Connecticut State University System

(The System Office, Central Connecticut State University, Eastern Connecticut State University, Southern Connecticut State University, Western Connecticut State University, Required Supplemental Information, and Component Unit)

Financial Statements and Supplemental Information

June 30, 2015

Connecticut State University System
Index to Financial Statements
June 30, 2015

Fiscal Year 2015
Members of the Board of Regents for Higher Education

- Thirteen members appointed by the Governor and 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 6/30/15 (1 vacancy)

Nicholas M. Donofrio, Chairman
Yvette Meléndez, Vice Chair
Richard J. Balducci
Eugene L. Bell (CCC Student)
Naomi K. Cohen
Lawrence J. DeNardis
Matt Fleury
Sarah E. Greco (CSU Student)
Merle W. Harris
David R. Jimenez
Craig Lappen
William J. McGurk
JoAnn H. Price
Elease E. Wright

Ex-Officio, Non-voting members

Stephen Adair – Chair of the Faculty Advisory Committee
Robert E. Brown – Vice Chair of the Faculty Advisory Committee
Jewel Mullen – Commissioner of the CT Department of Public Health
Dianna R. Wentzell – Commissioner of the State Board of Education (term began 1/8/15)
Sharon Palmer – Commissioner of the CT Department of Labor
Catherine Smith – Commissioner of the CT Department of Economic and Community Development

Former Board members (who served between 7/1/14 – 6/30/15)
Stefan Pryor – Commissioner of the State Board of Education (term ended 1/7/15)

Connecticut State Universities

Central Connecticut State University (CCSU)
1615 Stanley Street
New Britain, CT 06050
Dr. John W. Miller, President

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

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

Western Connecticut State University (WCSU)
181 White Street
Danbury, CT 06810
Dr. James Schmotter, President

System Office, Connecticut State Colleges & Universities
39 Woodland Street
Hartford, CT 06105
Dr. Gregory W. Gray, President

Introduction

Management's Discussion and Analysis provides an overview of the comparative financial position and results of activities of the Connecticut State University System ("CSUS" or "System") and its component units for the fiscal year ended June 30, 2015 with comparative information for the fiscal year ended June 30, 2014. 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 discussion immediately following also reflects the System as it existed during fiscal year 2015.

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 the Connecticut State University System."

CSUS is a state-wide public university system of higher learning in the State of Connecticut with approximately 34,000 enrolled students. The Universities offer high-quality applied educational doctoral, graduate and undergraduate programs in more than 147 subject areas and provide extensive opportunities for internships, community service and cultural engagement. In total, CSUS employed almost 3,200 full time employees at June 30, 2015.

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

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

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

Using the Financial Statements

CSUS's financial report includes the following financial statements: the Statement of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and Universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, a comparative analysis of fiscal year 2015 financial data with fiscal year 2014 is also presented, both for the CSUS *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units").

The component units are the CCSU Foundation, Inc., the ECSU Foundation, Inc., the Southern Connecticut State University Foundation, Inc., the Western Connecticut State University Foundation Inc. and the Connecticut State University System Foundation, Inc. (collectively, the "Foundations"). The Foundations are legally independent, tax-exempt non-profit organizations separate from university control, founded to foster and promote the growth, progress and general welfare of the Universities and to solicit, receive and administer donations for such purposes. They are component units included within the System financial statements based on the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14* ("GASB 39"), regarding criteria for affiliated organizations. The Foundations manage the majority of the Universities' endowments. However, the assets of these component units are not available to CSUS for use at its discretion.

Financial Highlights

At June 30, 2015, total assets of the System were $1,875.4 million, an increase of $110.0 million or 6.2% over the prior year amount of $1,765.4 million, primarily due to increases in investment in plant, net of accumulated depreciation of $116.0 million (mainly buildings and improvements and construction in progress – see pages 8 and 9).

Total liabilities at June 30, 2015, of $1,287.5 million, an increase of $196.2 million, primarily due to an increase in net pension liability of $60 million and unearned tuition, fees and grant revenue of $37.0 million.

At June 30, 2015, total net position, which represents the residual interest in the System's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was $620.5 million, an increase of $57.3 million or 10.2% over last fiscal year's net position of $563.3 million. This increase was primarily due to an increase in capital assets, net of related debt of $84.9 million less an increase in liability for unearned tuition, fees and grant revenue of $37 million and an increase in the accrued compensated absences liability of $18.8 million.

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 State University System, including capital assets net of depreciation. The change in Net Position is one indicator of whether the overall financial condition of CSUS has improved or worsened during the year.

Condensed Statement of Net Position
June 30, 2015 and 2014
(in millions)

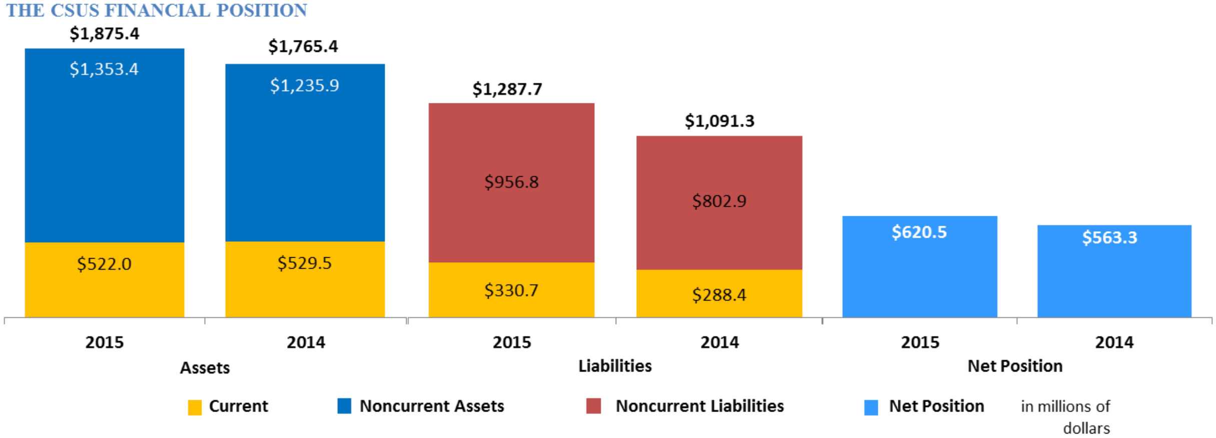
	2015	2014	% Change current yr
ASSETS			
Current assets	$ 522.0	$ 529.5	-1.4%
Non-current assets:			
Capital assets, net	1,175.2	1,059.2	11.0%
Other	178.2	176.7	0.8%
Total Assets	1,875.4	1,765.4	6.2%
Deferred outflows of resources	71.0	3.7	1818.9% [1]
LIABILITIES			
Current liabilities	330.7	288.4	14.7%
Non-current liabilities	956.8	802.9	19.2% [2]
Total liabilities	1,287.5	1,091.3	18.0%
Deferred inflows of resources	38.4	16.8	128.6% [1]
NET POSITION			
Invested in capital assets - net of related debt	1,016.6	931.7	9.1%
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	19.9	13.5	47.4%
Unrestricted	(416.5)	(382.4)	8.9% [2]
Total net position	620.5	563.3	10.2% [2]
Total liabilities and net position	$ 1,908.0	$ 1,654.6	15.3% [2]

[1] The 2014 amounts for these line items are not directly comparable to the 2015 amount due to the adoption of GASB No. 68 effective July 1, 2014.

[2] Net position and non-current liabilities were restated to reflect the net pension liablity at June 30, 2014 of $527.6 million as if the GASB No. 68 liability was recorded in 2014.

Current assets at June 30, 2015 of $522.0 million decreased by $7.5 million or 1.4% primarily due to a decreases in investments of $55.4 million. This is mainly a result of the spend down of bond proceeds for the construction of a residence hall at CCSU. Total current assets represent coverage of current operating expenses excluding depreciation and amortization of approximately nine months. The System's current ratio of 1.5:1 at the end of fiscal year 2015 is a decrease from a ratio of 1.8:1 from the prior fiscal year end.

THE CSUS FINANCIAL POSITION



Total non-current assets at June 30, 2015, of $1,353.4 million increased by $117.5 million or 9.5% from the fiscal year 2014 level of $1,235.9 million primarily due to increases in net investment in plant of $116.0 million.

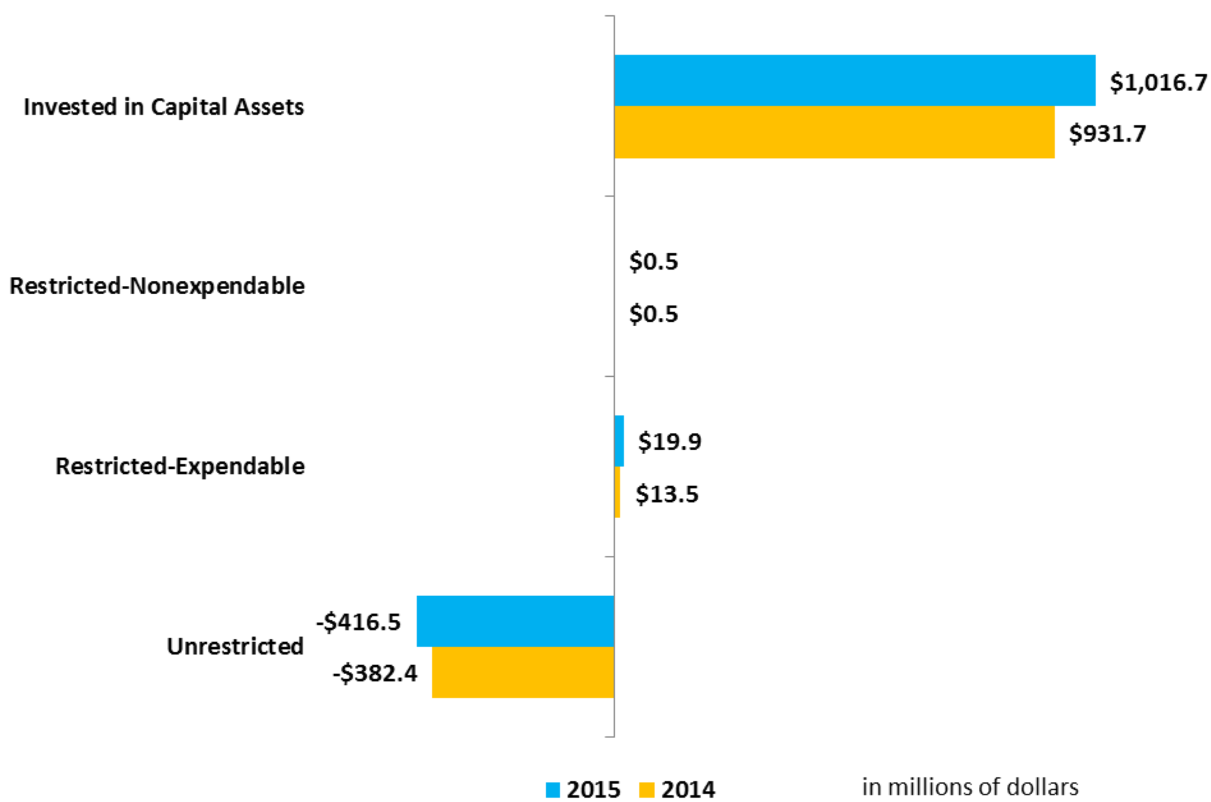
Current liabilities at June 30, 2015 of $330.7 million increased by $42.0 million, mainly due to the increase in unearned tuition, fees and grant revenue of $37.0 million and salaries and benefits of $4.5 million.

Non-current liabilities at June 30, 2015 of $956.8 million increased by $153.9 million. This is mainly due to an increase in Pension Liability of $157.8 million (the 2015 increase as if GASB 68 had been adopted in the year ended June 30, 2014), a decrease in Bonds Payable of $21.3 million and an increase in accrued compensated absences of $17.4 million which reflects a change in estimate.

Pension liabilities are the System's proportionate share of the State Employee Retirement System's (SERS) and the Teachers Retirement System's (TRS) net pension liability. In June 2012 GASB released Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, with an effective date of June 30, 2015. This Statement established standards for measuring and recognizing future defined benefit pension liabilities. As defined in this Statement, SERS is considered a single employer plan and the CSU System is considered a cost-sharing employer of TRS. These accounting requirements do not impact the System's funding requirements for the pension plans. The System's total net pension obligation was $587.6 million at June 30, 2015.

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

THE CSUS NET POSITION



Restricted net position is divided into two classifications, expendable and nonexpendable. Restricted expendable net position is subject to externally imposed restrictions governing its use. In the System, restricted expendable net position primarily represents the residual balances of the System's unexpended grant funds. Restricted nonexpendable net position comprises the System's permanent funds such as the Endowment Fund.

The Unrestricted net position represents funds available to support CSUS activities and operations at the discretion of the Board of Regents, the President, and the University Presidents. Unrestricted net position is negative due to System's share of the State's pension plan's net pension liability (NPL). Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the System's reserves are allocated for academic initiatives or programs and for capital and other purposes including University fee receipts and parking fee receipts that have been designated by Universities to meet debt service obligations.

A comparison of the System's unrestricted net position before reflecting the net pension liability is on the following page. Without reflecting the pension liability, unrestricted net position decreased $30 million. This is primarily a result of an $18.7 million increase in accrued compensated absences, of which, $15.3 million is due to a change in methodology for calculating accrued compensated absences that is more accurately based on historical payouts. Additionally, there was a $12.2 million accrual for project related expenses, the majority of which is related to the construction of the residence hall at CCSU.

Unrestricted Net Position (less NPL) - in millions of dollars

At fiscal year end June 30, 2015, the System had total investment in plant assets of $1,942.1 million, an increase of $164.6 million or 9.3% over the fiscal year end 2014 level of $1,777.5 million. This increase was primarily due to the increase in construction in progress for more CSUS 2020 projects that are at various stages of completion. Total additions to depreciable capital assets of $83.6 million during the fiscal year reflect the System's continued commitment to provide its students with state-of-the-art buildings and equipment as more CSUS projects continue to be started and/or completed.

Net Investment in Plant
June 30, 2015 and 2014
(in millions)

	2015	2014	% Change current yr
Land	$ 19.7	$ 19.7	0.0%
Buildings & improvements	1,380.8	1,332.6	3.6%
Land improvements	102.7	100.5	2.2%
Furniture, Fixtures & Equipment	155.4	143.2	8.5%
Library books and materials	71.0	69.1	2.7%
Construction in progress	212.5	112.4	89.1%
Total investment in plant	1,942.1	1,777.5	9.3%
Less accumulated depreciation	766.9	718.3	6.8%
Investment in plant, net of depreciations	$ 1,175.2	$ 1,059.2	11.0%

In 1997, Governor John Rowland committed to support $320 million in general obligation bonding for capital projects and information technology equipment over a five-year period for CSUS. Between July 1, 1997 and June 30, 2002, approximately $352.2 million was allocated by the State Bond Commission specifically for capital projects and information technology equipment for the System. In 2001, Governor Rowland announced his support to extend his commitment to the System for an additional five-year period during which the State would commit to support $400 million in general obligation bonding. During fiscal years 2003 and 2004, under Governor Rowland's administration, and during fiscal years 2005, 2006 and 2007, under Governor M. Jodi Rell's administration, an additional $279.2 million was allocated by the Bond Commission for CSUS capital projects. In November 2007, Governor Rell signed Public Act 07-7, "An Act Authorizing and Adjusting Bonds of the State for Capital Improvements and Transportation Infrastructure Improvements and Concerning the Connecticut State University Infrastructure Act" which authorized $80 million for CSUS capital projects. Of that amount, $41.7 million was allocated by the Bond Commission during 2008, $19.3 million was allocated during 2009, $2.0 million during 2010, $12.8 million during 2011, $3.5 million during 2013, and $0 were allocated during 2014 & 2015. The total amount of allocations to CSUS between 1997 and 2015 were $710.7 million.

Public Act 07-7 also established a $950 million, 10-year program to support the financing of acquisition, construction, reconstruction, improvement and equipping of the facilities, structures, and related systems at the four CSUS Universities. Effective July 1, 2008, this program, known as "CSUS 2020", provides CSUS with additional flexibility in the allocation of bond funds, through the one time allocation of $950 million, with allotments approved annually by the Governor, thus allowing for more timely completion of major University construction projects. During FY 2009, the CSU System received $95 million to finance the first year of the program. In FY 2010, the Governor deferred funding of the second year of the program, due to the fiscal condition of the state. In FY 2011, CSUS received the $95 million that had been deferred in FY 2010 and received an additional $95 million in 2012 for FY 2011, and $95 million in 2013 for FY2012 and $95 million in 2014 for FY2013.

In addition to its capital plan for academic and related facilities that are supported by State general obligation bonds, the System is in the nineteenth year of its long-range capital plan for the renovation and development of auxiliary service facilities. Funds available from nine Connecticut Health and Educational Facilities Authority ("CHEFA") bond issues totaled $342.2 million, at June 30, 2014. Subsequent to June 30, 2014, CHEFA O series of bonds was issued at $21.2 million, to refund selected maturities from prior CHEFA bond issues. $49.5 million was issued in February 2004, $48.5 million was issued in June 2005, $62.8 million was issued in April 2007, $14.0 million was issued in June 2011, $49 million was issued in March 2012 to refund selected maturities from prior CHEFA bond issues. In addition, $50.6 million was issued in June 2005, $27.0 million was issued in June 2011, $34.1 million was issued in January 2013, and $80.3 million was issued in October 2013. The Board of Regents has decided to suspend further action on the long range auxiliary service capital plan pending completion of the new system strategic plan, a comprehensive review of all capital facilities needs and a reevaluation of enrollment trends. The board has no pending approvals to move forward for financing under CHEFA.

Statement of Revenues, Expenses and Changes in Net Position

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

Condensed Statement of Revenues, Expenses and Changes in Net Position
June 30, 2015 and 2014
(in millions)

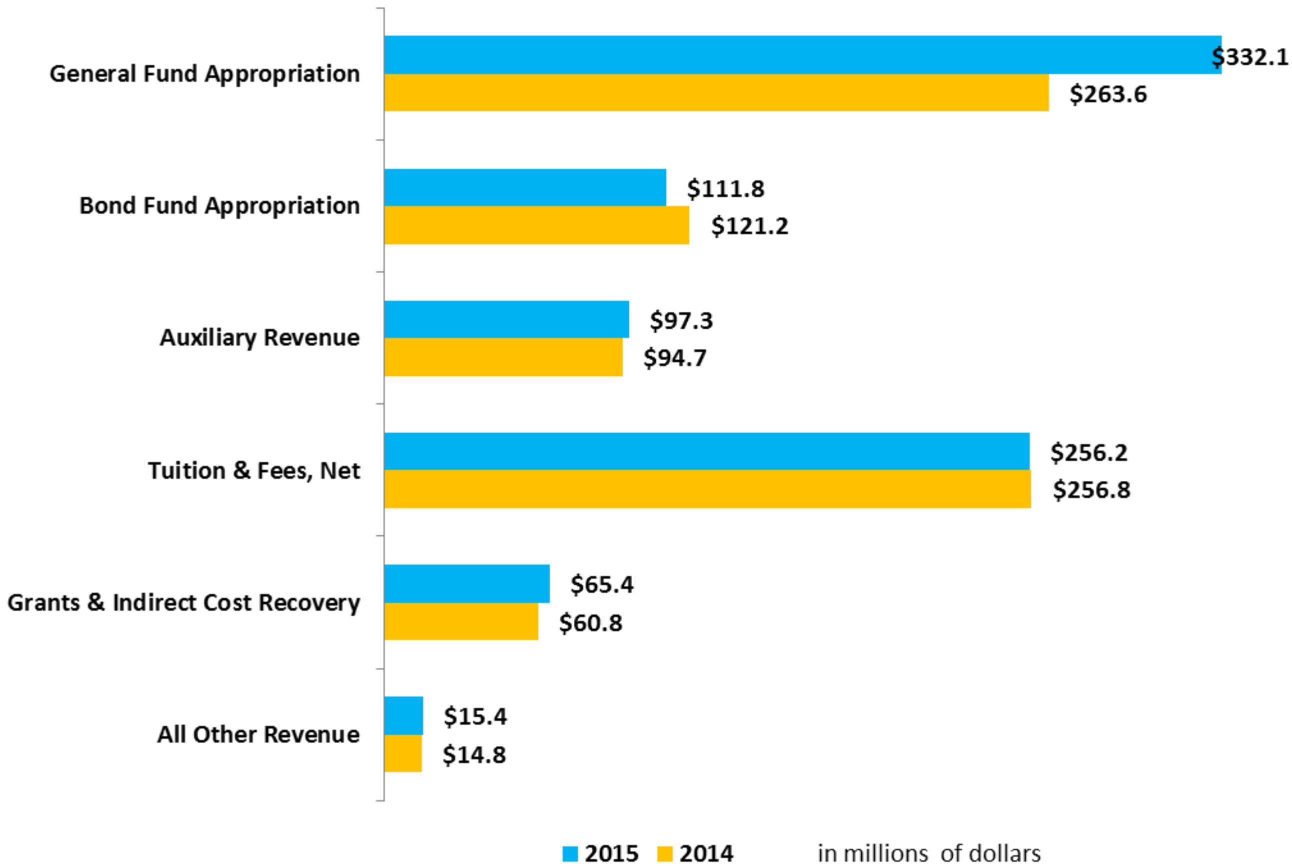
	2015	2014	% Change current yr	
OPERATING REVENUES				
Tuition and fees	$ 256.2	$ 256.8	-0.2%	
Auxiliary revenues	97.3	94.8	2.6%	
Grants & indirect cost recoveries	65.4	60.8	7.6%	
Other	22.9	19.9	15.1%	
Total operating revenues	441.8	432.3	2.2%	
OPERATING EXPENSES				
Expenses before depreciation and amortization	760.5	651.8	16.7%	1
Depreciation	60.2	54.7	10.1%	
Amortization	0.1	0.1	0.0%	
Total operating expenses	820.8	706.6	16.2%	1
Operating loss	(379.0)	(274.3)	38.2%	1
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	444.0	384.9	15.4%	1
Investment income	1.1	1.1	0.0%	
Other	(8.8)	(6.4)	37.5%	
Total non-operating revenues	436.3	379.6	14.9%	
NET POSITION				
Change in net position	57.3	105.3	-45.6%	2
Net position, beginning of year	563.2	457.9	23.0%	2
Net position, end of year	$ 620.5	$ 563.2	10.2%	2

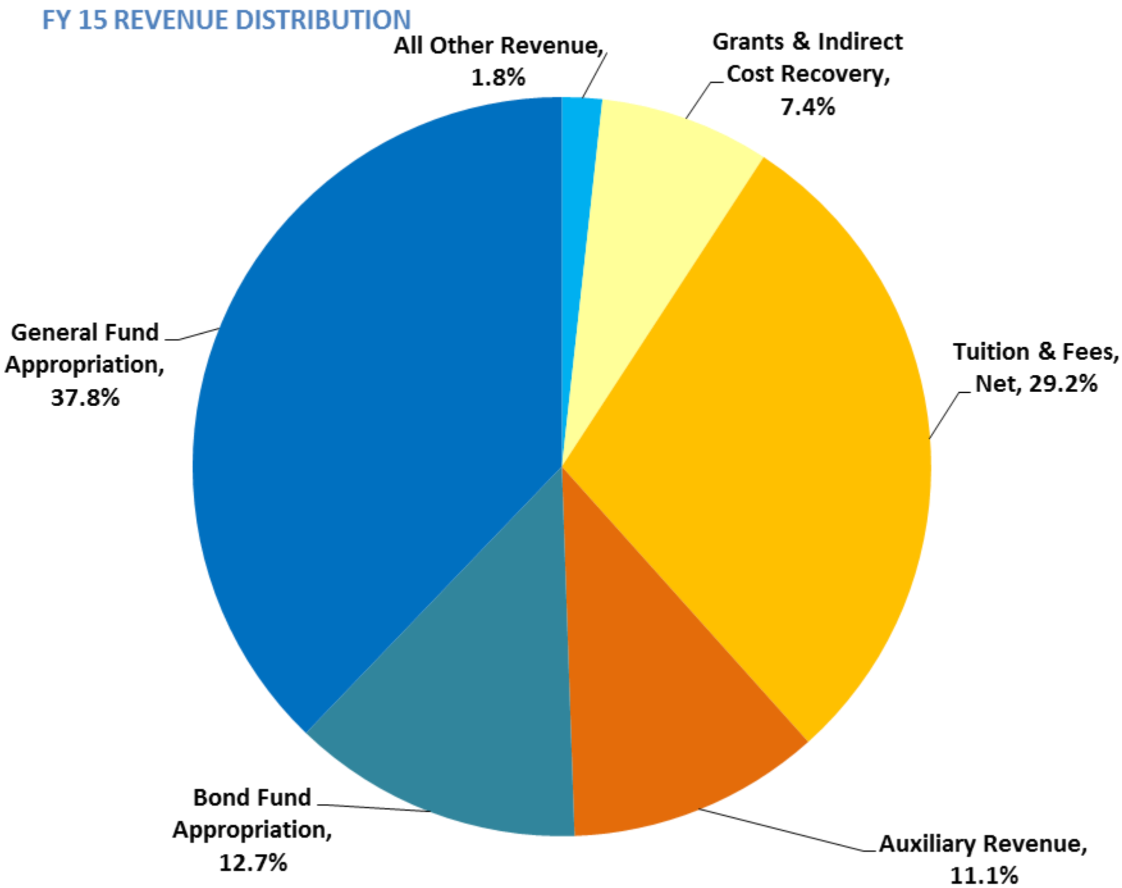
[1] The 2014 amounts for these line items are not directly comparable to the 2015 amount due to the adoption of GASB No. 68 effective July 1, 2014.

[2] Net position was restated to reflect the net pension liablity at June 30, 2014 of $527.6 million as if the GASB No. 68 liability was recorded in 2014.

In fiscal year 2015, state appropriations of $444 million, representing 50.5% of the System's total net revenues, were $59.1 million or 15.4% above fiscal year 2014. Included in this increase are $47.1 million of pension related contributions reflected as appropriations. State appropriations are received for both operating and capital purposes. In the current year the System was allotted $285.0 million for operating purposes and $111.8 million for capital purposes. These allotments were 26% above and 7.8% below the prior year levels, respectively. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. Approximately 50.9% of the System's fiscal year 2015 full time salary and fringe benefit costs were funded from State appropriations. The receipt of title to plant facilities of $7.4 million during the fiscal year increased by $1.2 million from the prior year's level of $6.2 million.

REVENUE SUMMARY

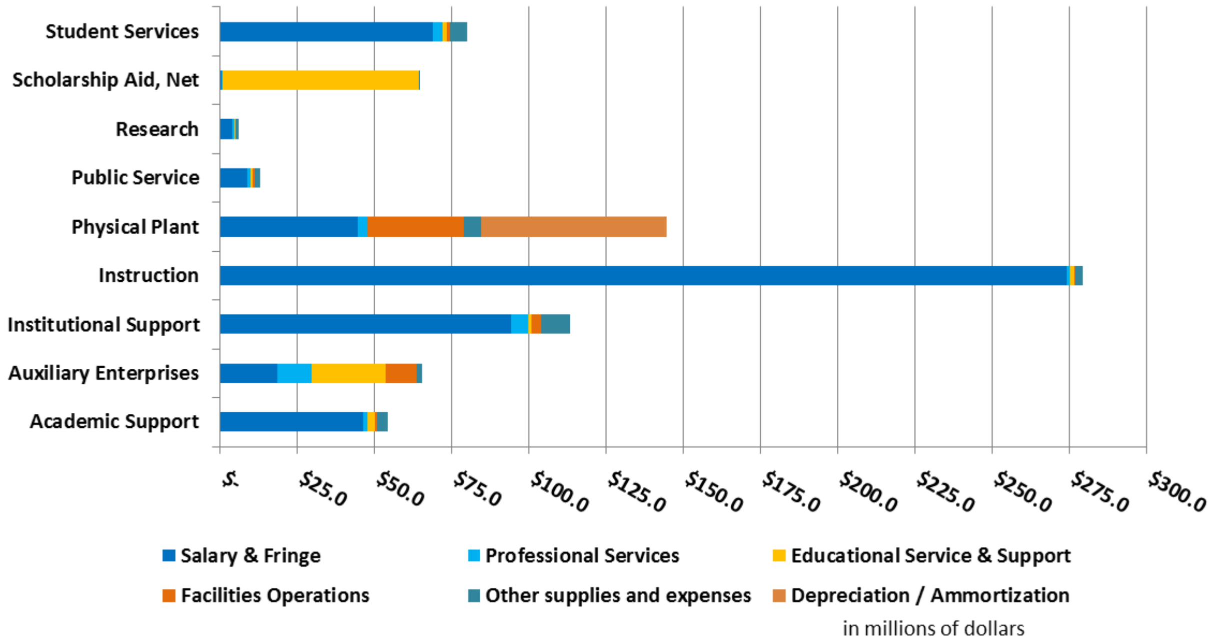




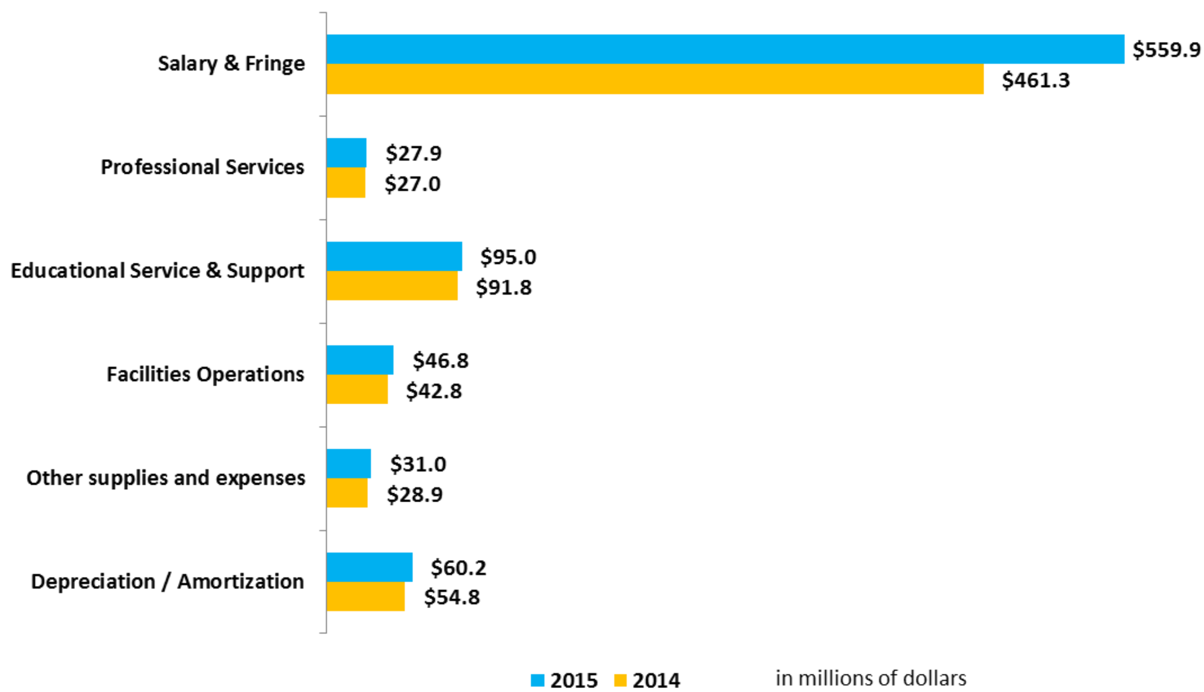
In fiscal year ended June 30, 2015, total operating expenses less depreciation and amortization of $760.5 million increased by $108.7 million or 16.7% from the prior fiscal year. The increase was primarily due to an increase in pension expense of $60.9 million, personnel services and fringe benefits (excluding pension expense component) of $37.7 million and operation of facilities of $4.0 million. Included in the total personnel services and fringe benefit increase was a $15.3 milllion increase attributed to the change in methodology for calculating accrued absences.

Note 14 to the financial statements details operating expenses by function. The graph on the following page illustrates operating expenses by program & account type.

FY 15 EXPENSE
by Program and Account Type



EXPENSE BY ACCOUNT TYPE



Statement of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. The System's increase in its net cash and cash equivalents at June 30, 2015 of $.4 million or 3.8% was primarily due to a $38.2 million increase in cash used in operating activities, a $123.7 million reduction in cash used to purchase investments, an increase in repayments of capital debt and leases of $24.7 million and a decrease in bond proceeds of $59.1 million.

Statement of Cash Flows
June 30, 2015 and 2014
(in millions)

	2015	2014	% Change current yr
CASH PROVIDED (USED) BY			
Operating activities	$ (242.0)	$ (203.8)	-18.7%
Non-Capital financing activities	290.2	266.1	9.1%
Capital & related financing activities	(93.5)	21.3	-539.0%
Investing activities	56.2	(73.1)	176.9%
Net change in cash and cash equivalents	10.9	10.5	3.8%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	319.8	309.3	3.4%
Cash and cash equivalents, end of year	$ 330.7	$ 319.8	3.4%

Economic Outlook

Enrollment

The following table indicates historical enrollment of undergraduate and graduate students for the 2010-2011 through 2014-2015 academic years. Also indicated is full-time equivalent student enrollment.

Fall Headcount Enrollment and Full Time Equivalent								
Year Ending June 30	Undergraduate	% Change	Graduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2015	28,585	-0.40%	5,516	2.85%	34,101	0.11%	27,734	-0.70%
2014	28,699	-2.08%	5,363	-2.77%	34,062	-2.19%	27,930	-1.98%
2013	29,308	-2.14%	5,516	-9.54%	34,824	-3.39%	28,494	-2.50%
2012	29,949	-0.57%	6,098	-6.29%	36,047	-1.59%	29,224	-1.28%
2011	30,122	1.44%	6,507	-4.42%	36,629	0.35%	29,603	1.45%

Student Admissions
The table below shows the total of new full-time freshmen applications received, the number accepted, and the number who enrolled for the fall semesters of academic years 2011 through 2015.

Fall Semester First-Time Full-Time Student Admissions					
Year Ending June 30	Number of Applicants	Percent Accepted	Number Accepted	Percent Enrolled	Number Enrolled
2015	21,233	62.96%	13,369	31.96%	4,273
2014	19,055	67.45%	12,852	34.13%	4,386
2013	18,979	66.75%	12,668	35.64%	4,515
2012	18,968	66.68%	12,647	35.55%	4,496
2011	20,173	63.41%	12,792	35.12%	4,492

The Connecticut State Universities will confront significant challenges and opportunities in the years ahead. The factors that will have the greatest financial impact on the state Universities are trend of flattening and declining enrollment and the current fiscal condition of the state of Connecticut, which projects budget deficits in the next biennial budget cycle.

Full time equivalent enrollments for the fall of FY2015 are down and have been declining for the past 4 years. Total headcount enrollment increased by 0.11%, from 34,062 students in fall of 2013 to 34,101 students as compared to fall 2014. Fall full time undergraduate enrollment dropped by 0.4% from fall 2014, and full time graduate enrollment increased by 2.9% in the same period. Central CSU remained flat while the remaining universities experienced a decline in overall enrollment. The State demographics suggest a decreasing population of high school graduates over the coming year. In the absence of success in retention and increasing student demand from other sources, the state Universities will see a decline in enrollment in the short term, if projections of high school graduations are realized. The Universities are developing strategies to enhance entrollment, including both Connecticut residents and out-of-state students.

The impact of flat enrollments resulted in relatively flat tuition and fee revenues for the FY 2015. In FY 2016 tuition and fee rates were increased by 4.8%.

Total state appropriations of $396.8 million are 3.1% higher in FY2015 than FY2014. State appropriations for fiscal year 2016 are expected to be higher than FY2015, in part due to increases in reimbursed fringe benefit costs. Fringe benefit costs in FY2016 are expected to increase significantly due to both an increase in the overall rate brought about by, among other factors, higher health care costs, and a conversion by employees to a more expensive retirement program.

During fiscal year 2009 the Bond Commission approved funding for “CSUS 2020”, a historic $950 million, 10-year program to support the financing of acquisition, construction, reconstruction, improvement and equipping of the facilities, structures, and related systems at the four CSUS Universities. This program provides additional flexibility in the allocation of bond funds, thus allowing for more timely completion of major University construction projects. CSUS 2020 is structured to provide $95 million per year for each of the ten years of the program; funding for any individual year of the program may be deferred by the Governor in whole or in part. During FY 2009, the CSU System received $95 million to finance the first year of the program. In FY 2010, the Governor deferred funding of the second year of the program, due to the fiscal condition of the state. In FY 2011 CSUS received the $95 million that had been deferred in FY 2010, subsequently $95 million of annual funding has been received in FY 2012, FY 2013 and FY 2014. In FY 2015, the program was renamed “CSCU 2020” and was expanded to incorporate supplemental funding for the Connecticut community colleges. In FY 2015 $175 million was received.

During fiscal year 2015, projects at the Universities in design are: new police department building (WCSU), renovations to Willard and Diloretto Halls (CCSU), renovations and additions to Barnard Hall (CCSU), Kaiser Sports Center Annex (CCSU), new Engineering Building (CCSU), renovations to Litchfield Hall (WCSU), renovations to Shafer Hall (ECSU) and Goddard Hall/Media Building renovations (ECSU). In construction are: new food service facility (CCSU), new fine arts instructional center (ECSU), new academic laboratory building (SCSI), new residential life hall (CCSU) and resident life wireless telecommunication upgrades (system wide). Construction that was completed: Buley Library renovations (SCSU).

Since its official formation in January, 2012, the Board of Regents has initiated a number of actions to employ best practices at the state universities and community colleges. "Excel CT", the strategic plan for the state universities, community colleges, and Charter Oak State College, was launched in FY 2014. Excel CT, later rebranded "Transform CSCU 2020" (Transform), had the goal of improving the student experience by uniting the 17 CSCU institutions as one interdependent system, strengthen online learning capacity, and better aligning coursework with the strongest industry growth sectors.

After experiencing complications with the complexity and breadth of Transform CSCU 2020, management has determined that a better course of action is to regroup and simplify our strategic planning efforts. Many of the initiatives of Transform will be brought forward however, and the process ahead is expected to be more collaborative. The management team has gone back to the core values espoused by the Board when the Connecticut State Colleges & Universities ("CSCU") were first formed. The following is the mission of CSCU:

> The Connecticut State Colleges & Universities (CSCU) contribute to the creation of knowledge and the economic growth of the state of Connecticut by providing affordable, innovative, and rigorous programs. Our learning environments transform students and facilitate an ever increasing number of individuals to achieve their personal and career goals.

The Board also set forth five goals at the time:

Goal 1: A Successful First Year: Increase the number of students who successfully complete a first year of college.

Goal 2: Student Success: Graduate more students with the knowledge and skills to achieve their life and career goals.

Goal 3: Affordability and Sustainability: Maximize access to higher education by making attendance affordable and our institutions financially sustainable.

Goal 4: Innovation and Economic Growth: Create educational environments that cultivate innovation and prepare students for successful careers in a fast changing world.

Goal 5: Equity: Eliminate achievement disparities among different ethnic/racial, economic, and gender groups.

The seventeen institutions, under the supervision of each President, are evaluating how the institutional goals align with these five overarching goals.

Management continues to be strongly committed to advocating for forward-thinking, long-term shifts in University and system operations. The primary focus of our overarching strategies is to provide better services and experiences to students.

Additional Information

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

Independent Auditor's Report

To the Board of Regents of
Connecticut State University System

We have audited the accompanying financial statements of the primary institution (an enterprise fund of the State of Connecticut), of the Connecticut State University System (The System Office; Central Connecticut State University; Eastern Connecticut State University; Southern Connecticut State University; and Western Connecticut State University) ("CSUS" or the "System"), as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the index.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 an opinion on the 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 $129.5 million and total net assets of $127.9 million as of June 30, 2015 and total revenues, capital gains and losses and other support of $17.1 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 the 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 our 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, we consider 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 opinion.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of the Connecticut State University System at June 30, 2015, 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 a Matter

As discussed in Note 1, the financial statements of the System, an institution of higher education of the State of Connecticut, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of the State of Connecticut that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 2 of the financial statements, the System adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* ("GASB 68"), effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

The accompanying Management's Discussion and Analysis on pages 3 through 15, is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The Schedule of Net Pension liability and Related Ratios (Unaudited) and Schedule of Contributions (Unaudited) on pages S-2 through S-4 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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.

The supplemental information included on pages S-5 through S-10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the supplemental information, based on our audit, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 14, 2016

Connecticut State Colleges & Universities
Board of Regents for Higher Education

June 30, 2015

		2015
Assets		
Current assets		
Cash and cash equivalents (Notes 3 and 13)	$	197,787,211
Investments (Note 3)		68,570,471
Student receivables		192,878,471
Allowance-doubtful student receivables		(7,014,756)
Student receivables, net (Note 4)		185,863,715
Student loans receivable (Notes 4 and 5)		4,076,715
Grants receivable, net (Note 4)		2,551,989
Miscellaneous receivables, net (Note 4)		1,754,706
Due from the State of Connecticut (Notes 1 and 6)		56,868,487
Prepaid expenses and other current assets		4,503,926
Total current assets		521,977,220
Noncurrent assets		
Cash and cash equivalents (Notes 3 and 13)		132,902,963
Investments (Note 3)		35,087,328
Student loans receivable		12,312,983
Allowance-doubtful loan receivables		(3,237,541)
Loans receivable, net (Notes 4 and 5)		9,075,442
Other assets		1,215,962
Investment in plant		1,942,100,230
Accumulated depreciation		(766,917,039)
Investment in plant, net of accumulated depreciation (Note 7)		1,175,183,191
Total noncurrent assets		1,353,464,886
Total assets	$	1,875,442,106
Deferred outflows of resources		
Discount on bonds payable (Note 9)	$	3,252,664
Deferred pension contribution (Note 11)		67,783,592
Total deferred outflows of resources	$	71,036,256

		2015
Liabilities		
Current liabilities		
Accounts payable	$	18,164,643
Accrued salaries and benefits		38,726,399
Accrued compensated absences (Note 8)		3,912,425
Due to the State of Connecticut		4,131,286
Unearned tuition, fees and grant revenue (Note 10)		223,751,069
Bonds payable (Note 9)		20,247,455
Accrued bond interest payable		2,336,421
Other liabilities		15,945,110
Depository accounts		3,475,146
Total current liabilities		330,689,954
Noncurrent liabilities		
Accrued compensated absences (Note 8)		56,504,852
Bonds payable (Note 9)		302,382,547
Federal loan program advances		9,777,097
Delayed compensation		566,950
Pension liability (Note 11)		587,616,884
Total noncurrent liabilities		956,848,330
Total liabilities	$	1,287,538,284
Deferred inflows of resources		
Premium on bonds payable (Note 9)	$	16,902,052
Deferred pension asset gains (Note 11)		21,488,325
Total deferred inflows of resources	$	38,390,377
Net Position		
Invested in capital assets, net of related debt	$	1,016,667,830
Restricted		
Nonexpendable		467,116
Expendable		19,931,365
Unrestricted		(416,516,610)
Total net position	$	620,549,701

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

		2015
Assets		
Cash and cash equivalents	$	5,793,536
Investments		104,615,855
Contributions and other receivables		12,461,078
Prepaid expenses and other assets		1,073,361
Investment in plant, net		5,509,478
Total assets	$	129,453,308
Liabilities		
Accounts payable	$	181,983
Custodial obligation payable		38,525
Other liabilities		1,231,365
Long-term debt		97,712
		1,549,585
Net assets		
Permanently restricted		81,865,597
Temporarily restricted		43,784,214
Unrestricted		2,253,912
Total net assets		127,903,723
Total liabilities and net assets	$	129,453,308

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

Connecticut State University System

Statement of Revenues, Expenses and Changes in Net Position

June 30, 2015

	2015
Operating revenues	
Tuition and fees	
Tuition and fees (Note 1)	$ 298,006,980
Less	
Scholarships allowance	28,855,397
Waivers	12,919,584
Tuition and fees, net of scholarship allowances and waivers	256,231,999
Federal grants and contracts	45,647,875
State and local grants and contracts	15,333,333
Nongovernment grants and contracts	3,866,012
Indirect cost recoveries	463,517
Auxiliary revenues (Note 1)	97,337,510
Other operating revenues (Note 1)	22,928,245
Total operating revenues	441,808,491
Operating expenses (Note 14)	
Personnel service and fringe benefits	559,879,832
Professional services and fees	27,905,000
Educational services and support	94,964,347
Travel expenses	6,836,544
Operation of facilities	46,785,609
Other operating supplies and expenses	24,145,580
Depreciation expense	60,154,128
Amortization expense	89,476
Total operating expenses	820,760,516
Operating loss	(378,952,025)
Nonoperating revenues (expenses)	
State appropriations	332,139,427
Gifts	2,932,220
Investment income	1,143,688
Interest expense	(11,641,817)
State financed plant facilities	7,395,265
Other nonoperating revenues	2,236,408
Net nonoperating revenues	334,205,191
Loss before other changes in net position	(44,746,834)
Other changes in net position	
State appropriations restricted for capital purposes	104,373,920
Loss on disposal of capital assets	(2,333,217)
Net other changes in net position	102,040,703
Net increase in net position	57,293,869
Net position	
Net position - beginning of year, as restated as of July 1, 2014	563,255,832
Net position - end of year	$ 620,549,701

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

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015
Revenues, gains and other support				
Contributions	$ 2,949,172	$ 4,146,654	$ 6,317,010	$ 13,412,836
Program income	34,641	461,541	-	496,182
Investment income	194,795	2,007,192	8,011	2,209,998
Gain (loss) on investments	(45,996)	686,113	(1,566)	638,551
Other income	305,827	-	-	305,827
Net assets released from restrictions	6,848,678	(6,883,480)	34,802	-
Total revenues, gains and other support	10,287,117	418,020	6,358,257	17,063,394
Operating expenses				-
Scholarships and awards	1,289,504	-	-	1,289,504
University support	5,173,724	-	-	5,173,724
Auxiliary services	729,774	-	-	729,774
Academic enrichment	491,281	-	-	491,281
Fundraising	1,442,106	-	-	1,442,106
Management and general	992,749	1,233	-	993,982
Total operating expenses	10,119,138	1,233	-	10,120,371
Transfers between funds	288,160	(366,957)	78,797	-
Changes in net assets	456,139	49,830	6,437,054	6,943,023
Net assets				
Beginning of year	1,797,773	43,734,384	75,428,543	120,960,700
End of year	$ 2,253,912	$ 43,784,214	$ 81,865,597	$ 127,903,723

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

		2015
Cash flows from operating activities		
Tuition and fees	$	234,771,292
Grants and contracts		65,013,106
Auxiliary revenues		90,117,221
Other operating revenues		29,784,987
Payments to employees for salaries and benefits		(485,939,481)
Payments to suppliers		(8,224,058)
Professional services and fees		(28,108,086)
Educational services and support		(94,964,347)
Travel expenses		(6,836,544)
Operation of facilities		(46,499,735)
Other operating supplies and expenses		(17,099,872)
University fee receipts		25,936,585
Net cash used in operating activities		(242,048,932)
Cash flows from noncapital financing activities		
State appropriations		285,088,477
Gifts for other than capital purposes		2,916,219
Nonoperating revenue other		2,236,401
Net cash provided by noncapital financing activities		290,241,097
Cash flows from investing activities		
Proceeds from sales and maturities of investments		95,065,083
Purchases of investments		(39,951,141)
Interest and dividends received on investments		1,140,900
Net cash provided by investing activities		56,254,842
Cash flows from capital and related financing activities		
Cash paid for capital assets		(161,297,395)
State capital appropriations received		102,176,483
Proceeds of new bond issuance		22,824,228
Repayments of capital debt and leases		(42,791,281)
Interest paid on capital debt and leases		(14,063,815)
Payments on bond issuance costs		(390,292)
Net cash used in capital and related financing activities		(93,542,072)
Net increase in cash and cash equivalents		10,904,935
Cash and cash equivalents, beginning of year		319,785,239
Cash and cash equivalents, end of year	$	330,690,174

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

		2015
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$	(378,952,025)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense		60,154,128
Amortization		89,476
Changes in assets and liabilities:		
Receivables		(15,997,403)
Prepaid expenses and other		(1,869,691)
Accounts payable		2,248,349
Accrued salaries and benefits		(5,215,914)
Other liabilities		(1,195,004)
Due to/from the State of Connecticut		457,840
Unearned tuition, fees and grant revenues		18,659,869
Delayed compensation		76,169
Depository accounts		(102,098)
Accrued compensated absences		18,730,255
Pension Liability		107,162,384
Changes in deferred outflows and inflows of resources		
Deferred pension contribution		(67,783,592)
Deferred pension asset gains		21,488,325
Net cash used in operating activities	$	(242,048,932)
Noncash financing activity		
Fixed assets included in accounts payable	$	5,525,695
State financed plant facilities	$	7,395,265
Reconciliation of cash and cash equivalents to the combined statements of net position		
Cash and cash equivalents classified as current assets	$	197,787,211
Cash and cash equivalents classified as noncurrent assets		132,902,963
	$	330,690,174

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

1. Summary of Significant Accounting Policies

Organization

The Connecticut State University System ("CSUS") was established by the State of Connecticut (the "State") as a constituent unit of the State's system of higher education. The statutory responsibility of CSUS, as reflected in Connecticut General Statutes Section 10a-87, is to offer, through each of its Universities (as later defined), curricula that "prepare persons to teach in the schools of the state" and that support the pursuit of "academic and career fields," and to confer degrees in such areas of study.

CSUS, the Connecticut Community College System ("CCC") and Charter Oak State College ("Charter Oak") operate under a single Board of Regents for Higher Education ("BOR"). The BOR serves as the CSUS and CCC boards of trustees and as the Board of State Academic Awards ("BSAA", which governs Charter Oak) and assumed their existing powers and duties for the operation of the constituent units.

CSUS provides instruction for baccalaureate, graduate and certificate programs, including applied doctoral degree programs in education, and operates various auxiliary enterprises, such as student residences, dining halls and parking facilities. In addition, CSUS administers a variety of financial aid programs which are funded by institutional operating funds and contributions from state and federal sources.

New Accounting Pronouncements Implemented

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, effective for the System's fiscal year beginning July 1, 2014. This Statement revises existing standards for employer financial statements relating to measuring and reporting pension liabilities for pension plans provided by the State to System employees. This Statement requires recognition of a liability equal to the net pension liability.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for the System concurrently with the implementation of GASB Statement No. 68. This Statement addresses an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employer and non-employer contributing entities.

Basis of Presentation

Effective July 1, 2001, the CSUS elected to apply all Governmental Accounting Standards Board ("GASB") pronouncements and Financial Accounting Standards Board ("FASB") pronouncements issued before November 30, 1989 that do not conflict with GASB pronouncements, under the provisions of GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting".

The financial statements include the statements of CSUS and its aggregate discretely presented component units. The statements of CSUS present the financial position of the four Universities (Central, Eastern, Southern and Western; collectively the "Universities") and the central administrative organization (the System Office) of CSUS, after the elimination of inter-University accounts and transactions among the four Universities and the System Office. These statements have been presented utilizing the AICPA Industry Audit Guide, *Audits of State and Local*

Governments (GASB 34 Edition) and are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the GASB.

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

- The statements of net position presents information on all of CSUS's assets, liabilities, deferred outflows and inflows, and net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of CSUS is improving or deteriorating.

- The statements of revenues, expenses and changes in net position presents information showing how CSUS's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 statements of cash flows is presented using the direct method. The direct method of cash flow reporting portrays net cash flow from operations by major class of operating receipts and expenditures (e.g., payments to employees for salaries and benefits).

Revenues are recognized when earned and expenses are recognized when incurred. Restricted grant revenue is recognized only to the extent expended or in the case of fixed price contracts, when the contract terms are completed.

Student financial aid expenditures are reported as an allowance against tuition and fees revenue while stipends and other payments made directly to students are recorded as financial aid expense and included in educational services and support expense.

CSUS determines on a case-by-case basis whether to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. However, CSUS generally encourages the use of restricted resources first.

Revenues and expenses are categorized as either operating or non-operating. Operating revenues and expenses generally result from exchange transactions such as payments for providing services and payments made for services or goods received. Nearly all of CSUS's expenses are from exchange transactions. Certain significant recurring sources of CSUS's revenues relied upon for operations, including state appropriations, gifts and investment income and losses are recorded as non-operating revenues, as defined by GASB Statement No. 35, and interest expense is recorded as non-operating expenses.

In accordance with GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", as amended, several legally separate, tax-exempt, affiliated University foundations (the "Foundations") must be considered component units of CSUS and are presented discretely in CSUS's financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the Universities in support of their programs. Although the Universities do not control the timing or amount of receipts from the Foundations, the majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the Universities by the donors**.** Since these restricted resources held by the Foundations can only be used by, or for the benefit of, the Universities, the Foundations are considered component units of CSUS.

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

Complete financial statements for the Foundations can be obtained from the Finance Department at the Connecticut State Colleges and Universities System Office at 39 Woodland St. Hartford, CT 06105 or by phone at (860)723-0000.

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 unrestricted net assets in the statements of the component units.

- **Restricted Nonexpendable**
  Net position subject to externally imposed stipulations that they be maintained in perpetuity by CSUS. Similar net assets are referred to as permanently restricted net assets in the statements of the component units.

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

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

Classification of Assets and Liabilities

CSUS presents short-term and long-term assets and liabilities in the statements of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from June 30, 2015. 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, 2015. Cash and cash equivalents and investments presented as short-term in the statements of net position include balances with a maturity of one year or less from June 30, 2015. Long-term cash and cash equivalents and investments include balances with a maturity of greater than one year from June 30, 2015 and balances that have externally imposed restrictions as to use.

Short-term liabilities include balances that are expected to be paid in one year or less from June 30, 2015. Long-term liabilities include balances that are expected to be paid after one year from June 30, 2015.

Pension Obligations

The System records pension obligations equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension 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.

Pension expense is 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.

Fair Value of Financial Instruments

Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable, accounts payable, accrued interest and deposits. Investments are carried at fair value, based upon quoted market prices. The fair value of bonds payable is estimated using discounted cash flow analyses, based on current borrowing rates for similar types of borrowing arrangements and approximate carrying value at June 30, 2015.

Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of petty cash, checking accounts and a Short-Term Investment Fund ("STIF"), see Notes 3 and 13. Cash equivalents are investments which have maturities when purchased of three months or less.

Long-term investments include debt service reserve funds which are restricted for purposes in accordance with CHEFA regulations.

Investments classified as short-term consist of deposits with original maturities of less than one year and are available for current use. Securities received as a gift are recorded at fair value at the date of the gift. Interest and investment income are recognized on the accrual basis.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net position.

Indirect Cost Recoveries

The Universities record the recovery of indirect costs applicable to research programs which provide for the full or partial reimbursement of such costs as operating revenue as the related direct costs are incurred.

Inventories
The Universities' inventories of $1,074,706 at June 30, 2015 consist primarily of supplies for plumbing, maintenance, auto, carpentry, electrical and custodial, and are valued at cost. Inventories are included in prepaid expenses and other current assets in the statements of net position.

Investment in Plant
Capital assets are stated at cost. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets. Land, capitalized collections, and construction in progress are not depreciated. Construction period interest costs in excess of earnings associated with related debt proceeds are capitalized as a component of the fixed asset. The following table illustrates the range of useful lives for CSUS's depreciable assets:

Land improvements	20 years
Building and building improvements	5 - 40 years
Furniture, fixtures and equipment	5 - 15 years
Library materials	10 - 20 years

Major construction projects for new physical plant and original equipment financed by the State of Connecticut capital outlay appropriations are managed and controlled by the Department of Construction Services of the State of Connecticut ("DCS"). For projects other than CSCU 2020 projects, the entire cost value of the project is recognized as revenue and recorded as state financed plant facilities by the Universities when the project is complete and/or when title passes from DCS to CSUS. The amount recognized for such projects was$7.4 million for the year ended June 30, 2015 . Connecticut State University System's comprehensive long-term capital infrastructure investment plan ("CSCU 2020"), was developed consistent with master facilities plans established by its individual Universities – Central, Eastern, Southern and Western Connecticut State Universities. For CSCU 2020 projects administered by DCS, revenue and construction in progress are recorded as project expenses are incurred. In regards to CSCU 2020 projects, DCS administers the larger projects – generally more than $2 million. For CSCU 2020 projects, the state general obligation bond proceeds are deposited into the CSCU 2020 Fund. For the previously mentioned projects, CSUS does not receive the appropriation, which is why the revenue and capital asset are not recorded until project completion. The revenue recognized for CSCU 2020 projects being administered by DCS is included in "State appropriations restricted for capital purposes".

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

Interest Capitalization
Interest expense incurred during the construction of capital assets is capitalized, if material, net of interest income earned on related debt proceeds. CSUS incurred net interest expense of $13.9 million for the fiscal year ended June 30, 2015. Interest capitalized for the fiscal year ended June 30, 2015 totaled $2.9 million. The cumulative capitalized interest was $21.3 million as of June 30, 2015 and is being amortized over 35 years. Amortization of capitalized interest for the year ended June 30, 2015 was $.6 million.

Compensated Absences
Employees earn their right to be compensated during absences for annual leave, sick leave and other fringe benefits. The accompanying balance sheet reflects the accrual for the amounts earned and, ultimately, payable for such benefits (see Note 8).

Due from/Due to the State of Connecticut
Accrued salaries and related fringe benefit costs for CSUS employees, whose salaries will be charged to the State of Connecticut General Fund totaled $27.3 million as of June 30, 2015. CSUS has reflected a related receivable from the State of Connecticut for these costs which will be charged to the General Fund appropriation for the following year, in accordance with the state budget approved prior to June 30, 2015.

CSUS has also recorded a receivable from the State of Connecticut related to allocated bond financing for capital projects when allotted by the Governor (see Note 6).

Unearned Tuition, Fees and Grant Revenues
Unearned tuition, fees and grant revenues consist primarily of tuition and fees that have been billed or collected at June 30, 2015, but applicable to the 2015 summer sessions held subsequent to June 30 or upcoming fall sessions. Direct charges related to these sessions are reported in the period the tuition and fees are recognized as income.

Federal Loan Program Advances
Refundable federal advances for the Perkins Loan programs administered by the Universities are classified as noncurrent liabilities.

Tuition and Fees Revenue
Student tuition and fees revenue are recognized in the period earned. Student tuition and fee revenue is presented net of scholarship allowance and waivers in accordance with GASB Statement 35. Student aid for scholarships recorded in the statement of revenues, expenses and changes in net position, includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance.

Auxiliary Revenues
Auxiliary revenues consist of housing charges, dining services, and telecommunication charges. The auxiliary revenues are recognized in the period earned.

Other Operating Revenues
Other operating revenues are comprised of a variety of sources including commissions, concession fees, ticket sales, rental, and program income. Other operating revenues are recognized in the period earned.

Income Tax Status
Connecticut State University System is an agency of the State of Connecticut which is exempt from federal income taxes under section 115(a) of the Internal Revenue Code and of state income taxes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the Financial statements and accompanying notes at June 30, 2015 and revenues and expenses recognized during the reporting period. Major estimates include the accrual for employee compensated absences, pension liability and the allowances for doubtful accounts. Actual results could differ from those estimates.

Subsequent Events

In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2015, through January 14, 2016, the date the financial statements were issued and no items needing to be reported were noted.

2. Adoption of New Pension Accounting Standards

Effective July 1, 2014, the System adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 ("GASB No. 68"). The System also adopted GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date, an amendment of GASB Statement No. 68. GASB No. 68 replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of GASB Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, GASB No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. In addition, GASB No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

To the extent practical, GASB No. 68 requires retrospective adoption. Restatement of prior periods is not practical because the pension plans are managed by the State of Connecticut and this information is not available. The total beginning net pension liability allocable to the System has been determined and the effect of adopting GASB No. 68 as of July 1, 2014 was as follows:

Net position at June 30, 2014 (as previously reported)	1,090,842,373
Net pension liability	(527,586,541)
Change in net position	(527,586,541)
Net position at July 1, 2014 (as restated)	$ 563,255,832

3. Cash, Cash Equivalents and Investments

Cash and cash equivalents includes approximately $88.6 million at June 30, 2015 invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF), a combined investment pool of high quality, short-term money market instruments. CSUS may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet CSUS'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 of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2015 was .14%. CSUS operating funds held by the State that participated in the aforementioned program were $228.0 million at June 30, 2015.

The cost and fair value of cash, cash equivalents and investments at June 30 are:

	2015	
	Cost	**Fair value**
Cash and cash equivalents	$ 330,690,174	$ 330,690,174
U.S. Mutual Funds- Governmental	89,092,502	89,092,502
Guaranteed Investment Contracts	14,565,297	14,565,297
	$ 434,347,973	$ 434,347,973

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

CSUS follows the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 *"Deposit and Investment Risk Disclosures"* ("GASB 40"), and accordingly, CSUS has assessed the Credit Risk, Custodial Credit Risk, the Concentration of Credit Risk, and the Interest Rate Risk of its Cash, Cash Equivalents and Investments.

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CSUS is invested in U.S. Government obligations, which are not considered to have credit risk. The average credit quality rating of CSUS's guaranteed investment contracts was AA+, as rated by Standard & Poor's Ratings as of June 30, 2015.

Custodial Credit Risk – At June 30, 2015, the carrying amount of CSUS's bank deposits was $4.6 million as compared to bank balances of $6.2 million. The difference between the carrying amount and bank balances wasprimarily caused by outstanding checks and deposits in transit. Of such bank balances, $.8 million was covered by federal deposit insurance as of June 30, 2015. The remaining balance of $5.4 million at June 30, 2015 was uninsured and uncollateralized and therefore subject to custodial credit risk.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5 percent or more of the total value of investments. 75% of CSUS total cash, cash equivalents and investments was invested in the STIF and the State's pooled, interest credit program accounts as of June 30, 2015.

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

Investment maturities of CSUS's debt securities at June 30 are as follows:

	2015				
	Investment Maturities (in years)				
Debt Securities	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government obligations	$ 89,092,502	$ 89,092,502	$ -	$ -	$ -
Guaranteed Investment Contracts	14,565,297	-	2	14,565,288	7
	$ 103,657,799	$ 89,092,502	$ 2	$ 14,565,288	$ 7

4. Receivables

Receivables consisted of the following at June 30:

	2015
Student accounts receivable	$ 192,878,471
Student loans receivable	16,389,698
Grants receivable	2,667,039
Miscellaneous receivables	1,754,706
	213,689,914
Less allowance for doubtful accounts	(10,367,347)
Net accounts receivable	$ 203,322,567

Student accounts receivable above include $179,464,842 representing amounts included in unearned tuition, fees and grant revenue at June 30, 2015. Grants receivable is shown gross of an allowance for doubtful accounts of $115,050 at June 30, 2015.

5. Loans Receivable

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2015. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts canceled under these provisions.

As CSUS determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the US Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2015, the allowance for uncollectible loans was $3,237,541.

6. Due from the State of Connecticut

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

		2015
Receivable for accrued salaries, interest and fringe benefits to be paid by State of Connecticut General Fund	$	27,482,222
State appropriations for capital projects		29,386,265
	$	56,868,487

Bond financing for capital projects authorized by the State Legislature is available for allotment by the Governor when allocated for specific projects by the State Bond Commission. CSUS recognizes such resources when they are allotted, which is the point at which commitments can be made against them. This amount, recorded as a receivable, is drawn against as related capital projects are constructed. The majority of CSUS's capital projects have historically been financed through the issuance of general obligation bonds of the State of Connecticut (see Note 9).

7. Investment in Plant

The following are the components of investment in plantactivity in fiscal year 2015:

	Balance June 30, 2014	Additions	Retirements and Transfers	Balance June 30, 2015
		Year ended June 30, 2015		
Capital assets not being depreciated:				
Land	$ 19,720,644	$ 38,824	$ -	$ 19,759,468
Capitalized collections	8,351,525	22,250	(2,550)	8,371,225
Construction in progress	112,397,537	144,186,976	(44,059,174)	212,525,339
Total capital assets not being depreciated	$ 140,469,706	$ 144,248,050	$ (44,061,724)	$ 240,656,032
Other capital assets:				
Land improvements	$ 100,453,114	$ 2,450,570	$ (210,225)	$ 102,693,459
Buildings and building improvements	1,332,646,430	54,672,986	(6,548,300)	1,380,771,116
Furniture, fixtures and equipment	143,243,701	23,909,752	(11,780,124)	155,373,329
Library materials	60,643,654	2,591,503	(628,863)	62,606,294
Total other capital assets	1,636,986,899	83,624,811	(19,167,512)	1,701,444,198
Less accumulated depreciation for:				
Land improvements	(55,031,308)	(4,701,007)	24,620	(59,707,695)
Buildings and building improvements	(525,890,417)	(40,299,743)	4,746,512	(561,443,648)
Furniture, fixtures and equipment	(98,575,423)	(11,743,141)	6,061,630	(104,256,934)
Library materials	(38,727,388)	(3,410,237)	628,863	(41,508,762)
Total accumulated depreciation	(718,224,536)	(60,154,128)	11,461,625	(766,917,039)
Other capital assets, net	$ 918,762,363	$ 23,470,683	$ (7,705,887)	$ 934,527,159
Capital asset summary:				
Capital assets not being depreciated	$ 140,469,706	$ 144,248,050	$ (44,061,724)	$ 240,656,032
Other capital assets, at cost	1,636,986,899	83,624,811	(19,167,512)	1,701,444,198
Total cost of capital assets	1,777,456,605	227,872,861	(63,229,236)	1,942,100,230
Less accumulated depreciation	(718,224,536)	(60,154,128)	11,461,625	(766,917,039)
Capital assets, net	$ 1,059,232,069	$ 167,718,733	$ (51,767,611)	$ 1,175,183,191

8. Accrued Compensated Absences

Accrued compensated absences as of June 30, include:

		2015
Accrued vacation	$	24,726,689
Accrued sick leave		22,841,453
Other accrued fringe benefits		12,849,135
		60,417,277
Less: current portion		3,912,425
Noncurrent portion	$	56,504,852

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

Balance as of June 30, 2014		41,687,023
Additions in 2015		22,132,557
Retirements in 2015		(3,402,303)
Balance as of June 30, 2015	$	60,417,277

These accruals represent estimated amounts earned by all eligible employees through June 30, 2015. Accruals for FY 2015 reflect a change in estimate in how the accrued sick leave was estimated. Sick leave is paid out to separating employees only if they are retiring. The former method determined this financial liability based on a percentage of separations that were retirements. The change reflects an estimate based on a three year average of total sick hours paid as a percent of total accrued sick hours of all separations for the same period. These accrued compensated absences will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of CSUS. The current portion of compensated absences is estimated based on recent past history.

In May 2009, the State of Connecticut offered employees meeting certain criteria, a Retirement Incentive Plan (“RIP”). For those employees opting to accept the RIP, their accrued compensation for vacation and sick time in addition to incentive allocations were reclassified to a separate liability. Those amounts were paid out annually in equal installments over a three year period starting July 2012. The total amount of RIP liability was approximately $2.0 million at the beinginning of fiscal year 2015 and was paid in July 2014 leaving no RIP liability as of June 30, 2015.

9. Bonds, Notes Payable and Capital Lease Obligations

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

Bonds issued by the State of Connecticut to finance auxiliary enterprise buildings and improvements require that principal and interest payments be remitted by CSUS to the State from revenues associated with the specific auxiliary activities. These bonds which are considered self-liquidating originally matured from 1993 to 2017 with interest rates varying from 2% to 6%. State statute requires these bonds to be repaid entirely by CSUS and, accordingly, these bonds are recorded as CSUS debt in the accompanying financial statements.

In fiscal year 2009 portions of the September 1997 self-liquidating bonds were refunded. As a result, the refunded bonds are considered to be defeased, and the liability for those bonds has been removed from the statements of net position. The outstanding amount of the refunded bonds totaled approximately $.2 million at June 30, 2009. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $30,000. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. As a result of the refunding, CSUS will reduce its aggregate debt service payments by approximately $30,000 and achieve an economic gain of approximately $30,000.

In fiscal year 2008 portions of the September 1997 and February 1998 self-liquidating bonds were refunded. As a result, the refunded bonds are considered to be defeased, and the liability for those bonds has been removed from the statements of net position. The outstanding amount of the refunded bonds totaled approximately $6.1 million at June 30, 2008. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $.2 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method.

Principal outstanding on the self-liquidating bond issues as of June 30 is as follows:

	Type	**2015**
June 2001	Refunded	$402,455
April 2005	Refunded	422,547
December 2007	Refunded	-
		$ 825,002

Estimated principal and interest requirements for the next two years are as follows:

Year	Principal	Interest
2016	402,455	32,210
2017	422,547	22,586
	$ 825,002	$ 54,796

On February 5, 2004, CHEFA issued $49.5 million of Series F Revenue Bonds on behalf of CSUS, to advance refund portions of Series A, B, C and D. The Bonds mature from 2004 to 2015 with interest rates varying from two percent (2%) to five percent (5%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On June 17, 2005, CHEFA issued $50.6 million of Series G Revenue Bonds on behalf of CSUS. The Bonds mature from 2006 to 2035 with interest rates varying from three percent (3%) to five percent (5%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On June 17, 2005, CHEFA issued $48.5 million of Series H Revenue Bonds on behalf of CSUS, to advance refund portions of Series B, C, D and E. The Bonds mature from 2005 to 2019 with interest rates varying from two and one-half percent (2.5%) to five percent (5%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On April 18, 2007, CHEFA issue $62.8 million of Series I Revenue Bonds on behalf of CSUS, to advance refund portions of Series D, E and G. The Bonds mature from 2008 to 2033 with interest rates varying from three percent (3.0%) to five and one quarter percent (5.25%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On June 22, 2011 CHEFA issued $27.0 million of Series J Revenue Bonds on behalf of CSUS. The Bonds mature from 2012 to 2031 with interest rates varying from two (2.0%) to four percent (4.0%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On June 22, 2011, CHEFA issued $14.0 million of Series K Revenue Bonds on behalf of CSUS, to advance refund portions of Series E. The Bonds mature from 2012 to 2016 with interest rates varying from three percent (3.0%) to four percent (4.0%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On April 4, 2012, CHEFA issued $49.0 million of Series L Revenue Bonds on behalf of CSUS to advance refund portions of Series Bond E and current refund portions of Series Bond B. The Bonds mature from 2012 to 2029 with interest rates varying from two and one-half percent (2.5%) to four percent (4.0%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On January 10, 2013, CHEFA issued $34.1 million of Series M Revenue Bonds on behalf of CSUS. The Bonds mature from 2014 to 2033 with interest rates varying from three percent (3.0%) to five percent (5.0%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year

On October 23, 2013, CHEFA issued $80.3 million of Series N Revenue Bonds on behalf of CSUS. The Bonds mature from 2015 to 2034 with interest rates varying from three percent (4.1%) to five percent (5.0%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

On September 11, 2014, CHEFA issued $21.4 million of Series O Revenue Bonds on behalf of CSUS, to advance refund portions of Series F and G. The Bonds mature from 2015 to 2031 with interest rates varying from two percent (2.0%) to four (4.00%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

In connection with the fiscal year 2015 refunding of portions of Series F and G, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result the refunded bonds were considered an in substance defeasance and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair value of approximately $22.0 million at June 30, 2015, which is also the outstanding amount of the refunded bonds at June 30, 2015. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $0.8 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operation over the life of new bonds using the straight-line method. As a result of defeasance, CSUS reduced its aggregate debt service payments by approximately $2.2 million and achieved an economic gain (the difference between the present value of the old and new debt service payments) of approximately $1.5 million.

In connection with the fiscal year 2012 refunding of portions of Series B and E, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result the refunded bonds were considered an in substance defeasance and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair value of approximately $53.6 million at June 30, 2012. The outstanding amount of the refunded bonds totaled approximately $47.7 million atJune 30, 2015. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $2.5 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. As a result of defeasance, CSUS reduced its aggregate debt service payments by approximately $8.6 million and achieved an economic gain (the difference between the present value of the old and new debt service payments) of approximately $4.2 million.

In connection with the fiscal year 2011 advance refunding of portions of Series E, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result the refunded bonds will be considered to be defeased and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair market value of approximately $15.5 million at June 30, 2011. The outstanding amount of the refunded bonds totaled approximately $14.7 million at June 30, 2015. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $.5 million. The difference, which was recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. As a result of defeasance, CSUS will reduce its aggregate debt service payments by approximately $1.0 million and achieve an economic gain (the difference between the present value of the old and new debt service payments) of approximately $.9 million.

In connection with the fiscal year 2007 advance refunding of portions of Series D, E and G, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds were considered to be defeased, and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair value of approximately $63.8 million at June 30, 2007. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $2.4 million. The difference, which was recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. The outstanding amount of these refunded bonds totaled approximately $60.1 million at June 30, 2015.

In connection with the fiscal year 2005 advance refunding of portions of Series B, C, D and E, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. Assets held in the trust accounts had an aggregate fair value of approximately $52.8 million at June 30, 2005. The refunded bonds were considered to be defeased, and the liability for those bonds has been removed from the statements of net position. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $3.1 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. The outstanding amount of these refunded bonds totaled approximately $37.5 million at June 30, 2015.

In connection with the fiscal year 2004 advance refunding of portions of Series A, B, C and D, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. Assets held in the trust accounts had an aggregate fair value of approximately $53.9 million at June 30, 2004. The refunded bonds were considered to be defeased, and the liability for those bonds has been removed from the statements of net position. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $5.3 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. The outstanding amount of these refunded bonds totaled approximately $2.2 million at June 30, 2015.

Principal outstanding of the CHEFA Bonds at June 30 was as follows:

	2015
CHEFA Revenue Bonds Series G	$ 6,885,000
CHEFA Revenue Bonds Series H	36,645,000
CHEFA Revenue Bonds Series I	62,140,000
CHEFA Revenue Bonds Series J	23,895,000
CHEFA Revenue Bonds Series K	13,995,000
CHEFA Revenue Bond Series L	47,235,000
CHEFA Revenue Bond Series M	32,100,000
CHEFA Revenue Bond Series N	77,990,000
CHEFA Revenue Bond Series O	20,920,000
	$ 321,805,000

CSUS's most restrictive covenant is the pledging of certain University fee receipts and parking fee receipts as collateral for its obligation to make payments.

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

Maturity	Principal	Interest
2016	$ 19,845,000	$ 13,588,166
2017	18,140,000	12,739,831
2018	18,370,000	11,903,600
2019	17,235,000	11,085,619
2020	17,775,000	10,303,944
2021-2025	85,000,000	39,472,469
2026-2030	76,620,000	22,211,450
2031-2035	67,755,000	5,446,266
2036	1,065,000	21,300
	$ 321,805,000	$ 126,772,645

The deferred outflows of resources are comprised of discount on bonds payable and will be recognized as expense and decrease unrestricted net position over the remaining years of the bond agreements. Deferred outflows by bond maturity dates are as follows:

Maturity in Fiscal Year	**2015**
2016	$ -
2020	87,271
2030	446,982
2032	187,544
2033	317,848
2034	2,106,093
2036	106,926
	$ 3,252,664

The deferred inflows of resources are comprised of premiums on bonds payable and will be recognized as revenue and increase unrestricted net position over the remaining years of the bond agreements. Deferred inflows by bond maturity dates are as follows:

Maturity in Fiscal Year	**2015**
2016	$ -
2020	781,762
2030	3,536,998
2032	436,063
2033	4,309,096
2034	7,715,647
2036	122,486
	$ 16,902,052

Long-term liability and deferred inflows of resource activity for the year ended June 30, 2015 was as follows:

	Year Ended June 30, 2015			
	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Bonds payable	$ 344,181,283	$ 21,240,000	$ (42,791,281)	$ 322,630,002
Premium on bonds payable, net of original issue discount and deferred loss on bond refunding	16,772,386	1,987,908	(1,858,242)	16,902,052
Total bonds payable	360,953,669	23,227,908	(44,649,523)	339,532,054
Delayed compensation	490,780	76,170	-	566,950
Total	$ 361,444,449	$ 23,304,078	$ (44,649,523)	$ 340,099,004

10. Unearned Tuition, Fees and Grant Revenue

Unearned tuition, fees and grant revenue consists of the following at June 30, 2015:

	2015
Unearned tuition and fees	$ 203,194,075
Grants and contracts	1,994,821
Other	18,562,173
	$ 223,751,069

11. Retirement and Other Post Employment Benefits

Plan Description

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of CSUS 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"). The plan provides retirement, disability, death benefits and annual 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 the General Statutes. The plan does not issue stand alone financial reports. Information on the plan is currently publicly available in the State of Connecticut's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller.

Tier III or the Hybrid Plan are the 2 primary SERS plan options available to CSUS employees first hired into state service on or after July 1, 2011 (some employees are eligible to elect the Teachers Retirement System – TRS). Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, Tier III, or TRS depending on several factors. CSUS makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut. The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the State of

Connecticut and the State Employee Bargaining Agent Coalition (SEBAC), provides a new 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 five percent employer match and four percent interest in lieu of a defined benefit.

Alternatively, employees may choose to participate in the Alternate Retirement Plan which is managed by Prudential. Under this arrangement, plan participants contribute 5% of their pay and the State contributes 8% to individual participants' investment accounts managed by Prudential. CSUS contributes a fringe benefit charge to the State which includes the 8% employer contribution and an administrative charge. The aforementioned 2011 SEBAC agreement provides CSUS employees who were both hired before July 1, 2011 and participating in ARP with a one-time irrevocable option through a date not yet determined 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 Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base 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.

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 43.42% and 23.65% for SERS and TRS respectively for fiscal year ended June 30, 2015. The System contributed $45.8 million and $1.3 million for SERS and TRS respectively for fiscal year ended June 30, 2015, equal to 100% of the required contributions the year. Administrative costs of the plan are funded by the State.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Systems' net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2015 was measured and valued as of June 30, 2014 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, at June 30, 2015 the System's proportion was 0.10 %. For the SERS plan, at June 30, 2015 the System's proportion was 3.61 %.

All SERS and TRS assets are available to pay any members benefits. However, the portion of each plan's net pension liability attributable to the CSU System is tracked separately. The net pension liability for the CSU System as of June 30, 2015 for SERS and TRS was $577.9 million and $9.7 million respectively.

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

Inflation	2.75%
Salary increases	4.00% to 20.00%, including inflation
Investment rate of return net of pension plan investment expense, including inflation	8.00%

Mortality rates were based on the RP-2000 Employees table projected 15 years for men and 25 years for women with the Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation (which was the basis for the recording of the June 30, 2015 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2013.

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 June 30, 2014 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

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

Inflation	3.00%
Salary increases	3.75% to 7.00%, including inflation
Investment rate of return net of pension plan investment expense, including inflation	8.50%,

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

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
Mutual Equity	25.0%	7.3%
Developed Markets ISF	20.0	7.5
Emerging Markets ISF	9.0	8.6
Core Fixed Income	13.0	1.7
Emerging Market Debt	4.0	4.8
High Yield	2.0	3.7
Inflation Linked Bonds	6.0	1.3
Liquidity Fund	6.0	0.7
Real Estate	5.0	5.9
Private Investment	10.0	10.9

Discount Rate
SERS:
The discount rate used to measure the total pension liability was 8.0%. 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 States'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.

TRS:

The discount rate used to measure the total pension liability was 8.50 percent. 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 (Asset) to Changes in Discount Rate

The following presents the current-period net pension liability of the CSU System calculated using the current-period discount rate assumption of 8.0 percent for SERS and 8.5 percent for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (SERS - 7.0%) (TRS - 7.5%)	Current Discount (SERS - 8.0%) (TRS - 8.5%)	1% Increase (SERS - 9.0%) (TRS - 9.5%)
SERS	$ 689,376,883	$ 577,889,607	$ 484,130,154
TRS	12,413,379	9,727,277	7,444,011

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

For the year ended June 30, 2015, the System recognized pension expense of $60.9 million. Deferred outflows of resources and deferred inflows of resources for pensions attributed to the CSU System were related to the following sources for the year ended June 30, 2015:

	SERS	TRS	Total
DEFERRED OUTFLOWS OF RESOURCES			
Difference between expected and actual experience	$ -	$ -	$ -
Changes of assumptions or other inputs	-	-	-
Net difference between projected and actual earnings on pension plan investements	-	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	67,386,052	397,540	67,783,592
Total	**$ 67,386,052**	**$ 397,540**	**$ 67,783,592**
DEFERRED INFLOWS OF RESOURCES			
Difference between expected and actual experience	$ -	$ -	$ -
Changes of assumptions or other inputs	-	-	-
Net difference between projected and actual earnings on pension plan investements	20,638,928	821,687	21,460,615
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	27,710	27,710
Total	**$ 20,638,928**	**$ 849,397**	**$ 21,488,325**

The net amount of deferred outflows of resources and deferred inflows of resources related to the pensions attributed to the CSU System that will be recognized in pension expense during the next five years and thereafter is as follows:

	SERS	TRS	Total
2016	$ 9,086,810	$ (141,768)	$ 8,945,042
2017	9,086,810	(141,768)	8,945,042
2018	9,086,810	(141,768)	8,945,042
2019	9,086,739	(141,765)	8,944,974
2020	10,399,956	63,654	10,463,610
Thereafter	$ -	$ 51,558	51,558

Payable to the Defined Benefit Pension Plan

At June 30, 2015, the System reported a payable of $9.7 million for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

Other Post Employment Benefits
The State of Connecticut provides post retirement health care and life insurance benefits to eligible CSUS 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.

12. Commitments and Contingencies

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

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

CSUS had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30, 2015. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances at June 30, 2015 were as follows:

	2015
System Office	$ 16,690,904
Central Connecticut State University	2,862,625
Eastern Connecticut State University	1,355,204
Southern Connecticut State University	7,027,082
Western Connecticut State University	2,766,885
	$ 30,702,700

13. Intra-University and Related Party Activities

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

In addition to those transactions identified in Note 6, the accompanying statements of net position includes balances among related parties. Significant balances for the years ended June 30, were as follows:

	2015
Cash balances held with the State of Connecticut on behalf of the universities (excluding STIF)	$ 237,523,949
Amounts invested in the Connecticut STIF	88,550,693
	$ 326,074,642

14. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Year ended June 30, 2015 Natural Classification								
	Personnel service and fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	$ 46,339,963	$ 1,501,453	$ 2,459,170	$ 1,548,330	$ 412,274	$ 1,901,689	$ -	$ -	$ 54,162,879
Auxiliary enterprises	18,456,914	11,172,673	23,821,409	77,504	10,120,363	1,680,503	-	-	65,329,366
Institution support	94,289,944	5,486,529	913,713	585,850	3,222,542	8,790,965	-	-	113,289,543
Instruction	274,155,813	1,149,137	1,436,038	766,421	377,811	1,735,611	-	-	279,620,831
Physical plant	44,562,663	3,263,863	101,305	81,403	31,094,956	5,418,939	60,153,294	89,476	144,765,899
Public service	8,691,151	1,256,746	695,381	1,418,916	539,659	525,277	-	-	13,127,130
Research	4,067,391	492,092	409,309	445,943	21,831	413,509	-	-	5,850,075
Scholarships, loans and refunds	438,398	280,419	63,837,291	15,566	4,362	76,794	-	-	64,652,830
Student services	68,877,595	3,302,088	1,290,731	1,896,611	991,811	3,602,293	834	-	79,961,963
Total expenses	$ 559,879,832	$ 27,905,000	$ 94,964,347	$ 6,836,544	$ 46,785,609	$ 24,145,580	$ 60,154,128	$ 89,476	$ 820,760,516

Schedule of Net Pension Liability and Related Ratios

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2015	2014
System's proportion of the net pension liability	3.61%	3.12%
System's proportionate share of the net pension liability	$ 577,889,607	$ 516,857,599
System's covered-employee payroll	$ 140,369,452	$ 119,305,259
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	412%	433%
Plan Fiduciary net position as a percentage of the total pension liability	39.54%	[1]

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

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

	2015	2014
System's proportion of the net pension liability	0.10%	0.10%
System's proportionate share of the net pension liability	$ 9,727,277	$ 10,728,942
State's proportionate share of the net pension liability associated with the System	$ 9,714,654	[1]
Total	$ 19,441,931	$ 10,728,942
System's covered-employee payroll	$ 3,813,448	$ 3,063,073
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	255%	350%
Plan Fiduciary net position as a percentage of the total pension liability	61.56%	[1]

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

Schedule Contributions

State Employee Retirement System Plan

Last 10 Fiscal Years [1]

	2015	2014
Contractually required contribution	$ 45,788,758	$ 33,007,798
Contributions in relation to the contractually required contribution	(45,788,758)	(32,974,790)
Contribution deficiency (excess)	$ -	$ 33,008
System's covered-employee payroll	$ 140,369,452	$ 119,305,259
Contributions as a percentage of covered employee payroll	32.62%	27.64%

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

Teachers Retirement System Plan

Last 10 Fiscal Years [1]

	2015
Contractually required contribution	$ 909,799
Contributions in relation to the contractually required contribution	(1,343,282)
Contribution deficiency (excess)	$ (433,483)
System's covered-employee payroll	$ 3,813,448
Contributions as a percentage of covered employee payroll	35.22%

[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

For the June 30, 2014 valuation, there were two changes in benefit terms:

a) The 2011 SEBAC Agreement changed the benefit multiplier for the portion of benefit below the breakpoint from 1.33% to 1.4%. This change was made effective for all active members who retire on or after July 1, 2013 in Tier II, IIA and III.

b) A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirementet elibility applicable to members eligible to retire before July 1, 2022. Employees who elected by July 1, 2013 to maintain the eligibility are required to make additional employee contributions for the length of their remaining active service with SERS. The additional contribution was up to 0.72% of pensionable earnings.

Connecticut State University System

Supplemental Information – Combining Statement of Net Position

June 30, 2015

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2015
Assets							
Current assets:							
Cash and cash equivalents	$ 61,772,650	$ 29,960,583	$ 58,812,015	$ 24,977,949	$ 22,264,014	$ -	$ 197,787,211
Investments	-	-	-	-	68,570,471	-	68,570,471
Student receivables	59,489,463	42,115,936	57,037,294	34,235,778	-	-	192,878,471
Allowance-doubtful student receivables	(1,233,790)	(3,000,524)	(993,534)	(1,786,908)	-	-	(7,014,756)
Student receivables, net	58,255,673	39,115,412	56,043,760	32,448,870	-	-	185,863,715
Student loans receivable	584,068	522,162	2,704,156	266,329	-	-	4,076,715
Grant receivables, net	716,051	347,893	977,675	510,370	-	-	2,551,989
Miscellaneous receivables, net	819,356	799,359	71,388	48,973	15,630	-	1,754,706
Due from the State of Connecticut	12,157,055	6,653,454	13,312,197	7,102,990	17,642,791	-	56,868,487
Due from SO and Universities	521,913	1,782	42,135	3,258	728,486	(1,297,574)	-
Prepaid expenses and other current assets	- 1,878,868	- 305,666	- 812,570	209,775	1,297,047	-	4,503,926
Total current assets	136,705,634	77,706,311	132,775,896	65,568,514	110,518,439	(1,297,574)	521,977,220
Noncurrent assets:							
Cash and cash equivalents	19,406,206	6,182,674	22,452,346	6,497,610	78,364,127	-	132,902,963
Investments	-	-	-	-	35,087,328	-	35,087,328
Student loans receivable	4,015,428	1,459,188	4,797,250	2,041,117	-	-	12,312,983
Allowance-doubtful loan receivables	(877,779)	(482,278)	(1,388,219)	(489,265)	-	-	(3,237,541)
Loans receivable, net	3,137,649	976,910	3,409,031	1,551,852	-	-	9,075,442
Other assets	-	-	133,003	126,470	956,489	-	1,215,962
Investment in plant	505,263,104	440,546,574	567,013,581	382,737,060	28,652,862	17,887,049	1,942,100,230
Accumulated depreciation	(215,230,952)	(157,839,396)	(226,193,383)	(144,230,317)	(23,422,991)	-	(766,917,039)
Investment in plant, net of accumulated depreciation	290,032,152	282,707,178	340,820,198	238,506,743	5,229,871	17,887,049	1,175,183,191
Total noncurrent assets	312,576,007	289,866,762	366,814,578	246,682,675	119,637,815	17,887,049	1,353,464,886
Total assets	$ 449,281,641	$ 367,573,073	$ 499,590,474	$ 312,251,189	$ 230,156,254	$ 16,589,475	$ 1,875,442,106
Deferred outflows of resources:							
Discount on bonds payable	$ -	$ -	$ -	$ -	$ 3,252,664	$ -	$ 3,252,664
Deferred pension contribution	-	-	-	-	67,783,592	-	67,783,592
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 71,036,256	$ -	$ 71,036,256

Connecticut State University System

Supplemental Information – Combining Statement of Net Position

June 30, 2015

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2015
Liabilities							
Current liabilities:							
Accounts payable	$ 5,481,856	$ 2,486,717	$ 6,600,068	$ 1,169,827	$ 2,426,175	$ -	$ 18,164,643
Accrued salaries and benefits	17,369,780	7,143,279	16,114,976	7,384,138	(9,285,774)	-	38,726,399
Accrued compensated absences	850,645	860,871	1,154,333	935,306	111,270	-	3,912,425
Due to the State of Connecticut	526,960	1,568,596	477,207	1,558,523	-	-	4,131,286
Due to SO and Universities	70,434	261,267	160,684	236,101	569,088	(1,297,574)	-
Unearned tuition,fees and grant revenue	66,398,965	40,100,583	65,014,567	33,697,197	18,539,757	-	223,751,069
Bonds payable	-	-	-	-	20,247,455	-	20,247,455
Accrued bond interest payable	-	-	-	-	2,336,421	-	2,336,421
Other liabilities	13,123,851	127,324	1,652,928	584,703	456,304	-	15,945,110
Depository accounts	1,031,342	682,407	2,036,304	(274,577)	(330)	-	3,475,146
Total current liabilities	104,853,833	53,231,044	93,211,067	45,291,218	35,400,366	(1,297,574)	330,689,954
Noncurrent liabilities:							
Accrued compensated absences	19,256,658	9,717,607	16,561,850	9,401,722	1,567,015	-	56,504,852
Bonds payable	-	-	-	-	302,382,547	-	302,382,547
Federal loan program advances	3,136,752	1,459,188	3,549,051	1,632,106	-	-	9,777,097
Delayed compensation	-	-	-	-	566,950	-	566,950
Pension Liability	-		-	-	587,616,884	-	587,616,884
Total noncurrent liabilities	22,393,410	11,176,795	20,110,901	11,033,828	892,133,396	-	956,848,330
Total liabilities	$ 127,247,243	$ 64,407,839	$ 113,321,968	$ 56,325,046	$ 927,533,762	$ (1,297,574)	$ 1,287,538,284
Deferred inflows of resources:							
Premium on bonds payable	$ -	$ -	$ -	$ -	$ 16,902,052	$ -	$ 16,902,052
Deferred pension asset gains	-	-	-	-	21,488,325	-	21,488,325
Total deferred inflows of resources	$ -	$ -	$ -	$ -	$ 38,390,377	$ -	$ 38,390,377
Net Position							
Invested in capital assets, net of related debt	$ 290,008,678	$ 282,660,769	$ 340,820,198	$ 238,506,743	$ (153,215,607)	$ 17,887,049	$ 1,016,667,830
Restricted:							
Nonexpendable	-	60,000	-	407,116	-	-	467,116
Expendable	6,142,496	7,764,170	3,893,004	2,106,239	25,456	-	19,931,365
Unrestricted	25,883,224	12,680,295	41,555,304	14,906,045	(511,541,478)	-	(416,516,610)
Total net position	$ 322,034,398	$ 303,165,234	$ 386,268,506	$ 255,926,143	$ (664,731,629)	$ 17,887,049	$ 620,549,701

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2015
Operating revenues:							
Tuition and fees:							
Tuition and fees, gross	$ 98,349,213	$ 43,951,470	$ 98,114,831	$ 51,285,338	$ 6,306,128	$ -	$ 298,006,980
Less:							
Scholarships allowance	8,651,098	5,255,736	8,196,068	6,752,495	-	-	28,855,397
Waivers	4,614,665	2,618,835	3,755,556	1,930,528	-	-	12,919,584
Debt service fee	8,809,013	4,517,007	8,289,888	4,752,535	(25,936,585)	(431,858)	-
Tuition and fees, net of scholarship allowances and waivers	76,274,437	31,559,892	77,873,319	37,849,780	32,242,713	431,858	256,231,999
Federal grants and contracts	16,235,352	6,509,469	14,755,265	8,134,842	12,947	-	45,647,875
State and local grants and contracts	6,041,714	1,600,191	5,195,430	2,454,977	41,021	-	15,333,333
Nongovernment grants and contracts	1,420,420	63,203	2,349,389	33,000	-	-	3,866,012
Indirect cost recoveries	285,298	29,308	148,911	-	-	-	463,517
Auxiliary revenues	26,942,851	27,280,983	25,793,442	16,965,641	3,852,520	(3,497,927)	97,337,510
Other operating revenues	53,658,388	3,080,776	5,733,102	2,714,622	14,242,501	(56,501,144)	22,928,245
Total operating revenues	180,858,460	70,123,822	131,848,858	68,152,862	50,391,702	(59,567,213)	441,808,491
Operating expenses:							
Personnel service and fringe benefits	158,243,966	90,969,204	159,348,687	91,922,978	59,394,997	-	559,879,832
Professional services and fees	7,622,412	3,964,543	8,451,905	4,240,549	3,625,591	-	27,905,000
Educational services and support	32,025,437	14,198,373	31,915,174	16,793,871	31,492	-	94,964,347
Travel expenses	3,116,441	850,409	1,863,069	874,634	131,991	-	6,836,544
Operation of facilities	20,356,726	7,386,293	10,742,606	9,394,308	58,904,747	(59,999,071)	46,785,609
Other operating supplies and expenses	4,995,025	2,824,580	5,485,348	5,741,862	4,666,907	431,858	24,145,580
Depreciation expense	15,610,872	12,632,787	18,953,226	12,012,950	944,293	-	60,154,128
Amortization expense	-	-	49,032	40,444	-	-	89,476
Total operating expenses	241,970,879	132,826,189	236,809,047	141,021,596	127,700,018	(59,567,213)	820,760,516
Operating loss	$ (61,112,419)	$ (62,702,367)	$ (104,960,189)	$ (72,868,734)	$ (77,308,316)	$ -	$ (378,952,025)

Connecticut State University System

Supplemental Information – Combining Statement of Cash Flows

June 30, 2015

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2015
Nonoperating revenues (expenses)							
State appropriations	$ 87,019,485	$ 52,513,366	$ 85,474,454	$ 52,708,713	$ 54,423,409	$ -	$ 332,139,427
Gifts	1,955,965	534,808	312,707	128,740	-	-	2,932,220
Investment income	137,844	68,069	133,640	53,045	751,090	-	1,143,688
Interest Expense	(8)	(2,887)	-	-	(13,893,196)	2,254,274	(11,641,817)
State financed plant facilities	51,832	-	7,343,433	-	-	-	7,395,265
Other nonoperating revenues	470,459	394,601	652,034	719,314	-	-	2,236,408
Net nonoperating revenues (expenses)	89,635,577	53,507,957	93,916,268	53,609,812	41,281,303	2,254,274	334,205,191
Income (loss) before other changes in net position	28,523,158	(9,194,410)	(11,043,921)	(19,258,922)	(36,027,013)	2,254,274	(44,746,834)
Other changes in net position							
State appropriations restricted for capital purposes	7,824,848	39,227,325	43,885,215	10,211,791	3,224,741	-	104,373,920
Loss on disposal of capital assets	(50,902)	(1,874,136)	(66,201)	(328,830)	(13,148)	-	(2,333,217)
Net other changes in net position	7,773,946	37,353,189	43,819,014	9,882,961	3,211,593	-	102,040,703
Net increase in net position	36,297,104	28,158,779	32,775,093	(9,375,961)	(32,815,420)	2,254,274	57,293,869
Net Position:							
Net Position - beginning of year	285,737,294	275,006,455	353,493,413	265,302,104	(631,916,209)	15,632,775	563,255,832
Net Position - end of year	$ 322,034,398	$ 303,165,234	$ 386,268,506	$ 255,926,143	$ (664,731,629)	$ 17,887,049	$ 620,549,701

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2015
Cash flows from investing activities:							
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -	$ 95,065,083	$ -	$ 95,065,083
Purchases of investments	-	-	-	-	(39,951,141)	-	(39,951,141)
Interest and dividends received on investments	137,844	65,182	133,739	53,045	751,090	-	1,140,900
Net cash provided by investing activities	137,844	65,182	133,739	53,045	55,865,032	-	56,254,842
Cash flows from capital and related financing activities:							
Cash paid for capital assets	(59,929,175)	(41,589,658)	(44,738,141)	(11,968,942)	(3,071,479)	-	(161,297,395)
State capital appropriations received	7,876,681	39,243,325	40,205,741	10,211,791	4,638,945	-	102,176,483
Proceeds of new bond issuance	-	-	-	-	22,824,228	-	22,824,228
Repayments of capital debt and leases	-	-	-	-	(42,791,281)	-	(42,791,281)
Interest paid on capital debt and leases	-	-	-	-	(14,063,815)	-	(14,063,815)
Payments on bond issuance costs	-	-	-	-	(390,292)	-	(390,292)
Net cash used in capital and related financing activities	(52,052,494)	(2,346,333)	(4,532,400)	(1,757,151)	(32,853,694)	-	(93,542,072)
Net increase in cash and cash equivalents	1,710,189	6,275,115	1,481,927	(3,202,619)	4,640,323	-	10,904,935
Cash and cash equivalents, beginning of year	79,468,667	29,868,142	79,782,434	34,678,178	95,987,818	-	319,785,239
Cash and cash equivalents, end of year	$ 81,178,856	$ 36,143,257	$ 81,264,361	$ 31,475,559	$ 100,628,141	$ -	$ 330,690,174

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2015
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating loss	$ (61,112,419)	$ (62,702,367)	$ (104,960,189)	$ (72,868,734)	$ (77,308,316)	$ -	$ (378,952,025)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	15,610,872	12,632,787	18,953,226	12,012,950	944,293	-	60,154,128
Amortization	-	-	49,032	40,444	-	-	89,476
Changes in assets and liabilities:							
Receivables	(4,454,982)	1,118,554	(9,024,732)	(3,620,613)	(15,630)	-	(15,997,403)
Prepaid expenses and other	(14,921)	(48,041)	(258,317)	(43,973)	(1,504,439)	-	(1,869,691)
Accounts payable	1,005,997	(22,053)	(29,052)	52,104	1,241,353	-	2,248,349
Accrued salaries and benefits	1,727,097	629,156	1,432,843	661,042	(9,666,052)	-	(5,215,914)
Other liabilities	(774,106)	(159,535)	(793,708)	74,997	457,348	-	(1,195,004)
Due to/from State of Connecticut	(149,220)	193,318	94,034	319,708	-	-	457,840
Due to/from Universities	895,527	89,160	(178,714)	82,223	(888,196)	-	-
Unearned tuition, fees and grant revenues	5,062,244	1,227,087	8,905,716	3,473,791	(8,969)	-	18,659,869
Delayed compensation	-	-	-	-	76,169	-	76,169
Depository accounts	24,773	(14,190)	260,992	(373,673)	-	-	(102,098)
Accrued compensated absences	6,723,510	2,784,349	5,829,784	3,230,708	161,904	-	18,730,255
Pension Liability	-	-	-	-	107,162,384	-	107,162,384
Changes in deferred outflows and inflows of resources:							
Deferred pension contribution	-	-	-	-	(67,783,592)	-	(67,783,592)
Deferred penson asset gains	-	-	-	-	21,488,325	-	21,488,325
Net cash used in operating activities	$ (35,455,628)	$ (44,271,775)	$ (79,719,085)	$ (56,959,026)	$ (25,643,418)	$ -	$ (242,048,932)
Noncash investing, noncapital financing and capital and related financing transactions:							
Fixed assets included in accounts payable	$ 1,274,640	$ 258,117	$ 3,437,597	$ 49,274	$ 506,067	$ -	$ 5,525,695
State financed plant facilities	$ 51,832	$ -	$ 7,343,433	$ -		$ -	$ 7,395,265
Reconciliation of cash and cash equivalents to the combined statements of net assets:							
Cash and cash equivalents classified as current assets	$ 61,772,650	$ 29,960,583	$ 58,812,015	$ 24,977,949	$ 22,264,014	$ -	$ 197,787,211
Cash and cash equivalents classified as noncurrent as	19,406,206	6,182,674	22,452,346	6,497,610	78,364,127	-	132,902,963
	$ 81,178,856	$ 36,143,257	$ 81,264,361	$ 31,475,559	$ 100,628,141	$ -	$ 330,690,174