

**Connecticut Community Colleges  
Financial Statements  
With Supplementary Combining Information  
June 30, 2014 and 2013**



**Members of the Board of Regents for Higher  
Education (between 7/1/13 – 6/27/14)**

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

**Current Regents as of 6/27/14 (3 vacancies)**

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

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

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

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

Lewis J. Robinson, Jr., Chair – resigned effective 8/1/2013  
Tom Failla – Chair of the Faculty Advisory Committee – 10/1/13 to 12/31/13  
Gary F. Holloway resigned effective 3/28/14  
René Lerer – resigned effective 4/28/14  
Michael E. Pollard – resigned effective 12/20/13

Asnuntuck Community College  
170 Elm Street  
Enfield, CT 06082  
James Lombella, President (Effective 5/30/2014,  
Interim 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 (Retired)  
Elizabeth Roop, Interim President (Effective  
9/1/2014)

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. Robert Miller, Interim President (July 2013)  
Dr. Carmen Cid, Interim President (Aug 2013  
to June 2014)  
Dr. Carlee Drummer, President (Effective  
7/1/2014)

Three Rivers Community College  
574 New London Turnpike  
Norwich, CT 06360  
Dr. Grace S. Jones, President (Retired)  
Dr. Mary Ellen Jukoski (Effective 7/1/2014)

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. Gregory W. Gray, President

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### **Introduction**

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

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

The Connecticut Community Colleges is a state-wide system of twelve regional community colleges. During the fall 2013 semester, approximately 56,976 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 32,882. During fiscal year 2014 28,331 students also took a variety of non-credit skill-building programs. 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.

The CCC system is composed of twelve primary institutions that make up the primary reporting entity. The primary reporting entity is financially accountable for the organizations that make up its legal entity. The System's twelve primary institutions include the following community colleges:

- 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.

### **Using the Financial Statements**

CCC's financial report includes the following financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board ("GASB"). GASB Statement No. 35 established standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB Statements No. 34 and 35, a comparative analysis of fiscal year 2014 full financial statements and footnotes with fiscal year 2013 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 (MCC) and Quinebaug Valley (QVCC) Community Colleges.

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. 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. The magnet high schools are also legally separate, tax-exempt non-profit organizations. Each magnet school established is evaluated for inclusion within the System financial statements as a component unit 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”). The Great Path Academy (GPA) at MCC and Quinebaug Middle College (QMC) at QVCC 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.

### **Financial Highlights**

The Connecticut Community Colleges had total assets of \$856.5 million, liabilities of \$92.7 million, and a total net position balance of \$763.8 million at June 30, 2014. Of this amount, \$13.3 million is classified as unrestricted net assets, a \$1.8 million decrease from 2013, following a \$13.1 million decrease in 2013 from 2012.

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were \$213.1 million, a 0.7% increase over the previous year. Operating expenses were \$514.6 million, an increase of 5.3% over the previous year, resulting in an operating loss of \$301.5 million during the year ended June 30, 2014. Net non-operating revenues and other changes were \$283.1 million, up 2.0% from the previous year, reflecting a \$28.4 million decrease in bond appropriations and a \$35.5 million increase in general fund appropriations. Overall the CCC’s experienced a net decrease in net position of \$18.4 million during fiscal year 2014.

Cash and cash equivalents were \$167.3 million at June 30, 2014, including \$61.5 million of cash equivalents in the form of State bond appropriations administered by the CCC’s, and \$28.4 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 \$41.5 million at June 30, 2013 to \$28.4 million at June 30, 2014, reflecting expenditures of \$11.2 million, new bond appropriations of \$2.1 million and \$1.2 million in transfers between DAS and the colleges and other adjustments. Total current assets were \$205.0 million at June 30, 2014. The ratio of unrestricted current assets of \$98.8 million to unrestricted current liabilities of \$47.3 million is 2.1:1 in 2014, the same as in 2013. 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 increased by 3.2%, to a total of \$38.0 million at June 30, 2014. This significant liability includes \$37.9 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.

### **Statement of Net Position**

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

### Condensed Statement of Net Position

June 30, 2014, 2013 and 2012

(in thousands)

	2014	2013	2012	% Change	
				current yr	prior yr
<b>ASSETS</b>					
Current assets	\$ 204,953	\$ 217,041	\$ 229,587	-5.6%	-5.5%
Non-current assets	651,596	658,276	650,499	-1.0%	1.2%
Total assets	856,549	875,317	880,086	-2.1%	-0.5%
<b>LIABILITIES</b>					
Current liabilities	54,692	56,255	61,324	-2.8%	-8.3%
Non-current liabilities	38,042	36,861	37,060	3.2%	-0.5%
Total liabilities	92,734	93,116	98,384	-0.4%	-5.4%
<b>NET POSITION</b>					
Invested in capital assets - net of related debt	651,431	657,917	649,998	-1.0%	1.2%
Restricted nonexpendable	20	20	20	0.0%	0.0%
Restricted expendable	99,035	109,089	103,366	-9.2%	5.5%
Unrestricted	13,329	15,175	28,318	-12.2%	-46.4%
Total net position	763,815	782,201	781,702	-2.4%	0.1%
Total liabilities and net position	\$ 856,549	\$ 875,317	\$ 880,086	-2.1%	-0.5%

Total assets were \$856.5 million at the end of the 2014 fiscal year, down from \$875.3 million at the end of fiscal year 2013 and down from \$880.1 million at the end of fiscal year 2012.

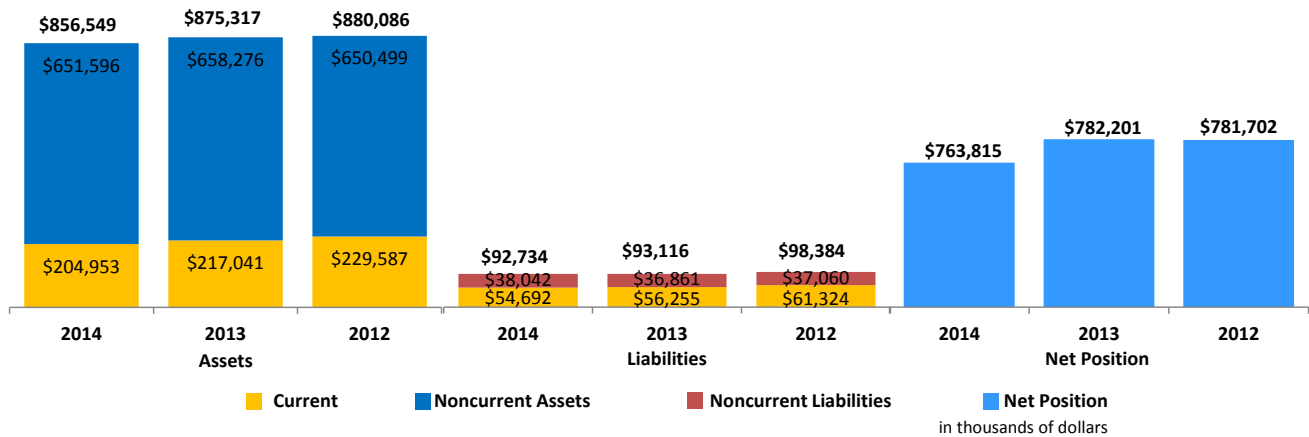
*Current assets* consist of cash and cash equivalents and accounts receivable. Current assets were \$205.0 million at the end of fiscal year 2014. The \$12.1 million net decline in current assets from the previous year is largely attributable to a \$13.1 million decrease in the cash equivalents of CCC bond funds administered by DAS. Accounts receivables totaled \$37.5 million at the end of fiscal year 2014. This reflects a \$3.3 million increase from the \$34.2 million of accounts receivable at the end of fiscal year 2013. The increase was primarily attributable to a \$3.0 million increase in the General Fund payroll accrual. 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* decreased 1.0% from \$658.3 million at June 30, 2013, to \$651.6 million at June 30, 2014, following an increase from \$650.5 million in fiscal year 2012. Net capital assets decreased by 1.0% from \$657.9 million to \$651.4 million at June 30, 2014. At June 30, 2014, capital assets in service totaled \$905.3 million, offset by \$266 million in accumulated depreciation; this compared with \$884.1 million and \$247.8 million, respectively, at the end of fiscal year 2013. Buildings and building improvements increased by \$17.5 million. Tunxis renovations to their "300" Building and completion of a fifty-seven thousand square foot addition to their "600" Building added \$15.8 million. Renovations to Manchester's parking lot, bathroom renovations to accommodate the disabled, plus a fire code and sprinkler upgrade to their Lowe building added \$4.7 million. Gateway's transfer of their Long Wharf facility to Southern Connecticut State University reduced capital assets by \$3.8 million.

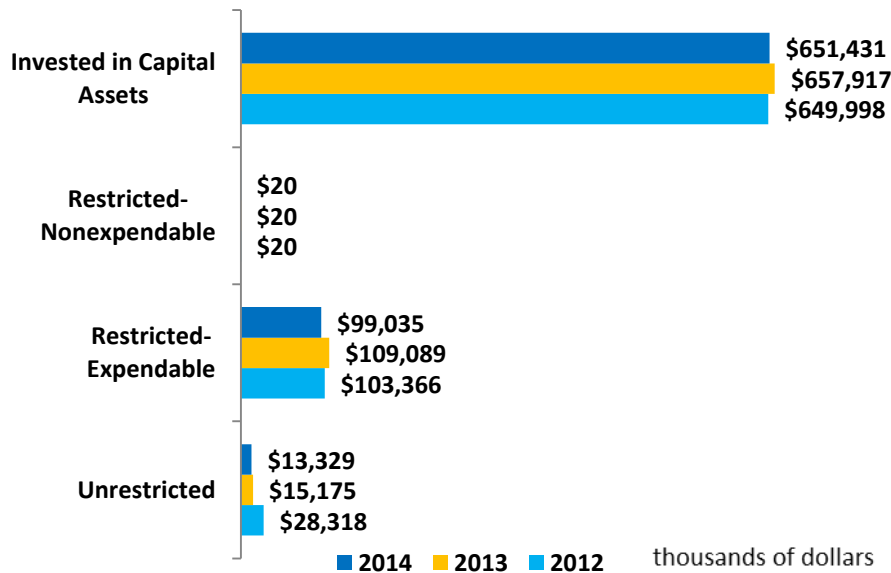
*Current liabilities* consist primarily of accrued payroll and related benefits, unearned revenue, and accounts payable. Total liabilities were \$92.7 million at the end of fiscal year 2014, a decrease from \$93.1 million at the end of fiscal year 2013. Employee salary and fringe benefits payable of \$31.0 million and unapplied payments of \$10.8 million, primarily collected in advance for late-summer and fall 2014 academic terms. Additional current liabilities include deferred revenues of \$2.7 million for restricted grant activities to be performed, vendor accounts payable of \$4.7 million, agency fund liabilities of \$1.3

million, and \$3.5 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 \$0.3 million of retainage on facility projects. *Non-current liabilities* consist almost exclusively of long-term accrued compensated absences (“ACA”) – \$37.9 million net of \$3.5 million of current liabilities – to be paid out to terminating employees over time in the future beyond one year. The total ACA liability of \$41.4 million (long-term and current) represents approximately 42.0% 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.

## THE CCC'S FINANCIAL POSITION



## THE CCC'S NET POSITION



The total net position balance includes \$651.4 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. 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.



The \$22.3 million in new bond fund appropriations in fiscal year 2014 included \$9.0 million for capital equipment, \$5.0 million for System technology initiative, \$5.6 million for System administered projects and repairs and \$2.1 million for DAS administered projects.

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. *Restricted-Expendable* net position represent primarily bond fund appropriation balances at June 30, 2014 (\$59.4 million in funds managed by the CCC's and \$28.4 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 (\$10.6 million), loan fund balances (\$0.1 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.

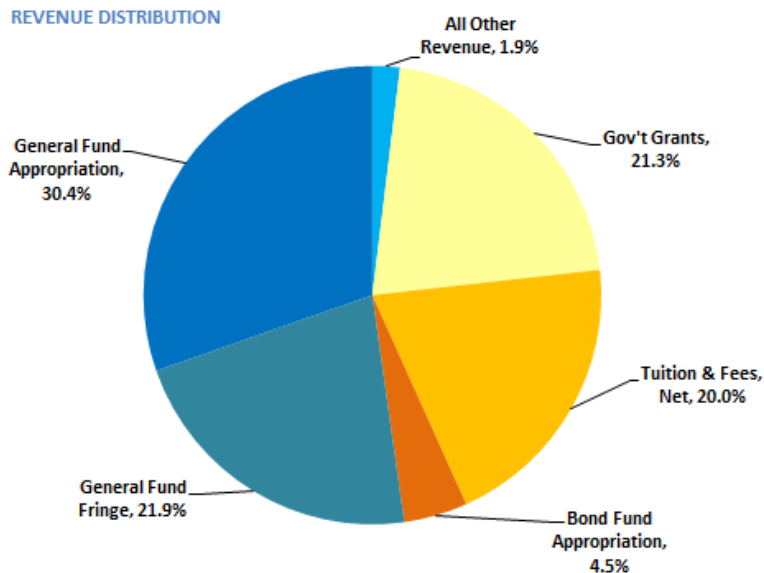
*Unrestricted* net position ("UNP") decreased by \$1.8 million to \$13.3 million during fiscal year 2014, following a decrease of \$13.1 million in 2013 and \$10.9 million decrease in 2012. The declines in recent years follow a period of cash usage exceeding cash provided by operating and non-operating sources. This is primarily a result of declining resources received from the State during the recent recession. The table below illustrates the fluctuations in aggregate CCC UNP over the past several years:

<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>	<u>FY14</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	\$13.3

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

The Statement of Revenues, Expenses and Changes in Net Position presents CCC's results of operations, as well as the non-operating revenues and expenses. Total *operating revenues* for fiscal year 2014 were \$213.1 million after the reduction for scholarship allowances as required by GASB 35, up 0.7% from \$211.5 million in fiscal year 2013, and \$214.7 million in fiscal year 2012. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis, but are offset by student financial aid and waivers resulting in net tuition and fee revenue of \$99.4 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 2014 tuition revenues increased 2.4% from the previous year, to \$177.5 million, following a 2.0% increase from 2012 to 2013. These revenues reflect a FTE credit enrollment decrease of 1.6% in fiscal year 2014 and an increase of 0.6% in fiscal year 2013. Extension fee revenues increased from \$23.1 million in fiscal year 2013 to \$24.6 million in fiscal year 2014. Credit extension increased 7.2% while the non-credit extension increased 5.6%. Other fee revenues (gross) totaled \$25.0 million at June 30, 2014.

REVENUE DISTRIBUTION



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

June 30, 2014, 2013 and 2012

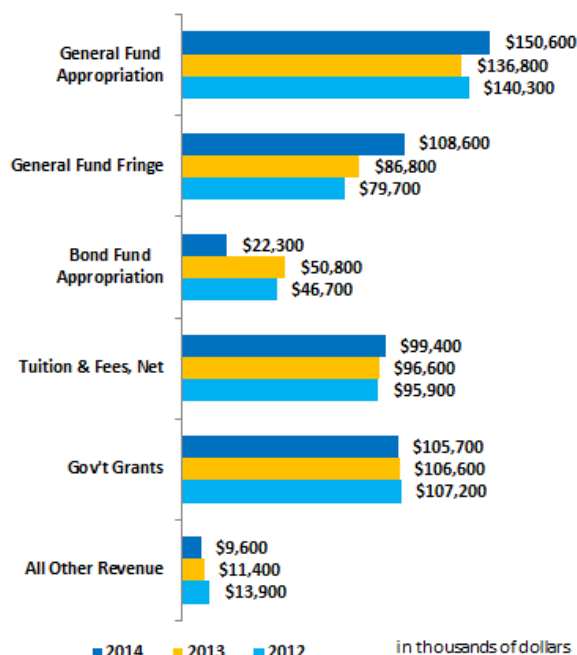
(in thousands)

	2014	2013	2012	% Change	
				current yr	prior yr
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 177,470	\$ 173,297	\$ 169,881	2.4%	2.0%
Less: Scholarship discounts and allowances	(78,025)	(76,661)	(73,964)	1.8%	3.6%
Net tuition and fees	99,445	96,636	95,917	2.9%	0.7%
Grants & indirect cost recoveries	105,693	106,621	107,170	-0.9%	-0.5%
Additional operating revenues	7,924	8,221	11,654	-3.6%	-29.5%
Total operating revenues	213,062	211,478	214,741	0.7%	-1.5%
<b>OPERATING EXPENSES</b>	514,565	488,496	478,044	5.3%	2.2%
Operating loss	(301,503)	(277,018)	(263,303)	8.8%	5.2%
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
State appropriations - general fund *	259,155	223,621	219,976	15.9%	1.7%
State appropriations - bond fund **	22,319	50,768	46,728	-56.0%	8.6%
Other non-operating revenues (expenses), net	1,643	3,128	2,231	-47.5%	40.2%
Total non-operating revenues	283,117	277,517	268,935	2.0%	3.2%
<b>NET POSITION</b>					
Change in net position	(18,386)	499	5,632	-3784.6%	-91.1%
Net position, beginning of year	782,201	781,702	776,070	0.1%	0.7%
Net position, end of year	\$ 763,815	\$ 782,201	\$ 781,702	-2.4%	0.1%

\* Including fringe benefits

\*\* Including agency and DCS administered

### REVENUE SUMMARY



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. Government grant revenues at June 30, 2014 were \$105.7 million; federal dollars were up \$5.8 million and state dollars were down \$6.7 million from the previous fiscal year. \$4.0 million of the reduction in state grant funds represents a decrease in the Governor's Scholarship program and \$2.5 million is the result of the State moving the Connecticut Charts-A-Course (CCAC) program from the CCC's to a new agency titled CT Office of Early Childhood, effective July 1, 2013. CCAC's focus was to raise the level of education through certification of those working in child care and early learning centers.

Other revenues totaled \$9.6 million in 2014, down from \$11.3 million in fiscal year 2013. Other revenues include sales or commission revenues from college- or vendor-operated cafeterias, bookstores, and daycare centers, early childhood education, food services, and private gifts and grants. The change in other revenues was primarily caused by a decrease in private gifts and grants.

# Connecticut Community Colleges

## Management Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

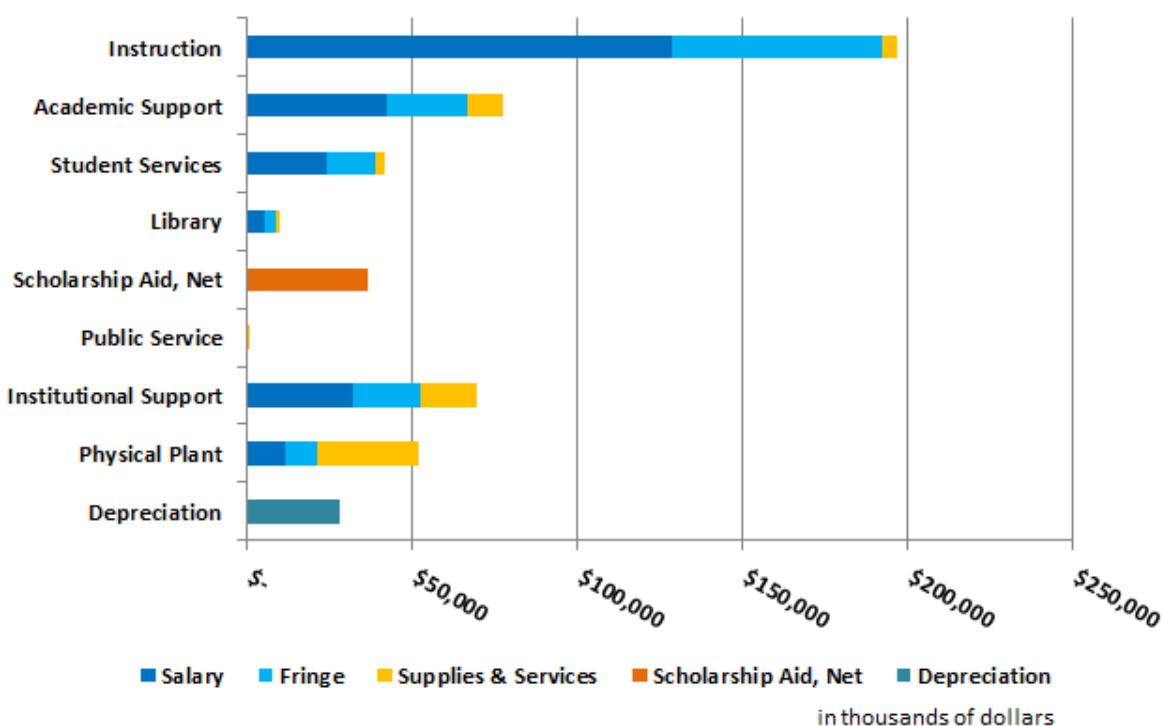


Total *operating expenses* for fiscal year 2014 were \$514.6 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects an operating expense increase of 5.3% from \$488.5 million in fiscal year 2013, compared with an increase of 2.2% from \$478.0 million in fiscal year 2012. The \$26.1 million increase in fiscal year 2014 consists primarily of increases in fringe, salaries and depreciation of \$19.1, \$9.4 and \$1.0 million respectively, offset by decreases in net scholarship aid of \$3.7 million. \$17.1 million of the increase in fringe costs is due to the increased rates for retirement set and applied by the state.

Operating expenses included \$382.0 million for salary and wages and related fringe benefits, or 74.2% of total operating expense. In addition, operating expense included \$36.4 million in net scholarship aid expense refunded to students, \$28.4 million in depreciation expense and \$67.7 million for all other service and supply costs. Service and supply costs include \$11.3 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 \$26.4 million; and all other non-personnel costs of operating the colleges.

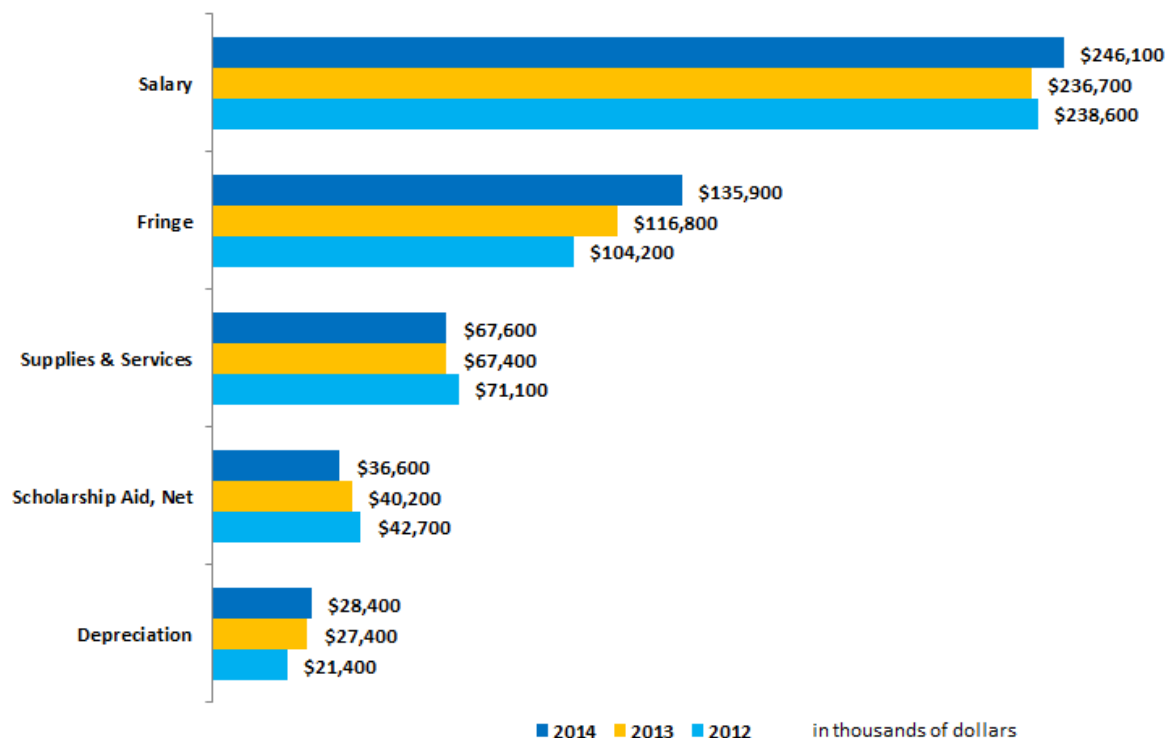
### FISCAL YEAR 14 EXPENSE

#### by Program and Account Type



The Connecticut Community Colleges recorded an operating loss of \$301.5 million during the year ended June 30, 2014. 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. The State general fund appropriation for salaries increased by 10.0% and the associated revenues to cover fringe benefit costs increased by 25.1%, to \$150.5 million and \$108.6 million, respectively. Bond fund appropriation revenues decreased from \$50.8 million in 2013 to \$22.3 million in 2014. 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 2014 net decrease in net position of \$18.4 million compared with \$0.5 million increase in 2013.

### EXPENSE BY ACCOUNT TYPE



### Statement of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. Major sources of *operating activity* cash inflows include receipts of student tuition and fees (\$96.5 million, up 1.5% from 2013) and receipts from government grants and contracts (\$104.5 million, down 1.0% from 2013). 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 (\$240.3 million, up 2.0% from 2013), fringe benefits paid on behalf of employees (\$133.1 million, up 17.4% from 2013), vendor payments (\$77.2 million, down 4.5% from 2013) and payments to students (\$40.0 million, down 7.7% from 2013) 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 used by operating activities declined 6.9% during fiscal year 2014 and 1.6% during fiscal year 2013.

The largest inflow of cash related to *non-capital financing* is State appropriations (\$257.6 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. Other non-capital financing cash inflows include private gift receipts of \$1.6 million and Federal Family Education Loan Program (FFELP) receipts of \$10.8 million.

*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 2014, capital financing net cash inflows of \$20.5 million reflected the receipt of bond appropriations of \$2.1 million of which went to college facility projects administered by DAS, and \$18.4 million for repairs and maintenance, 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 STIF fell from \$153 thousand in fiscal year 2013 to \$113 thousand in fiscal year 2014.

### Statement of Cash Flows

June 30, 2014, 2013 and 2012

(in thousands)

	2014	2013	2012	% Change	
				current yr	prior yr
<b>CASH PROVIDED (USED) BY</b>					
Operating activities	\$ (280,327)	\$ (262,185)	\$ (257,974)	-6.9%	-1.6%
Investing activities	113	153	191	-26.1%	-19.9%
Capital & related financing activities	(5,211)	6,111	(47,976)	-185.3%	112.7%
Non-Capital financing activities	270,058	239,287	238,189	12.9%	0.5%
Net change in cash and cash equivalents	(15,367)	(16,634)	(67,570)	7.6%	75.4%
<b>CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents, beginning of year	182,636	199,270	266,840	-8.3%	-25.3%
Cash and cash equivalents, end of year	\$ 167,269	\$ 182,636	\$ 199,270	8.4%	-8.3%

### 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.

State general fund appropriations in 2014 of \$259.2 million are up 15.9% over 2013, which were higher than 2012 by 1.7%. Recently it was announced that State revenues will not meet FY15 projections. It is not currently known what impact this will have on the CCC's appropriations but, CCC management will manage expenditures to remain within available resources.

Full time equivalent headcount for the CCCs is slightly lower in 2014 than 2013 as indicated in the table below:

Fall Headcount Enrollment and Full Time Equivalent						
Year Ended 30-Jun	Undergraduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2014	56,976	-2.2%	56,976	-2.2%	32,882	-1.6%
2013	58,228	1.9%	58,228	1.9%	33,410 *	0.6%
2012	57,152	-1.0%	57,152	-1.0%	33,200 *	-2.0%
2011	57,749	5.9%	57,749	5.9%	33,862 *	5.8%
2010	54,523	8.0%	54,523	8.0%	32,001 *	9.6%

\* Prior year numbers have changed slightly from what was reported on this same schedule in the fiscal year 2013 financials. The difference represents two definitions offered by IPEDS, the Integrated Post-Secondary Education Data System. This is the primary source for post secondary institutions in the United States. This year the numbers are calculated using the Instructional Activity definition.

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

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.

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

- Develop a long-term tuition plan to help students better plan for the cost of college.
- Improve student retention rates and increase enrollment through new initiatives like Go Back to Get Ahead which targets residents seeking to complete degrees and outreach to returning military to evaluate experiential learning for academic credit.
- Build high-tech smart classrooms to facilitate learning.
- Streamline core administrative functions establish a common academic calendar and a single application, create opportunity for system-wide course registration and degree pathway management.
- Improve system-wide credit transfer and course articulation to reduce time to degree completion and keep tuition costs in check.
- Expand early college programs to all the community colleges to reduce remediation, decrease degree completion time to save tuition dollars, and connect with students who might not consider college.
- Align workforce development mission with the strongest industry growth sectors as identified by the State Department of Economic and Community Development and Department of Labor.
- Strengthen teacher training programs and provide ongoing supports for new teachers.
- Expand advanced manufacturing programs at Housatonic, Naugatuck Valley, Asnuntuck, and Quinebaug Valley Community Colleges to increase student capacity and incumbent worker training programs.
- Build strong partnerships with business and industry to give students access to internships, externships, and a strong career network.
- Develop a system-wide academic/facilities master plan to strategically map out program expansion.
- Address deferred maintenance at all 17 institutions.

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

### **Additional Information**

This financial report is designed to provide a general overview of 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 (an enterprise fund of the State of Connecticut), and the aggregate discretely presented component units (the aggregate of the Magnet High Schools and the Foundations) comprising the Connecticut Community Colleges (the "System"), as of June 30, 2014 and 2013 and for the years then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

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

Our responsibility is to express 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 \$52.2 million and \$48.9 million and total net assets of \$49.8 million and \$46.4 million as of June 30, 2014 and 2013, respectively, and total revenues, capital gains and losses and other support of \$9.6 million and \$9.9 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 opinions, 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, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis on pages 1 through 10 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.

### ***Emphasis of a Matter***

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

### ***Other Matter***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplementary information included on pages 32 through 41 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

Hartford, Connecticut  
December 23, 2014

# Connecticut Community Colleges

## Statements of Net Position

June 30, 2014 and 2013



	Primary Institution (in thousands)		Component Unit Magnet High Schools (in thousands)	
	2014	2013	2014	2013
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 167,269	\$ 182,636	\$ 3,080	\$ 13,470
Accounts receivable, due from the State	26,220	24,144	28	28
Accounts receivable other, net	11,301	10,058	61	10
Prepaid expenses	163	203	-	-
Total current assets	<u>204,953</u>	<u>217,041</u>	<u>3,169</u>	<u>13,508</u>
Non-current assets				
Capital assets, net	651,431	657,917	48,639	40,689
Student loans, net	165	359	-	-
Total non-current assets	<u>651,596</u>	<u>658,276</u>	<u>48,639</u>	<u>40,689</u>
Total assets	<u>\$ 856,549</u>	<u>\$ 875,317</u>	<u>\$ 51,808</u>	<u>\$ 54,197</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 4,729	\$ 6,026	\$ 118	\$ 119
Accrued expenses - salary and fringe benefits	31,033	27,773	38	41
Accrued compensated absences - current portion	3,496	3,871	2	2
Deferred revenue	2,652	3,563	-	45
Unapplied payments	10,779	12,073	-	-
Retainage	275	1,382	-	-
Agency and loan fund liabilities	1,290	1,274	-	-
Other liabilities	438	293	-	-
Total current liabilities	<u>54,692</u>	<u>56,255</u>	<u>158</u>	<u>207</u>
Non-current liabilities				
Accrued compensated absences - long term portion	37,894	36,668	49	47
Other long-term liabilities	148	193	-	-
Total non-current liabilities	<u>38,042</u>	<u>36,861</u>	<u>49</u>	<u>47</u>
Total liabilities	<u>92,734</u>	<u>93,116</u>	<u>207</u>	<u>254</u>
<b>Net position</b>				
Invested in capital assets, net of related debt	651,431	657,917	48,639	40,689
Restricted				
Nonexpendable	20	20	-	-
Expendable	99,035	109,089	3,149	13,344
Unrestricted	13,329	15,175	(187)	(90)
Total net position	<u>763,815</u>	<u>782,201</u>	<u>51,601</u>	<u>53,943</u>
Total liabilities and net position	<u>\$ 856,549</u>	<u>\$ 875,317</u>	<u>\$ 51,808</u>	<u>\$ 54,197</u>

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

**Connecticut Community Colleges**  
**Statements of Net Assets – Component Unit**  
June 30, 2014 and 2013



	<b>Component Unit</b>	
	<b>Foundations</b>	
	(in thousands)	
	<b>2014</b>	<b>2013</b>
		<b>(Restated)</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 7,873	\$ 6,666
Accounts receivable, net	78	25
Contributions receivable, net	1,544	2,407
Grants receivable	333	332
Other receivables	432	505
Prepaid expenses and other assets	559	593
Investments	41,336	38,318
Total assets	<u>\$ 52,155</u>	<u>\$ 48,846</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 416	\$ 359
Annuities payable	165	174
Scholarships payable	40	5
Other liabilities	1,768	1,931
Total liabilities	<u>2,389</u>	<u>2,469</u>
<b>Net Assets</b>		
Unrestricted	2,891	2,334
Temporarily restricted	18,199	15,950
Permanently restricted	28,676	28,093
Total net assets	<u>49,766</u>	<u>46,377</u>
Total liabilities and net assets	<u>\$ 52,155</u>	<u>\$ 48,846</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, 2014 and 2013



	<b>Primary Institution</b> (in thousands)		<b>Component Unit</b> <b>Magnet High Schools</b> (in thousands)	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Operating revenue</b>				
Student tuition and fees	\$ 177,470	\$ 173,297	\$ -	\$ -
Less: Scholarship discounts and allowances	(78,025)	(76,661)	-	-
Net tuition and fees	<u>99,445</u>	<u>96,636</u>	<u>-</u>	<u>-</u>
Federal grants and contracts	96,855	91,086	4,150	4,351
State and local grants and contracts	8,838	15,535	107	95
Private grants and contracts	2,126	2,817	-	-
Sales and services of educational departments	615	551	-	-
Other operating revenues	5,183	4,853	1,152	911
Total operating revenues	<u>213,062</u>	<u>211,478</u>	<u>5,409</u>	<u>5,357</u>
<b>Operating expenses</b>				
Instruction	197,089	181,318	4,610	3,384
Public service	867	850	-	-
Academic support	77,600	72,886	442	472
Library	10,244	9,911	96	72
Student services	41,826	39,771	433	408
Scholarship aid, net	36,555	40,149	-	-
Institutional support	69,823	63,868	1,039	1,062
Physical plant	52,118	52,307	569	554
Depreciation	28,443	27,436	1,250	979
Total operating expenses	<u>514,565</u>	<u>488,496</u>	<u>8,439</u>	<u>6,931</u>
Operating loss	<u>(301,503)</u>	<u>(277,018)</u>	<u>(3,030)</u>	<u>(1,574)</u>
<b>Nonoperating revenues</b>				
State appropriations - general fund	259,155	223,621	691	625
State appropriations - bond funds	22,319	50,768	-	-
Private gifts	1,410	2,515	-	-
Interest income	119	145	-	-
Other non-operating revenues, net	114	468	(3)	-
Net non-operating revenue	<u>283,117</u>	<u>277,517</u>	<u>688</u>	<u>625</u>
Change in net position	(18,386)	499	(2,342)	(949)
Net position at beginning of year	782,201	781,702	53,943	54,892
Net position at end of year	<u>\$ 763,815</u>	<u>\$ 782,201</u>	<u>\$ 51,601</u>	<u>\$ 53,943</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, 2014 and 2013**



	<b>Component Unit</b>	
	<b>Foundations</b>	
	(in thousands)	
	<b>2014</b>	<b>2013</b>
		<b>(Restated)</b>
<b>Revenue, capital gains and losses and other support</b>		
Gifts and grants	\$ 3,676	\$ 5,625
Gifts in kind	4	7
Events and activities	953	957
Dividends and interest income	748	535
Net realized and unrealized gain/(loss) on investments	4,253	2,741
Total revenue, capital gains and losses and other support	<u>9,634</u>	<u>9,865</u>
<b>Expenses</b>		
Fundraising events	463	590
Campus facilities, projects and equipment	350	725
Grants	262	160
Museum	72	85
Program services	1,600	1,728
Scholarships, awards, and financial aid	2,090	1,817
Management and general	904	845
College advancement	504	1,327
Total expenses	<u>6,245</u>	<u>7,277</u>
Change in net assets	3,389	2,588
<b>Net assets</b>		
Net assets at beginning of year	46,377	43,789
Net assets at end of year	<u>\$ 49,766</u>	<u>\$ 46,377</u>

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



# Connecticut Community Colleges

## Statements of Cash Flows

June 30, 2014 and 2013



	<b>Primary Institution</b>	
	(in thousands)	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>		
Student tuition and fees	\$ 96,526	\$ 95,142
Government grants and contracts	104,487	105,580
Private grants and contracts	2,352	2,587
Sales and services of educational departments	592	537
Payments to employees	(240,342)	(235,753)
Payments for fringe benefits	(133,122)	(113,394)
Payments to students	(39,952)	(43,291)
Payments to vendors	(77,169)	(80,784)
Payments by Department of Construction Services	(322)	(520)
Other receipts, net	6,623	7,711
Net cash used in operating activities	<u>(280,327)</u>	<u>(262,185)</u>
<b>Cash flows from investing activities</b>		
Interest income	113	153
Net cash provided by investing activities	<u>113</u>	<u>153</u>
<b>Cash flows from capital and related financing activities</b>		
State appropriations	20,474	47,472
Payments by Department of Construction Services	(13,295)	(28,187)
Purchase of capital assets	(12,390)	(13,174)
Net cash (used in) provided by capital and related financing activities	<u>(5,211)</u>	<u>6,111</u>
<b>Cash flows from noncapital financing activities</b>		
State appropriations	257,576	226,192
Private gifts	1,637	1,644
Federal Family Education Loan program ("FFELP")	10,845	11,451
Net cash provided by noncapital financing activities	<u>270,058</u>	<u>239,287</u>
Net change in cash and cash equivalents	(15,367)	(16,634)
Cash and cash equivalents at beginning of year	<u>182,636</u>	<u>199,270</u>
Cash and cash equivalents at end of year	<u>\$ 167,269</u>	<u>\$ 182,636</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (301,503)	\$ (277,018)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	28,443	27,436
Loss on disposal of capital assets, net	1,665	621
Operating Application of FFELP Receipts	(10,845)	(11,451)
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,042)	(3,226)
Prepaid expenses and other assets	40	2
Accrued compensation and other	4,297	1,863
Accounts payable	(2,293)	(696)
Deferred revenue	911	284
Net cash used in operating activities	<u>\$ (280,327)</u>	<u>\$ (262,185)</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 57,000 credit full-time equivalent students and 28,000 additional noncredit students at its twelve colleges. The primary institution that make up 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”) and as amended GASB 61, *The Financial Reporting Entity*, 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, 2013 or June 30, 2014.

All Foundation financial 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 respective 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 and statements of revenues, expenses and changes in net position. CCC does not consider magnet high schools to be part of the primary institution, because they are legally separate entities from CCC and they are separately managed and accounted for.

An out of period adjustment was recorded and reflected in the 2014 discretely presented component unit financial statements of the Magnet High Schools to increase assets by approximately \$135,000, reduce liabilities by \$24,000, and increase revenue by approximately \$111,000 to correct for an error which related to grants and related costs as of June 30, 2013. The System has concluded that these adjustments are immaterial to the current and prior period financial statements.

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

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

### 3. Significant Accounting Policies

#### 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.

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 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, 2014 and 2013, 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, 2014 and June 30, 2013 are \$99,035,141 and \$109,089,252 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.

The magnet high schools apply the same four net position categories as described above.

### 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 \$150,541,309 and \$136,808,291 for fiscal year 2014 and 2013 respectively, and related fringe benefit of \$108,613,328 and \$86,813,061 for fiscal year 2014 and fiscal year 2013 respectively, and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. The CCC's do not receive cash from the State in support of the general fund appropriation. The appropriation is 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 statements of cash flows.

### Capital Assets

Capital assets of the primary institutions and the magnet high schools 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.

#### **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.

#### **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 accrual for employee compensated absences, collectability of accounts and loans receivable and the useful lives of property and equipment.

### Subsequent Events

In accordance with generally accepted accounting principles, CCC evaluated subsequent events for the period after June 30, 2014 and through December 23, 2014, 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, 2014 and 2013 (in thousands):

	2014	2013
Cash	\$ 77,414	\$ 79,111
Cash equivalents	89,855	103,525
Cash and cash equivalents total	<u>\$ 167,269</u>	<u>\$ 182,636</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 low 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, 2014.

## 5. Accounts Receivable

Accounts receivable consist of the following at June 30, 2014 and 2013 (in thousands):

	2014	2013
Tuition	\$ 3,948	\$ 2,464
College services fees	327	254
Student activity fees	19	15
Extension fees	1,048	1,104
Payment plans and returned checks	953	1,722
Other student fees	<u>200</u>	<u>172</u>
Subtotal	6,495	5,731
Less: Allowance for doubtful accounts	<u>(2,343)</u>	<u>(1,942)</u>
Subtotal student tuition and fee receivables, net	<u>4,152</u>	<u>3,789</u>
Third party contracts	783	492
Government grants and contacts	4,642	3,560
STIF	32	25
Other receivables	<u>2,502</u>	<u>2,749</u>
Subtotal	7,959	6,826
Less: Allowance for doubtful accounts	<u>(810)</u>	<u>(557)</u>
Subtotal other receivables, net	<u>7,149</u>	<u>6,269</u>
Total accounts receivable, net	<u>\$ 11,301</u>	<u>\$ 10,058</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 30 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, 2014 and 2013



### 6. Capital Assets

Capital assets for the Primary Institutions consist of the following at June 30, 2014 and 2013 (in thousands):

	Balance at June 30, 2013	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2014
Land and land/site improvements	\$ 22,737	\$ -	\$ (908)	\$ 3,387	\$ 25,216
Infrastructure	516	-	-	-	516
Building and building improvements	777,754	777	(4,227)	20,987	795,291
Furnishings and equipment	74,475	7,339	(5,586)	-	76,228
Library books	8,173	425	(988)	-	7,610
Software	439	-	-	-	439
	<u>884,094</u>	<u>8,541</u>	<u>(11,709)</u>	<u>24,374</u>	<u>905,300</u>
Less: Accumulated depreciation	<u>(247,773)</u>	<u>(28,443)</u>	<u>10,218</u>	<u>-</u>	<u>(265,998)</u>
	<u>636,321</u>	<u>(19,902)</u>	<u>(1,491)</u>	<u>24,374</u>	<u>639,302</u>
Construction-in-progress	<u>21,596</u>	<u>15,189</u>	<u>(282)</u>	<u>(24,374)</u>	<u>12,129</u>
Capital assets, net	<u>\$ 657,917</u>	<u>\$ (4,713)</u>	<u>\$ (1,773)</u>	<u>\$ -</u>	<u>\$ 651,431</u>

	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>
	<u>468,193</u>	<u>(16,086)</u>	<u>(348)</u>	<u>184,562</u>	<u>636,321</u>
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>

Depreciation expense was \$28,442,638 and \$27,436,390 for the years ended June 30, 2014 and 2013, respectively.

# Connecticut Community Colleges

## Notes to Financial Statements

June 30, 2014 and 2013



Capital assets for the Magnet Schools consist of the following at June 30, 2014 and 2013 (in thousands):

	Balance at June 30, 2013	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2014
Building and building improvements	\$ 31,106	\$ -	\$ -	\$ 20,682	\$ 51,788
Furnishings and equipment	1,367	285	(25)	-	1,627
	32,473	285	(25)	20,682	53,415
Less: Accumulated depreciation	(3,642)	(1,250)	11	-	(4,881)
	28,831	(965)	(14)	20,682	48,534
Construction-in-progress	11,858	8,929	-	(20,682)	105
Capital assets, net	<u>\$ 40,689</u>	<u>\$ 7,964</u>	<u>\$ (14)</u>	<u>\$ -</u>	<u>\$ 48,639</u>

	Balance at June 30, 2012	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2013
Building and building improvements	\$ 31,106	\$ -	\$ -		\$ 31,106
Furnishings and equipment	1,130	12	-	225	1,367
	32,236	12	-	225	32,473
Less: Accumulated depreciation	(2,662)	(980)	-	-	(3,642)
	29,574	(968)	-	225	28,831
Construction-in-progress	2,468	9,651	(36)	(225)	11,858
Capital assets, net	<u>\$ 32,042</u>	<u>\$ 8,683</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ 40,689</u>

Magnet School depreciation expense was \$1,250,204 and \$979,306 for the years ended June 30, 2014 and 2013, respectively.

## 7. Student Loans

Student loans consist of the following at June 30, 2014 and 2013 (in thousands):

	2014	2013
Student loans receivable	\$ 165	\$ 369
Less: Allowance for doubtful loans	<u>-</u>	<u>(10)</u>
	<u>\$ 165</u>	<u>\$ 359</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 2011, 2012 and 2013 as follows: (Total number of such borrowers with loans in default at fiscal year-end 2012, 2013 and 2014, i.e. a year later, respectively) *divided by* (Total number of such borrowers who entered repayment during fiscal years 2011, 2012 and 2013, respectively).

#### 8. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30, 2014 and 2013 (in thousands):

	2014	2013
Accrued vacation	\$ 16,475	\$ 15,905
Accrued sick leave	16,487	16,260
Other accrued fringe benefits	8,428	8,374
Total accrued compensated absences	41,390	40,539
Less: current portion	(3,496)	(3,871)
Accrued compensated absences - non-current portion	\$ 37,894	\$ 36,668

Activity for compensated absences (in thousands), as of June 30, includes:

<b>Balance as of June 30, 2012</b>	\$ 40,159
Increases in 2013	3,210
Payouts in 2013	(2,830)
<b>Balance as of June 30, 2013</b>	40,539
Increases in 2014	4,076
Payouts in 2014	(3,225)
<b>Balance as of June 30, 2013</b>	\$ 41,390

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. Delayed payouts for a small number of early retirees temporarily increased the overall current liability from 5.0% to 8.4% at June 30, 2014 and from 5.0% to 9.5% at June 30, 2013.

**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, 2014 and June 30, 2013, 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. Information on the plan is currently publicly available in the State of Connecticut’s Comprehensive Annual Financial Report prepared by the Office of the State Comptroller.

Tier III or the Hybrid Plan are the 2 primary SERS plan options available to 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 Voya Financial. Under this arrangement, plan participants contribute 5% of their pay and the State contributes 8% to individual participants’ investment accounts managed by Voya Financial. 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 \$13,328,768 and \$15,174,651 at June 30, 2014 and 2013, respectively. Of these amounts, \$3,111,437 and \$3,626,987 respectively, represented CCC's unliquidated encumbrances.

### **13. Operating Leases**

CCC is party to one non-cancellable 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:

2015	1,359,595
2016	1,359,595
2017	1,247,419
2018	970,200
2019 to 2032	970,200 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 \$3,437,355 and \$3,811,892 for the years ended June 30, 2014 and 2013, respectively.

### **14. Commitments and Contingencies**

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 assets 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.

## 16. Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2014 and 2013 are summarized as follows (in thousands):

	Year Ended June 30, 2014					
	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Supplies and Services</u>	<u>Scholarship Aid</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 128,877	\$ 63,425	\$ 4,787	\$ -	\$ -	\$ 197,089
Public service	202	124	541	-	-	867
Academic support-other	42,582	24,502	10,516	-	-	77,600
Academic support-library	5,847	3,225	1,172	-	-	10,244
Student services	24,409	14,753	2,664	-	-	41,826
Scholarship aid	-	-	-	36,555	-	36,555
Institutional support	32,413	20,154	17,256	-	-	69,823
Physical plant	11,702	9,812	30,604	-	-	52,118
Depreciation	-	-	-	-	28,443	28,443
Total operating expenses	<u>\$ 246,032</u>	<u>\$ 135,995</u>	<u>\$ 67,540</u>	<u>\$ 36,555</u>	<u>\$ 28,443</u>	<u>\$ 514,565</u>

	Year Ended June 30, 2013					
	<u>Salaries and Wages</u>	<u>Fringe Benefits</u>	<u>Supplies and Services</u>	<u>Scholarship Aid</u>	<u>Depreciation</u>	<u>Total</u>
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>

## **SUPPLEMENTARY SCHEDULES**

	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
<b>Assets</b>														
Current assets														
Cash and cash equivalents	\$ 4,955	\$ 13,751	\$ 5,200	\$ 19,726	\$ 10,593	\$ 4,295	\$ 13,235	\$ 4,658	\$ 11,682	\$ 12,324	\$ 11,953	\$ 8,635	\$ 46,262	\$ 167,269
Accounts receivable, due from the State	1,038	2,014	3,089	2,220	3,185	1,392	3,242	1,130	2,806	1,016	2,236	2,129	723	26,220
Accounts receivable other, net	281	1,490	2,063	442	1,444	916	1,525	129	956	292	661	606	496	11,301
Prepaid expenses	11	2	4	59	12	31	21	4	3	8	1	2	5	163
Total current assets	6,285	17,257	10,356	22,447	15,234	6,634	18,023	5,921	15,447	13,640	14,851	11,372	47,486	204,953
Non-current assets														
Capital assets, net	8,297	47,367	181,532	77,704	65,176	7,674	49,754	24,095	44,881	11,365	77,682	48,453	7,451	651,431
Student loans, net	1	-	4	(8)	-	(1)	14	1	-	-	75	79	-	165
Total non-current assets	8,298	47,367	181,536	77,696	65,176	7,673	49,768	24,096	44,881	11,365	77,757	48,532	7,451	651,596
Total assets	14,583	64,624	191,892	100,143	80,410	14,307	67,791	30,017	60,328	25,005	92,608	59,904	54,937	856,549
<b>Liabilities</b>														
Current liabilities														
Accounts payable	103	178	302	298	226	131	158	124	523	65	120	257	2,244	4,729
Accrued expenses-salary and fringe benefits	1,158	2,567	3,948	2,624	3,708	1,792	3,731	1,137	3,517	1,086	2,564	2,524	677	31,033
Accrued compensated absences-current portion	137	261	336	280	336	188	427	146	328	166	339	313	239	3,496
Deferred revenue	17	492	180	47	122	141	225	45	242	95	170	165	711	2,652
Unapplied payments	351	232	1,562	718	1,970	619	1,640	233	1,459	221	577	1,195	2	10,779
Retainage	-	-	-	-	42	-	-	-	-	-	-	-	233	275
Agency and loan fund liabilities	42	39	63	81	144	96	319	56	196	45	168	41	-	1,290
Other liabilities	2	3	126	25	80	78	60	5	12	2	22	22	1	438
Total current liabilities	1,810	3,772	6,517	4,073	6,628	3,045	6,560	1,746	6,277	1,680	3,960	4,517	4,107	54,692
Non-current liabilities														
Accrued compensated absences-long term portion	1,487	3,032	4,234	2,846	3,959	2,041	4,399	1,540	4,259	1,563	2,970	2,968	2,596	37,894
Other long-term liabilities	-	-	-	-	-	-	(27)	-	-	-	76	99	-	148
Total non-current liabilities	1,487	3,032	4,234	2,846	3,959	2,041	4,372	1,540	4,259	1,563	3,046	3,067	2,596	38,042
Total liabilities	3,297	6,804	10,751	6,919	10,587	5,086	10,932	3,286	10,536	3,243	7,006	7,584	6,703	92,734
<b>Net position</b>														
Invested in capital assets, net of related debt	8,296	47,367	181,532	77,705	65,176	7,673	49,755	24,095	44,881	11,365	77,682	48,453	7,451	651,431
Restricted														
Nonexpendable	-	-	-	20	-	-	-	-	-	-	-	-	-	20
Expendable	2,272	7,432	4,133	8,273	4,205	2,062	6,252	1,665	5,346	7,314	4,402	6,687	38,992	99,035
Unrestricted	718	3,021	(4,524)	7,226	442	(514)	852	971	(435)	3,083	3,518	(2,820)	1,791	13,329
Total net position	11,286	57,820	181,141	93,224	69,823	9,221	56,859	26,731	49,792	21,762	85,602	52,320	48,234	763,815
Total liabilities and net position	\$ 14,583	\$ 64,624	\$ 191,892	\$ 100,143	\$ 80,410	\$ 14,307	\$ 67,791	\$ 30,017	\$ 60,328	\$ 25,005	\$ 92,608	\$ 59,904	\$ 54,937	\$ 856,549

**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
<b>Assets</b>														
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
<b>Liabilities</b>														
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
<b>Net position</b>														
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 Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2014  
(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	\$ 6,173	\$ 12,968	\$ 24,964	\$ 17,070	\$ 23,575	\$ 9,477	\$ 22,532	\$ 4,215	\$ 22,265	\$ 5,666	\$ 13,809	\$ 14,720	\$ 36	\$ 177,470
Less: Scholarship discounts and allowances	(2,325)	(8,485)	(11,858)	(8,947)	(9,247)	(3,758)	(9,279)	(1,763)	(7,627)	(3,086)	(6,578)	(5,072)	-	(78,025)
Net tuition and fees	3,848	4,483	13,106	8,123	14,328	5,719	13,253	2,452	14,638	2,580	7,231	9,648	36	99,445
Federal grants and contracts	2,700	9,793	14,532	10,613	10,590	4,708	12,575	2,275	11,870	3,168	7,159	5,782	1,090	96,855
State and local grants and contracts	159	674	1,376	943	1,063	283	1,282	213	728	914	623	460	120	8,838
Private grants and contracts	36	294	166	95	90	39	117	31	842	107	241	71	(3)	2,126
Sales and services of educational departments	4	23	18	171	11	2	72	-	187	-	-	127	-	615
Other operating revenues	151	602	1,048	438	629	215	550	92	370	135	564	337	52	5,183
Total operating revenues	6,898	15,869	30,246	20,383	26,711	10,966	27,849	5,063	28,635	6,904	15,818	16,425	1,295	213,062
Operating expenses														
Instruction	7,640	16,814	28,175	16,154	24,390	10,118	25,658	6,105	22,916	6,709	16,856	15,554	-	197,089
Public service	1	1	32	-	2	9	602	171	17	15	6	11	-	867
Academic support	3,315	5,288	8,630	6,458	7,885	4,863	10,658	2,710	9,021	3,525	5,047	6,571	3,629	77,600
Library	409	794	1,128	1,001	1,109	672	923	664	975	637	655	1,277	-	10,244
Student services	2,272	3,221	4,852	3,353	4,778	2,049	4,618	2,314	5,017	1,726	3,991	3,546	89	41,826
Scholarship aid, net	1,248	3,336	5,539	4,650	4,278	1,588	4,325	839	3,855	1,257	2,996	2,537	107	36,555
Institutional support	2,533	4,672	5,571	4,168	6,361	3,721	5,662	2,624	5,843	2,117	3,868	4,162	18,521	69,823
Physical plant	1,578	3,840	10,044	4,914	5,888	1,972	6,864	1,892	5,717	1,469	3,152	3,295	1,493	52,118
Depreciation	546	2,097	5,884	2,854	3,012	761	3,407	1,118	1,926	597	2,873	1,739	1,629	28,443
Total operating expenses	19,542	40,063	69,855	43,552	57,703	25,753	62,717	18,437	55,287	18,052	39,444	38,692	25,468	514,565
Operating loss	(12,644)	(24,194)	(39,609)	(23,169)	(30,992)	(14,787)	(34,868)	(13,374)	(26,652)	(11,148)	(23,626)	(22,267)	(24,173)	(301,503)
Nonoperating revenues (expenses)														
State appropriations - general fund	11,199	19,549	29,210	20,719	31,324	12,874	32,036	11,580	26,390	10,594	20,453	20,211	13,016	259,155
State appropriations - bond funds	845	655	1,211	1,040	1,387	649	3,043	356	1,167	575	928	889	9,574	22,319
Private gifts	77	25	51	-	49	81	15	116	633	158	202	3	-	1,410
Interest income	4	9	4	18	12	5	11	5	10	8	12	5	16	119
Other non-operating revenues (expenses), net	-	-	1	2	2	-	1	-	5	-	1	102	-	114
Net non-operating revenues	12,125	20,238	30,477	21,779	32,774	13,609	35,106	12,057	28,205	11,335	21,596	21,210	22,606	283,117
Net income (loss) before other changes	(519)	(3,956)	(9,132)	(1,390)	1,782	(1,178)	238	(1,317)	1,553	187	(2,030)	(1,057)	(1,567)	(18,386)
Other changes														
Capital and other additions (deductions)	1,370	181	-	75	1,120	912	193	-	-	282	505	500	(5,138)	-
Interagency transfers	(727)	2,072	(371)	(543)	(3,206)	(128)	(1,750)	658	(3,575)	152	46	(1,077)	8,449	-
Total other changes	643	2,253	(371)	(468)	(2,086)	784	(1,557)	658	(3,575)	434	551	(577)	3,311	-
Change in net position	124	(1,703)	(9,503)	(1,858)	(304)	(394)	(1,319)	(659)	(2,022)	621	(1,479)	(1,634)	1,744	(18,386)
Net position at beginning 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
Net position at end of year	\$ 11,286	\$ 57,820	\$ 181,141	\$ 93,224	\$ 69,823	\$ 9,221	\$ 56,859	\$ 26,731	\$ 49,792	\$ 21,762	\$ 85,602	\$ 52,320	\$ 48,234	\$ 763,815

**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
<b>Operating revenues</b>														
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
<b>Operating expenses</b>														
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)
<b>Nonoperating revenues (expenses)</b>														
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
<b>Other changes</b>														
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 Cash Flows  
Year Ended June 30, 2014  
(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
<b>Cash flows from operating activities</b>														
Student tuition and fees	\$ 3,409	\$ 4,211	\$ 12,389	\$ 7,980	\$ 13,996	\$ 5,593	\$ 12,483	\$ 2,445	\$ 15,008	\$ 2,591	\$ 6,594	\$ 9,281	\$ 546	\$ 96,526
Government grants and contracts	2,817	10,375	15,972	11,710	11,026	4,552	13,991	2,528	12,355	4,002	7,774	6,486	899	104,487
Private grants and contracts	32	320	287	135	126	27	167	34	494	118	238	54	320	2,352
Sales and services of educational departments	4	14	18	161	10	2	69	-	187	-	-	127	-	592
Payments to employees	(9,464)	(18,708)	(30,596)	(19,799)	(28,168)	(12,308)	(30,208)	(9,073)	(26,764)	(9,139)	(18,596)	(18,980)	(8,539)	(240,342)
Payments for fringe benefits	(5,557)	(10,238)	(15,970)	(10,601)	(15,952)	(6,280)	(18,022)	(5,543)	(13,666)	(4,903)	(10,898)	(11,331)	(4,161)	(133,122)
Payments to students	(1,701)	(3,672)	(5,639)	(5,058)	(4,408)	(1,958)	(4,409)	(941)	(4,094)	(1,049)	(3,856)	(2,885)	(282)	(39,952)
Payments to vendors	(2,596)	(5,569)	(11,068)	(6,297)	(5,951)	(4,532)	(8,057)	(1,762)	(9,085)	(2,346)	(4,436)	(4,732)	(10,738)	(77,169)
Payments by Department of Public Works	-	(80)	(93)	(14)	(20)	-	-	(15)	(27)	-	(46)	72	(99)	(322)
Other receipts (payments), net	212	676	1,256	312	1,208	270	829	172	811	121	721	607	(572)	6,623
Net cash used in operating activities	(12,844)	(22,671)	(33,444)	(21,471)	(28,133)	(14,634)	(33,157)	(12,155)	(24,781)	(10,605)	(22,505)	(21,301)	(22,626)	(280,327)
<b>Cash flows from investing activities</b>														
Interest income	4	8	4	17	12	5	11	4	10	7	11	5	15	113
Net cash provided by investing activities	4	8	4	17	12	5	11	4	10	7	11	5	15	113
<b>Cash flows from capital and related financing activities</b>														
State appropriations	845	655	961	1,039	1,387	650	2,653	146	422	574	928	639	9,575	20,474
Payments by Department of Public Works	(474)	(7)	(712)	(1,096)	(3,562)	(75)	(4,701)	(597)	(108)	(32)	(635)	(1,296)	-	(13,295)
Purchase of capital assets	(841)	(352)	(361)	(242)	(307)	(691)	(905)	(267)	(326)	(212)	(409)	(530)	(6,947)	(12,390)
Interagency transfers	(1,071)	106	(137)	6	126	19	310	(19)	62	59	71	8	460	-
Net cash provided by (used in) capital and related financing activities	(1,541)	402	(249)	(293)	(2,356)	(97)	(2,643)	(737)	50	389	(45)	(1,179)	3,088	(5,211)
<b>Cash flows from noncapital financing activities</b>														
State appropriations	11,024	19,152	29,177	20,334	30,951	12,651	32,128	11,593	26,792	10,509	20,232	20,294	12,739	257,576
Private gifts	77	13	267	-	49	101	33	112	633	157	193	2	-	1,637
Federal Family Education Loan Program (FFELP)	926	1,415	1,515	1,553	442	648	1,450	125	173	-	1,662	936	-	10,845
Interagency transfers	323	1,936	(318)	(549)	(3,246)	(257)	(2,035)	698	(3,532)	101	(4)	(1,132)	8,015	-
Net cash provided by noncapital financing activities	12,350	22,516	30,641	21,338	28,196	13,143	31,576	12,528	24,066	10,767	22,083	20,100	20,754	270,058
Net increase (decrease) in cash and cash equivalents	(2,031)	255	(3,048)	(409)	(2,281)	(1,583)	(4,213)	(360)	(655)	558	(456)	(2,375)	1,231	(15,367)
Cash and cash equivalents at beginning 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
Cash and cash equivalents at end of year	\$ 4,955	\$ 13,751	\$ 5,200	\$ 19,726	\$ 10,593	\$ 4,295	\$ 13,235	\$ 4,658	\$ 11,682	\$ 12,324	\$ 11,953	\$ 8,635	\$ 46,262	\$ 167,269

**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
<b>Cash flows from operating activities</b>														
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)
<b>Cash flows from investing activities</b>														
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
<b>Cash flows from capital and related financing activities</b>														
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
<b>Cash flows from noncapital financing activities</b>														
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 Net Position by Fund Group  
June 30, 2014  
(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
<b>Assets</b>						
Current assets						
Cash & cash equivalents	\$ 76,101	\$ 1,392	\$ 61,374	\$ 28,402	\$ -	\$ 167,269
Accounts receivable-general fund	26,220	-	-	-	-	26,220
Accounts receivable-other	11,277	24	-	-	-	11,301
Prepaid expense	163	-	-	-	-	163
Total current assets	113,761	1,416	61,374	28,402	-	204,953
Non-current assets						
Land and land/site improvements	-	-	-	-	25,216	25,216
Infrastructure	-	-	-	-	516	516
Buildings and building improvements	-	-	-	-	795,291	795,291
Furnishings and Equipment	-	-	-	-	76,228	76,228
Library books	-	-	-	-	7,610	7,610
Software	-	-	-	-	439	439
	-	-	-	-	905,300	905,300
Less: Accumulated depreciation	-	-	-	-	(265,998)	(265,998)
	-	-	-	-	639,302	639,302
Construction in progress	-	-	-	-	12,129	12,129
Capital Assets, net	-	-	-	-	651,431	651,431
Student loans, net						
Student loans receivable	-	165	-	-	-	165
Less: Allowance for doubtful loans	-	-	-	-	-	-
	-	165	-	-	-	165
Total non-current assets	-	165	-	-	651,431	651,596
Total assets	\$ 113,761	\$ 1,581	\$ 61,374	\$ 28,402	\$ 651,431	\$ 856,549
<b>Liabilities</b>						
Current liabilities						
Accounts payable	\$ 2,996	\$ -	\$ 1,733	\$ -	\$ -	\$ 4,729
Accrued expense - salary and fringe benefits	31,032	1	-	-	-	31,033
Accrued compensated absences-current portion	3,496	-	-	-	-	3,496
Deferred revenue	2,652	-	-	-	-	2,652
Unapplied payments	10,779	(15)	-	-	-	10,764
Retainage	-	-	233	42	-	275
Other liabilities	439	1,304	-	-	-	1,743
Total current liabilities	51,394	1,290	1,966	42	-	54,692
Non-current liabilities						
Accrued compensated absences-long term portion	37,894	-	-	-	-	37,894
Student loans	-	148	-	-	-	148
Total non-current liabilities	37,894	148	-	-	-	38,042
Total liabilities	89,288	1,438	1,966	42	-	92,734
<b>Net position</b>						
Invested in capital assets, net of related debt	-	-	-	-	651,431	651,431
Restricted						
Non-expendable	-	20	-	-	-	20
Expendable	11,144	123	59,408	28,360	-	99,035
Unrestricted	13,329	-	-	-	-	13,329
Total net position	24,473	143	59,408	28,360	651,431	763,815
Total liabilities and net position	\$ 113,761	\$ 1,581	\$ 61,374	\$ 28,402	\$ 651,431	\$ 856,549

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



	<b>Primary Institution</b>					
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
<b>Assets</b>						
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>
<b>Liabilities</b>						
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>
<b>Net position</b>						
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 Revenues, Expenses and  
Changes in Net Position by Fund Group  
Year Ended June 30, 2014  
(in thousands)



		<b>Primary Institution</b>				
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
<b>Operating revenues</b>						
Tuition and Fees	\$ 177,470	\$ -	\$ -	\$ -	\$ -	\$ 177,470
Less: Scholarship discounts and allowances	(78,025)	-	-	-	-	(78,025)
Net tuition and fees	99,445	-	-	-	-	99,445
Federal grants and contracts	96,855	-	-	-	-	96,855
State and local grants and contracts	8,838	-	-	-	-	8,838
Private grants and contracts	2,126	-	-	-	-	2,126
Sales and services of educational departments	615	-	-	-	-	615
Other operating revenues	4,952	-	-	134	97	5,183
Total operating revenues	212,831	-	-	134	97	213,062
<b>Operating expenses</b>						
Salaries and wages	246,032	-	-	-	-	246,032
Fringe benefits	135,996	-	-	-	-	135,996
Supplies and services	54,082	-	11,216	469	1,772	67,539
Scholarship aid, net	36,428	127	-	-	-	36,555
Depreciation	-	-	-	-	28,443	28,443
Total operating expenses	472,538	127	11,216	469	30,215	514,565
Operating loss	(259,707)	(127)	(11,216)	(335)	(30,118)	(301,503)
<b>Nonoperating revenues (expenses)</b>						
State appropriations - general fund	259,155	-	-	-	-	259,155
State appropriations - bond funds	-	-	20,225	2,094	-	22,319
Private gifts	1,382	-	-	-	28	1,410
Interest income	119	-	-	-	-	119
Other non-operating revenues (expenses), net	13	-	-	101	-	114
Net non-operating revenues	260,669	-	20,225	2,195	28	283,117
Net income (loss) before other changes	962	(127)	9,009	1,860	(30,090)	(18,386)
<b>Other changes</b>						
Capital and other additions (deductions)	(1,102)	-	(11,788)	(10,714)	23,604	-
Interagency transfers	7	(6)	1,398	(1,399)	-	-
Total Other Changes	(1,095)	(6)	(10,390)	(12,113)	23,604	-
Change in net position	(133)	(133)	(1,381)	(10,253)	(6,486)	(18,386)
Net position at beginning of year	24,606	276	60,789	38,613	657,917	782,201
Net Position at end of year	\$ 24,473	\$ 143	\$ 59,408	\$ 28,360	\$ 651,431	\$ 763,815



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



		<b>Primary Institution</b>				
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
<b>Operating revenues</b>						
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
<b>Operating expenses</b>						
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)
<b>Nonoperating revenues (expenses)</b>						
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
<b>Other changes</b>						
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