

# Connecticut State University System



(The System Office, Central Connecticut State University,  
Eastern Connecticut State University, Southern Connecticut State University, Western  
Connecticut State University, and Component Units)

**Financial Statements and Supplemental Information**

**June 30, 2014 and 2013**

**Connecticut State University System**  
**Index to Financial Statements**  
**June 30, 2014 and 2013**

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	<b>Page(s)</b>
<b>Report of Independent Auditors</b> .....	1-2
Management’s Discussion and Analysis.....	3-18
<b>Financial Statements</b>	
Statements of Net Position.....	19-20
Combined Statements of Net Assets – Component Units.....	21
Statements of Revenues, Expenses and Changes in Net Position.....	22
Combined Statements of Revenues, Expenses and Changes in Net Assets – Component Units.....	23
Statements of Cash Flows.....	24-25
Notes to Financial Statements.....	26-48
<b>Supplemental Information</b>	
Supplemental Financial Information.....	S-1 - S-8



## Independent Auditor's Report

To the Board of Regents of  
Connecticut State University System

We have audited the accompanying financial statements of the primary institution (an enterprise fund of the State of Connecticut), of the Connecticut State University System (The System Office; Central Connecticut State University; Eastern Connecticut State University; Southern Connecticut State University; and Western Connecticut State University) ("CSUS" or the "System"), as of June 30, 2014 and 2013 and for the years then ended, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, the affiliated foundations ("Foundations"), which statements reflect total assets of \$123.1 million and \$101.3 million and total net assets of \$121.0 million and \$99.8 million as of June 30, 2014 and 2013, respectively and total revenues, capital gains and losses and other support of \$31.2 million and \$18.6 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 the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of the Connecticut State University System at June 30, 2014 and 2013, 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.

The accompanying Management's Discussion and Analysis on pages 3 through 18 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Emphasis of a Matter**

As discussed in Note 1, the financial statements of the System, an institution of higher education of the State of Connecticut, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities of the State that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the State of Connecticut as of June 30, 2014 and 2013, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplemental information included on pages S-1 through S-8 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the supplemental information, based on our audit, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PriceWaterhouseCoopers LLP

December 23, 2014

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**Fiscal Year 2014**  
**Members of the Board of Regents for Higher Education**

(Thirteen members appointed by the Governor and legislative leaders)

- Two students chosen by their peers (Chair and Vice Chair of Student Advisory Committee)
- Five 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 of the Faculty Advisory Committee

Nicholas M. Donofrio, Chairman  
Yvette Meléndez, Vice Chair  
Richard J. Balducci  
Eugene L. Bell (CCC Student) term #1 March 3/21/13 – 9/30/13; term #2 10/11/13 - Present  
Naomi K. Cohen  
Lawrence J. DeNardis  
Matt Fleury  
Sarah E. Greco (CSU Student) 10/11/13 - Present  
Merle W. Harris  
Craig Lappen  
JoAnn H. Price – 12/13/13 - Present  
Elease Wright – appointed 6/27/14

**Ex-Officio, Non-voting members**

Stephen Adair – Chair of the Faculty Advisory Committee – 1/1/14 - Present  
Jewel Mullen – Commissioner of the CT Department of Public Health  
Stefan Pryor – Commissioner of the State Board of Education  
Sharon Palmer – Commissioner of the CT Department of Labor  
Catherine Smith – Commissioner of the CT Department of Economic and Community Development

**Former Board members (who served between 7/1/13 – 6/30/14)**

Lewis J. Robinson, Jr., Chair – resigned effective 8/1/13  
Tom Failla – Chair of the Faculty Advisory Committee – 10/1/13 – 12/31/13  
Gary F. Holloway – resigned effective 3/28/14  
René Lerer – resigned effective 4/28/14  
Michael F. Pollard – resigned effective 12/20/13

## Connecticut State Universities

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

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

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

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

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

### **Introduction**

Management's Discussion and Analysis provides an overview of the comparative financial position and results of activities of the Connecticut State University System ("CSUS" or "System") and its component units for the fiscal year ended June 30, 2014 with comparative information for the fiscal years ended June 30, 2013 and 2012. This discussion has been prepared by and is the responsibility of management, and should be read in conjunction with the financial statements and footnote disclosures which follow this section. The discussion immediately following also reflects the System as it existed during fiscal year 2014.

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

CSUS is the largest comprehensive public institution of higher learning in the State of Connecticut with approximately 34,000 enrolled students. The System's four Universities are Central Connecticut State University in New Britain, Eastern Connecticut State University in Willimantic, Southern Connecticut State University in New Haven, and Western Connecticut State University in Danbury; (collectively the "Universities"). The Universities offer high-quality applied educational doctoral, graduate and undergraduate programs in more than 144 subject areas and provide extensive opportunities for internships, community service and cultural engagement. In total, CSUS employed more than 3,300 full time employees at June 30, 2014.

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

### **Using the Financial Statements**

CSUS's financial report includes the following financial statements: the Statement of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and Universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, a comparative analysis of fiscal year 2014 financial data with fiscal year 2013 is also presented, both for the CSUS *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units"). The component units are the CCSU Foundation, Inc., the ECSU Foundation, Inc., the Southern Connecticut State University Foundation, Inc., the Western Connecticut State University Foundation Inc. and the Connecticut State University System Foundation, Inc. (collectively, the "Foundations"). The Foundations are related tax-exempt organizations 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, it is important to note that the assets of these component units are not available to CSUS for use at its discretion.

### **Financial Highlights**

At June 30, 2014, total assets of the System were \$1,765.4 million, an increase of \$177.8 million or 11.2% over the prior year amount of \$1,587.6 million, primarily due to increases in investments of \$74.6 million (mainly due to CHEFA N issue of \$80.3 million for a new residential life hall), and net investment in plant of \$100.6 million (mainly buildings and improvements and construction in progress – see pages 8 and 9). At June 30, 2013, total assets of the System were \$1,587.6 million, an increase of \$128.0 million or 8.8% over the prior year amount of \$1,459.6 million, primarily due to increases in investments of \$29.6 million (mainly due to CHEFA M issue of \$34.1 million), and net investment in plant of \$81.9 million (mainly buildings and improvements and construction in progress – see pages 8 and 9).

Total liabilities at June 30, 2014, of \$661.4 million, an increase of \$65.2 million, primarily due to an increase in Bonds Payable of \$62.3 million (primarily CHEFA N). Total liabilities at June 30, 2013, of \$596.3 million, an increase of \$26.2 million, primarily due to an increase in bonds payable of \$17.8 million.

At June 30, 2014, 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 \$1,090.8 million, an increase of \$105.3 million or 10.7% over last fiscal year's net position of \$985.5 million. This increase was primarily due to a net increase in state appropriation of \$50.1 million. In fiscal year 2014, the System had a slight increase in the amount of change in net position of \$8.1 million compared to fiscal year 2013.

At June 30, 2013, 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 \$985.5 million, an increase of \$97.2 million or 10.9% over last fiscal year's net position of \$888.3 million. In fiscal year 2013, the System had an increase in the amount of change in net position of \$58.5 million compared to fiscal year 2012. This increase was primarily due to a net increase in state appropriations of \$48.8 million.

### **Statement of Net Position**

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



June 30, 2014 and 2013

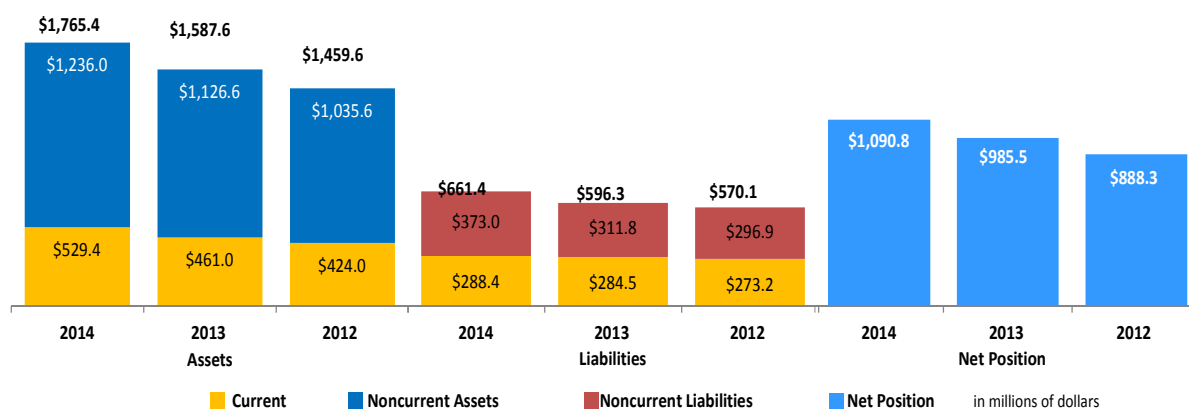
**Condensed Statement of Net Position**  
**June 30, 2014, 2013 and 2012**  
**(in millions)**

	2014	2013	2012	% Change	
				current yr	prior yr
<b>ASSETS</b>					
Current assets	\$ 529.5	\$ 461.0	\$ 424.0	14.9%	8.7%
Non-current assets:					
Capital assets, net	1,059.2	958.7	876.8	10.5%	9.3%
Other	176.7	167.9	158.8	5.2%	5.7%
Total Assets	1,765.4	1,587.6	1,459.6	11.2%	8.8%
Deferred outflows of resources	3.7	3.5	1.5	5.7%	133.3%
<b>LIABILITIES</b>					
Current liabilities	288.4	284.5	273.2	1.4%	4.1%
Non-current liabilities	373.0	311.8	296.9	19.6%	5.0%
Total liabilities	661.4	596.3	570.1	10.9%	4.6%
Deferred inflows of resources	16.8	9.3	2.7	80.6%	244.4%
<b>NET POSITION</b>					
Invested in capital assets - net of related debt	931.7	822.2	711.4	13.3%	15.6%
Restricted nonexpendable	0.5	0.3	0.4	66.6%	-25.0%
Restricted expendable	13.5	17.9	32.6	-24.6%	-45.1%
Unrestricted	145.1	145.1	143.9	0.0%	0.8%
Total net position	1,090.8	985.5	888.3	10.7%	10.9%
Total liabilities and net position	\$ 1,752.2	\$ 1,581.8	\$ 1,458.4	10.8%	8.5%

*Current assets* at June 30, 2014 of \$529.4 million increased by \$68.4 million or 14.8% primarily due to increases in investments of \$67.9 million. Total current assets represent coverage of current operating expenses excluding depreciation and amortization of approximately nine months. The System's current ratio of 1.8:1 at the end of the fiscal year, an increase from ratio of 1.6:1, as the prior fiscal year.

*Current assets* at June 30, 2013 of \$461.0 million increased by \$37.0 million or 8.7% primarily due to increases in investments of \$28.3 million and Due from the State of Connecticut of \$1.8 million. Total current assets represent coverage of current operating expenses excluding depreciation and amortization of approximately nine months. The System's current ratio of 1.6:1 at the end of the fiscal year 2013 is the same as the prior fiscal year.

THE CSUS FINANCIAL POSITION



June 30, 2014 and 2013

Total *non-current assets* at June 30, 2014, of \$1,235.9 million increased by \$109.3 million or 6.9% from the fiscal year 2013 level of \$1,126.6 million primarily due to increases in net investment in plant of \$100.6 million and investments of \$6.7 million.

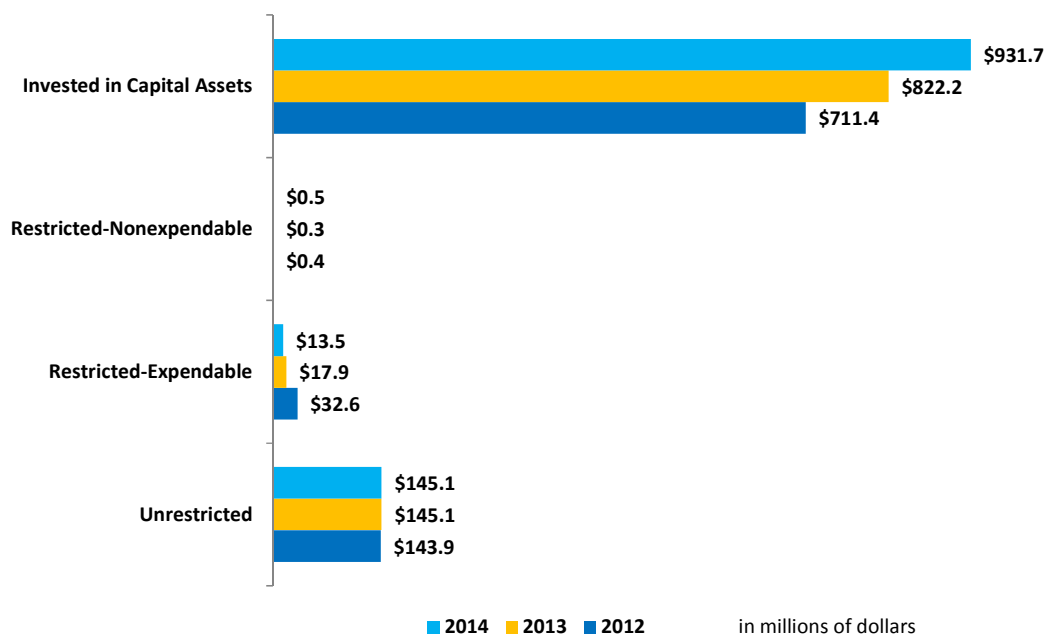
Total *non-current assets* at June 30, 2013, of \$1,126.6 million increased by \$91.0 million or 8.8% from the fiscal year 2012 level of \$1,035.6 million primarily due to increases in net investment in plant of \$81.9 million and cash and equivalents of \$8.1 million.

*Current liabilities* at June 30, 2014 of \$288.4 million increased by \$3.9 million, mainly due to the increase in accrued salaries and benefits of \$3.6 million.

*Non-current liabilities* at June 30, 2014 of \$373.0 million increased by \$61.3 million, mainly due to the increase in Bonds Payable of \$59.8 million for the current year's decrease for payment of principal, offset by the addition of new bonds in FY2014.

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

### THE CSUS NET POSITION



The *Unrestricted net position* represents funds available to support CSUS activities and operations at the discretion of the Board of Regents, the President, and the University Presidents. The majority of this balance has been designated for specific purposes but, most importantly, included in the Unrestricted Net Position are certain University fee receipts and parking fee receipts that have been designated by Universities to meet debt service obligations.

**Net Investment in Plant**  
**June 30, 2014, 2013 and 2012**  
**(in millions)**

	2014	2013	2012
Land	\$ 19.7	\$ 19.7	\$ 19.8
Buildings & improvements	1,332.6	1,209.3	1,133.6
Land improvements	100.5	96.7	90.1
Furniture, Fixtures & Equipment	143.2	142.1	137.4
Library books and materials	69.1	66.7	64.4
Construction in progress	112.4	98.7	57.5
<b>Total investment in plant</b>	<b>1,777.5</b>	<b>1,633.2</b>	<b>1,502.8</b>
Less accumulated depreciation	718.3	674.5	626.0
<b>Investment in plant, net of depreciations</b>	<b>\$ 1,059.2</b>	<b>\$ 958.7</b>	<b>\$ 876.8</b>

At fiscal year end June 30, 2014, the System had total investment in plant assets of \$1,777.5 million, an increase of \$144.3 million or 8.8% over the fiscal year end 2013 level of \$1,633.2 million. This increase was primarily due to the increase in construction in progress for more CSUS 2020 projects that are at various stages of completion. Total additions to depreciable capital assets of \$145.8 million during the fiscal year reflect the System’s continued commitment to provide its students with state-of-art buildings and equipment as more CSUS projects continue to be started and/or completed.

At fiscal year end June 30, 2013, the System had total investment in plant assets of \$1,633.2 million, an increase of \$130.4 million or 8.7% over the fiscal year end 2012 level of \$1,502.8 million. This increase was primarily due to the increase in construction in progress for more CSUS 2020 projects that are at various stages of completion. Total additions to depreciable capital assets of \$96.4 million during the fiscal year reflect the System’s continued commitment to provide its students with state-of-art buildings and equipment.

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

June 30, 2014 and 2013

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CSUS Universities. Effective July 1, 2008, this program, known as “CSUS 2020”, provides CSUS with additional flexibility in the allocation of bond funds, through the one time allocation of \$950 million, with allotments approved annually by the Governor, thus allowing for more timely completion of major University construction projects. During FY 2009, the CSU System received \$95 million to finance the first year of the program. In FY 2010, the Governor deferred funding of the second year of the program, due to the fiscal condition of the state. In FY 2011, CSUS received the \$95 million that had been deferred in FY 2010 and received an additional \$95 million in 2012 for FY 2011, and \$95 million in 2013 for FY2012 and \$95 million in 2014 for FY2013.

In addition to its capital plan for academic and related facilities that are supported by State general obligation bonds, the System is in the eighteenth year of its long-range capital plan for the renovation and development of auxiliary service facilities. Funds available from nine Connecticut Health and Educational Facilities Authority (“CHEFA”) bond issues totaled \$342.2 million, at June 30, 2014. Subsequent to June 30, 2014, CHEFA O series of bonds was issued at \$21.4 million, to refund selected maturities from prior CHEFA bond issues. \$49.5 million was issued in February 2004, \$48.5 million was issued in June 2005, \$62.8 million was issued in April 2007, \$14.0 million was issued in June 2011, \$49 million was issued in March 2012 to refund selected maturities from prior CHEFA bond issues. In addition, \$50.6 million was issued in June 2005, \$27.0 million was issued in June 2011, \$34.1 million was issued in January 2013, and \$80.3 million was issued in October 2013. The Board of Regents has decided to suspend further action on the long range auxiliary service capital plan pending completion of the new system strategic plan, a comprehensive review of all capital facilities needs and a reevaluation of enrollment trends. The board has no pending approvals to move forward for financing under CHEFA.

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

June 30, 2014 and 2013

### Statement of Revenues, Expenses and Changes in Net Position

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

#### Condensed Statement of Revenues, Expenses and Changes in Net Position

June 30, 2014, 2013 and 2012

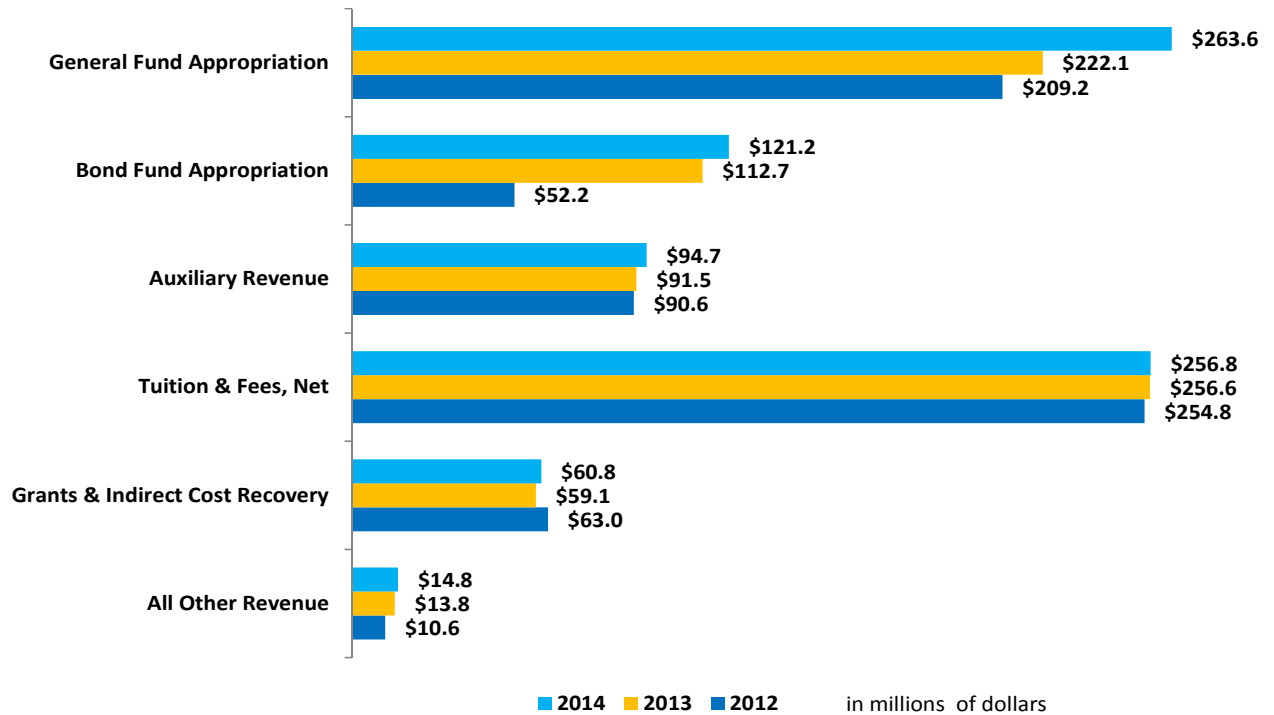
(in millions)

	2014	2013	2012	% Change	
				current yr	prior yr
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 256.8	\$ 256.6	\$ 254.8	0.1%	0.7%
Auxiliary revenues	94.8	91.5	90.6	3.6%	1.0%
Grants & indirect cost recoveries	60.8	59.0	63.0	3.1%	-6.3%
Other	19.9	17.0	17.1	17.1%	-0.6%
Total operating revenues	432.3	424.1	425.5	1.9%	-0.3%
<b>OPERATING EXPENSES</b>					
Expenses before depreciation and amortization	651.8	603.6	589.9	8.0%	2.3%
Depreciation	54.7	54.9	51.7	-0.4%	6.2%
Amortization	0.1	0.1	0.1	0.0%	0.0%
Total operating expenses	706.6	658.6	641.7	7.3%	2.6%
Operating loss	(274.3)	(234.5)	(216.2)	17.0%	8.5%
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
State appropriations	384.9	334.8	261.4	15.0%	28.1%
Investment income	1.1	1.1	1.1	0.0%	0.0%
Other	(6.4)	(4.2)	(7.6)	52.4%	-44.7%
Total non-operating revenues	379.6	331.7	254.9	14.4%	30.1%
<b>NET POSITION</b>					
Change in net position	105.3	97.2	38.7	8.3%	151.2%
Net position, beginning of year	985.5	888.3	849.6	10.9%	4.6%
Net position, end of year	\$ 1,090.8	\$ 985.5	\$ 888.3	10.7%	10.9%

In fiscal year 2014, state appropriations of \$384.9 million, representing 47.4% of the System's total net revenues, were \$50.1 million or 15.0% above fiscal year 2013. State appropriations are received for both operating and capital purposes. In the current year the System was allotted \$263.6 million for operating purposes and \$121.3 million for capital purposes. These allotments were 18.7% above and 7.6% above the prior year levels, respectively. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. Approximately 57% of the System's fiscal year 2014 full time salary and fringe benefit costs were funded from State appropriations. The receipt of title to plant facilities of \$6.2 million during the fiscal year decreased by \$33.8 million from the prior year's level of \$39.9 million.

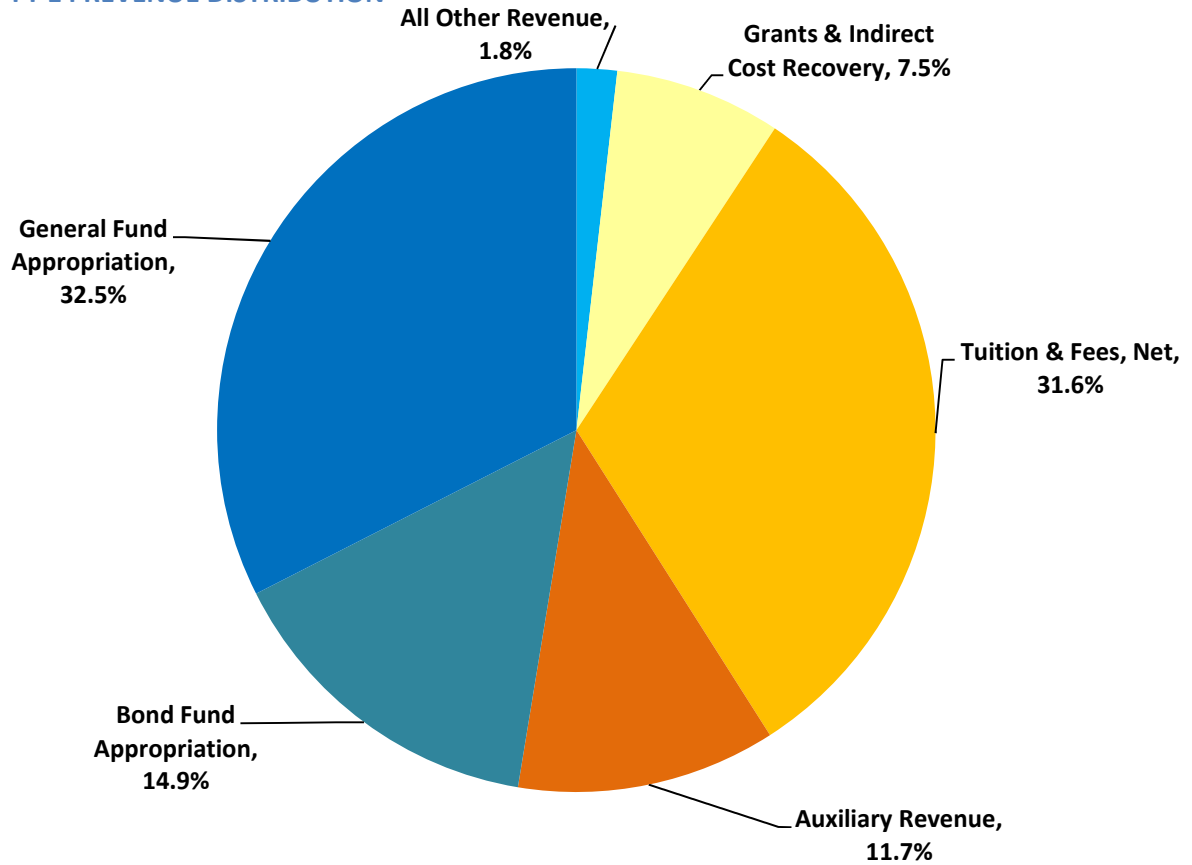
In fiscal year 2013, state appropriations of \$334.8 million, representing 44.3% of the System's total net revenues, were \$73.4 million or 28.1% above fiscal year 2012. State appropriations are received for both operating and capital purposes. In fiscal year 2013 the System was allotted \$222.1 million for operating purposes and \$112.7 million for capital purposes. These allotments were 6.2% above and 115.9% above the prior year levels, respectively. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. Approximately 52% of the System's fiscal year 2013 full time salary and fringe benefit costs were funded from State appropriations. The receipt of title to plant facilities of \$39.9 million during the fiscal year 2013 increased by \$37.0 million from the fiscal year 2012 level of \$2.9 million.

#### REVENUE SUMMARY



Investment income of \$1.1 million in fiscal year 2014 is basically level with fiscal year 2013.

**FY 14 REVENUE DISTRIBUTION**

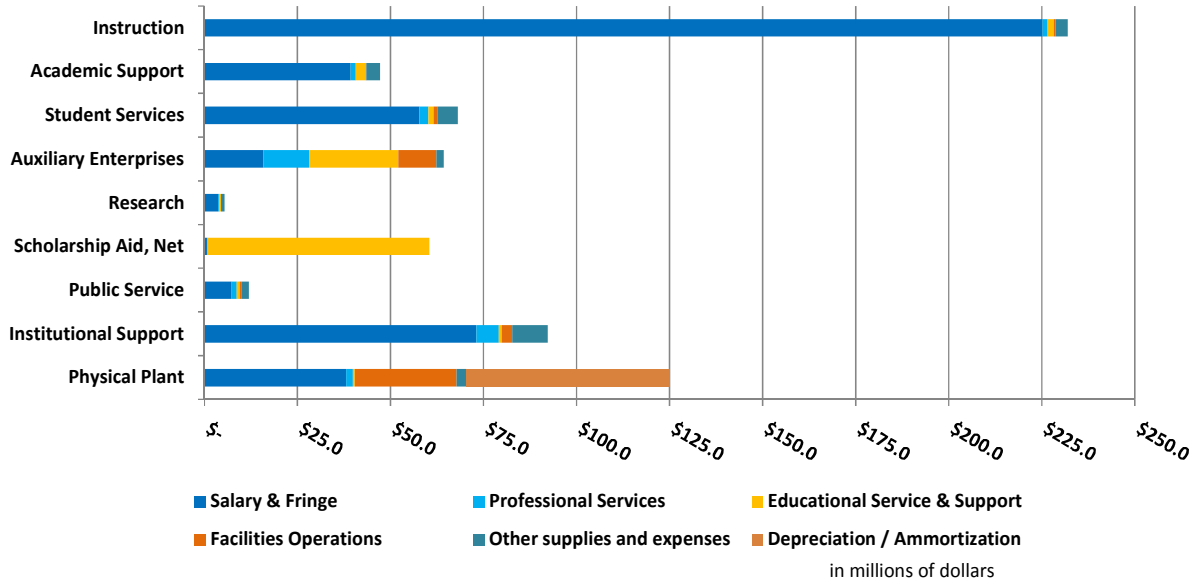


In fiscal year ended June 30, 2014, total operating expenses less depreciation and amortization of \$651.8 million increased by \$48.1 million or 8.0% from the prior fiscal year. The increase was primarily due to an increase in personnel services and fringe benefits of \$37.8 million and educational services and support of \$6.2 million.

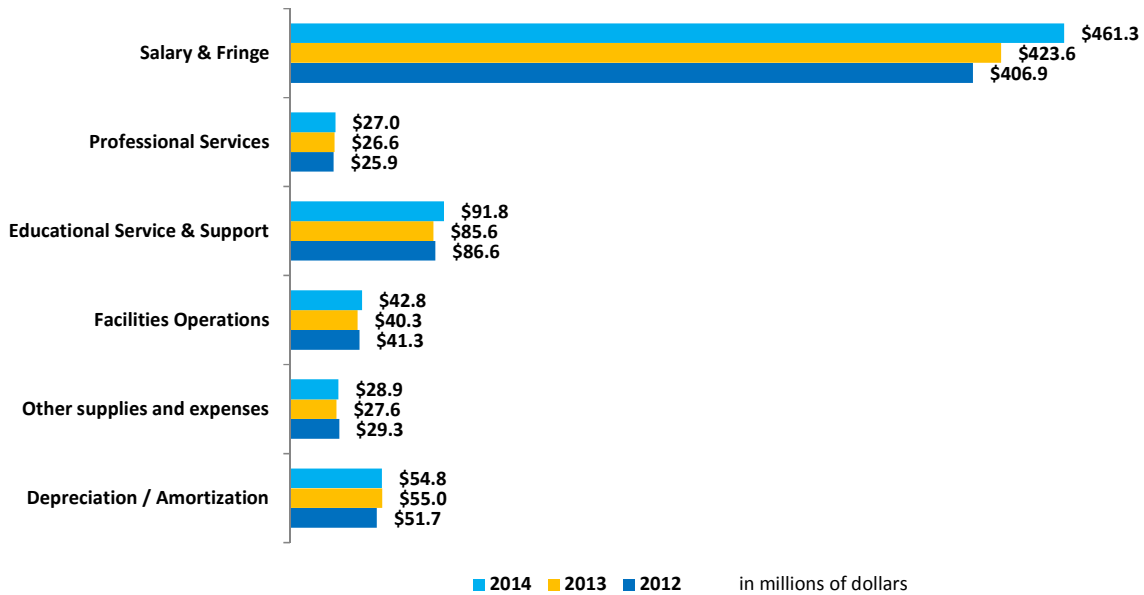
In fiscal year ended June 30, 2013, total operating expenses less depreciation and amortization of \$603.6 million increased by \$13.7 million or 2.3% from the prior fiscal year. The increase was primarily due to an increase in personnel services and fringe benefits of \$16.6 million.

Note 13 to the financial statements details operating expenses by function. The graph on the following page illustrates operating expenses by program & account type.

#### FY 14 EXPENSE by Program and Account Type



#### EXPENSE BY ACCOUNT TYPE





**Statement of Cash Flows**

The statement of cash flows presents the significant sources and uses of cash. The System’s change in its net increase in cash and cash equivalents at June 30, 2014 of \$3.4 million or 47.9% is primarily due to an increase in state appropriations (noncapital) receipts of \$43.7 million, a decrease in net cash provided by investing activities of \$44.2 million, and an increase in net cash provided by capital and related financing activities of \$32.3 million, offset by cash used in operating activities of \$28.4 million (with payment to salaries and benefits increasing by \$35.8 million).

**Statement of Cash Flows**  
**June 30, 2014, 2013 and 2012**  
**(in millions)**

	2014	2013	2012	% Change	
				current yr	prior yr
<b>CASH PROVIDED (USED) BY</b>					
Operating activities	\$ (203.8)	\$ (175.4)	\$ (173.6)	-16.2%	-1.0%
Non-Capital financing activities	266.1	222.5	224.2	19.6%	-0.8%
Capital & related financing activities	21.3	(11.0)	(53.6)	293.6%	79.5%
Investing activities	(73.1)	(29.0)	12.0	-152.1%	-341.7%
Net change in cash and cash equivalents	10.5	7.1	9.0	47.9%	-21.1%
<b>CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents, beginning of year	309.3	302.2	293.2	2.3%	3.1%
Cash and cash equivalents, end of year	\$ 319.8	\$ 309.3	\$ 302.2	3.4%	2.3%

### Economic Outlook

#### *Enrollment*

The following table indicates historical enrollment of undergraduate and graduate students for the 2009-2010 through 2013-2014 academic years. Also indicated is full-time equivalent student enrollment.

Fall Headcount Enrollment and Full Time Equivalent								
Year Ending June 30	Undergraduate	% Change	Graduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2014	28,585	-2.47%	5,516	2.85%	34,101	-1.64%	28,899	-0.27%
2013	29,308	-2.10%	5,363	-12.05%	34,671	-3.80%	28,978	-3.45%
2012	29,949	-0.60%	6,098	-6.30%	36,047	-1.60%	30,012	-1.30%
2011	30,122	1.40%	6,507	-4.40%	36,629	0.30%	30,407	1.10%
2010	29,694	1.50%	6,809	2.70%	36,503	1.70%	30,074	2.40%

#### *Student Admissions*

The table below shows the total of new full-time freshmen applications received, the number accepted, and the number who enrolled for the fall semesters of academic years 2010 through 2014.

Fall Semester First-Time Full-Time Student Admissions					
Year Ending June 30	Number of Applicants	Percent Accepted	Number Accepted	Percent Enrolled	Number Enrolled
2014	21,233	63.0%	13,369	32.0%	4,273
2013	18,979	66.7%	12,668	35.7%	4,521
2012	18,968	66.7%	12,647	35.5%	4,496
2011	20,173	63.4%	12,792	35.1%	4,492
2010	20,280	61.4%	12,447	35.9%	4,470

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

Full time equivalent enrollments for the fall of FY2014 are down and have been declining for the past 3 years. Total headcount enrollment declined by 1.6%, from 34,671 students in fall of 2013 to 34,101 students as compared to fall 2014. Fall full time undergraduate enrollment dropped by 2.5% from fall 2013, and full time graduate enrollment increased by 2.9% in the same period. All the Universities experienced a decline with Southern CSU and Western CSU experiencing sharper declines in overall enrollment. The State demographics suggest a decreasing population of high school graduates over the coming year. In the absence of success in increasing student demand from other sources, the state Universities will see a decline in enrollment in the short term, if projections of high school graduations are realized.

The impact of reduced enrollments but an increase in tuition and fee rates of 5.1% results in a slight increase in tuition and fee revenues for the FY 2014. Despite an overall increase in FY 2015 of 2.0% in tuition and fee rates, tuition and fee revenues in FY 2015 are only projected to increase by approximately 2.5% due to projected flat

June 30, 2014 and 2013

enrollment. The Board has engaged consulting support to review current enrollment management policies and practices with the goal of formulating new strategies to increase recruitment and retention of students.

Total state appropriations of \$384.9 million are 30.6% higher in FY2014 than FY2013. State appropriations for fiscal year 2015 are expected to be higher than FY2014, in part due to increases in reimbursed fringe benefit costs. Fringe benefit costs in FY2015 are expected to increase significantly due to both an increase in the overall rate brought about by, among other factors, higher health care costs, and a conversion by employees to a more expensive retirement program.

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

In addition in FY2014, the Board received approval to finance debt under a Connecticut Health and Educational Facilities Authority (CHEFA) bond issues totaling \$80.3 million. This financed mainly a residential life hall under CHEFA. Most of this project will be funded with University fee revenue balances, residence hall fees, and future revenues that remain strong, despite recent enrollment decline.

During fiscal year 2014, at the Universities in design are: new police department building (Western), renovations to Willard and Diloretto Halls (Central), new food service facility (Central), renovations to Litchfield Hall (Western), renovations to Shaffer Hall (Eastern), Goddard Hall renovations (Eastern) and telecommunications fiber infrastructure upgrades (system wide). In construction are: new fine arts instructional center (Eastern), Buley Library renovations (Southern), new academic laboratory building (Southern), new residential life hall (Central) and resident life wireless telecommunication upgrades (system wide). Construction that was completed: new maintenance/salt shed facility, outdoor track (Eastern), telecommunications, athletic support building (Eastern), new warehouse (Eastern), interior renovations at Occum Hall (Eastern), new parking garage (Southern) and new fine arts instructional center (Western).

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

- Develop a long-term tuition plan to help students’ better plan for the cost of college.
- Improve student retention rates and increase enrollment through new initiatives like Go Back to Get Ahead which targets residents seeking to complete degrees and outreach to returning military to evaluate experiential learning for academic credit.
- Build high-tech smart classrooms to facilitate learning.
- Streamline core administrative functions establish a common academic calendar and a single application, create opportunity for system-wide course registration and degree pathway management.
- Improve system-wide credit transfer and course articulation to reduce time to degree completion and keep tuition costs in check.

June 30, 2014 and 2013

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- Expand early college programs to all the community colleges to reduce remediation, decrease degree completion time to save tuition dollars, and connect with students who might not consider college.
- Align workforce development mission with the strongest industry growth sectors as identified by the State Department of Economic and Community Development and Department of Labor.
- Strengthen teacher training programs and provide ongoing supports for new teachers.
- Expand advanced manufacturing programs at Housatonic, Naugatuck Valley, Asnuntuck, and Quinebaug Valley Community Colleges to increase student capacity and incumbent worker training programs.
- Build strong partnerships with business and industry to give students access to internships, externships, and a strong career network.
- Develop a system-wide academic/facilities master plan to strategically map out program expansion.
- Address deferred maintenance at all 17 institutions.

Management is strongly committed to advocating for forward-thinking, long-term shifts in University and system operations. The primary focus of these strategies is to provide better services and experiences to students. Late in FY14 the Board of Regents hired the Boston Consulting Group (BCG) to support development of an integrated strategic plan, Transform CSCU 2020. BCG analyses and support covered six different organizational clusters of initiatives including; Workforce of Tomorrow, Transparency and Policies, Revenue Management, Organizational Efficiency and Effectiveness, Information Technology and Facilities. These initiatives are being considered in conjunction with proposals to highlight the academic specialties of each state University through program expansion and quality increases. There continues to be ongoing stakeholder engagement and the completed report is currently expected to be presented to the Board of Regents in the spring of 2015.

### **Additional Information**

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

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Notes 2 and 12)	\$ 187,179,304	\$ 178,566,392
Investments (Note 2)	123,965,173	56,065,089
Student receivables	178,553,303	183,602,491
Allowance-doubtful student receivables	(6,752,847)	(4,033,118)
Student receivables, net (Note 3)	<u>171,800,456</u>	<u>179,569,373</u>
Student loans receivable (Notes 3 and 4)	2,338,496	3,647,274
Grants receivable, net (Note 3)	2,523,676	3,177,806
Miscellaneous receivables, net (Note 3)	1,652,416	1,897,571
Due from the State of Connecticut (Notes 1 and 5)	36,373,884	34,523,169
Prepaid expenses and other current assets	3,609,208	3,578,007
Total current assets	<u>529,442,613</u>	<u>461,024,681</u>
<b>Noncurrent assets</b>		
Cash and cash equivalents (Notes 2 and 12)	132,605,935	130,706,071
Investments (Note 2)	34,816,746	28,154,778
Student loans receivable	12,226,297	11,940,836
Allowance-doubtful loan receivables	(3,216,178)	(3,068,056)
Loans receivable, net (Notes 3 and 4)	<u>9,010,119</u>	<u>8,872,780</u>
Other assets	276,622	155,234
Investment in plant	1,777,456,605	1,633,154,910
Accumulated depreciation	(718,224,536)	(674,477,711)
Investment in plant, net of accumulated depreciation (Note 6)	<u>1,059,232,069</u>	<u>958,677,199</u>
Total noncurrent assets	<u>1,235,941,491</u>	<u>1,126,566,062</u>
Total assets	<u>\$ 1,765,384,104</u>	<u>\$ 1,587,590,743</u>
<b>Deferred outflows of resources</b>		
Discount on bonds payable (Note 8)	\$ 3,662,667	\$ 3,514,740
Total deferred outflows of resources	<u>\$ 3,662,667</u>	<u>\$ 3,514,740</u>

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

	<b>2014</b>	<b>2013</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 14,786,936	\$ 11,181,962
Accrued salaries and benefits	43,942,313	40,320,268
Accrued compensated absences (Note 7)	2,555,959	2,632,091
Due to the State of Connecticut	3,673,446	3,610,062
Unearned tuition, fees and grant revenue (Note 9)	186,779,672	194,600,299
Bonds payable (Note 8)	20,516,281	18,052,030
Accrued bond interest payable	2,507,040	1,966,577
Other liabilities	10,029,179	8,528,860
Depository accounts	3,577,242	3,638,250
Total current liabilities	<u>288,368,068</u>	<u>284,530,399</u>
Noncurrent liabilities		
Accrued compensated absences (Note 7)	39,131,064	36,049,361
Bonds payable (Note 8)	323,665,002	263,841,283
Federal loan program advances	9,777,097	9,777,097
Delayed compensation	490,781	190,662
Other liabilities (Note 7)	-	1,889,946
Total noncurrent liabilities	<u>373,063,944</u>	<u>311,748,349</u>
Total liabilities	<u>\$ 661,432,012</u>	<u>\$ 596,278,748</u>
<b>Deferred inflows of resources</b>		
Premium on bonds payable (Note 8)	\$ 16,772,386	\$ 9,285,568
Total deferred inflows of resources	<u>\$ 16,772,386</u>	<u>\$ 9,285,568</u>
<b>Net Position</b>		
Invested in capital assets, net of related debt	\$ 931,728,706	\$ 822,230,356
Restricted		
Nonexpendable	467,116	311,710
Expendable	13,513,230	17,929,715
Unrestricted	145,133,321	145,069,386
Total net position	<u>\$ 1,090,842,373</u>	<u>\$ 985,541,167</u>

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

# Connecticut State University System

## Combined Statement of Net Assets – Component Units

June 30, 2014 and 2013



	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,010,647	\$ 4,466,301
Investments	101,245,432	84,801,765
Contributions and other receivables	10,050,341	4,928,844
Prepaid expenses and other assets	957,423	1,068,717
Investment in plant, net	5,847,312	6,013,773
Total assets	<u>\$ 123,111,155</u>	<u>\$ 101,279,400</u>
<b>Liabilities</b>		
Accounts payable	\$ 446,927	\$ 100,044
Custodial obligation payable	33,350	39,375
Other liabilities	1,533,463	1,215,509
Long-term debt	136,715	174,097
	<u>2,150,455</u>	<u>1,529,025</u>
<b>Net assets</b>		
Permanently restricted	75,428,543	67,848,240
Temporarily restricted	43,734,384	30,334,554
Unrestricted	1,797,773	1,567,581
Total net assets	<u>120,960,700</u>	<u>99,750,375</u>
Total liabilities and net assets	<u>\$ 123,111,155</u>	<u>\$ 101,279,400</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

June 30, 2014 and 2013



	2014	2013
Operating revenues		
Tuition and fees		
Tuition and fees (Note 1)	\$ 297,700,533	\$ 293,365,102
Less		
Scholarships allowance	28,693,537	24,997,055
Waivers	12,235,634	11,797,739
Tuition and fees, net of scholarship allowances and waivers	<u>256,771,362</u>	<u>256,570,308</u>
Federal grants and contracts	44,766,937	43,540,258
State and local grants and contracts	11,951,121	11,836,115
Nongovernment grants and contracts	3,465,745	3,067,340
Indirect cost recoveries	657,151	664,761
Auxiliary revenues (Note 1)	94,760,063	91,472,111
Other operating revenues (Note 1)	19,971,030	16,998,768
Total operating revenues	<u>432,343,409</u>	<u>424,149,661</u>
Operating expenses (Note 13)		
Personnel service and fringe benefits	461,342,335	423,529,337
Professional services and fees	26,976,151	26,642,220
Educational services and support	91,777,134	85,585,975
Travel expenses	6,881,665	6,643,602
Operation of facilities	42,847,888	40,313,947
Other operating supplies and expenses	21,971,735	20,945,243
Depreciation expense	54,755,367	54,895,678
Amortization expense	78,851	80,392
Total operating expenses	<u>706,631,126</u>	<u>658,636,394</u>
Operating loss	<u>(274,287,717)</u>	<u>(234,486,733)</u>
Nonoperating revenues (expenses)		
State appropriations	263,644,775	222,070,727
Gifts	3,164,734	2,087,634
Investment income	1,103,402	1,138,452
Interest expense	(9,827,849)	(7,780,599)
State financed plant facilities	6,164,432	39,938,994
Other nonoperating revenues	2,094,935	2,173,382
Net nonoperating revenues	<u>266,344,429</u>	<u>259,628,590</u>
(Loss) income before other changes in net position	<u>(7,943,288)</u>	<u>25,141,857</u>
Other changes in net position		
State appropriations restricted for capital purposes	115,058,253	72,760,956
Loss on disposal of capital assets	(1,813,759)	(683,938)
Net other changes in net position	<u>113,244,494</u>	<u>72,077,018</u>
Net increase in net position	<u>105,301,206</u>	<u>97,218,875</u>
Net position		
Net position - beginning of year	<u>985,541,167</u>	<u>888,322,292</u>
Net position - end of year	<u>\$ 1,090,842,373</u>	<u>\$ 985,541,167</u>

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



# Connecticut State University System

## Statements of Revenues, Expenses and Changes in Net Assets – Component Units

June 30, 2014 and 2013



### Years Ended June 30, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014	2013
<b>Revenues, gains and other support</b>					
Contributions	\$ 2,518,272	\$ 6,359,768	\$ 7,578,422	\$ 16,456,462	\$ 8,338,902
Program income	19,174	621,702	-	640,876	556,284
Investment income	183,807	1,562,418	4,016	1,750,241	2,665,595
Gain (loss) on investments	374,080	11,824,423	(36,752)	12,161,751	6,834,393
Other income	207,492	-	-	207,492	169,142
Net assets released from restrictions	6,653,086	(6,649,704)	(3,382)	-	-
Total revenues, gains and other support	9,955,911	13,718,607	7,542,304	31,216,822	18,564,316
<b>Operating expenses</b>					
Scholarships and awards	1,342,872	-	-	1,342,872	1,066,004
University support	4,829,429	-	-	4,829,429	3,926,809
Auxiliary services	1,172,060	-	-	1,172,060	1,252,102
Academic enrichment	422,508	-	-	422,508	422,045
Fundraising	1,268,811	-	-	1,268,811	957,974
Management and general	970,817	-	-	970,817	810,653
Total operating expenses	10,006,497	-	-	10,006,497	8,435,587
Transfers between funds	281,777	(319,777)	38,000	-	-
Changes in net assets	231,191	13,398,830	7,580,304	21,210,325	10,128,729
<b>Net assets</b>					
Beginning of year	1,566,582	30,335,554	67,848,239	99,750,375	89,621,646
End of year	\$ 1,797,773	\$ 43,734,384	\$ 75,428,543	\$ 120,960,700	\$ 99,750,375

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

	2014	2013
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 230,386,486	\$ 232,207,668
Grants and contracts	60,824,054	57,606,732
Auxiliary revenues	85,732,815	79,061,738
Other operating revenues	32,328,444	26,912,686
Payments to employees for salaries and benefits	(456,364,859)	(420,549,224)
Payments to suppliers	(7,636,901)	(6,412,657)
Professional services and fees	(27,917,693)	(26,667,356)
Educational services and support	(91,777,135)	(85,834,017)
Travel expenses	(6,881,664)	(6,616,631)
Operation of facilities	(34,965,386)	(35,410,584)
Other operating supplies and expenses	(13,358,627)	(15,486,938)
University fee receipts	25,876,152	25,740,256
Net cash used in operating activities	<u>(203,754,314)</u>	<u>(175,448,327)</u>
<b>Cash flows from noncapital financing activities</b>		
State appropriations	261,122,323	217,440,077
Gifts for other than capital purposes	2,916,132	2,846,594
Nonoperating revenue other	2,094,929	2,201,985
Net cash provided by noncapital financing activities	<u>266,133,384</u>	<u>222,488,656</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	89,370,381	40,703,114
Purchases of investments	(163,620,326)	(69,992,730)
Interest and dividends received on investments	1,095,921	339,506
Net cash used in investing activities	<u>(73,154,024)</u>	<u>(28,950,110)</u>
<b>Cash flows from capital and related financing activities</b>		
Cash paid for capital assets	(149,273,475)	(93,893,517)
State capital appropriations received	122,150,507	75,673,538
Proceeds of new bond issuance	80,340,000	34,060,000
Repayments of capital debt and leases	(18,052,030)	(16,210,758)
Interest paid on capital debt and leases	(13,565,165)	(10,299,777)
Payments on bond issuance costs	(312,107)	(293,342)
Net cash provided by and used in capital and related financing activities	<u>21,287,730</u>	<u>(10,963,856)</u>
Net increase in cash and cash equivalents	10,512,776	7,126,363
Cash and cash equivalents, beginning of year	309,272,463	302,146,100
Cash and cash equivalents, end of year	<u>\$ 319,785,239</u>	<u>\$ 309,272,463</u>

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

June 30, 2014 and 2013

(Continued)

	2014	2013
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (274,287,717)	\$ (234,486,733)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	54,755,367	54,895,678
Bad debt write-offs	-	35,070
Amortization	78,851	80,392
Changes in assets and liabilities:		
Receivables	9,839,645	(7,660,662)
Prepaid expenses and other	(26,064)	(272,295)
Accounts payable	2,617,681	(253,626)
Accrued salaries	3,622,044	2,360,361
Other liabilities	3,679,586	3,283,745
Due to/from the State of Connecticut	1,777	227,960
Unearned tuition, fees and grant revenues	(7,820,630)	4,622,392
Delayed compensation	300,119	300
Deposit accounts	(61,007)	200,696
Accrued bond interest payable	540,463	141,617
Accrued compensated absences	3,005,571	1,376,778
Net cash used in operating activities	<u>\$ (203,754,314)</u>	<u>\$ (175,448,327)</u>
<b>Noncash financing activity</b>		
Fixed assets included in accounts payable	\$ 4,202,322	\$ 3,893,813
State financed plant facilities	\$ 6,164,432	\$ 39,938,994
<b>Reconciliation of cash and cash equivalents to the combined statements of net position</b>		
Cash and cash equivalents classified as current assets	\$ 187,179,304	\$ 178,566,392
Cash and cash equivalents classified as noncurrent assets	<u>132,605,935</u>	<u>130,706,071</u>
	<u>\$ 319,785,239</u>	<u>\$ 309,272,463</u>

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

### 1. Summary of Significant Accounting Policies

#### Organization

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

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

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

#### New Accounting Pronouncements Implemented

CSUS implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective June 30, 2013. CSUS also implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, which required the CSUS to report certain previously reported assets as deferred outflows of resources, and previously reported liabilities as deferred inflows of resources, and previously reported net assets as net position, effective June 30, 2013.

#### Basis of Presentation

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

The financial statements include the statements of CSUS and its aggregate discretely presented component units. The statements of CSUS present the financial position of the four Universities (Central, Eastern, Southern and Western; collectively the “Universities”) and the central administrative organization (the System Office) of CSUS, after the elimination of inter-University accounts and transactions among the four Universities and the System Office. These statements have been presented utilizing the AICPA Industry Audit Guide, *Audits of State and Local Governments (GASB 34 Edition)* and are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the GASB.

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

- The statements of net position presents information on all of CSUS's assets, liabilities, deferred outflows and inflows, and net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of CSUS is improving or deteriorating.
- The statements of revenues, expenses and changes in net position presents information showing how CSUS's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in these statements for items that will only result in cash flows in future fiscal periods (e.g., the accrual for compensated absences).
- The statements of cash flows is presented using the direct method. The direct method of cash flow reporting portrays net cash flow from operations by major class of operating receipts and expenditures (e.g., payments to employees for salaries and benefits).

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

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

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

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

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

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

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

### Net Position

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

- **Invested in Capital Assets, Net of Related Debt**  
Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Similar net assets are included in unrestricted net assets in the statements of the component units.
- **Restricted Nonexpendable**  
Net position subject to externally imposed stipulations that they be maintained in perpetuity by CSUS. Similar net assets are referred to as permanently restricted net assets in the statements of the component units.
- **Restricted Expendable**  
Net position whose use by CSUS is subject to externally imposed stipulations that can be fulfilled by actions of CSUS pursuant to those stipulations or that expire by the passage of time. Similar net assets are referred to as temporarily restricted net assets in the statements of the component units.
- **Unrestricted**  
Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the BOR or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic and research programs and initiatives, and capital programs.

### Classification of Assets and Liabilities

CSUS presents short-term and long-term assets and liabilities in the statements of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from June 30, 2014 and 2013. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from June 30, 2014 and 2013. Cash and cash equivalents and investments presented as short-term in the statements of net position include balances with a maturity of one year or less from June 30, 2014 and 2013. Long-term cash and cash equivalents and investments include balances with a maturity of greater than one year from June 30, 2014 and 2013 and balances that have externally imposed restrictions as to use.

Short-term liabilities include balances that are expected to be paid in one year or less from June 30, 2014 and 2013. Long-term liabilities include balances that are expected to be paid after one year from June 30, 2014 and 2013.

#### **Fair Value of Financial Instruments**

Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable, accounts payable, accrued interest and deposits. Investments are carried at fair value, based upon quoted market prices. The fair value of bonds payable is estimated using discounted cash flow analyses, based on current borrowing rates for similar types of borrowing arrangements and approximate carrying value at June 30, 2014 and 2013.

#### **Cash, Cash Equivalents and Investments**

Cash and cash equivalents consist of petty cash, checking accounts and a Short-Term Investment Fund ("STIF"), see Notes 2 and 12. Cash equivalents are investments which have maturities when purchased of three months or less.

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

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

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

#### **Indirect Cost Recoveries**

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

#### **Inventories**

The Universities' inventories of \$998,908 and \$913,456 at June 30, 2014 and 2013, respectively, consist primarily of supplies for plumbing, maintenance, auto, carpentry, electrical and custodial, and are valued at cost. Inventories are included in prepaid expenses and other current assets in the statements of net position.

#### **Investment in Plant**

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



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

Major construction projects for new physical plant and original equipment financed by the State of Connecticut capital outlay appropriations are managed and controlled by the Department of Construction Services of the State of Connecticut (“DCS”). For projects other than CSUS 2020 projects, the entire cost value of the project is recognized as revenue and recorded as state financed plant facilities by the Universities when the project is complete and/or when title passes from DCS to CSUS. Amounts recognized for such projects were \$6.1 million and \$39.9 million for the years ended June 30, 2014 and 2013, respectively. Connecticut State University System’s comprehensive long-term capital infrastructure investment plan (“CSUS 2020”), was developed consistent with master facilities plans established by its individual Universities – Central, Eastern, Southern and Western Connecticut State Universities. For CSUS 2020 projects administered by DCS, revenue and construction in progress are recorded as project expenses are incurred. In regards to CSUS 2020 projects, DCS administers the larger projects – generally more than \$2 million. For CSUS 2020 projects, the state general obligation bond proceeds are deposited into the CSUS 2020 Fund. For the previously mentioned projects, CSUS does not receive the appropriation, which is why the revenue and capital asset are not recorded until project completion. The revenue recognized for CSUS 2020 projects being administered by DCS is included in “State appropriations restricted for capital purposes”.

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

### **Interest Capitalization**

Interest expense incurred during the construction of capital assets is capitalized, if material, net of interest income earned on related debt proceeds. CSUS incurred net interest expense of \$12.9 million and \$10.4 million for the fiscal years ended June 30, 2014 and 2013, respectively. Interest capitalized for the fiscal years ended June 30, 2014 and 2013, totaled \$4.2 million and \$2.9 million, respectively. The cumulative capitalized interest was \$18.4 million and \$14.2 million as of June 30, 2014 and 2013, respectively. The capitalized interest is being amortized over 35 years. Amortization of capitalized interest for the years ended June 30, 2014 and 2013 was \$.5 million and \$.4 million, respectively.

### **Compensated Absences**

Employees earn their right to be compensated during absences for annual leave, sick leave and other fringe benefits. The accompanying balance sheet reflects the accrual for the amounts earned and, ultimately, payable for such benefits (see Note 7).

### **Due from/Due to the State of Connecticut**

Accrued salaries and related fringe benefit costs for CSUS employees, whose salaries will be charged to the State of Connecticut General Fund totaled \$25.0 million and \$21.5 million as of June 30, 2014 and 2013, respectively. CSUS has reflected a related receivable from the State of Connecticut for these costs which will be charged to the General Fund appropriation for the following year, in accordance with the state budget approved prior to June 30, 2014 and 2013, respectively.



CSUS has also recorded a receivable from the State of Connecticut related to allocated bond financing for capital projects when allotted by the Governor (see Note 5).

#### **Unearned Tuition, Fees and Grant Revenues**

Unearned tuition, fees and grant revenues consist primarily of tuition and fees that have been billed or collected at June 30, 2014 and 2013, but applicable to the 2014 or 2013 summer sessions held subsequent to June 30 or upcoming fall sessions. Direct charges related to these sessions are reported in the period the tuition and fees are recognized as income.

#### **Federal Loan Program Advances**

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

#### **Tuition and Fees Revenue**

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

#### **Auxiliary Revenues**

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

#### **Other Operating Revenues**

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

#### **Income Tax Status**

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

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the Financial statements and accompanying notes at June 30, 2014 and 2013 and revenues and expenses recognized during the reporting period. Major estimates include the accrual for employee compensated absences and the allowances for doubtful accounts. Actual results could differ from those estimates.

#### **Subsequent Events**

In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2014, through December 23, 2014, the date the financial statements were issued. In September 2014, CHEFA Series O bonds in the amount of \$21.4 million were sold. See Footnote 8 for additional discussion.

**Reclassification**

The 2013 financial statements of the primary institution have been revised to correct for a \$18,485,933 misclassification of debt service funds that were determined to be unrestricted, rather than as restricted expendable as previously reported in the 2013 statements of net position. Additionally, 2013 financial statements of the primary institution have been revised to correct for a \$524,019 misclassification between discount on bonds payable and premium on bonds payable. CSUS has concluded that the revision is not material.

**2. Cash, Cash Equivalents and Investments**

Cash and cash equivalents includes approximately \$86.3 million and \$78.8 million at June 30, 2014 and 2013, respectively, invested in the State of Connecticut Treasurer’s Short-Term Investment Fund (STIF), a combined investment pool of high quality, short-term money market instruments. CSUS may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet CSUS’s daily cash flow requirements.

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

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rates at June 30, 2014 and 2013 were .15% and .19%, respectively. CSUS operating funds held by the State that participated in the aforementioned program were \$218.0 million and \$219.6 million at June 30, 2014 and 2013, respectively.

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

	2014		2013	
	Cost	Fair value	Cost	Fair value
Cash and cash equivalents	\$ 319,785,239	\$ 319,785,239	\$ 309,272,463	\$ 309,272,463
U.S. Mutual Funds- Governmental	144,043,198	144,043,198	69,305,122	69,305,122
Guaranteed Investment Contracts	14,738,721	14,738,721	14,914,745	14,914,745
	<u>\$ 478,567,158</u>	<u>\$ 478,567,158</u>	<u>\$ 393,492,330</u>	<u>\$ 393,492,330</u>

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

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

*Credit Risk* – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CSUS is invested in U.S. Government obligations, which are not considered to have credit risk. The average credit quality rating of CSUS’s guaranteed investment contracts was AA+, as rated by Standard & Poor’s Ratings as of June 30, 2014.

*Custodial Credit Risk* – At June 30, 2014 and 2013, the carrying amount of CSUS’s bank deposits was \$6.2 million and \$1.5 million, respectively, as compared to bank balances of \$7.0 million and \$3.1 million, respectively. The differences between the carrying amount and bank balances were primarily caused by deposits in transit and outstanding checks. Of such bank balances, \$.8 million is covered by federal deposit insurance as of June 30, 2014 and 2013. The remaining balances of \$6.2 million and \$2.3 million at June 30, 2014 and 2013, respectively are uninsured and uncollateralized and therefore subject to custodial credit risk.

*Concentration of Credit Risk* – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5 percent or more of the total value of investments. 66% of CSUS total cash, cash equivalents and investments is invested in the STIF and the State’s pooled, interest credit program accounts as of June 30, 2014 compared to 78% at the end of fiscal year 2013.

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

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

Debt Securities	2014				
	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government obligations	\$ 144,043,198	\$ 144,043,198	\$ -	\$ -	\$ -
Guaranteed Investment Contracts	14,738,721	-	1	14,738,714	6
	<u>\$ 158,781,919</u>	<u>\$ 144,043,198</u>	<u>\$ 1</u>	<u>\$ 14,738,714</u>	<u>\$ 6</u>

Debt Securities	2013				
	Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Government obligations	\$ 69,305,122	\$ 69,305,122	\$ -	\$ -	\$ -
Guaranteed Investment Contracts	14,914,745	-	1	5,709,578	9,205,166
	<u>\$ 84,219,867</u>	<u>\$ 69,305,122</u>	<u>\$ 1</u>	<u>\$ 5,709,578</u>	<u>\$ 9,205,166</u>

**3. Receivables**

Receivables consisted of the following at June 30:

	<b>2014</b>	<b>2013</b>
Student accounts receivable	\$ 178,553,303	\$ 183,602,491
Student loans receivable	14,564,793	15,588,110
Grants receivable	2,638,726	3,292,856
Miscellaneous receivables	1,652,416	1,897,571
	<u>197,409,238</u>	<u>204,381,028</u>
Less allowance for doubtful accounts	<u>(10,084,075)</u>	<u>(7,216,224)</u>
Net accounts receivable	<u>\$ 187,325,163</u>	<u>\$ 197,164,804</u>

Student accounts receivable above include \$164,303,023 and \$172,163,088 representing amounts included in unearned tuition, fees and grant revenue at June 30, 2014 and 2013, respectively. Grants receivable is shown gross of an allowance for doubtful accounts of \$115,050 at June 30, 2014 and 2013, respectively.

**4. Loans Receivable**

Student loans made through the Federal Perkins Loan Program (the “Program”) comprise substantially all of the loans receivable at June 30, 2014 and 2013. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University for amounts canceled under these provisions.

As CSUS determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the US Department of Education. The University has provided an allowance for uncollectible loans, which, in management’s opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2014 and 2013, the allowance for uncollectible loans was \$3,216,178 and \$3,068,056, respectively.

**5. Due from the State of Connecticut**

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

	<b>2014</b>	<b>2013</b>
Receivable for accrued salaries, interest and fringe benefits to be paid by State of Connecticut General Fund	\$ 25,058,455	\$ 21,606,001
State appropriations for capital projects	<u>11,315,429</u>	<u>12,917,168</u>
	<u>\$ 36,373,884</u>	<u>\$ 34,523,169</u>

Bond financing for capital projects authorized by the State Legislature is available for allotment by the Governor when allocated for specific projects by the State Bond Commission. CSUS recognizes such resources when they are allotted, which is the point at which commitments can be made against them. This amount, recorded as a receivable, is drawn against as related capital projects are constructed. The majority of CSUS's capital projects have historically been financed through the issuance of general obligation bonds of the State of Connecticut (see Note 8).

**6. Investment in Plant**

The following are the components of investment in plant, and the respective year's activity:

	Year ended June 30, 2014			
	Balance June 30, 2013	Additions	Retirements and Transfers	Balance June 30, 2014
<b>Capital assets not being depreciated:</b>				
Land	\$ 19,681,525	\$ 39,119	\$ -	\$ 19,720,644
Capitalized collections	8,130,739	272,315	(51,529)	8,351,525
Construction in progress	98,743,773	85,837,316	(72,183,552)	112,397,537
	<u>\$ 126,556,037</u>	<u>\$ 86,148,750</u>	<u>\$ (72,235,081)</u>	<u>\$ 140,469,706</u>
Total capital assets not being depreciated				
	<u>\$ 126,556,037</u>	<u>\$ 86,148,750</u>	<u>\$ (72,235,081)</u>	<u>\$ 140,469,706</u>
<b>Other capital assets:</b>				
Land improvements	\$ 96,730,149	\$ 3,774,421	\$ (51,456)	\$ 100,453,114
Buildings and building improvements	1,209,246,484	124,076,430	(676,484)	1,332,646,430
Furniture, fixtures and equipment	142,057,843	15,356,555	(14,170,697)	143,243,701
Library materials	58,564,397	2,589,006	(509,749)	60,643,654
	<u>1,506,598,873</u>	<u>145,796,412</u>	<u>(15,408,386)</u>	<u>1,636,986,899</u>
Total other capital assets				
	<u>1,506,598,873</u>	<u>145,796,412</u>	<u>(15,408,386)</u>	<u>1,636,986,899</u>
Less accumulated depreciation for:				
Land improvements	(50,694,269)	(4,337,039)	-	(55,031,308)
Buildings and building improvements	(490,507,770)	(35,970,337)	587,690	(525,890,417)
Furniture, fixtures and equipment	(97,483,027)	(11,003,498)	9,911,102	(98,575,423)
Library materials	(35,792,645)	(3,444,493)	509,750	(38,727,388)
	<u>(674,477,711)</u>	<u>(54,755,367)</u>	<u>11,008,542</u>	<u>(718,224,536)</u>
Total accumulated depreciation				
	<u>(674,477,711)</u>	<u>(54,755,367)</u>	<u>11,008,542</u>	<u>(718,224,536)</u>
Other capital assets, net	<u>\$ 832,121,162</u>	<u>\$ 91,041,045</u>	<u>\$ (4,399,844)</u>	<u>\$ 918,762,363</u>
<b>Capital asset summary:</b>				
Capital assets not being depreciated	\$ 126,556,037	\$ 86,148,750	\$ (72,235,081)	\$ 140,469,706
Other capital assets, at cost	1,506,598,873	145,796,412	(15,408,386)	1,636,986,899
	<u>1,633,154,910</u>	<u>231,945,162</u>	<u>(87,643,467)</u>	<u>1,777,456,605</u>
Total cost of capital assets				
	<u>1,633,154,910</u>	<u>231,945,162</u>	<u>(87,643,467)</u>	<u>1,777,456,605</u>
Less accumulated depreciation				
	<u>(674,477,711)</u>	<u>(54,755,367)</u>	<u>11,008,542</u>	<u>(718,224,536)</u>
Capital assets, net	<u>\$ 958,677,199</u>	<u>\$ 177,189,795</u>	<u>\$ (76,634,925)</u>	<u>\$ 1,059,232,069</u>

	Year ended June 30, 2013			Balance June 30, 2013
	Balance June 30, 2012	Additions	Retirements and Transfers	
<b>Capital assets not being depreciated:</b>				
Land	\$ 19,829,081	\$ -	\$ (147,556)	\$ 19,681,525
Capitalized collections	8,042,451	88,288	-	8,130,739
Construction in progress	57,485,458	59,993,487	(18,735,172)	98,743,773
<b>Total capital assets not being depreciated</b>	<b>\$ 85,356,990</b>	<b>\$ 60,081,775</b>	<b>\$ (18,882,728)</b>	<b>\$ 126,556,037</b>
<b>Other capital assets:</b>				
Land improvements	\$ 90,104,693	\$ 6,625,456	\$ -	\$ 96,730,149
Buildings and building improvements	1,133,622,063	75,895,567	(271,146)	1,209,246,484
Furniture, fixtures and equipment	137,372,636	11,076,874	(6,391,667)	142,057,843
Library materials	56,373,963	2,843,284	(652,850)	58,564,397
<b>Total other capital assets</b>	<b>1,417,473,355</b>	<b>96,441,181</b>	<b>(7,315,663)</b>	<b>1,506,598,873</b>
Less accumulated depreciation for:				
Land improvements	(46,544,550)	(4,147,281)	(2,438)	(50,694,269)
Buildings and building improvements	(455,555,700)	(34,955,941)	3,871	(490,507,770)
Furniture, fixtures and equipment	(90,997,033)	(12,263,271)	5,777,277	(97,483,027)
Library materials	(32,916,310)	(3,529,185)	652,850	(35,792,645)
<b>Total accumulated depreciation</b>	<b>(626,013,593)</b>	<b>(54,895,678)</b>	<b>6,431,560</b>	<b>(674,477,711)</b>
<b>Other capital assets, net</b>	<b>\$ 791,459,762</b>	<b>\$ 41,545,503</b>	<b>\$ (884,103)</b>	<b>\$ 832,121,162</b>
<b>Capital asset summary:</b>				
Capital assets not being depreciated	\$ 85,356,990	\$ 60,081,775	\$ (18,882,728)	\$ 126,556,037
Other capital assets, at cost	1,417,473,355	96,441,181	(7,315,663)	1,506,598,873
<b>Total cost of capital assets</b>	<b>1,502,830,345</b>	<b>156,522,956</b>	<b>(26,198,391)</b>	<b>1,633,154,910</b>
Less accumulated depreciation	(626,013,593)	(54,895,678)	6,431,560	(674,477,711)
<b>Capital assets, net</b>	<b>\$ 876,816,752</b>	<b>\$ 101,627,278</b>	<b>\$ (19,766,831)</b>	<b>\$ 958,677,199</b>

**7. Accrued Compensated Absences**

Accrued compensated absences as of June 30, include:

	<b>2014</b>	<b>2013</b>
Accrued vacation	\$ 23,374,419	\$ 21,809,050
Accrued sick leave	8,142,068	7,417,588
Other accrued fringe benefits	10,170,536	9,454,814
	<u>41,687,023</u>	<u>38,681,452</u>
Less: current portion	2,555,959	2,632,091
Noncurrent portion	<u>\$ 39,131,064</u>	<u>\$ 36,049,361</u>

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

<b>Balance as of June 30, 2012</b>	\$ 36,340,981
Additions in 2013	4,324,815
Retirements in 2013	<u>(1,984,344)</u>
<b>Balance as of June 30, 2013</b>	38,681,452
Additions in 2014	5,796,524
Retirements in 2014	<u>(2,790,953)</u>
<b>Balance as of June 30, 2014</b>	<u>\$ 41,687,023</u>

These accruals represent estimated amounts earned by all eligible employees through June 30, 2014 and 2013. These accrued compensated absences will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of CSUS. The current portion of compensated absences is estimated based on recent past history.

In May 2009, the State of Connecticut offered employees meeting certain criteria, a Retirement Incentive Plan (“RIP”). For those employees opting to accept the RIP, their accrued compensation for vacation and sick time in addition to incentive allocations were reclassified to a separate liability. Those amounts are to be paid out annually in equal installments over a three year period starting July 2012. The total amount of RIP liability was approximately \$2.0 million and \$4.0 million at June 30, 2014 and June 30, 2013, respectively. As of June 30, 2014 the RIP liability of \$2.0 million was all current, and approximately \$2.1 million was current as of June 30, 2013, being reported as current other liabilities on the statements of net position. Approximately \$1.9 million of the RIP liability was noncurrent at June 30, 2013, being reported as noncurrent other liabilities.

**8. Bonds, Notes Payable and Capital Lease Obligations**

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



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

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

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

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

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

	Type	2014	2013
June 2001	Refunded	\$817,132	\$1,231,853
November 2001	Refunded	-	415,355
April 2005	Refunded	422,547	422,547
December 2007	Refunded	726,604	1,468,558
		<u>\$ 1,966,283</u>	<u>\$ 3,538,313</u>



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

Year	Principal	Interest
2015	\$ 1,141,281	\$ 137,577
2016	402,455	32,210
2017	422,547	22,586
	<u>\$ 1,966,283</u>	<u>\$ 192,373</u>

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

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

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

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

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

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

On April 4, 2012, CHEFA issued \$49.0 million of Series L Revenue Bonds on behalf of CSUS to advance refund portions of Series Bond E and current refund portions of Series Bond B. The Bonds mature from 2012 to 2029 with interest rates varying from two and one-half percent (2.5%) to four

percent (4.0%). Payment of the principal of, and interest on, the bonds are due to the Trustee on April 1 and October 1 of each year.

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

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

In connection with the fiscal year 2012 refunding of portions of Series B and E, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result the refunded bonds were considered an in substance defeasance and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair value of approximately \$53.6 million at June 30, 2012. The outstanding amount of the refunded bonds totaled approximately \$47.7 million at both June 30, 2014 and 2013. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$2.5 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operation over the life of new bonds using the straight-line method. As a result of defeasance, CSUS reduced its aggregate debt service payments by approximately \$8.6 million and achieved an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$4.2 million.

In connection with the fiscal year 2011 advance refunding of portions of Series E, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result the refunded bonds will be considered to be defeased and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair market value of approximately \$15.5 million at June 30, 2011. The outstanding amount of the refunded bonds totaled approximately \$14.7 million at both June 30, 2014 and 2013. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$.5 million. The difference, which was recorded as a reduction of bonds payable, is being charged to operation over the life of new bonds using the straight-line method. As a result of defeasance, CSUS will reduce its aggregate debt service payments by approximately \$1.0 million and achieve an economic gain (the difference between the present value of the old and new debt service payments) of approximately \$.9 million.

In connection with the fiscal year 2007 advance refunding of portions of Series D, E and G, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds were considered to be defeased, and the liability for those bonds has been removed from the statements of net position. Assets held in the trust accounts had an aggregate fair value of approximately \$63.8 million at June 30, 2007. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$2.4 million. The difference, which was recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. The outstanding amount of these refunded bonds totaled approximately \$60.1 million at both June 30, 2014 and 2013.

In connection with the fiscal year 2005 advance refunding of portions of Series B, C, D and E, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. Assets held in the trust accounts had an aggregate fair value of approximately \$52.8 million at June 30, 2005. The refunded bonds were considered to be defeased, and the liability for those bonds has been removed from the statements of net position. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3.1 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. The outstanding amount of these refunded bonds totaled approximately \$45.4 million and \$49.3 million at June 30, 2014 and 2013, respectively.

In connection with the fiscal year 2004 advance refunding of portions of Series A, B, C and D, CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. Assets held in the trust accounts had an aggregate fair value of approximately \$53.9 million at June 30, 2004. The refunded bonds were considered to be defeased, and the liability for those bonds has been removed from the statements of net position. The refunding of the bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$5.3 million. The difference, which is recorded as a reduction of bonds payable, is being charged to operations over the life of new bonds using the straight-line method. The outstanding amount of these refunded bonds totaled approximately \$7.5 million and \$16.6 million at June 30, 2014 and 2013, respectively.

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

	<b>2014</b>	<b>2013</b>
CHEFA Revenue Bonds Series F	\$7,225,000	\$15,960,000
CHEFA Revenue Bonds Series G	28,590,000	30,425,000
CHEFA Revenue Bonds Series H	44,410,000	48,300,000
CHEFA Revenue Bonds Series I	62,240,000	62,335,000
CHEFA Revenue Bonds Series J	24,965,000	26,010,000
CHEFA Revenue Bonds Series K	14,000,000	14,005,000
CHEFA Revenue Bond Series L	47,250,000	47,260,000
CHEFA Revenue Bond Series M	33,195,000	34,060,000
CHEFA Revenue Bond Series N	80,340,000	-
	<u>\$ 342,215,000</u>	<u>\$ 278,355,000</u>

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

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

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 19,375,000	\$ 14,597,699
2016	19,875,000	13,702,204
2017	18,205,000	12,830,144
2018	18,350,000	11,988,175
2019	17,215,000	11,170,794
2020-2024	87,735,000	43,807,181
2025-2029	76,260,000	25,714,337
2030-2034	83,110,000	8,595,284
2035-2036	2,090,000	84,400
	<u>\$ 342,215,000</u>	<u>\$ 142,490,218</u>

In September 2014 and subsequent to June 30, 2014, CHEFA Series O bonds in the amount of \$21.4 million were sold, refunding all of the remaining Series F and a portion of Series G in the total amount of \$2.1 million. This sale resulted in a net savings to CSUS of \$.8 million in principal and a \$1.5 million savings in interest. Had the CHEFA O bonds been outstanding at June 30, 2014, the principal and interest payments would have been as follows:

<b>Maturity</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 19,695,000	\$ 14,191,878
2016	19,845,000	13,588,166
2017	18,140,000	12,739,832
2018	18,370,000	11,903,600
2019	17,235,000	11,085,619
2020-2024	87,535,000	43,389,006
2025-2029	75,765,000	25,417,138
2030-2034	82,825,000	8,564,884
2035-2036	2,090,000	84,400
	<u>\$ 341,500,000</u>	<u>\$ 140,964,523</u>

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

<b>Maturity in Fiscal Year</b>	<b>2014</b>	<b>2013</b>
2016	\$ 5,181	\$ 16,854
2020	123,211	162,037
2030	490,091	533,200
2032	206,222	225,372
2033	349,128	381,073
2034	2,310,245	2,000,369
2036	178,589	195,835
	<u>\$ 3,662,667</u>	<u>\$ 3,514,740</u>

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

<b>Maturity in Fiscal Year</b>	<b>2014</b>	<b>2013</b>
2015	\$ 6,111	\$ 18,435
2016	1,343	4,366
2020	1,051,134	1,332,946
2030	1,852,806	2,015,779
2032	479,493	524,019
2033	4,733,167	5,166,250
2034	8,444,205	-
2036	204,127	223,773
	<u>\$ 16,772,386</u>	<u>\$ 9,285,568</u>

June 30, 2014 and 2013

Long-term liability and deferred inflows of resource activity for the years ended June 30, 2014 and 2013 was as follows:

	Year Ended June 30, 2014			
	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Bonds payable	\$ 281,893,313	\$ 80,340,000	\$ (18,052,030)	\$ 344,181,283
Premium on bonds payable, net of original issue discount and deferred loss on bond refunding	9,285,568	8,831,003	(1,344,185)	16,772,386
Total bonds payable	291,178,881	89,171,003	(19,396,215)	360,953,669
Delayed compensation	190,662	300,118	-	490,780
Total	\$ 291,369,543	\$ 89,471,121	\$ (19,396,215)	\$ 361,444,449

	Year Ended June 30, 2013			
	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Bonds payable	\$ 264,044,071	\$ 34,060,000	\$ (16,210,758)	\$ 281,893,313
Premium on bonds payable, net of original issue discount and deferred loss on bond refunding	4,677,249	5,300,893	(692,574)	9,285,568
Total bonds payable	268,721,320	39,360,893	(16,903,332)	291,178,881
Capital lease obligations	5,874	-	(5,874)	-
Delayed compensation	190,362	300	-	190,662
Total	\$ 268,917,556	\$ 39,361,193	\$ (16,909,206)	\$ 291,369,543

## 9. Unearned Tuition, Fees and Grant Revenue

Unearned tuition, fees and grant revenue consists of the following at June 30, 2014 and 2013:

	2014	2013
Unearned tuition and fees	\$ 184,669,549	\$ 192,448,424
Grants and contracts	1,853,110	1,991,172
Other	257,013	160,703
	<u>\$ 186,779,672</u>	<u>\$ 194,600,299</u>

### 10. Retirement and Other Post Employment Benefits

#### Plan Description

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of CSUS employees who participate in the State Employees' Retirement System ("SERS") and these financial statements do not include any liability for pension or other post employment benefits. SERS is the administrator of a single employer defined benefit public employee retirement system ("PERS"). The plan provides retirement, disability, death benefits and annual cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in the General Statutes. The plan does not issue stand alone financial reports. Information on the plan is currently publicly available in the State of Connecticut's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller.

Tier III or the Hybrid Plan are the 2 primary SERS plan options available to CSUS employees first hired into state service on or after July 1, 2011 (some employees are eligible to elect the Teachers Retirement System – TRS). Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, Tier III, or TRS depending on several factors. As of June 30, 2014 and 2013, approximately thirty-five percent (35%) of the CSUS workforce was covered under the Tier II or Tier IIA Plans. CSUS makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut. The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the State of Connecticut and the State Employee Bargaining Agent Coalition (SEBAC), provides a new retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a five percent employer match and four percent interest in lieu of a defined benefit.

Alternatively, employees may choose to participate in the Alternate Retirement Plan which is managed by Voya Financial ("Voya") (formerly known as ING). Under this arrangement, plan participants contribute 5% of their pay and the State contributes 8% to individual participants' investment accounts managed by Voya. CSUS contributes a fringe benefit charge to the State which includes the 8% employer contribution and an administrative charge. The aforementioned 2011 SEBAC agreement provides CSUS employees who were both hired before July 1, 2011 and participating in ARP with a one-time irrevocable option through a date not yet determined of electing to transfer their membership from ARP to the Hybrid Plan and purchasing credit in the Hybrid Plan for their prior services at full actuarial cost.

#### Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature.

Tier I Plan B regular and Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base plus 5% above that level. Tier I Plan C and Hybrid Plan members are required to contribute 5% of their annual salary. Tier IIA Plan and Tier III Plan regular and Hazardous Duty members are required to contribute 2% and 5% of their annual salaries, respectively.



The State is required to contribute at an actuarially determined rate, which may be reduced by an act of the State legislature. Administrative costs of the plan are funded by the State.

**Other Post Employment Benefits**

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

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

**11. Commitments and Contingencies**

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

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

CSUS had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30, 2014 and 2013. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances at June 30, 2014 and 2013 were as follows:

	<b>2014</b>	<b>2013</b>
System Office	\$ 2,114,881	\$ 740,043
Central Connecticut State University	3,722,058	6,170,190
Eastern Connecticut State University	1,624,619	4,774,553
Southern Connecticut State University	2,120,301	2,284,110
Western Connecticut State University	5,320,860	2,409,690
	<u>\$ 14,902,719</u>	<u>\$ 16,378,586</u>



### 12. Intra-University and Related Party Activities

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

In addition to those transactions identified in Note 5, the accompanying statements of net position includes balances among related parties. Significant balances for the years ended June 30, were as follows:

	<b>2014</b>	<b>2013</b>
Cash balances held with the State of Connecticut on behalf of the universities (excluding STIF)	\$ 227,284,456	\$ 228,967,508
Amounts invested in the Connecticut STIF	<u>86,311,010</u>	<u>78,764,003</u>
	<u>\$ 313,595,466</u>	<u>\$ 307,731,511</u>

June 30, 2014 and 2013

**13. Natural Classification with Functional Classification**

The operating expenses by functional classification were as follows:

	Year ended June 30, 2014								
	Natural Classification								
	Personnel service and fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	\$ 39,452,553	\$ 1,328,493	\$ 2,653,530	\$ 1,534,075	\$ 173,461	\$ 2,145,011	\$ -	\$ -	\$ 47,287,123
Auxiliary enterprises	15,951,390	12,110,511	24,137,406	70,440	10,226,138	2,047,476	-	-	64,543,361
Institution support	73,101,064	6,042,612	838,605	717,170	2,753,019	8,927,001	-	-	92,379,471
Instruction	225,187,777	1,394,322	1,562,044	893,918	582,840	2,339,833	-	-	231,960,734
Physical plant	38,074,226	1,758,461	472,673	16,610	27,424,484	2,559,928	54,754,409	78,851	125,139,642
Public service	7,291,138	1,419,381	767,092	1,229,691	605,851	646,173	-	-	11,959,326
Research	3,800,533	343,537	380,378	398,996	47,725	511,062	-	-	5,482,231
Scholarships, loans and refunds	695,267	166,556	59,612,059	9,827	7,792	(648,498)	-	-	59,843,003
Student services	57,788,387	2,412,278	1,353,347	2,010,938	1,026,578	3,443,749	958	-	68,036,235
<b>Total expenses</b>	<b>\$ 461,342,335</b>	<b>\$ 26,976,151</b>	<b>\$ 91,777,134</b>	<b>\$ 6,881,665</b>	<b>\$ 42,847,888</b>	<b>\$ 21,971,735</b>	<b>\$ 54,755,367</b>	<b>\$ 78,851</b>	<b>\$ 706,631,126</b>

	Year ended June 30, 2013								
	Natural Classification								
	Personnel service and fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	\$ 34,992,823	\$ 1,243,843	\$ 2,856,598	\$ 1,432,034	\$ 639,567	\$ 2,223,987	\$ -	\$ -	\$ 43,388,852
Auxiliary enterprises	14,483,104	11,812,754	23,111,988	55,845	9,552,844	1,883,526	-	-	60,900,061
Institution support	70,992,701	6,247,363	537,518	621,310	3,415,476	8,266,694	-	-	90,081,062
Instruction	206,681,047	1,358,516	434,117	737,185	615,977	2,105,488	-	-	211,932,330
Physical plant	34,074,807	1,424,559	47,414	23,615	24,433,629	1,805,211	54,894,695	80,392	116,784,322
Public service	7,458,947	1,426,664	673,406	1,333,491	423,437	542,632	-	-	11,858,577
Research	3,283,461	804,784	370,602	421,690	58,265	514,835	-	-	5,453,637
Scholarships, loans and refunds	752,666	223,387	55,910,812	15,435	-	113,330	-	-	57,015,630
Student services	50,809,781	2,100,350	1,643,520	2,002,997	1,174,752	3,489,540	983	-	61,221,923
<b>Total expenses</b>	<b>\$ 423,529,337</b>	<b>\$ 26,642,220</b>	<b>\$ 85,585,975</b>	<b>\$ 6,643,602</b>	<b>\$ 40,313,947</b>	<b>\$ 20,945,243</b>	<b>\$ 54,895,678</b>	<b>\$ 80,392</b>	<b>\$ 658,636,394</b>

	<b>Page</b>
Combining Statements of Net Position	S-2
Combining Statements of Revenues, Expenses and Changes in Net Position	S-4
Combining Statements of Cash Flows	S-6

# Connecticut State University System

## Supplemental Information – Combining Statements of Net Position



June 30, 2014 with Comparative Totals as of June 30, 2013

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 56,765,968	\$ 24,647,418	\$ 57,491,091	\$ 28,221,455	\$ 20,053,372	\$ -	\$ 187,179,304	\$ 178,566,392
Investments	-	-	-	-	123,965,173	-	123,965,173	56,065,089
Student receivables	54,432,112	43,456,356	50,441,739	30,223,096	-	-	178,553,303	183,602,491
Allowance-doubtful student receivables	(1,017,390)	(3,298,910)	(1,064,652)	(1,371,895)	-	-	(6,752,847)	(4,033,118)
Student receivables, net	53,414,722	40,157,446	49,377,087	28,851,201	-	-	171,800,456	179,569,373
Student loans receivable	673,033	624,082	506,794	534,587	-	-	2,338,496	3,647,274
Grant receivables, net	817,292	468,989	805,702	431,693	-	-	2,523,676	3,177,806
Miscellaneous receivables, net	925,017	647,247	36,857	43,295	-	-	1,652,416	1,897,571
Due from the State of Connecticut	11,791,621	6,054,720	8,793,300	9,006,736	727,507	-	36,373,884	34,523,169
Due from SO and Universities	1,645,108	2,524	-	12,737	916,310	(2,576,679)	-	-
Prepaid expenses and other current assets	1,863,947	257,624	554,253	184,287	749,097	-	3,609,208	3,578,007
Total current assets	127,896,708	72,860,050	117,565,084	67,285,991	146,411,459	(2,576,679)	529,442,613	461,024,681
<b>Noncurrent assets:</b>								
Cash and cash equivalents	22,702,699	5,220,724	22,291,343	6,456,723	75,934,446	-	132,605,935	130,706,071
Investments	-	-	-	-	34,816,746	-	34,816,746	28,154,778
Student loans receivable	4,075,354	1,459,188	4,857,771	1,833,984	-	-	12,226,297	11,940,836
Allowance-doubtful loan receivables	(847,603)	(476,663)	(1,402,933)	(488,979)	-	-	(3,216,178)	(3,068,056)
Loans receivable, net	3,227,751	982,525	3,454,838	1,345,005	-	-	9,010,119	8,872,780
Other assets	-	-	168,637	107,985	-	-	276,622	155,234
Investment in plant	439,261,718	406,301,817	515,737,274	372,558,102	27,964,919	15,632,775	1,777,456,605	1,633,154,910
Accumulated depreciation	(200,885,829)	(150,371,326)	(209,929,017)	(133,638,077)	(23,400,287)	-	(718,224,536)	(674,477,711)
Investment in plant, net of accumulated depreciation	238,375,889	255,930,491	305,829,273	238,920,025	4,564,632	15,632,775	1,059,232,069	958,677,199
Total noncurrent assets	264,306,339	262,133,740	331,723,075	246,829,738	115,315,824	15,632,775	1,235,941,491	1,126,566,062
Total assets	\$ 392,203,047	\$ 334,993,790	\$ 449,288,159	\$ 314,115,729	\$ 261,727,283	\$ 13,056,096	\$ 1,765,384,104	\$ 1,587,590,743
<b>Deferred outflows of resources:</b>								
Discount on bonds payable	\$ -	\$ -	\$ -	\$ -	\$ 3,662,667	\$ -	\$ 3,662,667	\$ 3,514,740
Total deferred outflows of resources	\$ -	\$ -	\$ -	\$ -	\$ 3,662,667	\$ -	\$ 3,662,667	\$ 3,514,740

# Connecticut State University System

## Supplemental Information – Combining Statements of Net Position

June 30, 2014 with Comparative Totals as of June 30, 2013



	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
<b>Liabilities</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 4,566,984	\$ 2,814,814	\$ 4,665,928	\$ 1,117,723	\$ 1,621,487	\$ -	\$ 14,786,936	\$ 11,181,962
Accrued salaries and benefits	15,642,683	6,514,123	14,682,133	6,723,096	380,278	-	43,942,313	40,320,268
Accrued compensated absences	591,620	613,942	694,966	475,437	179,994	-	2,555,959	2,632,091
Due to the State of Connecticut	676,180	1,375,278	383,173	1,238,815	-	-	3,673,446	3,610,062
Due to SO and Universities	298,102	172,849	297,263	163,357	1,645,108	(2,576,679)	-	-
Unearned tuition, fees and grant revenue	61,336,721	38,873,497	56,108,850	30,223,406	237,198	-	186,779,672	194,600,299
Bonds payable	-	-	-	-	20,516,281	-	20,516,281	18,052,030
Accrued bond interest payable	-	-	-	-	2,507,040	-	2,507,040	1,966,577
Other liabilities	6,417,970	286,860	2,446,637	509,706	368,006	-	10,029,179	8,528,860
Depository accounts	1,006,567	696,597	1,775,312	99,096	(330)	-	3,577,242	3,638,250
<b>Total current liabilities</b>	<b>90,536,827</b>	<b>51,347,960</b>	<b>81,054,262</b>	<b>40,550,636</b>	<b>27,455,062</b>	<b>(2,576,679)</b>	<b>288,368,068</b>	<b>284,530,399</b>
<b>Noncurrent liabilities:</b>								
Accrued compensated absences	12,792,174	7,180,187	11,191,433	6,630,883	1,336,387	-	39,131,064	36,049,361
Bonds payable	-	-	-	-	323,665,002	-	323,665,002	263,841,283
Federal loan program advances	3,136,752	1,459,188	3,549,051	1,632,106	-	-	9,777,097	9,777,097
Delayed compensation	-	-	-	-	490,781	-	490,781	190,662
Other liabilities	-	-	-	-	-	-	-	1,889,946
<b>Total noncurrent liabilities</b>	<b>15,928,926</b>	<b>8,639,375</b>	<b>14,740,484</b>	<b>8,262,989</b>	<b>325,492,170</b>	<b>-</b>	<b>373,063,944</b>	<b>311,748,349</b>
<b>Total liabilities</b>	<b>\$ 106,465,753</b>	<b>\$ 59,987,335</b>	<b>\$ 95,794,746</b>	<b>\$ 48,813,625</b>	<b>\$ 352,947,232</b>	<b>\$ (2,576,679)</b>	<b>\$ 661,432,012</b>	<b>\$ 596,278,748</b>
<b>Deferred inflows of resources:</b>								
Premium on bonds payable	\$ -	\$ -	\$ -	\$ -	\$ 16,772,386	\$ -	\$ 16,772,386	\$ 9,285,568
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,772,386</b>	<b>\$ -</b>	<b>\$ 16,772,386</b>	<b>\$ 9,285,568</b>
<b>Net Position</b>								
Invested in capital assets, net of related debt	\$ 238,345,581	\$ 255,878,720	\$ 305,808,257	\$ 238,920,025	\$ (122,856,652)	\$ 15,632,775	\$ 931,728,706	\$ 822,230,356
<b>Restricted:</b>								
Nonexpendable	-	60,000	-	407,116	-	-	467,116	311,710
Expendable	1,099,057	6,663,862	1,339,243	4,385,612	25,456	-	13,513,230	17,929,715
Unrestricted	46,292,656	12,403,873	46,345,913	21,589,351	18,501,528	-	145,133,321	145,069,386
<b>Total net position</b>	<b>\$ 285,737,294</b>	<b>\$ 275,006,455</b>	<b>\$ 353,493,413</b>	<b>\$ 265,302,104</b>	<b>\$ (104,329,668)</b>	<b>\$ 15,632,775</b>	<b>\$ 1,090,842,373</b>	<b>\$ 985,541,167</b>

Supplemental Information – Combining Statements of Revenues, Expenses and Changes in Net Position

June 30, 2014 with Comparative Totals as of June 30, 2013

(Continued)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
Operating revenues:								
Tuition and fees:								
Tuition and fees, gross	\$ 98,526,461	\$ 45,411,013	\$ 97,333,627	\$ 50,712,999	\$ 5,716,433	\$ -	\$ 297,700,533	\$ 293,365,102
Less:								
Scholarships allowance	8,755,044	5,179,547	8,121,431	6,637,515	-	-	28,693,537	24,997,055
Waivers	4,385,111	2,631,917	3,581,321	1,637,285	-	-	12,235,634	11,797,739
Debt service fee	8,568,132	4,651,271	8,314,832	4,730,459	(25,876,152)	(388,542)	-	-
Tuition and fees, net of scholarship allowances and waivers	76,818,174	32,948,278	77,316,043	37,707,740	31,592,585	388,542	256,771,362	256,570,308
Federal grants and contracts	16,480,461	6,591,145	14,221,123	7,465,382	8,826	-	44,766,937	43,540,258
State and local grants and contracts	4,554,707	1,526,041	4,211,124	1,659,249	-	-	11,951,121	11,836,115
Nongovernment grants and contracts	1,225,834	69,514	2,158,397	12,000	-	-	3,465,745	3,067,340
Indirect cost recoveries	385,747	24,862	246,542	-	-	-	657,151	664,761
Auxiliary revenues	24,913,860	27,713,048	25,722,227	16,340,668	3,373,396	(3,303,136)	94,760,063	91,472,111
Other operating revenues	12,968,713	4,138,676	5,795,550	2,755,766	11,509,855	(17,197,530)	19,971,030	16,998,768
Total operating revenues	137,347,496	73,011,564	129,671,006	65,940,805	46,484,662	(20,112,124)	432,343,409	424,149,661
Operating expenses:								
Personnel service and fringe benefits	143,685,130	84,568,257	144,008,605	81,574,758	7,505,585	-	461,342,335	423,529,337
Professional services and fees	7,645,182	4,028,536	8,442,785	4,722,515	2,137,133	-	26,976,151	26,642,220
Educational services and support	29,278,462	15,427,353	30,226,571	16,842,353	2,395	-	91,777,134	85,585,975
Travel expenses	3,084,856	922,281	1,780,822	1,026,950	66,756	-	6,881,665	6,643,602
Operation of facilities	18,180,498	7,321,560	10,460,587	8,306,851	19,079,058	(20,500,666)	42,847,888	40,313,947
Other operating supplies and expenses	5,760,039	3,539,061	4,285,101	4,921,472	3,077,520	388,542	21,971,735	20,945,243
Depreciation expense	15,371,406	12,139,451	16,231,865	9,885,054	1,127,591	-	54,755,367	54,895,678
Amortization expense	-	-	33,087	45,764	-	-	78,851	80,392
Total operating expenses	223,005,573	127,946,499	215,469,423	127,325,717	32,996,038	(20,112,124)	706,631,126	658,636,394
Operating income (loss)	\$ (85,658,077)	\$ (54,934,935)	\$ (85,798,417)	\$ (61,384,912)	\$ 13,488,624	\$ -	\$ (274,287,717)	\$ (234,486,733)

June 30, 2014 with Comparative Totals as of June 30, 2013

(Continued)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
Nonoperating revenues (expenses)								
State appropriations	\$ 81,038,936	\$ 48,286,072	\$ 78,328,881	\$ 49,305,866	\$ 6,685,020	\$ -	\$ 263,644,775	\$ 222,070,727
Gifts	2,178,710	397,179	443,521	145,324	-	-	3,164,734	2,087,634
Investment income	126,770	50,544	121,511	50,411	754,166	-	1,103,402	1,138,452
Interest Expense	(6)	-	-	-	(13,565,165)	3,737,322	(9,827,849)	(7,780,599)
State financed plant facilities	6,164,432	-	-	-	-	-	6,164,432	39,938,994
Other nonoperating revenues	389,833	354,818	614,038	736,246	-	-	2,094,935	2,173,382
Net nonoperating revenues (expenses)	89,898,675	49,088,613	79,507,951	50,237,847	(6,125,979)	3,737,322	266,344,429	259,628,590
Income (loss) before other changes in net position	4,240,598	(5,846,322)	(6,290,466)	(11,147,065)	7,362,645	3,737,322	(7,943,288)	25,141,857
Other changes in net position								
State appropriations restricted for capital purposes	8,432,136	20,001,577	40,234,442	45,531,682	858,416	-	115,058,253	72,760,956
Loss on disposal of capital assets	(214,632)	(153,091)	(1,334,918)	(106,622)	(4,496)	-	(1,813,759)	(683,938)
Net other changes in net position	8,217,504	19,848,486	38,899,524	45,425,060	853,920	-	113,244,494	72,077,018
Net increase in net position	12,458,102	14,002,164	32,609,058	34,277,995	8,216,565	3,737,322	105,301,206	97,218,875
Net Position:								
Net Position - beginning of year	273,279,192	261,004,291	320,884,355	231,024,109	(112,546,233)	11,895,453	985,541,167	888,322,292
Net Position - end of year	\$ 285,737,294	\$ 275,006,455	\$ 353,493,413	\$ 265,302,104	\$ (104,329,668)	\$ 15,632,775	\$ 1,090,842,373	\$ 985,541,167

# Connecticut State University System

## Supplemental Information – Combining Statements of Cash Flows

June 30, 2014 with Comparative Totals as of June 30, 2013



	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
Cash flows from operating activities:								
Tuition and fees	\$ 75,675,666	\$ 33,752,038	\$ 77,314,418	\$ 37,539,389	\$ 5,716,433	\$ 388,542	\$ 230,386,486	\$ 232,207,668
Grants and contracts	23,118,715	7,956,961	20,644,007	8,936,696	167,675	-	60,824,054	57,606,732
Auxiliary revenues	21,433,233	27,513,595	25,159,961	14,929,162	-	(3,303,136)	85,732,815	79,061,738
Other operating revenues	18,175,493	4,626,071	8,822,938	3,541,428	14,360,044	(17,197,530)	32,328,444	26,912,686
Payments to employees for salaries and benefits	(141,998,621)	(82,966,171)	(143,322,735)	(80,990,452)	(7,086,880)	-	(456,364,859)	(420,549,224)
Payments to suppliers	(2,195,191)	(1,384,799)	(2,384,693)	(1,609,832)	(62,386)	-	(7,636,901)	(6,412,657)
Professional services and fees	(7,428,330)	(3,898,287)	(8,214,674)	(4,609,657)	(3,766,745)	-	(27,917,693)	(26,667,356)
Educational services and support	(29,278,462)	(15,427,353)	(30,226,572)	(16,842,353)	(2,395)	-	(91,777,135)	(85,834,017)
Travel expenses	(3,084,856)	(922,281)	(1,780,821)	(1,026,950)	(66,756)	-	(6,881,664)	(6,616,631)
Operation of facilities	(18,180,495)	(7,321,560)	(10,460,589)	(8,306,851)	(11,196,557)	20,500,666	(34,965,386)	(35,410,584)
Other operating supplies and expenses	(2,944,043)	(1,639,335)	(2,804,356)	(2,898,978)	(2,683,373)	(388,542)	(13,358,627)	(15,486,938)
University fee receipts	-	-	-	-	25,876,152	-	25,876,152	25,740,256
Net cash provided by (used in) operating activities	(66,706,891)	(39,711,121)	(67,253,116)	(51,338,398)	21,255,212	-	(203,754,314)	(175,448,327)
Cash flows from noncapital financing activities:								
State appropriations	79,766,197	50,702,562	77,510,090	46,462,356	6,681,118	-	261,122,323	217,440,077
Gifts for other than capital purposes	1,930,108	397,179	443,521	145,324	-	-	2,916,132	2,846,594
Nonoperating revenue other	389,827	354,818	614,038	736,246	-	-	2,094,929	2,201,985
Net cash provided by noncapital financing activities	\$ 82,086,132	\$ 51,454,559	\$ 78,567,649	\$ 47,343,926	\$ 6,681,118	\$ -	\$ 266,133,384	\$ 222,488,656



# Connecticut State University System

## Supplemental Information – Combining Statements of Cash Flows



June 30, 2014 with Comparative Totals as of June 30, 2013

(Continued)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
Cash flows from investing activities:								
Proceeds from sales and maturities of investments	\$ -	\$ -	\$ -	\$ -	\$ 89,370,381	\$ -	\$ 89,370,381	\$ 40,703,114
Purchases of investments	-	-	-	-	(163,620,326)	-	(163,620,326)	(69,992,730)
Interest and dividends received on investments	126,770	50,544	114,030	50,411	754,166	-	1,095,921	339,506
Net cash used in investing activities	126,770	50,544	114,030	50,411	(73,495,779)	-	(73,154,024)	(28,950,110)
Cash flows from capital and related financing activities:								
Cash paid for capital assets	(28,929,002)	(25,932,790)	(51,540,505)	(44,052,984)	1,181,806	-	(149,273,475)	(93,893,517)
State capital appropriations received	14,845,170	20,001,577	41,002,548	45,531,683	769,529	-	122,150,507	75,673,538
Proceeds of new bond issuance	-	-	-	-	80,340,000	-	80,340,000	34,060,000
Repayments of capital debt and leases	-	-	-	-	(18,052,030)	-	(18,052,030)	(16,210,758)
Interest paid on capital debt and leases	-	-	-	-	(13,565,165)	-	(13,565,165)	(10,299,777)
Payments on bond issuance costs	-	-	-	-	(312,107)	-	(312,107)	(293,342)
Net cash provided by and used in capital and related financing activities	(14,083,832)	(5,931,213)	(10,537,957)	1,478,699	50,362,033	-	21,287,730	(10,963,856)
Net increase in cash and cash equivalents	1,422,179	5,862,769	890,606	(2,465,362)	4,802,584	-	10,512,776	7,126,363
Cash and cash equivalents, beginning of year	78,046,488	24,005,373	78,891,828	37,143,540	91,185,234	-	309,272,463	302,146,100
Cash and cash equivalents, end of year	\$ 79,468,667	\$ 29,868,142	\$ 79,782,434	\$ 34,678,178	\$ 95,987,818	\$ -	\$ 319,785,239	\$ 309,272,463

June 30, 2014 with Comparative Totals as of June 30, 2013

(Continued)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2014	2013
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (85,658,076)	\$ (54,934,935)	\$ (85,798,417)	\$ (61,384,912)	\$ 13,488,623	\$ -	\$ (274,287,717)	\$ (234,486,733)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation expense	15,371,406	12,139,451	16,231,865	9,885,054	1,127,591	-	54,755,367	54,895,678
Bad debt write-offs	-	-	-	-	-	-	-	35,070
Amortization	-	-	33,087	45,764	-	-	78,851	80,392
Changes in assets and liabilities:								
Receivables	(1,221,237)	1,940,863	7,596,855	1,361,497	161,667	-	9,839,645	(7,660,662)
Prepaid expenses and other	27,891	(23,640)	(39,139)	2,530	6,294	-	(26,064)	(272,295)
Accounts payable	699,606	441,475	782,121	365,865	328,614	-	2,617,681	(253,626)
Accrued salaries	1,536,522	783,262	921,611	342,043	38,606	-	3,622,044	2,360,361
Other liabilities	(919,248)	(33,445)	(2,556,629)	(173,395)	7,362,303	-	3,679,586	3,283,745
Due to/from State of Connecticut	107,082	95,994	(47,991)	(153,308)	-	-	1,777	227,960
Due to/from Universities	1,846,464	139,639	228,111	100,121	(2,314,335)	-	-	-
Unearned tuition, fees and grant revenues	647,235	(1,111,148)	(5,429,716)	(2,085,850)	158,849	-	(7,820,630)	4,622,392
Delayed compensation	-	-	-	-	300,119	-	300,119	300
Deposit accounts	95,010	(2,004)	103,177	(257,040)	(150)	-	(61,007)	200,696
Accrued bond interest payable	-	-	-	-	540,463	-	540,463	141,617
Accrued compensated absences	760,454	853,367	721,949	613,233	56,568	-	3,005,571	1,376,778
Net cash used in operating activities	<u>\$ (66,706,891)</u>	<u>\$ (39,711,121)</u>	<u>\$ (67,253,116)</u>	<u>\$ (51,338,398)</u>	<u>\$ 21,255,212</u>	<u>\$ -</u>	<u>\$ (203,754,314)</u>	<u>\$ (175,448,327)</u>
Noncash investing, noncapital financing and capital and related financing transactions:								
Fixed assets included in accounts payable	\$ 1,424,373	\$ 338,755	\$ 1,474,407	\$ 22,055	\$ 942,732	\$ -	\$ 4,202,322	\$ 3,893,813
State financed plant facilities	\$ -	\$ -	\$ -	\$ -	\$ 6,164,432	\$ -	\$ 6,164,432	\$ 39,938,994
Reconciliation of cash and cash equivalents to the combined statements of net assets:								
Cash and cash equivalents classified as current assets	\$ 56,765,968	\$ 24,647,418	\$ 57,491,091	\$ 28,221,455	\$ 20,053,372	\$ -	\$ 187,179,304	\$ 178,566,392
Cash and cash equivalents classified as noncurrent assets	22,702,699	5,220,724	22,291,343	6,456,723	75,934,446	-	132,605,935	130,706,071
	<u>\$ 79,468,667</u>	<u>\$ 29,868,142</u>	<u>\$ 79,782,434</u>	<u>\$ 34,678,178</u>	<u>\$ 95,987,818</u>	<u>\$ -</u>	<u>\$ 319,785,239</u>	<u>\$ 309,272,463</u>