Connecticut State Universities

Annual Comprehensive Financial Report

for the year ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

CSCU

Connecticut State Universities

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Controller

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INTRODUCTORY SECTION

Connecticut State Colleges and Univerisites

Members of the Board of Regents for Higher Education

As of June 30, 2023

APPOINTED BY THE GOVERNOR

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

APPOINTED BY LEGISLATIVE LEADERS

Richard J. Balducci
Sophia Jappinen
Erin Steward

APPOINTED BY STUDENTS

Alexander Grant *(term expired May 19, 2023)*
Luis Sanchez *(term expired May 25, 2023)*

As of June 30, 2023 there are three vacancies: one Legislative Appointee and two Student Regent vacancies.

EX-OFFICIO, NON-VOTING MEMBERS

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

Connecticut State University Presidents
As of June 30, 2023

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

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

Dr. Dwayne Smith, Interim President
Southern Connecticut State University (SCSU)
501 Crescent Street
New Haven, CT 06515

Dr. Manohar Singh, Interim President
Western Connecticut State University (WCSU)
181 White Street
Danbury, CT 06810

Terrence Cheng, CSCU Chancellor
System Office, Connecticut State Colleges and Universities (CSCU)
61 Woodland Street, Hartford, CT 06105

FINANCIAL SECTION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Regents of
Connecticut State Colleges and Universities

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Connecticut State University System (the System Office; Central Connecticut State University; Eastern Connecticut State University; Southern Connecticut State University, and Western Connecticut State University), an enterprise fund of the State of Connecticut (collectively, "Entity" or "System") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the System as of June 30, 2023 and the respective changes in financial position and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units (the affiliated foundations (the "Foundations")), which statements reflect total assets of $199 million, and total net assets of $195 million as of June 30, 2023, and total revenues, capital gains and losses, and other support of $29 million for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of other auditors.

Basis for opinions

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

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

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

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

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

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

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

Emphasis of matter
As discussed in Note 1, the financial statements present only the System, an enterprise fund of the State of Connecticut and do not purport to, and do not present fairly, the financial position of the State of Connecticut as of June 30, 2023, the changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required supplementary information
Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 10 through 19 and the Schedule of Net Pension Liability and Related Ratios, Schedule of Net Post-Employment Benefits and Related Ratios, and Schedule of Contributions on pages 51 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplemental Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position, Combining Statement of Cash Flows, and Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group included on pages 57 through 64 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
December 21, 2023

INTRODUCTION

Management's Discussion and Analysis ("MD&A") provides an overview of the financial position and results of activities of the Connecticut State University System ("CSUS" or "System") for the fiscal year ended June 30, 2023 with selected comparative information from fiscal year 2022. 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.

Reporting Entity

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

CSUS is a state-wide public university system of higher learning in the State of Connecticut with 26,857 enrolled students. The Universities offer high-quality applied educational doctoral, graduate and undergraduate programs in more than 150 subject areas and provide extensive opportunities for internships, community service and cultural engagement. In total, CSUS employed approximately 3,000 full time employees at June 30, 2023.

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

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

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

Financial Statements

CSUS's financial report includes the following financial statements and related footnotes: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). As required by GASB Statements No. 34 and 35, fiscal year 2023 financial data is presented, both for the CSUS *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units").

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

Key Reporting Changes

In fiscal year 2023, the CSUS adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).* As a result of this adoption, the CSUS recorded right-of-use assets – subscriptions of $20.2 million, and subscription liabilities of $20.2 million. The GASB 96 adoption was reflected as of July 1, 2022.

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium. The new budget changes the way fringe is paid for institutions of higher education, and ultimately, CSCU's employee benefit retirement costs will move from CSCU to the state Comptroller's Office effective July 1, 2023. This change in methodology results in the state funding employee retirement costs and CSCU funding all non-retirement fringe costs and affected the accrued payroll calculation and the accumulated compensated absences calculation.

Financial Summary

The Connecticut State University System had total assets of $1.9 billion, liabilities of $2.2 billion, and a total net position balance of ($561.1) million at June 30, 2023. Of the total net position balance, ($1.7) billion is classified as unrestricted net position, a $210.8 million increase from 2022. The increase in total net position was attributed to a combination of factors including additional federal COVID-19 relief funding passed through to CSUS from the State, which helped offset the cumulative financial effects incurred from the pandemic. Other contributing factors include board-approved tuition rate increases, a reduction in operating expenses, and lower pension and other post-employment benefit (OPEB) expenses. These factors and other changes are further detailed in the following sections of the MD&A.

The large negative balance in unrestricted net position is a result of the adoption of GASB Statement No. 68 (Pensions) in fiscal year 2015 and GASB Statement No. 75 (Other Post-Employment Benefits) in fiscal year 2018. Adoption of GASB Statement No. 68 required the System to recognize a net liability for pension plans, which was previously disclosed only at the State level. The adoption of GASB Statement No. 75 required the System to recognize the net liability for other post-employment benefits (OPEB).

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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Connecticut State University System, including capital assets net of depreciation. The Statement of Net Position is a point-in-time financial statement and is used as a measure of the financial condition of the System. This statement presents a snapshot concerning assets classified as current (available for use within one year) and noncurrent (available beyond one year), liabilities categorized as current (due within one year) and noncurrent (due beyond one year), and net position. Assets represent what is owned by or what is owed to the System and are recorded at their current value except for capital assets, which are recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the System. A deferred outflow of resources represents the consumption of net assets by the System that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by the System that is applicable to a future reporting period. The System net position is the residual value in assets and deferred outflows after liabilities and deferred inflows are deducted. The change in Net Position is one indicator of whether the overall financial condition of System has improved or worsened during the year.

The following table shows a Condensed Schedule of Net Position at June 30 ($ in millions):

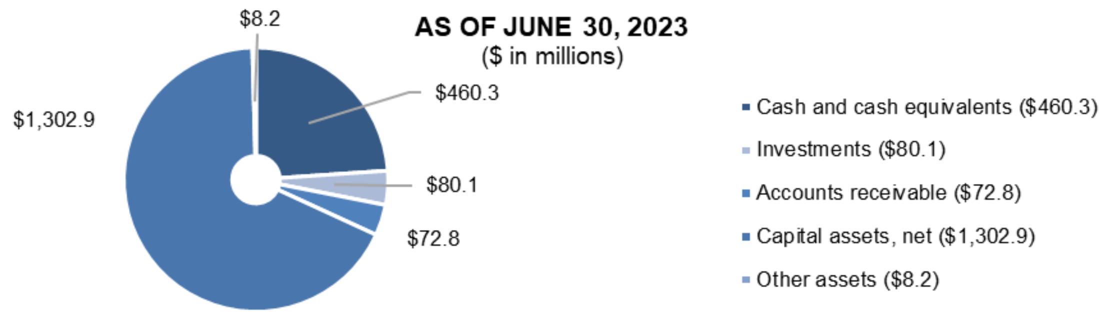
	2023	2022	% Change
ASSETS			
Current assets	$ 406.0	$ 391.6	3.7%
Non-current assets:			
Capital assets, net	1,302.9	1,278.0	1.9%
Other	215.3	191.2	12.6%
Total assets	1,924.2	1,860.8	3.4%
DEFERRED OUTFLOWS OF RESOURCES	517.0	626.3	(17.5%)
LIABILITIES			
Current liabilities	173.2	181.3	(4.5%)
Non-current liabilities	2,056.9	2,612.0	(21.3%)
Total liabilities	2,230.1	2,793.3	(20.2%)
DEFERRED INFLOWS OF RESOURCES	772.2	468.0	65.0%
NET POSITION			
Net investment in capital assets	1,015.6	1,020.4	(0.5%)
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	90.5	101.3	(10.5%)
Unrestricted	(1,667.8)	(1,896.3)	12.1%
Total net position	$ (561.1)	$ (774.1)	27.5%

Assets
Total assets increased by $63.4 million in fiscal year 2023 due to the following:

Current assets consists of cash, cash equivalents, investments, accounts receivable, and other assets and at June 30, 2023 was $406.0 million, an increase of $14.4 million from 2022. This was primarily due to the increase in cash of $58.0 million, offset by a decrease in investments of $17.3 million and a decrease in accounts receivable due from the State of $19.8 million. Cash increased due to a variety of factors including an increase in unearned revenue of $8.5 million, an escrow account of $20.8 million to be used for the purchase of IT infrastructure, and additional one-time COVID-related funding from the State's ARPA allotment of $83.7 million. The decrease in investments is primarily driven by $23.6 million in debt service payments. The accounts receivable due from State decreased mainly due to a smaller accrued payroll at the end of fiscal year 2023 than there was at the end of fiscal year 2022. Due to timing, in fiscal year 2022 there were two full pay periods accrued and these also included salary increases and retroactive payments required due to the State Employees Bargaining Agent Coalition ("SEBAC") agreement. In fiscal year 2023 there was only one full pay period plus one day accrued based on the timing of payroll. The change in the State's fringe methodology also reduced the amount recorded as Due from State.

Total non-current assets at June 30, 2023 of $1.5 billion increased by $49.0 million primarily due to an increase in capital assets, net of $24.8 million and an increase in cash and cash equivalents of $27.4 million. With the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements ("SBITAs")*, $20.2 million of right-of-use assets, net, were added to the balance sheet. GASB Statement No. 96 was adopted for the fiscal year ending June 30, 2023 and therefore is not reflected in June 30, 2022 condensed statements within this management discussion and analysis.

The following graph shows total assets by major category:

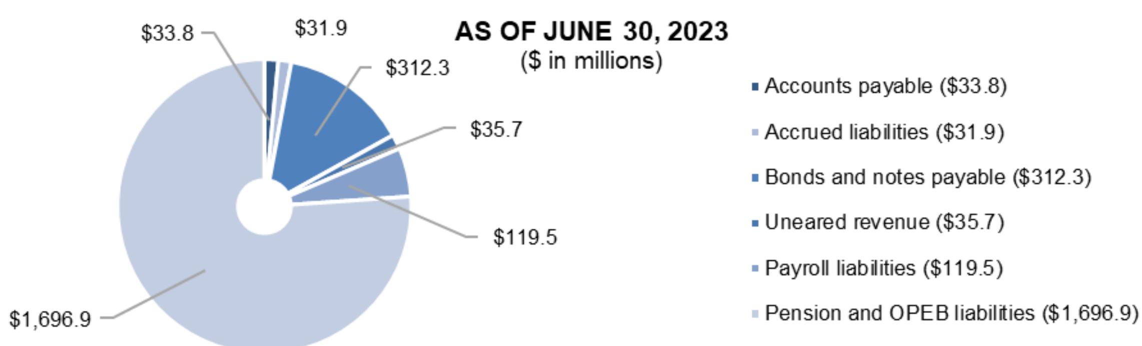


<u>Liabilities</u>
Total liabilities decreased by $563.1 million in fiscal year 2023 due to the following:

Current liabilities at June 30, 2023 of $173.3 million decreased by $8.0 million. Accrued salaries and benefits decreased by $37.1 million, which was offset by increases in accounts payable of $13.2 million, unearned tuition and grant revenue of $8.5 million, and subscription liabilities of $5.1 million. The decrease in accrued payroll expense and related benefits was due to timing of payroll and due to salary increases and retroactive payments required that were paid out in 2022. The increase in accounts payable and unearned grant revenue was due to timing. Due to the implementation of GASB 96, an additional $16.9 million was added as subscription liabilities (current and non-current combined). Note payable (current and non-current) consists of a new agreement entered into during fiscal year 2023 to purchase IT infrastructure.

Non-current liabilities at June 30, 2023 of $2.1 billion decreased by $555.1 million which is primarily due to a decrease in the pension liability by $285.1 million and a decrease in the OPEB liability by $270.4 million. The pension liability decreased due to the CSUS proportionate share decreasing from 4.9% in fiscal year 2022 to 3.4% in FY23 for SERS. This was primarily driven by transfers from the State's reserve fund as surplus contributions to the plan which reduced the CSUS liability allocation. The OPEB liability decreased as a result of an update in the discount rate from 2.31% to 3.90%. Bonds payable decreased by $23.6 million due to payments on principal amounts outstanding during 2023. The long-term portion of accrued compensated absences decreased by $6.1 million primarily due to the change in state fringe methodology, whereby the salary-related payments related to defined benefit pensions or defined benefit OPEB are no longer included in the measurement of liabilities for compensated absences.

The following graph shows total liabilities by major category:



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

NET POSITION

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

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

Unrestricted net position (UNP) represents funds available to support CSUS activities and operations at the discretion of the Board of Regents, the President, and the University Presidents. Unrestricted net position is negative due to the System's share of the State's pension plan's net pension liability and OPEB. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the System's reserves are allocated for academic initiatives or programs and for capital and other purposes, including University fee receipts and parking fee receipts that have been designated by universities to meet debt service obligations. Without reflecting the net pension and OPEB liabilities, unrestricted net position increased $86.4 million from 2022 to 2023.

The table below illustrates the effects of GASB 68 and GASB 75 on the CSUS's net position at June 30 ($ in millions):

	2023	2022	% Change
NET POSITION			
Net investment in capital assets	$ 1,015.6	$ 1,020.4	-0.5%
Restricted nonexpendable	0.5	0.5	0.0%
Restricted expendable	90.5	101.3	-10.6%
Unrestricted	(1,667.8)	(1,896.3)	12.1%
Total net position	(561.2)	(774.2)	27.5%
Pension and OPEB Impact (GASB 68 and 75)	1,954.8	2,096.9	-6.8%
Total Net Position, Excluding Pension and OPEB	$ 1,393.6	$ 1,322.7	5.4%
Unrestriced Net Position, Excluding Pension and OPEB	$ 287.0	$ 200.6	

CAPITAL AND RELATED DEBT ACTIVITIES

Capital assets, net of accumulated depreciation and amortization, consisted of the following at June 30 ($ in millions):

	2023	2022	% Change
Land	$ 19.9	$ 19.9	0.0%
Buildings & improvements	2,067.2	2,008.2	2.9%
Land improvements	107.6	107.4	0.2%
Furniture, fixtures & equipment	150.0	147.5	1.7%
Library books and collections	22.0	23.2	(5.2%)
Right of use assets	31.6	1.4 *	2178.3%
Construction in progress	61.5	64.3	(4.4%)
Total capital assets	2,459.8	2,371.9	3.7%
Less accumulated depreciation and amortization	1,156.9	1,093.1 *	5.8%
Capital assets, net	$ 1,302.9	$ 1,278.8 *	1.9%

**The 2022 financial statements excluded Right of Use Assets of $1.4 million with Accumulated Amortization of $644.6 thousand from Capital Assets, Net. These Right of Use Assets were reported separately in the Statement of Net Position.*

In addition to its capital plan for academic and related facilities that are supported by State general obligation bonds, the System is in the twenty-eighth year of its long-range capital plan for the renovation and development of auxiliary service facilities. There were no new bond issuances during 2022 or 2023.

Due to the implementation of GASB 96, the CSUS recorded right-of-use assets - subscriptions of $29.8 million with accumulated amortization of $5.1 million as of June 30, 2023,

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

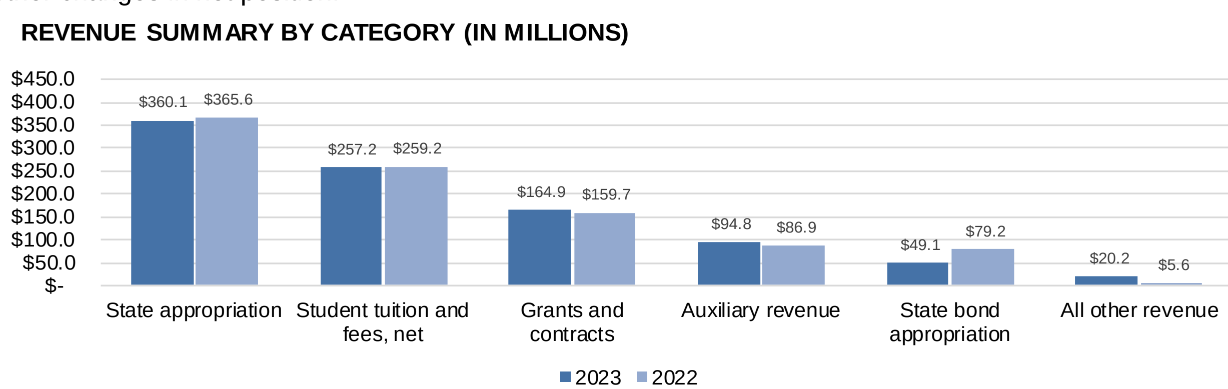
The Statement of Revenues, Expenses and Changes in Net Position presents either an increase or decrease in net position based on the revenues earned, the expenses incurred, and any other gains and losses recognized by the CSUS. Revenues and expenses are classified as operating, nonoperating, or other changes in net position according to definitions prescribed by GASB.

The following table shows a Condensed Schedule of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30 ($ in millions):

	2023	2022	% Change
OPERATING REVENUES			
Tuition and fees, net	$ 257.2	$ 259.2	(0.8%)
Auxiliary revenues	94.8	86.9	9.1%
Grants and indirect cost recoveries	42.9	35.0	22.7%
Other	5.5	8.3	(34.1%)
Total operating revenues	400.4	389.4	2.8%
OPERATING EXPENSES			
Expenses before depreciation and amortization	660.2	907.3	(27.2%)
Depreciation and amortization	73.2	67.4	8.5%
Total operating expenses	733.4	974.8	(24.8%)
Operating loss	(333.0)	(585.4)	43.1%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations - general fund	360.1	365.6	(1.5%)
State appropriations - bond fund	49.1	79.2	(38.0%)
Pell grant revenue	38.3	38.5	(0.4%)
Federal emergency grant revenue	83.7	86.2	(2.9%)
Investment income	19.2	1.9	910.5%
Other	(4.5)	(4.7)	4.2%
Total non-operating revenues (expenses)	545.9	566.6	(3.7%)
NET POSITION			
Change in net position	213.0	(18.7)	1238.4%
Net position, beginning of year	(774.1)	(755.4)	(2.5%)
Net position, end of year	$ (561.1)	$ (774.1)	27.5%

Revenues

The following graph shows the CSUS's total operating and nonoperating revenues by category, excluding other changes in net position:

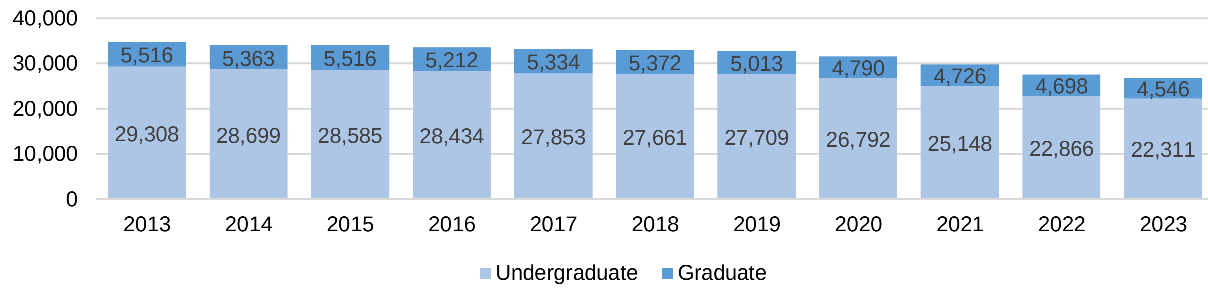


Operating Revenues

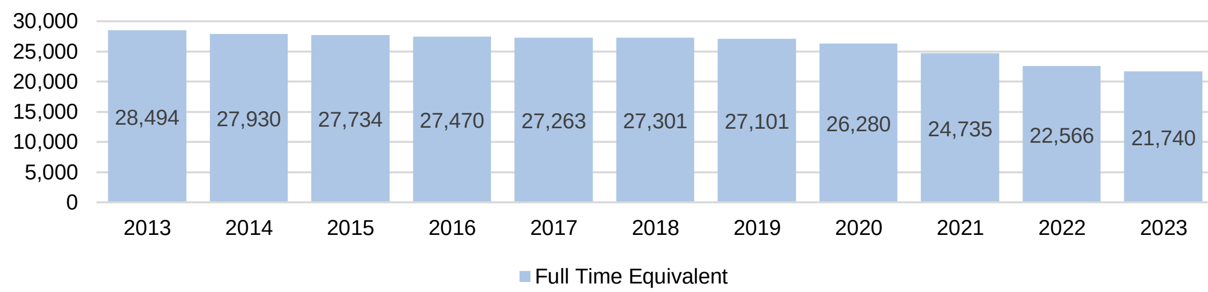
Total *operating revenues* for fiscal year 2023 were $400.5 million after the reduction for scholarship allowances, an increase of $11.0 million from fiscal year 2022. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers of $63.9 million, resulting in net tuition and fee revenue of $257.2 million. On a gross basis, fiscal year 2023 tuition revenues increased by just 0.4% from the previous year, due to the lingering effects of the decline in enrollment resulting from the coronavirus pandemic offset by a 5% tuition increase. These revenues reflect a FTE credit enrollment decrease of 3.7% in fiscal year 2023. Auxiliary revenues, which are mainly driven by room and board fees, increased by $7.9 million due to more students returning to dormitories, coupled by an increase in rates.

The graphs below present headcount and full-time equivalent enrollment over the last 10 years:

FALL HEADCOUNT ENROLLMENT
10-YEAR COMPARISON



FALL FULL TIME EQUIVALENT ENROLLMENT
10-YEAR COMPARISON

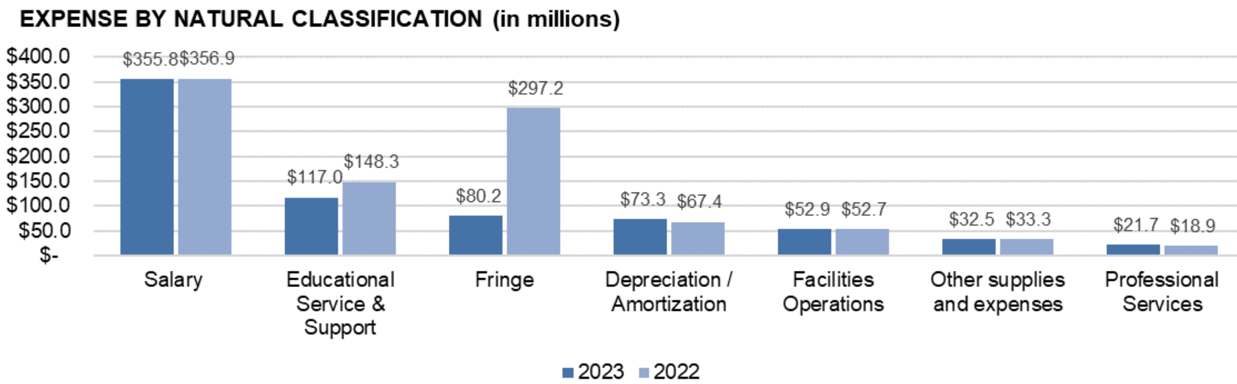


Nonoperating Revenue and Expenses

Nonoperating revenue and expenses includes state appropriations, certain federal grants, private gifts and donations, investment income earned on cash balances invested by the State treasurer's office, and interest expense. In fiscal year 2023, state appropriations of $409.2 million were $35.5 million lower than fiscal year 2022. State appropriations are received for both operating and capital purposes. The majority of the State appropriation dollars for operating purposes are used to fund salaries and fringe benefits. There were also additional one-time funding allotments during fiscal 2023 to cover raises and other budget shortfalls. The primary reason for the decrease in appropriations were due to capital appropriations, which decreased by $30.0 million. Federal emergency grant revenues are mainly from APRA grants and other COVID-related grants awarded to the CSUS. CSUS allocation of the State's ARPA program totaled $83.7 million in fiscal year 2023. Investment income increased by $17.4 million due to the increase in STIF rates from 1.5% at June 30, 2022 to 5.2% at June 30, 2023.

Operating Expenses

The following graph shows the CSUS operating expenses by natural classification:



In fiscal 2023, total *operating expenses* less depreciation and amortization of $660.2 million decreased by $247.2 million from the prior fiscal year which is mainly a result of the decrease in the pension and OPEB expenses, which credited the fringe benefits expense by $142.1 million. Educational services and support decreased by $31.3 million which is mainly due to fiscal year 2022 having $26.4 million in technology updates that were largely funded by grants, which did not recur in fiscal 2023. The fringe benefit expense decreased significantly because it includes the pension and OPEB adjustment, which was a credit to expense for fiscal 2023 mainly due to the State making a significant contribution to the plans, thereby reducing the CSUS allocation of the liabilities, and also an increase in the discount rate. Excluding pension and OPEB adjustments, fringe benefit expense decreased by 5%. Salaries and wage expense experienced a modest reduction of $1.1 million from 2022 due to retirements. There was also $67.6 million in depreciation expense and $5.7 million in amortization expense which is largely due to implementation of GASB 96 in 2023.

Other Changes in Net Position

Other changes in net position include the state appropriations for capital purposes and loss on disposal of assets.

STATEMENT OF CASH FLOWS

The statement of cash flows presents the significant sources and uses of cash. Cash flows from operating activities is expected to be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense, and in the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows shows cash inflows and outflows without regard to accruals.

The System's cash and cash equivalents at June 30, 2023 increased $85.6 million. This increase was primarily driven by a $28.8 million increase in state appropriation receipts, a $23.3 million increase in grant and contract revenues, a $31.3 million reduction in education services and support expenses, as well as an increase of $17.4 million in interest revenue. These increases were offset partially by increases to salary and fringe benefit payouts of $37.6 million.

The following table shows a Condensed Statement of Cash Flows for the fiscal years ended June 30 ($ in millions):

	2023	2022	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (430.2)	$ (438.1)	1.8%
Non-capital financing activities	507.9	481.3	5.5%
Capital and related financing activities	(28.6)	(40.0)	28.5%
Investing activities	36.4	23.1	57.6%
Net change in cash and cash equivalents	85.5	26.3	225.1%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	374.8	348.5	7.5%
Cash and cash equivalents, end of year	$ 460.3	$ 374.8	22.8%

ECONOMIC OUTLOOK

In June 2023, the Board of Regents approved an annual operating budget for 2024 of $701.4 million, supported by revenues of $708.3 million, resulting in a net surplus of $7.0 million. Consistent with institutions of higher education in the region and nationally, the CSU's estimate an average of 2% enrollment decline in fiscal year 2024 which offsets the tuition rate increase of 3%. Personnel and related costs have always been the largest area of expenditure and include SEBAC raises effective July 1, 2024. The CSUS also are implementing budget mitigation efforts, including hiring freezes, looking for opportunities to produce alternative revenue sources and refine efforts on increasing enrollment and retention, as well as increasing fiscal savings where possible. Under the newly adopted state budget, beginning in fiscal year 2024 the state will pay the retirement-related fringe benefit costs for all employees of the constituent units of the state higher education system and CSUS will fund the employee health and life insurance, unemployment compensation, and employers' social security tax for all employees. Accordingly, there are significant revenue and expenditure presentational changes to the fiscal year 2024 budget. To further alleviate rising operating costs, the CSU's will be receiving $83.4 million in fiscal year 2024 from the State's ARPA allocation, and $19.8 million in temporary operating support from the State which will be used for operations.

Additional Information

This financial report is designed to provide a general overview of CSUS's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the CSCU Chief Financial Officer. University specific questions may also be directed to the Chief Financial Officer at each individual University.

	2023
Assets	
Current assets	
Cash and cash equivalents	$ 278,048,779
Investments	49,265,237
Accounts receivable, net	15,359,207
Due from the State of Connecticut	55,170,143
Prepaid expenses and other current assets	8,161,222
Total current assets	406,004,588
Noncurrent assets	
Cash and cash equivalents	182,201,355
Investments	30,815,086
Accounts receivable, net	2,226,204
Other assets	44,309
Investment in capital assets, net of accumulated depreciation	1,302,916,948
Total noncurrent assets	1,518,203,902
Total assets	$ 1,924,208,490
Deferred outflows of resources	
Deferred pension	$ 285,239,964
Deferred other post employment benefits	227,567,710
Deferred loss on bond refunding	4,210,245
Total deferred outflows of resources	$ 517,017,919

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

	2023
Liabilities	
Current liabilities	
Accounts payable	$ 33,516,936
Accrued salaries and benefits	55,704,554
Accrued compensated absences	6,646,052
Due to the State of Connecticut	291,759
Unearned tuition, fees and grant revenue	35,709,769
Bonds payable	21,730,000
Note payable	3,139,036
Accrued bond interest payable	1,484,929
Leases payable	391,658
Subscription liabilities	5,129,894
Other liabilities	2,621,533
Depository accounts	6,891,645
Total current liabilities	173,257,765
Noncurrent liabilities	
Accrued compensated absences	57,159,546
Bonds payable	268,623,969
Note payable	18,794,011
Federal loan program advances	1,327,469
Deferred compensation	409,428
Leases payable	460,326
Subscription liabilities	11,766,039
Other noncurrent liabilities	1,395,643
Pension liability, net	775,546,233
Other post employment benefits, net	921,401,567
Total noncurrent liabilities	2,056,884,231
Total liabilities	$ 2,230,141,996
Deferred inflows of resources	
Deferred pension	$ 268,498,428
Deferred other post employment benefits	502,163,600
Deferred lease inflows	1,537,258
Total deferred inflows of resources	$ 772,199,286
Net Position	
Net investment in capital assets	$ 1,015,602,612
Restricted	
Nonexpendable	540,654
Expendable	90,510,257
Unrestricted	(1,667,768,396)
Total net position	$ (561,114,873)

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

		2023
Assets		
Cash and cash equivalents	$	7,426,228
Investments		181,832,679
Contributions and other receivables		5,169,511
Prepaid expenses and other assets		475,028
Beneficial interest in trusts		709,326
Land, buildings and equipment, net		3,691,322
Total assets	$	199,304,094
Liabilities		
Accounts payable and accrued expenses		2,019,997
Other liabilities		1,999,367
Total liabilities		4,019,364
Net Assets		
Without donor restrictions		9,827,881
With donor restrictions		185,456,849
Total net assets		195,284,730
Total liabilities and net assets	$	199,304,094

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

	2023
Operating revenues	
Tuition and fees	
Tuition and fees	$ 321,105,536
Less	
Scholarships allowance	(44,793,676)
Waivers	(19,109,620)
Tuition and fees, net of scholarship allowances and waivers	257,202,240
Federal grants and contracts	19,695,145
State and local grants and contracts	15,914,392
Nongovernment grants and contracts	6,915,359
Indirect cost recoveries	441,737
Auxiliary revenues	94,788,636
Other operating revenues	5,519,459
Total operating revenues	400,476,968
Operating expenses	
Salaries and wages	355,815,814
Fringe benefits	80,237,873
Professional services and fees	21,694,352
Educational services and support	117,016,161
Travel expenses	6,134,372
Operation of facilities	52,891,186
Other operating supplies and expenses	26,373,180
Depreciation expense	67,606,553
Amortization expense	5,664,417
Total operating expenses	733,433,908
Operating loss	(332,956,940)
Nonoperating revenues (expenses)	
State appropriations	360,102,939
Pell grant revenue	38,341,174
Federal emergency grant revenue	83,680,311
Gifts	5,345,116
Investment income	19,243,845
Interest expense	(9,529,433)
Other nonoperating revenues (expenses), net	363,184
Net nonoperating revenues (expenses)	497,547,136
Income before other changes in net position	164,590,196
Other changes in net position	
State appropriations restricted for capital purposes	49,145,136
Loss on disposal of capital assets	(703,940)
Other changes in net position	48,441,196
Change in net position	213,031,392
Net position at beginning of year	(774,146,265)
Net position at end of year	$ (561,114,873)

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

	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenues, gains and other support			
Contributions	$ 3,684,393	$ 9,765,364	$ 13,449,757
Program income	389,762	192,622	582,384
Investment loss, net	863,113	13,697,319	14,560,432
Other income (loss)	555,322	(461,448)	93,874
Gain on disposal of asset	-	-	-
Net assets released from restrictions	11,336,625	(11,336,625)	-
Total revenues, gains and other support	16,829,215	11,857,232	28,686,447
Operating expenses			
Program services	12,010,474	-	12,010,474
Management and general	2,567,930	-	2,567,930
Fundraising	1,415,320	-	1,415,320
Total operating expenses	15,993,724	-	15,993,724
Change in net assets	835,491	11,857,232	12,692,723
Net assets			
Beginning of year	8,992,390	173,599,617	182,592,007
End of year	$ 9,827,881	$ 185,456,849	$ 195,284,730

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

	2023
Cash flows from operating activities	
Tuition and fees	$ 258,859,714
Grants and contracts	56,090,601
Auxiliary revenues	92,569,260
Other operating revenues	8,300,718
Payments to employees for salaries and benefits	(622,406,063)
Payments to suppliers	(6,723,983)
Professional services and fees	(21,667,383)
Educational services and support	(117,016,161)
Travel expenses	(6,134,372)
Operation of facilities	(52,891,185)
Other operating supplies and expenses	(19,153,970)
Net cash used in operating activities	(430,172,824)
Cash flows from noncapital financing activities	
State appropriations	380,657,396
Gifts for other than capital purposes	5,345,115
Nonoperating grants and revenue other	121,855,358
Net cash provided by noncapital financing activities	507,857,869
Cash flows from investing activities	
Proceeds from sales and maturities of investments	49,989,558
Purchases of investments	(32,689,061)
Interest and dividends received on investments	19,118,420
Net cash provided by investing activities	36,418,917
Cash flows from capital and related financing activities	
Purchases of capital assets	(54,712,501)
State capital appropriations received	48,389,669
Proceeds from capital debt	21,933,047
Principal paid on debt and other obligations	(34,362,292)
Interest paid on debt and other obligations	(9,901,083)
Net cash used in capital and related financing activities	(28,653,160)
Net increase in cash and cash equivalents	85,450,802
Cash and cash equivalents, beginning of year	374,799,332
Cash and cash equivalents, end of year	$ 460,250,134

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

	2023
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (332,956,940)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation expense	67,606,553
Amortization	5,664,417
Changes in assets and liabilities:	
Receivables	9,606,938
Prepaid expenses and other	(512,642)
Accounts payable	(980,387)
Accrued salaries and benefits	(37,092,753)
Other liabilities	848,188
Due to/from the State of Connecticut	(49,757)
Unearned tuition, fees and grant revenues	8,431,436
Deferred compensation	40,125
Depository accounts	(1,177,864)
Accrued compensated absences	(7,137,053)
Pension Liability	(285,110,662)
Other post employment benefits	(270,395,000)
Changes in deferred outflows	108,845,283
Changes in deferred inflows	304,197,294
Net cash used in operating activities	$(430,172,824)
Noncash financing activity	
Fixed assets included in accounts payable	$ 23,620,296
Reconciliation of cash and cash equivalents to the combined statements of net position	
Cash and cash equivalents classified as current assets	$ 278,048,779
Cash and cash equivalents classified as noncurrent assets	182,201,355
	$ 460,250,134

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

1. Summary of Significant Accounting Policies

Organization

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

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

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

Basis of Presentation

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

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

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

Several legally separate, tax-exempt, affiliated organizations (the "Foundations") must be considered component units of the CSUS and are presented discretely in these financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the Universities in support of their programs. Although the Universities do not control the timing or amount of receipts from the Foundations, the majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the Universities by the donors**.** Since these restricted resources held by the Foundations can only be used by, or for the benefit of, the Universities, the Foundations are considered component units of CSUS primary institutions.

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

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

- **Net Investment in Capital Assets**

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

- **Restricted Nonexpendable**

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

- **Restricted Expendable**

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

- **Unrestricted**

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

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

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, and petty cash. The STIF, stated at fair value, is held on behalf of CSUS by the State Treasurer and has original maturities of three months or less (see Notes 2 and 8). CSUS has long-term investments which include debt service reserve funds which are restricted for purposes in accordance with CHEFA regulations. Interest income is recognized on the accrual basis.

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

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

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

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

Major construction projects for new physical plant and original equipment financed by the State of Connecticut capital outlay appropriations are managed and controlled by the Division of Construction Services of the State of Connecticut ("DCS"). The cost value of the project is recognized as revenue and recorded as state financed plant facilities by the Colleges and Universities when eligibility requirements are met. There were no such projects recognized at CSUS for the fiscal year ended June 30, 2023.

Right-of-use ("ROU") assets, which includes ROU leased assets and ROU subscription assets are recognized at the agreement's commencement date and represent CSUS's right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs. ROU assets are amortized on a straight-line basis over the shorter of the contract term or estimated useful life of the underlying asset. However, if the underlying contract contains a purchase option determined to be reasonably certain of being exercised, the ROU asset is amortized over the estimated useful life of the asset.

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

capitalized interest was $28.6 million as of June 30, 2023, and the cumulative capitalized interest net of amortization was $18.9 million. Amortization of capitalized interest for the year ended June 30, 2023 was $0.8 million.

Subscription Liability

Subscription liabilities represent CSUS's obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the SBITA commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.

Leases Payable

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

Lease Receivable

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

Deferred Inflows

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

Accrued Compensated Absences (ACA)

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

Pension & Other Post Employment Obligations

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

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

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

The State allotted $83.7 million to the CSUS in fiscal year 2023 as part of the State's ARPA allocation to offset operating losses incurred because of declining enrollment due to COVID-19. The total was recorded as federal grant revenue under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2023.

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

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

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

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

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

GASB Pronouncements Effective in Fiscal Year 2023
In May 2019, GASB released Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 in accordance with GASB 95. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

In May 2020 GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA).* The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use-asset and a corresponding liability would be recognized for SBITAs. The requirement of this Statement is effective for reporting periods beginning after June 15, 2022. This standard was adopted in fiscal year 2023, effective as of July 1, 2022. As a result of this adoption, the CSUS recorded right-of-use assets – subscriptions of $20.2 million and subscription liabilities of $20.2 million.

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirement of this Statement is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This standard was adopted in fiscal year 2023 and there was no material impact as a result of the adoption.

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

Subsequent Events
In accordance with generally accepted accounting principles, CSUS has evaluated subsequent events for the period after June 30, 2023, through December 21, 2023, the date the financial statements were issued.

Subsequent to year-end, the CSUS will be receiving an additional $83.4 million in one-time funding through the State's ARPA allocation. This will be used as temporary operating support.

2. Cash, Cash Equivalents and Investments

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

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

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2023 was 5.15%.

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

	2023	
	Cost	**Fair Value**
Cash and cash equivalents	$ 460,250,134	$ 460,250,134
U.S. Mutual Funds-Governmental	70,878,551	70,878,551
Guaranteed Investment Contracts	9,201,772	9,201,772
	$ 540,330,457	$ 540,330,457

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

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CSUS is invested in U.S. Government obligations, which are not considered to have credit risk. The average credit quality rating of CSUS's guaranteed investment contracts was AA-, as rated by Standard & Poor's Ratings as of June 30, 2023.

Custodial Credit Risk – At June 30, 2023, the carrying amount of CSUS's bank deposits was $3.4 million as compared to bank balances of $5.5 million. The difference between the carrying amount and bank balances was primarily caused by outstanding checks and deposits in transit. Of such bank balances, $4.8 million was uninsured and uncollateralized and therefore subject to custodial credit risk as of June 30, 2023.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. 85% of CSUS total cash, cash equivalents and investments was invested in the STIF and the State's pooled interest credit program accounts as of June 30, 2023.

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

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

Debt Securities	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
June 30, 2023					
U.S. Government obligations	$ 70,878,551	$ 70,878,551	$ -	$ -	$ -
Guaranteed Investment Contracts	9,201,772	9,201,763	1	6	2
	$ 80,080,323	$ 80,080,314	$ 1	$ 6	$ 2

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

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

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

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

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

All of the investments held at June 30, 2023 are Level 1. There are no liabilities subject to the fair value provisions of GASB No. 72.

3. Accounts Receivables

Receivables consisted of the following at June 30:

	2023
Student accounts receivable	$ 17,511,549
Student loans receivable	1,717,591
Grants receivable	4,589,029
Leases receivable	1,611,923
Miscellaneous receivables	2,420,139
	27,850,231
Less allowance for doubtful accounts	(10,264,820)
Net accounts receivable	$ 17,585,411

Student loans made through the Federal Perkins Loan Program (the "Program") comprise substantially all of the loans receivable at June 30, 2023. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the CSUS for amounts cancelled under these provisions.

CSUS has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. The allowance for uncollectible loans was $0.6 million as of June 30, 2023. As management determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the US Department of Education.

4. Capital Assets

Capital assets for the Universities consist of the following at June 30, 2023:

	Balance June 30, 2022	Additions	Retirements and Transfers	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 19,950,678	$ -	$ -	$ 19,950,678
Capitalized collections	8,833,465	119,532	(14,400)	8,938,597
Construction in progress	64,322,097	34,029,125	(36,836,505)	61,514,717
Total capital assets not being depreciated	$ 93,106,240	$ 34,148,657	$ (36,850,905)	$ 90,403,992
Other capital assets:				
Land improvements	$ 107,402,396	$ 1,770,430	$ (1,564,828)	$ 107,607,998
Buildings and building improvements	2,008,180,723	60,026,338	(1,050,493)	2,067,156,568
Furniture, fixtures and equipment	147,468,017	8,694,563	(6,114,910)	150,047,670
Library materials	14,408,888	144,295	(1,453,223)	13,099,960
Right-of-use-assets - equipment	1,387,423	522,518	(157,007)	1,752,934
Right-of-use-assets - subscriptions	-	29,833,033	-	29,833,033
Total other capital assets	2,278,847,447	100,991,177	(10,340,461)	2,369,498,163
Less accumulated depreciation and amortization				
Land improvements	(79,757,456)	(3,457,090)	1,085,460	(82,129,086)
Buildings and building improvements	(881,656,707)	(55,899,430)	764,658	(936,791,479)
Furniture, fixtures and equipment	(121,351,971)	(7,531,906)	6,037,235	(122,846,642)
Library materials	(9,763,370)	(718,126)	1,453,223	(9,028,273)
Right-of-use-assets - equipment	(644,654)	(500,493)	84,655	(1,060,492)
Right-of-use-assets - subscriptions	-	(5,129,235)	-	(5,129,235)
Total accumulated depreciation and amortization	(1,093,174,158)	(73,236,280)	9,425,231	(1,156,985,207)
Other capital assets, net	$ 1,185,673,289	$ 27,754,897	$ (915,230)	$ 1,212,512,956
Capital asset summary:				
Capital assets not being depreciated or amortized	$ 93,106,240	$ 34,148,657	$ (36,850,905)	$ 90,403,992
Other capital assets, at cost	2,278,847,447	100,991,177	(10,340,461)	2,369,498,163
Total cost of capital assets	2,371,953,687	135,139,834	(47,191,366)	2,459,902,155
Less accumulated depreciation and amortization	(1,093,174,158)	(73,236,280)	9,425,231	(1,156,985,207)
Capital assets, net	$ 1,278,779,529	$ 61,903,554	$ (37,766,135)	$ 1,302,916,948

5. Leases

CSUS has entered into various leases for equipment. Of these leases, one agreement calls for payments that are partially or completely variable and therefore were not included in lease assets or lease liabilities. These variable payments are a result of the underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from a percentage of sales, usage of a capital asset, or changes in index rates. A total of $48,467 was recognized as expense from these variable payments for the year ended June 30, 2023.

The activity associated with the long-term lease liability for the year ended June 30, 2023 is summarized as follows:

Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts due within 1 year (Current Portion)
$ 915,779	$ 455,842	$ (519,637)	$ 851,984	$ 391,658

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

Fiscal Year	Principal	Interest	Total
2024	$ 391,658	$ 29,149	$ 420,807
2025	214,594	16,271	230,865
2026	148,115	8,621	156,736
2027	85,657	2,694	88,351
2028	11,960	422	12,382
Total Requirements	$ 851,984	$ 57,157	$ 909,141
Less Current	$ (391,658)		
Non-Current	$ 460,326		

For the year ended June 30, 2023, CSUS earned a total of $363,744 in lease revenue and $62,882 in lease interest revenue.

Lease receivable principal and interest requirements to maturity as of June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 317,014	$ 51,270	$ 368,284
2025	235,947	42,431	278,378
2026	249,588	34,307	283,895
2027	261,453	25,796	287,249
2028	179,344	17,966	197,310
2029-2033	213,445	50,259	263,704
2034-2038	151,244	11,756	163,000
2039-2043	1,433	567	2,000
2044-2048	1,694	306	2,000
2049-2053	761	39	800
Total	$ 1,611,923	$ 234,697	$ 1,846,620

6. Subscription-Based Information Technology Arrangements

CSUS entered into various SBITAs that convey CSCU control of the right of use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. The long-term liability activity for the year ended June 30, 2023, is summarized as follows:

Balance 7/1/22	Additions	Deletions	Balance 6/30/23	Amounts due within 1 year (Current Portion)
$ -	$ 29,832,920	$ (12,936,987)	$16,895,933	$ 5,129,894

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

Fiscal Year	Principal	Interest	Total
2024	$ 5,129,894	$ 688,385	$ 5,818,279
2025	4,208,889	462,218	4,671,107
2026	1,640,033	305,965	1,945,998
2027	1,266,105	236,683	1,502,788
2028	1,180,868	176,043	1,356,911
Thereafter	3,470,144	165,751	3,635,895
Total Requirements	$ 16,895,933	$ 2,035,045	$ 18,930,978
Less Current	$ (5,129,894)		
Non-Current	$ 11,766,039		

CSUS has entered into one additional SBITA that had not yet commenced as of June 30, 2023, with fixed payments required. Terms ranged from July 1, 2023 to June 30, 2025 with a total future commitment of $219,882.

7. Accrued Compensated Absences

Accrued compensated absences as of June 30 include:

	2023
Accrued vacation	$ 30,522,924
Accrued sick leave	27,743,240
Other accrued fringe benefits	5,539,434
	63,805,598
Less: current portion	(6,646,052)
Noncurrent portion	$ 57,159,546

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

Balance as of June 30, 2022	$ 70,942,651
Net Changes FY 2023	(7,137,053)
Balance as of June 30, 2023	$ 63,805,598

These accruals represent estimated amounts earned by all eligible employees through June 30, 2023. These accrued compensated absences will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of compensated absences is estimated based on recent past history and is presented in today's dollars.

8. Related Parties

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to another purpose within the State of Connecticut. CSUS made no transfers to the State of Connecticut during fiscal year 2023.

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

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

	2023
Receivable for accrued salaries and fringe benefits to be paid by State of Connecticut General Fund	$ 31,213,404
State appropriations for capital projects	23,956,739
	$ 55,170,143

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

	2023
Cash balances held with the State of Connecticut on behalf of the CSUS	$345,383,045
Amounts invested in the State of Connecticut Short-Term Investment Fund (STIF)	90,483,471
	$435,866,516

9. Commitments and Contingencies

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

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

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

	2023
System Office	$ 2,142,793
Central Connecticut State University	4,914,864
Eastern Connecticut State University	1,584,434
Southern Connecticut State University	9,624,699
Western Connecticut State University	3,909,625
	$ 22,176,415

10. Pension Plans

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

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

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

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

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

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

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

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed $97.5 million and $2.4 million, on behalf of the System, for SERS and TRS, respectively, for fiscal year 2023, equal to 100% and 149%, respectively, of the required contributions that year.

Net Pension Liability
The Systems' net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2023 was measured and valued as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, the CSUS's proportion was 3.42% as of June 30, 2023. For the TRS plan, the CSUS's proportion was 0.11% as of June 30, 2023.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to the CSUS is calculated separately. The net pension liability for the CSUS as of June 30, 2023 for SERS and TRS was $754.9 million and $20.7 million, respectively.

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

Measurement Year	2022
Inflation	2.50%
Salary increases including inflation	3.00% to 11.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

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

The actuarial assumptions used in the June 30, 2022 valuation (which was the basis for recording the June 30, 2023 financial statement liabilities) were based on the results of an actuarial experience study for the five-year period July 1, 2015 – June 30, 2020.

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

The best estimates of geometric rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Actuarial Assumptions for TRS:

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

Measurement Year	2022
Inflation	2.50%
Salary increases including inflation	3.00% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the Pub-2010 Healthy Retiree Table, projected generationally with MP-2020 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2020 was used for the period after disability retirement. The Pub-2010 Contingent Survivor Table projected generationally with MP-2020 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2020 was used for active members.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market Intl. Stock Fund	11.0%	6.4%
Emerging Market Intl. Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Inflation Linked Bond Fund	5.0%	3.8%
Emerging Market Debt Fund	3.0%	3.4%
High Yield Bond Fund	19.0%	5.2%
Real Estate Fund	10.0%	9.4%
Private Equity	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate for TRS:
The discount rate used to measure the total pension liability was 6.9% in the 2022 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	$ 921,165,008	$ 754,891,634	$ 616,311,524
TRS	26,362,995	20,653,944	15,913,072

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan
For the year ended June 30, 2023, the CSUS recognized a credit to pension expense of $110.1 million. A schedule of deferred outflows and inflows of resources as of June 30, 2023 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to the CSUS that will be recognized in pension expense during the next five years and thereafter is as follows (in thousands):

Fiscal Year Ending June 30,	SERS	TRS	Total
2024	$ 1,032,870	$ 1,476,582	$ 2,509,452
2025	(10,321,112)	285,506	(10,035,606)
2026	(28,796,109)	(733,534)	(29,529,643)
2027	(25,501,005)	553,557	(24,947,448)
2028	(7,531,456)	245,834	(7,285,622)
Thereafter	-	76,139	76,139
Total	$ (71,116,812)	$ 1,904,084	$ (69,212,728)

11. Other Post-Employment Benefits

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

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

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

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

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

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

The following is the asset allocation policy as of June 30, 2023:

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

Net OPEB Liability
The Systems' net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2023 of $921.4 million was measured and valued as of June 30, 2022 and the total liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on a projection of the System's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities and the State, actuarially determined.

For the SEOPEBP plan, at June 30, 2023 the System's proportion was 5.95%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately.

Actuarial Assumptions:

The total OPEB liability was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions:

Measurement Year	**2023**
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% to 11.50% varying by years of service and retirement system
Discount rate	3.90%
Healthcare cost trend rates:	
Medical	6.0% graded to 4.5% over 6 years
Prescription drug	3.00%
Dental and Part B	4.50%
Administrative expense	3.00%

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

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

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

For measurement date of June 30, 2022:

Discount rate comparison:

		1% Decrease in Discount Rate (2.90%)		Current Discount Rate (3.90%)		1% Increase in Discount Rate (4.90%)
Net OPEB Liability	$	1,077,293,555	$	921,401,569	$	795,307,872

Health care trend rate comparision:

		1% Decrease in Trend Rates		Current Trend Rates		1% Increase in Trend Rates
Net OPEB Liability	$	777,800,757	$	921,401,569	$	1,103,690,888

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

For the year ended June 30, 2023, the CSUS recognized a credit to OPEB expense of $(32.0) million. A schedule of deferred outflows and inflows of resources as of June 30, 2023 is disclosed in Note 14. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to the CSUS that will be recognized in pension expense during the next five years and thereafter is as follows:

Fiscal Years Ending June 30,		OPEB
2024	$	(45,704,025)
2025		(88,681,028)
2026		(111,640,550)
2027		(65,789,970)
2028		(9,834,552)
Thereafter		-
Total	$	(321,650,125)

12. Unearned Tuition, Fees and Grant Revenue

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

	2023
Unearned tuition and fees	$ 20,145,692
Grants and contracts	15,349,694
Other	214,383
	$ 35,709,769

13. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Year ended June 30, 2023 Natural Classification									
	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expense	Operation of facilities	Other operating supplies and expenses	Depreciation expense	Amortization expense	Total
Academic support	$ 26,574,198	$ 5,090,346	$ 1,419,986	$ 5,026,826	$ 1,423,048	$ 333,862	$ 4,989,295	$ -	$ 434,749	$ 45,292,310
Auxiliary enterprises	9,569,693	2,160,636	1,502,957	29,595,464	42,008	6,962,326	666,839	-	64,401	50,564,324
Institution support	59,609,967	6,152,120	7,456,703	1,868,019	605,441	676,843	9,843,622	-	3,594,717	89,807,432
Instruction	168,665,866	41,719,569	2,099,914	1,843,050	505,052	972,912	1,813,369	-	234,106	217,853,838
Physical plant	33,956,261	14,022,132	1,955,748	1,034,072	57,200	43,136,067	5,068,812	67,606,553	1,138,124	167,974,969
Public service	4,389,616	601,989	1,298,470	449,285	476,032	44,600	489,187	-	-	7,749,179
Research	2,937,898	447,809	576,422	517,353	517,417	59,216	587,091	-	-	5,643,206
Scholarships, loans and refunds	552,702	(110,258)	1,961,963	73,892,247	11,884	-	110,589	-	-	76,419,127
Student services	49,559,613	10,153,530	3,422,189	2,789,845	2,496,290	705,360	2,804,376	-	198,320	72,129,523
Total expenses	$ 355,815,814	$ 80,237,873	$ 21,694,352	$ 117,016,161	$ 6,134,372	$ 52,891,186	$ 26,373,180	$ 67,606,553	$ 5,664,417	$ 733,433,908

14. Bonds and Note Payable

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

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

Bonds Payable

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

CHEFA Series	Issue Date	Issuance Amount	Mature in Fiscal Years:	Interest Rates:	Outstanding Principal 2023
L	4/4/2012	49,040,000	2013 - 2030	2.50% - 4.00%	$ 39,920,000
N	10/23/2013	80,340,000	2015 - 2026	4.10% - 5.00%	11,905,000
O	9/16/2014	21,240,000	2015 - 2031	2.00% - 4.00%	11,745,000
P-1	9/13/2016	55,030,000	2018 - 2037	2.50% - 5.00%	43,395,000
P-2	9/13/2016	19,530,000	2018 - 2036	2.50% - 5.00%	5,080,000
Q-1	5/10/2019	71,260,000	2021 - 2040	3.00% - 5.00%	64,280,000
Q-2	5/10/2019	20,845,000	2021 - 2032	5.00% - 5.00%	6,275,000
R-1	4/27/2021	14,640,000	2033 - 2034	2.00% - 2.125%	14,640,000
R-2	4/27/2021	85,110,000	2023 - 2034	0.35% - 2.45%	82,445,000
					$ 279,685,000

Series R-2 issuance in fiscal year 2021 refunded portions of Series J, M, and N. CSUS deposited into irrevocable trust accounts sufficient funds to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds were considered an in-substance defeasance and the liability for those bonds were removed from the statement of net position as of June 30, 2021. The $15.7 million portion of Series J that was refunded was redeemed on November 1, 2021 at a price of 100% of the principal amount, plus accrued interest to the redemption date. The $21.2 million portion of Series M that was refunded was redeemed on November 1, 2022 at a price of 100% of the principal amount, plus accrued interest to the redemption date. The outstanding amount of the portion refunded for Series N is $41.7 million as of June 30, 2023.

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

Maturity	Principal	Interest
2024	$ 21,730,000	$ 8,509,275
2025	21,370,000	7,707,979
2026	22,175,000	6,879,896
2027	20,665,000	6,158,035
2028	21,265,000	5,536,346
2029-2033	109,395,000	17,301,465
2034-2038	53,245,000	4,373,356
2039-2040	9,840,000	309,844
	$ 279,685,000	$ 56,776,196

Long-term bond payable activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Bonds payable	$ 300,750,000	$ -	$ (21,065,000)	$ 279,685,000
Premium on bonds payable	13,146,454	-	(1,994,711)	11,151,743
Discount on bonds payable	(583,200)	-	100,426	(482,774)
Total bonds payable	$ 313,313,254	-	$ (22,959,285)	$ 290,353,969

Note Payable

On October 1, 2022**,** CSCU entered into an installment payment agreement with a financial institution for $37.1 million for the purchase of IT infrastructure software and equipment. Of the total agreement, CSUS is responsible for $22.0 million; the remaining note payable is the responsibility of the CCC. Part of the agreement included the receipt of cash of an equal amount in an escrow account to be used for the purchase of the equipment. The escrow account totaled $21.0 million at June 30, 2023 and is included in cash and cash equivalents on the financial statements. The escrow account earned $492.8 thousand of interest during 2023. The agreement calls for annual payments beginning October 2023 and continuing until October 2027 at 0% interest. Payments of principal for CSUS is $3.1 million for the next 7 years.

15. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2023:

As of June 30, 2023	SERS	TRS	OPEB	Debt Refunding	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES						
Difference between expected and actual experience	$ 80,435,154	$ 749,949	$ 14,172,863	$ -	$ -	$ 95,357,966
Changes of assumptions or other inputs	-	2,257,126	103,764,295	-	-	106,021,421
Net difference between projected and actual earnings on pension plan investments	33,804,148	1,499,723	8,583,926	-	-	43,887,797
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,590,661	2,948,939	54,030,711	-	-	134,570,311
Employer contributions after measurement date	84,162,593	1,791,670	47,015,916	-	-	132,970,179
Loss on bond refunding	-	-	-	4,210,245	-	4,210,245
Total	**$ 275,992,556**	**$ 9,247,407**	**$ 227,567,711**	**$ 4,210,245**	**$ -**	**$ 517,017,919**
DEFERRED INFLOWS OF RESOURCES						
Difference between expected and actual experience	$ -	$ 276,046	$ 28,358,100	$ -	$ -	$ 28,634,146
Changes of assumptions or other inputs	1,031,671	-	396,913,195	-	-	397,944,866
Changes in proportion and differences between employer contributions and proportionate share of contributions	261,915,104	5,275,607	76,892,305	-	-	344,083,016
Unrecognized revenues from other than short term leases	-	-	-	-	1,537,258	1,537,258
Total	**$ 262,946,775**	**$ 5,551,653**	**$ 502,163,600**	**$ -**	**$ 1,537,258**	**$ 772,199,286**

REQUIRED SUPPLEMENTARY INFORMATION

Connecticut State University System
Schedule of Net Pension Liability and Related Ratios (Unaudited)
June 30, 2023 – 2014

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	3.42%	4.91%	4.55%	4.57%	4.07%	3.81%	4.23%	3.96%	3.61%	3.12%
System's proportionate share of the net pension liability	$ 754,892	$1,043,539	$ 1,078,763	$ 1,042,307	$ 882,365	$ 876,024	$ 972,053	$ 653,585	$ 577,890	$ 516,858
System's covered payroll	$ 129,631	$ 212,152	$ 205,687	$ 196,238	$ 175,779	$ 144,700	$ 152,195	$ 154,782	$ 140,369	$ 119,305
System's proportionate share of the net pension liability as a percentage of its covered payroll	582%	492%	524%	531%	502%	605%	639%	422%	412%	433%
Plan Fiduciary net position as a percentage of the total pension liability	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%	N/A

Teachers Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
System's proportion of the net pension liability	0.11%	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.10%	0.10%	0.10%
System's proportionate share of the net pension liability	$ 20,654	$ 17,117	$ 21,599	$ 32,124	$ 24,769	$ 12,309	$ 12,986	$ 10,524	$ 9,727	$ 10,729
State's proportionate share of the net pension liability associated with the System	$ 20,654	$ 17,117	$ 21,612	$ 27,060	$ 24,769	$ 12,986	$ 12,986	$ 10,524	$ 9,715	N/A [1]
Total	$ 41,308	$ 34,234	$ 43,211	$ 59,184	$ 49,539	$ 25,296	$ 25,973	$ 21,048	$ 19,442	$ 10,729
System's covered payroll	$ 5,156	$ 5,453	$ 5,331	$ 5,075	$ 4,729	$ 3,652	$ 4,128	$ 3,930	$ 3,813	$ 3,063
System's proportionate share of the net pension liability as a percentage of its covered payroll	401%	314%	405%	633%	524%	337%	315%	268%	255%	350%
Plan Fiduciary net position as a percentage of the total pension liability	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%	N/A

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

	2023	2022	2021	2020	2019	2018	2017
System's proportion of the net OPEB liability	5.95%	6.10%	6.13%	6.47%	5.57%	4.62%	4.73%
System's proportionate share of the net OPEB liability	$ 921,402	$ 1,191,797	$ 1,443,409	$ 1,338,987	$ 967,346	$ 996,032	$ 1,021,242
System's covered payroll	$ 223,462	$ 222,718	$ 229,674	$ 234,304	$ 246,719	$ 251,239	$ 260,591
System's proportionate share of the net OPEB liability as a percentage of its covered payroll	412%	535%	628%	571%	392%	396%	392%
Plan Fiduciary net position as a percentage of the total OPEB liability	12.63%	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

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

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 97,529	$ 87,694	$ 73,503	$ 72,115	$ 59,187	$ 64,638	$ 64,086	$ 54,526	$ 45,789	$ 33,008
Contributions in relation to the contractually required contribution	(97,529)	(87,694)	(73,503)	(72,115)	(58,714)	(64,121)	(63,574)	(54,254)	(45,789)	(32,975)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ 473	$ 517	$ 513	$ 273	$ -	$ 33
System's covered payroll	$ 129,631	$ 212,152	$ 205,687	$ 196,238	$ 175,779	$ 144,700	$ 152,195	$ 154,782	$ 140,369	$ 119,305
Contributions as a percentage of covered payroll	75.24%	41.34%	35.74%	36.75%	33.40%	44.31%	41.77%	35.05%	32.62%	27.64%

Teachers Retirement System Plan
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,628	$ 1,433	$ 1,386	$ 2,432	$ 2,394	$ 923	$ 889	$ 944	$ 910
Contributions in relation to the contractually required contribution	(2,425)	(1,831)	(1,596)	(1,861)	(1,234)	(570)	(1,324)	(1,517)	(1,343)
Contribution deficiency (excess)	$ (797)	$ (398)	$ (210)	$ 571	$ 1,160	$ 353	$ (435)	$ (573)	$ (433)
System's covered payroll	$ 5,156	$ 5,453	$ 5,331	$ 5,075	$ 4,729	$ 3,652	$ 4,128	$ 3,930	$ 3,813
Contributions as a percentage of covered payroll	47.03%	33.58%	29.95%	36.66%	26.10%	15.59%	32.07%	38.60%	35.22%

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

Other Post Employment Benefits
Last 10 Fiscal Years [1]
(in thousands)

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 50,411	$ 52,980	$ 53,174	$ 48,746	$ 44,677	$ 38,553	$ 36,046
Contributions in relation to the contractually required contribution	(50,411)	(52,980)	(53,174)	(48,746)	(44,677)	(38,553)	(36,046)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
System's covered payroll	$ 223,462	$ 222,718	$ 229,674	$ 234,304	$ 246,719	$ 251,239	$ 260,591
Contributions as a percentage of covered employee payroll	22.56%	23.79%	23.15%	20.80%	18.11%	15.35%	13.83%

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

1. Supplementary Information

Pension Plans

Changes of benefit terms:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019

Changes of assumptions:

- None

State Employee OPEB Plan

Changes of benefit terms:

- None

Changes of assumptions:

- The discount rate was updated in accordance with GASB No. 75 to 3.90% as of June 30, 2022

SUPPLEMENTARY SCHEDULES

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Assets							
Current assets:							
Cash and cash equivalents	$ 83,877,875	$ 45,258,273	$ 66,153,053	$ 31,901,583	$ 50,857,995	$ -	$ 278,048,779
Investments	-	-	-	-	49,265,237	-	49,265,237
Accounts receivable, net	6,495,975	2,209,398	4,557,156	2,009,713	86,965	-	15,359,207
Due from the State of Connecticut	15,358,905	7,662,178	19,522,649	10,360,585	2,265,826	-	55,170,143
Due from SO and Universities	6,584,737	5,644,484	3,989,679	5,672,995	25,000	(21,916,895)	-
Prepaid expenses and other current assets	4,176,685	1,685,801	1,612,119	296,528	390,089	-	8,161,222
Total current assets	116,494,177	62,460,134	95,834,656	50,241,404	102,891,112	(21,916,895)	406,004,588
Noncurrent assets:							
Cash and cash equivalents	47,448,866	17,725,688	31,287,749	623,854	85,115,198	-	182,201,355
Investments	-	-	-	-	30,815,086	-	30,815,086
Accounts receivable, net	836,135	181,483	809,157	399,429	-	-	2,226,204
Other assets	-	-	44,309	-	-	-	44,309
Investment in capital assets	693,672,423	528,964,877	719,799,396	470,086,337	47,379,122	-	2,459,902,155
Accumulated depreciation	(314,575,293)	(232,978,410)	(363,002,409)	(226,128,061)	(20,301,034)	-	(1,156,985,207)
Investment in capital assets, net of accumulated depreciation	379,097,130	295,986,467	356,796,987	243,958,276	27,078,088	-	1,302,916,948
Total noncurrent assets	427,382,131	313,893,638	388,938,202	244,981,559	143,008,372	-	1,518,203,902
Total assets	$ 543,876,308	$ 376,353,772	$ 484,772,858	$ 295,222,963	$ 245,899,484	$ (21,916,895)	$ 1,924,208,490
Deferred outflows of resources:							
Deferred pension	$ -	$ -	$ -	$ -	$ 285,239,964	$ -	$ 285,239,964
Deferred other post employment benefits	-	-	-	-	227,567,710	-	227,567,710
Deferred loss on bond refunding	-	-	-	-	4,210,245	-	4,210,245
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ 517,017,919	$ -	$ 517,017,919

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Liabilities							
Current liabilities:							
Accounts payable	$ 11,382,085	$ 7,069,393	$ 7,518,516	$ 7,256,268	$ 290,674	$ -	$ 33,516,936
Accrued salaries and benefits	18,332,944	8,894,427	18,949,937	9,093,643	433,603	-	55,704,554
Accrued compensated absences	2,452,526	1,104,432	2,021,587	862,591	204,916	-	6,646,052
Due to the State of Connecticut	4,778	132	286,687	162	-	-	291,759
Due to SO and Universities	-	25,000	-	-	21,891,895	(21,916,895)	-
Unearned tuition,fees and grant revenue	12,002,087	5,264,900	13,041,160	5,401,622	-	-	35,709,769
Bonds payable	-	-	-	-	21,730,000	-	21,730,000
Note Payable	-	-	-	-	3,139,036	-	3,139,036
Accrued bond interest payable	-	-	-	-	1,484,929	-	1,484,929
Leases payable	152,294	50,748	89,513	99,103	-	-	391,658
Subscription liabilities	860,168	831,633	1,038,628	1,201,454	1,198,011	-	5,129,894
Other liabilities	349,078	85,841	1,005,892	627,776	552,946	-	2,621,533
Depository accounts	2,262,567	1,246,006	3,251,106	131,966	-	-	6,891,645
Total current liabilities	47,798,527	24,572,512	47,203,026	24,674,585	50,926,010	(21,916,895)	173,257,765
Noncurrent liabilities:							
Accrued compensated absences	17,120,708	9,797,750	19,180,652	9,466,265	1,594,171	-	57,159,546
Bonds payable	-	-	-	-	268,623,969	-	268,623,969
Note payable	-	-	-	-	18,794,011	-	18,794,011
Federal loan program advances	3,845	443,055	-	880,569	-	-	1,327,469
Deferred compensation	-	-	-	-	409,428	-	409,428
Leases payable	312,778	13,829	57,000	76,719	-	-	460,326
Subscription liabilities	1,636,122	1,383,745	1,861,910	1,799,292	5,084,970	-	11,766,039
Other noncurrent liabilities	-	59,290	1,280,844	55,509	-	-	1,395,643
Pension liability, net	-	-	-	-	775,546,233	-	775,546,233
Other post employment benefits, net	-	-	-	-	921,401,567	-	921,401,567
Total noncurrent liabilities	19,073,453	11,697,669	22,380,406	12,278,354	1,991,454,349	-	2,056,884,231
Total liabilities	$ 66,871,980	$ 36,270,181	$ 69,583,432	$ 36,952,939	$ 2,042,380,359	$ (21,916,895)	$ 2,230,141,996
Deferred inflows of resources:							
Deferred pension	$ -	$ -	$ -	$ -	$ 268,498,428	$ -	$ 268,498,428
Deferred other post employment benefits	-	-	-	-	502,163,600	-	502,163,600
Deferred lease Inflows	912,943	87,371	536,944	-	-	-	1,537,258
Total deferred inflows of resources	$ 912,943	$ 87,371	$ 536,944	$ -	$ 770,662,028	$ -	$ 772,199,286
Net Position							
Net investment in capital assets	$ 376,135,768	$ 293,706,512	$ 353,749,936	$ 240,781,708	$ (248,771,312)	$ -	$ 1,015,602,612
Restricted:							
Nonexpendable	-	60,000	73,538	407,116	-	-	540,654
Expendable	9,790,921	2,629,339	11,642,369	5,913,482	60,534,146	-	90,510,257
Unrestricted	90,164,696	43,600,369	49,186,639	11,167,718	(1,861,887,818)	-	(1,667,768,396)
Total net position	$ 476,091,385	$ 339,996,220	$ 414,652,482	$ 258,270,024	$ (2,050,124,984)	$ -	$ (561,114,873)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Operating revenues:							
Tuition and fees:							
Tuition and fees, gross	$ 111,382,750	$ 47,036,916	$ 111,147,893	$ 51,537,977	$ -	$ -	$ 321,105,536
Less:							
Scholarships allowance	(14,666,350)	(15,108,737)	(9,998,923)	(5,019,666)	-	-	(44,793,676)
Waivers	(5,484,992)	(2,212,023)	(9,738,957)	(1,673,648)	-	-	(19,109,620)
Tuition and fees, net of scholarship allowances and waivers	91,231,408	29,716,156	91,410,013	44,844,663	-	-	257,202,240
Federal grants and contracts	7,258,232	1,277,496	7,940,812	3,218,605	-	-	19,695,145
State and local grants and contracts	3,572,503	1,491,678	3,794,000	7,056,211	-	-	15,914,392
Nongovernment grants and contracts	1,801,739	159,444	4,932,786	21,390	-	-	6,915,359
Indirect cost recoveries	330,677	19,553	77,172	14,335	-	-	441,737
Auxiliary revenues	27,240,739	27,150,795	25,157,292	15,239,810	-	-	94,788,636
Other operating revenues	2,225,704	793,397	1,384,370	1,063,548	52,440	-	5,519,459
Total operating revenues	133,661,002	60,608,519	134,696,445	71,458,562	52,440	-	400,476,968
Operating expenses:							
Salaries and wages	106,673,912	58,963,097	122,756,120	62,035,968	5,386,717	-	355,815,814
Fringe benefits	67,132,351	39,410,116	74,259,502	38,539,811	(139,103,907)	-	80,237,873
Professional services and fees	5,373,129	2,959,444	7,209,558	5,287,712	864,509	-	21,694,352
Educational services and support	38,746,646	15,404,689	39,302,091	23,009,077	553,658	-	117,016,161
Travel expenses	2,201,824	846,334	2,130,913	801,508	153,793	-	6,134,372
Operation of facilities	22,305,314	8,350,164	13,905,924	8,325,114	4,670	-	52,891,186
Other operating supplies and expenses	9,281,806	3,742,262	7,414,194	4,318,500	1,616,418	-	26,373,180
Depreciation expense	18,283,842	16,477,651	20,586,865	11,544,678	713,517	-	67,606,553
Amortization expense	1,223,458	1,095,641	1,107,202	1,213,412	1,024,704	-	5,664,417
Total operating expenses	271,222,282	147,249,398	288,672,369	155,075,780	(128,785,921)	-	733,433,908
Operating loss	$ (137,561,280)	$ (86,640,879)	$(153,975,924)	$ (83,617,218)	$ 128,838,361	$ -	$ (332,956,940)

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Nonoperating revenues (expenses)							
State appropriations	$110,261,366	$ 65,780,957	$108,374,831	$ 66,192,907	$ 9,492,878	$ -	$ 360,102,939
Pell grant revenue	12,887,796	5,658,651	13,270,070	6,524,657	-	-	38,341,174
Federal emergency grant revenue	29,069,083	13,923,562	26,238,937	14,448,729	-	-	83,680,311
Gifts	3,818,847	813,668	663,193	49,408	-	-	5,345,116
Investment income	4,761,357	2,309,518	3,737,207	1,149,965	7,285,798	-	19,243,845
Interest expense	(147,200)	(127,624)	(155,227)	(186,464)	(8,912,918)	-	(9,529,433)
Capital projects financed by SO	8,089,840	7,496,045	5,090,440	15,237,372	(35,913,697)	-	-
Other nonoperating revenues (expenses), net	249,729	19,237	(140,911)	235,129	-	-	363,184
Net nonoperating revenues (expenses)	168,990,818	95,874,014	157,078,540	103,651,703	(28,047,939)	-	497,547,136
Income (loss) before other changes in net position	31,429,538	9,233,135	3,102,616	20,034,485	100,790,422	-	164,590,196
Other changes in net position							
State appropriations restricted for capital purposes	5,453,256	2,307,761	37,012,200	4,202,903	169,016	-	49,145,136
Loss on disposal of capital assets	(45,553)	(543,224)	(110,962)	(4,201)	-	-	(703,940)
Interagency transfers	(12,880,782)	(7,338,080)	(9,064,815)	(6,298,825)	35,582,502	-	-
Other changes in net position	(7,473,079)	(5,573,543)	27,836,423	(2,100,123)	35,751,518	-	48,441,196
Change in net position	23,956,459	3,659,592	30,939,039	17,934,362	136,541,940	-	213,031,392
Net position at beginning of year	452,134,926	336,336,628	383,713,443	240,335,662	(2,186,666,924)	-	(774,146,265)
Net position at end of year	$476,091,385	$339,996,220	$414,652,482	$258,270,024	(2,050,124,984)	$ -	$ (561,114,873)

Connecticut State University System
Supplemental Information – Combining Statement of Cash Flows
June 30, 2023

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Cash flows from operating activities:							
Tuition and fees	$ 90,755,506	$ 31,472,776	$ 91,180,348	$ 45,451,084	$ -	$ -	$ 258,859,714
Grants and contracts	20,273,829	2,928,618	22,515,365	10,372,789	-	-	56,090,601
Auxiliary revenues	26,695,667	26,938,723	23,821,815	15,113,055	-	-	92,569,260
Other operating revenues	2,887,321	682,403	2,159,526	2,519,028	52,440	-	8,300,718
Payments to employees for salaries and benefits	(187,590,786)	(106,366,981)	(211,180,183)	(108,264,334)	(9,003,779)	-	(622,406,063)
Payments to suppliers	(1,597,866)	(1,134,568)	(2,411,770)	(1,496,363)	(83,416)	-	(6,723,983)
Professional services and fees	(5,373,129)	(2,934,312)	(7,209,558)	(5,287,712)	(862,672)	-	(21,667,383)
Educational services and support	(38,746,646)	(15,404,689)	(39,302,091)	(23,009,077)	(553,658)	-	(117,016,161)
Travel expenses	(2,201,824)	(846,334)	(2,130,913)	(801,508)	(153,793)	-	(6,134,372)
Operation of facilities	(22,305,313)	(8,350,164)	(13,905,924)	(8,325,114)	(4,670)	-	(52,891,185)
Other operating supplies and expenses	(6,973,080)	(3,402,849)	(4,265,764)	(3,723,134)	(789,143)	-	(19,153,970)
Net cash used in operating activities	(124,176,321)	(76,417,377)	(140,729,149)	(77,451,286)	(11,398,691)	-	(430,172,824)
Cash flows from noncapital financing activities:							
State appropriations	117,263,684	70,918,752	114,203,993	68,529,923	9,741,044	-	380,657,396
Gifts for other than capital purposes	3,818,846	813,668	663,193	49,408	-	-	5,345,115
Nonoperating grants and revenue other	41,849,258	19,486,393	39,368,096	21,151,611	-	-	121,855,358
Interagency transfers	(12,880,782)	(7,338,080)	(9,064,815)	(6,298,825)	35,582,502	-	-
Net cash provided by noncapital financing activities	$ 150,051,006	$ 83,880,733	$ 145,170,467	$ 83,432,117	$ 45,323,546	$ -	$ 507,857,869
Cash flows from investing activities:							
Proceeds from sales and maturities of investments	$ -	$ -	$ -	$ -	$ 49,989,558	$ -	49,989,558
Purchases of investments	-	-	-	-	(32,689,061)	-	(32,689,061)
Interest and dividends received on investments	4,724,119	2,309,519	3,679,813	1,149,965	7,255,004	-	19,118,420
Net cash provided by investing activities	4,724,119	2,309,519	3,679,813	1,149,965	24,555,501	-	36,418,917
Cash flows from capital and related financing activities:							
Purchases of capital assets	(6,469,107)	(4,279,561)	(29,795,514)	(14,168,319)	-	-	(54,712,501)
Capital projects financed by SO	3,157,396	2,502,162	1,683,738	13,716,445	(21,059,741)	-	-
State capital appropriations received	9,724,997	2,307,761	33,217,601	2,774,733	364,577	-	48,389,669
Proceeds from capital debt	-	-	-	-	21,933,047	-	21,933,047
Principal paid on debt and other obligations	(4,728,175)	(2,466,978)	(2,382,748)	(2,132,377)	(22,652,014)	-	(34,362,292)
Interest paid on debt and other obligations	(147,200)	(69,945)	(155,227)	(79,843)	(9,448,868)	-	(9,901,083)
Net cash provided by (used in) capital and related financing activities	1,537,911	(2,006,561)	2,567,850	110,639	(30,862,999)	-	(28,653,160)
Net increase in cash and cash equivalents	32,136,715	7,766,314	10,688,981	7,241,435	27,617,357	-	85,450,802
Cash and cash equivalents, beginning of year	99,190,026	55,217,647	86,751,821	25,284,002	108,355,836	-	374,799,332
Cash and cash equivalents, end of year	$ 131,326,741	$ 62,983,961	$ 97,440,802	$ 32,525,437	$ 135,973,193	$ -	$ 460,250,134

	CCSU	ECSU	SCSU	WCSU	SO	Combining Adjustments	2023
Reconciliation of operating loss to net cash used in operating activities:							
Operating loss	$ (137,561,280)	$ (86,640,879)	$ (153,975,924)	$ (83,617,218)	$ 128,838,361	$ -	$ (332,956,940)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	18,283,842	16,477,651	20,586,865	11,544,678	713,517	-	67,606,553
Amortization	1,223,458	1,095,641	1,107,202	1,213,412	1,024,704	-	5,664,417
Changes in assets and liabilities:							
Receivables	5,130,590	(123,713)	2,746,601	1,853,460	-	-	9,606,938
Prepaid expenses and other	10,652	(865,784)	24,417	(108,271)	426,344	-	(512,642)
Accounts payable	(510,592)	(19,608)	15,233	(495,587)	30,167	-	(980,387)
Accrued salaries and benefits	(12,201,614)	(6,514,155)	(12,044,182)	(5,955,374)	(377,428)	-	(37,092,753)
Other liabilities	49,815	90,238	695,889	(275,102)	287,348	-	848,188
Due to/from State of Connecticut	-	(7,866)	(35,106)	(6,785)	-	-	(49,757)
Due to/from Universities	(1,837)	25,000	-	-	(23,163)	-	-
Unearned tuition, fees and grant revenues	3,160,089	1,762,266	3,107,110	401,971	-	-	8,431,436
Deferred compensation	-	-	-	-	40,125	-	40,125
Depository accounts	(53,277)	(94,985)	(749,528)	(280,074)	-	-	(1,177,864)
Accrued compensated absences	(1,582,909)	(1,471,616)	(2,084,152)	(1,726,396)	(271,980)	-	(7,137,053)
Pension liability	-	-	-	-	(285,110,662)	-	(285,110,662)
Other post employment benefits	-	-	-	-	(270,395,000)	-	(270,395,000)
Changes in deferred outflows	-	-	-	-	108,845,283	-	108,845,283
Changes in deferred inflows	(123,258)	(129,567)	(123,574)	-	304,573,693	-	304,197,294
Net cash used in operating activities	$ (124,176,321)	$ (76,417,377)	$ (140,729,149)	$ (77,451,286)	$ (11,398,691)	$ -	$ (430,172,824)
Noncash investing, noncapital financing and capital and related financing transactions:							
Fixed assets included in accounts payable	$ 6,854,669	$ 6,321,779	$ 4,764,593	$ 5,679,255	$ -	$ -	$ 23,620,296
Reconciliation of cash and cash equivalents to the combined statements of net assets:							
Cash and cash equivalents classified as current assets	$ 83,877,875	$ 45,258,273	$ 66,153,053	$ 31,901,583	$ 50,857,995	$ -	$ 278,048,779
Cash and cash equivalents classified as noncurrent assets	47,448,866	17,725,688	31,287,749	623,854	85,115,198	-	182,201,355
	$ 131,326,741	$ 62,983,961	$ 97,440,802	$ 32,525,437	$ 135,973,193	$ -	$ 460,250,134

1. Basis of Presentation of Supplemental Information

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