

2021

Financial Statements

INCLUDING

Required Supplementary Information
Additional Supplemental Information

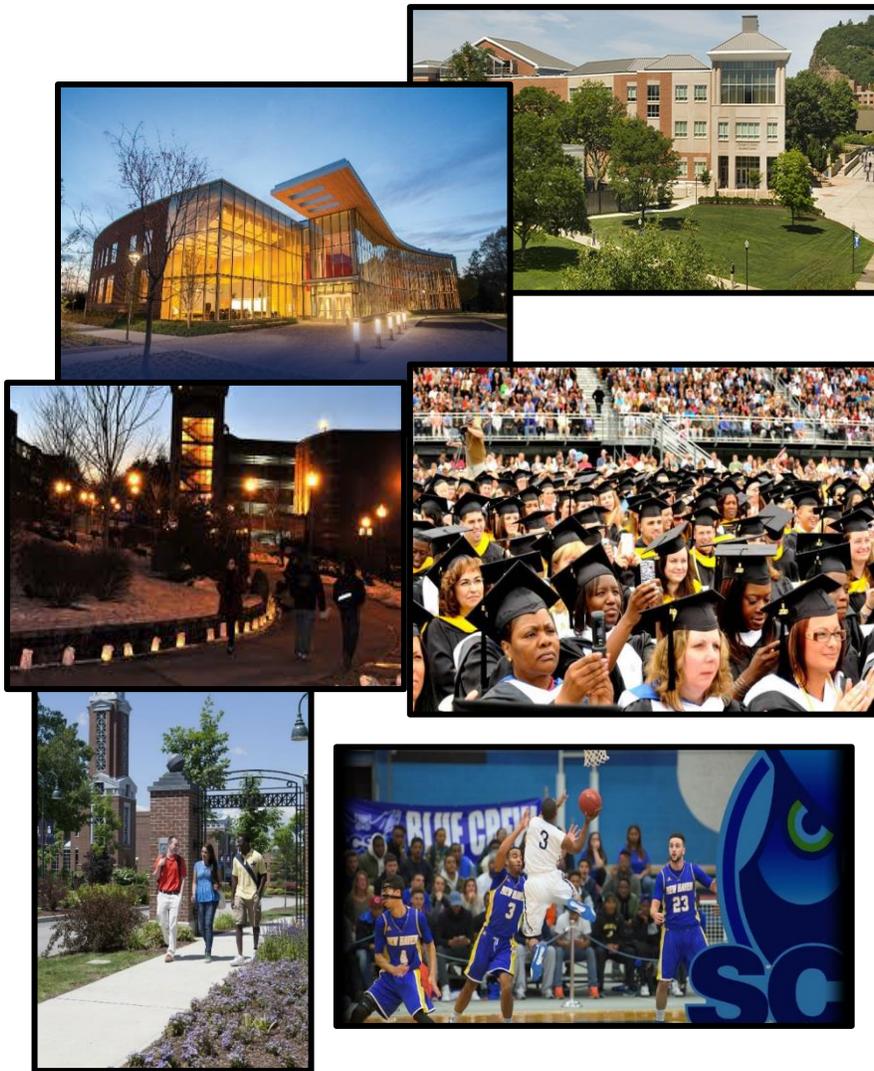
June 30, 2021



**Connecticut State
Universities**

Connecticut State Universities Mission Statement

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



Members of the Board of Regents for Higher Education (Between 7/1/20 and 6/30/21)

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

REGENTS AS OF 6/30/21

(Four vacancies: two legislative appointees and two Student Regent vacancies.)

Matt Fleury, Chair
 Merle W. Harris, Vice Chair
 Richard J. Balducci
 Aviva D. Budd
 Naomi K. Cohen
 Felice Gray-Kemp
 Holly Howery
 David R. Jimenez
 JoAnn Ryan
 Ari Santiago
 Elease E. Wright

EX-OFFICIO, NON-VOTING MEMBERS

David Blitz – Chair of the Faculty Advisory Committee
 Colena Sesanker – Vice Chair of the Faculty Advisory Committee
 Kurt Westby – Commissioner of the CT Department of Labor
 Charlene Russell-Tucker – Acting Commissioner of the State Department of Education
 David Lehman – Commissioner of Department of Economic and Community Development
 Dr. Deidre Gifford – Acting Commissioner CT Dept. of Public Health

Former Board members (who served between 7/1/20 – 6/30/21)

Monica Maldonado, SAC, Chair
 Elena Ruiz, Vice Chair of Student Advisory Committee
 Dr. Miguel A. Cardona – (Former) Commissioner of the State Department of Education



Connecticut State Universities

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

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

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

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

System Office, Connecticut State Colleges & Universities (CSCU)
61 Woodland Street, Hartford, CT06105
Mark E. Ojakian, CSCU President (Until December 31, 2020)
Terrence Cheng, CSCU President (Beginning July 2, 2021)

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Introduction

Management's Discussion and Analysis provides an overview of the financial position and results of activities of the Connecticut State University System ("CSUS" or "System") and its component units for the fiscal year ended June 30, 2021 and 2020. This discussion has been prepared by and is the responsibility of management, and should be read in conjunction with the financial statements and footnote disclosures which follow this section.

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

CSUS is a state-wide public university system of higher learning in the State of Connecticut with 29,874 enrolled students. The Universities offer high-quality applied educational doctoral, graduate and undergraduate programs in more than 150 subject areas and provide extensive opportunities for internships, community service and cultural engagement. In total, CSUS employed approximately 3,000 full time employees at June 30, 2021.

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

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

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

Using the Financial Statements

CSUS's financial report includes the following financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and Universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2021 and 2020 financial data is presented, both for the CSUS *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units").

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

for use at its discretion. This MD&A discusses the University's financial statements only and not those of its component units.

Financial Highlights

At June 30, 2021, total assets of the System were \$1,825.2 million, an increase of \$29.5 million or 1.6% over the prior year, primarily due to an increase in accounts receivable, net of \$15.5 million and an increase in investment in plant, net of \$25.3 million, offset by a decrease in investments of \$21.7 million.

Condensed Statements of Net Position

June 30, 2021 and 2020

(in millions)

	2021	2020	% Change
ASSETS			
Current assets	\$ 389.6	\$ 387.7	0.5%
Non-current assets:			
Capital assets, net	1,255.8	1,230.6	2.1%
Other	179.8	177.4	1.4%
Total assets	<u>1,825.2</u>	<u>1,795.7</u>	<u>1.6%</u>
DEFERRED OUTFLOWS OF RESOURCES	682.7	699.3	(2.4%)
LIABILITIES			
Current liabilities	158.1	150.9	4.8%
Non-current liabilities	2,934.9	2,822.6	4.0%
Total liabilities	<u>3,093.0</u>	<u>2,973.5</u>	<u>4.0%</u>
DEFERRED INFLOWS OF RESOURCES	170.4	138.8	22.8%
NET POSITION *			
Net investment in capital assets	1,002.7	976.5	2.7%
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	117.6	133.7	(11.9%)
Unrestricted	<u>(1,876.2)</u>	<u>(1,728.0)</u>	<u>(8.6%)</u>
Total net position	<u>(755.4)</u>	<u>(617.3)</u>	<u>(22.4%)</u>

* During fiscal year 2021, management identified a correction of an error related to presentation of certain restricted expendable and unrestricted net assets which were reported as net investment in capital assets, resulting in a reclassification of \$116.8 million for fiscal year 2020. Refer to Note 1 of the financial statements for additional details.

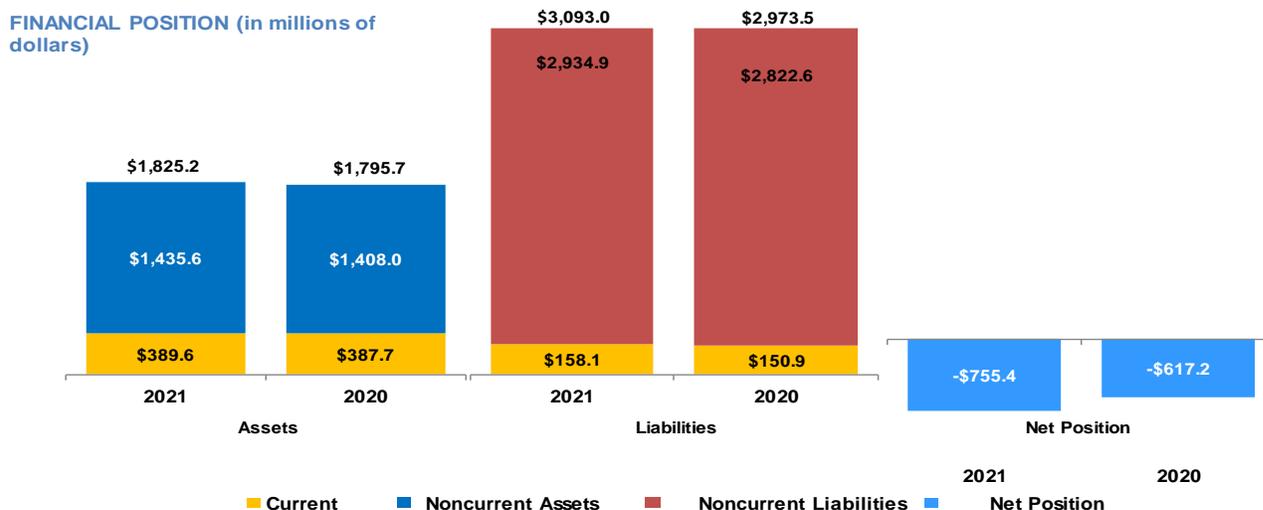
Total liabilities at June 30, 2021 of \$3,093.0 million increased by \$119.5 million, which is largely due to the pension and other post-employment benefits liabilities, which increased by \$130.4 million due to changes in valuation assumptions reflecting known changes to the Medicare Advantage plan rates and a lowering of the discount rate. Bonds payable decreased by \$18.7 million.

At June 30, 2021 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 (\$755.4) million, a decrease of \$138.1 million or 22.4% over fiscal year 2020. This decrease was primarily due to a decrease in deferred outflows related to the pension and an increase in deferred inflows related to the pension and OPEB. Without reflecting the pension and other post-employment benefit liabilities, the total unrestricted net position would be \$160.2 million and \$125.8 million, respectively, as of June 30, 2021 and 2020, which is a \$34.4 million increase year over year. The increase in unrestricted net position is largely due to federal grant funding relating to the COVID-19 pandemic.

Statements of Net Position

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

Current assets at June 30, 2021 of \$389.6 million increased by \$1.9 million or 0.5% primarily due to the decrease in investments of \$20.4 million offset by an increase in accounts receivable of \$14.9 million and an increase in Due from the State of \$7.1 million. The decrease in investments is primarily driven by \$29.7 million in debt service payments and \$16.0 million in Construction Fund projects payments offset by \$26.5 million in transfers from Debt Service - STIF account. The increase in accounts receivable is mainly due to grants receivable for federal grant funding related to the COVID-19 pandemic.



Total non-current assets at June 30, 2021, of \$1,435.6 million increased by \$27.6 million primarily due to an increase in capital assets, net, of \$25.3 million. See Net Investment in Capital Assets section for more information.

Current liabilities at June 30, 2021 of \$158.1 million increased by \$7.2 million or 4.8% due to an increase in accrued salaries and benefits payable of \$4.0 million from bargaining unit raises and an increase in unearned tuition, fees and grant revenue of \$3.9 million offset by a decrease in accounts payable of \$3.2 million which is due to timing.

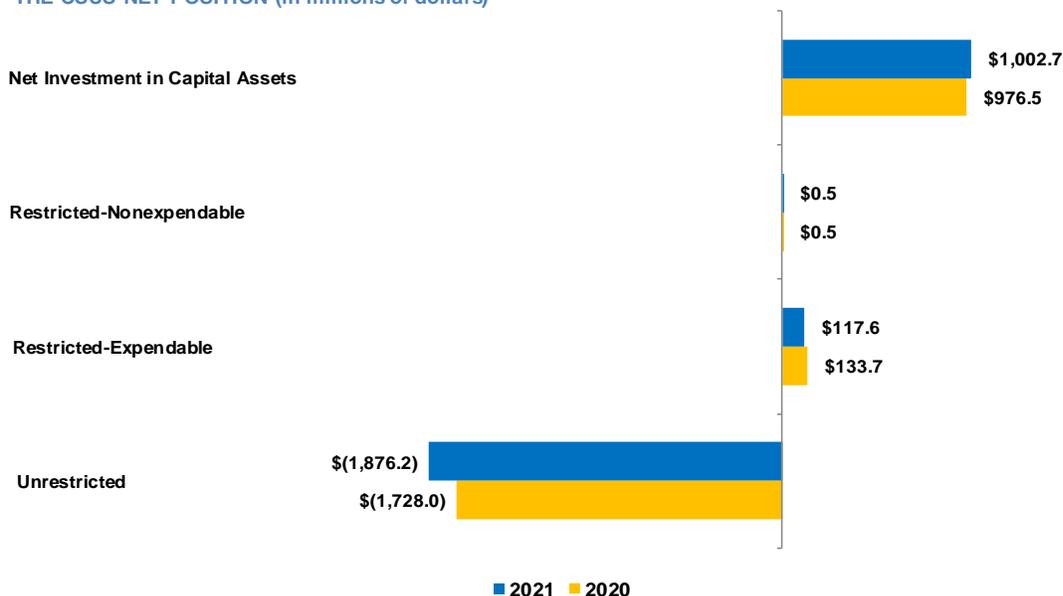
Non-current liabilities at June 30, 2021 of \$2,934.9 million increased by \$112.3 million. This is mainly due to a decrease in bonds payable of \$19.4 million offset by an increase in pension liability, net of \$25.9 million and an increase in OPEB, net of \$104.4 million. Bonds payable decreased due to \$100.3 million in additions with the issuance of Series R-1 and R-2 offset by the refunding of Series I and partial refunding of portions

of Series J, M, and N of \$119.0 in total retirements. Pension liabilities represent the System’s proportionate share of the State Employee Retirement System’s (SERS) and the Teachers Retirement System’s (TRS) net pension liability. Other post-employment benefits liability represents the System’s proportionate share of the State’s OPEB liability as a whole.

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

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

THE CSUS NET POSITION (in millions of dollars)



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

Unrestricted net position (UNP) represents funds available to support CSUS activities and operations at the discretion of the Board of Regents, the President, and the University Presidents. Unrestricted net position is negative due to the System’s share of the State’s pension plan’s net pension liability and OPEB. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the System’s reserves are allocated for academic initiatives or programs and for capital and other purposes, including University fee receipts and parking fee receipts that have been designated by Universities to meet debt service obligations. Without reflecting the net pension liability and OPEB, unrestricted net position increased \$34.4 million from 2020 to 2021. The increase in unrestricted net position is largely due the CSUs recouping lost revenue and other COVID-related expenses from the Higher Education Emergency Relief Fund

(HEERF). UNP adjusted for net pension liability beginning in FY 2015 and net OPEB liability beginning in FY 2017 is as follows:

	FY15	FY16	FY17	FY18	FY19	FY20	FY21
UNP Adjusted:	\$ 115.1	\$ 136.8	\$ 143.1	\$ 143.5	\$ 148.5	\$ 125.8	\$ 160.2
UNP: *	\$ (370.5)	\$ (361.6)	\$ (1,411.9)	\$ (1,462.7)	\$ (1,531.0)	\$ (1,728.0)	\$ (1,876.2)

* During fiscal year 2021, management identified a correction of an error related to presentation of certain restricted expendable and unrestricted net assets which were reported as net investment in capital assets, resulting in a \$7.1 million increase in UNP for fiscal year 2020. Refer to Note 1 of the financial statements for additional details.

At fiscal year end June 30, 2021, the System had a net investment in capital assets of \$2,293.1 million, an increase of \$84.1 million or 3.8% over fiscal year end 2020. This increase was primarily due to the increase in buildings and improvements placed in service and construction in progress.

Net Investment in Capital Assets
June 30, 2021 and 2020
 (in millions)

	2021	2020	% Change current year
Land	\$ 19.9	\$ 19.9	0.0%
Buildings & improvements	1,872.5	1,838.7	1.8%
Land improvements	109.2	107.2	1.9%
Furniture, fixtures & equipment	146.6	147.5	(0.6%)
Library books and materials	24.4	25.8	(5.4%)
Construction in progress	120.5	69.9	72.4%
Total investment in capital assets	2,293.1	2,209.0	3.8%
Less accumulated depreciation	1,037.3	978.4	6.0%
Investment in capital assets, net	\$ 1,255.8	\$ 1,230.6	2.0%

In November 2007, Governor Rell signed Public Act 07-7, “An Act Authorizing and Adjusting Bonds of the State for Capital Improvements and Transportation Infrastructure Improvements and Concerning the Connecticut State University Infrastructure Act” which authorized \$80 million for CSUS capital projects. The total amount of allocations to CSUS between 1997 and 2017 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 Connecticut State Universities. This program, known as “CSCU 2020”, provided the CSU’s with additional flexibility in the allocation of bond funds with allotments approved annually by the Governor. The program was extended into funding year 2021 with a total allotment of \$1,069.5 million as of June 30, 2021. To date, the System has received \$1,069.5 million of the \$1,069.5 million program total. Fiscal year 2021 is the final year of the CSCU 2020 program with all funding received to date. No other new fiscal year 2021 bond funds are legislatively authorized.

In addition to its capital plan for academic and related facilities that are supported by State general obligation bonds, the System is in the twenty-sixth year of its long-range capital plan for the renovation and

development of auxiliary service facilities. During fiscal year 2021, Series R-1 and R-2 Connecticut Health and Educational Facilities Authority (“CHEFA”) bond funds totaling \$99.7 million have been issued. Series R-1 and R-2 resulted in the refunding of Series I and partial refunding of portions of Series J, M, and N. Total construction funds allotted from the Connecticut Health and Educational Facilities Authority (“CHEFA”) revenue bond issues A - R is \$644.6 million.

Statements of Revenues, Expenses and Changes in Net Position

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

June 30, 2021 and 2020

(in millions)

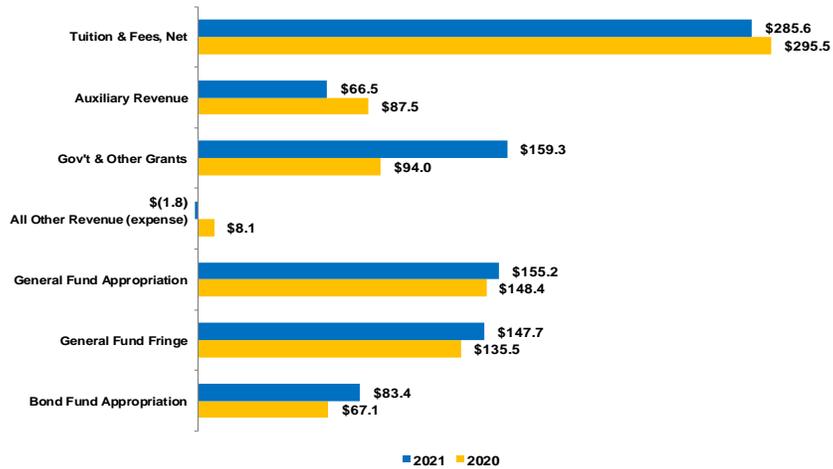
	2021	2020	% Change
OPERATING REVENUES			
Tuition and fees, net	\$ 285.6	\$ 295.5	(3.3%)
Auxiliary revenues	66.5	87.5	(24.0%)
Grants and indirect cost recoveries	30.5	28.0	9.0%
Other	3.1	8.4	(62.9%)
Total operating revenues	<u>385.7</u>	<u>419.3</u>	<u>(8.0%)</u>
OPERATING EXPENSES			
Expenses before depreciation and amortization	968.3	964.4	0.4%
Depreciation and amortization	65.7	67.1	(2.1%)
Total operating expenses	<u>1,034.0</u>	<u>1,031.6</u>	<u>0.2%</u>
Operating loss	<u>(648.3)</u>	<u>(612.3)</u>	<u>(5.9%)</u>
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	302.9	283.9	6.7%
State appropriations - bond fund	83.4	67.1	24.2%
Pell grant revenue	41.8	45.1	(7.3%)
Federal emergency grant revenue	87.0	20.9	315.8%
Investment income	1.0	7.9	(87.4%)
Other	(5.9)	(8.2)	28.1%
Total non-operating revenues (expenses)	<u>510.2</u>	<u>416.7</u>	<u>22.4%</u>
NET POSITION			
Change in net position	(138.1)	(195.6)	29.4%
Net position, beginning of year	<u>(617.3)</u>	<u>(421.7)</u>	<u>(46.4%)</u>
Net position, end of year	<u>\$ (755.4)</u>	<u>\$ (617.3)</u>	<u>(22.4%)</u>

Total *operating revenues* for fiscal year 2021 were \$385.7 million after the reduction for scholarship allowances, a decrease of 8.0% from \$419.3 million in fiscal year 2020. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis, but are offset by student financial aid and waivers of \$56.0 million, resulting in net tuition and fee revenue of \$285.6 million. On a gross basis, fiscal year

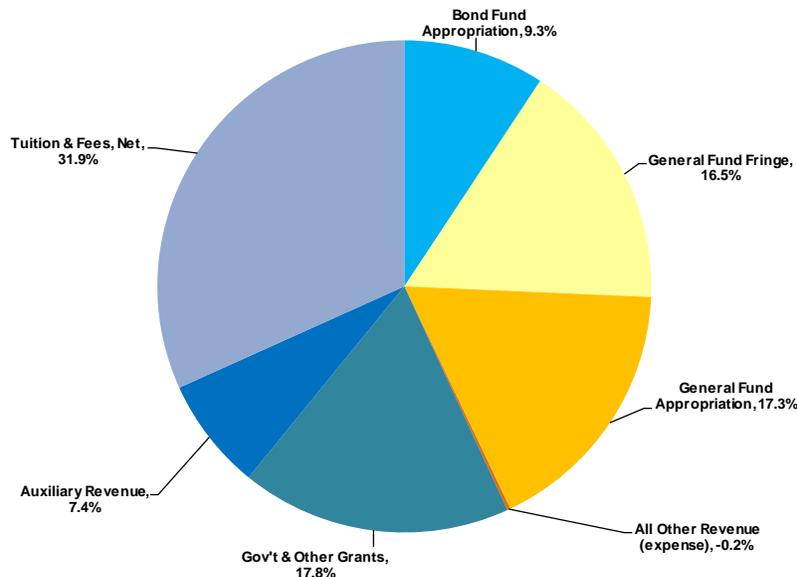
2021 tuition revenues decreased by 3.2% from the previous year, or \$11.1 million due to the decline in enrollment resulting from the coronavirus pandemic. These revenues reflect a FTE credit enrollment decrease of 5.8% in fiscal year 2021. Auxiliary revenues, which are mainly driven by room and board fees, decreased by 24.0% due to the decline in students staying on campus during the pandemic.

In fiscal year 2021, state appropriations of \$386.3 million, representing 42.8% of the System's total net revenues, were \$35.3 million or 10.1% higher than fiscal year 2020. State appropriations are received for both operating and capital purposes. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. In fiscal year 2021, 52.9% of the System's salary and fringe benefit costs were funded from State appropriations. This compares to 50.3% in fiscal year 2020. Federal emergency grant revenues are mainly from HEERF and Coronavirus Relief Fund (CRF) grants awarded to the CSUS. Total emergency grant revenue increased by \$66.1 million and was spent on student financial awards, lost revenue, and other expenses associated with the coronavirus pandemic. See Note 1 for more information on the HEERF grant award. Investment income decreased by \$6.9 million due to the decline in interest rates.

REVENUE SUMMARY (in millions of dollars)



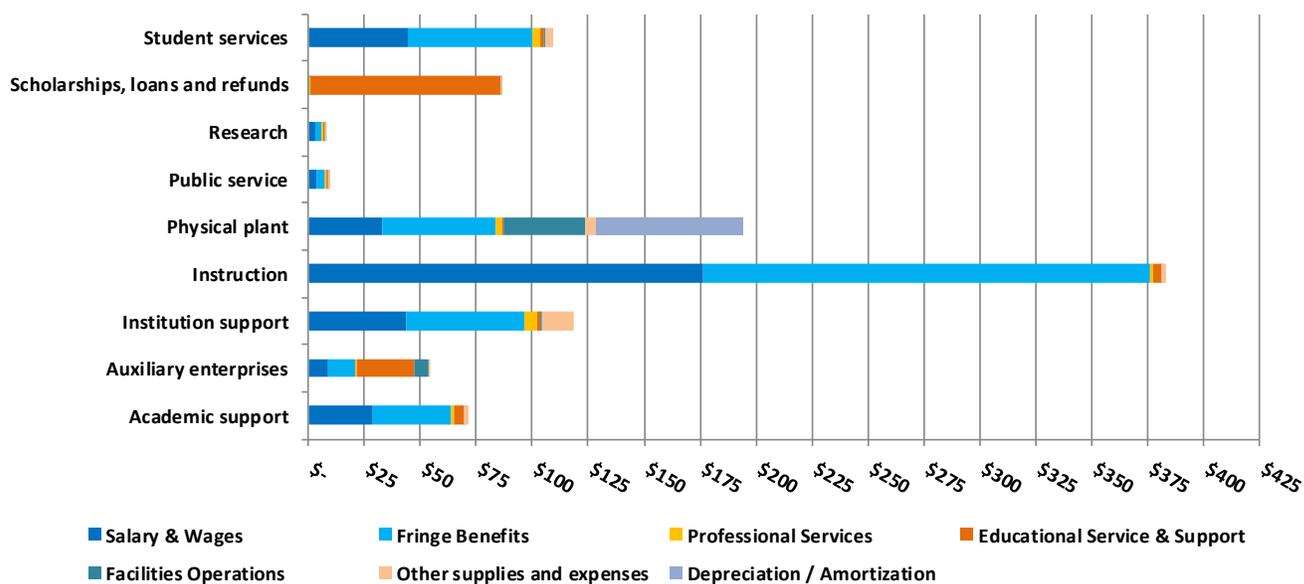
REVENUE DISTRIBUTION



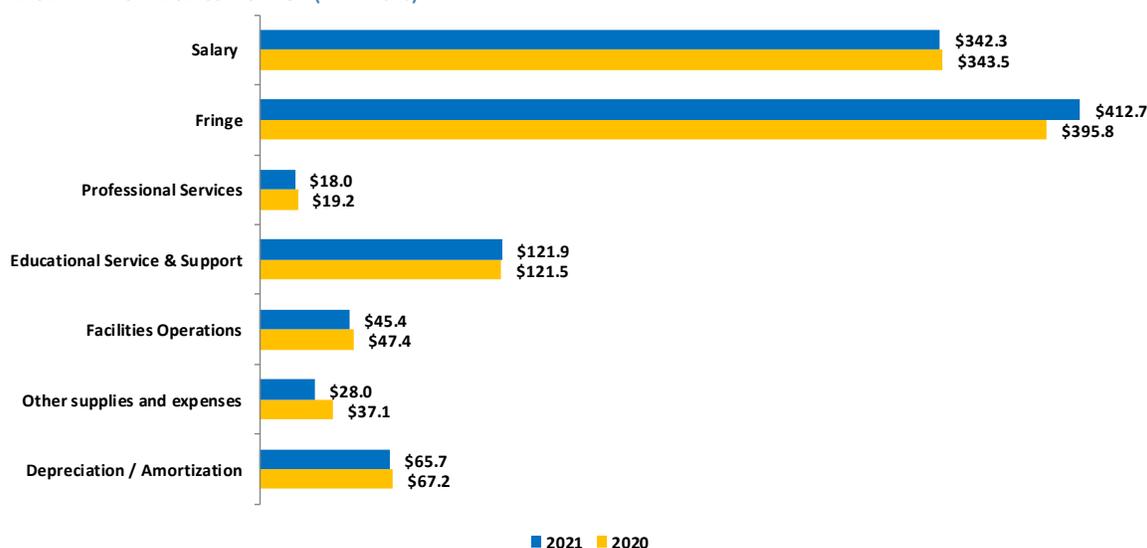
In fiscal 2021, total *operating expenses* less depreciation and amortization of \$968.3 million increased by \$3.8 million or 0.4% from the prior fiscal year. There was an overall decrease in operating expenses such as travel, operations of facilities, supplies and expenses, and professional service fees due to the effects of the pandemic and the transition to remote teaching, remote learning, and remote work. The decline in many operating expenses was offset by a \$16.9 million increase in fringe benefits related to pension and OPEB which caused total operating expenses to remain relatively flat.

Note 11 to the financial statements details operating expenses by function. The following graph illustrates operating expenses by program & account type for the year ended June 30, 2021:

EXPENSE (in millions)
by Program and Account Type



EXPENSE BY NATURAL CLASSIFICATION (in millions)



Statements of Cash Flows

The statements of cash flows present the significant sources and uses of cash. The System's net change in cash and cash equivalents at June 30, 2021 increased \$2.8 million or 0.8%. This small increase was primarily driven by a \$63.9 million increase in nonoperating grants and revenue receipts and a \$17.9 million increase in state appropriation receipts, which were partially offset by a \$55.9 million decrease in cash from operating activities, a \$12.4 million increase in payments for capital assets, and a \$7.3 million decrease in investment income receipts due to lower interest rates. The additional \$63.9 million in nonoperating grants and revenue was the result of increased federal emergency grant revenues in 2021 that were mainly from HEERF and CRF. The major components of the \$55.9 million decrease in cash flows from operating activities were a \$19.8 million decrease in auxiliary receipts due to pandemic resulting in less students living on campus, a \$16.7 million increase in payments for salaries and benefits, and a \$7.3 million decrease in operating grants and contracts.

Condensed Statement of Cash Flows June 30, 2021 and 2020 (in millions)

	2021	2020	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (407.2)	\$ (351.3)	(15.9%)
Non-capital financing activities	433.7	351.5	23.4%
Capital & related financing activities	(46.5)	(34.6)	(34.4%)
Investing activities	22.8	22.3	2.2%
Net change in cash and cash equivalents	2.8	(12.1)	123.1%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	345.7	357.8	(3.4%)
Cash and cash equivalents, end of year	\$ 348.5	\$ 345.7	0.8%

Economic Outlook

While the national and state economies have improved as the severity of the pandemic recedes, the disruption to public higher education – and specifically to CSCU – has worsened and threatens to persist beyond the expiration of federal pandemic relief.

The State of Connecticut has shown strong economic and fiscal conditions during 2021, including reduced unemployment claims, strong growth in withholding taxes, and job growth. This strong labor market is one driver of inflation that the US has experienced starting in the fall of 2021, and it will also exacerbate skill mismatches between Connecticut employers and job seekers. CSCU institutions are uniquely well positioned to help ensure that employers can continue to find qualified workers to support their growth. At the same time the state is well positioned to support CSCU in this effort.

Unfortunately, the same labor force conditions that are driving overall economic success, including strong wage increases for low-skilled labor, tend to reduce enrollment at public regional universities and community colleges that make up CSCU. Overall enrollment is down nearly 20% below pre-pandemic levels in both of those sectors nationally and in Connecticut. The corresponding drop in tuition and fee revenue is likely to take years to recover and creates short-term fiscal challenges that the System and the State of Connecticut will need to resolve.

Fortunately, federal assistance through the Higher Education Emergency Relief Fund and the State-directed Coronavirus Relief Fund have made up for lost revenue during the first two years of the pandemic, while also supporting unusual costs related to the pandemic, especially testing.

CSCU will continue to face fiscal headwinds as the state’s economy and labor market enjoy strong recovery. This challenge is mitigated by the extraordinary opportunities to partner with public and private sector entities to meet growing workforce and social equity challenges in a fast-growing economy.

The following table indicates historical enrollment of undergraduate and graduate students for the 2016-2017 through 2020-2021 academic years. Also indicated is full-time equivalent student enrollment. Enrollment this fiscal year has declined by 5.9% compared to 3.0% for previous fiscal year, which followed a few years of relatively flat enrollment.

Fall Headcount Enrollment and Full Time Equivalent								
Year Ending June 30	Undergraduate	% Change	Graduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2021	25,148	-6.14%	4,726	-1.34%	29,874	-5.41%	24,735	-5.88%
2020	26,792	-3.31%	4,790	-4.45%	31,582	-3.48%	26,280	-3.03%
2019	27,709	0.17%	5,013	-6.68%	32,722	-0.94%	27,101	-0.73%
2018	27,661	-0.69%	5,372	0.71%	33,033	-0.46%	27,301	0.14%
2017	27,853	-2.04%	5,334	2.34%	33,187	-1.36%	27,263	-0.75%

Additional Information

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

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Regents of
Connecticut State Colleges and Universities

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Connecticut State University System (The System Office; Central Connecticut State University; Eastern Connecticut State University, Southern Connecticut State University, and Western Connecticut State University), an enterprise fund of the State of Connecticut (collectively, "CSUS" or the "System") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the aggregated discretely presented component units (the affiliated foundations (the "Foundations")), which statements reflect total assets of \$202.8 million and \$167.3 million, and total net assets of \$201.1 million and \$165.7 million as of June 30, 2021 and June 30, 2020, respectively, and total revenues, capital gains and losses, and other support of \$49.6 million and \$17.1 million for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Connecticut State University System as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note 1, the financial statements present only the System, an enterprise fund of the State of Connecticut and do not purport to, and do not present fairly, the financial position of the State of Connecticut as of June 30, 2021 or June 30, 2020, the changes in its financial position or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 1 through 10 and the Schedule of Net Pension Liability and Related Ratios, Schedule of Net Other Post-Employment Benefits and Related Ratios, and Schedule of Contributions on pages S-2 through S-6 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplemental Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, and Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group included on pages S-7 through S-13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
January 25, 2022

Connecticut State University System

Statements of Net Position

June 30, 2021 and 2020

The logo for Connecticut State University (CSCU) consists of the letters "CSCU" in a bold, blue, sans-serif font, enclosed within a blue rectangular border.

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents (Notes 2 and 6)	\$ 206,266,476	\$ 206,682,716
Investments (Note 2)	85,680,030	106,039,932
Accounts receivable, net (Note 3)	27,637,462	12,740,050
Due from the State of Connecticut (Note 6)	62,476,253	55,381,257
Prepaid expenses and other current assets	7,531,309	6,819,679
Total current assets	<u>389,591,530</u>	<u>387,663,634</u>
Noncurrent assets		
Cash and cash equivalents (Notes 2 and 6)	142,220,512	139,059,549
Investments (Note 2)	33,165,374	34,517,743
Accounts receivable, net (Note 3)	4,253,489	3,697,799
Other assets	132,948	183,292
Investment in capital assets, net of accumulated depreciation (Note 4)	1,255,839,175	1,230,558,300
Total noncurrent assets	<u>1,435,611,498</u>	<u>1,408,016,683</u>
Total assets	<u>\$ 1,825,203,028</u>	<u>\$ 1,795,680,317</u>
Deferred outflows of resources		
Deferred pension (Note 13)	\$ 277,875,100	\$ 331,267,755
Deferred other post employment benefits (Note 13)	399,794,623	367,238,214
Deferred loss on bond refunding (Note 13)	5,065,016	842,046
Total deferred outflows of resources	<u>\$ 682,734,739</u>	<u>\$ 699,348,015</u>

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

Connecticut State University System

Statements of Net Position

June 30, 2021 and 2020



	<u>2021</u>	<u>2020</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 14,402,716	\$ 17,573,799
Accrued salaries and benefits	77,870,806	73,919,436
Accrued compensated absences (Note 5)	6,244,655	5,316,466
Due to the State of Connecticut	343,524	746,318
Unearned tuition, fees and grant revenue (Note 10)	26,584,742	22,662,269
Bonds payable (Note 12)	19,060,000	18,345,000
Accrued bond interest payable	1,794,813	2,314,059
Other liabilities	3,372,421	3,281,311
Depository accounts	8,389,029	6,719,975
Total current liabilities	<u>158,062,706</u>	<u>150,878,633</u>
Noncurrent liabilities		
Accrued compensated absences (Note 5)	70,963,333	68,428,599
Bonds payable (Note 12)	315,541,933	334,986,976
Federal loan program advances	3,138,445	5,462,757
Deferred compensation	343,240	317,915
Other noncurrent liabilities	1,152,571	-
Pension liability, net (Note 8)	1,100,362,493	1,074,431,967
Other post employment benefits, net (Note 9)	1,443,409,037	1,338,986,646
Total noncurrent liabilities	<u>2,934,911,052</u>	<u>2,822,614,860</u>
Total liabilities	<u>\$ 3,092,973,758</u>	<u>\$ 2,973,493,493</u>
Deferred inflows of resources		
Deferred pension (Note 13)	\$ 30,059,852	\$ 23,621,531
Deferred other post employment benefits (Note 13)	140,331,043	115,194,745
Total deferred inflows of resources	<u>\$ 170,390,895</u>	<u>\$ 138,816,276</u>
Net Position		
Net investment in capital assets	\$ 1,002,711,339	\$ 976,551,439
Restricted		
Nonexpendable	538,076	467,116
Expendable	117,609,013	133,664,203
Unrestricted	(1,876,285,314)	(1,727,964,195)
Total net position	<u>\$ (755,426,886)</u>	<u>\$ (617,281,437)</u>

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



	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 4,947,246	\$ 7,656,077
Investments	187,954,244	150,043,565
Contributions and other receivables	4,883,527	4,710,531
Prepaid expenses and other assets	461,724	432,331
Beneficial interest in trusts	777,524	642,758
Investment in plant, net	3,744,406	3,788,092
Total assets	<u>\$ 202,768,671</u>	<u>\$ 167,273,354</u>
Liabilities		
Accounts payable and accrued expenses	1,067,450	1,165,923
Other liabilities	594,919	417,760
Total liabilities	<u>1,662,369</u>	<u>1,583,683</u>
Net Assets		
Without donor restrictions	9,628,871	7,774,068
With donor restrictions	191,477,431	157,915,603
Total net assets	<u>201,106,302</u>	<u>165,689,671</u>
 Total liabilities and net assets	 <u>\$ 202,768,671</u>	 <u>\$ 167,273,354</u>

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

Connecticut State University System
 Statements of Revenues, Expenses and Changes in Net Position
 Years Ended June 30, 2021 and 2020



	<u>2021</u>	<u>2020</u>
Operating revenues		
Tuition and fees		
Tuition and fees (Note 1)	\$ 341,601,749	\$ 352,716,298
Less		
Scholarships allowance	(37,261,901)	(36,412,517)
Waivers	(18,719,270)	(20,826,328)
Tuition and fees, net of scholarship allowances and waivers	285,620,578	295,477,453
Federal grants and contracts	11,310,907	8,701,180
State and local grants and contracts	11,492,053	11,635,511
Nongovernment grants and contracts	7,063,353	6,869,900
Indirect cost recoveries	649,042	766,028
Auxiliary revenues (Note 1)	66,476,526	87,471,363
Other operating revenues	3,077,513	8,359,015
Total operating revenues	<u>385,689,972</u>	<u>419,280,450</u>
Operating expenses (Note 11)		
Salaries and wages	342,265,416	343,466,114
Fringe benefits	412,710,588	395,780,745
Professional services and fees	17,982,136	19,202,627
Educational services and support	121,933,383	121,492,594
Travel expenses	1,068,701	4,907,325
Operation of facilities	45,439,639	47,402,613
Other operating supplies and expenses	26,891,571	32,190,063
Depreciation expense	65,667,260	67,152,130
Amortization expense	38,341	37,887
Total operating expenses	<u>1,033,997,035</u>	<u>1,031,632,098</u>
Operating loss	<u>(648,307,063)</u>	<u>(612,351,648)</u>
Nonoperating revenues (expenses)		
State appropriations	302,916,543	283,884,100
Pell grant revenue	41,811,345	45,078,419
Federal emergency grant revenue	86,988,869	20,921,780
Gifts	3,637,245	3,648,396
Investment income	987,009	7,928,517
Interest expense	(8,725,538)	(11,670,523)
Other nonoperating revenues (expenses), net	(619,750)	1,415,597
Net nonoperating revenues (expenses)	426,995,723	351,206,286
Loss before other changes in net position	(221,311,340)	(261,145,362)
Other changes in net position		
State appropriations restricted for capital purposes	83,425,566	67,124,021
Loss on disposal of capital assets	(259,675)	(1,604,663)
Other changes in net position	83,165,891	65,519,358
Change in net position	(138,145,449)	(195,626,004)
Net position at beginning of year	<u>(617,281,437)</u>	<u>(421,655,433)</u>
Net position at end of year	<u>\$ (755,426,886)</u>	<u>\$ (617,281,437)</u>

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



	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues, gains and other support				
Contributions	\$ 4,047,519	\$ 7,983,720	\$ 12,031,239	\$ 14,675,058
Program income	34,530	166,553	201,083	188,168
Investment income, net	1,769,706	35,506,454	37,276,160	2,149,315
Other income (loss)	576,917	(474,768)	102,149	83,096
Net assets released from restrictions	9,620,131	(9,620,131)	-	-
Total revenues, gains and other support	<u>16,048,803</u>	<u>33,561,828</u>	<u>49,610,631</u>	<u>17,095,637</u>
Operating expenses				
Program services	10,795,855	-	10,795,855	12,149,318
Management and general	1,799,372	-	1,799,372	1,433,623
Fundraising	1,598,773	-	1,598,773	1,548,545
Total operating expenses	<u>14,194,000</u>	<u>-</u>	<u>14,194,000</u>	<u>15,131,486</u>
Change in net assets	1,854,803	33,561,828	35,416,631	1,964,151
Net assets				
Beginning of year	7,774,068	157,915,603	165,689,671	163,725,520
End of year	<u>\$ 9,628,871</u>	<u>\$ 191,477,431</u>	<u>\$ 201,106,302</u>	<u>\$ 165,689,671</u>

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

Connecticut State University System

Statements of Cash Flows

Years Ended June 30, 2021 and 2020



	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Tuition and fees	\$ 282,441,670	\$ 291,077,192
Grants and contracts	21,897,478	29,229,363
Auxiliary revenues	66,901,760	86,687,164
Other operating revenues	4,452,664	12,997,460
Payments to employees for salaries and benefits	(564,389,956)	(547,718,642)
Payments to suppliers	(4,510,983)	(3,756,684)
Professional services and fees	(17,923,311)	(19,202,627)
Educational services and support	(121,933,383)	(121,492,786)
Travel expenses	(1,068,701)	(4,907,325)
Operation of facilities	(48,928,083)	(49,913,592)
Other operating supplies and expenses	(24,123,497)	(24,322,239)
Net cash used in operating activities	<u>(407,184,342)</u>	<u>(351,322,716)</u>
Cash flows from noncapital financing activities		
State appropriations	301,871,579	283,551,363
Gifts for other than capital purposes	3,637,245	3,648,395
Nonoperating grants and revenue other	128,155,542	64,284,113
Net cash provided by noncapital financing activities	<u>433,664,366</u>	<u>351,483,871</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	49,339,610	49,069,490
Purchases of investments	(27,662,707)	(35,234,896)
Interest and dividends received on investments	1,116,401	8,483,564
Net cash provided by investing activities	<u>22,793,304</u>	<u>22,318,158</u>
Cash flows from capital and related financing activities		
Cash paid for capital assets	(90,857,479)	(78,468,180)
State capital appropriations received	77,246,143	77,636,522
Proceeds from refunding of bonds	100,317,660	-
Repayments of capital debt	(18,345,000)	(19,520,000)
Interest paid on capital debt	(11,371,756)	(14,212,603)
Payments to refunded bond escrow agent	(102,433,598)	-
Bond issuance payments	(1,084,575)	-
Net cash provided by capital and related financing activities	<u>(46,528,605)</u>	<u>(34,564,261)</u>
Net increase in cash and cash equivalents	2,744,723	(12,084,948)
Cash and cash equivalents, beginning of year	<u>345,742,265</u>	<u>357,827,213</u>
Cash and cash equivalents, end of year	<u>\$ 348,486,988</u>	<u>\$ 345,742,265</u>

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

Connecticut State University System

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

(Continued)



	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (648,307,063)	\$ (612,351,648)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	65,667,260	67,152,130
Amortization	38,341	37,887
Changes in assets and liabilities:		
Receivables	(15,761,324)	(31,273)
Prepaid expenses and other	(698,097)	2,119,692
Accounts payable	(3,852,681)	(1,580,588)
Accrued salaries and benefits	3,951,369	12,970,695
Other liabilities	18,887	(58,948)
Due to/from the State of Connecticut	(392,811)	(4,078,808)
Unearned tuition, fees and grant revenues	4,230,694	(74,805)
Deferred compensation	25,325	29,558
Depository accounts	1,669,052	1,562,329
Accrued compensated absences	3,462,924	8,641,663
Pension Liability	25,930,526	167,426,397
Other post employment benefits	104,422,391	377,213,924
Changes in deferred outflows	20,836,246	(378,550,557)
Changes in deferred inflows	31,574,619	8,249,636
Net cash used in operating activities	<u>\$ (407,184,342)</u>	<u>\$ (351,322,716)</u>
Noncash financing activity		
Fixed assets included in accounts payable	\$ 5,504,580	\$ 5,740,571
Reconciliation of cash and cash equivalents to the combined statements of net position		
Cash and cash equivalents classified as current assets	\$ 206,266,476	\$ 206,682,716
Cash and cash equivalents classified as noncurrent assets	142,220,512	139,059,549
	<u>\$ 348,486,988</u>	<u>\$ 345,742,265</u>

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



1. Summary of Significant Accounting Policies

Organization

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

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

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

Basis of Presentation

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

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

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

Several legally separate, tax-exempt, affiliated organizations (the “Foundations”) must be considered component units of the CSUS and are presented discretely in these financial statements. The Foundations



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

The 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. The disclosures included in the financial statements address only the Universities and not the related Foundations. No modifications have been made to the Foundation's financial information in CSUS's financial reporting entity for these differences.

Net Position

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

- **Net Investment in Capital Assets**

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

- **Restricted Nonexpendable**

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

- **Restricted Expendable**

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

- **Unrestricted**

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



Correction of an Error

In 2021, management identified an error relating to the classification of net assets primarily related to the classification of unspent bond proceeds. As a result, the net assets of fiscal year 2020 have been adjusted. Management determined the error was not material to the fiscal year 2020 financial statements.

A summary of the net effects of this error on the fiscal year 2020 financial statements follows:

	June 30, 2020, as previously reported	Adjustments to net position	June 30, 2020, as adjusted
Net investment in capital assets	\$ 1,093,326,197	\$ (116,774,758)	\$ 976,551,439
Restricted			
Nonexpendable	467,116	-	467,116
Expendable	24,026,020	109,638,183	133,664,203
Unrestricted	(1,735,100,770)	7,136,575	(1,727,964,195)
Total net position	\$ (617,281,437)	\$ -	\$ (617,281,437)

Classification of Assets and Liabilities

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

Cash and Cash Equivalents

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

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

Fair Value of Financial Instruments

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

Investment in Capital Assets, Net

Capital assets of the primary institutions are stated at historical cost or, in the case of donated property, at acquisition value at the date of the gift. Land, capitalized collections, and construction in progress are not depreciated. Construction period interest costs in excess of earnings associated with related unspent debt proceeds are capitalized as a component of the fixed asset. Depreciation of capital assets is



calculated on a straight-line basis over the respective asset's estimated useful life. Useful lives assigned to assets are as follows:

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

Major construction projects for new physical plant and original equipment financed by the State of Connecticut capital outlay appropriations are managed and controlled by the Division of Construction Services of the State of Connecticut ("DCS"). The cost value of the project is recognized as revenue and recorded as state financed plant facilities by the Colleges and Universities when eligibility requirements are met. There were no such projects recognized at CSUS for the fiscal years ended June 30, 2021 and 2020.

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 \$10.1 million and \$10.7 million in the fiscal years ended June 30, 2021 and 2020, respectively. Interest capitalized for the fiscal years ended June 30, 2021 and 2020 totaled \$0.5 million and \$0.6 million, respectively. The cumulative capitalized interest was \$28.6 million and \$28.1 million as of June 30, 2021 and 2020, respectively, and is being amortized over 35 years. The cumulative capitalized interest net of amortization was \$20.6 million and \$20.9 million as of June 30, 2021 and 2020, respectively. Amortization of capitalized interest for each of the years ended June 30, 2021 and 2020 was \$0.8 million.

Accrued Compensated Absences (ACA)

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

Pension & Other Post Employment Obligations

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

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

remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Unearned Tuition, Fees and Grant Revenues

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

The CSUS were awarded a total of \$148.1 million from the Higher Education Emergency Relief Fund (HEERF) to address the unprecedented COVID-19 challenges. Of that total award, \$84.5 million is the institutional portion of the award and \$63.7 million is the student portion of the award. The CSUs disbursed \$15.7 million of Emergency Financial Aid Grants to students under the student portion of the grant, and spent \$35.7 million of the institutional portion of the grant during fiscal year 2021. The remaining balances from the HEERF funds will be drawn down and spent in 2022.

Tuition and Fees Revenue

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

Auxiliary Revenues

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

Operating Activities

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

Income Taxes

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

Use of Estimates

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

GASB Pronouncements Effective in Fiscal Year 2021

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



beginning after December 15, 2019, with earlier application encouraged. This standard was adopted in fiscal year 2021 and there was no impact as a result of the adoption.

GASB Pronouncements Effective in Future Fiscal Years

In June 2017, GASB released Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 in accordance with GASB 95, with earlier application encouraged.

In June 2018, GASB released Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 in accordance with GASB 95, with earlier application encouraged.

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

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

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

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



Subsequent Events

In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2021, through January 25, 2022, the date the financial statements were issued and no items needing to be reported were noted.

2. Cash, Cash Equivalents and Investments

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

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

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rates at June 30, 2021 and 2020 were 0.10% and 0.25% respectively.

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

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 348,486,988	\$ 348,846,988	\$ 345,742,265	\$ 345,742,265
U.S. Mutual Funds-Governmental	104,280,106	104,280,106	125,992,378	125,992,378
Guaranteed Investment Contracts	14,565,298	14,565,298	14,565,297	14,565,297
	<u>\$ 467,332,392</u>	<u>\$ 467,692,392</u>	<u>\$ 486,299,940</u>	<u>\$ 486,299,940</u>

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

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. 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, 2021 and 2020.

Custodial Credit Risk – At June 30, 2021 and 2020, the carrying amount of CSUS’s bank deposits was \$5.1 million and \$4.9 million as compared to bank balances of \$8.2 million and \$7.5 million respectively. The difference between the carrying amount and bank balances was primarily caused by outstanding checks and deposits in transit. Of such bank balances, \$7.4 million and \$6.7 million was uninsured and uncollateralized and therefore subject to custodial credit risk as of June 30, 2021 and 2020 respectively.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. 73% and 70% 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, 2021 and 2020 respectively.



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

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

Debt Securities	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
June 30, 2021					
U.S. Government obligations	\$ 104,280,106	\$ 104,280,106	\$ -	\$ -	\$ -
Guaranteed Investment Contracts	14,565,298	-	14,565,290	5	3
	<u>\$ 118,845,404</u>	<u>\$ 104,280,106</u>	<u>\$ 14,565,290</u>	<u>\$ 5</u>	<u>\$ 3</u>
June 30, 2020					
U.S. Government obligations	\$ 125,992,378	\$ 125,992,378	\$ -	\$ -	\$ -
Guaranteed Investment Contracts	14,565,298	-	14,565,288	1	9
	<u>\$ 140,557,676</u>	<u>\$ 125,992,378</u>	<u>\$ 14,565,288</u>	<u>\$ 1</u>	<u>\$ 9</u>

GASB No. 72, “Fair Value measurements and Application” sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB No. 72 are described as follows:

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

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

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

All of the investments held at June 30, 2021 and 2020 are Level 1. There are no liabilities subject to the fair value provisions of GASB No. 72.



3. Accounts Receivables

Receivables consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Student accounts receivable	\$ 17,810,854	\$ 15,694,398
Student loans receivable	7,413,003	8,390,727
Grants receivable	18,022,814	3,775,913
Miscellaneous receivables	<u>364,584</u>	<u>583,527</u>
	43,611,255	28,444,565
Less allowance for doubtful accounts	<u>(11,720,304)</u>	<u>(12,006,716)</u>
Net accounts receivable	<u>\$ 31,890,951</u>	<u>\$ 16,437,849</u>

Student loans made through the Federal Perkins Loan Program (the “Program”) comprise substantially all of the loans receivable at June 30, 2021 and 2020. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the CSUS for amounts cancelled under these provisions.

CSUS has provided an allowance for uncollectible loans, which, in management’s opinion, is sufficient to absorb loans that will ultimately be written off. The allowance for uncollectible loans was \$1.8 million and \$3.5 million as of both June 30, 2021 and 2020, respectively. As management determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the US Department of Education.

Connecticut State University System

Notes to the Financial Statements

June 30, 2021 and 2020



4. Capital Assets

Capital assets for the Universities consist of the following at June 30, 2021 and 2020:

	Balance June 30, 2019	Additions	Retirements and Transfers	Balance June 30, 2020	Additions	Retirements and Transfers	Balance June 30, 2021
Capital assets not being depreciated							
Land	\$ 19,926,269	\$ -	\$ -	\$ 19,926,269	\$ 24,409	\$ -	\$ 19,950,678
Capitalized collections	8,908,910	47,000	(225,665)	8,730,245	109,020	-	8,839,265
Construction in progress	97,580,442	54,119,956	(81,815,768)	69,884,630	81,493,168	(30,851,433)	120,526,365
Total capital assets not being depreciated	<u>\$ 126,415,621</u>	<u>\$ 54,166,956</u>	<u>\$ (82,041,433)</u>	<u>\$ 98,541,144</u>	<u>\$ 81,626,597</u>	<u>\$ (30,851,433)</u>	<u>\$ 149,316,308</u>
Other capital assets:							
Land improvements	\$ 105,830,501	\$ 2,259,581	\$ (841,106)	\$ 107,248,976	\$ 1,959,944	\$ -	\$ 109,208,920
Buildings and building improvements	1,746,105,629	95,702,661	(3,110,894)	1,838,697,396	33,989,839	(202,123)	1,872,485,112
Furniture, fixtures and equipment	148,661,345	3,981,524	(5,105,052)	147,537,817	4,339,924	(5,261,382)	146,616,359
Library materials	17,731,276	168,556	(935,165)	16,964,667	152,986	(1,578,889)	15,538,764
Total other capital assets	<u>2,018,328,751</u>	<u>102,112,322</u>	<u>(9,992,217)</u>	<u>2,110,448,856</u>	<u>40,442,693</u>	<u>(7,042,394)</u>	<u>2,143,849,155</u>
Less accumulated depreciation for:							
Land improvements	(71,774,881)	(3,992,319)	609,906	(75,157,294)	(3,854,974)	-	(79,012,268)
Buildings and building improvements	(725,098,525)	(52,627,924)	2,195,092	(775,531,357)	(52,759,518)	145,887	(828,144,988)
Furniture, fixtures and equipment	(111,906,128)	(9,608,037)	4,864,458	(116,649,707)	(8,185,687)	5,047,897	(119,787,497)
Library materials	(11,104,074)	(923,850)	934,582	(11,093,342)	(867,081)	1,578,888	(10,381,535)
Total accumulated depreciation	<u>(919,883,608)</u>	<u>(67,152,130)</u>	<u>8,604,038</u>	<u>(978,431,700)</u>	<u>(65,667,260)</u>	<u>6,772,672</u>	<u>(1,037,326,288)</u>
Other capital assets, net	<u>\$ 1,098,445,143</u>	<u>\$ 34,960,192</u>	<u>\$ (1,388,179)</u>	<u>\$ 1,132,017,156</u>	<u>\$ (25,224,567)</u>	<u>\$ (269,722)</u>	<u>\$ 1,106,522,867</u>
Capital asset summary:							
Capital assets not being depreciated	\$ 126,415,621	\$ 54,166,956	\$ (82,041,433)	\$ 98,541,144	\$ 81,626,597	\$ (30,851,433)	\$ 149,316,308
Other capital assets, at cost	<u>2,018,328,751</u>	<u>102,112,322</u>	<u>(9,992,217)</u>	<u>2,110,448,856</u>	<u>40,442,693</u>	<u>(7,042,394)</u>	<u>2,143,849,155</u>
Total cost of capital assets	2,144,744,372	156,279,278	(92,033,650)	2,208,990,000	122,069,290	(37,893,827)	2,293,165,463
Less accumulated depreciation	<u>(919,883,608)</u>	<u>(67,152,130)</u>	<u>8,604,038</u>	<u>(978,431,700)</u>	<u>(65,667,260)</u>	<u>6,772,672</u>	<u>(1,037,326,288)</u>
Capital assets, net	<u>\$ 1,224,860,764</u>	<u>\$ 89,127,148</u>	<u>\$ (83,429,612)</u>	<u>\$ 1,230,558,300</u>	<u>\$ 56,402,030</u>	<u>\$ (31,121,155)</u>	<u>\$ 1,255,839,175</u>

5. Accrued Compensated Absences

Accrued compensated absences as of June 30 include:

	<u>2021</u>	<u>2020</u>
Accrued vacation	\$ 30,217,065	\$ 28,801,409
Accrued sick leave	26,652,511	26,105,970
Other accrued fringe benefits	20,338,412	18,837,686
	<u>77,207,988</u>	<u>73,745,065</u>
Less: current portion	6,244,655	5,316,466
Noncurrent portion	<u>\$ 70,963,333</u>	<u>\$ 68,428,599</u>

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

Balance as of June 30, 2019	\$ 64,956,173
Additions in fiscal year 2020	14,417,055
Benefits paid to participants in fiscal year 2020	<u>(5,628,163)</u>
Balance as of June 30, 2020	<u>\$ 73,745,065</u>
Additions in fiscal year 2021	9,141,910
Benefits paid to participants in fiscal year 2021	<u>(5,678,987)</u>
Balance as of June 30, 2021	<u>\$ 77,207,988</u>

These accruals represent estimated amounts earned by all eligible employees through June 30, 2021 and 2020. These accrued compensated absences will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of compensated absences is estimated based on recent past history and is presented in today's dollars.

6. Related Parties

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to another purpose within the State of Connecticut. CSUS made no transfers to the State of Connecticut during fiscal years 2021 and 2020.

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



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

	<u>2021</u>	<u>2020</u>
Receivable for accrued salaries, interest and fringe benefits to be paid by State of Connecticut General Fund	\$ 39,144,231	\$ 36,301,453
State appropriations for capital projects	<u>23,332,022</u>	<u>19,079,804</u>
	<u>\$ 62,476,253</u>	<u>\$ 55,381,257</u>

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

	<u>2021</u>	<u>2020</u>
Cash balances held with the State of Connecticut on behalf of the CSUS	\$ 252,656,953	\$ 252,947,884
Amounts invested in the State of Connecticut Short-Term Investment Fund (STIF)	<u>90,754,993</u>	<u>87,871,563</u>
	<u>\$ 343,411,946</u>	<u>\$ 340,819,447</u>

7. Commitments and Contingencies

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

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

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

	<u>2021</u>	<u>2020</u>
System Office	3,331,984	6,102,334
Central Connecticut State University	7,405,968	2,829,839
Eastern Connecticut State University	1,920,190	1,713,436
Southern Connecticut State University	5,952,908	2,639,703
Western Connecticut State University	<u>1,983,247</u>	<u>4,645,485</u>
	<u>\$ 20,594,297</u>	<u>\$ 17,930,797</u>

8. Pension Plans

Plan Description

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of CSCU employees who participate in the State Employees' Retirement System ("SERS"). SERS is the administrator of a single employer defined



benefit public employee retirement system ("PERS"). SERS provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in agreements between the State and the State Employee Bargaining Agent Coalition ("SEBAC") as authorized by the General Statutes. SERS does not issue standalone financial reports. Information on the plan is currently publicly available in the State of Connecticut's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller, and in annual actuarial valuations prepared by the State Retirement Commission.

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

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

Employees hired after July 31, 2017 are eligible to participate in Tier IV as a result of the 2017 SEBAC agreement. The SERS Tier IV plan is comprised of both a traditional Defined Benefit component and a new Defined Contribution component. The Tier IV Defined Benefit component provides a pre-defined monthly retirement income for life, with the amount being affected by years of service, retirement age, and the member's final average earnings for members that satisfy the Tier IV minimum age and service eligibility requirements. The Tier IV Defined Contribution component establishes an account consisting of an accumulation of employee and employer contributions both set equal to 1%, as well as investment gains or losses. Each Tier IV member will have an account with the third party administrator of the State of Connecticut Alternate Retirement Program (ARP). CSCU makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut.

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

Funding Policy

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

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

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed \$73.5 million and \$1.6 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2021, equal to 100% and 115%, respectively, of the required contributions that year. The State contributed \$72.1 million and \$1.9



million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2020, equal to 100% and 77%, respectively, of the required contributions that year.

Net Pension Liability

The Systems' net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2021 and 2020 was measured and valued as of June 30, 2020 and 2019, respectively and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the TRS plan, the CSUS's proportion was 0.11% and 0.19% as of June 30, 2021 and 2020, respectively. For the SERS plan, the CSUS's proportion was 4.55% and 4.57% as of June 30, 2021 and 2020, respectively.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to the CSUS is calculated separately. The net pension liability for the CSUS as of June 30, 2021 for SERS and TRS was \$1,078.8 million and \$21.6 million, respectively. The net pension liability for the CSUS as of June 30, 2020 for SERS and TRS was \$1,042.3 million and \$32.1 million, respectively.

Actuarial Assumptions for SERS:

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

Measurement Year	2020	2019
Inflation	2.50%	2.50%
Salary increases including inflation	3.50% to 19.50%	3.50% to 19.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%	6.90%

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

The actuarial assumptions used in the June 30, 2020 valuation (which was the basis for recording the June 30, 2021 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2020. The actuarial assumptions used in the June 30, 2019 valuation (which was the basis for recording the June 30, 2020 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2019.

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



The best estimates of geometric rates of return for each major asset class as of the 2020 and 2019 measurement date are summarized in the following table:

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

Actuarial Assumptions for TRS:

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

Measurement Year	2020	2019
Inflation	2.50%	2.50%
Salary increases including inflation	3.00% to 6.50%	3.25% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%	6.90%

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

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



The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2020 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100.0%	

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2019 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.6%
Developed Market Intl. Stock Fund	11.0%	6.0%
Emerging Market Intl. Stock Fund	9.0%	7.9%
Core Fixed Income Fund	16.0%	2.1%
Inflation Linked Bond Fund	5.0%	1.1%
Emerging Market Debt Fund	5.0%	2.7%
High Yield Bond Fund	6.0%	4.0%
Real Estate Fund	10.0%	4.5%
Private Equity	10.0%	7.3%
Alternative Investments	7.0%	2.9%
Liquidity Fund	1.0%	0.4%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2020 and 2019 measurement years. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate for TRS:

The discount rate used to measure the total pension liability was 6.9% in the 2020 and 2019 measurement years, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate



of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate

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

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	\$ 1,281,651,610	\$ 1,078,763,292	\$ 909,202,535
TRS	27,013,567	21,598,562	17,102,996

The following table presents the June 30, 2019 measurement date net pension liability of the CSU System calculated using the current-period discount rate assumption of 6.9% for SERS and 6.9% for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	\$ 1,244,792,451	\$ 1,042,307,443	\$ 873,402,450
TRS	40,071,419	32,123,860	25,442,342

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

For the years ended June 30, 2021 and 2020, the CSUS recognized pension expense of \$85.8 million and \$97.2 million, respectively. A schedule of deferred outflows and inflows of resources as of June 30, 2021 and 2020 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to the CSUS that will be recognized in pension expense during the next five years is as follows (in thousands):

Fiscal Year Ending June 30,	SERS	TRS	Total
2021	\$ 64,789,902	\$ 1,263,259	\$ 66,053,161
2022	33,680,072	1,362,987	35,043,059
2023	35,317,306	1,133,118	36,450,424
2024	21,962,540	(58,627)	21,903,913
2025	473,531	(1,086,823)	(613,292)
Thereafter	-	(547,121)	(547,121)



9. Other Post-Employment Benefits

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

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

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

Plan Description

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

Funding Policy

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



Investments

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

The following is the asset allocation policy as of June 30, 2021 and 2020:

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

Net OPEB Liability

The Systems' net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2021 of \$1,443.4 million was measured and valued as of June 30, 2020 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The net OPEB liability recorded in the financial statements as of June 30, 2020 of \$1,339.0 million was measured and valued as of June 30, 2019 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities and the State, actuarially determined.

For the SEOPEBP plan, at June 30, 2021 and 2020 the System's proportion was 6.13% and 6.47%, respectively. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately.

Actuarial Assumptions:

The total OPEB liability was determined by actuarial valuations as of June 30, 2020 and 2019, using the following actuarial assumptions:

Measurement Year	2020
Payroll growth rate	3.50%
Salary increases	3.25% to 4.50% varying by years of service and retirement system
Discount rate	2.38%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

Measurement Year	2019
Payroll growth rate	3.50%
Salary increases	3.25% to 19.50% varying by years of service and retirement system
Discount rate	3.58%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

Mortality Rates

Pre-Retirement:	RP-2014 White Collar Employee Mortality Table projected to 2020 with Scale BB at 60% for males and 55% for females
Healthy Annuitant:	RP-2014 White Collar Employee Mortality Table projected to 2020 with Scale BB at 100% for males and 95% for females
Disabled Annuitant:	RP-2014 Disabled Retiree Mortality Table at 65% for males and 85% for females

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

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

For measurement date of June 30, 2020:

Discount rate comparison:	1% Decrease (1.38%)	Current Discount (2.38%)	1% Increase (3.38%)
Net OPEB Liability	\$ 1,697,867,781	\$ 1,443,409,039	\$ 1,238,854,421

Health care trend rate comparison:	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ 1,210,048,210	\$ 1,443,409,039	\$ 1,743,507,186



For measurement date of June 30, 2019:

Discount rate comparison:	1% Decrease (2.58%)	Current Discount (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 1,558,371,578	\$ 1,338,986,646	\$ 1,160,895,577

Health care trend rate comparison:	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	\$ 1,147,843,319	\$ 1,338,986,646	\$ 1,580,245,043

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

For the year ended June 30, 2021 and 2020, the CSUS recognized OPEB expense of \$97.0 million and \$76.9 million, respectively. A schedule of deferred outflows and inflows of resources as of June 30, 2021 and 2020 is disclosed in Note 13. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to the CSUS that will be recognized in pension expense during the next five years is as follows:

Fiscal Years Ending June	OPEB
2022	\$ 50,667,810
2023	57,018,219
2024	69,938,630
2025	26,294,817
2026	2,525,852
Thereafter	\$ -

10. Unearned Tuition, Fees and Grant Revenue

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

	2021	2020
Unearned tuition and fees	\$ 21,335,220	\$ 18,210,948
Grants and contracts	5,139,405	4,388,287
Other	110,117	63,034
	<u>\$ 26,584,742</u>	<u>\$ 22,662,269</u>



11. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

Year ended June 30, 2021										
Natural Classification										
	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	\$ 29,073,068	\$ 34,569,828	\$ 1,654,572	\$ 4,068,698	\$ 192,951	\$ 215,013	\$ 1,980,840	\$ -	\$ -	\$ 71,754,970
Auxiliary enterprises	8,985,422	11,978,315	988,901	25,269,738	10,291	6,307,764	686,818	-	-	54,227,249
Institution support	43,692,271	52,523,135	6,123,021	1,124,923	108,343	1,052,096	14,223,262	-	-	118,847,051
Instruction	176,114,610	199,720,848	1,531,573	3,301,263	87,183	380,425	1,821,147	-	-	382,957,049
Physical plant	32,770,074	51,051,750	2,565,473	678,281	13,829	36,593,642	4,828,775	65,667,260	38,341	194,207,425
Public service	3,685,780	3,804,643	879,831	247,240	78,144	29,828	305,686	-	-	9,031,152
Research	2,985,400	3,037,960	726,221	300,215	46,092	43,730	489,231	-	-	7,628,849
Scholarships, loans and refunds	429,824	155,108	185,446	85,314,785	173	30,375	146,063	-	-	86,261,774
Student services	44,528,967	55,869,001	3,327,098	1,628,240	531,695	786,766	2,409,749	-	-	109,081,516
Total expenses	\$ 342,265,416	\$ 412,710,588	\$ 17,982,136	\$ 121,933,383	\$ 1,068,701	\$ 45,439,639	\$ 26,891,571	\$ 65,667,260	\$ 38,341	\$ 1,033,997,035

Year ended June 30, 2020										
Natural Classification										
	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	\$ 28,700,045	\$ 32,626,368	\$ 2,064,918	\$ 4,268,682	\$ 1,152,100	\$ 190,629	\$ 2,408,059	\$ -	\$ -	\$ 71,410,801
Auxiliary enterprises	9,746,940	11,801,711	1,192,205	25,476,933	148,326	7,039,262	784,792	-	-	56,190,169
Institution support	43,135,277	50,745,134	6,569,203	1,037,743	518,352	727,223	17,693,432	-	-	120,426,364
Instruction	175,515,508	189,135,871	1,564,582	2,667,995	454,857	1,263,814	1,116,530	-	-	371,719,157
Physical plant	33,266,857	51,202,278	1,696,365	800,076	96,731	37,128,243	6,100,961	67,152,130	37,887	197,481,528
Public service	3,881,654	3,753,188	1,032,332	472,449	382,950	233,021	434,468	-	-	10,190,062
Research	3,274,629	3,152,454	629,780	334,641	319,303	46,815	533,514	-	-	8,291,136
Scholarships, loans and refunds	486,459	173,377	1,256,110	84,238,076	9,048	4,304	140,524	-	-	86,307,898
Student services	45,458,745	53,190,364	3,197,132	2,195,999	1,825,658	769,302	2,977,783	-	-	109,614,983
Total expenses	\$ 343,466,114	\$ 395,780,745	\$ 19,202,627	\$ 121,492,594	\$ 4,907,325	\$ 47,402,613	\$ 32,190,063	\$ 67,152,130	\$ 37,887	\$ 1,031,632,098



12. Bonds, Notes Payable and Capital Lease Obligations

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

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

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

CHEFA Series	Issue Date	Issuance Amount	Mature in Fiscal Years:	Interest Rates:	Outstanding Principal 2021	Outstanding Principal 2020
I	4/18/2007	\$ 62,760,000	2008 - 2021	3.00% - 5.25%	\$ -	\$ 15,160,000
J	6/22/2011	27,035,000	2013 - 2022	2.00% - 4.00%	1,270,000	18,205,000
L	4/4/2012	49,040,000	2013 - 2030	2.50% - 4.00%	45,500,000	45,515,000
M	1/10/2013	34,060,000	2014 - 2022	3.00% - 5.00%	3,130,000	25,800,000
N	10/23/2013	80,340,000	2015 - 2026	4.10% - 5.00%	18,925,000	63,875,000
O	9/16/2014	21,240,000	2015 - 2031	2.00% - 4.00%	16,770,000	16,790,000
P-1	9/13/2016	55,030,000	2018 - 2037	2.50% - 5.00%	47,660,000	49,640,000
P-2	9/13/2016	19,530,000	2018 - 2036	2.50% - 5.00%	5,080,000	5,080,000
Q-1	5/10/2019	71,260,000	2021 - 2040	3.00% - 5.00%	69,045,000	71,260,000
Q-2	5/10/2019	20,845,000	2021 - 2032	5.00% - 5.00%	12,680,000	20,845,000
R-1	4/27/2021	14,640,000	2033 - 2034	2.00% - 2.125%	14,640,000	-
R-2	4/27/2021	85,110,000	2023 - 2034	0.35% - 2.45%	85,110,000	-
					<u>\$ 319,810,000</u>	<u>\$ 332,170,000</u>

In connection with the fiscal year 2021 refunding of Series I and refunding of portions of Series J, M, and N, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds were considered an in-substance defeasance and the liability for those bonds has been removed from the statement of net positions as of June 30, 2021. The \$15.2 million that was refunded for Series I was redeemed prior to the maturity date on May 27, 2021 at a price of 100% of the principal amount, plus accrued interest to the redemption date. The outstanding amount of the portions refunded for Series J, M and N totaled \$78.6 million as of June 30, 2021. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4.3 million. The difference, which is recorded as a deferred loss on bond refunding, is being charged to interest expense over the remaining lives of Series I, J, M and N, before the refunding. As a result of the defeasance, CSUS reduced its aggregate debt service payments by \$11.5 million and achieved an economic gain (the difference between the present value of the old and new debt service payments) of \$10.1 million.

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:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 19,060,000	\$ 10,256,661
2023	21,065,000	9,361,285
2024	21,730,000	8,509,275
2025	21,370,000	7,707,979
2026	22,175,000	6,879,896
2027-2031	106,545,000	24,146,366
2032-2036	84,935,000	8,270,486
2037-2040	22,930,000	1,262,194
	<u>\$ 319,810,000</u>	<u>\$ 76,394,142</u>

Long-term liabilities activity for the year ended June 30, 2021 and 2020 was as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>
Bonds payable	\$ 332,170,000	\$ 99,750,000	\$ (112,110,000)	\$ 319,810,000
Premium on bonds payable	22,514,454	725,186	(7,744,816)	15,494,824
Discount on bonds payable	(1,352,478)	(157,526)	807,113	(702,891)
Total bonds payable	<u>\$ 353,331,976</u>	<u>100,317,660</u>	<u>\$ (119,047,703)</u>	<u>\$ 334,601,933</u>
	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2020</u>
Bonds payable	\$ 351,690,000	\$ -	\$ (19,520,000)	\$ 332,170,000
Premium on bonds payable	25,584,719	-	(3,070,265)	22,514,454
Discount on bonds payable	(1,524,043)	-	171,565	(1,352,478)
Total bonds payable	<u>\$ 375,750,676</u>	<u>-</u>	<u>\$ (22,418,700)</u>	<u>\$ 353,331,976</u>

Connecticut State University System

Notes to the Financial Statements

June 30, 2021 and 2020

13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2021 and 2020:

As of June 30, 2021	SERS	TRS	OPEB	Debt Refunding	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	\$ 58,222,795	\$ -	\$ -	\$ -	\$ 58,222,795
Changes of assumptions or other inputs	28,734,630	4,718,915	239,591,307	-	273,044,852
Net difference between projected and actual earnings on pension plan investments	18,182,992	887,538	2,846,206	-	21,916,736
Changes in proportion and differences between employer contributions and proportionate share of contributions	71,800,606	5,802,517	104,377,180	-	181,980,303
Employer contributions after measurement date	87,693,785	1,831,321	-	-	89,525,106
Loss on bond refunding	-	-	-	5,065,016	5,065,016
Total	\$ 264,634,808	\$ 13,240,291	\$ 346,814,693	\$ 5,065,016	\$ 629,754,808
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	\$ -	\$ 648,604	\$ 33,317,424	\$ -	\$ 33,966,028
Changes of assumptions or other inputs	-	-	28,029,875	-	28,029,875
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,717,674	8,693,574	79,022,064	-	108,433,312
Total	\$ 20,717,674	\$ 9,342,178	\$ 140,369,363	\$ -	\$ 170,429,215
As of June 30, 2020					
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	\$ 70,816,198	\$ -	\$ -	\$ -	\$ 70,816,198
Changes of assumptions or other inputs	68,418,762	7,873,592	178,870,945	-	255,163,299
Net difference between projected and actual earnings on pension plan investments	-	533,544	-	-	533,544
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,785,007	7,741,045	135,193,590	-	243,719,642
Employer contributions after measurement date	73,503,269	1,596,338	53,173,679	-	128,273,286
Loss on bond refunding	-	-	-	842,046	842,046
Total	\$ 313,523,236	\$ 17,744,519	\$ 367,238,214	\$ 842,046	\$ 699,348,015
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	\$ -	\$ 800,429	\$ 33,788,936	\$ -	\$ 34,589,365
Changes of assumptions or other inputs	-	-	44,308,283	-	44,308,283
Net difference between projected and actual earnings on pension plan investments	2,480,091	-	290,514	-	2,770,605
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,263,919	1,077,092	36,807,012	-	57,148,023
Total	\$ 21,744,010	\$ 1,877,521	\$ 115,194,745	\$ -	\$ 138,816,276

Connecticut State University System

Supplemental Financial Information

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State Employee Retirement System Plan
 Last 10 Fiscal Years ¹

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

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

Teachers Retirement System Plan
 Last 10 Fiscal Years ¹

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

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



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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
System's proportion of the net OPEB liability	6.13%	6.47%	5.57%	4.62%	4.73%
System's proportionate share of the net OPEB liability	\$ 1,443,409,039	\$ 1,338,986,646	\$ 967,345,901	\$ 996,032,245	\$ 1,021,241,708
System's covered payroll	\$ 229,673,610	\$ 234,304,156	\$ 246,718,621	\$ 251,238,643	\$ 260,590,503
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	628%	571%	392%	396%	392%
Plan Fiduciary net position as a percentage of the total OPEB liability	6.13%	5.47%	4.69%	3.03%	1.94%

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

Connecticut State University System

Schedule of Contributions (Unaudited)

June 30, 2021 – 2014



State Employee Retirement System Plan

Last 10 Fiscal Years ¹

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

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

Teachers Retirement System Plan

Last 10 Fiscal Years ¹

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

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

Connecticut State University System

Schedule of Contributions (Unaudited)

June 30, 2021 – 2014

**Other Post Employment Benefits**Last 10 Fiscal Years ¹

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

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

1. Changes in Benefit Terms

Pension Plans

Changes of benefit terms:

- Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%.
- For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Changes of assumptions:

For measurement year 2020:

- Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
- Decrease payroll growth assumption from 3.25% to 3.00%
- Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience

For measurement year 2019:

- Reduce the inflation assumption from 2.75% to 2.50%.
- Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%.
- Increase the annual rate of wage increase assumption from 0.50% to 0.75%.
- Phase in to a level dollar amortization method for the June 30, 2024 valuation.

State Employee OPEB Plan

Changes of benefit terms: none

Changes of assumptions:

- The discount rate was updated in accordance with GASB Statement No. 75 to 2.38% as of June 30, 2020 and 3.58% as of June 30, 2019.
- The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022..

Connecticut State University System
 Supplemental Information – Combining Statements of Net Position
 June 30, 2021 and 2020



	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>	<u>SO</u>	<u>Combining Adjustments</u>	<u>2021</u>	<u>2020</u>
Assets								
Current assets:								
Cash and cash equivalents	\$ 69,959,676	\$ 33,046,653	\$ 56,605,825	\$ 20,305,007	\$ 26,349,315	\$ -	\$ 206,266,476	\$ 206,682,716
Investments	-	-	-	-	85,680,030	-	85,680,030	106,039,932
Accounts receivable, net	14,069,385	6,983,417	4,163,798	2,420,862	-	-	27,637,462	12,740,050
Due from the State of Connecticut	23,985,709	9,757,472	16,923,184	8,444,016	3,365,872	-	62,476,253	55,381,257
Due from SO and Universities	1,784,395	1,245,605	605,418	244,448	367,048	(4,246,914)	-	-
Prepaid expenses and other current assets	3,744,532	726,319	1,716,815	118,531	1,225,112	-	7,531,309	6,819,679
Total current assets	113,543,697	51,759,466	80,015,040	31,532,864	116,987,377	(4,246,914)	389,591,530	387,663,634
Noncurrent assets:								
Cash and cash equivalents	13,715,169	16,130,734	27,326,897	953,267	84,094,445	-	142,220,512	139,059,549
Investments	-	-	-	-	33,165,374	-	33,165,374	34,517,743
Accounts receivable, net	924,936	324,303	1,456,108	1,548,142	-	-	4,253,489	3,697,799
Other assets	-	-	120,948	12,000	-	-	132,948	183,292
Investment in capital assets	655,565,354	516,912,036	642,784,707	436,699,609	41,203,757	-	2,293,165,463	2,208,990,000
Accumulated depreciation	(282,346,736)	(206,389,934)	(326,431,189)	(204,313,788)	(17,844,641)	-	(1,037,326,288)	(978,431,700)
Investment in capital assets, net of accumulated depreciation	373,218,618	310,522,102	316,353,518	232,385,821	23,359,116	-	1,255,839,175	1,230,558,300
Total noncurrent assets	387,858,723	326,977,139	345,257,471	234,899,230	140,618,935	-	1,435,611,498	1,408,016,683
Total assets	\$ 501,402,420	\$ 378,736,605	\$ 425,272,511	\$ 266,432,094	\$ 257,606,312	\$ (4,246,914)	\$ 1,825,203,028	\$ 1,795,680,317
Deferred outflows of resources:								
Deferred pension	\$ -	\$ -	\$ -	\$ -	\$ 277,875,100	\$ -	\$ 277,875,100	331,267,755
Deferred other post employment benefits	-	-	-	-	399,794,623	-	399,794,623	367,238,214
Deferred loss on bond refunding	-	-	-	-	5,065,016	-	5,065,016	842,046
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ 682,734,739	\$ -	\$ 682,734,739	\$ 699,348,015



	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Liabilities								
Current liabilities:								
Accounts payable	\$ 7,092,617	\$ 2,419,059	\$ 2,817,259	\$ 1,567,802	\$ 505,979	\$ -	\$ 14,402,716	\$ 17,573,799
Accrued salaries and benefits	26,388,074	13,116,285	25,333,760	12,500,117	532,570	-	77,870,806	73,919,436
Accrued compensated absences	2,024,005	890,910	1,793,333	1,381,675	154,732	-	6,244,655	5,316,466
Due to the State of Connecticut	14,306	167	329,051	-	-	-	343,524	746,318
Due to SO and Universities	308,224	58,824	-	-	3,879,866	(4,246,914)	-	-
Unearned tuition, fees and grant revenue	12,163,392	2,634,108	8,635,045	3,132,765	19,432	-	26,584,742	22,662,269
Bonds payable	-	-	-	-	19,060,000	-	19,060,000	18,345,000
Accrued bond interest payable	-	-	-	-	1,794,813	-	1,794,813	2,314,059
Other liabilities	330,378	17,512	2,577,719	213,843	232,969	-	3,372,421	3,281,311
Depository accounts	2,466,583	1,377,632	3,960,015	585,129	(330)	-	8,389,029	6,719,975
Total current liabilities	<u>50,787,579</u>	<u>20,514,497</u>	<u>45,446,182</u>	<u>19,381,331</u>	<u>26,180,031</u>	<u>(4,246,914)</u>	<u>158,062,706</u>	<u>150,878,633</u>
Noncurrent liabilities:								
Accrued compensated absences	22,014,057	12,924,877	21,578,922	12,796,802	1,648,675	-	70,963,333	68,428,599
Bonds payable	-	-	-	-	315,541,933	-	315,541,933	334,986,976
Federal loan program advances	809,515	754,533	493,441	1,080,956	-	-	3,138,445	5,462,757
Deferred compensation	-	-	-	-	343,240	-	343,240	317,915
Other noncurrent liabilities	-	-	1,152,571	-	-	-	1,152,571	-
Pension liability, net	-	-	-	-	1,100,362,493	-	1,100,362,493	1,074,431,967
Other post employment benefits, net	-	-	-	-	1,443,409,037	-	1,443,409,037	1,338,986,646
Total noncurrent liabilities	<u>22,823,572</u>	<u>13,679,410</u>	<u>23,224,934</u>	<u>13,877,758</u>	<u>2,861,305,378</u>	<u>-</u>	<u>2,934,911,052</u>	<u>2,822,614,860</u>
Total liabilities	<u>\$ 73,611,151</u>	<u>\$ 34,193,907</u>	<u>\$ 68,671,116</u>	<u>\$ 33,259,089</u>	<u>\$ 2,887,485,409</u>	<u>\$ (4,246,914)</u>	<u>\$ 3,092,973,758</u>	<u>\$ 2,973,493,493</u>
Deferred inflows of resources:								
Deferred pension	\$ -	\$ -	\$ -	\$ -	\$ 30,059,852	\$ -	\$ 30,059,852	23,621,531
Deferred other post employment benefits	-	-	-	-	140,331,043	-	140,331,043	115,194,745
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,390,895</u>	<u>\$ -</u>	<u>\$ 170,390,895</u>	<u>\$ 138,816,276</u>
Net Position								
Net investment in capital assets	\$ 373,216,995	\$ 310,445,374	\$ 316,353,518	\$ 232,385,821	\$ (229,690,369)	\$ -	\$ 1,002,711,339	\$ 976,551,439
Restricted:								
Nonexpendable	-	60,000	70,960	407,116	-	-	538,076	467,116
Expendable	10,021,633	2,908,176	6,772,356	2,654,426	95,252,422	-	117,609,013	133,664,203
Unrestricted	44,552,641	31,129,148	33,404,561	(2,274,358)	(1,983,097,306)	-	(1,876,285,314)	(1,727,964,195)
Total net position	<u>\$ 427,791,269</u>	<u>\$ 344,542,698</u>	<u>\$ 356,601,395</u>	<u>\$ 233,173,005</u>	<u>\$ (2,117,535,253)</u>	<u>\$ -</u>	<u>\$ (755,426,886)</u>	<u>\$ (617,281,437)</u>

Connecticut State University System

Supplemental Information – Combining Statements of Revenues, Expenses and Changes in Net Position
June 30, 2021 and 2020



	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Operating revenues:								
Tuition and fees:								
Tuition and fees, gross	\$ 117,155,535	\$ 51,293,206	\$ 115,913,941	\$ 57,239,067	\$ -	\$ -	\$ 341,601,749	\$ 352,716,298
Less:								
Scholarships allowance	(10,889,079)	(11,867,158)	(9,422,464)	(5,083,200)	-	-	(37,261,901)	(36,412,517)
Waivers	(4,875,503)	(2,113,357)	(10,250,402)	(1,480,008)	-	-	(18,719,270)	(20,826,328)
Tuition and fees, net of scholarship allowances and waivers	101,390,953	37,312,691	96,241,075	50,675,859	-	-	285,620,578	295,477,453
Federal grants and contracts	4,400,151	971,250	3,898,422	2,041,084	-	-	11,310,907	8,701,180
State and local grants and contracts	3,981,976	1,252,810	4,334,086	1,923,181	-	-	11,492,053	11,635,511
Nongovernment grants and contracts	1,804,229	758,806	4,442,967	57,351	-	-	7,063,353	6,869,900
Indirect cost recoveries	298,902	83,561	240,629	25,950	-	-	649,042	766,028
Auxiliary revenues	13,349,032	22,795,490	17,117,877	13,211,127	3,000	-	66,476,526	87,471,363
Other operating revenues	985,506	600,682	661,311	830,014	-	-	3,077,513	8,359,015
Total operating revenues	126,210,749	63,775,290	126,936,367	68,764,566	3,000	-	385,689,972	419,280,450
Operating expenses:								
Salaries and wages	104,289,845	59,090,563	112,866,302	61,838,951	4,179,755	-	342,265,416	343,466,114
Fringe benefits	70,693,373	41,752,018	73,595,561	41,063,257	185,606,379	-	412,710,588	395,780,745
Professional services and fees	4,660,238	2,694,515	6,386,129	2,977,694	1,263,560	-	17,982,136	19,202,627
Educational services and support	40,711,537	16,374,243	42,235,108	22,018,882	593,613	-	121,933,383	121,492,594
Travel expenses	551,963	191,940	190,561	90,662	43,575	-	1,068,701	4,907,325
Operation of facilities	21,673,397	7,257,446	9,433,578	6,961,210	114,008	-	45,439,639	47,402,613
Other operating supplies and expenses	7,852,105	3,465,236	6,396,854	4,648,741	4,528,635	-	26,891,571	32,190,063
Depreciation expense	15,874,706	16,286,681	20,131,664	12,562,346	811,863	-	65,667,260	67,152,130
Amortization expense	-	-	36,810	1,531	-	-	38,341	37,887
Total operating expenses	266,307,164	147,112,642	271,272,567	152,163,274	197,141,388	-	1,033,997,035	1,031,632,098
Operating loss	\$ (140,096,415)	\$ (83,337,352)	\$ (144,336,200)	\$ (83,398,708)	\$ (197,138,388)	\$ -	\$ (648,307,063)	\$ (612,351,648)

Connecticut State University System

Supplemental Information – Combining Statements of Revenues, Expenses and Changes in Net Position
June 30, 2021 and 2020



	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>	<u>SO</u>	<u>Combining Adjustments</u>	<u>2021</u>	<u>2020</u>
Nonoperating revenues (expenses)								
State appropriations	\$ 93,952,185	\$ 57,752,719	\$ 88,769,807	\$ 54,423,997	\$ 8,017,835	\$ -	\$ 302,916,543	\$ 283,884,100
Pell grant revenue	13,519,411	6,208,717	15,035,858	7,047,359	-	-	41,811,345	45,078,419
Federal emergency grant revenue	30,127,053	16,321,644	27,897,043	12,150,423	492,706	-	86,988,869	20,921,780
Gifts	2,835,406	542,206	256,419	3,214	-	-	3,637,245	3,648,396
Investment income	84,069	49,317	85,283	22,481	745,859	-	987,009	7,928,517
Interest expense	-	-	-	-	(8,725,538)	-	(8,725,538)	(11,670,523)
Capital projects financed by SO	11,130,659	1,320,470	1,572,518	1,687,971	(15,711,618)	-	-	-
Other nonoperating revenues (expenses), net	238,757	1,558	(69,069)	68,579	(859,575)	-	(619,750)	1,415,597
Net nonoperating revenues (expenses)	<u>151,887,540</u>	<u>82,196,631</u>	<u>133,547,859</u>	<u>75,404,024</u>	<u>(16,040,331)</u>	<u>-</u>	<u>426,995,723</u>	<u>351,206,286</u>
Loss before other changes in net position	11,791,125	(1,140,721)	(10,788,341)	(7,994,684)	(213,178,719)	-	(221,311,340)	(261,145,362)
Other changes in net position								
State appropriations restricted for capital purposes	41,254,769	2,178,215	35,738,646	3,740,336	513,600	-	83,425,566	67,124,021
Loss on disposal of capital assets	(169,442)	(70,458)	(12,614)	(7,161)	-	-	(259,675)	(1,604,663)
Interagency transfers	(11,750,102)	(7,285,958)	(9,486,661)	(6,417,545)	34,940,266	-	-	-
Other changes in net position	<u>29,335,225</u>	<u>(5,178,201)</u>	<u>26,239,371</u>	<u>(2,684,370)</u>	<u>35,453,866</u>	<u>-</u>	<u>83,165,891</u>	<u>65,519,358</u>
Change in net position	41,126,350	(6,318,922)	15,451,030	(10,679,054)	(177,724,853)	-	(138,145,449)	(195,626,004)
Net position at beginning of year	<u>386,664,919</u>	<u>350,861,620</u>	<u>341,150,365</u>	<u>243,852,059</u>	<u>(1,939,810,400)</u>	<u>-</u>	<u>(617,281,437)</u>	<u>(421,655,433)</u>
Net position at end of year	<u>\$427,791,269</u>	<u>\$344,542,698</u>	<u>\$356,601,395</u>	<u>\$233,173,005</u>	<u>(2,117,535,253)</u>	<u>\$ -</u>	<u>\$ (755,426,886)</u>	<u>\$ (617,281,437)</u>

Connecticut State University System

Supplemental Information – Combining Statements of Cash Flows
June 30, 2021 and 2020



	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2021	2020
Cash flows from operating activities:								
Tuition and fees	\$ 101,737,692	\$ 32,796,801	\$ 97,791,013	\$ 50,116,164	\$ -	\$ -	\$ 282,441,670	\$ 291,077,192
Grants and contracts	5,522,459	2,982,866	9,532,912	3,859,241	-	-	21,897,478	29,229,363
Auxiliary revenues	14,381,848	23,026,846	16,559,008	12,931,058	3,000	-	66,901,760	86,687,164
Other operating revenues	1,619,548	1,119,243	1,003,140	710,733	-	-	4,452,664	12,997,460
Payments to employees for salaries and benefits	(174,007,684)	(98,964,061)	(182,649,323)	(101,296,969)	(7,471,919)	-	(564,389,956)	(547,718,642)
Payments to suppliers	(1,569,971)	(478,731)	(750,401)	(1,046,845)	(665,035)	-	(4,510,983)	(3,756,684)
Professional services and fees	(4,660,237)	(2,635,691)	(6,386,129)	(2,977,694)	(1,263,560)	-	(17,923,311)	(19,202,627)
Educational services and support	(40,711,537)	(16,374,243)	(42,235,108)	(22,018,882)	(593,613)	-	(121,933,383)	(121,492,786)
Travel expenses	(551,963)	(191,940)	(190,561)	(90,662)	(43,575)	-	(1,068,701)	(4,907,325)
Operation of facilities	(21,673,396)	(10,745,842)	(9,433,578)	(6,961,210)	(114,057)	-	(48,928,083)	(49,913,592)
Other operating supplies and expenses	(8,190,165)	452,527	(7,128,433)	(4,336,939)	(4,920,487)	-	(24,123,497)	(24,322,239)
Net cash used in operating activities	(128,103,406)	(69,012,225)	(123,887,460)	(71,112,005)	(15,069,246)	-	(407,184,342)	(351,322,716)
Cash flows from noncapital financing activities:								
State appropriations	93,014,644	57,210,424	88,123,762	55,621,069	7,901,680	-	301,871,579	283,551,363
Gifts for other than capital purposes	2,835,406	542,206	256,419	3,214	-	-	3,637,245	3,648,395
Nonoperating grants and revenue other	43,351,232	22,317,095	42,863,833	18,905,676	717,706	-	128,155,542	64,284,113
Interagency transfers	(11,750,102)	(7,285,958)	(9,486,660)	(6,417,546)	34,940,266	-	-	-
Net cash provided by noncapital financing activities	\$ 127,451,180	\$ 72,783,767	\$ 121,757,354	\$ 68,112,413	\$ 43,559,652	\$ -	\$ 433,664,366	\$ 351,483,871
Cash flows from investing activities:								
Proceeds from sales and maturities of investments	\$ -	\$ -	\$ -	\$ -	\$ 49,339,610	\$ -	49,339,610	\$ 49,069,490
Purchases of investments	-	-	-	-	(27,662,707)	-	(27,662,707)	(35,234,896)
Interest and dividends received on investments	84,069	49,318	183,581	22,482	776,951	-	1,116,401	8,483,564
Net cash provided by investing activities	84,069	49,318	183,581	22,482	22,453,854	-	22,793,304	22,318,158
Cash flows from capital and related financing activities:								
Cash paid for capital assets	(43,964,308)	(5,823,411)	(35,977,422)	(5,092,338)	-	-	(90,857,479)	(78,468,180)
Capital projects financed by SO	9,735,905	2,450,131	1,768,072	2,034,063	(15,988,171)	-	-	-
State capital appropriations received	35,246,770	2,178,215	33,702,838	3,740,336	2,377,984	-	77,246,143	77,636,522
Proceeds from refunding of bonds	-	-	-	-	100,317,660	-	100,317,660	-
Repayments of capital debt	-	-	-	-	(18,345,000)	-	(18,345,000)	(19,520,000)
Interest paid on capital debt	-	-	-	-	(11,371,756)	-	(11,371,756)	(14,212,603)
Payments to refunded bond escrow agent	-	-	-	-	(102,433,598)	-	(102,433,598)	-
Bond issuance payments	-	-	-	-	(1,084,575)	-	(1,084,575)	-
Net cash provided by (used in) capital and related financing activities	1,018,367	(1,195,065)	(506,512)	682,061	(46,527,456)	-	(46,528,605)	(34,564,261)
Net increase (decrease) in cash and cash equivalents	450,210	2,625,795	(2,453,037)	(2,295,049)	4,416,804	-	2,744,723	(12,084,948)
Cash and cash equivalents, beginning of year	83,224,635	46,551,592	86,385,759	23,553,323	106,026,956	-	345,742,265	357,827,213
Cash and cash equivalents, end of year	\$ 83,674,845	\$ 49,177,387	\$ 83,932,722	\$ 21,258,274	\$ 110,443,760	\$ -	\$ 348,486,988	\$ 345,742,465

Connecticut State University System
 Supplemental Information – Combining Statements of Cash Flows
 June 30, 2021 and 2020



	<u>CCSU</u>	<u>ECSU</u>	<u>SCSU</u>	<u>WCSU</u>	<u>SO</u>	<u>Combining Adjustments</u>	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash used in operating activities:								
Operating loss	\$ (140,096,415)	\$ (83,337,352)	\$ (144,336,200)	\$ (83,398,708)	\$ (197,138,388)	\$ -	\$ (648,307,063)	\$ (612,351,648)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	15,874,706	16,286,681	20,131,664	12,562,346	811,863	-	65,667,260	67,152,130
Amortization	-	-	36,810	1,531	-	-	38,341	37,887
Changes in assets and liabilities:								
Receivables	(8,761,489)	(4,925,586)	(1,155,018)	(919,231)	-	-	(15,761,324)	(31,273)
Prepaid expenses and other	(680,528)	61,659	(395,935)	(67,824)	384,531	-	(698,097)	2,119,692
Accounts payable	(1,320,404)	(77,009)	(515,573)	(506,277)	(1,433,418)	-	(3,852,681)	(1,580,588)
Accrued salaries and benefits	516,228	771,070	1,805,102	811,229	47,740	-	3,951,369	12,970,695
Other liabilities	8,858	(34,015)	204,985	(160,941)	-	-	18,887	(58,948)
Due to/from State of Connecticut	-	167	13,882	-	(406,860)	-	(392,811)	(4,078,808)
Due to/from Universities	49	-	-	-	(49)	-	-	-
Unearned tuition, fees and grant revenues	5,330,467	765,023	(1,499,752)	(365,044)	-	-	4,230,694	(74,805)
Deferred compensation	-	-	-	-	25,325	-	25,325	29,558
Depository accounts	565,817	369,853	604,477	136,905	(8,000)	-	1,669,052	1,562,329
Accrued compensated absences	459,305	1,107,284	1,218,098	794,009	(115,772)	-	3,462,924	8,641,663
Pension liability	-	-	-	-	25,930,526	-	25,930,526	167,426,397
Other post employment benefits	-	-	-	-	104,422,391	-	104,422,391	377,213,924
Changes in deferred outflows	-	-	-	-	20,836,246	-	20,836,246	(378,550,557)
Changes in deferred inflows	-	-	-	-	31,574,619	-	31,574,619	8,249,636
Net cash used in operating activities	<u>\$ (128,103,406)</u>	<u>\$ (69,012,225)</u>	<u>\$ (123,887,460)</u>	<u>\$ (71,112,005)</u>	<u>\$ (15,069,246)</u>	<u>\$ -</u>	<u>\$ (407,184,342)</u>	<u>\$ (351,322,716)</u>
Noncash investing, noncapital financing and capital and related financing transactions:								
Fixed assets included in accounts payable	\$ 2,763,906	\$ 1,696,067	\$ 793,146	\$ 251,461	\$ -	\$ -	\$ 5,504,580	\$ 5,740,571
Reconciliation of cash and cash equivalents to the combined statements of net assets:								
Cash and cash equivalents classified as current assets	\$ 69,959,676	\$ 33,046,653	\$ 56,605,825	\$ 20,305,007	\$ 26,349,315	\$ -	\$ 206,266,476	\$ 206,682,716
Cash and cash equivalents classified as noncurrent assets	13,715,169	16,130,734	27,326,897	953,267	84,094,445	-	142,220,512	139,059,549
	<u>\$ 83,674,845</u>	<u>\$ 49,177,387</u>	<u>\$ 83,932,722</u>	<u>\$ 21,258,274</u>	<u>\$ 110,443,760</u>	<u>\$ -</u>	<u>\$ 348,486,988</u>	<u>\$ 345,742,265</u>



Connecticut State University System

Supplemental Information – Combining Statement of Cash Flows

June 30, 2021 and 2020

1. Basis of Presentation of Supplemental Information

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