Connecticut State Colleges & Universities
Board of Regents for Higher Education

Connecticut Community Colleges

Financial Statements, Required Supplementary Information and Supplemental Information

June 30, 2015

Connecticut State Colleges & Universities
Board of Regents for Higher Education

Members of the Board of Regents for Higher Education
(Between 7/1/14 – 6/30/15)

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

Regents as of 6/30/15 (1 vacancy)

Nicholas M. Donofrio, Chairman
Yvette Meléndez, Vice Chair
Richard J. Balducci
Eugene L. Bell (CCC Student)
Naomi K. Cohen
Lawrence J. DeNardis
Matt Fleury
Sarah E. Greco (CSU Student)
Merle W. Harris
David R. Jimenez
Craig Lappen
William J. McGurk
JoAnn H. Price
Elease E. Wright

Ex-Officio, Non-voting members
Stephen Adair – Chair of the Faculty Advisory Committee
Robert E. Brown – Vice Chair of the Faculty Advisory Committee
Jewel Mullen – Commissioner of the CT Department of Public Health
Dianna R. Wentzell – Commissioner of the State Board of Education (term began 1/8/15)
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 7/1/14 – 6/30/15)
Stefan Pryor – Commissioner of the State Board of Education (term ended 1/7/15)

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 (Special Adviser to the President Effective 9/28/2015)
Mark E. Ojakian, Interim President (Effective 9/28/2015)

Connecticut State Colleges & Universities
Board of Regents for Higher Education

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, 2015, along with comparative information for the fiscal year ended June 30, 2014. 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 2015.

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 2014 semester, approximately 55,154 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 31,886. During fiscal year 2015 29,443 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. In total, CCC employed over 2,100 full time employees at June 30, 2015.

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 CCCs serve an important role in the State's economy, providing convenient, accessible and flexible access to higher education for many of the State's residents, including"non-traditional" 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. In addition to the twelve primary locations, several CCCs have satellite locations in city centers affording even easier access to students who may not have transportation to attend the main campus. Satellite locations include downtown Danbury, Meriden, and Willimantic. The financial results of these satellite locations are included in the reports of the main campus, or Naugatuck Valley, Middlesex, and Quinebaug Valley Community College, respectively.

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 2015 full financial statements and footnotes with fiscal year 2014 is also presented, both for the CCC *primary institution*, as well as for certain other organizations that have a significant related party relationship with CSUS (the "component units").

The component units are the twelve college foundations and two magnet high schools at Manchester Community College ("MCC") and Quinebaug Valley Community Colleges ("QVCC"). The Foundations are legally independent, tax-exempt non-profit organizations separate from university control, founded to foster and promote the growth, progress and general welfare of the Colleges and to solicit, receive and administer donations for such purposes. They 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 Foundations manage the majority of the Colleges' endowments. However, the assets of these component units are not available to CCC for use at its discretion. Magnet high schools which are operating on CCC campuses 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.

Financial Highlights

The Connecticut Community Colleges had total assets of $876.6 million, liabilities of $640.5 million, and a total net position balance of $234.8 million at June 30, 2015. Of this amount, -$520.7 million is classified as unrestricted net position, a $1.2 million increase from 2014. The large negative balance in unrestricted net position has been created by the adoption of GASB 68, as discussed within this report. Adoption of GASB 68 required the System to recognize a liability for pension plans, which were previously disclosed only at the State level. Adoption also required a restatement of 2014 balances. The offset to the pension liability was a debit to unrestricted net position as further discussed below. The table included below illustrates the unrestricted net position trends separate from the adjustment for pension liability.

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were $212.9 million, a 0.1% decrease over the previous year. Operating expenses were $579.2 million, an increase of 12.6% over the previous year, resulting in an operating loss of $366.4 million during the year ended June 30, 2015. Net non-operating revenues and other changes were $387.4 million, up 36.8% from the previous year, reflecting a $31.4 million increase in bond appropriations and a $72.8 million increase in general fund appropriations. The increase in general fund was primarily a result of $44.8 million for the 2014 reported pension contributions and $21.0 million in supplemental funding for early college preparedness, developmental education and other support. Overall the CCC's experienced a net increase in net position of $21.0 million during fiscal year 2015.

Cash and cash equivalents were $184.7 million at June 30, 2015, including $42.0 million of cash equivalents in the form of State bond appropriations administered by the CCC's, and $59.7 million of State bond appropriations administered by the Department of Administration Services ("DAS") on behalf of the System. DAS-administered cash equivalents (bond appropriations) increased from $28.4 million at June 30, 2014 to $59.7 million at June 30, 2015, reflecting expenditures of $8.8 million, new bond appropriations of $42.0 million and $2.0 million in transfers between DAS and the colleges and other adjustments. Total current assets were $227.2 million at June 30, 2015. The ratio of unrestricted current assets of $112.7 million to unrestricted current liabilities of $48.8 million is 2.3:1 in 2015, and was 2.1:1 in 2014. 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 0.3% from $588.1 million at June 30, 2014 to $589.8 million at June 30, 2015. This significant liability includes $551.7 million for pension liability and $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). These large and essentially unfunded liabilities continue to represent a long-term obligation impacting 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 Statements of Net Position
June 30, 2015 and 2014
(in thousands)

	2015	2014 Restated*	% Change	
ASSETS				
Current assets	$ 227,235	$ 204,953	11 %	
Non-current assets	649,324	651,596	(0) %	
Total assets	876,559	856,549	2 %	
Deferred outflows of resources	20,226	-	100%	1
LIABILITIES				
Current liabilities	50,763	54,692	(7) %	
Non-current liabilities	589,771	588,066 *	0 %	2
Total liabilities	640,534	642,758	(0) %	
Deferred inflows of resources	21,448	-	100% %	1
NET POSITION				
Invested in capital assets	649,126	651,431	(0) %	
Restricted-nonexpendable	20	20	- %	
Restricted-expendable	106,380	99,035	7 %	
Unrestricted	(520,723)	(536,695) *	3 %	2
Total net position	234,803	213,791 *	10 %	2
Total liabilities and net position	$ 875,337	$ 856,549	2 %	2

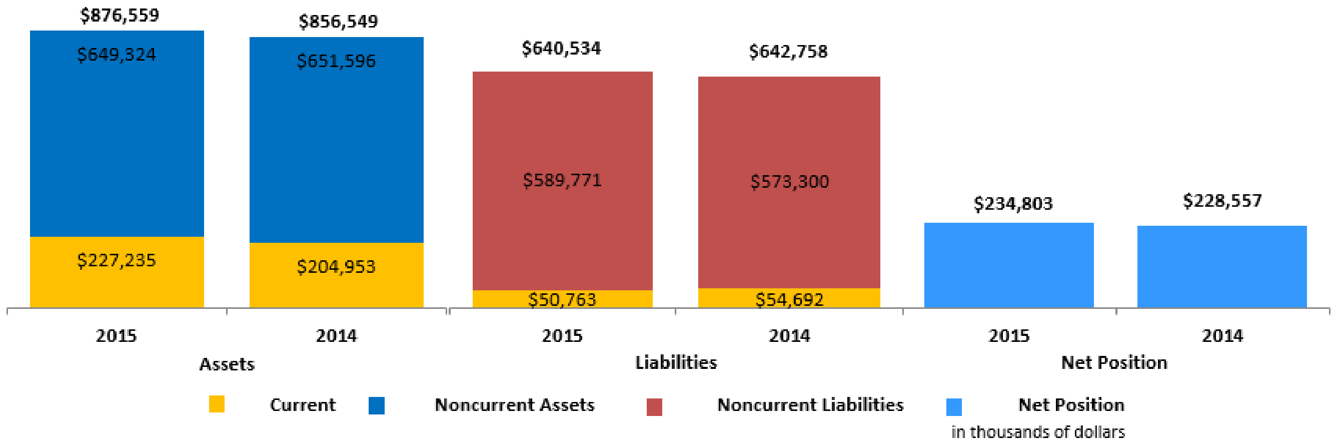
[1] The 2014 amount for these line items are not directly comparable to the 2015 amount due to the adoption of GASB No. 68 effective July 1, 2014.

[2] Net position and non-current liabilities were restated to reflect the net pension liablity at June 30, 2014 of $550.0 million as if the GASB No. 68 liability was recorded in 2014.

Total assets were $876.6 million at the end of the 2015 fiscal year and up from $856.5million at the end of fiscal year 2014.

Current assets consist of cash and cash equivalents and accounts receivable. Current assets were $227.2 million at the end of fiscal year 2015. The $22.3 million net increase in current assets from the previous year is largely attributable to a $11.9 million increase in the cash equivalents and a $5.5 million increase in cash. Cash equivalents fluctuate as sizeable building projects are funded and then expended over a period of often two to three years. Accounts receivables totaled $41.3 million at the end of fiscal year 2015. This reflects a $3.8 million increase from the $37.5 million of accounts receivable at the end of fiscal year 2014. The increase was primarily attributable to a $2.7 million increase in grant receivables. Investment of cash is handled by the State of Connecticut Treasurer's Office, which invests cash balances in a Short Term Investment Fund ("STIF") on behalf of State agencies. The CCC's do not carry any other separate investments.

THE CCC's FINANCIAL POSITION



Non-current assets decreased 0.3% from $651.6 million at June 30, 2014, to $649.3 million at June 30, 2015. Net capital assets account for all but $198 thousand of non-current assets. The $198 thousand represents student loan receivables. At June 30, 2015, capital assets in service totaled $921.7 million, offset by $291.9 million in accumulated depreciation; this compared with $905.3 million and $266 million, respectively, at the end of fiscal year 2014. Buildings and building improvements increased by $7 million. Middlesex renovations to their Founders Hall accounted for $2 million. Expansion and upgrades related to Asnuntuck's manufacturing program accounted for $3.4 million.

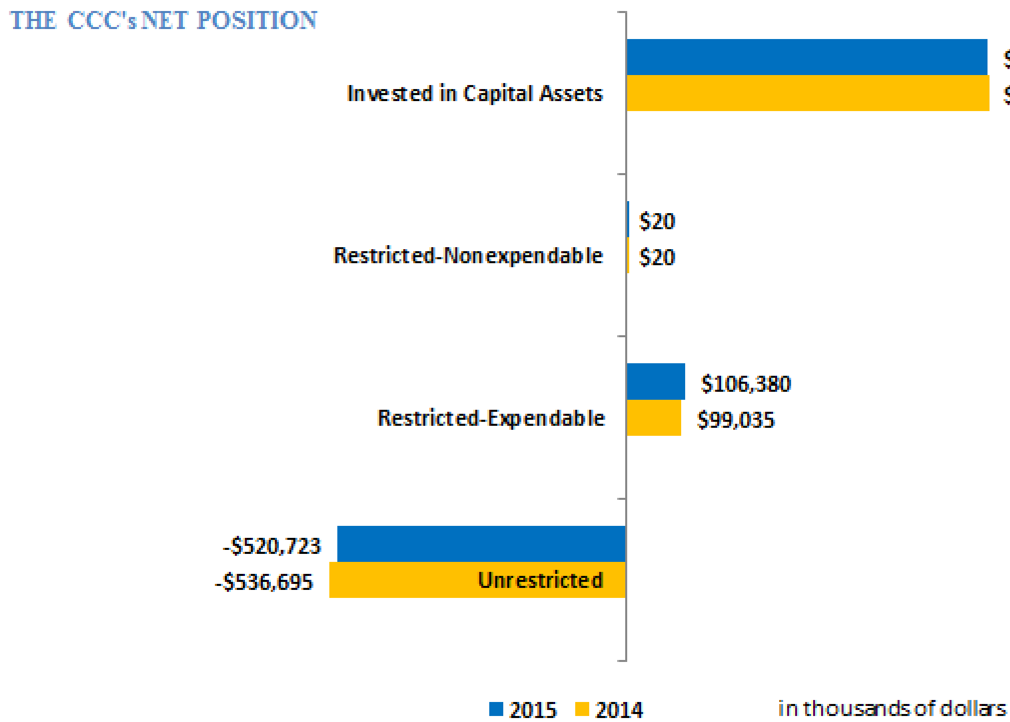
Current liabilities consist primarily of accrued payroll and related benefits, unearned revenue, and accounts payable. Total liabilities were $640.5 million at the end of fiscal year 2015, an increase from $628.0 million at the end of fiscal year 2014. Employee salary and fringe benefits payable of $27.5 million and unapplied payments of $11.1 million, primarily collected in advance for late-summer and fall 2015 academic terms. Additional current liabilities include deferred revenues of $2.9 million for restricted grant activities to be performed, vendor accounts payable of $5.3 million, agency fund liabilities of $1.3 million, and $2.0 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 $0.4 million of retainage on facility projects.

Non-current liabilities consist almost exclusively of $551.7 million in pension liability and long-term accrued compensated absences ("ACA") – $37.9 million net of $2.0 million of current liabilities – to be paid out to terminating employees over time in the future beyond one year. The total ACA liability of $39.9 million (long-term and current) and pension liability of $551.7 million represents approximately five times 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.

Pension liability is the CCC's proportionate share of the State Employee Retirement System's (SERS) and the Teachers Retirement System's (TRS) net pension liability. In June 2012 GASB released Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, with an effective date of June 30, 2015. This Statement established standards for measuring and recognizing future defined benefit pension liabilities. As defined in this Statement, SERS is considered a single employer plan and the CCC System is considered a cost-sharing employer of TRS. These accounting requirements do not impact the System's funding requirements for the pension plans. The System's total net pension obligation was $551.7 million and $550.0 million at June 30, 2015 and June 30, 2014 respectively.

The total *net position* balance includes $649.1 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.

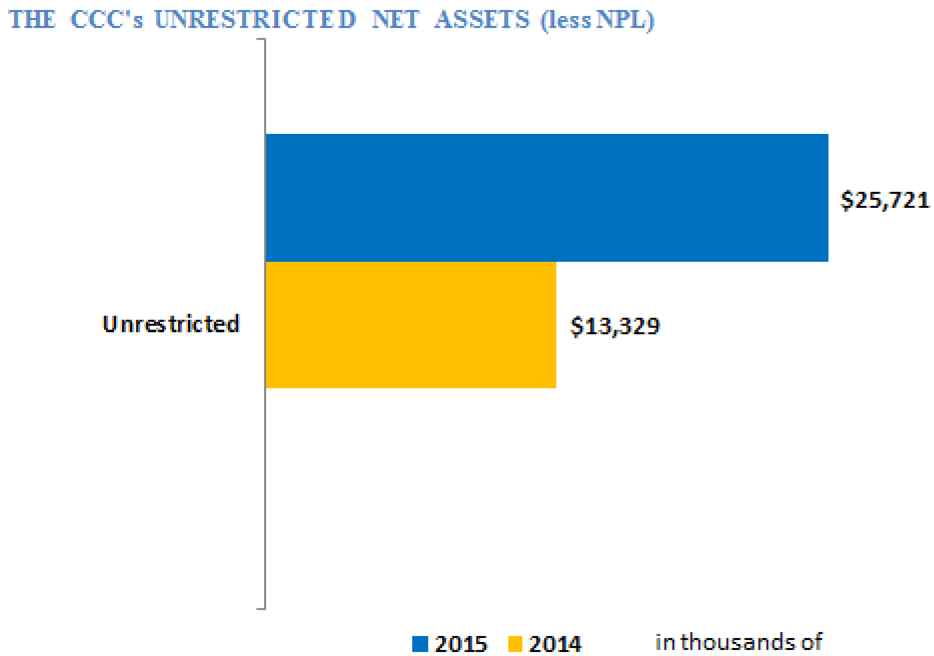


The $53.7 million in new bond fund appropriations in fiscal year 2015 included $11.7 million for System administered projects and repairs, and equipment, and $42 million for DAS-administered projects. The System-administered dollars funded a variety of small projects and IT initiatives including Ellucian Degree Works, a disaster recovery program and event management system. The $42 million included $39 million for renovations to Founders Hall at Naugatuck Valley to improve classrooms and laboratories for Allied Health and Nursing programs, including satellite space for Western Connecticut State University and UConn.

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, 2015 ($40.7 million in funds managed by the CCC's and $59.5 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 ($4.1 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.

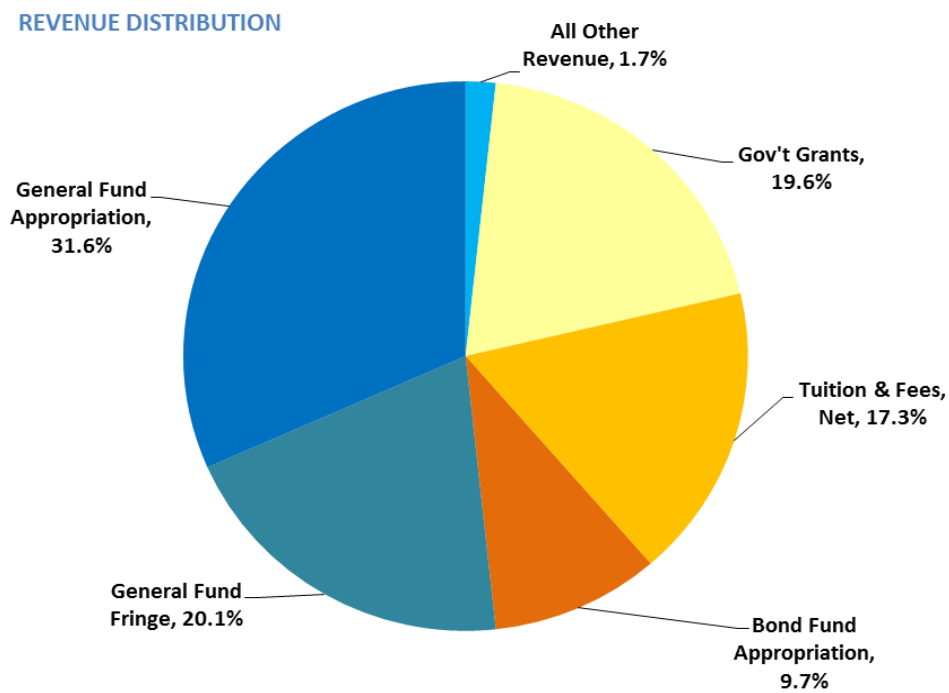
Unrestricted net position ("UNP") has shifted to a substantial negative balance with the inclusion of the pension liability. This negative balance decreased by $6.9 million during fiscal year 2015. Excluding the pension liability, UNP increased by $12.4 million to $25.7 million during fiscal year 2015, following a decrease of $1.8 million in 2014 and $13.1 million decrease in 2013. The table below illustrates the fluctuations in aggregate CCC UNP over the past several years:

FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
$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	$25.7
UNP Adjusted for GASB 68 changes to reflect inclusion of Pension Liability:												($536.7)	($520.7)



<u>Statement of Revenues, Expenses and Changes in Net Position</u>

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 2015 were $212.9 million after the reduction for scholarship allowances as required by GASB 35, down 0.1% from $213.1 million in fiscal year 2014. *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 $96 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 2015 tuition revenues decreased 1.2% from the previous year, to $175.4 million,. These revenues reflect a FTE credit enrollment decrease of 3% in fiscal year 2015 and 1.6% in fiscal year 2014. Extension fee revenues increased slightly from $24.6 million in fiscal year 2014 to $24.8 million in fiscal year 2015. Credit extension decreased 0.8% while the non-credit extension increased 2.4%. Other fee revenues (gross) totaled $24.8 million at June 30, 2015.



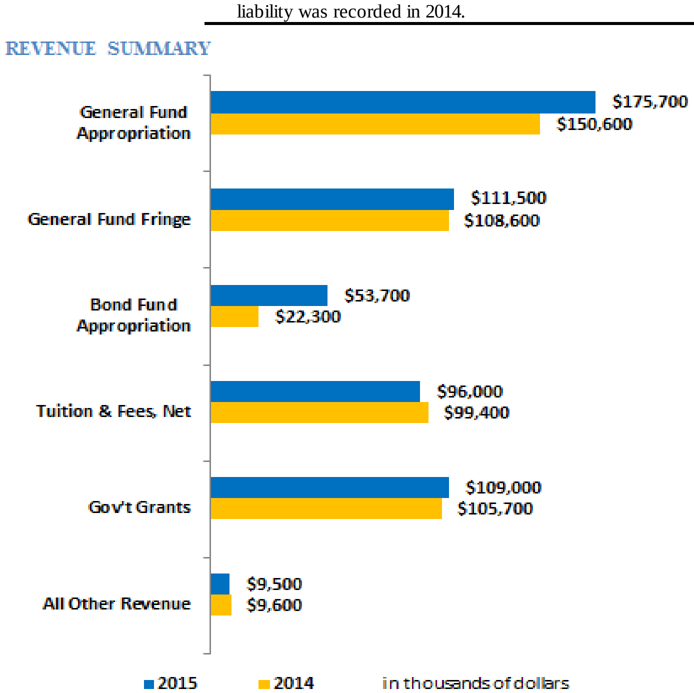
Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014
(in thousands)

	2015	2014 Restated*	% Change	
OPERATING REVENUES				
Student tuition and fees	$ 175,415	$ 177,470	-1 %	
Less: Scholarship discounts and allowances	(79,421)	(78,025)	2 %	
Net tuition and fees	95,994	99,445	(3) %	
Government grants and contracts	109,033	105,693	3 %	
Additional operating revenues	7,839	7,924	(1) %	
Total operating revenues	212,866	213,062	(0) %	
OPERATING EXPENSES	579,220	514,565	13 %	1
Operating loss	(366,354)	(301,503)	(22) %	1
NON-OPERATING REVENUES				
State appropriations - general fund *	331,960	259,155	28 %	1
State appropriations - bond fund **	53,746	22,319	141 %	
Other non-operating revenues (expenses), net	1,660	1,643	1 %	
Net non-operating revenues	387,366	283,117	37 %	
Net income	21,012	(18,386)	214 %	
Change in net position	21,012	(18,386)	214 %	2
NET POSTION				
Net position, beginning of year	213,791	232,177 *	(8) %	2
Net position, end of year	$ 234,803	$ 213,791 *	$ 10 %	2

* Including fringe benefits
** Including agency and DCS administered

[1] The 2014 amounts for these line items are not directly comparable to the 2015 amount due to the adoption of GASB No. 68 effective July 1, 2014.

[2] Net position was restated to reflect the net pension liablity at June 30, 2014 of $550.0 million as if the GASB No. 68 liability was recorded in 2014.



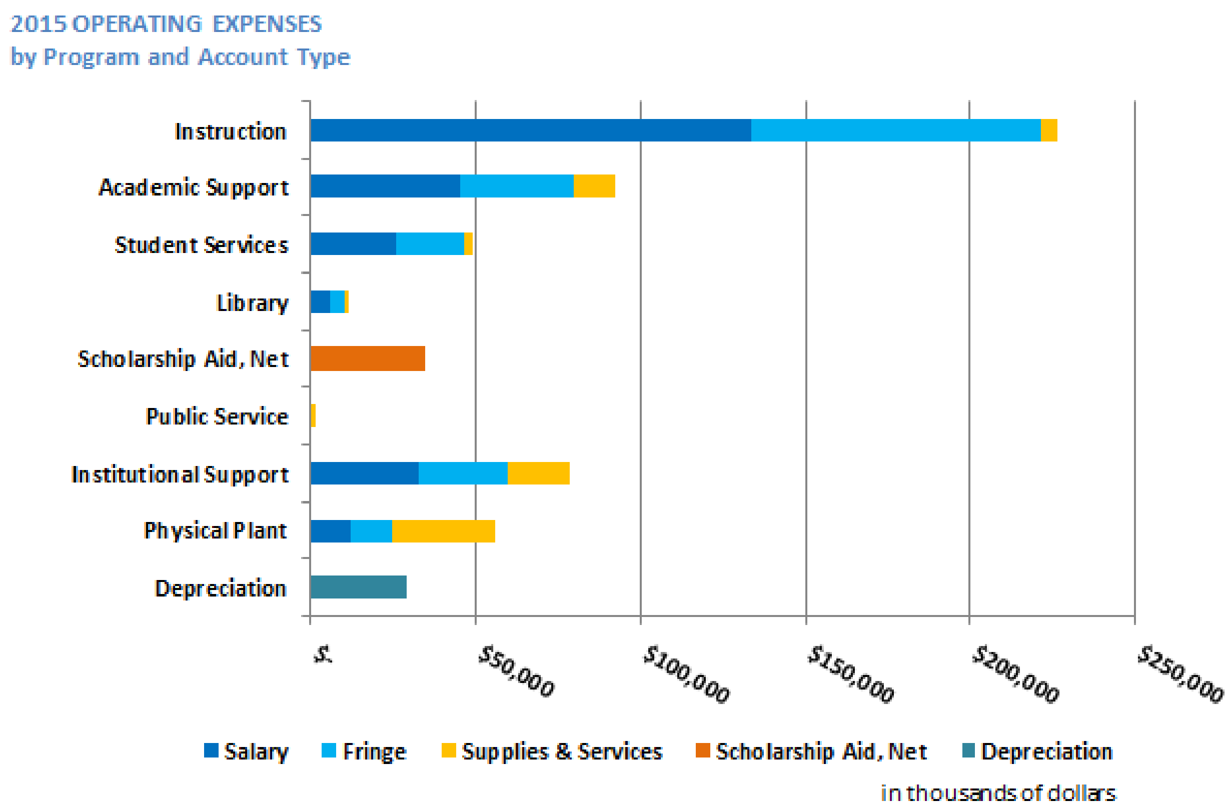
Government grant revenues are comprised primarily of student financial aid programs including the Federal Pell and Supplemental Education Opportunity Grant ("SEOG") programs. Other government grants include funding for various program-related activities. Government grant revenues at June 30, 2015 were $109.0 million; federal dollars were up $3.1 million and state dollars were up $0.2 million from the previous fiscal year.

Other revenues totaled $9.5 million in 2015, down from $9.6 million in fiscal year 2014. 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.

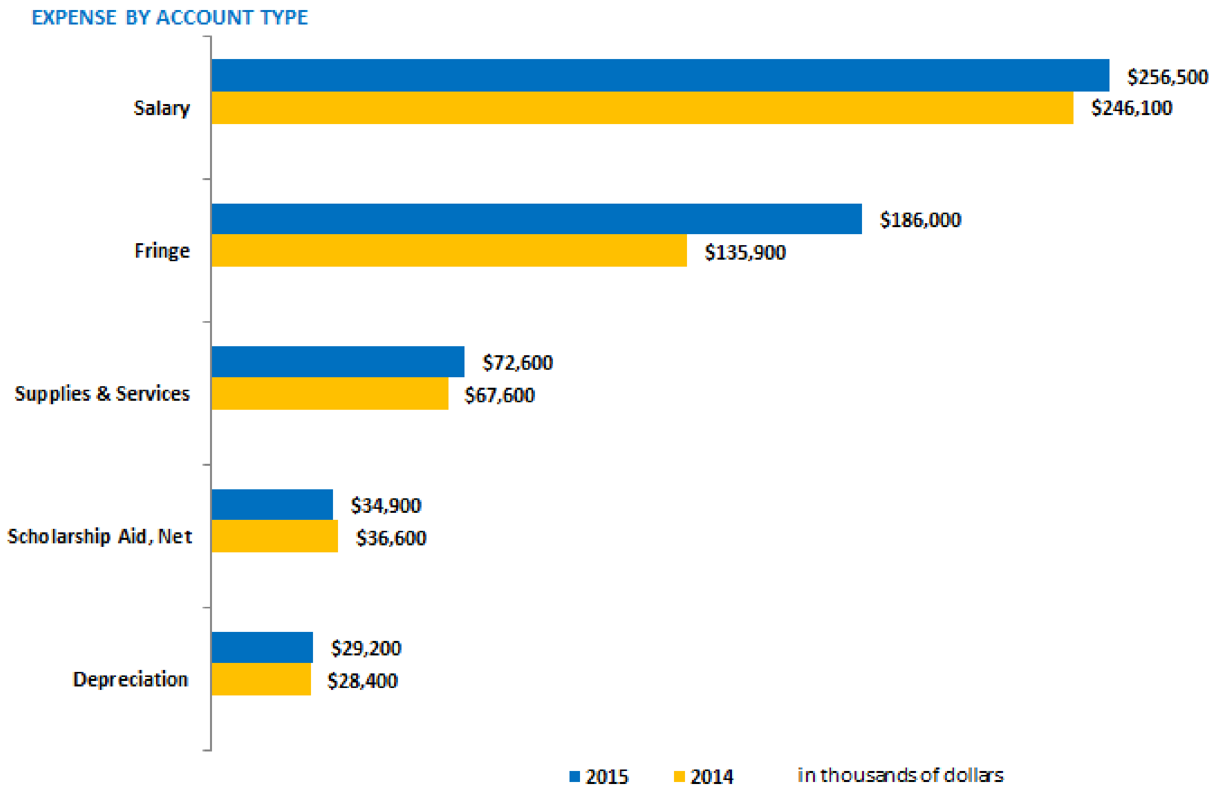
Total operating expenses for fiscal year 2015 were $579.2 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees. This reflects an operating expense increase of 12.6% from

$514.6 million in fiscal year 2014. The $64.7 million increase in fiscal year 2015 crossed all functions and categories of expense. $41.2 million represents additional pension expense resulting from the implementation of GASB 68. A slight offset of $1.6 million came from a decrease in net scholarship aid.

Operating expenses include $442.5 million for salary and wages and related fringe benefits, or 76.4% of total operating expense. In addition, operating expenses include $34.9 million in net scholarship aid expense refunded to students, $29.2 million in depreciation expense and $72.6 million for all other service and supply costs. Supplies and services include $14.1 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 $28.5 million; and all other non-personnel costs of operating the colleges.



The Connecticut Community Colleges recorded an operating loss of $366.4 million during the year ended June 30, 2015. 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 2.8% and the associated revenues to cover fringe benefit costs increased by 2.7%, to $154.7 million and $111.5 million, respectively. An additional $21.0 million of targeted General Fund appropriations was received to fund the CCC's portion of the BOR initiative titled "Transform CSCU 2020". Specifically, the majority of these additional funds were provided to support (1) developmental education efforts undertaken by the CCCs, and (2) a supplement in lieu of increases to tuition and fees which would have been required to cover cost increases. Unlike other General Fund appropriations; this $21.0 million included no component for fringe. Bond fund appropriation revenues increased from $22.3 million in 2014 to $53.7 million in 2015. 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 2015 net increase in net position of $21.0 million compared with $18.4 million decrease in 2014.



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 ($95.2 million, down 1.3% from 2014) and receipts from government grants and contracts ($106.1 million, up 1.6% from 2014). 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 ($255.0 million, up 6.1% from 2014), fringe benefits paid on behalf of employees ($142.1 million, up 6.8% from 2014), vendor payments ($81.0 million, up 5.0% from 2014) and payments to students ($37.7 million, down 5.7% from 2014) 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 increased 8.6% during fiscal year 2015 and declined 6.9% during fiscal year 2014.

The largest inflow of cash related to *non-capital financing* is State appropriations ($290.7 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 $8.7 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 2015, capital financing net cash inflows of $47.8 million reflected the receipt of bond appropriations of $42.0 million of which went to college facility projects administered by DAS, and $5.8 million for repairs and maintenance, capital equipment and system technology initiatives at the colleges and system office. Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of the System, and distributed quarterly. Cash inflows from the Short Term Investment Fund ("STIF") rose from $113 thousand in fiscal year 2014 to $134 thousand in fiscal year 2015.

Condensed Statements of Cash Flows
Years Ended June 30, 2015, and 2014
(in thousands)

	2015	2014	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (304,494)	$ (280,327)	(9) %
Investing activities	134	113	19 %
Capital and related financing activities	20,743	(5,211)	498 %
Noncapital financing activities	301,016	270,058	11 %
Net change in cash and cash equivalents	17,399	(15,367)	213 %
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	167,269	182,636	(8) %
Cash and cash equivalents, end of year	$ 184,668	$ 167,269	10 %

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 projects significant 2016 fiscal year-end budget deficits. The state has already implemented a budget rescission impacting all state agencies in fiscal year 2016, and has indicated that another rescission may be forthcoming in order to balance the state budget.

The following table illustrates Fall Full Time Equivalent ("FTE") student attendance at the CCCs:

Fall Headcount Enrollment and Full Time Equivalent						
Year Ended 30-Jun	Undergraduate	% Change	TOTAL	% Change	Full Time Equivalent	% Change
2015	55,154	-3.2%	55,154	-3.2%	31,886	-3.0%
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 schedule in the 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. From 2014 forward, the numbers are calculated using the Instructional Activity definition.

The past two years have seen declining full time equivalent students, and the five-year trend shows some decline. CCC continues to attract non-traditional students and as discussed below, strategic initiatives are underway to expand the potential student population. In addition, the IPEDS data does not currently measure the attendance in non-credit programs which is a significant offering at the CCCs.

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. Excel CT, later rebranded "Transform CSCU 2020", had the goal of improving 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.

After experiencing complications with the complexity and breadth of Transform CSCU 2020, management has determined that a better course of action is to regroup and simplify our strategic planning efforts. Many of the initiatives of Transform will be brought forward however, and the process ahead is expected to be more collaborative. The management team has gone back to the core values espoused by the Board when the Connecticut State Colleges & Universities ("CSCU") were first formed. The following is the mission of CSCU:

> The Connecticut State Colleges & Universities (CSCU) contribute to the creation of knowledge and the economic growth of the state of Connecticut by providing affordable, innovative, and rigorous programs. Our learning environments transform students and facilitate an ever increasing number of individuals to achieve their personal and career goals.

The Board also set forth five goals at the time:

- Goal 1: A Successful First Year: Increase the number of students who successfully complete a first year of college.
- Goal 2: Student Success: Graduate more students with the knowledge and skills to achieve their life and career goal.
- Goal 3: Affordability and Sustainability: Maximize access to higher education by making attendance affordable and our institutions financially sustainable.
- Goal 4: Innovation and Economic Growth: Create educational environments that cultivate innovation and prepare students for successful careers in a fast changing world.
- Goal 5: Equity: Eliminate achievement disparities among different ethnic/racial, economic, and gender groups.

The seventeen institutions, under the supervision of each President, are evaluating how the institutional goals align with these five overarching goals.

Management continues to be strongly committed to advocating for forward-thinking, long-term shifts in University and system operations. The primary focus of our overarching strategies is to provide better services and experiences to students.

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, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We did not audit the financial statements of the Foundations, which statements reflect total assets of $53.1 million and total net assets of $50.5 million as of June 30, 2015 and total revenues, capital gains and losses and other support of $8.2 million for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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

June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 of Connecticut 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, 2015, the changes in its financial position, or, where applicable, its cash flows for the year 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.

As discussed in Note 3 of the financial statements, the System adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* ("GASB 68"), effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

The accompanying Management's Discussion and Analysis on pages 1 through 11 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Schedule of Net Pension Liability and Related Ratios (Unaudited) and Schedule of Contributions (Unaudited) on pages 41 and 42 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. We 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.

The supplementary information included on pages 45 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the supplementary information, based on our audit, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 14, 2016

	Primary Institution (in thousands)		Component Unit Magnet High Schools (in thousands)	
Assets				
Current assets				
Cash and cash equivalents	$	184,668	$	2,494
Accounts receivable, due from the State		27,050		37
Accounts receivable other, net		14,295		84
Prepaid expenses		1,222		-
Total current assets		227,235		2,615
Non-current assets				
Capital assets, net		649,126		47,414
Student loans, net		198		-
Total non-current assets		649,324		47,414
Total assets	$	876,559	$	50,029
Deferred outflows of resources				
Deferred pension contributions		20,226		-
Total deferred outflows of resources	$	20,226	$	-
Liabilities				
Current liabilities				
Accounts payable	$	5,270	$	40
Accrued expenses - salary and fringe benefits		27,482		49
Accrued compensated absences - current portion		1,993		3
Deferred revenue		2,879		31
Unapplied payments		11,062		-
Retainage		371		-
Agency and loan fund liabilities		1,278		-
Other liabilities		428		-
Total current liabilities		50,763		123
Non-current liabilities				
Pension liability		551,736		
Accrued compensated absences - long term portion		37,878		58
Other long-term liabilities		157		-
Total non-current liabilities		589,771		58
Total liabilities		640,534		181
Deferred inflows of resources				
Deferred pension asset gains		21,448		-
Total deferred inflows of resources	$	21,448	$	-
Net position				
Invested in capital assets, net of related debt		649,126		47,414
Restricted				
Nonexpendable		20		-
Expendable		106,380		2,569
Unrestricted		(520,723)		(135)
Total net position	$	234,803	$	49,848

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

	Component Unit Foundations (in thousands)
Assets	
Cash and cash equivalents	$ 5,236
Accounts receivable, net	17
Contributions receivable, net	2,066
Grants receivable	353
Other receivables	421
Prepaid expenses and other assets	419
Investments	44,596
Total assets	$ 53,108
Liabilities	
Accounts payable and accrued expenses	$ 352
Annuities payable	151
Scholarships payable	11
Other liabilities	2,104
Total liabilities	2,618
Net Assets	
Unrestricted	2,768
Temporarily restricted	18,302
Permanently restricted	29,420
Total net assets	50,490
Total liabilities and net assets	$ 53,108

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, 2015

CONNECTICUT STATE COLLEGES & UNIVERSITIES
BOARD OF REGENTS FOR HIGHER EDUCATION

	Primary Institution (in thousands)	Component Unit Magnet High Schools (in thousands)
Operating revenue		
Student tuition and fees	$ 175,415	$ -
Less: Scholarship discounts and allowances	(79,421)	-
Net tuition and fees	95,994	-
Federal grants and contracts	99,965	4,604
State and local grants and contracts	9,068	(87)
Private grants and contracts	2,918	-
Sales and services of educational departments	766	-
Other operating revenues	4,155	1,104
Total operating revenues	212,866	5,621
Operating expenses		
Instruction	226,543	3,683
Public service	1,334	-
Academic support	92,371	533
Library	11,325	102
Student services	49,125	537
Scholarship aid, net	34,893	-
Institutional support	78,666	1,233
Physical plant	55,772	556
Depreciation	29,191	1,483
Total operating expenses	579,220	8,127
Operating loss	(366,354)	(2,506)
Nonoperating revenues		
State appropriations - general fund	331,960	727
State appropriations - bond funds	53,746	-
Private gifts	1,516	-
Interest income	131	-
Other non-operating revenues, net	13	26
Net non-operating revenue	387,366	753
Change in net position	21,012	(1,753)
Net position, as restated at July 1, 2014	213,791	51,601
Net position at end of year	$ 234,803	$ 49,848

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

Statement of Revenues, Expenses and Changes in Net Assets - Component Units
Year Ended June 30, 2015

	Component Unit Foundations (in thousands)
Revenue, capital gains and losses and other support	
Gifts and grants	$ 5,787
Gifts in kind	4
Events and activities	888
Dividends and interest income	486
Net realized and unrealized gain/(loss) on investments	1,051
Total revenue, capital gains and losses and other support	8,216
Expenses	
Fundraising events	588
Campus facilities, projects and equipment	215
Grants	410
Museum	109
Program services	2,050
Scholarships, awards, and financial aid	2,093
Management and general	1,094
College advancement	933
Total expenses	7,492
Net Income (Loss)	724
Change in net assets	724
Net assets	
Net assets at beginning of year	49,766
Net assets at end of year	$ 50,490

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

Connecticut Community Colleges

Statements of Cash Flows

June 30, 2015

	Primary Institution (in thousands)
Cash flows from operating activities	
Student tuition and fees	$ 95,254
Government grants and contracts	106,113
Private grants and contracts	2,535
Sales and services of educational departments	741
Payments to employees	(254,963)
Payments for fringe benefits	(142,123)
Payments to students	(37,678)
Payments to vendors	(81,043)
Payments by Department of Construction Services	(232)
Other receipts, net	6,902
Net cash used in operating activities	(304,494)
Cash flows from investing activities	
Interest income	134
Net cash provided by investing activities	134
Cash flows from capital and related financing activities	
State appropriations	47,809
Payments by Department of Construction Services	(8,299)
Purchase of capital assets	(18,767)
Net cash (used in) provided by capital and related financing activities	20,743
Cash flows from noncapital financing activities	
State appropriations	290,706
Private gifts	1,580
Federal Family Education Loan program ("FFELP")	8,730
Net cash provided by noncapital financing activities	301,016
Net change in cash and cash equivalents	17,399
Cash and cash equivalents at beginning of year	167,269
Cash and cash equivalents at end of year	$ 184,668

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (366,354)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	29,191
Loss on disposal of capital assets, net	100
Operating Application of FFELP Receipts	(8,730)
Changes in operating assets and liabilities:	
Accounts receivable, net	(3,027)
Prepaid expenses and other assets	(1,059)
Accrued compensation and other	(5,108)
Pension Liability	1,712
Accounts payable	2,568
Deferred revenue	227
Changes in deferred outflows and inflows of resources:	
Deferred pension contributions	24,539
Deferred pension asset gains	21,447
Net cash used in operating activities	$ (304,494)

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 nearly 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 55,000 credit students and 29,000 additional noncredit students at its twelve colleges. The primary institutions that make up the financial statements include the CCC System Office ("SO") and the following 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, 2014 or June 30, 2015.

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.

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 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, 2015, 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, 2015 are $106,380,639.

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.

New Accounting Pronouncements Implemented
In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, effective for the System's fiscal year beginning July 1, 2014. This Statement revises existing standards for employer financial statements relating to measuring and reporting pension liabilities for pension plans provided by the State to System employees. This Statement requires recognition of a liability equal to the net pension liability.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, effective for the System concurrently with the implementation of GASB Statement No. 68. This Statement addresses an issue in Statement No. 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employer and non-employer contributing entities.

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. Prior to GASB 68, CCC did not identify any significant deferred outflows of resources or deferred inflows of resources at June 30, 2013. As a result of GASB 68 implementation, CCC now recognizes deferred outflows of resources, pension contributions, and deferred inflows of resources, pension gains on assets.

Pension Obligations

The System records pension obligations equal to the net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

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

Restatement of Opening Net Position Balance

Effective July 1, 2014, the System adopted GASB Statement No. 68, Accounting and financial Reporting for Pensions - an Amendment of GASB Statement No. 27 ("GASB No. 68"). The System also adopted GASB Statement No. 71, Pension Transition for Contributions made subsequent to the Measurement Date, an amendment of GASB Statement No. 68. GASB No. 68 replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of GASB Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, GASB No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. In addition, GASB No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

To the extent practical, GASB No. 68 requires retrospective adoption, which results in restatement of prior periods presented. Restatement of all prior periods presented is not practical because the pension plans are managed by the State of Connecticut and this information is not available. The total beginning net pension liability allocable to the System has been determined and the effect of adopting GASB No. 68 as of July 1, 2014 was as follows:

(in thousands of dollars)	
Net position at June 30, 2014 (as previously reported)	$ 763,815
Net pension liability	(550,024)
Change in net position	(550,024)
Net position at July 1, 2014 (as restated)	$ 213,791

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 $175,664,484 fiscal year 2015, and related fringe benefit of $111,531,610 for fiscal year 2015, 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, the useful lives of property and equipment and the pension liability.

Subsequent Events
In accordance with generally accepted accounting principles, CCC evaluated subsequent events for the period after June 30, 2015 and through January 14, 2016, 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, 2015 (in thousands):

	2015
Cash	$ 82,935
Cash equivalents	101,733
Cash and cash equivalents total	$ 184,668

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, 2015.

5. Accounts Receivable

Accounts receivable consist of the following at June 30, 2015 (in thousands):

	2015
Tuition	$ 4,561
College services fees	376
Student activity fees	21
Extension fees	970
Payment plans and returned checks	441
Other student fees	215
Subtotal	6,584
Less: Allowance for doubtful accounts	(2,525)
Subtotal student tuition and fee receivables, net	4,059
Third party contracts	501
Government grants and contacts	7,142
STIF	32
Other receivables	3,394
Subtotal	11,069
Less: Allowance for doubtful accounts	(833)
Subotal other receivables, net	10,236
Total accounts receivable, net	$ 14,295

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.

6. Capital Assets

Capital assets for the Primary Institution consist of the following at June 30, 2015 (in thousands):

	Balance at June 30, 2014	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2015
Land and land/site improvements	$ 25,216	$ 191	$ -	$ -	$ 25,407
Infrastructure	516	-	-	-	516
Building and building improvements	795,291	341	-	6,662	802,294
Furnishings and equipment	76,228	12,091	(2,302)	80	86,097
Library books	7,610	455	(1,056)	-	7,009
Software	439	-	-	-	439
	905,300	13,078	(3,358)	6,742	921,762
Less: Accumulated depreciation	(265,998)	(29,191)	3,318	-	(291,871)
	639,302	(16,113)	(40)	6,742	629,891
Construction-in-progress	12,129	13,915	(67)	(6,742)	19,235
Capital assets, net	$ 651,431	$ (2,198)	$ (107)	$ -	$ 649,126

Depreciation expense was $29,190,685 for the years ended June 30, 2015.

Capital assets for the Magnet Schools consist of the following at June 30, 2015 (in thousands):

	Balance at June 30, 2014	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2015
Building and building improvements	$ 51,788	$ 120	$ -	$ -	$ 51,908
Furnishings and equipment	1,627	103	(22)	-	1,708
	53,415	223	(22)	-	53,616
Less: Accumulated depreciation	(4,881)	(1,483)	22	-	(6,342)
	48,534	(1,260)	-	-	47,274
Construction-in-progress	105	35	-	-	140
Capital assets, net	$ 48,639	$ (1,225)	$ -	$ -	$ 47,414

Magnet School depreciation expense was $1,483,022 for the years ended June 30, 2015.

7. Student Loans

Student loans consist of the following at June 30, 2015 (in thousands):

	2015
Student loans receivable	$ 274
Less: Allowance for doubtful loans	(76)
	$ 198

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 2012, 2013 and 2014 as follows: (Total number of such borrowers with loans in default at fiscal year-end 2013, 2014 and 2015, i.e. a year later, respectively) *divided by* (Total number of such borrowers who entered repayment during fiscal years 2012, 2013 and 2014, respectively).

8. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30, 2015 (in thousands):

	2015
Accrued vacation	$ 16,617
Accrued sick leave	14,221
Other accrued fringe benefits	9,033
Total accrued compensated absences	39,871
Less: current portion	(1,993)
Accrued compensated absences - non-current portion	$ 37,878

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

Balance as of June 30, 2014	$ 41,390
Increases in 2015	1,617
Payouts in 2015	(3,136)
Balance as of June 30, 2015	$ 39,871

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 estimated to be 5.0% of the total liability and is reflected as a current liability.

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, 2015, 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 subject to the contractual rights established by collective bargaining.

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 or increased by an act of the State legislature. The rate was 43.42% and 23.65% for SERS and TRS respectively for fiscal year ended June 30, 2015. The College contributed $42.8 million and $1.9 million for SERS and TRS respectively for fiscal year ended June 30, 2015, equal to 100% of the required contributions the year. Administrative costs of the plan are funded by the State.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
The Systems' net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on a projection of the System's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the TRS plan, at June 30, 2014 the System's proportion was 0.1 %. For the SERS plan, at June 30, 2014 the System's proportion was 3.4%.

All SERS and TRS assets are available to pay any members benefits respectively. However, the portion of each plan's net pension liability attributable to the CCC System is tracked separately. The net pension liability for the CCC System as of June 30, 2015 for SERS and TRS was $540.6 million and $11.1 million respectively.

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

Inflation	2.75%
Salary increases	4.00% to 20.00%, including inflation
Investment rate of return net of pension plan investment expense, including inflation	8.00%

Mortality rates were based on the RP-2000 Employees table projected 15 years for men and 25 years for women with the Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of the actuarial experience study as of June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. The best estimates of geometric rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equities	21%	5.8%
Developed Non-U.S. Equities	18	6.6
Emerging Market (Non-U.S.)	9	8.3
Real Estate	7	5.1
Private Equity	11	7.6
Alternative Investments	8	4.1
Fixed Income	8	1.3
High Yield Bonds	5	3.9
Emerging Market Bond	4	3.7
TIPS	5	1.0
Cash	4	0.4

TRS:

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

Inflation	3.00%
Salary increases	3.75% to 7.00%, including inflation
Investment rate of return net of pension plan investment expense, including inflation	8.50%,

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Mutual Equity	25.0%	7.3%
Developed Markets ISF	20.0	7.5
Emerging Markets ISF	9.0	8.6
Core Fixed Income	13.0	1.7
Emerging Market Debt	4.0	4.8
High Yield	2.0	3.7
Inflation Linked Bonds	6.0	1.3
Liquidity Fund	6.0	0.7
Real Estate	5.0	5.9
Private Investment	10.0	10.9

Discount Rate

SERS:

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TRS:
The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability (Asset) to Changes in Discount Rate
The following presents the current-period net pension liability of the CCC System calculated using the current-period discount rate assumption of 8.0 percent for SERS and 8.5 percent for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (SERS-7.0%) (TRS-7.5%)	Current Discount (SERS-8.0%) (TRS-8.5%)	1% Increase (SERS-9.0%) (TRS-9.5%)
SERS	$ 644,925,976	$ 540,627,381	$ 452,913,521
TRS	14,176,199	11,108,644	8,501,134

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit Pension
For the year ended June 30, 2015, the System recognized pension expense of $47.7 million. Deferred outflows of resources and deferred inflows of resources for pensions attributed to the CCC System were related to the following sources for the year ended June 30, 2015:

	SERS		TRS		Total	
DEFERRED OUTFLOWS OF RESOURCES						
Difference between expected and actual experience	$	-	$	-	$	-
Changes of assumptions or other inputs		-		-		-
Net difference between projected and actual earnings on pension plan investements		-		-		-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		19,410,799		814,719		20,225,518
Total	**$**	**19,410,799**	**$**	**814,719**	**$**	**20,225,518**
DEFERRED INFLOWS OF RESOURCES						
Difference between expected and actual experience	$	-	$	-	$	-
Changes of assumptions or other inputs		-		-		-
Net difference between projected and actual earnings on pension plan investments		19,308,133		938,375		20,246,508
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		1,144,549		56,732		1,201,281
Total	**$**	**20,452,682**	**$**	**995,107**	**$**	**21,447,789**

The net amount of deferred outflows of resources and deferred inflows of resources related to the pensions attributed to the CCC System that will be recognized in pension expense during the next five years and thereafter is as follows:

		SERS		TRS		Total
2016	$	(965,231)	$	(104,133)	$	(1,069,364)
2017		(965,231)		(104,133)		(1,069,364)
2018		(965,231)		(104,133)		(1,069,364)
2019		(965,297)		(104,130)		(1,069,427)
2020		2,819,106		130,463		2,949,569
Thereafter	$	-	$	105,678	$	105,678

Payable to the Defined Benefit Pension Plan
At June 30, 2015 the System reported a payable of $6.5 million for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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 -$520,723,687 at June 30, 2015. Of these amounts, $2,451,658, represents 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:

2016	1,359,595	
2017	1,251,314	
2018	977,991	
2019	970,200	
2020 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 $970,200 a year for 20 years. Rental and lease expense was $3,299,769 and $3,437,355 for the years ended June 30, 2015 and 2014, 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.

CCC had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30, 2015. These commitments are not recorded as liabilities until materials or services are received. The commitments at June 30, 2015 were as follows:

Asnuntuck Community College	$	7,780,723
Capital Community College		1,340,766
Gateway Community College		312,640
Housatonic Community College		2,393,297
Manchester Community College		836,590
Middlesex Community College		321,436
Naugatuck Valley Community College		555,525
Northwestern Connecticut Community College		433,672
Norwalk Community College		454,335
Quinebaug Valley Community College		298,504
Three Rivers Community College		474,058
Tunxis Community College		132,946
System Office		489,760
Total	$	15,824,252

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, 2015 are summarized as follows (in thousands):

	Year Ended June 30, 2015					
	Salaries and Wages	Fringe Benefits	Supplies and Services	Scholarship Aid	Depreciation	Total
Instruction	$ 133,720	$ 87,718	$ 5,105	$ -	$ -	$ 226,543
Public service	275	120	939	-	-	1,334
Academic support-other	45,361	34,484	12,526	-	-	92,371
Academic support-library	5,848	4,318	1,159	-	-	11,325
Student services	26,077	20,124	2,924	-	-	49,125
Scholarship aid	-	-	-	34,893	-	34,893
Institutional support	32,949	26,793	18,924	-	-	78,666
Physical plant	12,213	12,509	31,050	-	-	55,772
Depreciation	-	-	-	-	29,191	29,191
Total operating expenses	$ 256,443	$ 186,066	$ 72,627	$ 34,893	$ 29,191	$ 579,220

REQUIRED SUPPLEMENTARY INFORMATION

CONNECTICUT STATE COLLEGES & UNIVERSITIES
BOARD OF REGENTS FOR HIGHER EDUCATION

Schedule of Net Pension Liability and Related Ratios (Unaudited)

State Employee Retirement System Plan
Last 10 Fiscal Years [1]
(Dollar amounts in thousands)

	2015	2014
System's proportion of the net pension liability	3.38%	3.24%
System's proportionate share of the net pension liability	$ 540,627,381	$ 537,771,592
System's covered-employee payroll [2]	$ 117,736,763	$ 108,774,557
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	459%	494%
Plan Fiduciary net position as a percentage of the total pension liability	39.54%	[1]

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

	2015	2014
System's proportion of the net pension liability	0.11%	0.11%
System's proportionate share of the net pension liability	$ 11,108,644	$ 12,252,555
State's proportionate share of the net pension liability associated with the System	$ 11,094,288	[1]
Total	$ 22,202,932	$ 12,252,555
System's covered-employee payroll [2]	$ 4,197,020	$ 4,000,839
System's proportionate share of the net pension liability as a percentage of its covered-employee payroll	265%	306%
Plan Fiduciary net position as a percentage of the total pension liability	61.56%	[1]

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

[2] Actual covered employee payroll by pension plan is not avaialable. These figures are based on the total covered employee payroll reported by the pension plan multiplied by the percentage used for the portion of the NPL attributed to the System.

Connecticut State Colleges & Universities
Board of Regents for Higher Education

Schedule of Contributions (Unaudited)

State Employee Retirement System Plan
Last 10 Fiscal Years [1]
(Dollar amounts in thousands)

	2015	2014
Contractually required contribution	$ 42,836,587	$ 34,343,204
Contributions in relation to the contractually required contribution	(42,836,587)	(34,308,861)
Contribution deficiency (excess)	$ -	$ 34,343
System's covered-employee payroll [2]	$ 117,736,763	$ 108,774,557
Contributions as a percentage of covered employee payroll	36.38%	31.54%

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

	2015
Contractually required contribution	$ 1,039,005
Contributions in relation to the contractually required contribution	(1,927,454)
Contribution deficiency (excess)	$ (888,449)
System's covered-employee payroll [2]	$ 4,197,020
Contributions as a percentage of covered employee payroll	45.92%

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

[2] Actual covered employee payroll by pension plan is not avaialable. These figures are based on the total covered employee payroll reported by the pension plan multiplied by the percentage used for the portion of the NPL attributed to the System.

1. Changes in Benefit Terms

For the June 30, 2014 valuation, there were two changes in benefit terms:

a. The 2011 SEBAC Agreement changed the benefit multiplier for the portion of benefit below the breakpoint from 1.33% to 1.4%. This change was made effective for all active members who retire on or after July 1, 2013 in Tier II, IIA and III.

b. A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement edibility applicable to members eligible to retire before July 1, 2022. Employees who elected by July 1, 2013 to maintain the eligibility are required to make additional employee contributions for the length of their remaining active service with SERS. The additional contribution was up to 0.72% of pensionable earnings.

SUPPLEMENTARY SCHEDULES

Connecticut Community Colleges
Combining Statement of Net Position
June 30, 2015
(in thousands)

Connecticut State Colleges & Universities
Board of Regents for Higher Education

	Primary Institution													
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Assets														
Current assets														
Cash and cash equivalents	$ 5,008	$ 11,997	$ 4,881	$ 20,575	$ 10,521	$ 3,164	$ 48,392	$ 4,685	$ 11,497	$ 12,185	$ 11,649	$ 5,983	$ 34,131	$ 184,668
Accounts receivable, due from the State	1,126	2,085	3,130	2,342	3,476	1,361	3,383	1,179	2,895	1,067	2,102	2,215	689	27,050
Accounts receivable other, net	567	1,849	1,700	366	1,291	1,478	2,903	138	1,527	813	646	573	444	14,295
Prepaid expenses	10	1	1	59	38	30	29	4	8	8	1	11	1,022	1,222
Total current assets	6,711	15,932	9,712	23,342	15,326	6,033	54,707	6,006	15,927	14,073	14,398	8,782	36,286	227,235
Non-current assets														
Capital assets, net	10,546	45,962	176,213	77,232	63,477	8,443	51,401	23,188	44,809	11,921	77,612	47,136	11,186	649,126
Student loans, net	24	-	(5)	(7)	-	95	(3)	4	-	-	70	20	-	198
Total non-current assets	10,570	45,962	176,208	77,225	63,477	8,538	51,398	23,192	44,809	11,921	77,682	47,156	11,186	649,324
Total assets	17,281	61,894	185,920	100,567	78,803	14,571	106,105	29,198	60,736	25,994	92,080	55,938	47,472	876,559
Deferred outflows of resources													-	
Deferred pension contributions	-	-	-	-	-	-	-	-	-	-	-	-	20,226	20,226
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-	-	20,226	20,226
Liabilities														
Current liabilities														
Accounts payable	336	194	302	258	498	217	285	137	1,055	35	295	144	1,514	5,270
Accrued expenses-salary and fringe benefits	1,348	2,662	4,242	2,831	4,243	1,846	4,230	1,284	3,955	1,228	2,553	2,804	(5,744)	27,482
Accrued compensated absences-current portion	83	156	222	149	201	110	234	80	221	84	150	155	148	1,993
Deferred revenue	8	510	199	14	117	216	190	27	355	247	125	101	770	2,879
Unapplied payments	423	335	1,503	638	2,029	661	1,663	283	1,588	223	614	1,231	(129)	11,062
Retainage	-	-	-	-	-	-	243	-	-	-	-	-	128	371
Agency and loan fund liabilities	41	31	71	102	154	86	305	45	235	45	125	38	-	1,278
Other liabilities	5	3	143	26	57	101	46	7	16	12	(4)	14	2	428
Total current liabilities	2,244	3,891	6,682	4,018	7,299	3,237	7,196	1,863	7,425	1,874	3,858	4,487	(3,311)	50,763
Non-current liabilities														
Pension Liability	-	-	-	-	-	-	-	-	-	-	-	-	551,736	551,736
Accrued compensated absences-long term portion	1,579	2,960	4,223	2,837	3,828	2,093	4,449	1,519	4,193	1,599	2,851	2,932	2,815	37,878
Other long-term liabilities	-	-	-	-	-	-		-	-	-	60	97	-	157
Total non-current liabilities	1,579	2,960	4,223	2,837	3,828	2,093	4,449	1,519	4,193	1,599	2,911	3,029	554,551	589,771
Total liabilities	3,823	6,851	10,905	6,855	11,127	5,330	11,645	3,382	11,618	3,473	6,769	7,516	551,240	640,534
Deferred inflows of resources														
Deferred pension asset gains	-	-	-	-	-	-	-	-	-	-	-	-	21,448	21,448
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-	21,448	21,448
Net position														
Invested in capital assets, net of related debt	10,546	45,962	176,213	77,232	63,477	8,443	51,401	23,188	44,809	11,921	77,612	47,136	11,186	649,126
Restricted														
Nonexpendable	-	-	-	20	-	-	-	-	-	-	-	-	-	20
Expendable	2,462	6,082	3,101	6,160	2,452	1,598	39,954	1,516	3,850	6,501	2,899	4,333	25,472	106,380
Unrestricted	450	2,999	(4,299)	10,300	1,747	(800)	3,105	1,112	459	4,099	4,800	(3,047)	(541,648)	(520,723)
Total net position	$ 13,458	$ 55,043	$ 175,015	$ 93,712	$ 67,676	$ 9,241	$ 94,460	$ 25,816	$ 49,118	$ 22,521	$ 85,311	$ 48,422	$ (504,990)	$ 234,803

Connecticut Community Colleges

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2015
(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	$ 6,222	$ 12,561	$ 25,108	$ 16,084	$ 23,279	$ 9,755	$ 22,641	$ 4,231	$ 22,042	$ 5,685	$ 13,445	$ 14,320	$ 42	$ 175,415
Less: Scholarship discounts and allowances	(2,734)	(8,159)	(12,504)	(8,309)	(9,226)	(3,969)	(9,545)	(2,068)	(7,874)	(3,224)	(6,527)	(5,282)	-	(79,421)
Net tuition and fees	3,488	4,402	12,604	7,775	14,053	5,786	13,096	2,163	14,168	2,461	6,918	9,038	42	95,994
Federal grants and contracts	2,925	9,667	14,618	10,305	10,029	5,693	13,129	2,409	13,567	3,350	6,985	5,827	1,461	99,965
State and local grants and contracts	248	438	1,420	850	917	362	1,548	220	782	951	742	464	126	9,068
Private grants and contracts	32	342	83	89	243	28	108	13	1,332	111	274	71	192	2,918
Sales and services of educational departments	24	20	26	234	14	4	97	-	222	-	-	125	-	766
Other operating revenues	103	291	874	355	530	175	458	87	311	155	561	255	-	4,155
Total operating revenues	6,820	15,160	29,625	19,608	25,786	12,048	28,436	4,892	30,382	7,028	15,480	15,780	1,821	212,866
Operating expenses														
Instruction	8,536	17,266	29,813	16,656	25,555	10,708	26,739	6,847	24,058	6,975	16,573	16,208	20,609	226,543
Public service	1	-	68	-	4	10	984	195	(1)	30	-	6	37	1,334
Academic support	3,802	5,890	9,029	8,203	8,770	5,612	11,519	2,766	9,482	3,574	5,302	6,966	11,456	92,371
Library	443	882	1,189	939	1,129	649	926	639	977	721	622	1,264	945	11,325
Student services	2,407	3,652	5,297	3,509	5,240	2,196	4,770	2,288	5,558	1,857	4,050	3,693	4,608	49,125
Scholarship aid, net	976	2,937	5,236	4,314	3,907	1,672	4,540	769	3,849	1,304	2,888	2,473	28	34,893
Institutional support	2,763	5,097	5,575	4,212	7,258	3,629	5,934	2,454	5,891	2,350	4,188	4,241	25,074	78,666
Physical plant	2,343	3,485	8,292	5,778	5,968	2,204	7,083	1,797	6,472	1,736	3,293	3,051	4,270	55,772
Depreciation	732	2,111	5,655	2,806	3,066	959	3,264	1,113	1,961	662	2,869	1,873	2,120	29,191
Total operating expenses	22,003	41,320	70,154	46,417	60,897	27,639	65,759	18,868	58,247	19,209	39,785	39,775	69,147	579,220
Operating loss	(15,183)	(26,160)	(40,529)	(26,809)	(35,111)	(15,591)	(37,323)	(13,976)	(27,865)	(12,181)	(24,305)	(23,995)	(67,326)	(366,354)
Nonoperating revenues (expenses)														
State appropriations - general fund	12,254	20,756	29,153	24,569	30,008	13,148	32,942	11,345	25,449	11,697	20,751	20,091	79,797	331,960
State appropriations - bond funds	2,910	158	317	982	400	167	39,352	295	1,655	418	292	282	6,518	53,746
Private gifts	134	1	134	-	40	96	74	228	523	184	98	3	1	1,516
Interest income	3	10	3	20	11	2	11	6	11	9	13	2	30	131
Other non-operating revenues (expenses), net	-	-	1	1	2	1	1	1	5	-	-	1	-	13
Net non-operating revenues	15,301	20,925	29,608	25,572	30,461	13,414	72,380	11,875	27,643	12,308	21,154	20,379	86,346	387,366
Net income (loss) before other changes	118	(5,235)	(10,921)	(1,237)	(4,650)	(2,177)	35,057	(2,101)	(222)	127	(3,151)	(3,616)	19,020	21,012
Other changes														
Capital and other additions (deductions)	1,330	-	-	453	-	894	670	-	400	107	1,854	161	(5,869)	-
Interagency transfers	724	2,458	4,795	1,272	2,503	1,303	1,874	1,186	(852)	525	1,006	(443)	(16,351)	-
Total other changes	2,054	2,458	4,795	1,725	2,503	2,197	2,544	1,186	(452)	632	2,860	(282)	(22,220)	-
Change in net position	2,172	(2,777)	(6,126)	488	(2,147)	20	37,601	(915)	(674)	759	(291)	(3,898)	(3,200)	21,012
Net position as restated at July 1, 2014	11,286	57,820	181,141	93,224	69,823	9,221	56,859	26,731	49,792	21,762	85,602	52,320	(501,790)	213,791
Net position at end of year	$ 13,458	$ 55,043	$ 175,015	$ 93,712	$ 67,676	$ 9,241	$ 94,460	$ 25,816	$ 49,118	$ 22,521	$ 85,311	$ 48,422	$ (504,990)	$ 234,803

(in thousands)

CONNECTICUT STATE COLLEGES & UNIVERSITIES
BOARD OF REGENTS FOR HIGHER EDUCATION

Primary Institution

	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	Combined Total
Cash flows from operating activities														
Student tuition and fees	$ 3,283	$ 4,381	$ 12,323	$ 7,711	$ 14,010	$ 5,723	$ 12,330	$ 2,227	$ 14,705	$ 2,459	$ 6,584	$ 8,939	$ 579	$ 95,254
Government grants and contracts	2,925	10,056	16,372	11,261	10,630	5,962	13,482	2,589	13,341	3,908	7,860	6,120	1,607	106,113
Private grants and contracts	30	131	64	77	253	20	61	13	1,237	126	155	67	301	2,535
Sales and services of educational departments	24	16	27	215	14	4	97	-	223	-	-	121	-	741
Payments to employees	(10,491)	(20,126)	(32,240)	(21,059)	(29,759)	(13,568)	(31,798)	(9,529)	(28,106)	(9,803)	(19,163)	(19,630)	(9,691)	(254,963)
Payments for fringe benefits	(6,189)	(11,170)	(17,241)	(11,444)	(16,812)	(7,065)	(18,855)	(5,872)	(14,474)	(5,300)	(11,013)	(11,710)	(4,978)	(142,123)
Payments to students	(1,551)	(2,860)	(5,485)	(4,838)	(4,112)	(2,103)	(4,375)	(814)	(4,113)	(1,035)	(3,659)	(2,654)	(79)	(37,678)
Payments to vendors	(3,355)	(5,635)	(10,394)	(7,790)	(7,309)	(4,337)	(7,951)	(1,697)	(9,723)	(2,328)	(4,409)	(4,820)	(11,295)	(81,043)
Payments by Department of Public Works	-	(12)	-	-	-	(63)	-	-	-	(69)	(84)	-	(4)	(232)
Other receipts (payments), net	200	359	1,136	458	1,117	270	885	131	640	203	659	638	206	6,902
Net cash used in operating activities	(15,124)	(24,860)	(35,438)	(25,409)	(31,968)	(15,157)	(36,124)	(12,952)	(26,270)	(11,839)	(23,070)	(22,929)	(23,354)	(304,494)
Cash flows from investing activities														
Interest income	4	11	3	20	12	3	12	6	11	9	14	3	26	134
Net cash provided by investing activities	4	11	3	20	12	3	12	6	11	9	14	3	26	134
Cash flows from capital and related financing activities														
State appropriations	2,104	25	29	529	103	65	39,053	2	446	335	99	96	4,923	47,809
Payments by Department of Public Works	(1,005)	-	(20)	(1,685)	(295)	(15)	(3,580)	(122)	(512)	(468)	(473)	(123)	(1)	(8,299)
Purchase of capital assets	(608)	(684)	(293)	(204)	(955)	(905)	(386)	(89)	(847)	(640)	(490)	(269)	(12,397)	(18,767)
Interagency transfers	80	(47)	-	-	123	38	7	(13)	-	-	(137)	(1,646)	1,595	-
Net cash provided by (used in) capital and related financing activities	571	(706)	(284)	(1,360)	(1,024)	(817)	35,094	(222)	(913)	(773)	(1,001)	(1,942)	(5,880)	20,743
Cash flows from noncapital financing activities														
State appropriations	12,972	20,818	29,401	24,900	30,013	13,280	33,099	11,588	26,570	11,729	21,078	20,191	35,067	290,706
Private gifts	102	1	226	-	40	136	58	212	523	184	95	2	1	1,580
Federal Family Education Loan Program (FFELP)	885	643	1,170	1,426	450	563	1,151	160	91	-	1,417	774	-	8,730
Interagency transfers	643	2,338	4,604	1,272	2,406	860	1,868	1,235	(197)	551	1,164	1,249	(17,993)	-
Net cash provided by noncapital financing activities	14,602	23,800	35,401	27,598	32,909	14,839	36,176	13,195	26,987	12,464	23,754	22,216	17,075	301,016
Net increase (decrease) in cash and cash equivalents	53	(1,755)	(318)	849	(71)	(1,132)	35,158	27	(185)	(139)	(303)	(2,652)	(12,133)	17,399
Cash and cash equivalents at beginning 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
Cash and cash equivalents at end of year	$ 5,008	$ 11,996	$ 4,882	$ 20,575	$ 10,522	$ 3,163	$ 48,393	$ 4,685	$ 11,497	$ 12,185	$ 11,650	$ 5,983	$ 34,129	$ 184,668

Connecticut Community Colleges

Combining Statement of Net Position by Fund Group

Year Ended June 30, 2015
(in thousands)

CONNECTICUT STATE COLLEGES & UNIVERSITIES
BOARD OF REGENTS FOR HIGHER EDUCATION

	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
	Primary Institution					
Assets						
Current assets						
Cash & cash equivalents	$ 81,741	$ 1,232	$ 41,957	$ 59,738	$ -	$ 184,668
Accounts receivable-general fund	27,050	-	-	-	-	27,050
Accounts receivable-other	14,269	26	-	-	-	14,295
Prepaid expense	209	-	1,013	-	-	1,222
Total current assets	123,269	1,258	42,970	59,738	-	227,235
Non-current assets						
Land and land/site improvements	-	-	-	-	25,407	25,407
Infrastructure	-	-	-	-	516	516
Buildings and building improvements	-	-	-	-	802,294	802,294
Furnishings and Equipment	-	-	-	-	86,097	86,097
Library books	-	-	-	-	7,009	7,009
Software	-	-	-	-	439	439
	-	-	-	-	921,762	921,762
Less: Accumulated depreciation	-	-	-	-	(291,871)	(291,871)
	-	-	-	-	629,891	629,891
Construction in progress	-	-	-	-	19,235	19,235
Capital Assets, net	-	-	-	-	649,126	649,126
Student loans, net						
Student loans receivable	(76)	274	-	-	-	198
Less: Allowance for doubtful loans	-	-	-	-	-	-
	(76)	274	-	-	-	198
Total non-current assets	(76)	274	-	-	649,126	649,324
Total assets	$ 123,193	$ 1,532	$ 42,970	$ 59,738	$ 649,126	$ 876,559
Deferred outflows of resources						
Deferred pension contributions	20,226	-	-	-	-	20,226
Total deferred outflows of resources	20,226	-	-	-	-	20,226
Liabilities						
Current liabilities						
Accounts payable	$ 3,083	$ -	$ 2,187	$ -	$ -	$ 5,270
Accrued expense - salary and fringe benefits	27,482	-	-	-	-	27,482
Accrued compensated absences-current portion	1,993	-	-	-	-	1,993
Deferred revenue	2,879	-	-	-	-	2,879
Unapplied payments	11,062	2	-	-	-	11,064
Retainage	-	-	128	243	-	371
Other liabilities	428	1,276	-	-	-	1,704
Total current liabilities	46,927	1,278	2,315	243	-	50,763
Non-current liabilities						
Pension Liability	551,736					551,736
Accrued compensated absences-long term portion	37,878	-	-	-	-	37,878
Student loans	-	157	-	-	-	157
Total non-current liabilities	589,614	157	-	-	-	589,771
Total liabilities	636,541	1,435	2,315	243	-	640,534
Deferred inflows of resources						
Deferred pension asset gainss	21,448	-	-	-	-	21,448
Total deferred inflows of resources	21,448	-	-	-	-	21,448
Net position						
Invested in capital assets, net of related debt	-	-	-	-	649,126	649,126
Restricted						
Non-expendable	-	20	-	-	-	20
Expendable	6,153	77	40,655	59,495	-	106,380
Unrestricted	(520,723)	-	-	-	-	(520,723)
Total net position	$ (514,570)	$ 97	$ 40,655	$ 59,495	$ 649,126	$ 234,803

Connecticut Community Colleges

Combining Statement of Revenues, Expenses and Changes in Net Position by Fund Group

Year Ended June 30, 2015
(in thousands)

CONNECTICUT STATE COLLEGES & UNIVERSITIES
BOARD OF REGENTS FOR HIGHER EDUCATION

	Primary Institution					
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DCS Administered Bond Funds	Invested in Capital Assets	Total
Operating revenues						
Tuition and Fees	$ 175,415	$ -	$ -	$ -	$ -	$ 175,415
Less: Scholarship discounts and allowances	(79,421)	-	-	-	-	(79,421)
Net tuition and fees	95,994	-	-	-	-	95,994
Federal grants and contracts	99,965	-	-	-	-	99,965
State and local grants and contracts	9,068	-	-	-	-	9,068
Private grants and contracts	2,918	-	-	-	-	2,918
Sales and services of educational departments	766	-	-	-	-	766
Other operating revenues	4,143	-	-	(1)	13	4,155
Total operating revenues	212,854	-	-	(1)	13	212,866
Operating expenses						
Salaries and wages	256,443	-	-	-	-	256,443
Fringe benefits	186,066	-	-	-	-	186,066
Supplies and services	56,901	-	15,284	330	112	72,627
Scholarship aid, net	34,851	42	-	-	-	34,893
Depreciation	-	-	-	-	29,191	29,191
Total operating expenses	534,261	42	15,284	330	29,303	579,220
Operating loss	(321,407)	(42)	(15,284)	(331)	(29,290)	(366,354)
Nonoperating revenues (expenses)						
State appropriations - general fund	331,960	-	-	-	-	331,960
State appropriations - bond funds	-	-	11,785	41,961	-	53,746
Private gifts	1,468	-	-	-	48	1,516
Interest income	131	-	-	-	-	131
Other non-operating revenues (expenses), net	13	-	-	-	-	13
Net non-operating revenues	333,572	-	11,785	41,961	48	387,366
Net income (loss) before other changes	12,165	(42)	(3,499)	41,630	(29,242)	21,012
Other changes						
Capital and other additions (deductions)	(1,188)	-	(17,249)	(8,500)	26,937	-
Interagency transfers	4	(4)	1,995	(1,995)	-	-
Total Other Changes	(1,184)	(4)	(15,254)	(10,495)	26,937	-
Change in net position	10,981	(46)	(18,753)	31,135	(2,305)	21,012
Net position as restated at July 1, 2014	(525,551)	143	59,408	28,360	651,431	213,791
Net Position at end of year	$ (514,570)	$ 97	$ 40,655	$ 59,495	$ 649,126	$ 234,803