

CHARTER OAK STATE COLLEGE

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# Annual Comprehensive Financial Report

for the year ended June 30, 2024

*Included as an Enterprise Fund of the State of Connecticut*

**CSCU**

# CharterOak STATE COLLEGE

A Higher Degree of **Online** Learning

As part of the Connecticut State Colleges & Universities (“CSCU”) system, Charter Oak State College, the state's only public, online, degree-granting institution, provides affordable, diverse and alternative opportunities for adults to earn undergraduate and graduate degrees and certificates. The College’s mission is to validate learning acquired through traditional and non-traditional experiences, including its own courses. The college rigorously upholds standards of high quality and seeks to inspire adults with the self-enrichment potential of non-traditional higher education.



## **Members of the Board of Regents for Higher Education (Between 7/1/2023 and 6/30/2024)**

- Thirteen members: nine appointed by the Governor; four appointed by legislative leaders
- Two students chosen by their peers (Chair and Vice Chair of Student Advisory Committee)
- Seven 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
  - CT Chief Workforce Officer
  - Chair and Vice Chair of the Faculty Advisory Committee

### **REGENTS AS OF 6/30/24**

*(One legislative vacancy)*

JoAnn Ryan, Chair g (term expired 6-30-2024)

Richard J. Balducci \*

Ira Bloom g

Carla Galaise s (term expired 5-23-2024)

Martin C. Guay g

Juanita James g

Sophia Jappinen \*

Jim McCarthy, Vice Chair g

Richard Porth g

Luis Sanchez s

Ari Santiago g

Erin Stewart \*

Elese E. Wright g

Theodore Yang g

<sup>g</sup> Gubernatorial Appointment    \* Legislative Appointment    <sup>s</sup> Student Regent

### **EX-OFFICIO, NON-VOTING MEMBERS**

Brendan Cunningham –Chair of the Faculty Advisory Committee

Colena Sesanker – Vice Chair of the Faculty Advisory Committee

Dante Bartolomeo – Commissioner of the CT Department of Labor

Charlene Russell-Tucker –Commissioner of the State Department of Education

Daniel H. O’Keefe – Commissioner of Department of Economic and Community Development

Dr. Manisha Juthani – Commissioner CT Dept. of Public Health

Kelli-Marie Vallieres – CT Chief Workforce Officer

### **Charter Oak State College**

185 Main Street  
New Britain, CT 06051

Ed Klonoski, President

### **Connecticut State Colleges & Universities**

61 Woodland Street  
Hartford, CT 06105

Terrence Chang, Chancellor



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June 30, 2024 and 2023

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### **Introduction**

Management Discussion & Analysis provides an overview of the financial position and activities of the Charter Oak State College (“COSC” or “Combining Unit”) and its component unit for the fiscal year ended June 30, 2024, along with comparative information for the prior fiscal year ended June 30, 2023. 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 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 Community Colleges (known as CT State Community College effective July 1, 2023) and COSC, effective July 1, 2011. The Board of Regents for Higher Education is authorized under the provisions of this public act to “serve as the Board of Trustees” for the Universities and Colleges.

COSC’s role is to serve both residents of Connecticut and nonresidents with a variety of credit aggregation mechanisms, credit for prior learning, testing, and the acceptance of a high level of transfer credits to assist adults to complete their college degrees. This role evolved in 1998 with the introduction of online courses to complete degrees. COSC, which is the State’s online college, was authorized by Section 28, 10a-143 (c) of the CT general statutes. It offers four General Studies degrees: Associate of Arts, Associate of Science, Bachelor of Arts, and Bachelor of Science. In addition, COSC offers master’s Degrees and certificate programs.

Courses are offered in three semesters during the year by COSC: fall, spring, and summer. The fall and spring semesters offer courses in three-time formats: 15 weeks, two eight-week, and three five-week offerings. In the summer, two eight-week and two five-week offerings are available. Students are accepted into a program during three time periods throughout the year: fall, spring, and summer.

### **Using The Financial Statements**

COSC’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 COSC as a whole. As required by GASB Statements No. 34 and 35, a condensed comparative analysis of fiscal year 2024 to prior reporting periods is included. Full financial statements and footnotes for fiscal year 2024 are also presented, both for the COSC primary institution, as well as for certain other organizations that have a significant related party relationship with COSC (the “component unit”).

The Charter Oak State College Foundation (the “Foundation”) is the only component unit of COSC. The Foundation is a legally independent, tax-exempt non-profit organization separate from college control, founded to foster and promote the growth, progress and general welfare of COSC and to solicit, receive and administer donations for such purposes.

### **Financial Highlights**

COSC had total assets of \$24.0 million, deferred outflows of \$8.0 million, liabilities of \$45.0 million, deferred inflows of \$16.0 million and a total net position balance of (\$29.1) million as of June 30, 2024. Of this amount, (\$37.5) million is classified as unrestricted net position which increased slightly when compared to 2023. The negative balance in unrestricted net position is a result of the pension and other post-employment benefit liabilities, as discussed further within this report.

June 30, 2024 and 2023

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were \$11.0 million, up 43% as compared to the previous year. Operating expenses were \$20.8 million, a 21% increase from the previous year, resulting in an operating loss of \$9.8 million during the year ended June 30, 2024. Net non-operating revenues and other changes were \$11.3 million, down 43% compared with prior year. State of Connecticut general fund appropriations were down 34% within fiscal 2024 at \$6.6 million.

Cash and cash equivalents were \$15.0 million at June 30, 2024, including \$0.7 million of cash equivalents restricted for use in the form of specific programmatic expenditures or other governing agreements. Total current assets were \$16.3 million as of June 30, 2024 compared to \$12.9 million in the prior year. Liabilities decreased from \$47.2 million to \$45.0 million attributable to a combined decrease in current and non-current liabilities. The majority of the liability is composed of the net pension and other post-employment benefit liabilities. These large liabilities represent long-term obligations that are paid by the State of Connecticut and not COSC individually. The remaining long-term liability represents the long-term portion of the accrued value of vacation and sick time 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.

### Statements of Net Position

The Statements of Net Position presents the overall financial position of COSC at the end of the fiscal year and includes all assets and liabilities of COSC, including capital assets net of depreciation.

#### Condensed Statements of Net Position as of June 30 (in thousands)

	2024	2023	% Change
<b>ASSETS</b>			
Current assets	\$ 16,271	\$ 12,942	26%
Non-current assets	7,678	7,567	1%
Total assets	23,949	20,509	17%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	8,006	13,248	-40%
<b>LIABILITIES</b>			
Current liabilities	2,390	2,908	-18%
Noncurrent liabilities	42,627	44,255	-4%
Total liabilities	45,017	47,163	-5%
<b>DEFERRED INFLOWS OF RESOURCES</b>	15,999	17,149	-7%
<b>NET POSITION</b>			
Invested in capital assets	7,678	7,567	1%
Restricted-expendable	793	742	7%
Unrestricted	(37,532)	(38,864)	-3%
Total net position	(29,061)	(30,555)	5%

June 30, 2024 and 2023

*Current assets* consist of cash, cash equivalents, accounts receivable and prepaid assets. The 26% increase in current assets from the previous year is largely attributable to an increase in cash and accounts receivable driven by increased tuition and grant revenues. 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. COSC does not carry any other separate investments.

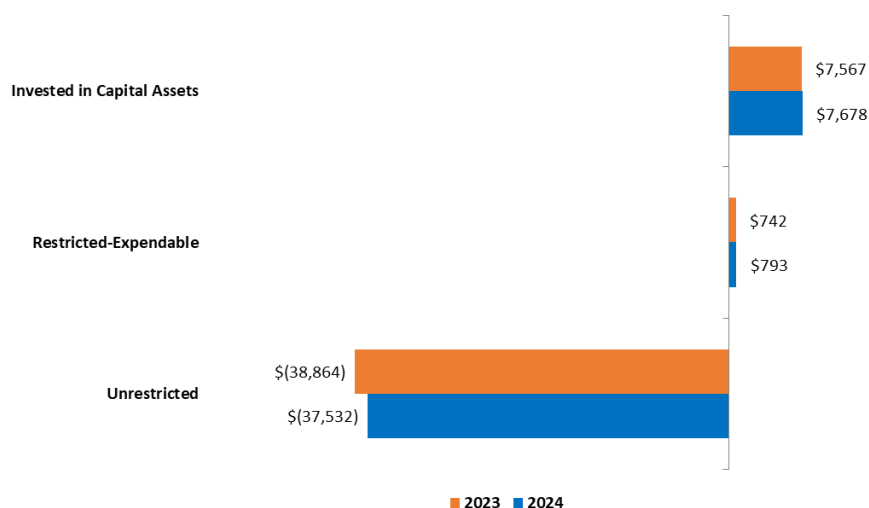
*Non-current assets* increased by slightly from \$7.6 million at June 30, 2023, to \$7.7 million at June 30, 2024. This increase was due to finalizing construction of the College’s new headquarters which was previously recorded as part of construction in progress in the prior year. Net capital assets account for the total amount of non-current assets. Accumulated depreciation decreased significantly between June 30, 2024 and 2023 as capital assets in service associated with COSC’s previous campus were retired. COSC does not carry capital debt with bonding and debt repayment being the direct and sole responsibility of the State of Connecticut and therefore are not reflected in COSC’s financial statements.

*Current liabilities* consist primarily of accrued payroll and related benefits, unearned revenue, and accounts payable. Total current liabilities were \$2.4 million at the end of fiscal year 2024, representing a \$0.5 million decrease from fiscal year 2023. The most significant current liability was unearned revenue which decreased year over year due to the timing of the 2024 summer semester. Additional current liabilities include accounts payable, accrued payroll, accrued compensated absences (sick and vacation time benefits) and subscription liabilities that will be paid within the coming year.

*Non-current liabilities* consist of \$15.8 million in pension liability, \$25.4 million in other post-employment benefit liabilities and long-term accrued compensated absences (“ACA”) of \$1.1 million— to be paid out to terminating employees over time in the future beyond one year. Total non-current liabilities decreased by 4% in 2024 due to decreases in retirement benefit allocations from the State of Connecticut. These long-term liabilities however exceed the assets of COSC, and causes the unrestricted net position balance to be negative. In practice, however, the ACA liability represents the total payout should 100% of the employees resign immediately while the pension and other post-employment benefit liabilities reflect the allocation of a share of the State of Connecticut’s unfunded pension and OPEB liabilities that are not ultimately paid by COSC.

The total *net position* balance improved slightly in the current year as a result of stronger operating revenues.

COSC NET POSITION (in thousands)



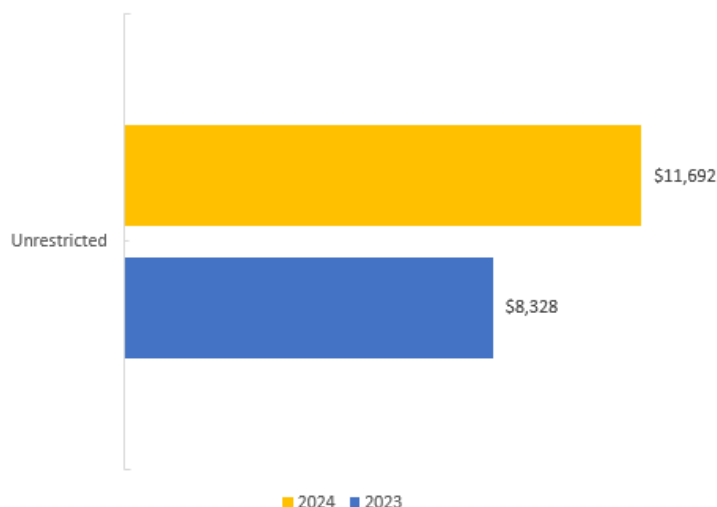
June 30, 2024 and 2023

*Restricted-Expendable* net position represents primarily bond fund appropriation balances at June 30, 2024 and unexpended funds held for certain minor grant program activities. There were no significant changes in restricted-expendable net position year over year.

*Unrestricted net position* (“UNP”) is a negative balance with the recognition of the pension liability and other post-employment benefit liability. Excluding the pension and other post-employment benefit liabilities, UNP increased by \$3.4 million to \$11.7 million during fiscal year 2024. The increase was due to stronger operating revenues and state appropriations through the American Rescue Plan Act (“ARPA”). The table below illustrates the fluctuations in aggregate COSC UNP (in millions) over the past several years:

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>
UNP Excluding Pension and OPEB Liability:	\$0.8	\$0.9	\$3.5	\$6.0	\$6.9	\$7.7	\$8.3	\$11.7
UNP Adjusted for Pension Liability:	(\$7.4)	(\$8.9)	(\$8.7)	(\$9.0)	(\$11.0)	(\$11.7)	(\$8.8)	(\$18.3)
UNP Adjusted for Pension & OPEB Liability:	(\$34.3)	(\$36.0)	(\$36.0)	(\$37.6)	(\$41.5)	(\$42.8)	(\$38.8)	(\$37.5)

**COSC's UNRESTRICTED NET POSITION EXCLUDING PENSION & OPEB LIABILITIES**  
(in thousands)



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

The Statement of Revenues, Expenses and Changes in Net Position presents COSC’s results of operations, as well as the non-operating revenues and expenses. Total *operating revenues* for fiscal year 2024 were \$11.0 million, up 43% from \$7.7 million in fiscal year 2023. *Net student tuition and fees* of \$8.5 million represent the largest portion of operating revenue and increased 26% as compared to fiscal year 2023 due to increased enrollment. Additionally, revenues associated with grants were up 252% yielding \$2.3 million in the current year primarily associated with federal grants.



June 30, 2024 and 2023

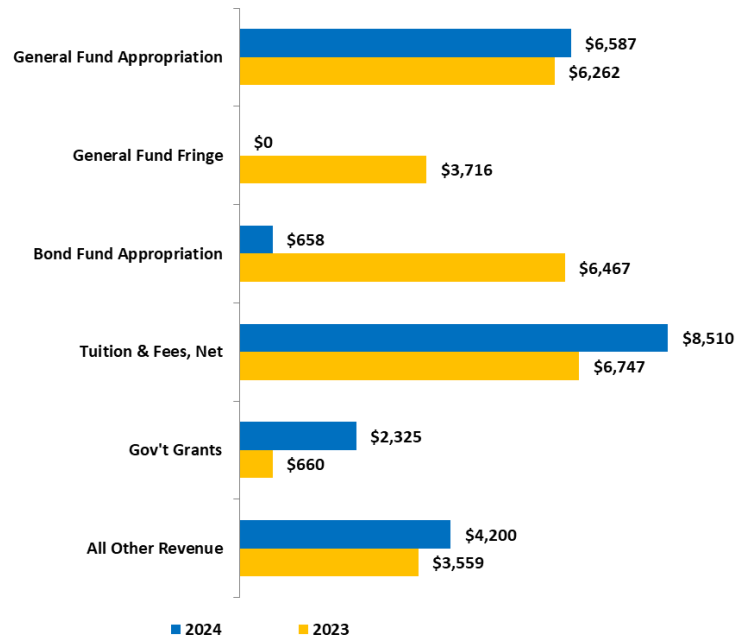
**Condensed Combined Statements of Revenues, Expenses and Changes in Net Position for the Year Ended June 30**  
(in thousands)

	2024	2023	% Change
<b>OPERATING REVENUES</b>			
Tuition and fees, net	8,510	6,747	26%
Government grants and contracts	2,325	660	252%
Additional operating revenues	136	241	-44%
Total operating revenues	10,971	7,648	43%
<b>OPERATING EXPENSES</b>			
Expenses before depreciation & amortization	19,995	16,886	18%
Depreciation & amortization	791	300	164%
Total operating expenses	20,786	17,186	21%
Operating loss	(9,815)	(9,538)	-3%
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State appropriations - general fund *	6,587	9,978	-34%
State appropriations - capital appropriations	658	6,467	-90%
Pell Grants	3,838	2,716	41%
Other non-operating revenues (expenses), net	226	602	-62%
Net non-operating revenues	11,309	19,763	-43%
<b>NET POSITION</b>			
Change in net position	1,494	10,225	85%
Net position, beginning of year	(30,555)	(40,780)	25%
Net position, end of year	\$ (29,061)	\$ (30,555)	5%

\* Including non-cash fringe benefit expenditures in 2023

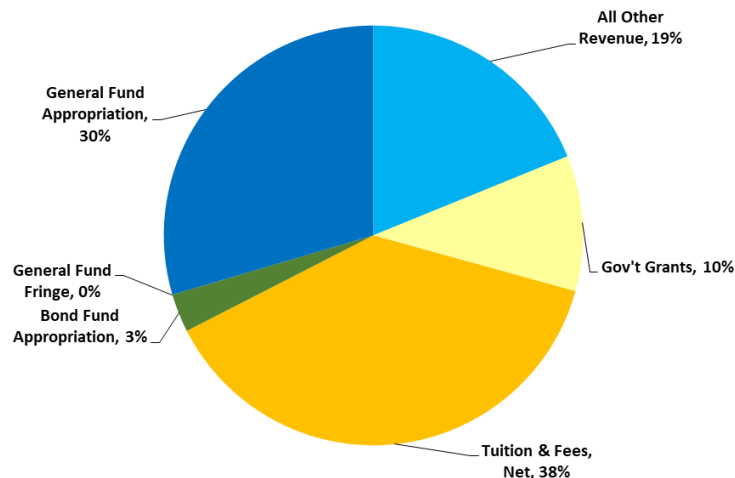
COSC recorded an operating loss of \$9.8 million during the year ended June 30, 2024. The primary contributing factor of operating losses is that State appropriations and Pell Grant revenue are classified as *non-operating revenues* under GASB 35 although the expenditures of these resources on personnel, non-capital equipment, depreciation and scholarships are an operating expense. Tuition and fees increased as a result of larger enrollment while government grants increased as a result of increased federal grant funding for various projects. State appropriations decreased as a result of no longer being provided appropriations to cover the cost of fringe benefits. Capital appropriations were also down as a result of completing construction on COSC's new headquarters. In the current fiscal year, Pell grants significantly increased which are considered non-operating as previously noted.

### REVENUE SUMMARY (in thousands)



The State general fund appropriation for salaries increased 5% from the prior year due to increased allocations approved through the State of Connecticut budgetary process. Reimbursements to cover fringe benefits were zero in the current period due to the change in the way fringe expenses are allocated. Beginning in fiscal year 2024, COSC was no longer required to make retirement benefit contributions. Instead of fringe being a component of operating appropriations, the State now covers the fringe benefits of retirement-related costs and the higher education units fund non-state retirement costs such as medical insurance, life insurance, social security and Medicare taxes. COSC received \$0.7 million in bond fund appropriations for various technology upgrades as compared to \$6.5m in 2023 for the construction of COSC's new headquarters.

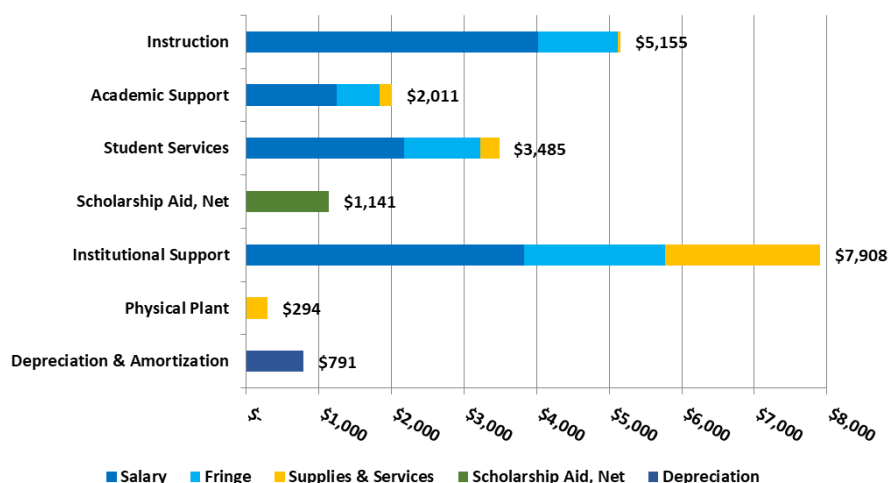
### 2024 REVENUE DISTRIBUTION



June 30, 2024 and 2023

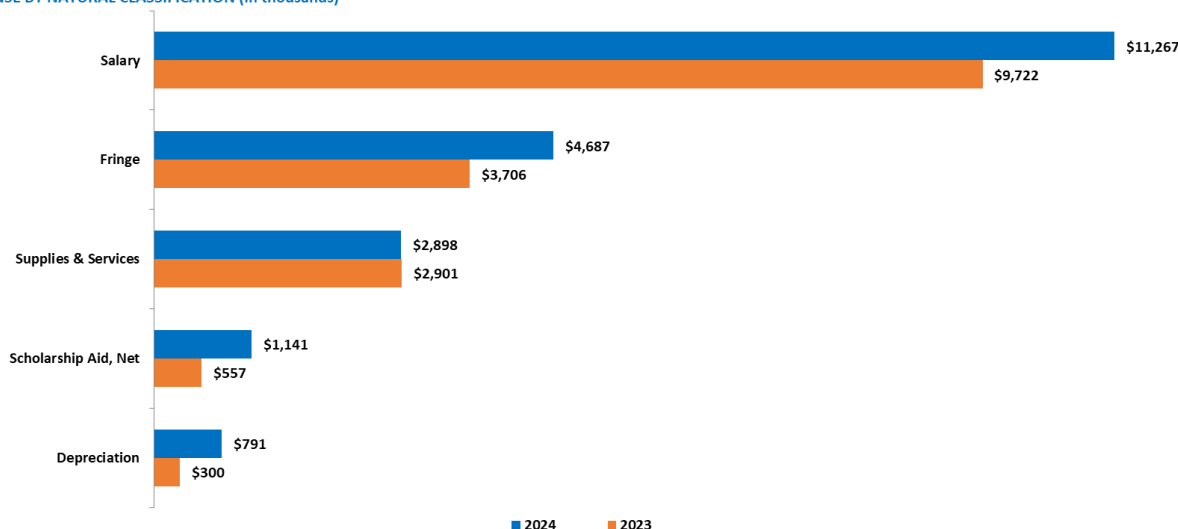
*Total operating expenses* for fiscal year 2024 were \$20.8 million. This reflects an operating expense increase of 21% from \$17.1 million in fiscal year 2023. The increase in fiscal year 2024 is associated with increased salaries, greater depreciation and amortization and increased student aid payments associated with grant funded programs.

### 2024 OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION (in thousands)



Supplies and services include expenditures for 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, and all other non-personnel costs of operating COSC.

### EXPENSE BY NATURAL CLASSIFICATION (in thousands)



June 30, 2024 and 2023

### 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 of \$8.4 million and receipts from grants and contracts of \$2.4 million, which is up \$1.6 million compared to prior year. The largest operating cash outflows include salaries paid to employees of \$13.6 million, which is consistent with fiscal year 2023. Operating cash outflows also include vendor payments of \$3.5 million up from \$2.8 million in the prior year. Payments to students of \$1.1 million for financial aid refunds and federal grant stipends were up year over year due to additional grant awards received in 2024. Net cash used in operating activities decreased 18% in fiscal year 2024 when compared to fiscal year 2023, reflecting greater tuition revenues collected.

*Non capital financing* cash flows are derived from State appropriations and federal aid for students. Non capital financing cash flows increased 14% in fiscal year 2024 primarily due to an increase in Pell grant revenue.

*Capital and related financing* cash flows are derived from capital appropriations from the state. Cash provided by *investing activities* represents amounts of interest income earned on operating fund cash balances invested by the State treasurer on behalf of COSC and distributed quarterly which increased year over year due to increased return rates from the State's short term investment pool. The increase in cash coupled with increasing federal interest rates caused COSC's interest income to grow materially between years.

### Condensed Combined Statements of Cash Flows

Year Ended June 30

(in thousands)

	2024	2023	% Change
<b>NET CASH PROVIDED BY (USED IN)</b>			
Operating activities	\$ (7,386)	\$ (8,958)	-18%
Noncapital financing activities	\$ 10,430	9,154	14%
Capital and related financing activities	\$ (390)	(10)	n/m
Investing activities	\$ 673	432	56%
Net change in cash and cash equivalents	3,327	618	438%
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents, beginning of year	11,746	11,128	6%
Cash and cash equivalents, end of year	\$ 15,073	\$ 11,746	28%

June 30, 2024 and 2023

### Enrollment Table

COSC State College will face significant challenges and opportunities in the years ahead related to enrollment similar to other higher education institutions and State of Connecticut agencies. The following table illustrates the Integrated Postsecondary Education Data System (“IPEDS”) unduplicated headcount and full-time equivalent (“FTE”) student attendance at COSC over time:

<u>Year Ended June 30</u>	<u>Unduplicated Headcount</u>	<u>% Change</u>	<u>FTE</u>	<u>% Change</u>
2024	2,540	7.3%	1,175	16.6%
2023	2,367	3.5%	1,008	6.1%
2022	2,286	-1.1%	950	-3.26%
2021	2,312	-1.6%	982	0.5%
2020	2,350	0.6%	977	7.1%
2019	2,337	3.0%	912	3.9%
2018	2,270	-4.8%	878	-5.2%
2017	2,384	-4.9%	926	-2.5%
2016	2,507	-14.0%	950	-11.2%
2015	2,915	17.1%	1070	18.1%
2014	2,489	-4.0%	906	-1.2%
2013	2,592	-1.7%	917	4.0%
2012	2,637	-	882	-

### Economic Outlook

COSC operates in the higher education environment which is being shaped by the increasing demand for accessible and affordable online education. For the fiscal year ending June 30, 2024, COSC experienced notable enrollment growth, with a 7.3% increase in unduplicated headcount and a 16.6% rise in full-time equivalent (FTE) students compared to the prior year. This growth reflects COSC’s ongoing efforts to meet the needs of adult learners through flexible, affordable, high-quality academic programs. The expansion of grant-funded programs and prudent tuition price setting have contributed to increased operating revenues, helping COSC support its mission of providing affordable, career-aligned education.

The financial landscape for COSC is influenced by broader economic conditions, including changes in state funding levels and the increasing costs of providing competitive online programs. While total operating revenues rose 43% in fiscal year 2024, supported by increased enrollment, COSC faced a 21% increase in operating expenses due to higher personnel costs, student aid, and depreciation. COSC’s cost structure is highly dependent on tuition. COSC’s focus on efficient resource allocation and maintaining affordability remains critical to navigating these challenges, while its status as Connecticut’s only fully online public college positions it well to respond to the growing demand for flexible higher education options.

### Additional Information

This financial report is designed to provide a general overview of COSC’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 Michael Moriarty, Vice President for Administration & Chief Financial Officer (860-515-3760).



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

The Board of Regents of  
Connecticut State Colleges and Universities

**Opinion**

We have audited the financial statements of the business-type activities and discretely presented component unit of the Charter Oak State College, an enterprise fund of the State of Connecticut (the "College") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table on contents.

We did not audit the financial statements of the discretely presented component unit (the affiliated foundation (the "Foundation")), whose statements reflected total assets of \$2.8 million and total net assets of \$2.8 million as of June 30, 2024, and total revenues and support of \$1.5 million for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Foundation, is based solely on the report of other auditors.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2024, 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.

**Basis for opinion**

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

**Emphasis of Matters***Presentation*

As discussed in Note 1, the financial statements present only the College, an enterprise fund of the State of Connecticut and do not purport to, and do not present fairly, the financial position of the State of Connecticut as of June 30, 2024, the changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Change in accounting method*

As discussed in Note 1 to the financial statements, the College was required to change its method of accounting for certain fringe benefit expenses and the related state appropriation revenue associated with these expenses in the year ended June 30, 2024.

Our opinion is not modified with respect to these matters.

#### **Responsibilities of management for the financial statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 1 through 9 and the Schedule of Net Pension Liability and Related Ratios, Schedule of Net Post-Employment Benefits and Related Ratios, and Schedule of Contributions on pages 36 through 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Grant Thornton LLP*

Boston, Massachusetts  
February 26, 2025

As of June 30, 2024

	<u>2024</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	15,071,714
Accounts receivable, net	515,594
Other current assets	683,429
Total current assets	<u>16,270,737</u>
Noncurrent assets:	
Capital assets, net of depreciation and amortization	<u>7,678,497</u>
Total noncurrent assets	<u>7,678,497</u>
Total assets	<u><u>23,949,234</u></u>
Deferred outflows of resources:	
Deferred pension	3,639,175
Deferred other post-employment benefits	4,366,891
Total deferred outflows of resources	<u><u>8,006,066</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued liabilities	108,375
Accrued payroll	486,441
Unearned tuition revenues	889,070
Subscription liabilities	98,430
Accrued employee compensated absences	807,902
Total current liabilities	<u>2,390,218</u>
Noncurrent liabilities	
Subscription liabilities	315,050
Accrued employee compensated absences	1,080,961
Net pension liability	15,786,792
Net other post-employment benefit liability	25,444,694
Total noncurrent liabilities	<u>42,627,497</u>
Total liabilities	<u><u>45,017,715</u></u>
Deferred inflows of resources:	
Deferred pension	6,165,321
Deferred other post-employment benefits	9,833,657
Total deferred inflows of resources	<u><u>15,998,978</u></u>
<b>Net Assets</b>	
Invested in capital assets	7,678,497
Restricted expendable	792,872
Unrestricted	<u>(37,532,762)</u>
Total net position (deficit)	<u><u>(29,061,393)</u></u>

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

# Charter Oak State College

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

CSCU

Year ended June 30, 2024

	<b><u>2024</u></b>
<b>Operating revenues:</b>	
Student tuition and fees	14,257,318
Less: scholarships and fellowships	<u>(5,747,302)</u>
Net tuition and fees	8,510,016
Federal grants and contracts	2,156,837
State and local grants and contracts	168,010
Nongovernmental grants and contracts	68,849
Other operating revenue	<u>66,852</u>
Total operating revenues	<u>10,970,564</u>
<b>Operating expenses:</b>	
Personnel services and fees	15,954,658
Professional services and fees	378,755
Travel expenses	124,984
Operation and maintenance of plant	293,601
Student aid	1,141,417
Technology expenses	703,513
Marketing costs	904,305
Other operating expenses	493,161
Amortization expense	216,157
Depreciation expense	<u>574,314</u>
Total operating expenses	<u>20,784,865</u>
Net operating income (loss)	<u>(9,814,301)</u>
<b>Nonoperating revenues (expenses):</b>	
State appropriations	6,586,652
Investment income	672,725
Interest expense on subscription liabilities	(9,608)
Other nonoperating revenues	5,959
Federal emergency grant revenue	-
Pell grants	<u>3,837,520</u>
Net nonoperating revenues	<u>11,093,248</u>
Increase (decrease) in net position before capital appropriations	1,278,947
<b>Other changes in net position:</b>	
Capital appropriations	657,795
Loss on transfer or disposal of assets	<u>(442,645)</u>
Total other changes in net position	<u>215,150</u>
Increase (decrease) in net position	1,494,097
<b>Net position:</b>	
Net assets - beginning of year	(30,555,490)
Net assets - end of year	<u><u>(29,061,393)</u></u>

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



Year ended June 30, 2024

	<b><u>2024</u></b>
<b>Cash flows from operating activities</b>	
Tuition and fees	\$ 8,426,140
Grants and contracts	2,393,696
Payments to employees	(13,615,695)
Payments to suppliers and vendors	(3,515,845)
Payments to students	(1,141,417)
Other operating receipts	66,852
Net cash used in operating activities	<u>(7,386,269)</u>
<b>Cash flows from non-capital financing activities</b>	
State appropriations	6,586,652
Pell grants	3,837,520
Other	5,959
Net cash provided by non-capital financing activities	<u>10,430,131</u>
<b>Cash flows from capital financing activities</b>	
Capital appropriations	657,795
Cash paid for right of use assets	(161,005)
Purchases of capital assets	(887,272)
Net cash provided by capital financing activities	<u>(390,482)</u>
<b>Cash flows from investing activities</b>	
Interest on cash held by the State	<u>672,725</u>
Net increase (decrease) in cash and equivalents	3,326,105
Cash and equivalents, beginning of year	11,745,609
Cash and equivalents, end of year	<u>15,071,714</u>
<b>Reconciliation of net operating loss to net cash used in operating activities</b>	
Net operating loss	(9,814,301)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation and amortization	790,471
Changes in assets and liabilities:	
Accounts receivable	105,371
Other current assets	(108,400)
Accounts payable	(209,773)
Accrued payroll	(102,351)
Accrued employee compensation and benefits	266,151
Unearned tuition revenues	(345,711)
Net pension obligation	1,173,000
Net other post-employment benefit obligation	859,274
<b>Net cash used for operating activities</b>	<u>\$ (7,386,269)</u>

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

As of and for the year ended June 30, 2024

### Statement of Financial Position

<b>Assets</b>	
Cash and cash equivalents	\$ 176,808
Investments	2,577,688
Pledges receivable	<u>50,826</u>
<b>Total assets</b>	<u>2,805,322</u>
<b>Liabilities</b>	
Grants payable	<u>-</u>
<b>Total liabilities</b>	<u>-</u>
<b>Net assets</b>	
Without donor restrictions	557,066
With donor restrictions	<u>2,248,256</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,805,322</u>

### Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>			
Contributions	\$ 21,589	\$ 1,122,291	\$ 1,143,880
Contributed wages	57,231	-	57,231
Investment return, net	68,335	222,250	290,585
Net assets released from restrictions	1,139,187	(1,139,187)	-
<b>Total revenues and support</b>	<u>1,286,342</u>	<u>205,354</u>	<u>1,491,696</u>
<b>Expenses</b>			
Program	1,191,308	-	1,191,308
Management and general	73,979	-	73,979
Fundraising	63,301	-	63,301
<b>Total expenses</b>	<u>1,328,588</u>	<u>-</u>	<u>1,328,588</u>
<b>Change in net assets</b>	<u>(42,246)</u>	<u>205,354</u>	<u>163,108</u>
<b>Net assets</b>			
Net assets - beginning of year	599,312	2,042,902	2,642,214
Net assets - end of year	<u>\$ 557,066</u>	<u>\$ 2,248,256</u>	<u>\$ 2,805,322</u>

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

## 1. Summary of Significant Accounting Policies

### Organization

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

CSCU consists of six separate institutions including four state universities, CT State Community College and COSC. The CSCU system offers associate degrees, baccalaureate, graduate and certificate programs, applied doctoral degree programs in education as well as short-term certificates and individual coursework in both credit and noncredit programs.

### Basis of Presentation

The financial statements for COSC 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 Government Accounting Standards Board (“GASB”). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. These financial statements include the statements of COSC and a discretely presented component unit, Charter Oak State College Foundation.

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

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

The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to COSC in support of their programs. Although COSC does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds, and invests, is restricted to the activities of COSC by the donors. Since these restricted resources held by the Foundation can only be used by, or for the benefit of, COSC, the Foundation is considered a discretely presented component unit of COSC.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (“FASB”) standards, which includes guidelines for Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s separately audited financial information for purposes of inclusion in COSC’s financial statements herein.

### **Net Position**

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

- **Invested in Capital Assets**  
Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Expendable**  
Net position whose use by COSC is subject to externally imposed stipulations that can be fulfilled by actions of COSC pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted**  
Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the Board of Regents (“BOR”) or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic initiatives and capital programs.

The Statement of Activities of the component unit presents net assets with and without donor restrictions consistent with the presentation required under ASU 2016-14 and the reporting framework applicable to the component unit.

### **Classification of Assets and Liabilities**

COSC presents short-term and long-term assets and liabilities in the statement of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from June 30. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from June 30. Cash, cash equivalents and investments presented as short-term in the statement of net position include balances with a maturity of one year or less from June 30.

### **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, capital appropriations, and petty cash. The STIF, stated at market value, is held on behalf of COSC by the State Treasurer and has original maturities of three months or less (see Note 2).

### **Allowance for Doubtful Accounts**

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

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

Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable and accounts payable.

### **Investment in Capital Assets**

Capital assets are stated at historical cost. Depreciation of capital assets is calculated on a straight-line basis over the respective asset's estimated useful life, which range from 5 to 40 years. Land, capitalized collections, and construction in progress are not depreciated. Title to all assets, whether purchased, constructed or donated, is held physically by the State of Connecticut.

Right-of-Use ("ROU") assets are recognized at the lease commencement date and represent COSC's right to use an underlying asset for the lease term. ROU subscription assets are recognized at the agreement's commencement date and represent COSC's right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs. Amortization for ROU intangible assets are computed using the straight-line method over the shorter of the contract term or estimated useful lives of the assets; but if the underlying lease contains a purchase option determined to be reasonably certain of being exercised, the ROU intangible asset is amortized over the estimated useful life of the asset.

### **Accrued Compensated Absences ("ACA")**

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

### **Pension & Other Post Employment Obligations**

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

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

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium that changed the way fringe benefits are paid for institutions of higher education. Effective July 1, 2023, the State directly funds COSC employee benefit retirement costs, which are therefore no longer charged to COSC through a fringe benefit rate assessment. As a result, there is



a corresponding reduction in appropriations to COSC since the State is directly covering retirement-related costs for all eligible COSC employees. During the year ended June 30, 2023, COSC incurred \$4,512,764 in fringe retirement costs, which was partially offset by state appropriations revenue.

**Unearned Tuition Revenues**

Unearned tuition revenues consist primarily of tuition and fees that have been collected as of June 30, but are applicable to classes held thereafter. COSC recognizes revenue entirely for a class once 60% of the class has been completed, a threshold consistent with the earned period identified by the Department of Education for the return of Title IV funds.

**Tuition and Fees Revenue**

Student tuition and fees revenue is recognized in the period earned. Student tuition and fee revenue is presented net of scholarships, waivers and allowances in accordance with GASB Statement No. 35. Student aid for scholarships recorded in the statement of revenues, expenses and changes in net position includes payments made directly to students. Any aid applied directly to the students' accounts in payment of tuition and fees is reflected as a scholarship allowance.

**Operating Activities**

Operating activities as reported on the statement 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 COSC expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, Pell grants and investment income.

**Income Taxes**

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

**Use of Estimates**

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

**Subscription Liabilities**

Subscription liabilities represent COSC's obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the Subscription-Based Information Technology Arrangements ("SBITA") commencement date based upon the present value of future subscription payments over the

remaining SBITA term. Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.

### **GASB Pronouncements Effective in the Future Years**

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

### **Subsequent Events**

In accordance with generally accepted accounting principles, COSC has evaluated subsequent events for the period after June 30, 2024, through February 26, 2025, the date the financial statements were issued, noting no material events.

## **2. Cash and Cash Equivalents**

Cash and cash equivalents are invested in the State of Connecticut Treasurer's STIF, a combined investment pool of high quality, short-term money market instruments. COSC 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 the participants daily cash flow requirements. The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities which vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements in amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution.

Cash and cash equivalents also include operating funds held by the State of Connecticut in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2024 was 5.43%. Investments are pooled by the State and separate accounting is maintained as to the amounts allocable to the various funds and programs.

*Credit Risk* – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. COSC 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% or more of the total value of investments. The majority of

As of and for the year ended June 30, 2024

COSC's total cash, cash equivalents and investments were invested in the STIF and the State's pooled, interest credit program accounts as of June 30.

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. There is no significant exposure to interest rate risk as cash and cash equivalents are held in STIF which is comprised of short-term money market instruments.

### 3. Accounts Receivable

Accounts receivable consist of the following at June 30:

	2024
Student accounts receivable	\$ 758,285
Other receivables	8,569
Gross accounts receivable	766,854
Less: allowance for doubtful accounts	(251,260)
Accounts receivable, net	\$ 515,594

### 4. Capital Assets

Capital Asset activity for the year ended June 30, 2024 is as follows:

	Estimated Life (in years)	Beginning Balance	Additions	Retirements	Ending Balance
Capitals assets, not depreciated:					
Art		\$ 15,000	\$ -	\$ (15,000)	\$ -
Land		-	93,296	-	93,296
Total non depreciable		15,000	93,296	(15,000)	93,296
Capital assets, depreciable					
Buildings and improvements	10-40	2,508,961	6,930,705	(2,508,961)	6,930,705
Furnishings and equipment	5	1,867,677	1,866,871	(1,913,695)	1,820,853
Software	5	432,976	-	(432,976)	-
Subscription assets	Life of contract	298,770	358,432	-	657,202
Total depreciable assets		5,108,384	9,156,008	(4,855,632)	9,408,760
Total capital assets		5,123,384	9,249,304	(4,870,632)	9,502,056
Less: accumulated depreciation and amortization:					
Buildings and improvements		1,609,614	1,301,234	(1,609,614)	1,301,234
Furnishings and equipment		1,725,397	411,478	(1,791,602)	345,273
Software		432,976	-	(432,976)	-
Subscription assets		69,240	117,545	(9,733)	177,052
Total accumulated depreciation and amortization		3,837,227	1,830,257	(3,843,925)	1,823,559

As of and for the year ended June 30, 2024

Construction in progress	<u>6,280,898</u>	<u>-</u>	<u>(6,280,898)</u>	<u>-</u>
Capital assets, net	<u>\$ 7,567,055</u>	<u>\$ 7,419,047</u>	<u>\$ (7,307,605)</u>	<u>\$ 7,678,497</u>

During the fiscal year, COSC participated in an exchange of buildings with Central Connecticut State University (“CCSU”) another agency of the State of Connecticut in addition to being a school within the CSCU system and related party to COSC. The building transferred from COSC is located at 55 Paul Manafort Senior Drive whereas the building and land received by COSC is located at 185 Main Street; both within the City of New Britain, Connecticut.

	<u>55 Paul Manafort Senior Drive</u>	<u>185 Main Street</u>
Original Cost	\$ 2,223,963	\$ 1,599,117
Accumulated Depreciation	<u>(1,347,825)</u>	<u>(1,029,990)</u>
Net Book Value	\$ 876,138	\$ 569,127

This exchange of buildings resulted in a loss of \$307,011, calculated as the difference between the net book value of the building transferred and the net book value of the building and land received. This loss has been recognized as an other change in net position within the statement of revenues, expenses and changes in net position as part of the loss on transfer or disposal of assets line item. The exchange was conducted to expand the administrative and academic office space of COSC to better align with its operational needs.

## 5. Accrued Compensated Absences

Accrued compensated absences at June 30, 2024 consist of:

	<u>Current</u>	<u>Non Current</u>	<u>Total</u>
Vacation	\$ 712,596	\$ 826,298	\$ 1,538,894
Sick	<u>95,306</u>	<u>254,663</u>	<u>349,969</u>
	\$ 807,902	\$ 1,080,961	\$ 1,888,863

Activity for accrued compensated absences for the year ended June 30, includes:

Balance as of June 30, 2023	\$ 1,622,712
Additions during the fiscal year	1,093,696
Benefits paid to employees during the fiscal year	<u>(827,545)</u>
Balance as of June 30, 2024	\$ 1,888,863

These accruals represent estimated amounts earned by all eligible employees through June 30, 2024. The ACA will be settled over several years and are not expected to have a significant impact on the future annual cash flows of COSC. The current portion of compensated absences is estimated based on recent past history and employee retirement eligibility.

**6. Related Parties**

The accompanying statement of net position includes balances among related parties. Cash and Cash equivalents are additionally held by the State Treasurer on behalf of COSC.

Retirement related fringe benefit costs for CSCU employees are paid for by the State of Connecticut Comptroller's Office.

Included in personnel services and fees are amounts paid by COSC to CSCU that represent allocations for system office leadership personnel and shared services for human resources and payroll.

Periodically, public acts may be signed into law by the Governor stating that the Secretary of the Office of Policy and Management may approve monies to be transferred from CSCU's operating reserves to another purpose within the State of Connecticut. There were no transfers made during fiscal year 2024.

**7. Commitments, Contingencies and Leases**

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

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

COSC may have outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30, 2024. These commitments are not recorded as liabilities until materials or services are received. The commitments of total net position balances as of June 30, 2024 were not material.

**8. Unearned Revenue**

Unearned revenues for the year ended June 30, 2024 amounted to \$889,070 and represent tuition and fees that have been collected as of June 30 but are applicable to classes held thereafter.

**9. Pension Plans****Plan Description**

All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of COSC employees who participate in the State Employees' Retirement System ("SERS"). SERS is the administrator of a single employer defined benefit public employee retirement system ("PERS"). SERS provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members



and the State and other plan provisions are described in agreements between the state and the State Employee Bargaining Agent Coalition (“SEBAC”) as authorized by the General Statutes. SERS does not issue standalone financial reports. Information on the plan is currently publicly available in the State of Connecticut’s Comprehensive Annual Financial Report prepared by the Office of the State Comptroller, and in annual actuarial valuations prepared by the State Retirement Commission.

Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, or the Teachers Retirement System (“TRS”) depending on several factors.

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

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

Alternatively, employees may choose to participate in the ARP, which is a defined contribution plan managed by Empower. For eligible employees who first became ARP participants prior to September 1, 2017, they contribute 5.0% of their pay and the State contributes 7.0% to participants’ investment accounts. For employees becoming ARP participants on or after September 1, 2017, they contribute 6.5% and the State contributes 7.0% to individual participants’ investment accounts managed by Empower. Employees that became ARP employees on or after September 1, 2017 may opt out of the 6.5% contribution and elect a 5.0% participant contribution.

#### Funding Policy

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

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

and 5% of their annual salaries, respectively. Tier IV employees contribute 5% of their salary (8% for hybrid and hazardous duty members) plus 1% into the defined contribution component.

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed \$2.5 million on behalf of COSC. The State's contributions for fiscal year 2024, were funded by COSC's contributions to SERS during the July 1, 2022 – June 30, 2023 measurement period, which were made in accordance with fringe benefit rates assessed by the State on eligible salaries and wages of each participant category. Legislation effective July 1, 2023, changed COSC's State funding structure concerning employer contributions. As a result, COSC did not make any contributions to SERS in fiscal year 2024, as these were completely funded by the State. Furthermore, amounts were reported as deferred outflows of resources as of June 30, 2024, for contributions made subsequent to the measurement date.

#### Net Pension Liability

COSC's net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2024 was measured and valued as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of that date. COSC's proportion of the net pension liability was based on a projection of COSC's contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, COSC's proportion was 0.1% as of June 30, 2023.

All SERS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to COSC is calculated separately. The net pension liability for COSC as of June 30, 2023 for SERS was \$19.5 million. COSC has no net pension liability associated with the TRS due to COSC's proportional size to the overall plan.

Legislative changes effective after the June 30, 2023, measurement date may impact COSC's proportionate share of the collective net pension liabilities, deferred inflows and deferred outflows of resources, and related pension expenses in future periods. The implications of these changes will be evaluated as part of the next measurement period.

#### Actuarial Assumptions for SERS:

The total pension liability for the 2023 measurement year was determined using the following actuarial assumptions, applied to all periods:

<i>Inflation</i>	2.5%
<i>Salary increases including inflation</i>	3% - 11.5%
<i>Investment rate of return, net of expense, including inflation</i>	6.9%

Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale. The actuarial assumptions used in the June 30, 2023 valuation (which was the basis for recording the June 30, 2024 financial statement liabilities) were based on the results of the actuarial experience study as of June 30, 2020.

As of and for the year ended June 30, 2024

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 the 2023 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2023 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate

The following presents the current-period net pension liability of COSC calculated using the current-period discount rate assumption of 6.9% for SERS, 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 (5.9%)	Current Discount (6.9%)	1% Increase (7.9%)
\$19,594,526	\$15,786,792	\$12,612,624

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan

As of and for the year ended June 30, 2024

For the year ended June 30, 2023, COSC recognized pension expense of \$1,169,033. A schedule of deferred outflows and inflows of resources as of June 30, 2024 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to COSC that will be recognized in pension expense during the next five years is as follows:

Fiscal Year Ending June 30,	SERS	TRS	Total
2025	\$ (366,861)	\$ 29,666	\$ (337,195)
2026	(745,799)	26,634	(719,165)
2027	(881,109)	22,700	(858,409)
2028	(572,111)	18,766	(553,345)
2029	(73,316)	12,439	(60,877)
Thereafter	-	2,845	2,845
Total	\$(2,639,196)	\$ 113,050	\$(2,526,146)

## 10. Other Post-Employment Benefits

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

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

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

### Plan Description

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of CSCU who are receiving benefits from any State-sponsored retirement system. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions

of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

### Funding Policy

The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees' unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund for pre-funding of OPEB benefits for a period of time. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to the pension plan, COSC's contributions to the OPEB plan during the July 1, 2022 – June 30, 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. However, legislation effective July 1, 2023, changed COSC's State funding structure concerning employer contributions. As a result, COSC did not make any contributions to the OPEB plan in fiscal year 2024, as these were funded by the State. Furthermore, no amounts were reported as deferred outflows of resources as of June 30, 2024, for contributions made subsequent to the measurement date.

### Investments

The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the State's Chief Investment Officer, as they manage the investment programs of the State Employee OPEB Plan. Plan assets are managed primarily through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. The best estimates of rates of return for each major asset class as of the 2023 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected
		Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	100.0%	

### Net OPEB Liability

COSC's net OPEB liability is valued one year in arrears. The net OPEB liability recorded in the financial statements as of June 30, 2024 was measured and valued as of June 30, 2023 and the total

As of and for the year ended June 30, 2024

liability used to calculate the net liability was determined by the most current actuarial valuation as of that date. The discount rate was updated for contributory and non-contributory members. Per capita health cost, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted, and the Medicare prescription drug trend rates were updated to include an estimate for the impact of the Inflation Reduction Act. COSC's proportion of the net OPEB liability was based on a projection of COSC'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 SEOPBP plan, at June 30, 2023 COSC's proportion was 0.15%. All plan assets are available to pay any participants benefits. However, the portion of each plan's net liability attributable to CSCU is calculated separately. The net OPEB liability for COSC as of June 30, 2023 for SEOPBP was \$25,444,694.

Legislative changes effective after the June 30, 2023 measurement date may impact COSC's proportionate share of the collective net OPEB liabilities, deferred inflows and deferred outflows of resources, and related OPEB expenses in future periods. The implications of these changes are being evaluated for the next measurement date.

#### Actuarial Assumptions:

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

Inflation	2.5%
Payroll growth rate	3%
Salary increases	3% to 11.5% varying by years of service/plan
Discount rate	6.90% contributory and 3.65% non-contributory members as of June 30, 2023
Healthcare cost trend rates:	
Medical (non-Medicare)	-0.35%, then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Prescription drug (non-Medicare)	2.35%, then 6.50% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medical and Prescription Drug (Medicare)	32.51%, 59.22%, 28.24% then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Dental	2.60%, 4.45%, then an ultimate level of 3.00% per year
Part B	4.5% per year
Administrative expense	1.85%, 3.30% then 3.00% per year

#### **Mortality Rates**

Pre-Retirement: Pub-2010 General, Above-Median, Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020

As of and for the year ended June 30, 2024

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

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

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

Discount rate sensitivity:

1% Decrease (5.90%)	Current Discount (6.90%)	1% Increase (7.90%)
\$29,583,271	\$25,444,694	\$22,056,000

Healthcare cost trend rate sensitivity:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$22,024,910	\$25,444,694	\$29,641,996

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

For the year ended June 30, 2024, COSC recognized OPEB expense of \$858,274. A schedule of deferred outflows and inflows of resources as of June 30, 2024 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to COSC that will be recognized in OPEB expense during the next five years is as follows:



As of and for the year ended June 30, 2024

Fiscal Years Ending June 30,	OPEB
2025	\$ (1,835,259)
2026	(2,493,222)
2027	(1,274,698)
2028	83,992
2029	52,421
Thereafter	-
Total	\$ (5,466,766)

## 11. Natural Classification with Functional Classification

The operating expenses by functional classification were as follows:

	Salary	Fringe	Supplies & Services	Student Aid	Depreciation & Amortization	Total
Physical Plant	\$ -	\$ -	\$ 293,602	\$ -	\$ -	\$ 293,602
Depreciation/Amortization	-	-	-	-	790,471	790,472
Scholarship Aid, Net	-	-	-	1,141,417	-	1,141,417
Academic Support	1,244,961	595,154	170,863	-	-	2,010,978
Student Services	2,170,891	1,058,236	255,549	-	-	3,484,676
Instruction	4,026,617	1,088,506	40,338	-	-	5,155,461
Institutional Support	3,825,016	1,945,277	2,137,967	-	-	7,908,260
Total operating expenses	\$ 11,267,485	\$ 4,687,173	\$ 2,898,319	\$ 1,141,417	\$ 790,471	\$ 20,784,865

## 12. Bonds Payable

The State of Connecticut, through acts of its legislature, provides funding for certain major plant facilities of COSC. 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 COSC and, accordingly, the State's debt obligation attributable to COSC educational and general facilities is not reported as COSC debt.

As of and for the year ended June 30, 2024

### 13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2024 (in thousands):

	SERS	TRS	Total Pension	OPEB	Total Deferred
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Difference between expected and actual experience	\$ 1,650,432	\$ -	\$ 1,650,432	\$ 265,808	\$ 1,916,240
Changes of assumptions or other inputs	-	-	-	2,175,589	2,175,589
Net difference between projected and actual earnings on pension plan investments	300,245	-	300,245	159,574	459,819
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,575,448	113,050	1,688,498	1,765,920	3,454,418
Employer contributions after measurement date	-	-	-	-	-
Total	\$ 3,526,125	\$ 113,050	\$ 3,639,175	\$ 4,366,891	\$ 8,006,066
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ 1,738,958	\$ 1,738,958
Changes of assumptions or other inputs	16,048	-	16,048	7,828,580	7,844,628
Net difference between projected and actual earnings on investments	-	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,149,273	-	6,149,273	266,119	\$ 6,415,392
Total	\$ 6,165,321	\$ -	\$ 6,165,321	\$ 9,833,657	\$ 15,998,978

#### 14. Subscription-Based Information Technology Arrangements

COSC entered into various SBITAs that convey COSC's control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities. These variable payments are derived from a number of licenses that changes from time to time, use of the IT asset, or changes in index rates. COSC recognized a total of \$225,765 as expenses from these variable payments for the year ended June 30, 2024.

Long-term liability activity for the year ended June 30, 2024, is summarized as follows:

Balance 7/1/23	Additions	Deletions	Balance 6/30/24	Amounts due within one year
\$ 107,591	\$ 422,060	\$ (116,171)	\$ 413,480	\$ 98,430

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 98,430	\$ 8,481	\$ 106,911
2026	91,969	7,410	99,379
2027	83,539	6,281	89,820
2028	33,441	5,171	38,612
2029	34,552	3,972	38,524
Thereafter	71,549	4,122	75,671
Total Requirements	413,480		
Less Current	\$ (98,430)		
Non-Current	\$ 315,050		

## **REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2024 through 2014

**Schedule of Net Pension Liability and Related Ratios  
State Employee Retirement System Plan**

Last 10 Fiscal Years  
(in thousands)

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
COSC's proportion of the net pension liability	0.08%	0.09%	0.12%	0.11%	0.11%
COSC's proportionate share of the net pension liability	\$ 15,787	\$ 19,501	\$ 25,776	\$ 25,358	\$ 24,013
COSC's covered payroll	\$ 3,173	\$ 3,349	\$ 4,664	\$ 3,926	\$ 3,880
COSC's proportionate share of the net pension liability as a percentage of its covered payroll	498%	582%	553%	646%	619%
Plan Fiduciary net position as a percentage of the total pension liability	50.59%	45.76%	44.55%	35.84%	36.79%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
COSC's proportion of the net pension liability	0.10%	0.10%	0.07%	0.06%	0.06%
COSC's proportionate share of the net pension liability	\$ 21,201	\$ 20,753	\$ 15,610	\$ 10,043	\$ 9,130
COSC's covered payroll	\$ 3,351	\$ 3,793	\$ 2,529	\$ 2,199	\$ 1,988
COSC's proportionate share of the net pension liability as a percentage of its covered payroll	633%	563%	617%	457%	459%
Plan Fiduciary net position as a percentage of the total pension liability	36.25%	36.25%	31.69%	39.23%	39.54%

**Schedule of Contributions**  
**State Employee Retirement System Plan**

Last 10 Fiscal Years  
(in thousands)

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually required contribution	\$ 2,482	\$ 2,519	\$ 2,166	\$ 1,728	\$ 1,661
Contributions in relation to the contractually required contribution	(2,482)	(2,519)	(2,166)	(1,728)	(1,661)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COSC's covered payroll	\$ 3,173	\$ 3,349	\$ 4,664	\$ 3,926	\$ 3,880
Contributions as a percentage of covered payroll	78.24%	75.24%	46.45%	44.01%	42.81%
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 1,441	\$ 1,519	\$ 1,021	\$ 834	\$ 727
Contributions in relation to the contractually required contribution	(1,441)	(1,519)	(1,021)	(834)	(723)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>
COSC's covered payroll	\$ 3,351	\$ 3,793	\$ 2,529	\$ 2,199	\$ 1,988
Contributions as a percentage of covered payroll	42.10%	40.05%	40.36%	37.91%	36.38%

**1. Changes in Benefit Terms for State Employee Retirement System Plan**

For the June 30, 2024 valuation, there were no changes to assumptions and the following changes to benefit terms were made:

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



**Schedule of Net Other Post Employment Benefits Liability and Related Ratios**  
**Other Post Employment Benefits**  
 Last 10 Fiscal Years <sup>1</sup>

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
COSC's proportion of the net OPEB liability	0.16%	0.15%	0.15%	0.15%
COSC's proportionate share of the net OPEB liability	\$25,444,694	\$23,793,932	\$29,824,661	\$ 36,142,123
COSC's covered-employee payroll	\$ 7,937,432	\$ 5,770,603	\$ 5,573,514	\$ 5,750,894
COSC's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	321%	412%	535%	628%
Plan Fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
COSC's proportion of the net OPEB liability	0.16%	0.15%	0.12%	0.13%
COSC's proportionate share of the net OPEB liability	\$32,666,738	\$25,570,473	\$25,846,053	\$ 27,927,904
COSC's covered-employee payroll	\$ 5,716,228	\$ 5,739,353	\$ 6,053,317	\$ 6,171,250
COSC's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	571%	446%	427%	453%
Plan Fiduciary net position as a percentage of the total OPEB liability	5.40%	4.69%	3.03%	1.94%

<sup>1</sup> – Until a full 10-year trend is compiled, COSC is presenting only information for years which information is available.

**Schedule of Contributions  
Other Post Employment Benefits  
Last 10 Fiscal Years <sup>1</sup>**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually required contribution	1,387,369	1,301,799	1,325,821	1,331,438
Contributions in relation to the contractually required contribution	(1,387,369)	(1,301,799)	(1,325,821)	(1,331,438)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	7,937,432	5,770,603	5,573,514	5,750,894
Contributions as a percentage of covered employee payroll	17.48%	22.56%	23.79%	23.15%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Contractually required contribution	1,189,231	1,187,694	1,000,421	985,748
Contributions in relation to the contractually required contribution	(1,189,231)	(1,187,694)	(1,000,421)	(985,748)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	5,716,228	5,739,353	6,053,317	6,171,250
Contributions as a percentage of covered employee payroll	20.80%	20.69%	16.53%	15.97%

<sup>1</sup> – Until a full 10-year trend in compiled, COSC is presenting only information for years which information is available.

**1. Changes in Assumptions for State Employee OPEB Plan**

For the June 30, 2024 valuation, there were no changes of benefit terms, and the following assumptions were updated:

- The discount rate was updated to 6.90% for contributory members and 3.65% for non-contributory members.
- The per capita health costs, administrative expenses and retiree contributions were updated for recent experience.
- The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated.
- The health care cost trend rates and the retiree contribution increase rates were revised to reflect current experience and future expectations.
- The Medicare prescription drug trend rates were updated to reflect an estimate for the impact of the Inflation Reduction Act.