

**Financial Statements
with Supplementary Combining Information
June 30, 2013 and 2012**



Fiscal Year 2013
Members of the Board of Regents for Higher Education

- Thirteen appointed by the Governor and legislative leaders (one vacancy at 6/30/2013)
- Two students chosen by their peers
- Five non-voting ex-officio members:
 - Four CT commissioners appointed by the Governor from the Departments of Public Health, Education, Economic and Community Development, and Labor
 - Chair of the Faculty Advisory Committee

Lewis J. Robinson, Jr., Chair (Resigned 8/1/2013)
Yvette Meléndez, Vice Chair (Acting Chair effective 8/2/2013)
Richard J. Balducci
Naomi K. Cohen
Lawrence DeNardis
Nicholas M. Donofrio
Matt Fleury
Merle W. Harris
Gary F. Holloway
Craig Lappen
René Lerer
Michael E. Pollard
Zac Zeitlin (Resigned 5/17/2013)

Eugene L. Bell (CCC Student – Effective 3/13/2013)
Michael Fraser (CSU Student – Resigned 5/31/2013)
Sarah Green (CSU Student – Effective 10/11/2013)
Alex Tettey Jr. (CCC Student; term ended 2/22/2013)

Jewel Mullen – Commissioner of the CT Department of Public Health
Stefan Pryor – Commissioner of the State Board of Education
Sharon Palmer – Commissioner of the CT Department of Labor
Catherine Smith – Commissioner of the CT Department of Economic and Community Development

Tom Failla – Chair of the Faculty Advisory Committee (Effective 10/1/2013)



Education That Works For a Lifetime

Asnuntuck Community College
170 Elm Street
Enfield, CT 06082
Dr. Martha McLeod, President (Retired 7/1/2013)
James Lombella, Interim President (Effective 7/1/2013)

Capital Community College
950 Main Street
Hartford, CT 06103
Dr. Wilfredo Nieves, President

Gateway Community College
20 Church Street
New Haven, CT 06510
Dr. Dorsey L. Kendrick, President

Housatonic Community College
900 Lafayette Boulevard
Bridgeport, CT 06604
Ms. Anita Gliniecki, President

Manchester Community College
Great Path
Manchester, CT 06045-1046
Dr. Gena Glickman, President

Middlesex Community College
100 Training Hill Road
Middletown, CT 06457
Dr. Anna Wasescha, President

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

Northwestern Connecticut
Community College
Park Place East, Winsted, CT 06098
Dr. Barbara Douglass, President

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

Quinebaug Valley Community College
742 Upper Maple Street
Danielson, CT 06239
Dr. Ross Tomlin, President, (Resigned Oct 2012)
Dr. Robert Miller, Interim President (Nov-July)
Dr. Carmen Cid, Interim President (Aug 2013)

Three Rivers Community College
574 New London Turnpike
Norwich, CT 06360
Dr. Grace S. Jones, President

Tunxis Community College
271 Scott Swamp Road
Farmington, CT 06032
Dr. Cathryn L. Addy, President

System Office, Connecticut State Colleges & Universities
39 & 61 Woodland Street
Hartford, CT 06105

Dr. Robert Kennedy, President (Through 10/12/2013)
Dr. Philip Austin, Interim President (Through 6/30/2013)
Dr. Gregory W. Gray, President (Effective 7/1/2013)

Connecticut Community Colleges
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June 30, 2013 and 2012

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Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012

Introduction

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

The Board of Regents for Higher Education was established by the Connecticut General Assembly in 2011 (via Public Act 11-48 as amended by Public Act 11-61) bringing together the governance structure for the four Connecticut State Universities, twelve Connecticut Community Colleges and Charter Oak State College, effective July 1, 2011. The new Board of Regents for Higher Education is authorized under the provisions of this public act to "serve as the Board of Trustees for Community-Technical Colleges". During a six-month transition period from July 1 through December 31, 2011, the existing boards remained in place but all actions taken were subject to ratification by the new Board of Regents, which held its first meeting in October 2011.

The Connecticut Community Colleges is a state-wide system of twelve regional community colleges, serving more than half of the undergraduates in public higher education in Connecticut (the "State"). The CCC's offer two-year associate degrees and transfer programs, short-term certificates, and individual coursework in both credit and non-credit programs, often through partnerships with business and industry. During fiscal year 2013, 108,219 people registered for credit and non-credit programs at the community colleges. During the fall 2012 semester, 58,228 students enrolled in credit courses, up 1.0% from the previous fall. Full-Time Equivalent ("FTE") enrollment was 32,569, a 0.9% decrease from the previous fall. During fiscal year 2013, 29,306 students also took a variety of non-credit skill-building and personal interest programs geared to enhancing workforce opportunities and personal development.

The Connecticut Community Colleges serve the needs of communities, students and businesses at convenient locations throughout the State:

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

The Connecticut Community Colleges serve an important role in the State's economy, providing convenient, accessible and flexible access to higher education for many of the State's "non-traditional" students, students age 22 or older. Open admission to all individuals who have a high school degree or equivalency, an emphasis on low student tuition and fees, and a policy goal of making financial aid available to meet the direct costs of attendance for students who demonstrate financial need, help to ensure access to all students regardless of income. The large majority of students study part time (66.3% in fall 2012), most are female (58.6%) and many are employed while pursuing their education. While the typical CCC student is an adult (55.8% of CCC students were age 22 or older in fall 2012), increasing numbers of high school graduates under age 22 are turning to Connecticut's Community Colleges as a low cost, quality alternative for achieving the first two years of an undergraduate education. The number of credit students studying full time decreased from 20,299 or 35.2% in the fall of 2011, to 19,601 students or 33.7% in the fall 2012.

As outlined in Connecticut General Statute 10a-80, the primary responsibilities of the community colleges are:

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- 1) To provide programs of occupational, vocational, technical and technological and career education designed to provide training for immediate employment, job retraining or upgrading of skills to meet individual, community and State manpower needs;
- 2) To provide programs of general study including, but not limited to, remediation, general and adult education and continuing education designed to meet individual student goals;
- 3) To provide programs of study for college transfer representing the first two years of baccalaureate education;
- 4) To provide community service programs; and
- 5) To provide student support services including, but not limited to, admissions, counseling, testing, placement, individualized instruction and efforts to serve students with special needs.

Reporting Entity

The financial statements report information about the System as a whole. The State of Connecticut Public Act 11-48 created a new Board of Regents to manage the operations of the community colleges, effective January 1, 2012. The new Board of Regents for Higher Education is authorized under the provisions of this public act to “serve as the Board of Trustees for Community-Technical Colleges”. The former Board of Trustees was established under Connecticut General Statutes 10a-71 et. seq., with authority to administer and govern the regional community-technical colleges, in accordance with state-wide policy and guidelines established by the Department of Higher Education through December 31, 2011. The policies enacted under the former Board of Trustees remain in effect until superseded specifically by the current Board of Regents.

The System is budgeted as a single agency by the State, and operated under the direction of the Board of Regents through a System Office management staff. However, within guidelines provided by the Board and its System Office, each of the twelve colleges is operated as a separate institution with its own executive, academic and administrative management, and each is held accountable for its academic programs as well as its financial position and financial operations. In addition, each college is recognized as a separate entity for Federal Title IV financial aid programs, and each college achieves separate accreditation from the New England Association of Schools and Colleges (“NEASC”) and other specialized accrediting bodies depending upon the particular programs of study. Therefore, supplemental financial statements (excluding the footnotes), are included for each institution to further support and clarify the System financial statements. The System and individual college financial information is presented in the “primary institution” column of the various system-wide and college supplementary financial statements that follow.

In addition, each of the twelve colleges has a related college foundation (referred to collectively as the “Foundations”) which performs fundraising and provides various levels of support and service to its respective college. Each of the college Foundations is a legally separate, tax-exempt non-profit organization separate from college control. These Foundations, established in accordance with Connecticut General Statutes section 4-37e to provide funding for scholarships or other direct student financial aid, and for programs, services or activities at the associated college, are component units included within the System financial statements based on the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14* (“GASB 39”), regarding criteria for affiliated organizations. Those criteria include the fact that the economic resources of each foundation are received and held entirely for the direct benefit of the respective college; that each college has the ability to access the economic resources held by its foundation, or has historically received resources from or had requests for resources honored by its foundation; and that the foundations’ economic resources are significant to each college.

The financial information of the college Foundations is discretely presented and identified in the “component unit” column of the various system-wide and college financial statements. Because under Connecticut statutes each foundation may establish its own accounting (fiscal) year as any twelve month period, not all twelve foundations have a fiscal year-end which coincides with the CCC June 30 year-end; some have fiscal years which end at December 31. GASB 39 allows component unit information to be up to eleven months older than that of the CCC primary institution, therefore the component unit information reflects foundation statements from each foundation’s most recent fiscal year, ended either December 31, 2012 or June 30, 2013. All Foundation statement information is based on separately prepared foundation financial statements, which are audited as required by State statute (annually above a certain size, but not less than once every three years). Under pre-existing Connecticut statutory and CCC Board policy requirements, various foundation

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information, including the foundation financial statements, is reviewed at a high level by the college president and the college chief financial official, and forwarded to the System office annually for transmittal to the State Auditors of Public Accounts. CCC management relies upon individual college and foundation compliance with these requirements, and the independently audited foundation financial statements, to ensure that information presented in the component unit section of the CCC statements is materially correct.

In addition to the college Foundations, effective July 1, 2004 the Board assumed responsibility for the Great Path Academy ("GPA"), an inter-district magnet high school located on the Manchester Community College ("Manchester") campus, whose mission is to provide an innovative learning environment that supports students from diverse backgrounds in developing the values, self-discipline, work habits, academic and life skills needed to achieve success, and to bridge the gap between secondary and postsecondary education by immersing high school students into the college community and providing access to college coursework. Great Path Academy is a separate legal entity established under section 10-264l of the Connecticut General Statutes. Public Act 04-213 amended C.G.S. 10-264l to permit the Board, on behalf of Manchester Community College, to sponsor and apply for funding to construct and operate a magnet school. The Board, by a resolution dated April 13, 2012, delegated to Manchester Community College overall responsibility for the mission, design, implementation and assessment of the GPA magnet school. Manchester contracted with Hartford Public Schools ("HPS") to assume responsibility for the day-to-day operations of GPA through June 2017. The Governing Board of GPA, which includes representation from Manchester Community College and the boards of education of Bolton, Coventry, East Hartford, Glastonbury, Granby, Hartford, Manchester and Tolland, agreed and signed a Memorandum of Understanding ("MOU") in August 2013 to dissolve the Governing Board and create a College Readiness Alliance.

During the 2008 legislative session, Public Act 08-169 amended C.G.S. 10-283, effective July 1, 2008, to permit the Board, on behalf of Quinebaug Valley Community College ("QVCC"), to sponsor and apply for funding to construct and operate an inter-district magnet school. During fiscal year 2009, the Quinebaug Valley Middle College ("QMC") opened utilizing existing space on the Quinebaug Valley Community College Campus, with 34 tenth grade students, beginning in the fall of 2008. The new addition to the campus to house QMC is under construction and scheduled to open in January 2014. The addition of a total of 43,000 gross square feet to the QVCC complex will allow QMC to grow from its present level of approximately 130 students to 220 students over the next few years

The QMC vision is based on the notion that student learning flourishes in an environment in which high expectations and achievement are integral; where rigorous, relevant instruction is provided; and where the real-world application of skills is conducted in a community of strong, positive and caring relationships. The QMC has as its theme the middle college experience, with a curriculum focused on literacy in its broadest sense, contextual or problem-based learning, and creativity and innovation.. The Board has overall responsibility for the mission, design, implementation and assessment of the QMC, and has agreed with EASTCONN, a regional education service center, for EASTCONN to assume responsibility for the day-to-day operations of QMC.

The GPA and QMC entities meet the criteria for inclusion as component units in the financial statements of CCC and are discretely presented and identified in a single column on the face of the CCC financial statements of net position.

Overview of the Financial Statements

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* ("GASB 35"), as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*, ("GASB 37"); No. 38, *Certain Financial Statement Note Disclosures* ("GASB 38"); and No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14* ("GASB 39"). GASB 35 extended the state and local government financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34") to include public colleges and universities. GASB 35 established standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB 34 and 35, a comparative analysis of

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fiscal year 2013 financial data with fiscal year 2012 is also presented, both for the CCC *primary institution*, as well as for the twelve college foundations *component unit* information, and for the two magnet high schools component unit information at Manchester and Quinebaug Valley Community Colleges.

In fiscal year 2013 the system adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 introduced new financial elements, “deferred inflows of resources” and “deferred outflows of resources”. This change required the “Net Assets” section of the balance sheet be replaced by “Net Position”. The same replacement of terminology occurs in all formal use of the term throughout the financial statements.

The CCC report as a special-purpose government agency engaged only in *business-type activities* (“BTA”), with much of the cost of providing service recovered through tuition and fees charged to students and other external users in exchange for service. Required financial statements include the Statement of Net Position (“SNP”), the Statement of Revenues, Expenses and Changes in Net Position (“SRECNP”), and the Statement of Cash Flows (“SCF”). A review of these financial statements can provide information regarding both short-term profitability and liquidity, as well as long-term financial viability and financing of the CCC’s, helping to answer the important question of whether the System’s financial condition continues to support the achievement of its operating objectives and mission.

While the CCC financial statements include the foundation and magnet high school statement numbers, no attempt has been made to reformat or compare incompatible FASB standards applied by the foundations, with GASB standard applied by the CCC’s, nor have the foundation financial statement footnotes, disclosures or other detailed information included in the separate foundation statements, been re-stated herein. Unless otherwise specifically stated, the management discussion, notes and disclosures in the CCC statements refer to the CCC primary institution, not to the foundation or magnet high school component units.

The **Statement of Net Position** presents the overall financial position of the System at the end of fiscal year 2013, compared with fiscal year 2012, and includes all assets and liabilities of the Connecticut Community Colleges, including capital assets net of depreciation. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – or net position – is one indicator of the current financial condition of the System. Over time, increases or decreases in net position may serve as an indicator of whether the financial health of the Connecticut Community Colleges is improving or deteriorating, although other factors including enrollment and condition of physical facilities must also be considered. The Statement of Net Position classifies assets and liabilities as *current* and *non-current*. In general, current liabilities are those that will be paid within one year of the date of the statement of net position. Current assets are those that are available to satisfy current liabilities. Comparisons of current assets to current liabilities can provide an indication of the System’s ability to meet its obligations in the short term.

Net Position balances represent resources available to support future operations. Net Position classified as *Invested in Capital Assets* provide an indication of the State’s and the System’s investment in long-lived assets such as land, buildings, technology infrastructure, library holdings, machinery and moveable equipment, necessary to support the educational mission on a long-term basis. *Restricted-Nonexpendable* net position are required by donor or legal restrictions to be maintained in perpetuity, such as endowments. *Restricted-Expendable* net position provide an indication of non-exchange resources available for specific purposes based on donor or legal restrictions, including unexpended capital (bond fund) appropriations, scholarship donations, and other non-capital gifts. *Unrestricted Net Position* provide an indication of the one-time financial reserves available to supplement current-year revenues or to provide resources for designated program expansions or capital investment, and as such can provide an indication of the financial health and flexibility of the System, as well as its ability to weather short-term financial difficulties.

The **Statement of Revenues, Expenses and Changes in Net Position**, like the Statement of Net Position, is prepared using the *economic resources measurement focus*, which includes both financial resources and capital resources. As required by GASB 35, both statements also utilize the *full accrual basis of accounting*, similar to that used by corporations and private colleges and universities, which recognizes revenues when goods or services are provided, and expenses when goods or services are consumed, regardless of when the related inflows and outflows of cash occur. The SRECNP provides

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information regarding whether the System is receiving sufficient revenues each year to cover the costs incurred in providing its educational and other services to students and the public.

The SRECNP classifies revenues and expenses into *operating* and *non-operating*. Operating revenues – those which are generated as a result of the System's regular educational and public service activities – do not include State appropriations. Therefore, the Connecticut Community Colleges and virtually all public colleges and universities that rely on government appropriations as a major source of (non-operating) revenue, will show an operating loss on the Statement of Revenues, Expenses and Changes in Net Position.

GASB 34 and 35 require that revenues be reported *net of discounts and allowances*. Therefore, for financial reporting purposes, student tuition, fee and other revenues are reduced by the value of student financial aid and tuition and fee waivers used to pay off these charges. Similarly, student financial aid and waiver expenses are reduced to the extent used to pay off tuition and fee charges. The resulting net revenues reflect only the revenues to be actually paid by or on behalf of students, and the resulting net financial aid/waiver expense reflects only the amount of financial aid actually paid to students above any amounts used to satisfy tuition and fee charges. The SRECNP shows both the gross and contra, or reduction, tuition and fee revenue amounts. (Other student revenues are reported on a net basis only, after reduction for student financial aid used to pay the related student charges.) Users of this financial statement should be aware of the difference from data reported prior to fiscal year 2002, when both tuition and fee revenues, and financial aid/waiver expenses, were reported on a gross basis.

Governments, including public colleges and universities, are required under GASB 34 and 35, to record *depreciation expense* for all capital assets. The SRECNP records a portion of the initial capital outlay each year as depreciation expense, over the expected useful life of the asset. This differs from budgetary practices, which record all capital outlays as expenditure against the current year appropriation or budget.

The **Statement of Cash Flows** presents information related to cash inflows and outflows summarized into the categories of operating, non-capital financing, capital financing and investing activities. (State appropriations, which are considered to be cash equivalents, are also included in this statement. These State appropriations include the CCC general fund appropriation and the value of associated fringe benefits, CCC-administered bond funds, and bond funds administered by DCS on behalf of the System.) The Statement of Cash Flows utilizes the direct method, providing information regarding where cash and cash equivalents originate and the purposes for which they were used during the year, and the net change in cash and equivalents during the year. This statement provides information regarding the System's ability to meet short-term financial obligations, its ability to generate future cash flows, and its liquidity, solvency and financial flexibility. It can also help users assess the reasons for differences between changes in net position and the associated cash receipts and payments.

Financial Highlights

The Connecticut Community Colleges had total assets of \$875.3 million, liabilities of \$93.1 million, and a total net position balance of \$782.2 million at June 30, 2013. Of this amount, \$15.2 million is classified as unrestricted net assets, a \$13.1 million decrease from 2012, following a \$10.9 million decrease in 2011.

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were \$211.5 million, a 1.5% decrease over the previous year. Operating expenses were \$488.5 million, an increase of 2.2% over the previous year, resulting in an operating loss of \$277.0 million during the year ended June 30, 2013. Net non-operating revenues and other changes were \$277.5 million, up 3.2% from the previous year, reflecting a \$4.0 million increase in bond appropriations and a \$3.6 million increase in general fund appropriations. Overall the CCC's experienced a net increase in net position of \$0.5 million during fiscal year 2013.

Cash and cash equivalents were \$182.6 million at June 30, 2013, including \$62.0 million of cash equivalents in the form of State bond appropriations administered by the CCC's, and \$41.5 million of State bond appropriations administered by the Department of Administration Services ("DAS") on behalf of the System. DAS-administered cash equivalents (bond appropriations) decreased from \$56.1 million at June 30, 2012 to \$41.5 million at June 30, 2013, reflecting expenditures of \$23.3 million and new bond appropriations of \$13.7 million and \$1.8 million in transfers from DAS to the colleges. Total

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current assets were \$217.0 million at June 30, 2013. The ratio of unrestricted current assets of \$97.7 million to unrestricted current liabilities of \$45.8 million is 2.1:1 in 2013, down from 2.5:1 in 2012. The current ratio reflects a financial position sufficient to provide short-term liquidity. However, as the State continues to address budget shortfalls over the next few years, management will continue to carefully monitor liquidity metrics. Non-current liabilities decreased by 0.5%, to a total of \$36.9 million at June 30, 2013. This significant liability includes \$36.7 million for the long-term portion of the accrued value of benefits earned by employees which must be paid out when they retire or otherwise terminate service in the future (net of the estimated amounts to be paid out in the upcoming year). This large and essentially unfunded accrued compensated absence (“ACA”) liability continues to represent a long-term obligation on the System’s financial flexibility.

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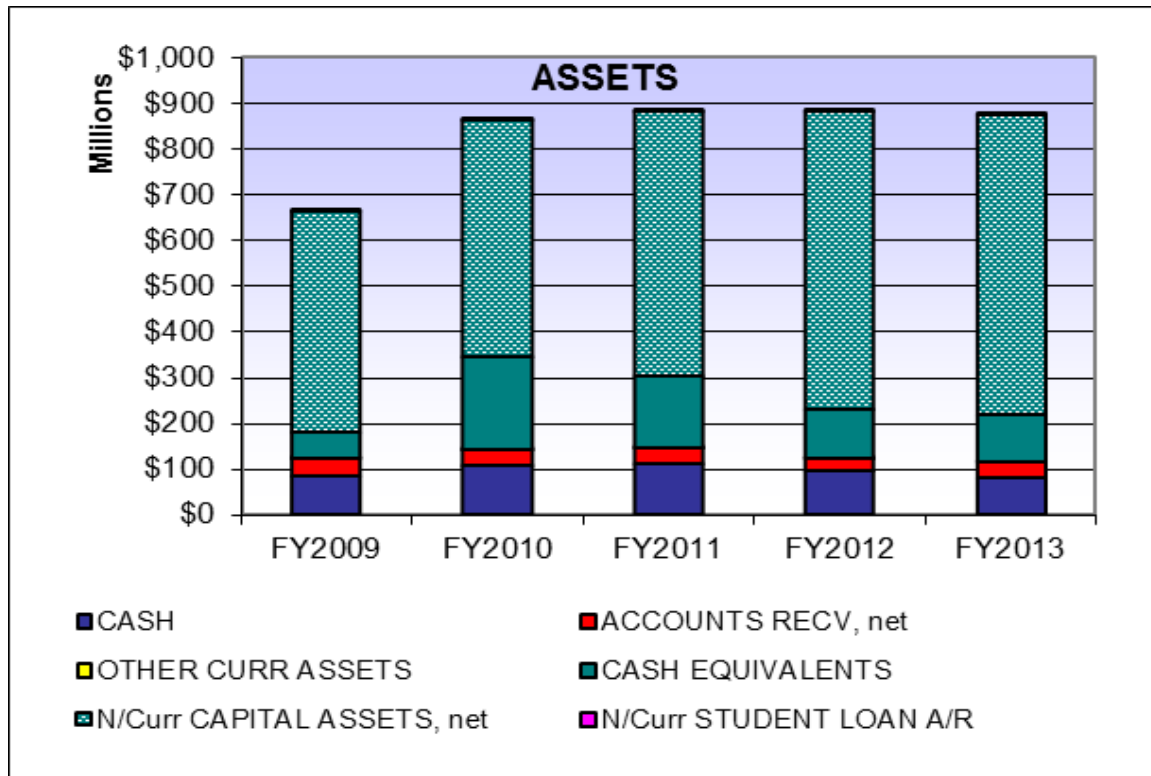
Condensed Statements of Net Position
June 30, 2013, 2012 and 2011
(in thousands)

	2013	2012	Primary Institution 2011	% Change	
				current yr	prior yr
ASSETS					
Current assets	\$ 217,041	\$ 229,587	\$ 302,720	(5) %	(24) %
Non-current assets	658,276	650,499	578,935	1	12
Total assets	<u>\$ 875,317</u>	<u>\$ 880,086</u>	<u>\$ 881,655</u>	<u>(1) %</u>	<u>(0) %</u>
LIABILITIES					
Current liabilities	\$ 56,255	\$ 61,324	\$ 65,282	(8) %	(6) %
Non-current liabilities	36,861	37,060	40,303	(1)	(8)
Total liabilities	<u>93,116</u>	<u>98,384</u>	<u>105,585</u>	<u>(5)</u>	<u>(7)</u>
NET POSITION					
Invested in capital assets	657,917	649,998	578,431	1	12
Restricted-nonexpendable	20	20	20	-	-
Restricted-expendable	109,089	103,366	158,429	6	(35)
Unrestricted	15,175	28,318	39,190	(46)	(28)
Total net position	<u>782,201</u>	<u>781,702</u>	<u>776,070</u>	<u>0</u>	<u>1</u>
Total liabilities and net position	<u>\$ 875,317</u>	<u>\$ 880,086</u>	<u>\$ 881,655</u>	<u>(1) %</u>	<u>(0) %</u>

Total assets were \$875.3 million at the end of the 2013 fiscal year, down from \$880.1 million at the end of fiscal year 2012 and down from \$881.7 million at the end of fiscal year 2011. *Current assets* include cash and cash equivalents of \$182.6 million, consisting of \$1.3 million of cash held in restricted agency accounts for student activity, institutional welfare, and student loan funds, \$77.8 million in restricted and unrestricted operating funds, \$62.0 million in agency-administered bond appropriations, and \$41.5 million in DAS-administered bond appropriations. The \$12.5 million net decline in current assets from the previous year is largely attributable to a \$14.1 million decrease in cash from current operations. Current assets in fiscal year 2013 also include tuition and fee accounts receivable of \$3.8 million, net of a \$1.9 million allowance for doubtful accounts. Net tuition and fee accounts receivable represent current amounts due for the summer 2012 through spring 2013 academic terms, and are approximately 2.2% of total gross tuition and fee revenues, up from 1.8% in fiscal year 2012. Accounts receivable also include \$24.1 million of employee salary and fringe benefit expense accrued at June 30, 2013 due from the State general fund, a 3.1% increase from the previous year. Also included in accounts receivable are \$4.8 million of restricted government and private grant receivables. Investment of cash is handled by the State of Connecticut Treasurer's Office, which invests cash balances in a Short Term Investment Fund ("STIF") on behalf of State agencies. The CCC's do not carry any other separate investments.

Non-current assets increased 1.2% from \$650.5 million at June 30, 2012, to \$658.3 million at June 30, 2013, following an increase from \$578.9 million in fiscal year 2011. Student loan receivables declined by 28.5% to \$358 thousand in 2013 as colleges continue to close out their NDSL Loan programs. Net capital assets increased by 1.2% from \$650.0 million to \$657.9 million at June 30, 2013. At June 30, 2013, capital assets in service totaled \$884.1 million, offset by \$247.8 million in accumulated depreciation; this compared with \$690.9 million and \$222.7 million, respectively, at the end of fiscal year 2012. Buildings and building improvements increased by \$185.6 million, \$182.7 million of which is attributable to the completion of Gateway's new downtown campus. Non-current assets also include land and land improvements of \$15.3 million and \$7.4 million, respectively, infrastructure, vehicles and software, as well as furnishings and equipment of \$27.1 million net of accumulated depreciation, and library books of \$3.6 million net of depreciation at June 30, 2013.

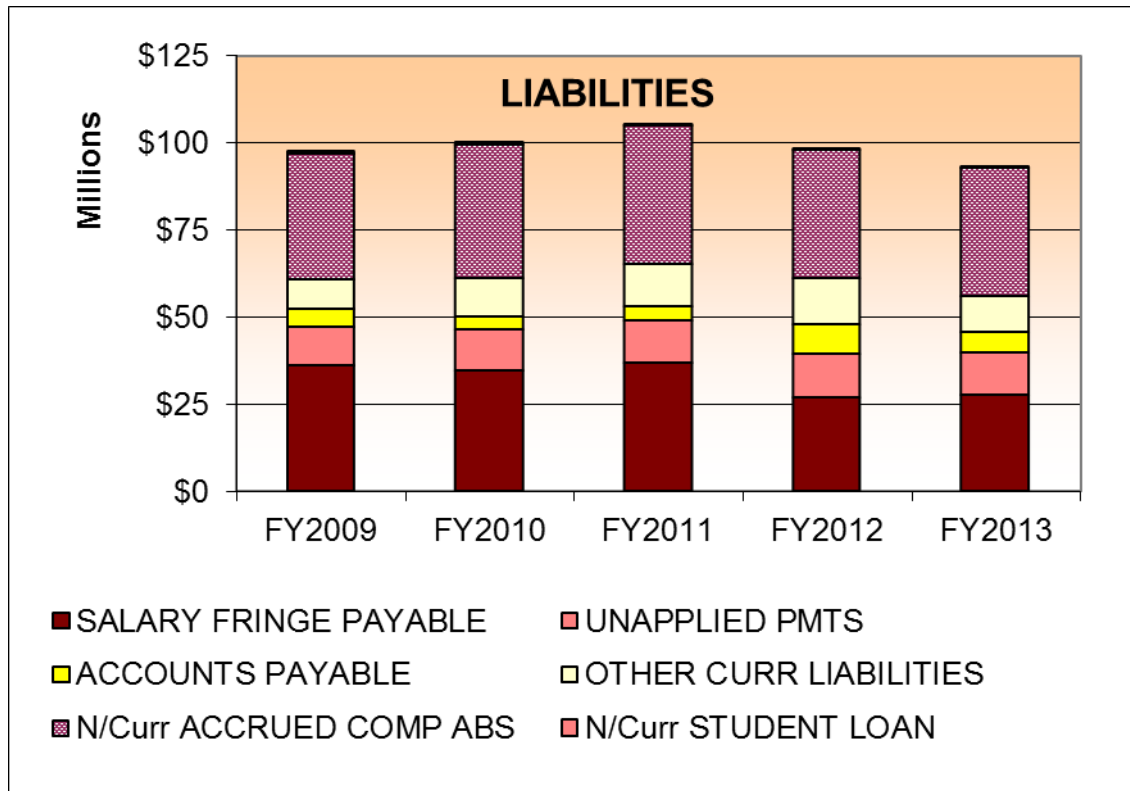
**Connecticut Community Colleges
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Total liabilities were \$93.1 million at the end of fiscal year 2013, a decrease from \$98.4 million at the end of fiscal year 2012. *Current liabilities* consist primarily of employee salary and fringe benefits payable of \$27.8 million and unapplied payments of \$12.1 million, primarily collected in advance for late-summer and fall 2013 academic terms. Additional current liabilities include deferred revenues of \$3.6 million for restricted grant activities to be performed, vendor accounts payable of \$6.0 million, agency fund liabilities of \$1.3 million, and \$3.9 million for the estimated value of accrued compensated absences (sick and vacation time benefits) that will be paid within the coming year to employees who terminate or retire, as well as \$1.4 million of retainage on facility projects.

Non-current liabilities consist almost exclusively of long-term accrued compensated absences – \$36.7 million net of \$3.9 million of current liabilities – to be paid out to terminating employees over time in the future beyond one year. The total ACA liability of \$40.5 million (long-term and current) represents approximately 41.5% of the existing *unrestricted* current assets that are available to pay for these previously earned employee benefits, and causes the reported unrestricted net position balance to be significantly reduced. In practice, however, much of these payouts are funded through current-year revenues rather than through existing net position.

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Management's Discussion and Analysis
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The total net position balance includes \$657.9 million *Invested in Capital Assets* net of related debt and depreciation. The Connecticut Community Colleges do not carry any capital debt, as property acquisitions, facility construction and major renovations are financed by capital appropriations made to one or more of the CCC's. Bonding and debt repayment are the responsibility of the State of Connecticut and are not reflected in the CCC financial statements. Capital additions may also be financed by the use of unrestricted net position reserves generated from student tuition and fee revenues and other operating activities, and by capital gifts and grants.

One of the critical factors in continuing the quality of the System's academic and public service programs is the development and renewal of its capital assets, including facilities, technology infrastructure and equipment. The significant pace of technological change and obsolescence means that educational equipment, technology infrastructure and computer software and hardware systems must be replaced and upgraded on a regular basis. The Connecticut Community Colleges continue to implement a long-range capital plan to provide for new and renovated campus facilities necessary to meet academic program needs, and to provide for on-going capital equipment and technology upgrades and replacement, through significant on-going support of the governor's office and annual bond funding authorized by the State legislature.

The \$50.8 million in new bond fund appropriations in fiscal year 2013 included \$9.1 million for System administered projects and repairs and \$13.7 million for DAS administered projects. Major projects completed in fiscal year 2013 included Gateway's new \$183 million green campus building in downtown New Haven which opened for classes in the Fall of 2012, manufacturing lab renovations at Housatonic and Naugatuck Valley, HVAC renovations at Housatonic and a new fire sprinkler system at Quinebaug Valley.

Projects in progress in fiscal year 2013 included:

- Asnuntuck – Construction of a more expansive and inclusive welding technology center, HVAC improvements, a new main equipment room, radio station addition and electronics lab reconfigurations.
- Capital - Reroofing and rooftop platform replacement
- Housatonic – Design work on Phase III renovations to Lafayette Hall

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012

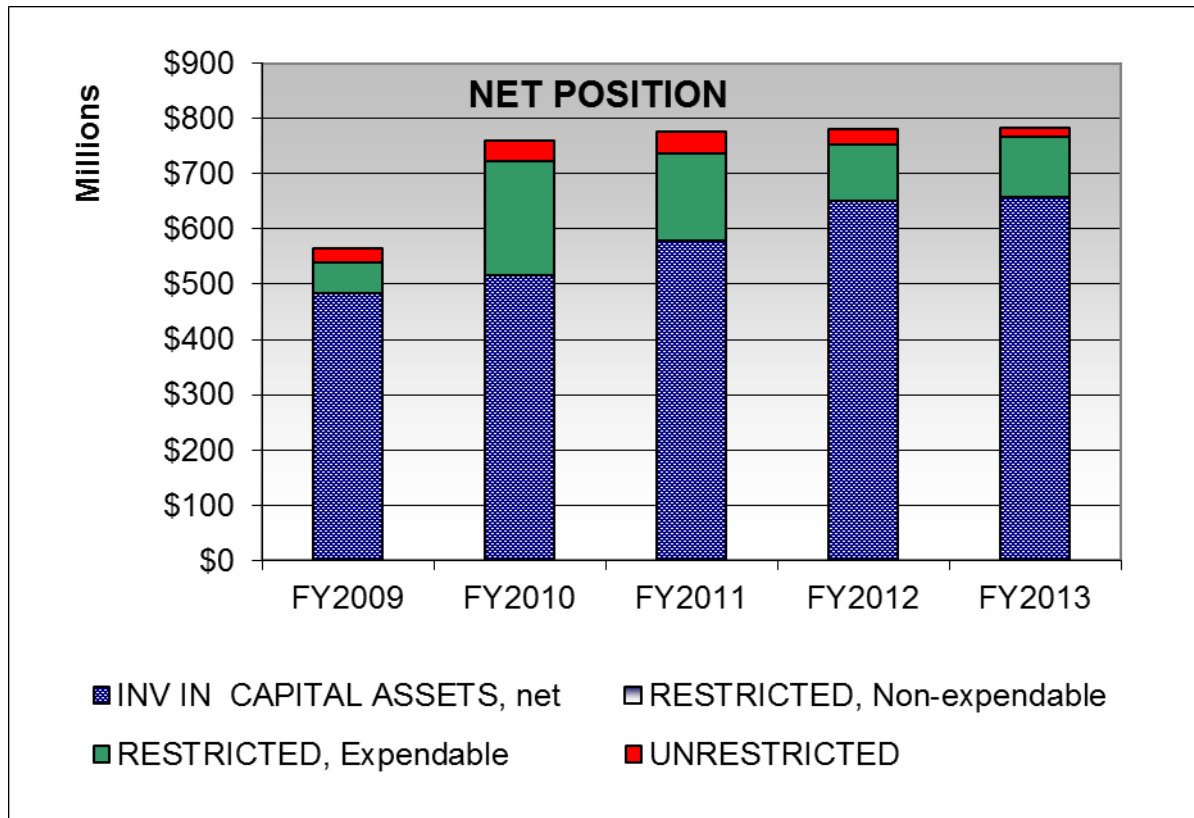
- Manchester - Parking lot and site improvements, a new fire sprinkler system for the west half of the Lowe building completed in October, and ADA bathroom renovations
- Middlesex - Founders Hall cafeteria expansion and renovations of physics and anatomy labs
- Naugatuck Valley - Design for major site improvements, design for renovations to Founders Hall, and restoration of the pedestrian bridge to Ekstrom Hall completed in September 2013
- Northwestern - Design for the new Joyner Learning center for the Vet Tech and Allied Health programs, scheduled to go out to bid in January of 2014, with a possible fall 2015 occupancy and building envelope restoration to Greenwoods Hall
- Norwalk – Improvements to the college's culinary center and pedestrian bridge
- Quinebaug Valley – Boiler replacement and architectural selection completed this fall for design of a new 10,000 gross square foot manufacturing center
- Three Rivers – Design of a new auditorium and art classroom building consisting of 15,076 gross square feet, and renovations to the "D", "C", and "E" wings to replace existing doors and exterior windows
- Tunxis - Phase II Classroom Building addition, begun in December 2011 and substantially complete for the fall 2013 semester. The \$18.3 million addition provides 19 classrooms and a conference room.

Last summer the State Legislature authorized \$44 million for design and construction of a new 69,000 gross square foot academic building for Middlesex. The project will seek an allocation of \$4.5 million in the spring of 2014 to begin the design phase.

The CCC's have a minimal level of *Restricted-Nonexpendable* net position as the colleges do not generally carry any permanent endowment as a direct activity. However, each college has a related foundation which administers an endowment fund on behalf of its respective college, in accordance with the State's endowment matching grant program. Under this program, beginning in calendar year 1998 through calendar year 2012, eligible gifts made to the endowment were to be matched by a 50% State match up to specified maximum amounts. During the 2005 legislative session, the 50% match was amended to apply to eligible gifts received through calendar year 2004, with a lower 25% match to be provided for subsequent years, and with no new matching funds to be appropriated until the State's Budget Reserve Fund equals ten percent of net General Fund appropriations. During each of the fiscal years 2009 through 2013, no State match funding was received. Remaining State matching receivables of \$3.2 million for gifts received in calendar years 2004 through 2012 remain unfunded. The sum of the net receivable for the State match included by the foundations in their statements at June 30, 2013 is \$337 thousand. Investment income earned on the endowment may be used for scholarships and programmatic enhancements by each college or by its foundation on behalf of the college. Financial information related to the college foundations is included in the CCC financial statements, but is discretely presented as *component units*, and is therefore not reflected within the CCC *primary institution* restricted-nonexpendable net position. Most college foundations are no longer reflecting the State match as a receivable due to the unpredictable timing of its receipt, but will instead reflect revenues if and when the match is provided.

Restricted-Expendable net position represent primarily bond fund appropriation balances at June 30, 2013 (\$60.8 million in funds managed by the CCC's and \$38.6 million for projects managed by DAS), funds held in restricted accounts pending distribution under the terms of the Board's collective bargaining agreement with its professional unions (\$8.9 million), loan fund balances (\$0.3 million), as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet expended. Changes in restricted-expendable net position are related primarily to the change in bond fund appropriation revenues and expenses in connection with various facility projects. Other restricted activities include a significant level of federal, state and private "exchange" grants and financial aid programs which do not generate any net position balances because all revenues are offset by corresponding expenses, with a net difference of zero. Revenue is recognized only when the exchange occurs, generally at the point of expenditure.

**Connecticut Community Colleges
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Unrestricted net position (“UNP”) decreased by \$13.1 million to \$15.2 million during fiscal year 2013, following a decrease of \$10.9 million in 2012 and \$1.3 million increase in 2011. The declines in recent years follow a period of cash usage exceeding cash provided by operating and non-operating sources. However, the twelve-year table below of aggregate CCC UNP, expressed in millions, illustrates that it is not uncommon to have large swings in the year end balances:

<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
\$6.5	\$4.1	\$7.2	\$10.2	\$16.2	\$29.8	\$32.8	\$24.2	\$37.9	\$39.2	\$28.3	\$15.2

At the end of fiscal year 2013, three of the twelve colleges had negative UNP, compared with two in 2012 and one in 2011. Board policy requires colleges which do not meet its minimum net position and liquidity requirements to implement budget plans over the succeeding three years to bring their UNP and unrestricted current ratio into compliance with Board policy in order to enhance their short- and long-term financial health and viability, and to permit the continued development of responsive academic programs and services.

Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2013 and 2012

Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013, 2012 and 2011
(in thousands)

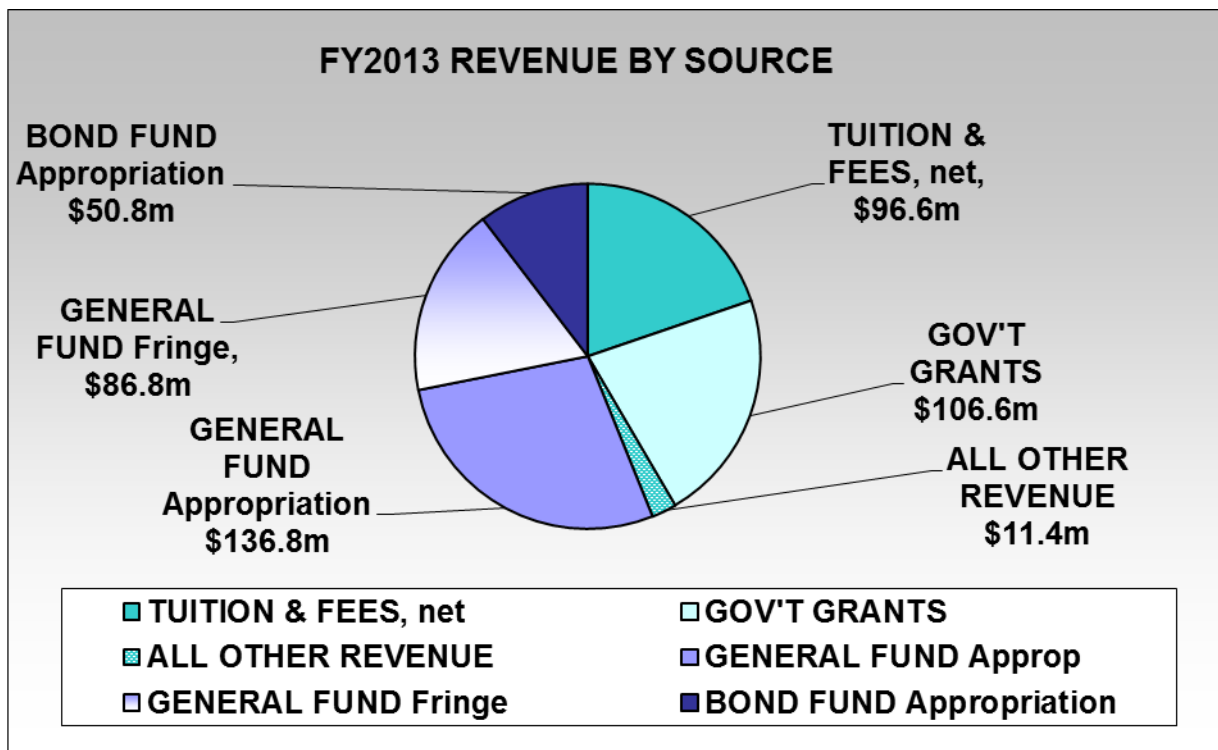
	2013	2012	2011	% Change	
				current yr	prior yr
OPERATING REVENUES					
Student tuition and fees	\$ 173,297	\$ 169,881	\$ 167,526	2 %	1 %
Less: Scholarship discounts and allowances	(76,661)	(73,964)	(70,071)	4	6
Net tuition and fees	96,636	95,917	97,455	1	(2)
Government grants and contracts	106,621	107,170	106,922	(1)	0
Additional operating revenues	8,221	11,654	9,780	(29)	19
Total operating revenues	211,478	214,741	214,157	(2)	0
OPERATING EXPENSES	488,496	478,044	479,985	2	(0)
Operating loss	(277,018)	(263,303)	(265,828)	(5)	1
NON-OPERATING REVENUES					
State appropriations - general fund *	223,621	219,976	244,782	2	(10)
State appropriations - bond fund **	50,768	46,728	36,127	9	29
Other non-operating revenues (expenses), net	3,128	2,231	238	40	837
Net non-operating revenues	277,517	268,935	281,147	3	(4)
Net income	499	5,632	15,319	(91)	(63)
Change in net position	499	5,632	15,319	(91)	(63)
NET POSITION					
Net position, beginning of year	781,702	776,070	760,751	1	2
Net position, end of year	\$ 782,201	\$ 781,702	\$ 776,070	\$ 0 %	\$ 1 %
* Including fringe benefits					
** Including agency and DCS administered					

Total *operating revenues* for fiscal year 2013 were \$211.5 million after reduction for scholarship allowances as required by GASB 35, down 1.5% from \$214.7 million in fiscal year 2012, and \$214.2 million in fiscal year 2011. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis, but are offset by \$76.7 million of student financial aid and waivers applied to student tuition and fee charges, resulting in net tuition and fee revenue of \$96.6 million after scholarship allowances. This differs from budgetary practices, which recognize revenue on a gross basis without offset for scholarship allowances. On a gross basis, fiscal year 2013 tuition revenues increased 3.0% from the previous year, to \$125.8 million, following a 0.3% increase from 2011 to 2012. These revenues reflect a FTE credit enrollment increase of 0.3% in fiscal year 2013 and a decrease of 1.5% in fiscal year 2012. Extension fee revenues of \$23.1 million decreased by 4.3% during fiscal year 2013, extension non-credit continued its downward trend, affected by the declining economy. Extension credit for the System rose 1.7% when Gateway is removed from the equation. Gateway moved to their new downtown campus during the 2012 summer, adversely impacting their summer revenue. Other fee revenues (gross) of \$24.4 million at June 30, 2013 included college services fees of \$18.7 million; required laboratory, studio and clinical fees totaling \$4.5 million; and other fees of \$1.2 million, including application fees, installment payment plan fees, late fees, credit by exam fees, check return fees, and others.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012

Government grant revenues at June 30, 2013 were \$106.6 million, federal dollars up \$0.9 million and state dollars down \$1.5 million from the previous fiscal year. Government grant revenues are comprised primarily of student financial aid programs including the Federal Pell and Supplemental Education Opportunity Grant ("SEOG") programs, and the State of Connecticut Aid to Public College Students ("CAPCS") grants. Other government grants include funding for various program-related activities.

Additional operating revenues during 2013 include approximately \$4.2 million in sales or commission revenues from college- or vendor-operated cafeterias, bookstores, daycare centers and other activities, up 1.5% from 2012. During fiscal year 2013, additional operating revenues also included \$550 thousand of incidental gross sales revenues related to the student experience component of various instructional programs including early childhood education, food services and allied health. Private grant and contract revenues of \$2.8 million are also reflected in the \$11.4 million of all other revenue for fiscal year 2013, down from \$13.9 million in fiscal year 2012 and up from the \$4.4 million in fiscal year 2011. (Private resources also included \$2.5 million of private *non-operating* gifts.)



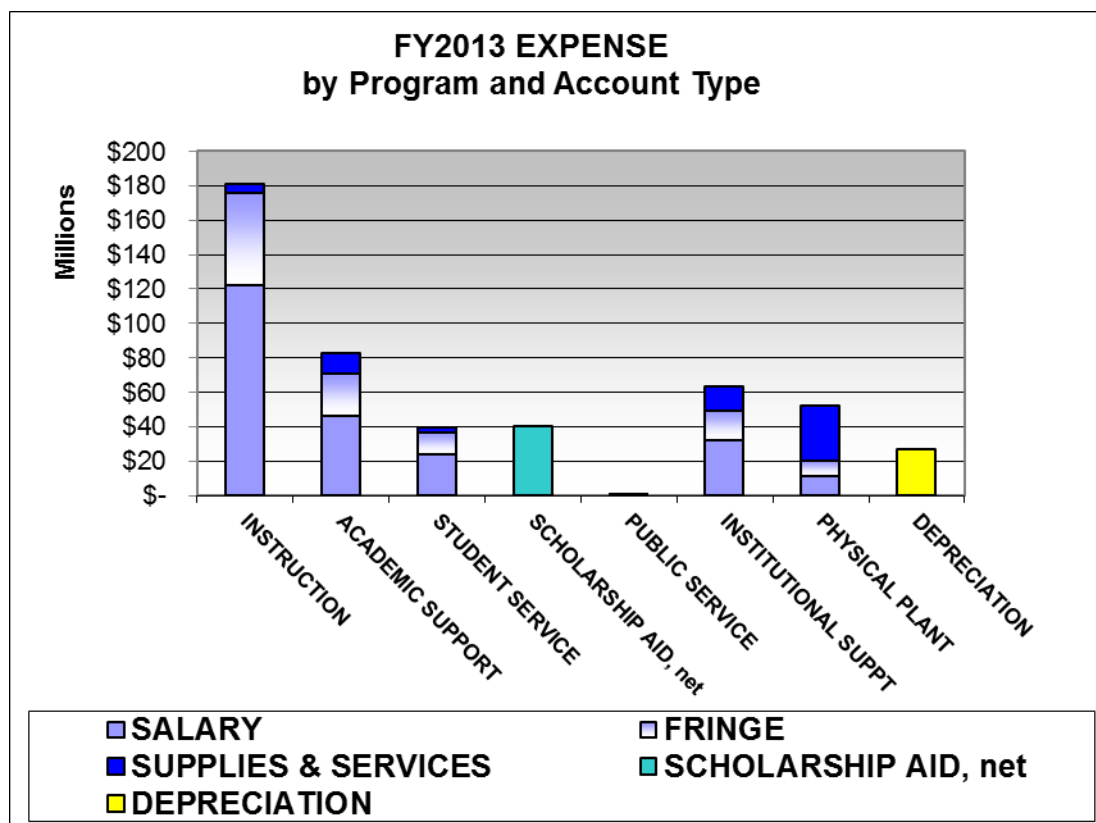
Total *operating expenses* for fiscal year 2013 were \$488.5 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects an operating expense increase of 2.2% from \$478.0 million in fiscal year 2012, compared with a decrease of 0.4% from \$480.0 million in fiscal year 2011. The \$10.5 million increase in fiscal year 2013 consists primarily of increases in fringe and depreciation of \$12.7 and \$5.9 million respectively, offset by decreases in other non-capital expenditures, net scholarship aid, and salaries and wages, of \$3.7 million, \$2.6 million, and \$2.0 million respectively.

Operating expenses included \$353.5 million for salary and wages and related fringe benefits, or 72.4% of total operating expense. In addition, operating expense included \$40.1 million in net scholarship aid expense refunded to students, \$27.4 million in depreciation expense and \$67.4 million for all other service and supply costs. Service and supply costs include \$8.7 million in non-capital telecommunications and information technology-related services and supplies; premises and property-related expenses including utilities, security, maintenance and repairs, custodial and grounds, and other related costs totaling \$26.3 million; and all other non-personnel costs of operating the colleges.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012

All financial aid grants and waivers which are applied to pay off student tuition and fee charges are reported as a reduction or "discount" of tuition and fee revenue. Only the financial aid amounts actually refunded to students above the amount used to pay for required tuition and fees is recorded as a financial aid expense. This differs from budgetary practices, which record all student *financial aid grants and waivers* as expenditure against current year appropriation or budget. On a gross basis, \$116.8 million of student *financial aid grants and waivers* were awarded in fiscal year 2013, essentially unchanged from fiscal year 2012. During award year 2013, 28,646 students received federal Pell grant awards, an increase of 963 students and 3.5% compared with 2012. Fiscal years 2013 and 2012 gross aid also included \$23.3 million and \$22.6 million, respectively, in financial aid and tuition waivers paid from institutional funds generated by student tuition and fee revenues, as well as \$11.6 million and \$12.5 million, respectively in state and private grant aid, other non-grant aid in the form of work study and loan assistance is not included in these numbers. Of the \$116.8 million gross financial aid, \$76.7 million was used to pay off student tuition and fee, bookstore and other student charges, and \$40.1 million was provided directly to students, and is reflected as operating expense.

Operating expenses also include *depreciation* of \$27.4 million. In fiscal year 2013, \$35.9 million of initial capital outlay was recorded and has been reclassified as capital assets for GASB reporting purposes. Depreciation expense related to current and prior year capital purchases is reflected as operating expense, to apportion the cost - and consumption - of each asset over the expected useful life during which it will be used. This method attempts to match costs associated with doing business to the time period in which the assets are used in generating revenues.



The Connecticut Community Colleges recorded an operating loss of \$277.0 million during the year ended June 30, 2013. In major part, this results from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *non-operating revenues* under GASB 35, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be an operating expense. Other non-operating activity includes private gifts and donations, investment income earned on cash balances invested by the State treasurer's office, and non-mandatory transfers between individual colleges and the System Office. During fiscal year 2013, private gift revenues increased to \$2.5 million, as compared with \$2.1 million in fiscal year 2012. Investment income

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decreased 11.1% to \$145 thousand, following a decline of 34.5% from \$249 thousand in 2011 to just \$163 thousand in 2012. The State general fund appropriation for salaries decreased by 2.9% and the associated revenues to cover fringe benefit costs increased by 8.9%, to \$134.3 million and \$86.8 million, respectively. Bond fund appropriation revenues increased from \$46.7 million in 2012 to \$50.8 million in 2013. When the full value of the general fund appropriation and fringe benefits, capital appropriations, and other non-operating revenue and expense is taken into account, the System recorded a total 2013 net increase in net position of \$0.5 million compared with \$5.6 million in 2012.

Condensed Statements of Cash Flows
Years Ended June 30, 2013, 2012 and 2011
(in thousands)

	2013	2012	2011	% Change	
				current yr	prior yr
NET CASH PROVIDED BY (USED IN)					
Operating activities	\$ (262,185)	\$ (257,974)	\$ (251,049)	(2) %	(3) %
Investing activities	153	191	260	(20)	(27)
Capital and related financing activities	6,111	(47,976)	(67,066)	113	28
Noncapital financing activities	239,287	238,189	275,269	0	(13)
Net change in cash and cash equivalents	(16,634)	(67,570)	(42,586)	75	(59)
CASH AND CASHEQUIVALENTS					
Cash and cash equivalents, beginning of year	199,270	266,840	309,426	(25)	(14)
Cash and cash equivalents, end of year	\$ 182,636	\$ 199,270	\$ 266,840	(8) %	(25) %

Major sources of *operating activity* cash inflows include receipts of student tuition and fees (\$95.1 million, down 0.3% from 2012) and receipts from government grants and contracts (\$105.6 million, down 1.8% from 2012). Cash is also received from private grants and contracts, miscellaneous auxiliary and educational sales, and other activities. The largest operating cash outflows include salaries paid to employees (\$235.8 million, down 3.6% from 2012), fringe benefits paid on behalf of employees (\$113.4 million, up 6.9% from 2012), vendor payments (\$83.8 million, up 6.8% from 2012) and payments to students (\$43.3 million, down 4.1% from 2012 and 2.2% from 2011) including financial aid grants and loans (above the amounts applied to tuition and fee charges), student work study or other employment, and tuition and fee refunds. Net cash provided by operating activities declined 1.6% during fiscal year 2013 and 2.8% during fiscal year 2012.

The largest inflow of cash related to *non-capital financing* is State appropriations (\$226.2 million), including general fund appropriations for salaries and related fringe benefits, and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Unlike the four-year public institutions in Connecticut, the Community Colleges do not actually receive cash from the State in support of the general fund appropriation. However, the appropriation is treated like a cash equivalent for accounting and reporting purposes, and is included in the cash flow statement. Additionally, the CCC's do not actually have a State appropriation for fringe benefits, nor do they receive cash, again unlike the other public units of higher education. Fringe benefit payments are made by the Connecticut State Comptroller on behalf of the CCC's, and information regarding the associated fringe benefit expense is provided to the System with each biweekly payroll. This is also treated as a cash equivalent on the cash flow statement, as both a non-operating cash inflow and an operating cash outflow. While this is a somewhat unusual treatment, to not include the general fund appropriation and fringe benefits as a cash item would seriously impact the usefulness of the cash flow statement as an indicator of Community College activity and invalidate comparison with other institutions of higher education. Other non-capital financing cash inflows include private gift receipts of \$1.6 million and Federal Family Education Loan Program (FFELP) receipts of \$11.5 million. In addition, non-capital financing cash inflows and outflows occur between individual colleges and the System Office during the course of the fiscal year, in order to transfer resources in conjunction with budgeted spending authority. These inflows and outflows net to zero for the System as a whole, and are not reflected on the system-wide cash flow statement. However, these resource moves represent a significant impact to

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012



individual colleges and the System Office, and are reflected in the supplementary schedules where numbers by college are shown.

Capital financing cash flows result primarily from the receipt or reallocation of capital appropriations and from cash outlays made to purchase capital assets either by the CCC's directly, or by DAS on the System's behalf. During fiscal year 2013, capital financing net cash inflows of \$47.5 million reflected the receipt of bond appropriations of \$13.7 million of which went to college facility projects administered by DAS, and \$28.0 million for capital equipment and system technology initiatives at the colleges. Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of the System, and distributed quarterly. Cash inflows from the Short Term Investment Fund ("STIF") fell from \$191 thousand in fiscal year 2012 to \$153 thousand in fiscal year 2013.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012

Economic Outlook

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

Full time equivalent headcount for the CCCs is slightly lower in 2013 than 2012 as indicated in the table below:

Fall Headcount Enrollment and Full Time Equivalent						
Year Ending 30-Jun	Undergraduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2013	58,228	1.9%	58,228	1.9%	32,570	-0.3%
2012	57,152	-1.0%	57,152	-1.0%	32,671	-3.7%
2011	57,749	5.9%	57,749	5.9%	33,944	4.4%
2010	54,523	8.0%	54,523	8.0%	32,520	8.3%
2009	50,472	5.5%	50,472	5.5%	30,021	6.7%

Although the past two years have seen declining full time equivalent students, the five year trend in enrollment is encouraging. The CCC continues to attract non-traditional students and as discussed below, strategic initiatives are underway to expand the potential student population.

Although Connecticut lags the national recovery cycle post-recession, the state revenues have met projections and are expected to provide a modest surplus. State general fund appropriations in 2013 of \$223.6 are up a modest 1.7% over 2012, which were lower than 2011 by 10.1%.

Looking forward, management is working towards strategic initiatives to improve and enhance operations of the CCC and entire system. The Board had previously engaged consulting support to review current enrollment management policies and practices with the goal of formulating new strategies to increase recruitment and retention of students. This project is now providing management with valuable insight in strategic enrollment and retention and best practices to promote student success.

Since its official formation in January, 2012, the Board of Regents has initiated a number of actions to employ best practices at the state universities. "Excel CT", the strategic plan for the state universities, community colleges, and Charter Oak State College, was launched in FY 2014, with the commitment to continue fleshing out the plan and focus on its implementation. Excel CT contemplates, among other things, continually increasing the number of Connecticut students attending our higher education institutions, as well as expanding the base of students typically attending and completing their educations. Additionally, Excel CT moves forward the integration of the state universities, community colleges, and Charter Oak State College by articulating the plan to increase efficiencies through integration of procurement functions, system-wide IT architecture design and information management practices, and enhanced revenue models. Additional opportunities include a continuation of an aggressive policy to work toward more seamless transfer and articulation between community colleges and the CSU system as well as a system-wide effort at improving developmental education delivery, pursuant to Public Act 12-40. A number of strategic initiatives in Excel CT are geared towards improving enrollment in CCC, including expanding and strengthening Early College Programs, expanding and deepening community college expertise within Connecticut's areas of job growth, and expanding military/veteran counseling and advising, to name a few.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2013 and 2012



Management is strongly committed to advocating for forward-thinking, long-term shifts in system operations. The primary focus of these strategies is to provide better services and experiences to students, but it is expected that some of these policies will result in some savings in administrative and operational costs. Strategies being examined include leveraging the use of current technology to streamline admissions, registration, financial aid, and institutional research processes across all 17 member institutions. These options are being considered in conjunction with proposals to highlight the academic specialties of each state university through program expansion and quality increases.

Additional Information

This financial report is designed to provide a general overview of CCC's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to Erika Steiner, Chief Financial Officer, Board of Regents for Higher Education, Connecticut State Colleges and Universities (860-493-0251). College-specific questions may also be directed to the Dean of Administration at each individual college.



Independent Auditor's Report

To the Board of Regents
of the Connecticut Community Colleges

We have audited the accompanying financial statements of the primary institution, and the aggregate discretely presented component units (the aggregate of the Magnet High Schools and the Foundations) of the Connecticut Community Colleges (the "System") as of June 30, 2013 and 2012 and for the years then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We did not audit the financial statements of the Foundations, which statements reflect total assets of \$48.9 million and \$46.2 million and total net assets of \$46.5 million and \$43.8 million as of June 30, 2013 and 2012, respectively, and total revenues, capital gains and losses and other support of \$9.8 million and \$5.2 million for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of the Connecticut Community

Colleges at June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis on pages 1 through 18 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

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 information included on pages 40 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the supplementary information, based on our audit, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 17, 2013

Connecticut Community Colleges
Statements of Net Position
June 30, 2013 and 2012



	Primary Institution (in thousands)		Component Unit Magnet High Schools (in thousands)	
	2013	2012	2013	2012
Assets				
Current assets				
Cash and cash equivalents	\$ 182,636	\$ 199,270	\$ 13,470	\$ 23,155
Accounts receivable, due from the State	24,144	23,417	28	27
Accounts receivable other, net	10,058	6,695	10	77
Prepaid expenses	203	205	-	-
Total current assets	<u>217,041</u>	<u>229,587</u>	<u>13,508</u>	<u>23,259</u>
Non-current assets				
Capital assets, net	657,917	649,998	40,689	32,041
Student loans, net	359	501	-	-
Total non-current assets	<u>658,276</u>	<u>650,499</u>	<u>40,689</u>	<u>32,041</u>
Total assets	<u>\$ 875,317</u>	<u>\$ 880,086</u>	<u>\$ 54,197</u>	<u>\$ 55,300</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 6,026	\$ 8,693	\$ 119	\$ 186
Accrued expenses - salary and fringe benefits	27,773	27,124	41	43
Accrued compensated absences - current portion	3,871	3,408	2	2
Deferred revenue	3,563	3,279	45	140
Unapplied payments	12,073	12,345	-	-
Retainage	1,382	4,929	-	-
Agency and loan fund liabilities	1,274	1,261	-	-
Other liabilities	293	285	-	-
Total current liabilities	<u>56,255</u>	<u>61,324</u>	<u>207</u>	<u>371</u>
Non-current liabilities				
Accrued compensated absences - long term portion	36,668	36,751	47	37
Other long-term liabilities	193	309	-	-
Total non-current liabilities	<u>36,861</u>	<u>37,060</u>	<u>47</u>	<u>37</u>
Total liabilities	<u>93,116</u>	<u>98,384</u>	<u>254</u>	<u>408</u>
Net position				
Invested in capital assets, net of related debt	657,917	649,998	40,689	32,041
Restricted				
Nonexpendable	20	20	-	-
Expendable	109,089	103,366	13,344	23,004
Unrestricted	15,175	28,318	(90)	(153)
Total net position	<u>782,201</u>	<u>781,702</u>	<u>53,943</u>	<u>54,892</u>
Total liabilities and net position	<u>\$ 875,317</u>	<u>\$ 880,086</u>	<u>\$ 54,197</u>	<u>\$ 55,300</u>

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

Connecticut Community Colleges
Statements of Net Assets – Component Unit
June 30, 2013 and 2012



	Component Unit Foundations	
	(in thousands)	
	2013	2012
Assets		
Cash and cash equivalents	\$ 6,825	\$ 8,575
Accounts receivable, net	25	18
Contributions receivable, net	2,424	3,002
Grants receivable	332	252
Other receivables	505	505
Prepaid expenses and other assets	579	308
Investments	38,190	33,524
Total assets	<u>\$ 48,880</u>	<u>\$ 46,184</u>
Liabilities		
Accounts payable and accrued expenses	\$ 293	\$ 228
Annuities payable	174	195
Scholarships payable	5	21
Other liabilities	1,931	1,951
Total liabilities	<u>2,403</u>	<u>2,395</u>
Net Assets		
Unrestricted	2,324	2,393
Temporarily restricted	16,088	14,811
Permanently restricted	28,065	26,585
Total net assets	<u>46,477</u>	<u>43,789</u>
Total liabilities and net assets	<u>\$ 48,880</u>	<u>\$ 46,184</u>

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

Connecticut Community Colleges
Statements of Revenues, Expenses and
Changes in Net Position
Years Ended June 30, 2013 and 2012



	Primary Institution (in thousands)		Component Unit Magnet High Schools (in thousands)	
	2013	2012	2013	2012
Operating revenue				
Student tuition and fees	\$ 173,297	\$ 169,881	\$ -	\$ -
Less: Scholarship discounts and allowances	(76,661)	(73,964)	-	-
Net tuition and fees	<u>96,636</u>	<u>95,917</u>	<u>-</u>	<u>-</u>
Federal grants and contracts	91,086	90,198	4,351	4,009
State and local grants and contracts	15,535	16,972	95	-
Private grants and contracts	2,817	6,177	-	-
Sales and services of educational departments	551	607	-	-
Other operating revenues	4,853	4,870	911	1,351
Total operating revenues	<u>211,478</u>	<u>214,741</u>	<u>5,357</u>	<u>5,360</u>
Operating expenses				
Instruction	181,318	175,543	3,384	3,641
Public service	850	872	-	-
Academic support	72,886	74,002	472	535
Library	9,911	10,052	72	71
Student services	39,771	39,056	408	386
Scholarship aid, net	40,149	42,742	-	-
Institutional support	63,868	65,459	1,062	698
Physical plant	52,307	48,875	554	556
Depreciation	27,436	21,443	979	907
Total operating expenses	<u>488,496</u>	<u>478,044</u>	<u>6,931</u>	<u>6,794</u>
Operating loss	<u>(277,018)</u>	<u>(263,303)</u>	<u>(1,574)</u>	<u>(1,434)</u>
Nonoperating revenues (expenses)				
State appropriations - general fund	223,621	219,976	625	567
State appropriations - bond funds	50,768	46,728	-	22,267
Private gifts	2,515	2,084	-	-
Interest income	145	163	-	-
Other non-operating revenues (expenses), net	468	(16)	-	-
Net non-operating revenue	<u>277,517</u>	<u>268,935</u>	<u>625</u>	<u>22,834</u>
Change in net position	499	5,632	(949)	21,400
Net position at beginning of year	781,702	776,070	54,892	33,492
Net position at end of year	<u>\$ 782,201</u>	<u>\$ 781,702</u>	<u>\$ 53,943</u>	<u>\$ 54,892</u>

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

Connecticut Community Colleges
Statements of Revenues, Expenses and
Changes in Net Assets – Component Unit
Years Ended June 30, 2013 and 2012



	Foundations	
	(in thousands)	
	2013	2012
		(Restated)
Revenue, capital gains and losses and other support		
Gifts and grants	\$ 5,579	\$ 4,172
Gifts in kind	7	70
State matching grant	-	(116)
Events and activities	948	1,024
Dividends and interest income	527	165
Net realized and unrealized gain/(loss) on investments	2,713	(71)
Total revenue, capital gains and losses and other support	9,774	5,244
Expenses		
Fundraising events	590	466
Campus facilities, projects and equipment	725	-
Grants	160	197
Museum	85	71
Program services	1,565	1,397
Scholarships, awards, and financial aid	1,799	1,799
Management and general	835	773
College advancement	1,327	4,017
Total expenses	7,086	8,720
Net Income (Loss)	2,688	(3,476)
Merger with Alumni Association (Manchester CC)	-	130
Change in net assets	2,688	(3,346)
Net assets		
Net assets at beginning of year	43,789	47,135
Net assets at end of year	\$ 46,477	\$ 43,789

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

Connecticut Community Colleges
Statements of Cash Flows
June 30, 2013 and 2012



	Primary Institution	
	(in thousands)	
	2013	2012
Cash flows from operating activities		
Student tuition and fees	\$ 95,142	\$ 95,404
Government grants and contracts	105,580	107,539
Private grants and contracts	2,587	5,718
Sales and services of educational departments	537	686
Payments to employees	(235,753)	(244,645)
Payments for fringe benefits	(113,394)	(106,050)
Payments to students	(43,291)	(45,163)
Payments to vendors	(80,784)	(78,408)
Payments by Department of Construction Services	(520)	(348)
Other receipts (payments), net	7,711	7,293
Net cash used in operating activities	<u>(262,185)</u>	<u>(257,974)</u>
Cash flows from investing activities		
Interest income	153	191
Net cash provided by investing activities	<u>153</u>	<u>191</u>
Cash flows from capital and related financing activities		
State appropriations	47,472	45,452
Payments by Department of Construction Services	(28,187)	(83,338)
Purchase of capital assets	(13,174)	(10,090)
Net cash provided by (used in) capital and related financing activities	<u>6,111</u>	<u>(47,976)</u>
Cash flows from noncapital financing activities		
State appropriations	226,192	226,082
Private gifts	1,644	1,940
Federal Family Education Loan program ("FFELP")	11,451	10,167
Net cash provided by noncapital financing activities	<u>239,287</u>	<u>238,189</u>
Net change in cash and cash equivalents	(16,634)	(67,570)
Cash and cash equivalents at beginning of year	199,270	266,840
Cash and cash equivalents at end of year	<u>\$ 182,636</u>	<u>\$ 199,270</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (277,018)	\$ (263,303)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	27,436	21,443
Loss (gain) on disposal of capital assets, net	621	46
Operating Application of FFELP Receipts	(11,451)	(10,167)
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,226)	670
Prepaid expenses and other assets	2	38
Accrued compensation and other	1,863	(11,442)
Accounts payable	(696)	4,736
Deferred revenue	284	5
Net cash used in operating activities	<u>\$ (262,185)</u>	<u>\$ (257,974)</u>

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

1. Organization and Operations

The Connecticut Community Colleges (collectively referred to as “CCC” or the “System”) are a state wide system of twelve regional community colleges, serving more than half of the undergraduates in public higher education in the State of Connecticut (the “State”). The CCC’s offer two-year associate degrees and transfer programs, short-term certificates and individual coursework in both credit and noncredit programs, often through partnerships with business and industry. The System has a combined enrollment of approximately 58,000 credit full-time equivalent students and 29,000 additional noncredit students at its twelve colleges. The financial statements include the CCC System Office (“SO”) and the following regional community colleges: Asnuntuck Community College (“Asnuntuck”), Capital Community College (“Capital”), Gateway Community College (“Gateway”), Housatonic Community College (“Housatonic”), Manchester Community College (“Manchester”), Middlesex Community College (“Middlesex”), Naugatuck Valley Community College (“Naugatuck”), Northwestern Connecticut Community College (“Northwestern”), Norwalk Community College (“Norwalk”), Quinebaug Valley Community College (“Quinebaug”), Three Rivers Community College (“Three Rivers”), and Tunxis Community College (“Tunxis”).

2. Reporting of Component Units

Government Accounting Standards Board (“GASB”) Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (“GASB 39”) requires several legally separate, tax-exempt, affiliated college foundations (collectively referred to as the “Foundations”) to be considered component units of CCC and presented discretely in CCC’s financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the colleges in support of their programs. Although the colleges do not control the timing or amount of receipts from the Foundations, the majority of resources, or income thereon, that the Foundations hold and invest are restricted to the activities of the colleges by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, the colleges, the Foundations are considered component units of the colleges.

The financial information of the college Foundations is discretely presented and identified in the “component unit” column of the various system-wide and college financial statements. Because under Connecticut statutes each Foundation may establish its own accounting (fiscal) year as any twelve month period, not all twelve Foundations have a fiscal year-end which coincides with the CCC June 30 year-end. Some Foundations have fiscal years which end at December 31. GASB 39 allows component unit information to be up to eleven months older than that of the CCC primary institution, therefore the component unit information reflects Foundation statements from each Foundation’s most recent fiscal year, ended either December 31, 2012 or June 30, 2013.

All Foundation statement information is based on separately audited financial statements. Those financial statements are audited by other accounting firms and are presented under standards promulgated by the Financial Accounting Standards Board (“FASB”) rather than GASB. Under pre-existing Connecticut statutory and CCC Board policy requirements, various Foundation information including the audited Foundation financial statements, is reviewed at a high level by the college president and the college chief financial official, and forwarded to the CCC System

Office annually for transmittal to the State Auditors of Public Accounts. CCC management relies upon individual college and Foundation compliance with these requirements, and the independently audited Foundation financial statements, to ensure that information presented in the component unit section of the CCC financial statements is materially correct.

The Foundations are private non-profit organizations that report under FASB standards, including ASC 958-205 *Presentation of Financial Statements*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in CCC's financial reporting entity for these differences. However, in some cases line items have been combined to reflect common terminology across all twelve college foundations. In addition, all other footnotes herein relate solely to the primary institution, the CCC's, excluding the component unit foundations.

CCC has responsibility for Great Path Academy ("GPA") and Quinebaug Valley Middle College High School ("QMC"), (together, "magnet high schools") which are inter-district magnet high schools located on the Manchester Community College and Quinebaug Valley Community College campuses, respectively. Magnet high schools are discretely presented and identified in a single column as component units on the face of CCC's statements of net position. CCC does not consider magnet high schools to be part of the primary institution, because their educational mission is different from CCC and they are separately managed and accounted for.

Affiliated alumni associations, if any, have not been included as component units of the colleges. They are considered immaterial for inclusion.

3. Significant Accounting Policies for Primary Institution

Basis of Presentation

The financial statements for the CCC primary institution 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, as prescribed by GASB. The System reports as a business type activity, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities* ("GASB 35"). Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

CCC implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"), effective June 30, 2013. CCC also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") effective June 30, 2013.

As a result of implementation, CCC did not identify any significant deferred outflows of resources or deferred inflows of resources at June 30, 2013 and June 30, 2012.

CCC follows the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* ("GASB 33"), and GASB 35, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local*

Connecticut Community Colleges
Notes to Financial Statements
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Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34, (“GASB 37”) and No. 38, Certain Financial Statement Note Disclosures (“GASB 38”). GASB 33 requires that unconditional promises to give be recorded as receivables and revenues when CCC has met all applicable eligibility requirements. This statement also requires that unspent cash advances received for sponsored programs be recorded as deferred revenue rather than as restricted expendable net position. GASB 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

Invested in Capital Assets, Net of Related Debt

Capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding principal balances of debt and other obligations, if applicable, attributable to the acquisition, construction or improvement of those assets. As of June 30, 2013 and 2012, the CCC’s do not carry any debt as all bonding is handled by the State.

Restricted – Nonexpendable

Net position subject to externally-imposed stipulations that are required to be retained in perpetuity, such as permanent endowments.

Restricted – Expendable

Net position subject to externally-imposed constraints imposed by grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted expendable net position include capital appropriation balances, funds held in accordance with legally adopted collective bargaining agreements, unexpended balances in non-exchange grants, and institutional capital contribution balances in the Federal National Direct Student Loan and Nursing Loan programs. The balance of expendable net position restricted by enabling legislation at June 30, 2013 and June 30, 2012 are \$109,089,252 and \$103,366,126 respectively.

Unrestricted

Net positions that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

GASB 35 also requires that the statements of net positions; revenues, expenses, and changes in net positions; and cash flows be reported on a combined basis.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund (“STIF”), state general fund and capital appropriations, and petty cash. The STIF, stated at market value, is held on behalf of CCC by the State Treasurer and has original maturities of three months or less (see Note 4). Interest income is recognized on the accrual basis. The largest inflow of cash related to non-capital financing is State appropriations, including general fund appropriations for salaries of \$136,808,291 and \$140,226,605 for fiscal year 2013 and 2012 respectively, and related fringe benefit of \$86,813,061 and \$79,749,389 for fiscal year 2013 and fiscal year 2012 respectively, and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. The Community Colleges do not receive cash from the State in support of the general fund appropriation. The appropriation is

Connecticut Community Colleges
Notes to Financial Statements
June 30, 2013 and 2012



treated as a cash equivalent for accounting and reporting purposes, and is included in the cash flow statement. Fringe benefit payments are made by the State Comptroller on behalf of the CCC's, and information regarding the associated fringe benefit expense is provided to the System with each biweekly payroll. This is treated as a cash equivalent on the statement of cash flows.

Capital Assets

Capital assets are stated at historical cost or, in the case of donated property, at the fair value at the date of gift. Depreciation of capital assets is calculated on a straight-line basis over the respective asset's estimated useful life. Useful lives assigned to assets are identified in the following table:

Asset Class Description	Useful Life
Land	Not applicable
Land/site improvements	20-40 years
Buildings and building Improvements	3-40 years
Lease related	Life of lease
Library books	10 years
Furniture and equipment	3-15 years
Vehicles	4 years
Artwork non-collection	10 years
Fine arts & historical treasures	Not applicable
Software	5 years
Other personal property	10 years

CCC does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes. Title to all assets, whether purchased, constructed or donated, is held by the State of Connecticut.

With the introduction of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* ("GASB 51") in 2011 all identifiable intangible assets, not specifically excluded, are included as intangible assets in the CCC statements of net position, in accordance with CCC policy regarding capitalization.

Accrued Compensated Absences (ACA)

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

Deferred Revenue

Deferred revenue consists primarily of cash received under government grants and contracts which has not yet been earned as of year-end.

Connecticut Community Colleges

Notes to Financial Statements

June 30, 2013 and 2012



Unapplied Payments

Unapplied payments consist primarily of tuition and fees collected as of year-end, for the upcoming summer or fall semesters. Direct charges related to these semesters are reported in the period the tuition and fees are recognized as income.

Operating Activities

CCC policy for defining operating activities as reported on the statements of revenue, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of CCC expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB 35, including state appropriations, gifts and investment income.

Student Tuition and Fee Revenue

Student tuition and fee revenues are recognized in the period earned. Student tuition and fee revenue is presented net of scholarship aid applied to student accounts, while other financial aid refunded directly to students is presented as scholarship aid expenses, as required by GASB 35. Student tuition, college services fees, student activity fees, extension credit and non-credit program fees, and other miscellaneous student fees, recorded as gross tuition and fee revenues, represent the largest portion of operating revenue, but are offset by student financial aid grants from federal, state, local and private sources as well as by institutional aid in the form of tuition remission and statutory and other tuition and fee waivers, used to pay off student tuition and fee charges, resulting in net tuition and fee revenue after scholarship allowances. The revenue for a summer session is split between the two fiscal years, with appropriate amounts being recognized in the accounting period in which they are earned or incurred and become measurable.

Private Gifts and Contributions

CCC receives gifts of financial support from private corporations, foundations and individuals. In such cases, revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such promise, revenue is recognized when the gift is received. Contributions of assets other than cash are recorded at their estimated fair value.

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates include the collectability of accounts and loans receivable and the useful lives of property and equipment.

Connecticut Community Colleges
Notes to Financial Statements
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Subsequent Events

In accordance with generally accepted accounting principles, CCC evaluated subsequent events for the period after June 30, 2013 and through December 17, 2013, the date the financial statements were issued, and determined that there have been no subsequent events that would require recognition in the financial statements or disclosures in the notes of the financial statements.

4. Cash and Cash Equivalents

Cash and cash equivalents consists of the following at June 30, 2013 and 2012 (in thousands):

	2013	2012
Cash	\$ 79,111	\$ 93,260
Cash equivalents	103,525	106,010
Cash and cash equivalents total	<u>\$182,636</u>	<u>\$199,270</u>

Cash is invested in the State of Connecticut Treasurer's STIF, a combined investment pool of high quality, short-term money market instruments. All temporary surplus cash is invested in the STIF. CCC may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet CCC 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 5.0% of the STIF's net assets at the time of execution.

CCC has assessed the Credit Risk and the Concentration of Credit Risk of its Cash and Cash Equivalents as follows:

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CCC is only invested in the State of Connecticut Treasurer's STIF, which is a combined investment pool of high quality, short-term money market instruments. There is essentially no risk to these types of investments.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5 percent or more of the total value of investments. 100% of CCC's total cash and cash equivalents are invested in the STIF or consist of State general fund and capital bond fund appropriations allocated to the CCC which are backed by cash held by the State as of June 30, 2013.

Connecticut Community Colleges
Notes to Financial Statements
June 30, 2013 and 2012



5. Accounts Receivable

Accounts receivable consist of the following at June 30, 2013 and 2012 (in thousands):

	2013	2012
Tuition	\$ 2,464	\$ 2,091
College services fees	254	231
Student activity fees	15	13
Extension fees	1,104	788
Payment plans and returned checks	1,722	1,713
Other student fees	<u>172</u>	<u>165</u>
Subtotal	5,731	5,001
Less: Allowance for doubtful accounts	<u>(1,942)</u>	<u>(1,858)</u>
Subtotal student tuition and fee receivables, net	<u>3,789</u>	<u>3,143</u>
Third party contracts	492	479
Government grants and contracts	3,560	2,260
STIF	25	31
Other receivables	<u>2,749</u>	<u>1,261</u>
Subtotal	6,826	4,031
Less: Allowance for doubtful accounts	<u>(557)</u>	<u>(479)</u>
Subtotal other receivables, net	<u>6,269</u>	<u>3,552</u>
Total accounts receivable, net	<u>\$ 10,058</u>	<u>\$ 6,695</u>

Student tuition and fees are due at a date established by each college not earlier than six weeks nor later than three weeks before the first day of classes unless other payment arrangements have been made. Any account not fully paid after the second week of class (end of add/drop) is entered into collections. Any unpaid account at June 30th that relates to a term from a previous fiscal year is considered doubtful and an allowance is established.

Connecticut Community Colleges
Notes to Financial Statements
June 30, 2013 and 2012



6. Capital Assets

Capital assets consist of the following at June 30, 2013 and 2012 (in thousands):

	Balance at June 30, 2012	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2013
Land and land/site improvements	\$ 22,737	\$ -	\$ -	\$ -	\$ 22,737
Infrastructure	516	-	-	-	516
Building and building improvements	592,125	1,872	-	183,757	777,754
Furnishings and equipment	66,566	8,943	(1,839)	805	74,475
Library books	8,558	535	(920)	-	8,173
Software	439	-	-	-	439
	<u>690,941</u>	<u>11,350</u>	<u>(2,759)</u>	<u>184,562</u>	<u>884,094</u>
Less: Accumulated depreciation	<u>(222,748)</u>	<u>(27,436)</u>	<u>2,411</u>	<u>-</u>	<u>(247,773)</u>
	468,193	(16,086)	(348)	184,562	636,321
Construction-in-progress	<u>181,805</u>	<u>24,818</u>	<u>(465)</u>	<u>(184,562)</u>	<u>21,596</u>
Capital assets, net	<u>\$ 649,998</u>	<u>\$ 8,732</u>	<u>\$ (813)</u>	<u>\$ -</u>	<u>\$ 657,917</u>

	Balance at June 30, 2011	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2012
Land and land/site improvements	\$ 22,737	\$ -	\$ -	\$ -	\$ 22,737
Infrastructure	516	-	-	-	516
Building and building improvements	562,066	1,905	-	28,154	592,125
Furnishings and equipment	62,020	9,437	(4,891)	-	66,566
Library books	8,969	504	(915)	-	8,558
Software	439	-	-	-	439
	<u>656,747</u>	<u>11,846</u>	<u>(5,806)</u>	<u>28,154</u>	<u>690,941</u>
Less: Accumulated depreciation	<u>(206,798)</u>	<u>(21,443)</u>	<u>5,493</u>	<u>-</u>	<u>(222,748)</u>
	449,949	(9,597)	(313)	28,154	468,193
Construction-in-progress	<u>128,482</u>	<u>81,477</u>	<u>-</u>	<u>(28,154)</u>	<u>181,805</u>
Capital assets, net	<u>\$ 578,431</u>	<u>\$ 71,880</u>	<u>\$ (313)</u>	<u>\$ -</u>	<u>\$ 649,998</u>

Depreciation expense was \$27,436,390 and \$21,442,949 for the years ended June 30, 2013 and 2012, respectively.

Connecticut Community Colleges
Notes to Financial Statements
June 30, 2013 and 2012



7. Student Loans

Student loans consist of the following at June 30, 2013 and 2012 (in thousands):

	2013	2012
Student loans receivable	\$ 369	\$ 527
Less: Allowance for doubtful loans	<u>(10)</u>	<u>(26)</u>
	<u>\$ 359</u>	<u>\$ 501</u>

The outstanding loans were granted as part of the Federal National Direct Student Loan and Nursing Loan programs. The allowance is equal to the total outstanding loans at year-end multiplied by the current year COHORT default rate. The COHORT default rate for each college is calculated individually for borrowers who entered repayment during fiscal years 2010, 2011 and 2012 as follows: (Total number of such borrowers with loans in default at fiscal year-end 2011, 2012 and 2013, i.e. a year later, respectively) *divided by* (Total number of such borrowers who entered repayment during fiscal years 2010, 2011 and 2012, respectively).

8. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30, 2013 and 2012 (in thousands):

	2013	2012
Accrued vacation	\$ 15,905	\$ 16,579
Accrued sick leave	16,260	16,762
Other accrued fringe benefits	<u>8,374</u>	<u>6,818</u>
Total accrued compensated absences	40,539	40,159
Less: current portion	<u>(3,871)</u>	<u>(3,408)</u>
Accrued compensated absences - non-current portion	<u>\$ 36,668</u>	<u>\$ 36,751</u>

These accruals represent amounts earned by all eligible employees through the end of the fiscal year. These accrued compensated absences ("ACA") will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of ACA, is normally estimated to be approximately 5.0% of the total liability and is reflected as a current liability. For June 30, 2013, delayed payouts for a small number of early retirees have temporarily increased the overall current liability from 5.0% to 9.5%.

9. Pollution Remediation Obligations

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (“GASB 49”) requires the CCCs to determine if any known pollution remediation obligations exist based on certain “obligating events”. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. If any obligations exist the CCCs must estimate expected outlays for the remediation on an expected cash flows basis.

At June 30, 2013 and June 30, 2012, no pollution remediation obligations existed.

10. Bonds 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 CCC and, accordingly, the State’s debt obligation attributable to CCC educational and general facilities is not reported as CCC debt in the accompanying financial statements.

11. Retirement and Other Post Employment Benefits

Plan Description

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of CCC employees who participate in the State Employees’ Retirement System (“SERS”). SERS is the administrator of a single employer defined benefit public employee retirement system (“PERS”). The plan provides retirement, disability, death benefits and annual cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in the General Statutes. The plan does not issue standalone financial reports.

Tier III or the Hybrid Plan are the 2 primary SERS plan options available to CCC employees first hired into state service on or after July 1, 2011 (some employees are eligible to elect the Teachers Retirement System – TRS).. Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, Tier III, or TRS depending on several factors. CCC makes contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut. The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the State of Connecticut and the State Employee Bargaining Agent Coalition (“SEBAC”), provides a new retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined

benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a five percent employer match and four percent interest in lieu of a defined benefit.

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

Funding Policy

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

Tier I Plan B regular and Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base plus 5% above that level. Tier I Plan C and Hybrid Plan members are required to contribute 5% of their annual salary. Tier IIA Plan and Tier III Plan regular and Hazardous Duty members are required to contribute 2% and 5% of their annual salaries, respectively. The State is required to contribute at an actuarially determined rate, which may be reduced by an act of the State legislature. Administrative costs of the plan are funded by the State.

Other Post Employment Benefits

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

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

12. Unrestricted Net Position

Substantially all unrestricted net position are internally designated for unliquidated encumbrances, contingency reserves, academic, program and other initiatives, and capital programs. Unrestricted net position was \$15,174,651 and \$28,318,301 at June 30, 2013 and 2012, respectively. Of these

Connecticut Community Colleges
Notes to Financial Statements
June 30, 2013 and 2012



amounts, \$3,626,987 and \$4,096,918 respectively, represented CCC's unliquidated encumbrances.

13. Operating Leases

CCC is party to one non-cancelable operating lease contract. Future minimum lease payments, all due over the next five fiscal years and thereafter under all existing operating lease contracts (cancellable and non-cancellable), are approximately as follows:

2014	1,328,421
2015	1,322,049
2016	1,322,049
2017	1,220,312
2018 to 2032	958,142 per year

The commitments above include a lease agreement entered into on July 1, 2012 by Gateway Community College with the City of New Haven for parking in the Temple Street Parking Garage for approximately \$958,000 a year for 20 years. Rental and lease expense was \$3,811,892 and \$4,043,888 for the years ended June 30, 2013 and 2012, respectively.

14. Commitments and Contingencies

Included in the 2013 financial statements is a \$1,650,000 accrued expense to settle litigation with a contractor associated with the construction of the new technology center at Naugatuck Valley, completed in January of 2009. The Board of Regents approved the settlement on November 21, 2013. CCC is subject to other legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, changes in net position or cash flows of CCC.

15. Adjustment of Component Units – Foundations

Certain prior year balances in the foundation component units statements of net assets and statements of revenues, expenses and changes in net assets as reported by the foundations and audited by other auditors were restated.

Connecticut Community Colleges
Notes to Financial Statements
June 30, 2013 and 2012



16. Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2013 and 2012 are summarized as follows (in thousands):

	Year Ended June 30, 2013					Total
	Salaries and Wages	Fringe Benefits	Supplies and Services	Scholarship Aid	Depreciation	
Instruction	\$ 122,385	\$ 53,323	\$ 5,610	\$ -	\$ -	\$ 181,318
Public service	422	126	302	-	-	850
Academic support-other	40,803	21,249	10,834	-	-	72,886
Academic support-library	5,786	2,916	1,209	-	-	9,911
Student services	23,768	13,152	2,851	-	-	39,771
Scholarship aid	-	-	-	40,149	-	40,149
Institutional support	32,091	17,259	14,518	-	-	63,868
Physical plant	11,417	8,827	32,063	-	-	52,307
Depreciation	-	-	-	-	27,436	27,436
Total operating expenses	<u>\$ 236,672</u>	<u>\$ 116,852</u>	<u>\$ 67,387</u>	<u>\$ 40,149</u>	<u>\$ 27,436</u>	<u>\$ 488,496</u>

	Year Ended June 30, 2012					Total
	Salaries and Wages	Fringe Benefits	Supplies and Services	Scholarship Aid	Depreciation	
Instruction	\$ 121,088	\$ 47,321	\$ 7,134	\$ -	\$ -	\$ 175,543
Public service	534	81	257	-	-	872
Academic support-other	40,907	18,935	14,160	-	-	74,002
Academic support-library	5,986	2,532	1,534	-	-	10,052
Student services	24,239	11,858	2,959	-	-	39,056
Scholarship aid	-	-	-	42,742	-	42,742
Institutional support	34,517	15,638	15,304	-	-	65,459
Physical plant	11,375	7,782	29,718	-	-	48,875
Depreciation	-	-	-	-	21,443	21,443
Total operating expenses	<u>\$ 238,646</u>	<u>\$ 104,147</u>	<u>\$ 71,066</u>	<u>\$ 42,742</u>	<u>\$ 21,443</u>	<u>\$ 478,044</u>

SUPPLEMENTARY SCHEDULES

Connecticut Community Colleges
Combining Statement of Net Position
June 30, 2013
(in thousands)



	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Assets														
Current assets														
Cash and cash equivalents	\$ 6,986	\$ 13,496	\$ 8,248	\$ 20,135	\$ 12,874	\$ 5,878	\$ 17,448	\$ 5,018	\$ 12,337	\$ 11,766	\$ 12,409	\$ 11,010	\$ 45,031	\$ 182,636
Accounts receivable, due from the State	919	1,718	2,960	1,942	2,977	1,237	3,106	991	2,605	986	2,118	2,062	523	24,144
Accounts receivable other, net	276	1,363	2,166	494	1,415	338	1,489	205	628	227	609	530	318	10,058
Prepaid expenses	9	5	14	67	18	28	31	3	5	17	1	4	1	203
Total current assets	8,190	16,582	13,388	22,638	17,284	7,481	22,074	6,217	15,575	12,996	15,137	13,606	45,873	217,041
Non-current assets														
Capital assets, net	6,180	49,209	187,593	79,180	63,257	6,754	48,948	24,337	46,360	11,431	79,076	48,767	6,825	657,917
Student loans, net	(1)	1	(2)	5	32	(3)	150	-	-	-	80	97	-	359
Total non-current assets	6,179	49,210	187,591	79,185	63,289	6,751	49,098	24,337	46,360	11,431	79,156	48,864	6,825	658,276
Total assets	14,369	65,792	200,979	101,823	80,573	14,232	71,172	30,554	61,935	24,427	94,293	62,470	52,698	875,317
Liabilities														
Current liabilities														
Accounts payable	69	197	379	271	184	125	1,828	83	447	67	235	205	1,936	6,026
Accrued expenses-salary and fringe benefits	990	2,078	3,754	2,299	3,368	1,304	3,505	1,008	3,271	1,025	2,317	2,353	501	27,773
Accrued compensated absences-current portion	152	282	356	314	368	209	500	160	342	188	393	365	242	3,871
Deferred revenue	44	520	170	86	367	133	181	60	435	142	97	57	1,271	3,563
Unapplied payments	433	326	1,645	845	2,033	679	1,910	301	1,426	261	865	1,349	-	12,073
Retainage	-	-	-	15	98	-	198	-	-	-	-	918	153	1,382
Agency and loan fund liabilities	54	32	21	62	124	119	318	58	191	44	181	70	-	1,274
Other liabilities	6	3	70	16	46	48	51	9	18	6	(4)	24	-	293
Total current liabilities	1,748	3,438	6,395	3,908	6,588	2,617	8,491	1,679	6,130	1,733	4,084	5,341	4,103	56,255
Non-current liabilities														
Accrued compensated absences-long term portion	1,459	2,857	3,974	2,833	3,892	2,005	4,393	1,485	3,991	1,553	3,052	3,069	2,105	36,668
Other long-term liabilities	-	(26)	(34)	-	(34)	(5)	110	-	-	-	76	106	-	193
Total non-current liabilities	1,459	2,831	3,940	2,833	3,858	2,000	4,503	1,485	3,991	1,553	3,128	3,175	2,105	36,861
Total liabilities	3,207	6,269	10,335	6,741	10,446	4,617	12,994	3,164	10,121	3,286	7,212	8,516	6,208	93,116
Net position														
Invested in capital assets, net of related debt	6,180	49,209	187,593	79,180	63,257	6,754	48,949	24,337	46,360	11,431	79,076	48,766	6,825	657,917
Restricted														
Nonexpendable	-	-	-	20	-	-	-	-	-	-	-	-	-	20
Expendable	4,254	7,719	5,441	8,756	6,652	1,958	8,397	2,290	6,352	7,112	4,762	6,992	38,404	109,089
Unrestricted	728	2,595	(2,390)	7,126	218	903	832	763	(898)	2,598	3,243	(1,804)	1,261	15,175
Total net position	11,162	59,523	190,644	95,082	70,127	9,615	58,178	27,390	51,814	21,141	87,081	53,954	46,490	782,201
Total liabilities and net position	\$ 14,369	\$ 65,792	\$ 200,979	\$ 101,823	\$ 80,573	\$ 14,232	\$ 71,172	\$ 30,554	\$ 61,935	\$ 24,427	\$ 94,293	\$ 62,470	\$ 52,698	\$ 875,317

Connecticut Community Colleges
Combining Statement of Net Position
June 30, 2012
(in thousands)



	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Assets														
Current assets														
Cash and cash equivalents	\$ 6,385	\$ 13,146	\$ 31,512	\$ 17,974	\$ 8,087	\$ 6,195	\$ 15,618	\$ 5,647	\$ 8,363	\$ 6,532	\$ 11,643	\$ 19,590	\$ 48,578	\$ 199,270
Accounts receivable, due from the State	824	1,698	2,710	1,866	2,893	1,160	3,061	923	2,513	950	2,066	1,949	804	23,417
Accounts receivable other, net	250	909	963	390	659	279	1,210	134	617	125	479	419	261	6,695
Prepaid expenses	13	16	12	38	19	62	19	1	1	3	5	8	8	205
Total current assets	7,472	15,769	35,197	20,268	11,658	7,696	19,908	6,705	11,494	7,610	14,193	21,966	49,651	229,587
Non-current assets														
Capital assets, net	5,433	50,485	183,272	80,822	64,675	6,785	49,868	23,208	47,582	11,870	82,062	40,037	3,899	649,998
Student loans, net	2	1	(6)	1	28	108	158	1	1	-	87	120	-	501
Total non-current assets	5,435	50,486	183,266	80,823	64,703	6,893	50,026	23,209	47,583	11,870	82,149	40,157	3,899	650,499
Total assets	12,907	66,255	218,463	101,091	76,361	14,589	69,934	29,914	59,077	19,480	96,342	62,123	53,550	880,086
Liabilities														
Current liabilities														
Accounts payable	127	137	4,823	306	201	104	255	94	613	84	227	119	1,603	8,693
Accrued expenses-salary and fringe benefits	885	2,034	3,403	2,128	3,233	1,198	3,301	1,011	2,896	1,011	2,263	2,186	1,575	27,124
Accrued compensated absences-current portion	138	245	308	278	330	183	422	155	301	170	339	312	227	3,408
Deferred revenue	37	626	165	83	40	103	328	107	630	180	81	86	813	3,279
Unapplied payments	347	414	1,268	991	2,132	715	1,967	339	1,556	286	942	1,388	-	12,345
Retainage	-	-	4,242	15	-	-	366	-	20	-	-	252	34	4,929
Agency and loan fund liabilities	58	15	19	59	173	111	264	51	201	54	171	85	-	1,261
Other liabilities	2	4	62	11	32	48	57	4	-	9	37	19	-	285
Total current liabilities	1,594	3,475	14,290	3,871	6,141	2,462	6,960	1,761	6,217	1,794	4,060	4,447	4,252	61,324
Non-current liabilities														
Accrued compensated absences-long term portion	1,513	2,757	3,664	2,846	3,885	1,990	4,355	1,719	3,796	1,687	3,038	3,079	2,422	36,751
Other long-term liabilities	-	(22)	(33)	-	(28)	88	117	-	-	-	76	111	-	309
Total non-current liabilities	1,513	2,735	3,631	2,846	3,857	2,078	4,472	1,719	3,796	1,687	3,114	3,190	2,422	37,060
Total liabilities	3,107	6,210	17,921	6,717	9,998	4,540	11,432	3,480	10,013	3,481	7,174	7,637	6,674	98,384
Net position														
Invested in capital assets, net of related debt	5,433	50,485	183,272	80,822	64,675	6,784	49,868	23,208	47,583	11,870	82,062	40,037	3,899	649,998
Restricted														
Nonexpendable	-	-	-	20	-	-	-	-	-	-	-	-	-	20
Expendable	2,983	7,171	17,563	6,833	1,185	1,249	8,157	2,955	1,075	1,448	3,712	16,016	33,019	103,366
Unrestricted	1,384	2,389	(293)	6,699	503	2,016	477	271	406	2,681	3,394	(1,567)	9,958	28,318
Total net position	9,800	60,045	200,542	94,374	66,363	10,049	58,502	26,434	49,064	15,999	89,168	54,486	46,876	781,702
Total liabilities and net position	\$ 12,907	\$ 66,255	\$ 218,463	\$ 101,091	\$ 76,361	\$ 14,589	\$ 69,934	\$ 29,914	\$ 59,077	\$ 19,480	\$ 96,342	\$ 62,123	\$ 53,550	\$ 880,086

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2013
(in thousands)

	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Operating revenues														
Student tuition and fees	\$ 5,618	\$ 13,250	\$ 22,519	\$ 17,435	\$ 22,702	\$ 9,137	\$ 22,150	\$ 4,143	\$ 21,714	\$ 5,996	\$ 13,908	\$ 14,696	\$ 29	\$ 173,297
Less: Scholarship discounts and allowances	(2,235)	(8,759)	(11,254)	(9,282)	(8,776)	(3,523)	(8,760)	(1,754)	(7,723)	(3,159)	(6,464)	(4,972)	-	(76,661)
Net tuition and fees	3,383	4,491	11,265	8,153	13,926	5,614	13,390	2,389	13,991	2,837	7,444	9,724	29	96,636
Federal grants and contracts	2,367	9,887	13,560	10,694	10,557	3,880	11,943	2,282	8,853	3,314	7,245	5,819	685	91,086
State and local grants and contracts	251	1,494	1,980	1,855	1,275	620	1,628	270	941	1,028	883	698	2,612	15,535
Private grants and contracts	31	386	287	132	71	17	82	57	1,087	98	298	51	220	2,817
Sales and services of educational departments	-	21	16	121	11	4	59	-	203	-	-	116	-	551
Other operating revenues	121	291	694	395	734	268	636	95	512	146	646	306	9	4,853
Total operating revenues	6,153	16,570	27,802	21,350	26,574	10,403	27,738	5,093	25,587	7,423	16,516	16,714	3,555	211,478
Operating expenses														
Instruction	6,530	15,585	26,101	15,069	22,113	8,556	23,523	5,599	21,767	6,867	15,384	14,224	-	181,318
Public service	1	78	32	-	10	27	450	173	40	23	6	10	-	850
Academic support	2,984	4,785	7,993	5,667	7,489	4,402	9,131	3,068	7,514	3,334	5,171	6,207	5,141	72,886
Library	471	744	1,139	1,049	1,110	656	856	492	1,011	596	615	1,172	-	9,911
Student services	1,818	3,023	4,860	3,418	5,139	2,314	4,535	1,530	4,462	1,594	3,870	3,178	30	39,771
Scholarship aid, net	1,019	3,742	5,346	5,136	4,863	1,682	4,519	887	4,422	1,452	3,249	2,827	1,005	40,149
Institutional support	2,447	4,559	5,672	3,527	6,395	3,325	5,068	2,316	5,441	1,893	3,715	3,889	15,621	63,868
Physical plant	1,477	3,815	10,469	4,803	5,914	1,462	8,079	1,725	5,456	1,361	3,351	2,869	1,526	52,307
Depreciation	483	2,116	5,932	2,962	2,866	716	3,139	1,015	1,931	608	3,007	1,417	1,244	27,436
Total operating expenses	17,230	38,447	67,544	41,631	55,899	23,140	59,300	16,805	52,044	17,728	38,368	35,793	24,567	488,496
Operating loss	(11,077)	(21,877)	(39,742)	(20,281)	(29,325)	(12,737)	(31,562)	(11,712)	(26,457)	(10,305)	(21,852)	(19,079)	(21,012)	(277,018)
Nonoperating revenues (expenses)														
State appropriations - general fund	9,244	16,425	24,660	17,085	26,896	10,905	26,653	9,820	22,395	8,824	17,373	17,169	16,172	223,621
State appropriations - bond funds	2,470	1,413	1,869	2,141	6,806	1,220	2,631	795	6,097	5,886	1,712	1,822	15,906	50,768
Private gifts	80	-	1,229	-	-	67	26	358	657	27	65	6	-	2,515
Interest income	4	9	6	19	12	8	13	5	12	8	13	6	30	145
Other non-operating revenues (expenses), net	-	-	250	1	3	-	-	1	89	-	119	5	-	468
Net non-operating revenues	11,798	17,847	28,014	19,246	33,717	12,200	29,323	10,979	29,250	14,745	19,282	19,008	32,108	277,517
Net income (loss) before other changes	721	(4,030)	(11,728)	(1,035)	4,392	(537)	(2,239)	(733)	2,793	4,440	(2,570)	(71)	11,096	499
Other changes														
Capital and other additions (deductions)	-	426	14	1,299	149	-	1,188	744	-	-	-	130	(3,950)	-
Interagency transfers	641	3,082	1,816	444	(777)	103	727	945	(43)	702	483	(591)	(7,532)	-
Total other changes	641	3,508	1,830	1,743	(628)	103	1,915	1,689	(43)	702	483	(461)	(11,482)	-
Change in net position	1,362	(522)	(9,898)	708	3,764	(434)	(324)	956	2,750	5,142	(2,087)	(532)	(386)	499
Net position at beginning of year	9,800	60,045	200,542	94,374	66,363	10,049	58,502	26,434	49,064	15,999	89,168	54,486	46,876	781,702
Net position at end of year	\$ 11,162	\$ 59,523	\$ 190,644	\$ 95,082	\$ 70,127	\$ 9,615	\$ 58,178	\$ 27,390	\$ 51,814	\$ 21,141	\$ 87,081	\$ 53,954	\$ 46,490	\$ 782,201

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2012
(in thousands)

	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Operating revenues														
Student tuition and fees	\$ 5,425	\$ 13,593	\$ 21,363	\$ 17,044	\$ 22,067	\$ 8,849	\$ 21,825	\$ 4,229	\$ 20,989	\$ 5,967	\$ 14,074	\$ 14,436	\$ 20	\$ 169,881
Less: Scholarship discounts and allowances	(2,182)	(9,002)	(10,337)	(9,203)	(7,969)	(3,389)	(8,124)	(1,806)	(7,376)	(3,073)	(6,608)	(4,895)	-	(73,964)
Net tuition and fees	3,243	4,591	11,026	7,841	14,098	5,460	13,701	2,423	13,613	2,894	7,466	9,541	20	95,917
Federal grants and contracts	2,249	10,816	11,915	11,098	9,839	3,779	10,299	2,332	8,251	3,227	7,612	5,867	2,914	90,198
State and local grants and contracts	298	1,610	2,213	2,182	1,531	764	1,625	263	1,202	1,113	1,038	759	2,374	16,972
Private grants and contracts	41	300	128	430	98	9	71	124	4,421	99	290	57	109	6,177
Sales and services of educational departments	-	18	18	125	12	7	57	(1)	260	-	-	111	-	607
Other operating revenues	234	383	676	424	607	253	492	127	396	190	753	324	11	4,870
Total operating revenues	6,065	17,718	25,976	22,100	26,185	10,272	26,245	5,268	28,143	7,523	17,159	16,659	5,428	214,741
Operating expenses														
Instruction	6,267	15,496	24,600	14,639	22,068	7,460	22,777	5,754	21,508	6,305	14,544	14,125	-	175,543
Public service	1	92	37	-	24	9	366	213	85	32	-	13	-	872
Academic support	2,964	4,473	8,584	6,858	7,419	3,873	8,319	3,238	7,452	3,064	5,175	5,994	6,589	74,002
Library	426	724	1,409	972	1,164	642	1,005	509	948	537	568	1,148	-	10,052
Student services	1,711	2,940	4,861	3,085	5,158	2,326	4,235	1,590	4,241	1,807	3,795	3,084	223	39,056
Scholarship aid, net	1,076	4,578	5,368	5,917	5,346	1,765	4,580	867	4,525	1,531	3,513	3,046	630	42,742
Institutional support	2,289	4,158	4,954	3,620	5,646	3,451	4,926	2,329	6,549	1,941	3,931	3,750	17,915	65,459
Physical plant	1,271	4,954	7,025	5,174	6,062	1,426	7,160	1,774	5,471	1,409	3,004	2,909	1,236	48,875
Depreciation	453	2,104	620	2,950	2,991	856	3,178	1,013	1,534	633	2,913	1,451	747	21,443
Total operating expenses	16,458	39,519	57,458	43,215	55,878	21,808	56,546	17,287	52,313	17,259	37,443	35,520	27,340	478,044
Operating loss	(10,393)	(21,801)	(31,482)	(21,115)	(29,693)	(11,536)	(30,301)	(12,019)	(24,170)	(9,736)	(20,284)	(18,861)	(21,912)	(263,303)
Nonoperating revenues (expenses)														
State appropriations - general fund	9,154	16,286	21,557	17,028	26,856	10,674	26,481	9,950	22,193	8,806	17,195	16,382	17,414	219,976
State appropriations - bond funds	1,254	256	3,348	5,300	378	345	5,921	1,556	330	626	1,147	16,267	10,000	46,728
Private gifts	140	11	732	-	-	176	14	237	566	146	56	6	-	2,084
Interest income	6	10	12	20	13	8	12	5	14	8	13	7	35	163
Other non-operating revenues (expenses), net	-	-	1	4	4	-	-	-	(27)	-	-	2	-	(16)
Net non-operating revenues	10,554	16,563	25,650	22,352	27,251	11,203	32,428	11,748	23,076	9,586	18,411	32,664	27,449	268,935
Net income (loss) before other changes	161	(5,238)	(5,832)	1,237	(2,442)	(333)	2,127	(271)	(1,094)	(150)	(1,873)	13,803	5,537	5,632
Other changes														
Capital and other additions (deductions)	-	-	88	-	-	-	-	-	4	207	-	-	(299)	-
Interagency transfers	687	3,316	(1,137)	55	(2,290)	27	(216)	642	(530)	274	478	(105)	(1,201)	-
Total other changes	687	3,316	(1,049)	55	(2,290)	27	(216)	642	(526)	481	478	(105)	(1,500)	-
Change in net position	848	(1,922)	(6,881)	1,292	(4,732)	(306)	1,911	371	(1,620)	331	(1,395)	13,698	4,037	5,632
Net position at beginning of year	8,952	61,967	207,423	93,082	71,095	10,355	56,591	26,063	50,684	15,668	90,563	40,788	42,839	776,070
Net position at end of year	\$ 9,800	\$ 60,045	\$ 200,542	\$ 94,374	\$ 66,363	\$ 10,049	\$ 58,502	\$ 26,434	\$ 49,064	\$ 15,999	\$ 89,168	\$ 54,486	\$ 46,876	\$ 781,702

Connecticut Community Colleges
Combining Statement of Cash Flows
Year Ended June 30, 2013
(in thousands)

	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Cash flows from operating activities														
Student tuition and fees	\$ 3,231	\$ 4,304	\$ 11,179	\$ 8,014	\$ 13,530	\$ 5,587	\$ 13,258	\$ 2,379	\$ 14,122	\$ 2,821	\$ 6,923	\$ 9,500	\$ 294	\$ 95,142
Government grants and contracts	2,586	11,111	15,504	12,677	11,416	4,464	13,045	2,529	9,465	4,341	8,127	6,440	3,875	105,580
Private grants and contracts	29	305	173	74	77	29	143	11	1,096	87	392	41	130	2,587
Sales and services of educational departments	-	14	16	115	11	4	59	-	203	-	-	115	-	537
Payments to employees	(8,978)	(18,449)	(29,238)	(19,120)	(27,615)	(11,609)	(29,094)	(8,994)	(25,689)	(9,559)	(18,144)	(18,334)	(10,930)	(235,753)
Payments for fringe benefits	(4,559)	(8,586)	(13,036)	(9,109)	(14,133)	(5,407)	(15,145)	(4,735)	(11,658)	(4,503)	(9,348)	(9,541)	(3,634)	(113,394)
Payments to students	(1,455)	(4,523)	(5,217)	(5,536)	(4,757)	(2,051)	(4,947)	(913)	(4,309)	(1,153)	(4,519)	(3,003)	(908)	(43,291)
Payments to vendors	(2,278)	(6,441)	(18,485)	(5,636)	(6,914)	(3,803)	(6,170)	(1,577)	(8,651)	(2,148)	(5,042)	(4,258)	(9,381)	(80,784)
Payments by Department of Public Works	-	-	(116)	-	(63)	-	(79)	(21)	(26)	-	-	-	(215)	(520)
Other receipts (payments), net	254	398	1,237	460	1,174	320	783	144	877	118	908	652	386	7,711
Net cash used in operating activities	(11,170)	(21,867)	(37,983)	(18,061)	(27,274)	(12,466)	(28,147)	(11,177)	(24,570)	(9,996)	(20,703)	(18,388)	(20,383)	(262,185)
Cash flows from investing activities														
Interest income	5	9	7	19	13	9	13	5	13	8	14	7	31	153
Net cash provided by investing activities	5	9	7	19	13	9	13	5	13	8	14	7	31	153
Cash flows from capital and related financing activities														
State appropriations	2,100	1,372	1,608	2,102	6,040	1,220	1,230	755	5,107	5,866	1,680	1,846	16,546	47,472
Payments by Department of Public Works	(435)	(10)	(13,155)	(910)	-	-	(1,595)	(1,140)	(433)	(34)	(98)	(9,060)	(1,317)	(28,187)
Purchase of capital assets	(892)	(352)	(1,657)	(56)	(1,207)	(668)	(299)	(238)	(297)	(137)	(356)	(293)	(6,722)	(13,174)
Interagency transfers	175	36	-	138	93	164	493	66	55	38	105	(523)	(840)	-
Net cash provided by (used in) capital and related financing activities	948	1,046	(13,204)	1,274	4,926	716	(171)	(557)	4,432	5,733	1,331	(8,030)	7,667	6,111
Cash flows from noncapital financing activities														
State appropriations	9,518	16,445	24,672	17,047	27,578	10,827	28,010	9,792	23,294	8,809	17,354	17,031	15,815	226,192
Private gifts	81	1	357	-	-	86	27	359	649	24	57	3	-	1,644
Federal Family Education Loan Program (FFELP)	732	1,765	1,011	1,576	479	597	1,883	98	97	-	2,351	862	-	11,451
Interagency transfers	487	2,951	1,876	306	(935)	(86)	215	851	59	656	362	(65)	(6,677)	-
Net cash provided by noncapital financing activities	10,818	21,162	27,916	18,929	27,122	11,424	30,135	11,100	24,099	9,489	20,124	17,831	9,138	239,287
Net increase (decrease) in cash and cash equivalents	601	350	(23,264)	2,161	4,787	(317)	1,830	(629)	3,974	5,234	766	(8,580)	(3,547)	(16,634)
Cash and cash equivalents at beginning of year	6,385	13,146	31,512	17,974	8,087	6,195	15,618	5,647	8,363	6,532	11,643	19,590	48,578	199,270
Cash and cash equivalents at end of year	\$ 6,986	\$ 13,496	\$ 8,248	\$ 20,135	\$ 12,874	\$ 5,878	\$ 17,448	\$ 5,018	\$ 12,337	\$ 11,766	\$ 12,409	\$ 11,010	\$ 45,031	\$ 182,636

Connecticut Community Colleges
Combining Statement of Cash Flows
Year Ended June 30, 2012
(in thousands)

	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Cash flows from operating activities														
Student tuition and fees	\$ 3,230	\$ 4,578	\$ 10,444	\$ 8,166	\$ 14,100	\$ 5,368	\$ 13,116	\$ 2,485	\$ 14,245	\$ 2,880	\$ 7,092	\$ 9,467	\$ 233	\$ 95,404
Government grants and contracts	2,516	13,089	14,046	13,274	10,899	4,520	11,967	2,612	9,452	4,440	8,696	6,567	5,461	107,539
Private grants and contracts	27	393	96	349	70	13	86	171	4,038	9	211	63	192	5,718
Sales and services of educational departments	-	14	19	208	12	6	56	-	260	-	-	111	-	686
Payments to employees	(9,267)	(19,145)	(28,790)	(19,878)	(28,715)	(11,664)	(29,846)	(9,456)	(26,696)	(9,604)	(18,917)	(19,317)	(13,350)	(244,645)
Payments for fringe benefits	(4,220)	(8,080)	(11,389)	(8,581)	(13,270)	(5,015)	(13,850)	(4,545)	(11,112)	(3,969)	(8,716)	(8,953)	(4,350)	(106,050)
Payments to students	(1,403)	(4,907)	(5,150)	(6,157)	(5,568)	(2,217)	(4,965)	(887)	(4,461)	(1,260)	(4,193)	(3,348)	(647)	(45,163)
Payments to vendors	(2,118)	(7,387)	(8,958)	(8,553)	(7,566)	(3,818)	(7,864)	(1,780)	(10,195)	(2,255)	(5,081)	(4,468)	(8,365)	(78,408)
Payments by Department of Public Works	-	-	-	-	(59)	-	-	(30)	(74)	-	-	-	(185)	(348)
Other receipts (payments), net	219	462	822	585	1,250	351	854	188	703	248	700	590	321	7,293
Net cash used in operating activities	(11,016)	(20,983)	(28,860)	(20,587)	(28,847)	(12,456)	(30,446)	(11,242)	(23,840)	(9,511)	(20,208)	(19,288)	(20,690)	(257,974)
Cash flows from investing activities														
Interest income	6	11	14	24	16	9	14	6	18	9	15	8	41	191
Net cash provided by investing activities	6	11	14	24	16	9	14	6	18	9	15	8	41	191
Cash flows from capital and related financing activities														
State appropriations	1,260	397	3,496	5,300	203	395	5,389	1,638	16	790	1,349	16,515	8,704	45,452
Payments by Department of Public Works	(39)	(31)	(69,882)	(106)	(256)	-	(327)	(1,339)	(7,546)	(51)	(163)	(3,598)	-	(83,338)
Purchase of capital assets	(118)	(383)	(2,944)	(636)	(519)	(179)	(296)	(178)	(1,809)	(93)	(555)	(264)	(2,116)	(10,090)
Interagency transfers	-	15	(1,776)	-	69	-	(123)	40	242	-	-	-	1,533	-
Net cash provided by (used in) capital and related financing activities	1,103	(2)	(71,106)	4,558	(503)	216	4,643	161	(9,097)	646	631	12,653	8,121	(47,976)
Cash flows from noncapital financing activities														
State appropriations	9,479	16,791	22,427	17,489	28,100	11,281	28,018	10,128	23,317	8,883	17,604	16,746	15,819	226,082
Private gifts	40	12	778	-	-	75	47	235	557	141	53	2	-	1,940
Federal Family Education Loan Program (FFELP)	582	1,315	1,059	1,366	487	694	1,724	88	117	2	1,764	969	-	10,167
Interagency transfers	687	3,310	715	56	(2,330)	28	(39)	578	(684)	277	497	(93)	(3,002)	-
Net cash provided by noncapital financing activities	10,788	21,428	24,979	18,911	26,257	12,078	29,750	11,029	23,307	9,303	19,918	17,624	12,817	238,189
Net increase (decrease) in cash and cash equivalents	881	454	(74,973)	2,906	(3,077)	(153)	3,961	(46)	(9,612)	447	356	10,997	289	(67,570)
Cash and cash equivalents at beginning of year	5,504	12,692	106,485	15,068	11,164	6,348	11,657	5,693	17,975	6,085	11,287	8,593	48,289	266,840
Cash and cash equivalents at end of year	\$ 6,385	\$ 13,146	\$ 31,512	\$ 17,974	\$ 8,087	\$ 6,195	\$ 15,618	\$ 5,647	\$ 8,363	\$ 6,532	\$ 11,643	\$ 19,590	\$ 48,578	\$ 199,270

Connecticut Community Colleges
Combining Statement of Net Position by Fund Group
June 30, 2013
(in thousands)



			Primary Institution			
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Assets						
Current assets						
Cash & cash equivalents	\$ 77,757	\$ 1,354	\$ 62,033	\$ 41,492	\$ -	\$ 182,636
Accounts receivable-general fund	24,144	-	-	-	-	24,144
Accounts receivable-other	10,038	20	-	-	-	10,058
Prepaid expense	203	-	-	-	-	203
Total current assets	<u>112,142</u>	<u>1,374</u>	<u>62,033</u>	<u>41,492</u>	<u>-</u>	<u>217,041</u>
Non-current assets						
Land and land/site improvements	-	-	-	-	22,737	22,737
Infrastructure	-	-	-	-	516	516
Buildings and building improvements	-	-	-	-	777,754	777,754
Furnishings and Equipment	-	-	-	-	74,475	74,475
Library books	-	-	-	-	8,173	8,173
Software	-	-	-	-	439	439
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>884,094</u>	<u>884,094</u>
Less: Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(247,773)</u>	<u>(247,773)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>636,321</u>	<u>636,321</u>
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,596</u>	<u>21,596</u>
Capital Assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,917</u>	<u>657,917</u>
Student loans, net						
Student loans receivable	-	369	-	-	-	369
Less: Allowance for doubtful loans	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>
	<u>(10)</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359</u>
Total non-current assets	<u>(10)</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>657,917</u>	<u>658,276</u>
Total assets	<u>\$ 112,132</u>	<u>\$ 1,743</u>	<u>\$ 62,033</u>	<u>\$ 41,492</u>	<u>\$ 657,917</u>	<u>\$ 875,317</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 3,285	\$ -	\$ 1,091	\$ 1,650	\$ -	\$ 6,026
Accrued expense - salary and fringe benefits	27,773	2	-	-	-	27,775
Accrued compensated absences-current portion	3,871	-	-	-	-	3,871
Deferred revenue	3,563	-	-	-	-	3,563
Unapplied payments	12,073	10	-	-	-	12,083
Retainage	-	-	153	1,229	-	1,382
Other liabilities	293	1,262	-	-	-	1,555
Total current liabilities	<u>50,858</u>	<u>1,274</u>	<u>1,244</u>	<u>2,879</u>	<u>-</u>	<u>56,255</u>
Non-current liabilities						
Accrued compensated absences-long term portion	36,668	-	-	-	-	36,668
Student loans	-	193	-	-	-	193
Total non-current liabilities	<u>36,668</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,861</u>
Total liabilities	<u>87,526</u>	<u>1,467</u>	<u>1,244</u>	<u>2,879</u>	<u>-</u>	<u>93,116</u>
Net position						
Invested in capital assets, net of related debt	-	-	-	-	657,917	657,917
Restricted						
Non-expendable	-	20	-	-	-	20
Expendable	9,431	256	60,789	38,613	-	109,089
Unrestricted	<u>15,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,175</u>
Total net position	<u>24,606</u>	<u>276</u>	<u>60,789</u>	<u>38,613</u>	<u>657,917</u>	<u>782,201</u>
Total liabilities and net position	<u>\$ 112,132</u>	<u>\$ 1,743</u>	<u>\$ 62,033</u>	<u>\$ 41,492</u>	<u>\$ 657,917</u>	<u>\$ 875,317</u>

Connecticut Community Colleges
Combining Statement of Net Position by Fund Group
June 30, 2012
(in thousands)



	Primary Institution					
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Assets						
Current assets						
Cash & cash equivalents	\$ 91,920	\$ 1,339	\$ 49,880	\$ 56,131	\$ -	\$ 199,270
Accounts receivable-general fund	23,417	-	-	-	-	23,417
Accounts receivable-other	6,678	17	-	-	-	6,695
Prepaid expense	205	-	-	-	-	205
Total current assets	122,220	1,356	49,880	56,131	-	229,587
Non-current assets						
Land and land/site improvements	-	-	-	-	22,737	22,737
Infrastructure	-	-	-	-	516	516
Buildings and building improvements	-	-	-	-	592,125	592,125
Furnishings and Equipment	-	-	-	-	66,566	66,566
Library books	-	-	-	-	8,558	8,558
Software	-	-	-	-	439	439
	-	-	-	-	690,941	690,941
Less: Accumulated depreciation	-	-	-	-	(222,748)	(222,748)
	-	-	-	-	468,193	468,193
Construction in progress	-	-	-	-	181,805	181,805
Capital Assets, net	-	-	-	-	649,998	649,998
Student loans, net						
Student loans receivable	-	527	-	-	-	527
Less: Allowance for doubtful loans	(26)	-	-	-	-	(26)
	(26)	527	-	-	-	501
Total non-current assets	(26)	527	-	-	649,998	650,499
Total assets	\$ 122,194	\$ 1,883	\$ 49,880	\$ 56,131	\$ 649,998	\$ 880,086
Liabilities						
Current liabilities						
Accounts payable	\$ 2,968	\$ -	\$ 5,725	\$ -	\$ -	\$ 8,693
Accrued expense - salary and fringe benefits	27,124	-	-	-	-	27,124
Accrued compensated absences-current portion	3,408	-	-	-	-	3,408
Deferred revenue	3,279	-	-	-	-	3,279
Unapplied payments	12,345	15	-	-	-	12,360
Retainage	-	-	34	4,895	-	4,929
Other liabilities	285	1,246	-	-	-	1,531
Total current liabilities	49,409	1,261	5,759	4,895	-	61,324
Non-current liabilities						
Accrued compensated absences-long term portion	36,751	-	-	-	-	36,751
Student loans	-	309	-	-	-	309
Total non-current liabilities	36,751	309	-	-	-	37,060
Total liabilities	86,160	1,570	5,759	4,895	-	98,384
Net position						
Invested in capital assets, net of related debt	-	-	-	-	649,998	649,998
Restricted						
Non-expendable	-	20	-	-	-	20
Expendable	7,716	293	44,121	51,236	-	103,366
Unrestricted	28,318	-	-	-	-	28,318
Total net position	36,034	313	44,121	51,236	649,998	781,702
Total liabilities and net position	\$ 122,194	\$ 1,883	\$ 49,880	\$ 56,131	\$ 649,998	\$ 880,086

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and
Changes in Net Position by Fund Group
Year Ended June 30, 2013
(in thousands)



		Primary Institution				
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DPW Administered Bond Funds	Invested in Capital Assets	Total
Operating revenues						
Tuition and Fees	\$ 173,297	\$ -	\$ -	\$ -	\$ -	\$ 173,297
Less: Scholarship discounts and allowances	(76,661)	-	-	-	-	(76,661)
Net tuition and fees	96,636	-	-	-	-	96,636
Federal grants and contracts	91,086	-	-	-	-	91,086
State and local grants and contracts	15,535	-	-	-	-	15,535
Private grants and contracts	2,817	-	-	-	-	2,817
Sales and services of educational departments	551	-	-	-	-	551
Other operating revenues	4,761	-	-	-	92	4,853
Total operating revenues	211,386	-	-	-	92	211,478
Operating expenses						
Salaries and wages	236,672	-	-	-	-	236,672
Fringe benefits	116,852	-	-	-	-	116,852
Supplies and services	53,627	-	10,875	2,181	704	67,387
Scholarship aid, net	40,114	35	-	-	-	40,149
Depreciation	-	-	-	-	27,436	27,436
Total operating expenses	447,265	35	10,875	2,181	28,140	488,496
Operating loss	(235,879)	(35)	(10,875)	(2,181)	(28,048)	(277,018)
Nonoperating revenues (expenses)						
State appropriations - general fund	223,621	-	-	-	-	223,621
State appropriations - bond funds	-	-	37,084	13,684	-	50,768
Private gifts	2,491	-	-	-	24	2,515
Interest income	145	-	-	-	-	145
Other non-operating revenues (expenses), net	20	-	-	448	-	468
Net non-operating revenues	226,277	-	37,084	14,132	24	277,517
Net income (loss) before other changes	(9,602)	(35)	26,209	11,951	(28,024)	499
Other changes						
Capital and other additions (deductions)	(1,151)	-	(12,056)	(22,736)	35,943	-
Interagency transfers	(675)	(2)	2,515	(1,838)	-	-
Total Other Changes	(1,826)	(2)	(9,541)	(24,574)	35,943	-
Change in net position	(11,428)	(37)	16,668	(12,623)	7,919	499
Net position at beginning of year	36,034	313	44,121	51,236	649,998	781,702
Net Position at end of year	\$ 24,606	\$ 276	\$ 60,789	\$ 38,613	\$ 657,917	\$ 782,201

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and
Changes in Net Position by Fund Group
Year Ended June 30, 2012
(in thousands)



		Primary Institution				
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DPW Administered Bond Funds	Invested in Capital Assets	Total
Operating revenues						
Tuition and Fees	\$ 169,881	\$ -	\$ -	\$ -	\$ -	\$ 169,881
Less: Scholarship discounts and allowances	(73,964)	-	-	-	-	(73,964)
Net tuition and fees	95,917	-	-	-	-	95,917
Federal grants and contracts	90,198	-	-	-	-	90,198
State and local grants and contracts	16,972	-	-	-	-	16,972
Private grants and contracts	6,177	-	-	-	-	6,177
Sales and services of educational departments	607	-	-	-	-	607
Other operating revenues	4,807	-	-	-	63	4,870
Total operating revenues	214,678	-	-	-	63	214,741
Operating expenses						
Salaries and wages	238,646	-	-	-	-	238,646
Fringe benefits	104,146	-	-	-	-	104,146
Supplies and services	56,804	-	13,442	706	115	71,067
Scholarship aid, net	42,730	12	-	-	-	42,742
Depreciation	-	-	-	-	21,443	21,443
Total operating expenses	442,326	12	13,442	706	21,558	478,044
Operating loss	(227,648)	(12)	(13,442)	(706)	(21,495)	(263,303)
Nonoperating revenues (expenses)						
State appropriations - general fund	219,976	-	-	-	-	219,976
State appropriations - bond funds	-	-	16,516	30,212	-	46,728
Private gifts	1,878	-	-	-	206	2,084
Interest income	163	-	-	-	-	163
Other non-operating revenues (expenses), net	22	-	-	(38)	-	(16)
Net non-operating revenues	222,039	-	16,516	30,174	206	268,935
Net income (loss) before other changes	(5,609)	(12)	3,074	29,468	(21,289)	5,632
Other changes						
Capital and other additions (deductions)	(2,932)	-	(7,325)	(82,599)	92,856	-
Interagency transfers	(727)	-	9,999	(9,272)	-	-
Total Other Changes	(3,659)	-	2,674	(91,871)	92,856	-
Change in net position	(9,268)	(12)	5,748	(62,403)	71,567	5,632
Net position at beginning of year	45,302	325	38,373	113,639	578,431	776,070
Net Position at end of year	\$ 36,034	\$ 313	\$ 44,121	\$ 51,236	\$ 649,998	\$ 781,702