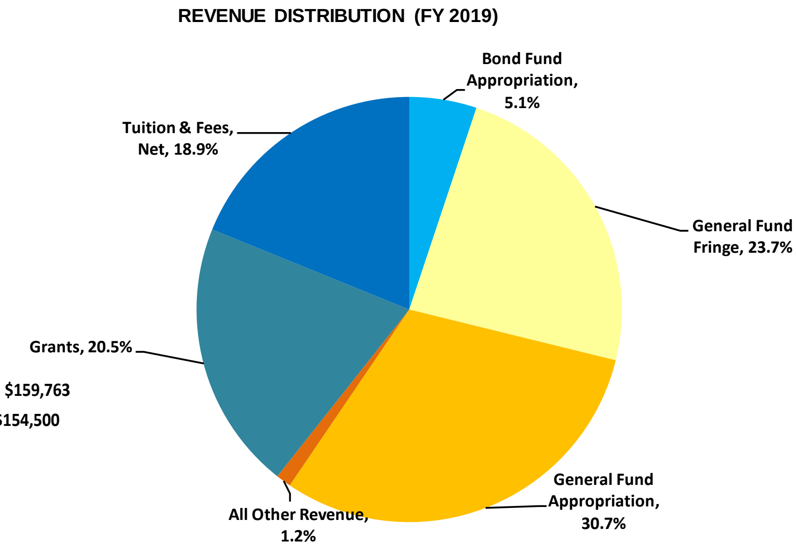
Condensed Statements of Revenues, Expenses and Changes in Net Position
June 30, 2019 and 2018
(in thousands)

	2019	2018	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 98,254	$ 101,339	-3.0%
Grants and contracts	31,645	28,601	10.6%
Other operating revenues	4,065	9,282	-56.2%
Total operating revenues	133,964	139,222	-3.8%
OPERATING EXPENSES			
Expenses before depreciation	552,769	539,026	2.5%
Depreciation	30,522	31,417	-2.8%
Total operating expenses	583,291	570,443	2.3%
Operating loss	(449,327)	(431,221)	4.2%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	283,350	271,658	4.3%
State appropriations - bond fund	26,685	27,179	-1.8%
PELL grant revenue	75,144	75,938	-1.0%
Other nonoperating revenues, net	1,939	3,287	-41.0%
Total non-operating revenues	387,118	378,062	2.4%
NET POSITION			
Change in net position	(62,209)	(53,159)	17.0%
Net position, beginning of year	(594,636)	(541,477)	9.8%
Net position, end of year	$ (656,845)	$ (594,636)	10.5%

Government grant revenues are comprised primarily of student financial aid programs including the Supplemental Education Opportunity Grant ("SEOG") programs. Other government grants include funding for various program-related activities. Grant revenues (which includes non-operating Pell grants) at June 30, 2019 were $106.8 million, an increase of $2.2 million from the previous fiscal year.

Other operating and non-operating revenues totaled $9.2 million, down from $12.6 million in 2018. Other revenues include sales or commission revenues from college- or vendor-operated cafeterias, bookstores, and daycare centers, early childhood education, food services, and private gifts and grants.





Total operating expenses for fiscal year 2019 were $583.3 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects an operating expense increase of 2.3% from $570.4 million in fiscal year 2018. The $12.9 million increase in fiscal year 2019 is primarily due to the change in pension and OPEB expense booked in accordance with GASB 68 & 75 requirements. Without reflecting that expense, CCC operating expenses decreased to $541.3 million from $546.8 million in fiscal year 2018. Operating expenses include $453.2 million for salary and wages and related fringe benefits, or 77.7% of total operating expense. In addition, operating expenses include $29.7 million in net scholarship aid expense provided to students, $30.5 million in depreciation expense and $69.7 million for all other service and supply costs. Supplies and services include non-capital telecommunications and information technology-related services and supplies; premises and property-related expenses including utilities, security, maintenance and repairs, custodial and grounds, and all other non-personnel costs of operating the colleges.

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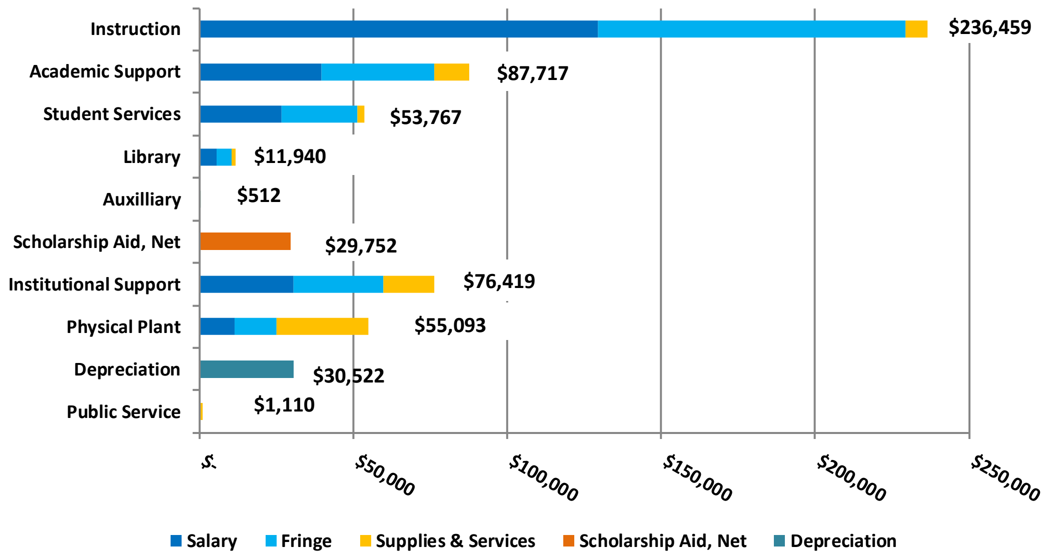
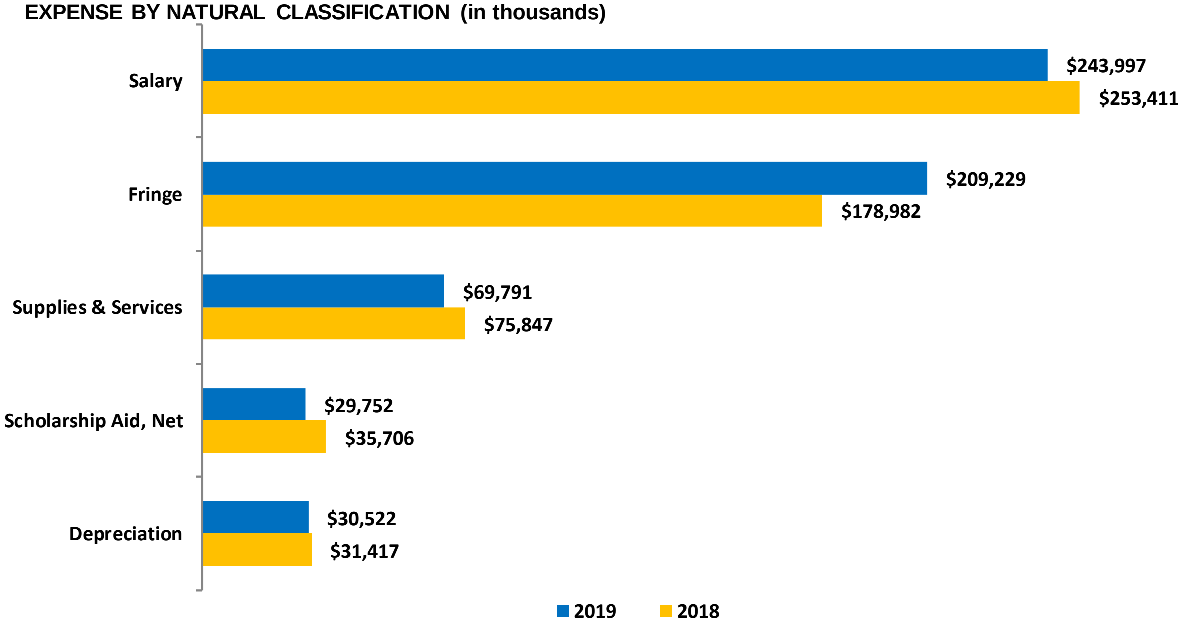
OPERATING EXPENSES (in thousands)
by Program and Account Type



EXPENSE BY NATURAL CLASSIFICATION (in thousands)



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Statement of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $95.2 million, down $2.8 million from 2018, and receipts from government grants and contracts of $26.6 million, down $2.7 million from 2018. Cash is also received from private grants and contracts, miscellaneous auxiliary and educational sales, and other activities. The largest operating cash outflows include salaries paid to employees of $249.7, up 2.4% from 2018, fringe benefits paid on behalf of employees of $167.9 million, up 11.6% from 2018, vendor payments of $75.0 million, down 13.6% from 2018 and payments to students of $36.5 million, up 4.9% from 2018. Payments to students includes financial aid grants and loans (in excess of the amounts applied to tuition and fee charges), student work study or other employment, and tuition and fee refunds. The increase in salaries paid is due to the SEBAC 2017 Agreement whereby a $2,000 one-time payment to all eligible employees was paid out in July 2018. Fringe benefits paid increased due to a one-time option for eligible employees to transfer from the Alternate Retirement Program to the State Employees Retirement System, which caused fringe rates to increase. Overall, net cash used by operating activities increased 5.7% during fiscal year 2019.

The largest inflow of cash related to *non-capital financing* is State appropriations, which were $300.6 million, including general fund appropriations to cover salaries and related fringe benefits, and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Other non-capital financing cash inflows include Pell grants of $75.2 million, private gift receipts of $1.7 million and Federal Family Education Loan Program (FFELP) receipts of $9.9 million.

Capital financing cash flows result primarily from the receipt or reallocation of capital appropriations and from cash outlays made to purchase capital assets either by the CCC's directly, or by DAS on the System's behalf. During fiscal year 2019, capital financing net cash inflows of $14.8 million reflected the receipt of bond appropriations, $4.2 million of which was spent on college facility projects administered by DAS, and $13.7 million for repairs and maintenance, capital equipment and system technology initiatives at the colleges and System office. Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of the System, and distributed quarterly. Cash inflows from the Short Term Investment Fund ("STIF") rose from $1.2 million in fiscal year 2018 to $1.4 million in fiscal year 2019.

Condensed Statements of Cash Flows
Year Ended June 30, 2019
(in thousands)

	2019	2018	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$(396,126)	$(374,638)	5.7%
Noncapital financing activities	387,537	365,580	-6.0%
Capital and related financing activities	(3,221)	(17,924)	-82.0%
Investing activities	1,425	1,249	14.1%
Net change in cash and cash equivalents	(10,385)	(25,733)	59.6%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	147,397	173,130	-14.9%
Cash and cash equivalents, end of year	$ 137,012	$ 147,397	-7.0%

Economic Outlook

As Connecticut enters a second decade of slow economic expansion, the fiscal and economic outlook for the Connecticut Community College system is mixed and uncertain. Enrollment is declining due to demographics – fewer graduating high school students – and intense competition regionally and nationally in the higher education sector. State support for the CCC system has not been able to make up for struggling tuition revenues due to the State's fiscal position and pressing need to address unfunded pension liabilities. As a result of these factors, the colleges have worked to reduce spending where possible in order to minimize use of reserves.

The higher education sector is facing a reckoning nationally around affordability, with student debt spiraling and the price of college rising well beyond the rate of inflation at many schools. Recent increases in unemployment as a result of the pandemic will exacerbate these challenges. However, the Connecticut Community College system has generally seen enrollment increases when unemployment is higher, as displaced workers seek education and certifications to improve their ability to find well-paid work as the economy recovers.

The CCC system has a number of major initiatives underway that position the colleges to meet the increased demand for education in an economic downturn, while improving student outcomes and bolstering the system's finances through increased enrollment.

First, the state of Connecticut recently adopted legislation creating a program to provide last-dollar financial aid intended to reduce the tuition costs for many of our students to zero. Called PACT – the Pledge to Advance Connecticut – this program is anticipated to add several thousand full-time students within a few years.

In addition, the Board of Regents has enacted and reaffirmed its commitment to a broad initiative called Students First. This initiative includes consolidation of the twelve community colleges into a single accredited institution. It also includes Guided Pathways, a national model that helps more students' efficiently complete credentials, transfer, and attain jobs in the labor market. The Guided Pathways approach ensures that all students develop an academic plan early in their college experience, have a clear road map of the courses they need, and receive consistent support to help them stay on track. Each pathway is based on a program of study that is aligned with specific employment goals and/or transfer.

The CCC Students First plan also includes several important cost savings initiatives. Shared services are being established or improved, creating opportunities for administrative savings in areas such as financial management, purchasing, and facilities. These back office consolidations are underway now.

Additional Information

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

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Regents of
Connecticut State Colleges and Universities

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Connecticut Community Colleges, an enterprise fund of the State of Connecticut (collectively, the "System") as of June 30, 2019, and related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units (the affiliated foundations ("Foundations")), which statements reflect total assets of $65.9 million and total net assets of $63.8 million as of June 30, 2019, and total revenues, capital gains and losses, and other support of $12.1 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the Connecticut Community Colleges as of June 30, 2019, 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.

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 June 30, 2019, 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.

Other matters
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 Other Post-Employment Benefits and Related Ratios and Schedule of Contributions on pages 40 through 44 be presented to supplement the basic financial statements. Such information, 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. 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, Statement of Revenues, Expenses and Changes in Net Position, Combining Statement of Cash Flows, Combining Statement of Net Position by Fund Group, and Combining Statement of Revenues, Expenses and Changes in Net Position by Fund group included on pages 46 through 51 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 the 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
June 10, 2020

Connecticut Community Colleges
Statement of Net Position
Year Ended June 30, 2019

CSCU

	Primary Institution	Component Unit Magnet High School
Assets		
Current assets		
Cash and cash equivalents	$ 137,012,369	$ 1,525,500
Accounts receivable, due from the State	30,141,227	51,998
Accounts receivable other, net	19,127,691	260,790
Prepaid expenses and other current assets	330,134	-
Total current assets	186,611,422	1,838,288
Non-current assets		
Investment in plant	1,115,658,324	32,322,939
Accumulated depreciation	(399,026,754)	(8,832,521)
Investment in plant, net of accumulated depreciation	716,631,570	23,490,418
Student loans, net	234,279	-
Total non-current assets	716,865,849	23,490,418
Total assets	$ 903,477,271	$ 25,328,706
Deferred outflows of resources		
Deferred pension	$ 223,612,458	$ -
Deferred other post employment benefits	50,637,609	-
Total deferred outflows of resources	$ 274,250,067	$ -
Liabilities		
Current liabilities		
Accounts payable	$ 6,091,989	$ 224,262
Accrued expenses - salary and fringe benefits	40,600,862	52,397
Accrued compensated absences - current portion	3,145,344	2,578
Unearned tuition and grant revenue	14,996,470	-
Retainage	3,363,748	-
Agency and loan fund liabilities	2,059,983	-
Other liabilities	799,862	-
Total current liabilities	71,058,258	279,237
Non-current liabilities		
Pension liability, net	795,762,269	-
Other post employment benefits liability net	829,795,327	-
Accrued compensated absences - long term portion	35,554,815	29,829
Federal loan program advances	41,944	-
Total non-current liabilities	1,661,154,355	29,829
Total liabilities	$ 1,732,212,613	$ 309,067
Deferred inflows of resources		
Deferred pension	$ 25,095,368	$ -
Deferred other post employment benefits	77,264,341	-
Total deferred inflows of resources	$ 102,359,709	$ -
Net position		
Invested in capital assets, net	$ 716,631,570	$ 23,490,418
Restricted		
Nonexpendable	20,000	-
Expendable	40,209,248	-
Unrestricted	(1,413,705,802)	1,529,221
Total net position	$ (656,844,985)	$ 25,019,639

The accompanying notes are an integral part of this financial statement.

CSCU

		Component Unit Foundations
Assets		
Cash and cash equivalents	$	4,413,908
Accounts receivable, net		23,995
Contributions receivable, net		1,361,167
Prepaid expenses and other assets		68,640
Investments		60,074,905
Total assets	$	65,942,615
Liabilities		
Accounts payable and accrued expenses	$	694,373
Annuities payable		41,920
Scholarships payable		16,905
Other liabilities		1,353,675
Total liabilities		2,106,873
Net Assets		
Without donor restrictions		12,898,721
With donor restrictions		50,937,021
Total net assets		63,835,742
Total liabilities and net assets	$	65,942,615

The accompanying notes are an integral part of this financial statement.

		Primary Institution		Component Unit Magnet High School
Operating revenues				
Student tuition and fees	$	183,201,246	$	-
Less: Scholarship discounts and allowances		(84,947,563)		-
Net tuition and fees		98,253,683		-
Federal grants and contracts		13,970,305		3,404,417
State and local grants and contracts		11,854,182		-
Nongovernment grants and contracts		5,820,452		-
Auxiliary revenues		564,095		103,660
Other operating revenues		3,500,862		1,074,437
Total operating revenues		133,963,580		4,582,514
Operating expenses				
Salaries and wages		243,996,943		2,914,781
Fringe benefits		209,229,334		1,244,387
Professional services and fees		8,829,036		-
Educational services and support		9,483,569		-
Travel expenses		2,575,083		-
Operation of facilities		29,787,785		-
Other operating supplies and expenses		19,115,879		449,011
Scholarship aid, net		29,751,640		-
Depreciation expense		30,521,990		846,220
Total operating expenses		583,291,258		5,454,399
Operating loss		(449,327,678)		(871,885)
Nonoperating revenues				
State appropriation - general fund		283,350,238		809,181
State appropriation - bond fund		26,684,634		-
Pell grant revenue		75,144,201		-
Investment income		1,939,620		-
Total nonoperating revenues		387,118,694		809,181
Change in net position		(62,208,985)		(62,704)
Net position, beginning of year		(594,636,000)		25,082,343
Net position, end of year	$	(656,844,985)	$	25,019,639

The accompanying notes are an integral part of this financial statement.

CSCU

		Component Unit Foundations
Revenue, capital gains and losses and other support		
Gifts and grants	$	9,840,129
Gifts in kind		3,600
Events and activities		830,634
Dividends and interest income (loss)		(440,925)
Net realized and unrealized gain on investments		1,847,874
Total revenue, capital gains and losses and other support		12,081,312
Expenses		
Fundraising events	$	938,531
Campus facilities, projects and equipment		5,000
Grants		478,130
Program services		3,461,440
Scholarships, awards, and financial aid		2,459,399
Management and general		1,162,431
College advancement		1,735,390
Total expenses		10,240,321
Change in net assets		1,840,991
Net assets		
Net assets at beginning of year	$	61,994,751
Net assets at end of year	$	63,835,742

The accompanying notes are an integral part of this financial statement.

Connecticut Community Colleges

Statement of Cash Flows

June 30, 2019

CSCU

		Primary Institution
Cash flows from operating activities		
Student tuition and fees	$	95,287,158
Government grants and contracts		26,673,539
Private grants and contracts		4,282,830
Sales and services of educational departments		794,495
Payments to employees		(249,713,477)
Payments for fringe benefits		(167,934,153)
Payments to students		(36,546,921)
Payments to vendors		(75,038,011)
Payments by Department of Construction Services (DCS)		(306,619)
Other receipts, net		6,374,617
Net cash used in operating activities		(396,126,542)
Cash flows from investing activities		
Interest income		1,425,962
Net cash provided by investing activities		1,425,962
Cash flows from capital and related financing activities		
State appropriations		14,813,436
Payments by Department of Construction Services (DCS)		(4,236,093)
Purchase of capital assets		(13,798,491)
Net cash used in capital and related financing activities		(3,221,148)
Cash flows from noncapital financing activities		
State appropriations		300,685,389
Pell grants		75,217,632
Private gifts		1,726,901
Federal Family Education Loan Program (FFELP)		9,906,773
Net cash provided by noncapital financing activities		387,536,695
Net decrease in cash and cash equivalents		(10,385,033)
Cash and cash equivalents at beginning of year	$	147,397,402
Cash and cash equivalents at end of year	$	137,012,369
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(449,327,678)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense		30,521,990
Loss on disposal of capital assets, net		872,645
Operating application of FFELP receipts		(9,906,773)
Changes in operating assets and liabilities:		
Accounts receivable, net		(2,325,655)
Prepaid expenses and other assets		6,956
Accrued compensation and other		(10,136,979)
Pension liability, net		36,383,269
Other post-employment benefits liability		(18,049,673)
Accounts payable and other liabilities		1,539,244
Unearned tuition, fees and grant revenue		613,470
Changes in deferred outflows and inflows of resources:		
Deferred pension outflows		2,076,542
Deferred other post-employment benefits outflows		(8,644,609)
Deferred pension inflows		1,368
Deferred other post-employment benefits inflows		30,249,341
Net cash used in operating activities	$	(396,126,542)

The accompanying notes are an integral part of this financial statement.

1. Summary of Significant Accounting Policies

Organization

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

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

Basis of Presentation

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

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

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

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

The Foundations are private nonprofit organizations that report under Financial Accounting Standards Board ("FASB") standards, which include guidelines for *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in CCC's financial reporting entity for these differences. The disclosures included in the financial statements address only CCC and the magnet high school and not the related Foundations. Each of the foundations issues a separate audited financial statement which may be obtained by contacting the System's office at 61 Woodland Street, Hartford, CT 06105.

Great Path Academy ("GPA") is an inter-district magnet high school located on the Manchester Community College campus. GPA is discretely presented and identified in a single column as a component unit on the face of CCC's statement of net position and statement of revenues, expenses and changes in net position. CCC does not consider other magnet high schools to be component units of CCC primary institutions, because they are legally separate entities from CCC and they are separately managed and accounted for.

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

- **Invested in Capital Assets, Net of Related Debt**
  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 foundation component units.

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

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

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

CSCU

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

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

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

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

Investment in Plant
Capital assets of the primary institutions and magnet school 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

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

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

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

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

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

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

Deferred Revenue
Deferred revenue consists primarily of tuition and fees collected as of year-end for the upcoming summer or fall semesters.

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

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

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

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

Component Units
The component units represent the 12 college foundations (the "Foundations") and the Great Path Academy ("GPA"), a magnet high school at Manchester Community College ("MCC"). The GPA at MCC is a discretely presented component unit, identified in a single column on the CCC financial statements.

GASB Pronouncements Effective for Fiscal Year 2019
In November 2016, GASB released Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to address accounting for legally enforceable liabilities associated with the retirement and future activities of a capital asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, with earlier application encouraged. This standard was adopted in fiscal year 2019 and there was no impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years
In January 2017, GASB released Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

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 December 15, 2020, with earlier application encouraged

Subsequent Events
In accordance with generally accepted accounting principles, CSCU has evaluated subsequent events for the period after June 30, 2019, through June 10, 2020, the date the financial statements were issued. The COVID-19 pandemic, whose effects first became known in January 2020, is

CSCU

having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of COVID-19 on CSCU's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the economy, State appropriations, and enrollment, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact CCC's net position, changes in net position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

2. Cash, Cash Equivalents and Investments

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

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

Cash and cash equivalents also include operating funds held by the State in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2019 was 2.42%.

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

		2019
Cash	$	95,122,748
Cash equivalents		41,889,621
Cash and cash equivalents	$	137,012,369

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. CCC is only invested in the State Treasurer's STIF, which is a combined investment pool of high quality, short-term money market instruments. There is low risk to these types of investments.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. 100% of CCC total cash, cash equivalents and investments were invested in the STIF or consist of State general fund and capital bond fund appropriations allocated to CCC as of June 30, 2019.

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

3. Accounts Receivable

Accounts receivable consist of the following at June 30:

		2019
Tuition and fees	$	12,520,808
Less: allowance for doubtful accounts		(5,166,054)
Student tuition and fee receivables, net		7,354,755
Third-party contracts		2,194,521
Government and private grants and contracts		5,644,273
Other receivables		4,376,232
Subtotal		12,215,027
Less: allowance for doubtful accounts		(442,090)
Other receivables, net		11,772,937
Accounts receivable other, net	$	19,127,691

Student tuition and fees are due at a date established by each college not earlier than six weeks nor later than three weeks before the first day of classes unless other payment arrangements have been made. Any account not fully paid by the end of the term is entered into collections.

4. Capital Assets

Capital assets consist of the following at June 30:

	Balance at June 30, 2018	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2019
Land and land/site improvements	$ 28,336,283	$ 802,447	$ -	$ 1,790,499	$ 30,929,229
Building and building improvements	891,473,316	2,470,088	(592,457)	5,847,681	899,198,628
Furniture and equipment	90,290,570	4,873,541	(2,407,658)	-	92,756,453
Library books	5,060,160	961	-	-	5,061,121
Software	210,000	115,481	(41,610)	-	283,871
	1,015,370,329	8,262,518	(3,041,725)	7,638,180	1,028,229,302
Less: accumulated depreciation	(369,727,213)	(30,521,990)	1,222,449	-	(399,026,754)
	645,643,116	(22,259,472)	(1,819,276)	7,638,180	629,202,548
Construction in progress	83,540,938	11,526,264	-	(7,638,180)	87,429,022
Capital assets, net	$ 729,184,054	$ (10,733,208)	$ (1,819,276)	$ -	$ 716,631,570

5. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

		2019
Accrued vacation	$	16,001,873
Accrued sick leave		12,336,050
Other accrued fringe benefits		10,362,235
Total accrued compensated absences		38,700,158
Less: current portion		(3,145,344)
Accrued compensated absences - non-current portion	$	35,554,815

Activity for compensated absences as of June 30 includes:

		2019
Balance as of June 30, 2018	$	39,878,432
Additions in 2019		1,758,966
Benefits paid to participants in 2019		(2,937,239)
Balance as of June 30, 2019	$	38,700,158

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

6. Related Parties

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to the State's General Fund. The CCC made no transfers to the State during fiscal year 2019.

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

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

Amounts due from the State for the year ended June 30 are as follows:

		2019
Receivable for accrued salaries, interest and fringe benefits to be paid by State General Fund	$	30,141,227

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

		2019
Cash balances held with the State on behalf of the CCC's	$	95,122,728

7. Commitments, Contingencies and Leases

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

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

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

		2019
Asnuntuck Community College	$	1,351,103
Capital Community College		411,440
Gateway Community College		442,356
Housatonic Community College		723,412
Manchester Community College		23,708
Middlesex Community College		571,377
Naugatuck Valley Community College		41,268
Northwestern Connecticut Community College		196,659
Norwalk Community College		461,550
Quinebaug Valley Community College		261,074
System Office		8,776,338
Three Rivers Community College		1,420,748
Tunxis Community College		253,572
	$	14,934,605

CCC is party to one non-cancellable operating lease contract entered into on July 1, 2012 by Gateway with the City of New Haven for parking in the Temple Street Parking Garage for $970,200 per year for 20 years.

Future minimum lease payments, all due over the next five fiscal years and thereafter under all existing operating lease contracts (cancellable and non-cancellable), are as follows (in thousands):

Year ending June 30	
2020	$ 2,075
2021	2,001
2022	1,961
2023	1,968
2024	1,968
Thereafter	9,881
	$ 19,854

Rental and lease expense was $3.6 million for the year ended June 30, 2019.

8. Pension Plans

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

Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, or 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 SEBAC, provides a retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a 5% employer match and 4% interest in lieu of a defined benefit.

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

Alternatively, employees may choose to participate in the ARP, which is a defined contribution plan managed by Prudential. Under this arrangement, plan participants contribute 6.5% of their pay, or they can opt out of the 6.5% and contribute 5% and the State contributes 6.5% to individual participants' investment accounts managed by Prudential. CSCU pays a fringe benefit charge to the State, which includes the 6.5% employer contribution, employee health benefits and an administrative charge. The aforementioned 2011 SEBAC agreement provided CSCU employees who were both hired before July 1, 2011 and participating in ARP with a one-time irrevocable option through December 31, 2018 of electing to transfer their membership from ARP to the Hybrid Plan and purchasing credit in the Hybrid Plan for their prior services at full actuarial cost.

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

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

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The rate was 64.30% for SERS and 41.84% for TRS for the fiscal year ended June 30, 2019. The State contributed $51.3 million and $1.3 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2019, equal to 100.0% and 53.1%, 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, 2019 was measured and valued as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of that date. 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 CCC System's proportion was 0.19% as of June 30, 2019. For the SERS plan, the CCC System's proportion was 3.55% as of June 30, 2019.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to the CCC System is calculated separately. The net pension liability for the CCC System as of June 30, 2019 for SERS and TRS was $770.5 million and $25.3 million, respectively.

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

Measurement Year	2018
Inflation	2.50%
Salary increases including inflation	3.50% to 19.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100% for males and 95% for females.

The actuarial assumptions used in the June 30, 2018 valuation (which was the basis for recording the June 30, 2019 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. The best estimates of geometric rates of return for each major asset class as of the 2018 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21%	5.8%
Developed Non-U.S. Equities	18%	6.6%
Emerging Market (Non-U.S.)	9%	8.3%
Real Estate	7%	5.1%
Private Equity	11%	7.6%
Alternative Investments	8%	4.1%
Fixed Income	8%	1.3%
High Yield Bonds	5%	3.9%
Emerging Market Bond	4%	3.7%
TIPS	5%	1.0%
Cash	4%	0.4%
	100%	

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

Measurement Year	2018
Inflation	2.75%
Salary increases including inflation	3.25% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	8.00%

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as 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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21%	5.8%
Developed Non-U.S. Equities	18%	6.6%
Emerging Market (Non-U.S.)	9%	8.3%
Real Estate	7%	5.1%
Private Equity	11%	7.6%
Alternative Investments	8%	4.1%
Fixed Income	7%	1.3%
High Yield Bonds	5%	3.9%
Emerging Market Bond	5%	3.7%
Inflation Linked Bonds	3%	1.0%
Cash	6%	0.4%
	100%	

Discount Rate for SERS:
The discount rate used to measure the total pension liability was 6.9% in the 2018 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 8.0% in the 2018 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate
The following table presents the current-period net pension liability of the CCC System calculated using the current-period discount rate assumption of 6.9% for SERS and 8.0% 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-7.0%)	Current Discount (SERS-6.9%) (TRS-8.0%)	1% Increase (SERS-7.9%) (TRS-9.0%)
SERS	$ 919,449,353	$ 770,504,174	$ 646,225,687
TRS	31,921,699	25,258,143	19,622,974

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan
For the year ended June 30, 2019, the CCC System recognized pension expense of $36.0 million for SERS and $2.4 million for TRS. A schedule of deferred outflows and inflows of resources as of June 30, 2019 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to the CCC System that will be recognized in pension expense during the next five years is as follows:

	SERS	TRS	Total
2020	$ 50,317,270	$ 2,704,454	$ 53,021,724
2021	41,908,193	2,333,621	44,241,814
2022	21,415,300	1,678,452	23,093,752
2023	1,516,964	1,888,906	3,405,870
2024	2,076,086	1,629,994	3,706,080
Thereafter	-	490,795	490,795
Total	**$ 117,233,813**	**$ 10,726,222**	**$ 127,960,035**

9. Other Post-Employment Benefits

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

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

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

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

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

Investments
The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the State's Chief Investment Officer, as they manage the investment programs of the SEOPEBP. Plan assets are managed primarily through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0% or more of plan net position available for benefits. The following is the asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21%	5.8%
Developed Non-U.S. Equities	18%	6.6%
Emerging Market (Non-U.S.)	9%	8.3%
Real Estate	7%	5.1%
Private Equity	11%	7.6%
Alternative Investments	8%	4.1%
Fixed Income	8%	1.3%
High Yield Bonds	5%	3.9%
Emerging Market Bond	4%	3.7%
Inflation Linked Bonds	5%	1.0%
Cash	4%	0.4%
	100%	

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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, 2019 of $829.8 million was measured and valued as of June 30, 2018 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, 2019 the System's proportion was 4.8%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately. The net liability for the CCC System as of June 30, 2019 for SEOPEBP was $829.8 million.

Actuarial Assumptions:
The total OPEB liability was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions:

Measurement Year	**2018**
Payroll growth rate	3.50%
Salary increases	3.25% to 19.50% varying by years of service and retirement system
Discount rate	3.95% as of June 30, 2018 and 3.68% as of June 30, 2017
Healthcare cost trend rates:	
Medical	6.5% graded to 4.5% over 4 years
Prescription drug	8.0% graded to 4.5% over 7 years
Dental and Part B	4.50%
Administrative expense	3.00%

Mortality rates for the SEOPEBP were based on the RP-2000 Healthy Annuitant Mortality Table for male rates projected 15 years (set back 2 years) and female rates projected 25 years (set back one year) under Scale AA.

The discount rate used to measure the total OPEB liability for SEOPEBP was 3.95%. The projection of cash flows used to determine the discount was performed in accordance with GASB pronouncements.

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

Discount rate comparison:

	1% Decrease (2.95%)	Current Discount (3.95%)	1% Increase (4.95%)
Net OPEB Liability	$ 962,501,995	$ 829,795,335	$ 722,029,015

Health care trend rate comparison:

	1% Decrease in Trend Rates Medical: 5.5% graded to 3.5% over 4 years Prescripion Drug: 7.0% graded to 3.5% over 7 years Dental and Part B: 3.5% Administrative expense: 2.0%	Current Trend Rates Medical: 6.5% graded to 4.5% over 4 years Prescripion Drug: 8.0% graded to 4.5% over 7 years Dental and Part B: 4.5% Administrative expense: 3.0%	1% Increase in Trend Rates Medical: 7.5% graded to 5.5% over 4 years Prescripion Drug: 9.0% graded to 5.5% over 7 years Dental and Part B: 5.5% Administrative expense: 4.0%
Net OPEB Liability	$ 706,793,365	$ 829,795,335	$ 985,656,616

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2019, the CCC System recognized OPEB expense of $49.5 million. A schedule of deferred outflows and inflows of resources as of June 30, 2019 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to the CCC System that will be recognized in pension expense during the next five years is as follows:

	OPEB	Total
2020	$ (18,651,894)	$ (18,651,894)
2021	(18,651,894)	(18,651,894)
2022	(18,651,990)	(18,651,990)
2023	(12,867,183)	(12,867,183)
2024	(3,756,059)	(3,756,059)

10. Unearned Tuition, Fees and Grant Revenue

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

	2019
Unearned tuition and fees	$ 7,998,336
Grants and contracts	6,617,716
Unapplied payments	380,418
Total unearned tuition and grant revenue	$ 14,996,470

11. Natural Classification with Functional Classification

The operating expenses by functional classification for the year ended June 30, 2019 are summarized as follows:

	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expenses	Operation of facilities	Other operating supplies and expenses	Scholarship aid, net	Depreciation expense	Total operating expenses
Academic support	$ 39,859,009	$ 36,353,562	$ 668,188	$ 2,408,088	$ 1,800,167	$ 909,435	$ 5,718,356	$ -	$ -	$ 87,716,806
Auxilliary enterprises	99,866	81,516	172,319	1,075	30	31,394	126,046	-	-	512,247
Institutional support	30,559,916	29,398,213	5,264,338	544,500	359,180	503,198	9,789,456	-	-	76,418,800
Instruction	129,434,417	100,043,848	534,818	4,371,097	185,055	309,894	1,579,753	-	-	236,458,882
Library	5,735,943	4,803,499	372,005	768,695	9,128	30,364	220,728	-	-	11,940,363
Physical plant	11,420,779	13,795,768	1,188,529	20,358	29,537	27,861,378	776,926	-	30,521,990	85,615,265
Public service	224,119	168,040	107,026	403,238	10,419	3,960	193,131	-	-	1,109,933
Scholarship aid	-	-	-	-	-	-	-	29,751,640	-	29,751,640
Student services	26,662,894	24,584,888	521,813	966,518	181,566	138,162	711,480	-	-	53,767,321
	$ 243,996,943	$ 209,229,334	$ 8,829,036	$ 9,483,569	$ 2,575,082	$ 29,787,785	$ 19,115,879	$ 29,751,640	$ 30,521,990	$ 583,291,257

12. Bonds Payable

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

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

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13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2019:

As of June 30, 2019	SERS	TRS	OPEB	Total
DEFERRED OUTFLOWS OF RESOURCES				
Difference between expected and actual experience	$ 27,196,000	$ -	$ -	$ 27,196,000
Changes of assumptions or other inputs	83,955,085	2,375,791	-	86,330,876
Net difference between projected and actual earnings on pension plan investements	-	467,063	-	467,063
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,027,996	11,033,559	4,750,635	43,812,190
Employer contributions after measurement date	68,401,915	2,155,049	45,886,974	116,443,938
Total	**$ 207,580,996**	**$ 16,031,462**	**$ 50,637,609**	**$ 274,250,067**
			$ -	
DEFERRED INFLOWS OF RESOURCES				
Difference between expected and actual experience	$ -	$ 1,042,732	$ -	$ 1,042,732
Changes of assumptions or other inputs	-	-	43,874,511	43,874,511
Net difference between projected and actual earnings on pension plan investments	2,415,634	-	333,468	2,749,102
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,529,544	2,107,458	33,056,362	54,693,364
Total	**$ 21,945,178**	**$ 3,150,190**	**$ 77,264,341**	**$ 102,359,709**

REQUIRED SUPPLEMENTARY INFORMATION

CSCU

Schedule of Net Pension Liability and Related Ratios

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

(in thousands)

	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	3.55%	3.55%	3.61%	3.60%	3.38%	3.24%
CCC System's proportionate share of the net pension liability	$ 770,504	$ 747,249	$ 829,328	$ 594,978	$ 540,627	$ 537,772
CCC System's covered-employee payroll	$ 121,796	$ 136,569	$ 134,378	$ 130,285	$ 117,737	$ 108,775
CCC System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	633%	547%	617%	457%	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	36.62%	36.25%	31.69%	39.23%	39.54%	N/A [1]

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

(in thousands)

	2019	2018	2017	2016	2015	2014
CCC System's proportion of the net pension liability	0.19%	0.09%	0.09%	0.11%	0.11%	0.11%
CCC System's proportionate share of the net pension liability	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,109	$ 12,253
State's proportionate share of the net pension liability associated with the System	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,094	N/A [1]
Total	$ 50,516	$ 24,260	$ 25,596	$ 24,036	$ 22,203	$ 12,253
CCC System's covered-employee payroll	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197	$ 4,001
CCC System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	384%	342%	361%	278%	265%	306%
Plan Fiduciary net position as a percentage of the total pension liability	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.

CSCU

Schedule of Net Other Post Employment Benefits Liability and Related Ratios

Last 10 Fiscal Years [1]

	2019	2018	2017
System's proportion of the net OPEB liability	4.81%	3.90%	4.03%
System's proportionate share of the net OPEB liability	$ 834,514,351	$ 841,977,711	$ 869,278,680
System's covered-employee payroll	$ 194,411,536	$ 200,795,770	$ 206,023,378
System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	429%	419%	N/A
Plan Fiduciary net position as a percentage of the total OPEB liability	4.69%	3.03%	1.94%

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

State Employee Retirement System Plan

Last 10 Fiscal Years [1]
(in thousands)

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 51,270	$ 55,136	$ 54,676	$ 49,636	$ 42,837	$ 34,343
Contributions in relation to the contractually required contribution	(51,270)	(54,695)	(54,239)	(49,388)	(42,837)	(34,309)
Contribution deficiency (excess)	$ -	$ 441	$ 437	$ 248	$ -	$ 34
CCC System's covered-employee payroll	$ 121,796	$ 136,569	$ 136,569	$ 130,285	$ 117,737	$ 108,775
Contributions as a percentage of covered employee payroll	42.09%	40.05%	39.72%	37.91%	36.38%	31.54%

Teachers Retirement System Plan

Last 10 Fiscal Years [1]
(in thousands)

	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,441	$ 909	$ 876	$ 1,078	$ 1,039
Contributions in relation to the contractually required contribution	(1,296)	(551)	(1,613)	(1,970)	(1,927)
Contribution deficiency (excess)	$ 1,145	$ 358	$ (737)	$ (892)	$ (888)
CCC System's covered-employee payroll	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197
Contributions as a percentage of covered employee payroll	19.70%	15.53%	45.45%	45.53%	45.91%

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

CSCU

Other Post Employment Benefits
Last 10 Fiscal Years [1]

	2019	2018	2017
Contractually required contribution	38,542,153	32,590,354	30,682,270
Contributions in relation to the contractually required contribution	(38,542,153)	(32,590,354)	(30,682,270)
Contribution deficiency (excess)	$ -	$ -	$ -
System's covered-employee payroll	$ 194,411,536	$ 200,795,770	$ 206,023,378
Contributions as a percentage of covered employee payroll	19.83%	16.23%	14.89%

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

1. Changes in Benefit Terms

Pension Plans

There were no changes for the June 30, 2018 valuation.

State Employee OPEB Plan

For the June 30, 2018 valuation, the following assumptions were updated:

- The discount rate was updated in accordance with GASB Statement No. 75 to 3.95%

SUPPLEMENTARY SCHEDULES

Connecticut Community Colleges

Combining Statement of Net Position

June 30, 2019

CSCU

	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Assets														
Current assets														
Cash and cash equivalents	$ 5,612,132	$ 3,746,329	$ 2,104,274	$ 17,998,670	$ 10,903,129	$ 5,131,239	$ 12,531,801	$ 3,531,158	$ 14,761,663	$ 9,588,905	$ 12,283,655	$ 4,524,668	$ 34,294,746	$ 137,012,369
Accounts receivable, due from the State	1,203,630	2,392,344	3,426,118	2,684,928	3,730,640	1,704,130	4,069,525	1,239,302	3,221,907	1,182,259	2,289,199	2,075,423	921,822	30,141,227
Accounts receivable other, net	882,362	2,572,416	1,894,552	1,575,142	2,021,733	759,366	2,475,527	288,434	1,021,024	417,496	1,745,339	1,376,084	2,098,215	19,127,691
Prepaid expenses and other current assets	3,447	429	883	8,860	11,536	36,898	25,926	667	1,416	921	3,261	2,752	233,140	330,134
Total current assets	7,701,571	8,711,519	7,425,827	22,267,600	16,667,038	7,631,633	19,102,778	5,059,562	19,006,010	11,189,582	16,321,454	7,978,927	37,547,923	186,611,422
Non-current assets														
Investment in plant	46,392,783	73,017,830	198,495,725	149,357,842	113,840,426	21,851,187	160,421,119	62,216,088	72,641,104	29,691,837	99,072,304	63,871,770	24,788,310	1,115,658,324
Accumulated depreciation	(9,504,820)	(33,235,351)	(42,197,209)	(37,438,043)	(59,730,544)	(13,945,118)	(75,885,920)	(15,473,554)	(28,686,238)	(10,863,086)	(31,030,735)	(21,158,359)	(19,877,777)	(399,026,754)
Investment in plant, net of accumulated depreciation	36,887,963	39,782,479	156,298,516	111,919,799	54,109,883	7,906,069	84,535,199	46,742,534	43,954,867	18,828,751	68,041,569	42,713,410	4,910,533	716,631,570
Student loans, net	153,084	-	-	-	-	4,505	-	-	-	-	-	76,691	-	234,279
Total non-current assets	37,041,047	39,782,479	156,298,516	111,919,799	54,109,883	7,910,574	84,535,199	46,742,534	43,954,867	18,828,751	68,041,569	42,790,101	4,910,533	716,865,849
Total assets	$ 44,742,618	$ 48,493,998	$ 163,724,343	$ 134,187,398	$ 70,776,921	$ 15,542,206	$ 103,637,976	$ 51,802,095	$ 62,960,876	$ 30,018,332	$ 84,363,023	$ 50,769,028	$ 42,458,456	$ 903,477,271
Deferred outflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 223,612,458	$ 223,612,458
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	50,637,609	50,637,609
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 274,250,067	$ 274,250,067
Liabilities														
Current liabilities														
Accounts payable	$ 1,052,661	$ 304,883	$ 297,761	$ 405,431	$ 146,593	$ 514,934	$ 406,363	$ 167,623	$ 635,121	$ 135,816	$ 357,265	$ 471,078	$ 1,196,461	$ 6,091,989
Accrued expenses - salary and fringe benefits	1,705,395	3,042,514	5,040,001	3,553,298	4,784,621	2,247,171	5,256,726	1,457,662	4,563,567	1,396,728	3,289,287	3,011,727	1,252,167	40,600,862
Accrued compensated absences - current portion	137,466	234,006	325,582	246,892	301,663	163,559	372,291	125,100	307,159	105,113	230,702	248,692	347,121	3,145,344
Unearned tuition and grant revenue	175,362	1,632,078	1,371,163	705,612	1,973,233	1,158,027	1,633,657	222,491	1,275,431	168,657	796,141	958,479	2,926,139	14,996,470
Retainage	-	-	-	1,426,156	-	-	145,823	1,791,769	-	-	-	-	-	3,363,748
Agency and loan fund liabilities	35,269	108,524	265,792	89,089	229,116	192,123	358,624	52,197	303,830	50,065	228,885	146,468	-	2,059,983
Other liabilities	34,968	56,981	105,845	75,545	121,350	50,134	51,648	1,874	177,221	8,425	60,502	55,369	-	799,862
Total current liabilities	3,141,121	5,378,984	7,406,144	6,502,023	7,556,576	4,325,946	8,225,132	3,818,716	7,262,329	1,864,803	4,962,782	4,891,813	5,721,888	71,058,258
Non-current liabilities														
Pension liability, net	-	-	-	-	-	-	-	-	-	-	-	-	795,762,269	795,762,269
Other post employment benefits liability net	-	-	-	-	-	-	-	-	-	-	-	-	829,795,327	829,795,327
Accrued compensated absences - long term portion	1,542,499	2,638,406	3,692,781	2,793,226	3,425,396	1,853,086	4,222,525	1,399,344	3,484,189	1,203,328	2,621,542	2,780,572	3,897,920	35,554,815
Federal loan program advances	-	-	-	-	-	-	-	-	-	-	-	41,944	-	41,944
Total non-current liabilities	1,542,499	2,638,406	3,692,781	2,793,226	3,425,396	1,853,086	4,222,525	1,399,344	3,484,189	1,203,328	2,621,542	2,822,517	1,629,455,516	1,661,154,355
Total liabilities	$ 4,683,620	$ 8,017,390	$ 11,098,925	$ 9,295,250	$ 10,981,972	$ 6,179,032	$ 12,447,657	$ 5,218,060	$ 10,746,517	$ 3,068,132	$ 7,584,324	$ 7,714,330	$ 1,635,177,405	$ 1,732,212,613
Deferred inflows of resources														
Deferred pension	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,095,368	$ 25,095,368
Deferred other post employment benefits	-	-	-	-	-	-	-	-	-	-	-	-	77,264,341	77,264,341
Total deferred inflows of resources	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 102,359,709	$ 102,359,709
Net position														
Invested in capital assets, net	$ 36,887,963	$ 39,782,479	$ 156,298,516	$ 111,919,799	$ 54,109,883	$ 7,906,069	$ 84,535,199	$ 46,742,534	$ 43,954,867	$ 18,828,751	$ 68,041,569	$ 42,713,410	$ 4,910,533	$ 716,631,570
Restricted														
Nonexpendable	-	-	-	20,000	-	-	-	-	-	-	-	-	-	20,000
Expendable	2,564,433	5,535,477	682,636	2,719,868	349,706	332,234	1,703,677	232,649	6,406,426	960,485	1,025,297	1,160,707	16,535,654	40,209,248
Unrestricted	606,602	(4,841,348)	(4,355,733)	10,232,482	5,335,361	1,124,871	4,951,444	(391,148)	1,853,066	7,160,965	7,711,834	(819,419)	(1,442,274,777)	(1,413,705,802)
Total net position	$ 40,058,998	$ 40,476,607	$ 152,625,418	$ 124,892,149	$ 59,794,949	$ 9,363,174	$ 91,190,320	$ 46,584,036	$ 52,214,359	$ 26,950,200	$ 76,778,699	$ 43,054,698	$ (1,420,828,591)	$ (656,844,985)

Connecticut Community Colleges

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2019

	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Operating revenues														
Student tuition and fees	$ 7,962,329	$ 12,681,558	$ 26,123,895	$ 17,551,673	$ 22,960,384	$ 9,818,889	$ 24,144,039	$ 4,299,984	$ 21,989,910	$ 5,047,075	$ 14,667,219	$ 15,718,358	$ 235,933	$ 183,201,246
Less: Scholarship discounts and allowances	(3,588,637)	(7,479,229)	(12,704,169)	(10,144,074)	(9,591,727)	(3,961,577)	(10,118,728)	(2,250,017)	(8,706,770)	(2,591,019)	(7,238,620)	(6,572,995)	-	(84,947,563)
Net tuition and fees	4,373,692	5,202,329	13,419,726	7,407,598	13,368,657	5,857,312	14,025,310	2,049,967	13,283,140	2,456,056	7,428,599	9,145,362	235,933	98,253,683
Federal grants and contracts	606,478	1,298,128	1,016,627	1,158,195	1,645,245	283,413	3,928,093	724,108	1,376,579	203,527	566,029	1,135,626	28,259	13,970,305
State and local grants and contracts	376,393	812,733	2,200,640	1,418,704	1,183,865	498,790	1,874,719	240,754	1,140,825	327,775	787,986	830,381	160,616	11,854,182
Nongovernment grants and contracts	298,588	601,202	241,438	807,768	479,697	95,993	432,812	180,526	1,844,919	396,110	325,903	101,626	13,871	5,820,452
Auxiliary revenues	-	-	169,430	-	87,341	-	-	-	-	-	307,324	-	-	564,095
Other operating revenues	166,409	129,877	388,129	446,929	300,944	105,714	397,729	30,959	362,859	64,868	477,429	430,311	198,706	3,500,862
Total operating revenues	5,821,559	8,044,269	17,435,991	11,239,195	17,065,748	6,841,221	20,658,663	3,226,315	18,008,321	3,448,338	9,893,270	11,643,306	637,384	133,963,580
Operating expenses														
Salaries and wages	11,198,390	18,368,521	30,659,726	21,722,935	26,969,190	12,279,709	31,733,521	8,668,228	25,821,150	8,405,128	18,329,350	18,703,506	11,137,590	243,996,943
Fringe benefits	7,568,830	13,159,525	20,095,694	15,364,011	19,256,220	8,176,915	23,299,091	6,215,088	15,647,622	5,742,151	12,541,319	12,314,946	49,847,921	209,229,334
Professional services and fees	600,928	330,933	841,069	712,814	790,195	433,162	735,766	173,074	521,993	595,023	600,334	434,260	2,059,486	8,829,036
Educational services and support	638,136	742,794	679,725	923,820	844,650	1,053,637	1,037,816	377,928	561,842	378,320	423,449	803,129	1,018,323	9,483,569
Travel expenses	157,274	169,295	202,142	289,906	296,849	133,981	172,080	106,025	280,430	70,050	188,255	189,279	319,515	2,575,083
Operation of facilities	1,174,817	2,375,985	6,048,141	4,386,283	1,959,410	1,083,710	2,513,164	1,031,645	4,108,975	908,709	1,955,047	1,963,326	278,571	29,787,785
Other operating supplies and expenses	1,792,915	441,757	1,341,270	993,462	1,059,259	739,797	1,423,896	457,171	1,518,952	474,050	758,044	1,337,435	6,777,872	19,115,879
Scholarship aid, net	1,123,428	2,390,674	4,023,385	3,245,562	3,197,850	1,279,205	5,003,196	455,178	3,870,996	847,982	1,877,246	2,185,109	251,831	29,751,640
Depreciation expense	2,115,123	2,042,623	5,359,521	2,758,959	3,121,235	875,633	3,753,562	1,108,004	1,862,565	1,057,992	2,830,391	1,610,569	2,025,813	30,521,990
Total operating expenses	26,369,842	40,022,106	69,250,670	50,397,751	57,494,857	26,055,749	69,672,092	18,592,342	54,194,526	18,479,405	39,503,436	39,541,559	73,716,922	583,291,258
Operating loss	(20,548,283)	(31,977,837)	(51,814,679)	(39,158,557)	(40,429,109)	(19,214,528)	(49,013,429)	(15,366,027)	(36,186,205)	(15,031,067)	(29,610,167)	(27,898,253)	(73,079,538)	(449,327,678)
														-
Nonoperating revenues														
State appropriation - general fund	12,638,253	21,295,417	33,354,449	24,518,634	31,135,503	13,457,851	36,991,192	10,988,590	24,681,045	10,041,922	20,821,569	19,263,327	24,162,487	283,350,238
State appropriation - bond fund	3,599,580	304,135	1,040,539	1,342,582	208,241	893,665	706,356	574,840	1,246,261	801,509	1,558,162	720,100	13,688,663	26,684,634
Pell grant revenue	2,950,983	6,655,679	11,023,093	9,359,738	8,274,897	3,363,752	9,781,077	1,690,355	7,682,024	2,297,395	5,953,519	6,111,688	-	75,144,201
Investment income	18,791	1,391	36,995	305,807	259,045	91,546	239,810	37,330	196,927	163,689	251,797	29,509	306,985	1,939,620
Total nonoperating revenues	19,207,606	28,256,623	45,455,076	35,526,762	39,877,686	17,806,814	47,718,434	13,291,115	33,806,257	13,304,514	28,585,047	26,124,624	38,158,134	387,118,694
Loss before other changes in net position	(1,340,676)	(3,721,214)	(6,359,604)	(3,631,795)	(551,423)	(1,407,713)	(1,294,994)	(2,074,912)	(2,379,949)	(1,726,553)	(1,025,119)	(1,773,629)	(34,921,404)	(62,208,985)
Other changes in net position														
Capital and other additions (deductions)	2,692,186	1,148,154	5,088	(105,612)	278,768	1,166,795	283,626	927,986	1,152,805	355,992	337,557	37,636	(8,280,982)	-
Interagency transfers	680,488	(692,333)	(404,067)	(670,444)	(2,090,396)	695,092	(2,594,311)	686,961	772,502	1,326,760	(714,738)	21,690	2,982,795	-
Total other changes in net position	3,372,674	455,821	(398,978)	(776,056)	(1,811,628)	1,861,887	(2,310,685)	1,614,948	1,925,308	1,682,752	(377,181)	59,326	(5,298,187)	-
Change in net postiion	2,031,998	(3,265,393)	(6,758,582)	(4,407,851)	(2,363,051)	454,174	(3,605,680)	(459,964)	(454,641)	(43,800)	(1,402,301)	(1,714,302)	(40,219,591)	(62,208,985)
Net position, beginning of year	38,027,000	43,742,000	159,384,000	129,300,000	62,158,000	8,909,000	94,796,000	47,044,000	52,669,000	26,994,000	78,181,000	44,769,000	(1,380,609,000)	(594,636,000)
Net position, end of year	$ 40,058,998	$ 40,476,607	$ 152,625,418	$ 124,892,149	$ 59,794,949	$ 9,363,174	$ 91,190,320	$ 46,584,036	$ 52,214,359	$ 26,950,200	$ 76,778,699	$ 43,054,698	$ (1,420,828,591)	$ (656,844,985)

Connecticut Community Colleges

Combining Statement of Cash Flows

Year Ended June 30, 2019

CSCU

	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Cash flows from operating activities														
Student tuition and fees	$ 3,753,784	5,243,705	13,054,611	7,261,662	12,855,563	6,084,646	13,318,515	1,984,750	13,496,912	2,328,420	7,326,418	8,125,760	452,412	$ 95,287,158
Government grants and contracts	1,037,890	2,154,881	3,439,960	2,770,937	2,764,455	791,837	6,140,643	866,603	2,545,071	664,488	1,380,518	1,990,172	126,084	26,673,539
Private grants and contracts	86,850	674,235	269,611	640,849	198,347	47,550	467,943	77,819	994,104	209,983	301,251	68,800	245,488	4,282,830
Sales and services of educational departments	18,135	25,461	42,996	120,553	114,359	3,820	132,847	-	196,278	-	-	140,046	-	794,495
Payments to employees	(11,321,196)	(18,955,886)	(31,098,397)	(22,332,620)	(27,969,140)	(12,425,371)	(32,473,636)	(8,831,368)	(26,346,078)	(8,885,678)	(18,481,100)	(19,153,787)	(11,439,220)	(249,713,477)
Payments for fringe benefits	(7,551,081)	(13,058,377)	(20,341,247)	(15,229,961)	(19,490,548)	(8,190,261)	(23,383,305)	(6,280,135)	(15,894,752)	(5,849,600)	(12,593,060)	(12,508,493)	(7,563,333)	(167,934,153)
Payments to students	(2,129,326)	(2,991,402)	(4,375,579)	(3,522,236)	(3,837,938)	(1,819,204)	(5,297,827)	(851,228)	(4,706,590)	(817,709)	(2,983,668)	(3,076,612)	(137,602)	(36,546,921)
Payments to vendors	(3,847,298)	(4,636,412)	(9,835,725)	(8,329,057)	(5,425,209)	(3,478,236)	(6,536,102)	(2,218,134)	(7,233,298)	(2,628,647)	(4,840,750)	(5,295,877)	(10,733,266)	(75,038,011)
Payments by Department of Construction Services (DCS)	-	-	-	-	-	-	-	-	(85,052)	-	-	-	(221,567)	(306,619)
Other receipts, net	241,208	166,366	492,656	307,911	764,422	139,182	255,886	166,271	371,676	147,966	729,525	375,229	2,216,319	6,374,617
Net cash used in operating activities	(19,711,034)	(31,377,429)	(48,351,114)	(38,311,962)	(40,025,689)	(18,846,037)	(47,375,036)	(15,085,422)	(36,661,729)	(14,830,777)	(29,160,866)	(29,334,762)	(27,054,685)	(396,126,542)
Cash flows from investing activities														
Interest income	21,095	4,382	41,209	218,611	182,460	68,158	168,006	27,087	132,672	107,633	182,665	33,852	238,132	1,425,962
Net cash provided by investing activities	21,095	4,382	41,209	218,611	182,460	68,158	168,006	27,087	132,672	107,633	182,665	33,852	238,132	1,425,962
Cash flows from capital and related financing activities														
State appropriations	1,110,054	34,503	288,496	382,413	52,806	74,830	102,048	43,259	692,028	27,272	1,057,191	-	10,948,536	14,813,436
Payments by Department of Construction Services (DCS)	(24,225)	-	-	(2,019,861)	(919)	(1,438)	(943,748)	(362,189)	(708,036)	(43,613)	(132,064)	-	-	(4,236,093)
Purchase of capital assets	(886,200)	(99,833)	(374,305)	(529,883)	(351,284)	(74,362)	(193,240)	(44,136)	(131,319)	(198,674)	(73,279)	(503,484)	(10,338,492)	(13,798,491)
Interagency transfers	-	(5,000)	-	(230,344)	(59,240)	-	(16,500)	-	174,144	149,245	(57,673)	-	45,368	-
Net cash (used in) provided by capital and related financing activities	199,629	(70,330)	(85,809)	(2,397,675)	(358,637)	(970)	(1,051,440)	(363,066)	26,817	(65,770)	794,175	(503,484)	655,412	(3,221,148)
Cash flows from noncapital financing activities														
State appropriations	15,227,553	22,056,989	34,899,308	25,729,932	32,216,732	14,412,573	38,011,254	11,863,172	25,850,223	11,126,430	21,556,530	20,724,756	27,009,937	300,685,389
Pell grants	2,810,272	6,644,377	11,042,633	9,450,258	8,288,726	3,362,619	9,785,237	1,684,741	7,777,410	2,329,110	5,930,391	6,111,858	-	75,217,632
Private gifts	262,214	37,600	-	-	-	72,953	43,904	118,586	956,977	201,250	31,739	1,678	-	1,726,901
Federal Family Education Loan Program (FFELP)	1,759,640	921,117	705,810	488,744	649,770	394,809	930,335	371,966	667,858	-	1,129,652	1,887,072	-	9,906,773
Interagency transfers	680,488	(687,333)	(282,186)	(440,100)	(2,031,156)	694,693	(2,636,069)	686,961	683,411	1,235,795	(656,784)	21,915	2,730,365	-
Net cash provided by noncapital financing activities	20,740,167	28,972,750	46,365,565	35,228,834	39,124,072	18,937,647	46,134,661	14,725,426	35,935,879	14,892,585	27,991,528	28,747,279	29,740,302	387,536,695
Net increase (decrease) in cash and cash equivalents	1,249,857	(2,470,627)	(2,030,149)	(5,262,192)	(1,077,794)	158,798	(2,123,809)	(695,975)	(566,361)	103,671	(192,498)	(1,057,115)	3,579,161	(10,385,033)
Cash and cash equivalents at beginning of year	4,362,275	6,216,956	4,134,423	23,260,862	11,980,923	4,972,441	14,655,610	4,227,133	15,328,024	9,485,234	12,476,153	5,581,783	30,715,585	147,397,402
Cash and cash equivalents at end of year	$ 5,612,132	$ 3,746,329	$ 2,104,274	$ 17,998,670	$ 10,903,129	$ 5,131,239	$ 12,531,801	$ 3,531,158	$ 14,761,663	$ 9,588,905	$ 12,283,655	$ 4,524,668	$ 34,294,746	$ 137,012,369

Connecticut Community Colleges
Combining Statement of Net Position by Fund Group
As of June 30, 2019

CSCU

	Primary Institution					
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Assets						
Current assets						
Cash and cash equivalents	$ 93,378,235	$ 1,912,043	$ 19,968,920	$ 21,753,171	$ -	$ 137,012,369
Accounts receviable, due from the State	30,141,227	-	-	-	-	30,141,227
Accounts receivable other, net	16,968,655	7,351	2,151,685	-	-	19,127,691
Prepaid expenses and other current assets	102,044	-	228,091	-	-	330,135
Total current assets	140,590,161	1,919,394	22,348,696	21,753,171	-	186,611,422
Non-current assets						
Investment in plant	-	-	-	-	1,115,658,324	1,115,658,324
Accumulated depreciation	-	-	-	-	(399,026,754)	(399,026,754)
Investment in plant, net of accumulated depreciation	-	-	-	-	716,631,570	716,631,570
Student loans, net	-	234,279	-	-	-	234,279
Total non-current assets	-	234,279	-	-	716,631,570	716,865,849
Total assets	$ 140,590,161	$ 2,153,673	$ 22,348,696	$ 21,753,171	$ 716,631,570	$ 903,477,271
Deferred outflows of resources						
Deferred pension	$ 223,612,458	$ -	$ -	$ -	$ -	$ 223,612,458
Deferred other post employment benefits	50,637,609	-	-	-	-	50,637,609
Total deferred outflows of resources	$ 274,250,067	$ -	$ -	$ -	$ -	$ 274,250,067
Liabilities						
Current liabilities						
Accounts payable	$ 2,652,211	$ -	$ 3,439,778	$ -	$ -	$ 6,091,989
Accrued expenses - salary and fringe benefits	40,600,862	-	-	-	-	40,600,862
Accrued compensated absences - current portion	3,145,344	-	-	-	-	3,145,344
Unearned tuition and grant revenue	14,996,470	-	-	-	-	14,996,470
Retainage	-	-	-	3,363,748	-	3,363,748
Agency and loan fund liabilities	-	2,059,983	-	-	-	2,059,983
Other liabilities	799,862	-	-	-	-	799,862
Total current liabilities	62,194,749	2,059,983	3,439,778	3,363,748	-	71,058,258
Non-current liabilities						
Pension liability, net	795,762,269	-	-	-	-	795,762,269
Other post employment benefits liability net	829,795,327	-	-	-	-	829,795,327
Accrued compensated absences - long term portion	35,554,815	-	-	-	-	35,554,815
Federal loan program advances	-	41,944				41,944
Total non-current liabilities	1,661,112,411	41,944	-	-	-	1,661,154,355
Total liabilities	$ 1,723,307,160	$ 2,101,927	$ 3,439,778	$ 3,363,748	$ -	$ 1,732,212,613
Deferred inflows of resources						
Deferred pension	$ 25,095,368	$ -	$ -	$ -	$ -	$ 25,095,368
Deferred other post employment benefits	77,264,341	-	-	-	-	77,264,341
Total deferred inflows of resources	$ 102,359,709	$ -	$ -	$ -	$ -	$ 102,359,709
Net position						
Invested in capital assets, net	$ -	$ -	$ -	$ -	$ 716,631,570	$ 716,631,570
Restricted						
Nonexpendable	-	20,000	-	-	-	20,000
Expendable	2,879,162	31,745	18,908,918	18,389,423	-	40,209,248
Unrestricted	(1,413,705,802)	-	-	-	-	(1,413,705,802)
Total net position	$ (1,410,826,641)	$ 51,745	$ 18,908,918	$ 18,389,423	$ 716,631,570	$ (656,844,985)

Connecticut Community Colleges

Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group

Year Ended June 30, 2019

	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Operating revenues						
Student tuition and fees	$ 183,201,246	$ -	$ -	$ -	$ -	$ 183,201,246
Less: Scholarship discounts and allowances	(84,947,563)	-	-	-	-	(84,947,563)
Net tuition and fees	98,253,683	-	-	-	-	98,253,683
Federal grants and contracts	13,970,305	-	-	-	-	13,970,305
State and local grants and contracts	11,854,182	-	-	-	-	11,854,182
Nongovernment grants and contracts	5,789,537	-	-	-	30,916	5,820,452
Auxiliary revenues	564,095	-	-	-	-	564,095
Other operating revenues	3,480,867	-	-	-	19,995	3,500,862
Total operating revenues	133,912,669	-	-	-	50,911	133,963,580
Operating expenses						
Salaries and wages	243,996,943	-	-	-	-	243,996,943
Fringe benefits	209,229,334	-	-	-	-	209,229,334
Professional services and fees	7,823,001	255	935,916	141,995	(72,131)	8,829,037
Educational services and support	8,219,220	-	1,264,349	-	-	9,483,569
Travel expenses	2,575,082	-	-	-	-	2,575,082
Operation of facilities	26,807,322	-	2,980,462	-	-	29,787,785
Other operating supplies and expenses	11,306,040	-	7,809,839	-	-	19,115,879
Scholarship aid, net	29,751,640	-	-	-	-	29,751,640
Depreciation expense	-	-	-	-	30,521,990	30,521,990
Total operating expenses	539,708,582	255	12,990,567	141,995	30,449,858	583,291,258
Operating loss	(405,795,913)	(255)	(12,990,567)	(141,995)	(30,398,948)	(449,327,678)
Nonoperating revenues						
State appropriation - general fund	283,350,238	-	-	-	-	283,350,238
State appropriation - bond fund	-	-	26,684,634	-	-	26,684,634
Pell grant revenue	75,144,201	-	-	-	-	75,144,201
Investment income	1,939,620	-	-	-	-	1,939,620
Total nonoperating revenues	360,434,059	-	26,684,634	-	-	387,118,693
						-
Loss before other changes in net position	(45,361,854)	(255)	13,694,067	(141,995)	(30,398,948)	(62,208,985)
						-
Other changes in net position						-
Capital and other additions (deductions)	(1,445,274)	-	(12,483,150)	(3,918,094)	17,846,518	-
Interagency transfers	188,488	-	-	(188,488)	-	-
Total other changes in net position	(1,256,786)	-	(12,483,150)	(4,106,582)	17,846,518	-
Change in net position	(46,618,640)	(255)	1,210,918	(4,248,577)	(12,552,430)	(62,208,985)
Net position, beginning of year	(1,364,208,000)	52,000	17,698,000	22,638,000	729,184,000	(594,636,000)
Net position, end of year	$ (1,410,826,640)	$ 51,745	$ 18,908,918	$ 18,389,423	$ 716,631,570	$ (656,844,985)

CSCU

1. Basis of Presentation of Supplemental Information

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