

Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2022

Included as an Enterprise Fund of the State of Connecticut



UConn | UNIVERSITY OF
CONNECTICUT



Annual Comprehensive
Financial Report

For the Year Ended June 30, 2022
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Prepared by the Office of the Associate Vice President of Financial Operations and Controller

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

December 9, 2022

To President Maric,
Members of the Board of Trustees, and
University of Connecticut Community:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the University of Connecticut for the fiscal year ended June 30, 2022. For purposes of this report, the University of Connecticut (University) is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

This ACFR includes the Management's Discussion and Analysis (MD&A), the basic financial statements, notes, and other supplementary and statistical information. It provides financial information about the University's results of activities during the year and describes its financial position at the end of the year based on currently known facts, decisions, and conditions.

Management assumes full responsibility for the contents of this report including the accuracy, completeness, and fairness of the data presented. We believe the University's system of internal controls is sufficient to identify material misstatements. Although we have strong internal controls, the cost of internal controls should not exceed the benefits. Therefore, the objective of the University's internal control system is to provide reasonable—rather than absolute—assurance that the financial statements are free of material misstatements, and that assets are safeguarded against loss from unauthorized use or disposition.

The University's Joint Audit and Compliance Committee (JACC) of the Board of Trustees exercises oversight over the integrity of its financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2022, was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unmodified opinion on the fair presentation of the financial statements. The independent auditors' opinion can be found in the front of the financial section.

The ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformity with standards established by the Governmental Accounting Standards Board (GASB), as well as using guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada. The MD&A is presented to supplement the financial statements and should be read in conjunction with this letter of transmittal. The MD&A may be found immediately following the auditors' report.

University Profile

Background

The University was founded in 1881 when Charles and Augustus Storrs donated land and money to the State of Connecticut (State), establishing the Storrs Agricultural School, which later became Connecticut's land-grant college. Today, the University serves as the State's flagship institution for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service, and outreach.

The University is governed by the Board of Trustees, which is composed of 21 members, including the Governor, the UConn Health Board of Directors Chair, and the Commissioners of Agriculture, Economic and Community Development, and Education. The University is reported as an enterprise fund in the State's annual financial report and operates as a state-assisted institution of higher education.

The University supports a robust research program, with a "Research 1" classification that places it among those universities with the highest level of research activity. A number of university programs rank among the top research programs in their respective disciplines.

In addition to academics, the University also participates in Division I athletics. UConn has won 23 National Championships in four different sports, with 11 coming from the dominant women's basketball team. The University recently rejoined the Big East Conference for the 2020-2021 season for most sports.

Student and Faculty Data

For the 2021-2022 academic year, the number of applications for undergraduate first-year admissions was nearly 39,000 for just under 5,500 seats. Total enrollment in the fall of 2021 was 31,493 students, including nearly

7,700 graduate students. The University's diverse student population hails from 44 states and 113 countries. Of the 23,837 undergraduates, 52 percent were female, and 42 percent of undergraduates identify as minorities. The University employs 1,616 full-time faculty members and an additional 814 part-time faculty and adjuncts. In 2021-2022, the University awarded 8,332 degrees. Approximately 62 percent of graduates who attended high school in Connecticut and who are employed continue to work in the State of Connecticut.

Related Organization

The University of Connecticut Foundation, Inc. (Foundation), a related organization, operates exclusively to promote the educational, scientific, cultural, research, and recreational objectives for both the University and UConn Health, and therefore is not included as a component unit in the accompanying financial statements. See Notes 1 and 15 for additional information.

Economic Condition

As the State looked back on the height of the pandemic, fiscal year 2022 was marked as a year of recovery. Connecticut's unemployment rate saw a steady decline, down to 4.0 percent in June 2022. However, it still remains slightly higher than the pre-pandemic low of 3.4 percent. A significant portion of the overall economic recovery plan was funded by over \$7 billion of federal support through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). These funds exclude additional federal relief funds that came in the form of direct allocations to higher education, individual stimulus payments, and additional unemployment benefits.

In addition to the ongoing pandemic, Connecticut continues to deal with large unfunded pension liabilities. As those costs are passed on to the University through fringe benefit rates, they negatively affect the University's research competitiveness. The University expects to pay about \$44.8 million in fiscal year 2023 towards both unfunded pension and retiree health liabilities from non-state funds such as tuition, student fees, and other outside revenues.

The University presented a balanced fiscal year 2022 budget to the Board of Trustees in June 2021. This was in large part due to the significant federal COVID-19 relief funding received by the University. ARPA authorized the Higher Education Emergency Relief Fund (HEERF III), which provided the University with \$57.3 million in direct federal funding. During fiscal year 2022, the University disbursed \$28.6 million of HEERF III funds directly to students as emergency grants to cover expenses due to COVID-19. The remaining \$28.7 million was allocated to

the University to offset revenue losses incurred by the pandemic. In addition to the direct federal funding received, the State allotted \$25.0 million to the University in fiscal year 2022. The allotment includes \$5.0 million from the Coronavirus Relief Fund (CRF) to offset certain eligible COVID-19 expenses, and \$20.0 million through the State's ARPA allocation to primarily offset housing and dining revenue losses incurred because of COVID-19. The housing capacity was running at about 88 percent of available beds during fiscal year 2022, up from only about 40 percent the previous fiscal year. The expectation is that capacity will increase again in fiscal year 2023.

Due to the institutional portion of the COVID-19 relief funds recognized as revenue in both fiscal years 2021 and 2022, the University was able to offset the accumulated losses associated with the pandemic.

In March 2022, the State entered into a retroactive collective bargaining agreement with the State Employees' Bargaining Agent Coalition (SEBAC). University faculty and staff received increases based on those same terms. The agreement included retroactive salary increases totaling 4.5 percent plus \$2,500 lump sum payments for fiscal year 2022. The State provided one-time funds to the University to cover the salary and fringe costs related to the increases.

Long-Term Financial Planning

Beginning in fiscal year 2024 and beyond, the University will work towards eliminating an existing structural deficit, brought on by State-controlled fringe rate increases, contractual salary increases, and limited revenue increases. The State's significant one-time funding in fiscal years 2022 and 2023 will create additional challenges in fiscal year 2024 and beyond if the funding is not continued. The University's long-term plan includes becoming more self-reliant in generating diverse operating revenues amid a potential for decreases in State support. The University will look to maintain a balanced budget for its growing operations through potential increases in student tuition, increases in entrepreneurial programs and other revenues, and reductions in non-core spending.

Increases in Student Tuition

Starting in fiscal year 2017, and growing since that time, tuition revenue has become the largest source of revenue for the University. In December 2019, the Board approved a five-year tuition plan, covering fiscal years 2021-2025. The multi-year plan provides more certainty for students as they plan with their families for their college careers. Although tuition will increase, more financial aid will also be available to help address issues of affordability and accessibility for the University's students.

Increases in Entrepreneurial Programs

The University's entrepreneurial programs provide educational opportunities in new emerging fields and contribute to the University's teaching, research, service, and outreach mission. These programs are mostly fee-based, delivered in-person or online, and use strategic marketing to recruit students not otherwise served by existing programs. The University provides incentives to units and will be actively working to develop new programs that can both meet the needs of identifiable, targeted new audiences and generate new sources of revenue.

Reductions in Spending

Over the last several years, the University has been and will continue to implement spending cuts across departments. Units are regularly asked to identify the required attrition, vacancy, and other savings necessary to achieve targeted cost savings. The University will continue to create fiscal flexibility for departments to focus on maintaining academic excellence and a high standard of service to our students.

Major Initiatives

Next Generation Connecticut (NextGenCT) represents one of the most ambitious State investments in economic development, higher education, and research in the nation, with a particular focus on capital investment. The NextGenCT initiative added \$2.0 billion in bond funds for new and renovated facilities, extending the UConn Infrastructure Improvement Program (UCONN 2000) that began in 1995 to 2027. An operating component was also included but has been limited due to the State's financial constraints. The general obligation bonds issued through UCONN 2000 for NextGenCT are secured by the State's debt service commitment; therefore, there are no University revenues budgeted for repayment of these bonds. Since fiscal year 2015, the University has been authorized \$2.0 billion in funding for this initiative, with an additional \$125.1 million and \$84.7 million coming in fiscal years 2023 and 2024, respectively. These funds have allowed the University to open a new residential hall, renovate the associated dining hall, build a new downtown Hartford campus, complete the Engineering and Science Building, build a new Fine Arts production facility, complete phases 1 and 2 of the Gant Building renovations, continue construction of the Northwest Science Quad complex, update and renovate various other buildings, and address needed infrastructure and deferred maintenance improvements.

The NextGenCT initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, many new faculty have been hired, particularly in the fields of

science, technology, engineering, and math (STEM). Additionally, funds have been provided for STEM scholarships and STEM fellowships, as well as for staff positions. Since fiscal year 2013, total undergraduate enrollment has grown by 1,536 at all campuses with a 35 percent increase in STEM undergraduate enrollment. This ongoing success has attracted higher quality students and the University maintains solid rankings in virtually all relevant areas.

Academic and Financial Highlights

Highlights from the 2021-2022 academic year include the following:

- For fall 2021, the University ranks 12th among the national public research universities for first-year retention and has a 92 percent retention rate into sophomore year.
- Among the graduates from the 2020-2021 academic year, 89 percent are employed, continuing their education, serving in the U.S. Armed Forces, or living or volunteering in the State as of six months post-graduation.
- The University reduced the time to graduation to 4.1 years, which ranks 1st among public research university peers. This was accomplished by increasing the number of class offerings and reducing the student-to-faculty ratio. Decreasing the time to graduation helps UConn students pay less in tuition and join the workforce more quickly.
- In fiscal year 2022, the University provided \$153.9 million in tuition funded financial aid, which represents a 10 percent increase over last fiscal year. Additionally, the University received \$28.6 million in federal COVID-19 relief funding specifically earmarked for student aid which was distributed directly to students in need.
- From fiscal year 1996 to fiscal year 2022, the University has expended \$3.6 billion out of the \$4.0 billion of bonds authorized to date under the UCONN 2000 program, which includes funding allocated for UConn Health projects.

Looking ahead, the University will continue to build on these accomplishments and further strengthen its programs and services for faculty, staff, students, and the University community.

Awards and Acknowledgements

The University marked its 20th consecutive year among the nation's top 30 public universities, according to the 2023 U.S. News & World Report rankings. The No. 26 ranking reflects the University's strong graduation and retention rates, academic excellence, faculty resources, and other factors that are weighed into the annual evaluations.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its ACFR for the fiscal year ended June 30, 2021. This was the 6th consecutive year that the University has achieved

this prestigious award. In order to be awarded a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit its ACFR for the fiscal year ended June 30, 2022, to the GFOA to determine its eligibility for another certificate.

Preparation of this ACFR in a timely manner would not have been possible without the coordinated efforts from staff within the Office of the Associate Vice President of Financial Operations and Controller and other University financial staff. Each member has my sincere appreciation for their individual contribution in the preparation of the report.

Respectfully submitted,



Lloyd Blanchard
Interim Vice President for Finance
and Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

University of Connecticut

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

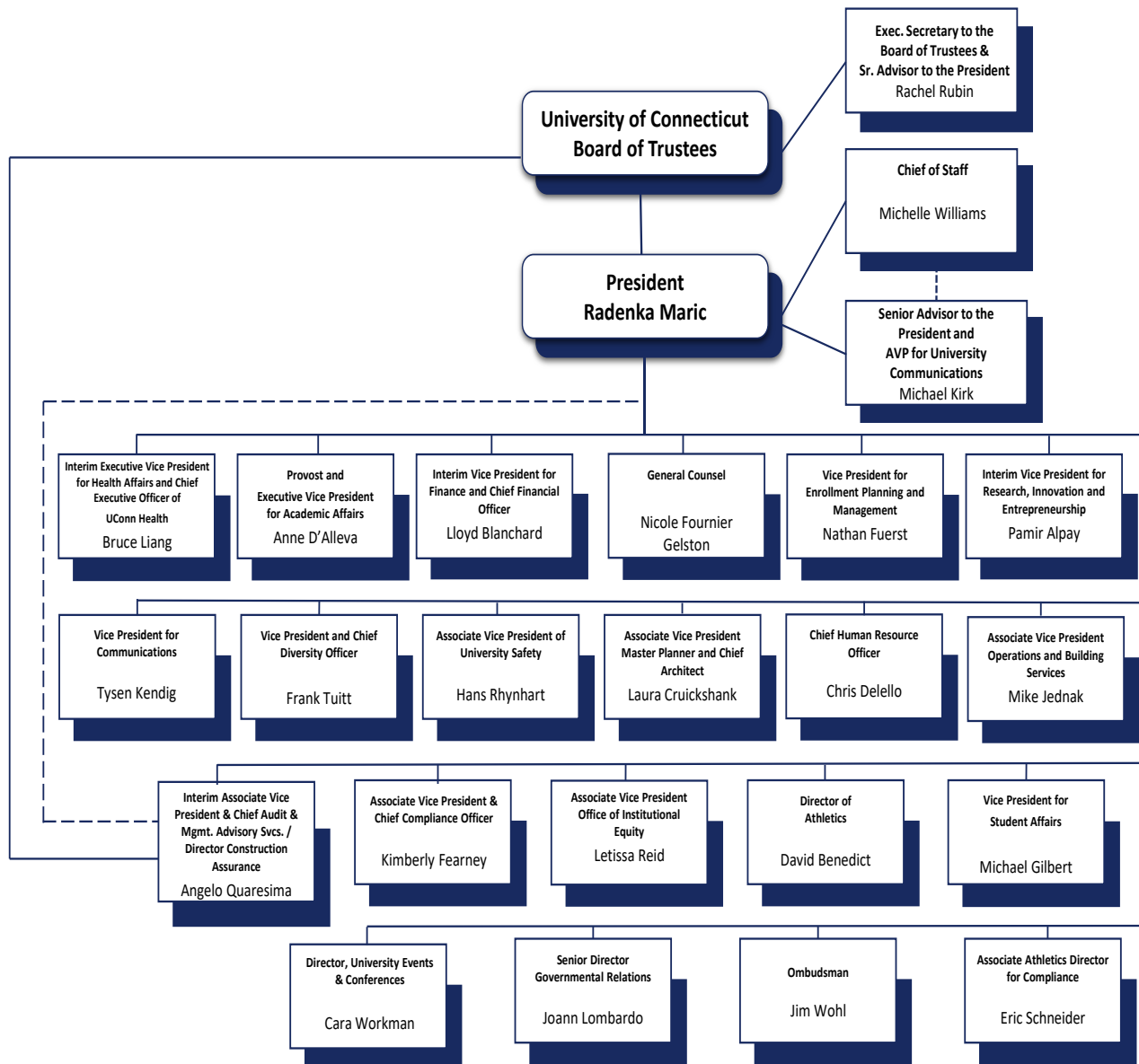
June 30, 2021

Christopher P. Morrill

Executive Director/CEO

UNIVERSITY OF CONNECTICUT

Organization Chart



FINANCIAL SECTION

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVE.
HARTFORD, CONNECTICUT 06106-1559

CLARK J. CHAPIN

INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Connecticut

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center, and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statements of net position and fiduciary net position as of June 30, 2022, and the related statements of revenues, expenses, and changes in net position, of cash flows, and of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, collectively comprise UConn's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University of Connecticut as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2021, UConn implemented new accounting guidance for leases in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinions are not modified with respect to this matter.

In addition, as discussed in Note 18 to the financial statements, UConn reclassified certain net position categories, as of July 1, 2021. Our opinions are not modified with respect to this matter.

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 UConn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 UConn'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 UConn'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 and pension plan and postemployment benefit schedules be presented

to supplement the basic financial statements. Such information is the responsibility of management and, 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

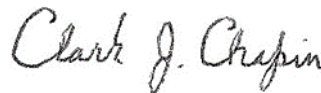
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Sincerely,



John C. Geragosian
State Auditor



Clark J. Chapin
State Auditor

December 9, 2022
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial position and results of activities for the fiscal year ended June 30, 2022, with selected comparative information from fiscal year 2021. It includes highly summarized information and should be read in conjunction with the accompanying financial statements and notes.

Reporting Entity

The University of Connecticut (University) is herein defined as all programs except for the University of Connecticut Health Center (UConn Health, see Note 1). This includes programs offered at the Storrs main campus, regional campuses, the School of Law, and the School of Social Work.

The University is also the fiduciary of the University of Connecticut Department of Dining Services Money Purchase Pension Plan. The activity of this plan is reported within a fiduciary fund and is presented separately from the University's operations because its resources cannot be used to finance the University's own programs.

Financial Statements

The University's financial report includes five financial statements and related notes:

1. Statement of Net Position
2. Statement of Revenues, Expenses, and Changes in Net Position
3. Statement of Cash Flows
4. Statement of Fiduciary Net Position
5. Statement of Changes in Fiduciary Net Position

These statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The MD&A, financial statements, notes, and other supplementary information are the responsibility of management.

Key Reporting Changes

In fiscal year 2022, the University adopted GASB Statement No. 87 (GASB 87), *Leases*. As a result, the University records lease assets and liabilities as lessee, and lease receivables and deferred inflows of resources as lessor. The GASB 87 adoption was reflected as beginning balance adjustments as of July 1, 2021, and the cumulative effect of applying this standard resulted in a \$1.7 million increase to beginning net position (see Note 1). Additionally, the University restated beginning balances as of July 1, 2021, to reclassify the receivable for the State debt service commitment for principal and certain debt balances between the net position categories on the Statement of Net Position. This had no net effect on the overall net position (see Note 18). Furthermore, the prior fiscal year 2021 data presented in this MD&A was restated for these reclassifications, but not for the adoption of GASB 87.

Financial Summary

In fiscal year 2022, the total combined assets and deferred outflows of resources increased by \$237.9 million, and total combined liabilities and deferred inflows of resources increased by \$192.3 million, resulting in an overall increase in net position of \$45.6 million.

The increase in total net position was attributed to a combination of factors including higher operating revenues resulting from the restoration of University services impacted by COVID-19. Also, the University received additional federal COVID-19 relief funding, which helped offset the cumulative financial effects incurred from the pandemic. Other contributing factors consisted of board-approved tuition rate increases, lower pension and other post-employment benefit (OPEB) expenses, and increased appropriations from the State of Connecticut (State). The increase in State appropriations helped offset a large increase in salaries and wages in fiscal year 2022 that was due in part to mandatory wage increases and lump sum bonuses required under collective bargaining agreements. Lastly, the State provided additional capital support to the University by pledging to pay the annual debt service on general obligation bonds issued in April 2022 under the UConn 2000 Infrastructure Improvement Program (UConn 2000). These factors and other changes are further detailed in the following sections of the MD&A.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operations of the University and represent those expenses paid to acquire or produce the goods and services provided

in return for operating revenues. Operating expenses also include a provision for estimated depreciation and amortization of capital assets. The difference between operating revenues and operating expenses is the operating income or loss.

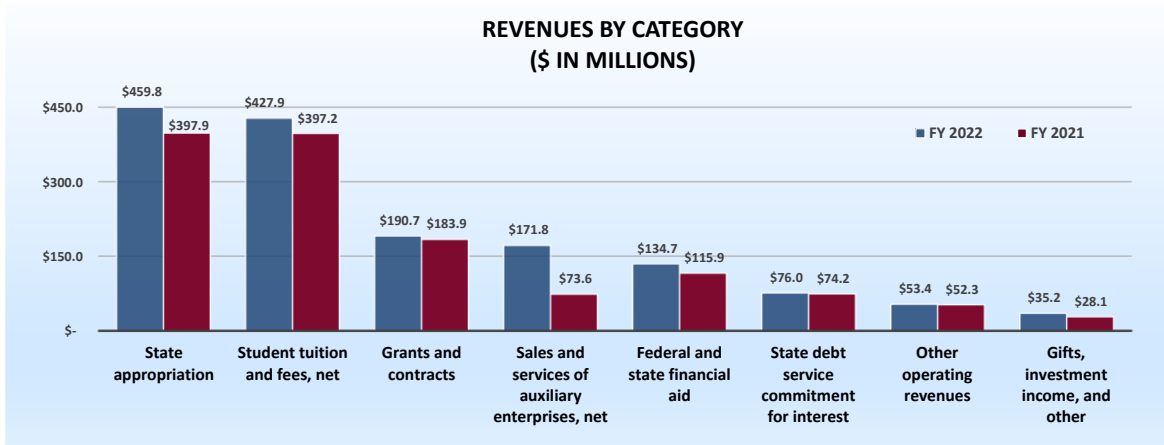
By its very nature, a state-funded institution does not receive tuition, fees, room, and board revenues sufficient to support the operations of the University. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State for general operations, federal and state financial aid, noncapital gifts, and short-term investment income.

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

	2022	2021	\$ Change	% Change
Operating Revenues				
Student tuition and fees, net	\$ 427.9	\$ 397.2	\$ 30.7	7.7%
Grants and contracts	190.7	183.9	6.8	3.7%
Sales and services of auxiliary enterprises, net	171.8	73.6	98.2	133.4%
Other	53.4	52.3	1.1	2.1%
Total Operating Revenues	843.8	707.0	136.8	19.3%
Operating Expenses				
Salaries and wages	674.5	617.2	57.3	9.3%
Fringe benefits	515.7	685.1	(169.4)	(24.7)%
Supplies and other expenses	248.5	226.4	22.1	9.8%
Utilities	22.5	17.3	5.2	30.1%
Depreciation and amortization	135.6	122.7	12.9	10.5%
Scholarships and fellowships	50.9	28.9	22.0	76.1%
Total Operating Expenses	1,647.7	1,697.6	(49.9)	(2.9)%
Operating Loss	(803.9)	(990.6)	186.7	(18.8)%
Nonoperating Revenues (Expenses)				
State appropriation	459.8	397.9	61.9	15.6%
State debt service commitment for interest	76.0	74.2	1.8	2.4%
Federal and state financial aid	134.7	115.9	18.8	16.2%
Gifts, investment income, and other	35.2	28.1	7.1	25.3%
Interest and other expenses	(75.9)	(66.1)	(9.8)	14.8%
Net Nonoperating Revenues	629.8	550.0	79.8	14.5%
Loss Before Other Changes in Net Position	(174.1)	(440.6)	266.5	(60.5)%
Other Changes in Net Position				
State debt service commitment for principal	214.2	140.3	73.9	52.7%
Capital grants and gifts	2.0	11.6	(9.6)	(82.8)%
Additions to permanent endowments	2.0	0.2	1.8	900.0%
Athletic conference fees	-	(3.5)	3.5	(100.0)%
Transfer to affiliate	(0.2)	(2.0)	1.8	(90.0)%
Net Other Changes in Net Position	218.0	146.6	71.4	48.7%
Increase (Decrease) in Net Position	43.9	(294.0)	337.9	(114.9)%
Net Position – Beginning of Year	(545.8)	(251.8)	(294.0)	116.8%
Cumulative effect of applying GASB 87 (Note 1)	1.7	-	1.7	100.0%
Net Position – Beginning of Year, As Restated	(544.1)	(251.8)	(292.3)	116.1%
Net Position – End of Year	\$ (500.2)	\$ (545.8)	\$ 45.6	(8.4)%

Revenues

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



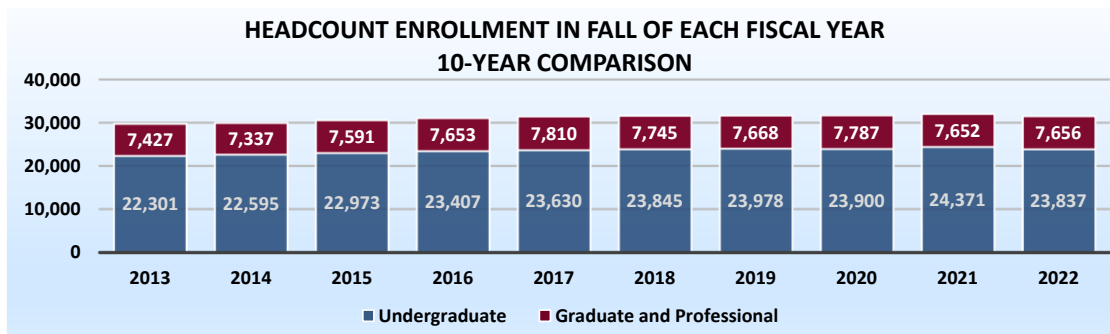
Operating Revenues

Operating revenues increased by \$136.8 million in fiscal year 2022 due to the following:

- **Student tuition and fees, net** of scholarship allowances, increased by \$30.7 million in fiscal year 2022. This change was primarily attributed to board-approved tuition rate increases and increased fee revenue, as the University reduced certain mandatory

fees in fiscal year 2021 for undergraduate students taking all online classes due to the pandemic. An increase in out-of-state enrollment for international students returning to campus after COVID-19 restrictions were lifted also contributed to the increase. These changes were offset in part by a slight decrease in undergraduate headcount enrollment of about 2.2 percent.

The graph below presents undergraduate and graduate enrollment over the last 10 years:



- **Sales and services of auxiliary enterprises, net** of scholarship allowances increased by \$98.2 million, which was attributed to the restoration of various auxiliary services after COVID-19 closures in fiscal year 2021. Room and board (dining) revenues recognized in the current year were significantly higher due to safety measures taken during the pandemic in fiscal year 2021. The student housing capacity increased from approximately 40 percent to approximately 88 percent in fiscal year 2022 as COVID-19 restrictions were lifted. Revenues related to athletics and parking services also had measurable increases due to resuming normal operations in fiscal year 2022.

- Operating **grants and contracts** increased by \$6.8 million in fiscal year 2022. Increases were primarily attributed to federal grants including funding from the U.S. Department of Defense and the U.S. Department of Agriculture, as well as funding from private sponsors. Revenues under grants and contracts can fluctuate year over year depending on various factors including the availability of funding from sponsors, the timing of large grants, and when goods are received, or when services are rendered.
- **Other** operating revenues increased by \$1.1 million, primarily due to a combination of educational and miscellaneous services returning to normal after the pandemic, the receipt of a one-time contract

termination fee, and higher renewable energy credits. These increases were largely offset by a decrease attributed to the phase-out of contracts with universities abroad, which were entered into in fiscal year 2021 due to COVID-19. As operations returned to normal and travel restrictions were lifted, international students were able to return to campus.

Nonoperating Revenues

Nonoperating revenues increased by \$89.6 million due to the following:

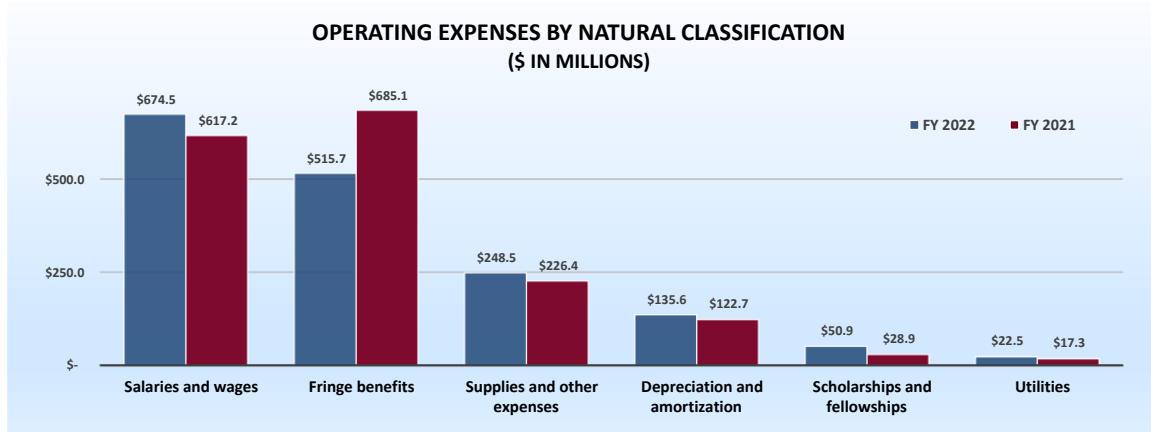
- **State appropriation** increased by \$61.9 million in fiscal year 2022, partially due to a higher salary base and associated fringe benefits of employees covered under the State’s annual block grant. The increase in salaries was primarily attributed to raises and lump sum bonuses required under collective bargaining agreements. Fringe benefit reimbursements also increased due to higher rates charged by the State. Furthermore, the current fiscal year’s appropriation also included deficiency funding of \$25.1 million to help subsidize rising salary and fringe benefit costs.
- **Federal and state financial aid** increased by \$18.8 million, primarily due to additional federal COVID-19 relief aid received in fiscal year 2022 compared with aid

received in the prior fiscal year, with the majority of the increase relating to the American Rescue Plan Act (ARPA) (see Note 1).

- **Gifts, investment income, and other** increased by \$7.1 million in fiscal year 2022. The majority of the increase was attributed to scholarship aid and reimbursements from spendable gift accounts held by the University of Connecticut Foundation (UConn Foundation). These increases were offset in part by net appreciation gains related to the University’s underlying endowment investments that occurred in fiscal year 2021, but not in fiscal year 2022.
- **State debt service commitment for interest** represents the State’s pledge to pay interest incurred on general obligation bonds issued by the University for capital purposes and for UConn Health projects. Effectively, this revenue offsets a significant portion of interest expense each year. The noted increase in revenue of \$1.8 million relates to higher interest expense covered by the State’s commitment. Interest expense on general obligation bonds increased primarily due to recent bond issuances, offset by principal repayments. The related expense is included as a component of **interest and other expenses**.

Operating Expenses

The following graph shows the University’s operating expenses by natural classification:



Total operating expenses decreased by \$49.9 million in fiscal year 2022 due to the following:

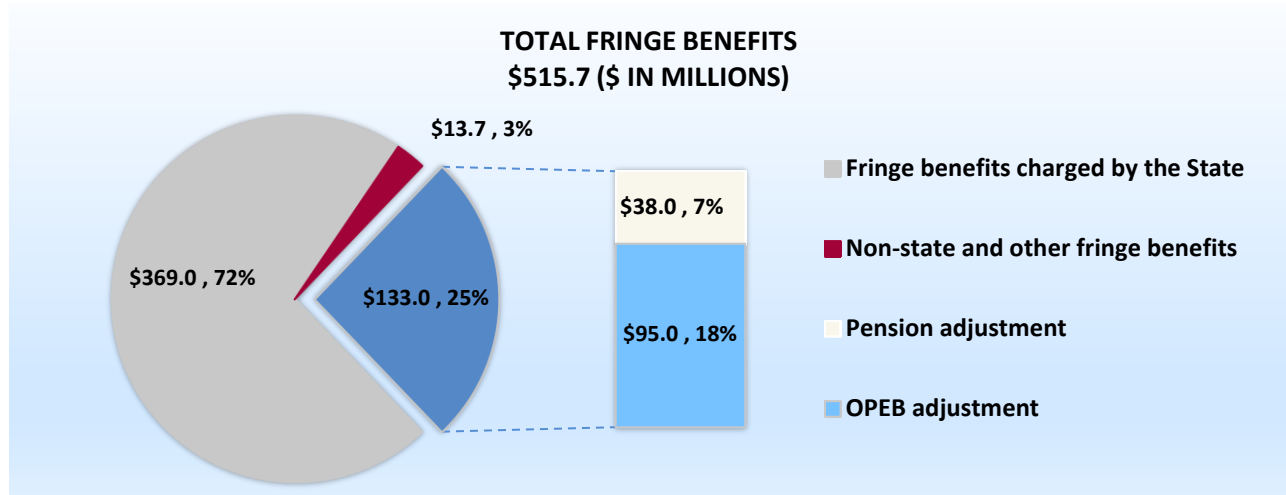
- **Salaries and wages** increased by \$57.3 million, in part due to lump sum bonuses and average mandatory wage increases of approximately 4.5 percent required under collective bargaining agreements for State employees. Contractual salaries were higher primarily due to a large severance settlement reached in fiscal year 2022. Payroll for student labor, graduate assistants, dining services, and overtime also increased due to operations returning to normal after COVID-19 disruptions.

- **Fringe benefits** decreased by \$169.4 million in fiscal year 2022 due to adjustments related to GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Per GASB 68 and GASB 75, the University is required to recognize its proportionate share of the unfunded pension and OPEB liabilities and related expenses derived from the State’s defined benefit pension and OPEB plans (see Notes 9 and 10). The adjustments for GASB 68 and GASB 75 in fiscal year 2022 decreased by \$108.4 million and \$83.9

million, respectively. In total, these adjustments represent about 25 percent of fringe benefits in fiscal year 2022 compared with 47 percent in fiscal year 2021. These decreases were offset in part by fringe benefit

expenses associated with the lump sum bonuses and mandatory wage increases required under collective bargaining agreements combined with higher fringe benefit rates charged by the State.

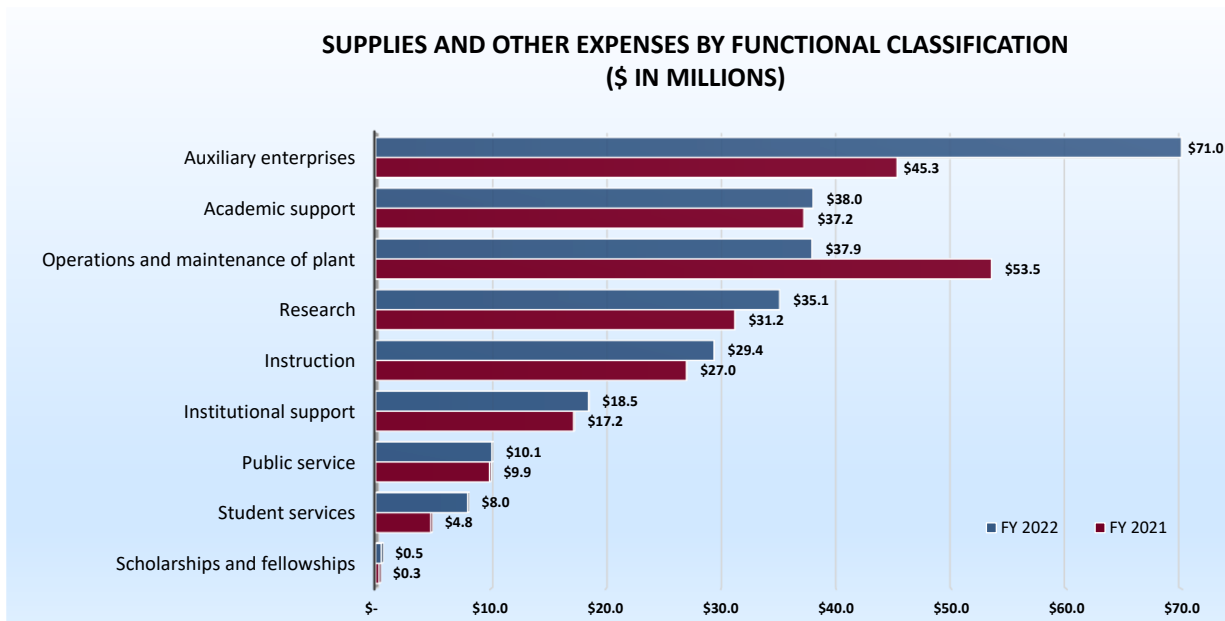
The following graph shows a breakdown of fringe benefits for the year ended June 30, 2022:



Supplies and other expenses increased by \$22.1 million, primarily due to the restoration of services from COVID-19 closures. Most of the increase occurred within the auxiliary enterprises functional expense category, which includes athletics, dining services, and student housing. These increases were partially offset by decreases in medical supplies for COVID-19 testing and temporary student housing provided in fiscal year 2021. Research supplies and other expenses were higher due to increased travel and grant subaward activities. Instruction and student services also increased as

operations resumed to pre-pandemic levels. These increases were offset by a decrease in operations and maintenance of plant due to COVID-19 expenses that occurred in fiscal year 2021 for emergency services to move students, custodial services, and other cleaning efforts necessary to maintain student and staff safety during the pandemic. Furthermore, additional overhead costs were allocated from facilities operations to student housing (auxiliary enterprises) and expenses associated with the Stamford Code Remediation project were also lower in fiscal year 2022.

The University’s supplies and other expenses by functional classification are presented below:



- **Utilities** expenses were also higher by \$5.2 million in fiscal year 2022, primarily due to increased campus activity following the COVID-19 pandemic and rising national energy costs.
- **Depreciation and amortization** increased by \$12.9 million, primarily due to the amortization of right-to-use assets recognized under GASB 87 in fiscal year 2022, and an increase in building depreciation, which includes the first full year of depreciation on major projects capitalized in the prior year.
- **Scholarships and fellowships** increased by \$22.0 million, primarily due to additional federal funding received through the Higher Education Emergency Relief Fund III authorized under ARPA, which was disbursed to students in fiscal year 2022 (see Note 1).

Nonoperating Expenses

Interest and other expenses increased by \$9.8 million due to a \$2.2 million increase in interest expense, a \$2.3 million increase in disposals of capital assets, and a \$5.3 million increase related to other nonoperating expenses. Other nonoperating expenses include fair value net losses that occurred in fiscal year 2022 related to the University's endowment investments.

Other Changes in Net Position

Other changes in net position consist of the State's debt service commitment for principal (capital appropriation), capital grants and gifts, additions to permanent endowments, athletic conference fees (special items), and transfer to affiliate. Total other changes in net position increased by \$71.4 million in fiscal year 2022.

- **State debt service commitment for principal** increased by \$73.9 million, primarily due to a larger par amount of general obligation bonds issued in fiscal year 2022 compared with the prior fiscal year. As general obligation bonds are issued, the State commits to the repayment of the future principal amounts. In addition, decreases in general obligation debt due to refundings

are reflected as a reduction in revenue, and no general obligation bonds were refunded in fiscal year 2022. These changes were offset by a larger proportion of bond proceeds allocated to UConn Health projects in fiscal year 2022.

- **Capital grants and gifts** decreased by \$9.6 million, primarily attributed to gifts received from the UConn Foundation in the prior fiscal year for the University Athletics District Development project.

STATEMENT OF NET POSITION

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

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

	2022	(Restated)* 2021	\$ Change	% Change
Assets				
Current assets	\$ 833.8	\$ 723.7	\$ 110.1	15.2%
Capital assets, net	2,586.2	2,358.5	227.7	9.7%
Other noncurrent assets	1,570.8	1,480.8	90.0	6.1%
Total Assets	4,990.8	4,563.0	427.8	9.4%
Deferred Outflows of Resources	888.7	1,078.6	(189.9)	(17.6)%
Liabilities				
Current liabilities	518.3	444.9	73.4	16.5%
Noncurrent liabilities	5,277.4	5,595.3	(317.9)	(5.7)%
Total Liabilities	5,795.7	6,040.2	(244.5)	(4.0)%
Deferred Inflows of Resources	584.0	147.2	436.8	296.7%
Net Position				
Net investment in capital assets*	877.5	842.0	35.5	4.2%
Restricted nonexpendable	16.2	14.2	2.0	14.1%
Restricted expendable*	1,209.1	1,085.0	124.1	11.4%
Unrestricted	(2,603.0)	(2,487.0)	(116.0)	4.7%
Total Net Position	\$ (500.2)	\$ (545.8)	\$ 45.6	(8.4)%

*Net investment in capital assets and restricted expendable net position were restated for the reclassification of the State debt service commitment for principal receivable and certain debt balances. See Note 18.

Assets

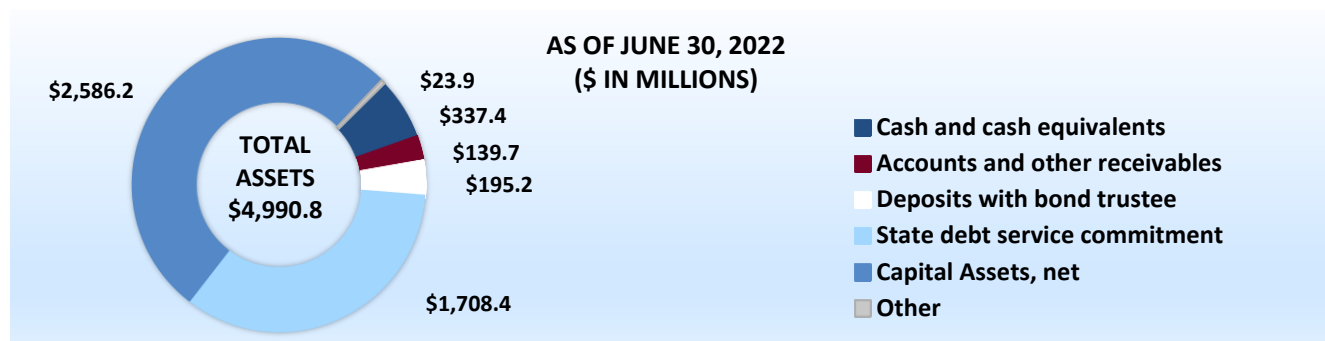
Total assets increased by \$427.8 million in fiscal year 2022 due to the following:

- **Current assets** increased by \$110.1 million, primarily due to increases in deposits with bond trustee, cash and cash equivalents, the current portion of the State debt service commitment receivable, and accounts receivable. Deposits with bond trustee, which primarily consist of unexpended bond proceeds, increased by \$62.5 million due to an increase in the total general obligation bonds issued over the prior fiscal year. Cash balances were higher by \$31.3 million, primarily due to increases in operating receipts attributed to resuming operations following the pandemic, additional federal COVID-19 relief aid, and support from the State to cover the payment for retroactive salary increases. These increases were offset in part by capital project-related spending from unrestricted sources. The current portion of the State debt service commitment receivable

increased by \$7.8 million, largely due to the recent issuances of general obligation bonds, offset in part by the paydown of older general obligation debt. The accounts receivable balance was also higher by \$4.4 million, primarily due to an increase in gifts owed from the UConn Foundation.

- **Capital assets** increased by \$227.7 million, which includes a net increase to beginning balance of \$102.9 million related to the adoption of GASB 87 (see Note 1). Capital asset activity for the current fiscal year consists of additions of \$262.9 million, offset in part by depreciation and amortization of \$135.6 million, and retirements of \$2.5 million.
- **Other noncurrent assets** increased by \$90.0 million, mostly due to the increase in the noncurrent portion of the State debt service commitment receivable of \$92.2 million, which is a result of the general obligation bonds issued in fiscal year 2022.

The following graph shows total assets by major category:



Liabilities

Total liabilities decreased by \$244.5 million in fiscal year 2022 due to the following:

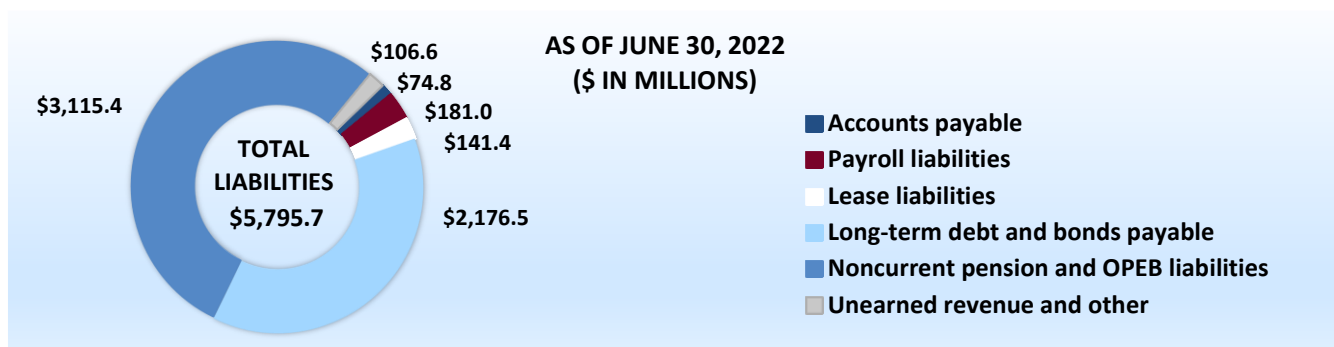
- **Current liabilities** increased by \$73.4 million, primarily due to a combination of changes related to payroll liabilities, construction projects, advanced student payments, and the current portion of long-term debt. Payroll liabilities increased by \$29.1 million, primarily due to mandatory retroactive salary increases and associated fringe benefits. Accounts payable increased by \$14.2 million, primarily driven by payables related to new construction projects, including the new hockey arena, and retainage on active projects, including the STEM Research Center Science 1 Building, Supplemental Utility Plant, and Northwest Science Quad Infrastructure. Amounts due to affiliate increased by \$12.1 million as proceeds from general obligation bonds issued were allocated to UConn Health projects in fiscal year 2022. The current portion of long-term debt increased by \$11.0 million, primarily due to new general obligation bonds and timing of repayments. Unearned revenues also increased by \$8.9 million, which was primarily related to an influx of student payments received in advance as the University resumed its normal billing schedules following the COVID-19 pandemic. These increases were partially offset by a decrease in other current liabilities of \$6.2 million, primarily due to the payment of expenditures accrued in the prior fiscal year for the Stamford Code Remediation project.

- **Noncurrent liabilities** decreased by \$317.9 million, primarily due to the net pension and net OPEB liabilities (see Notes 9 and 10). The decrease of \$116.4 million in the University’s proportionate share of the collective net pension liabilities was primarily driven by investment experience gains combined with transfers from both the State’s budget reserve fund and general fund surplus. These decreases were offset in part by an actuarial experience loss and an increase in the University’s proportion for the State Employees Retirement System (6.58 percent in fiscal year 2022 versus 6.39 percent in fiscal year 2021). The University’s proportionate share of the collective net OPEB liability decreased by \$378.0 million, primarily due to actuarial assumption changes combined with an investment experience gain and a decrease in the University’s proportion (8.75 percent in fiscal year 2022 versus 8.87 percent in fiscal year 2021). These changes were offset in part by increases due to normal plan operations and an actuarial experience loss.

The long-term portion of compensated absences also decreased by \$5.2 million, primarily due to employees using more accrued time off following the pandemic and payouts to new retirees in fiscal year 2022.

These decreases in long-term liabilities were offset in part by increases in lease liabilities of \$137.5 million, primarily due to the GASB 87 adoption (see Note 1), and increases in long-term debt and bonds payable of \$45.7 million (see Debt Activities and Note 6).

The following graph shows total liabilities by major category:



Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources decreased by \$189.9 million, which was primarily driven by the amortization of prior year deferred balances related to net pension and net OPEB liabilities. These amounts were offset in part by additions for pension and OPEB actuarial experience losses combined with increases related to net pension liabilities for changes in proportion and higher contributions made after the measurement date.

Deferred inflows of resources increased by \$436.8 million, primarily due to additions related to the net OPEB liability for actuarial assumption changes and changes in proportion combined with pension and OPEB investment experience gains. These increases were offset in part by the amortization of prior year deferred balances.

NET POSITION

Net position is divided into three major categories. The first category, net investment in capital assets, represents the University's equity in capital assets. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments in the University's Statement of Net Position. Expendable restricted net position is available for expenditure by the institution; however, it must be spent for purposes determined by donors or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to the University for any lawful purpose

of the institution. Generally, unrestricted funds are internally assigned to academic and research programs, capital programs, the retirement of debt, and auxiliary enterprise activities.

The University's net position as of June 30, 2022, is a negative \$500.2 million as total liabilities and deferred inflows were greater than total assets and deferred outflows. This is primarily a result of long-term liabilities recognized under GASB 68 and GASB 75 and does not reflect the University's resources that are available to meet current obligations. The University continues to rely on inflows from various revenue sources to maintain a liquid financial position.

The following table demonstrates the effects of GASB 68 and GASB 75 on the University's net position at June 30 (\$ in millions):

	2022	(Restated)* 2021	\$ Change	% Change
Net Position				
Net investment in capital assets*	\$ 877.5	\$ 842.0	\$ 35.5	4.2%
Restricted nonexpendable	16.2	14.2	2.0	14.1%
Restricted expendable*	1,209.1	1,085.0	124.1	11.4%
Unrestricted	(2,603.0)	(2,487.0)	(116.0)	4.7%
Total Net Position	(500.2)	(545.8)	45.6	(8.4)%
Pension (GASB 68) impact	1,099.9	1,061.9	38.0	3.6%
OPEB (GASB 75) impact	1,692.8	1,597.8	95.0	5.9%
Net Position, Excluding Pension and OPEB	\$ 2,292.5	\$ 2,113.9	\$ 178.6	8.4%

*Net investment in capital assets and restricted expendable net position were restated for the reclassification of the State debt service commitment for principal receivable and certain debt balances. See Note 18.

The increase of \$45.6 million in net position in fiscal year 2022 included the following changes:

- **Net investment in capital assets** increased by \$35.5 million, which includes an increase of \$1.8 million to the beginning balance for the adoption of GASB 87 (see Note 1). The current fiscal year's activity after these adjustments consists of a net increase in capital assets of \$124.8 million, partially offset by a net change in capital-related liabilities and deferred inflows and deferred outflows of resources of \$91.1 million.
- **Restricted expendable** increased by \$124.1 million in fiscal year 2022. Restricted expendable for debt service increased by \$127.6 million due to an increase in the State debt service commitment, partially offset by a net decrease in noncapital debt and deferred inflows of resources allocated to UConn Health projects.

These changes were offset by a decrease of \$3.5 million in restricted expendable for research, instruction, scholarships, loans, and other restricted balances. This decrease was primarily attributed to the net depreciation of the University's endowments.

- **Unrestricted** net position decreased by \$116.0 million, largely due to pension and OPEB adjustments of \$133.0 million. After excluding these adjustments, the unrestricted net position increased by \$17.0 million. This increase was primarily attributed to the University resuming operations following the pandemic and additional federal COVID-19 relief aid received, which helped offset prior fiscal year net losses incurred from the pandemic. These increases were offset in part by reductions in University funds that were used to support capital projects during fiscal year 2022.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The first section of this statement, cash flows from operating activities, is expected to be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statement of Cash Flows has four additional sections. The second section reflects cash flows from noncapital financing activities including State appropriation, debt transactions related to affiliate (UConn Health), financial aid, and gifts. The third section shows cash flows from capital and related financing activities, capital grants and gifts, and State debt service commitments for principal

and interest. The fourth section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The final section is a reconciliation of the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position to net cash used in operating activities.

CAPITAL ACTIVITIES

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

	2022	2021	\$ Change	% Change
Land	\$ 32.4	\$ 31.1	\$ 1.3	4.2%
Construction in progress	291.5	145.2	146.3	100.8%
Art and historical collections	57.2	56.8	0.4	0.7%
Non-structural improvements	339.0	346.9	(7.9)	(2.3)%
Buildings and improvements	1,616.7	1,661.5	(44.8)	(2.7)%
Intangible assets	21.2	24.2	(3.0)	(12.4)%
Right-to-use assets	138.9	-	138.9	100.0%
Library materials	3.8	4.1	(0.3)	(7.3)%
Equipment	85.5	88.7	(3.2)	(3.6)%
Total Capital Assets, Net	\$ 2,586.2	\$ 2,358.5	\$ 227.7	9.7%

- **Land** increased by \$1.3 million. Additions of \$6.4 million were offset by a reclassification from land to right-to-use assets of \$5.1 million.
- **Construction in progress** increased \$146.3 million as projects including STEM Research Center Science 1, UConn Hockey Arena, Northwest Quad – Science 1 – Site Improvements and Tunnel Phase 2, Boiler Plant Equipment Replacement and Utility Tunnel Connection, and other projects continued construction. Additions to construction in progress were partially offset by Supplemental Utility Plant and other projects that were completed and transferred from construction in progress to buildings and improvements and non-structural improvements.
- **Art and historical collections** increased by \$0.4 million, representing additions.
- **Non-structural improvements** decreased by \$7.9 million. Additions totaling \$7.4 million included Y & Z Parking Lots, Repaving and Electrical Restoration Phase 1 & 2, North and East Residence Halls – Security Camera System, and other projects. These additions were offset by depreciation expense of \$15.3 million.
- **Buildings and improvements** decreased by \$44.8 million. Additions of \$79.0 million included the Supplemental Utility Plant, increases to Gant Building STEM Renovations, and other renovation projects. These additions were offset by depreciation expense of \$87.8 million and a net reclassification from buildings and improvements to right-to-use assets of \$36.0 million.
- **Intangible assets** decreased by \$3.0 million. Additions of \$4.7 million included long-term software licensing commitments and other software purchases offset by amortization expense of \$7.7 million.
- **Right-to-use assets** increased by \$138.9 million. Additions of \$146.0 million were offset by amortization expense of \$7.1 million.
- **Library materials** decreased by \$0.3 million. Additions of approximately \$0.5 million were offset by \$0.8 million in depreciation expense.
- **Equipment** decreased by \$3.2 million. Additions of \$16.2 million were offset by depreciation expense of \$17.0 million and net losses on disposals of \$2.4 million.

See Note 4 in the financial statements for details related to capital activities.

DEBT ACTIVITIES

The University issues general obligation bonds in its own name under the UCONN 2000 program, which is designed to modernize and expand the physical plant of the University. As amended, the program provides for a capital budget in three phases for the University and UConn Health, with an estimated total cost of \$4.6 billion.

The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable in the Statement of Net Position.

In fiscal year 2022, the University issued UCONN 2000 general obligation bonds with a face value of \$227.2 million, of which \$13.0 million was committed to UConn Health for its UCONN 2000 projects. In addition to general obligation bonds, the University may issue special obligation bonds, also called Student Fee Revenue Bonds, which are secured by certain pledged revenues. There were no special obligation bonds issued or refunded in fiscal year 2022.

Subsequent to June 30, 2022, the University issued \$52.5 million of Student Fee Revenue Bonds, with a closing date of November 15, 2022. Bond proceeds consisting of the

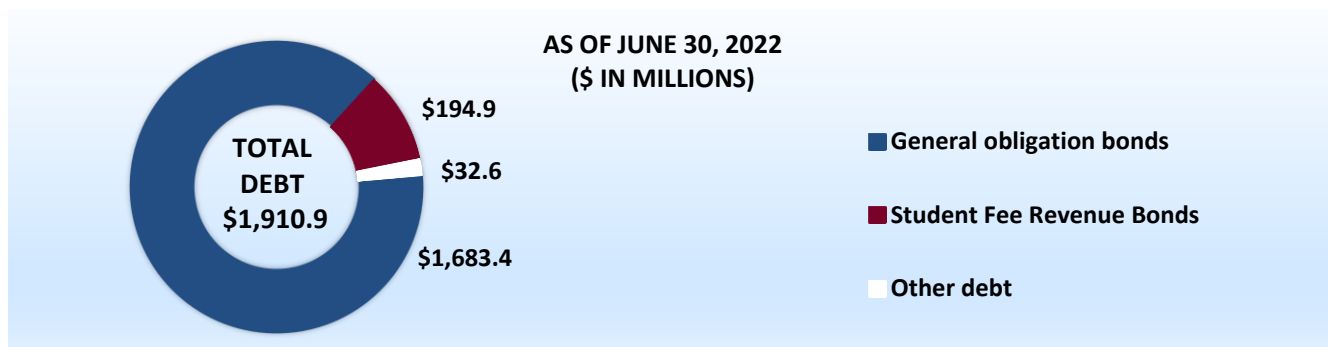
par amount together with the issued premium refunded \$54.8 million of previously issued Student Fee Revenue Bonds.

Obligations under financed purchase agreements include a lease purchase agreement to finance the UCONN 2000 Cogeneration Facility. In fiscal year 2022, the University entered into a new financed purchase agreement for equipment totaling \$0.3 million.

Long-term software commitments represent obligations to make payments to vendors in accordance with contract terms in exchange for the right to use certain software applications. In fiscal year 2022, the University incurred new commitments totaling \$2.6 million.

See Note 6 in the financial statements for details related to debt activities.

The following graph illustrates total debt by category, exclusive of premiums and discounts:



ECONOMIC OUTLOOK

In June 2022, the Board of Trustees approved an annual operating budget of \$1.7 billion. The fiscal year 2023 budget plan factors in student tuition rate increases of about \$642 per student established as part of the five-year tuition plan adopted in 2019. The five-year tuition plan is part of mitigation measures taken to lessen the impact of State fringe benefit costs, changes in State support, and inflation in the higher education sector nationwide. Additionally, the fiscal year 2023 budget includes increases in Storrs-based mandatory fees and housing and dining rates approved in May 2022 to cover the rising costs of providing services. Storrs-based mandatory fees help support a range of services including student activities, student health and wellness, infrastructure maintenance, technology, and transit. Total gross student tuition and fee revenues budgeted for fiscal year 2023 were \$665.3 million, which represents approximately 39 percent of the total operating budget.

The total State support budgeted for fiscal year 2023 was \$445.9 million, which consists of a block grant, payment

for fringe benefits, and one-time allocations. One-time allocations include coverage for an extra pay period and temporary operating support to help fund rising fringe benefit costs and other program initiatives. Collective bargaining increases covered by the one-time allocations are permanent; therefore, the University will return to the General Assembly to request additional funding to cover these increases in fiscal year 2024. However, it is not known at this time if the State will fully cover these costs.

To further alleviate rising operating costs, the University will be receiving \$39.2 million in fiscal year 2023 from the State’s ARPA allocation. Of this amount, \$38.2 million will be put towards operations, while \$500,000 each will fund a social media impact study in grades K-12 and a Puerto Rican studies initiative.

The Board of Trustees also approved a capital budget plan of \$230.0 million for fiscal year 2023, which is comprised of \$53.2 million of University funds (including gifts), \$51.7 million of State General Obligation Bond funds, and \$125.1 million of UCONN 2000 General Obligation Bond

funds. The amount budgeted under State General Obligation Bond funds includes \$40.0 million to be allocated to UConn Health deferred maintenance projects.

There are numerous active construction projects that require funding in fiscal year 2023 through fiscal year 2027. Projects include continued work on the hockey arena and major renovations at the Gant Science Complex to accommodate current and future University needs. The improvements at the Gant Science Complex will include classrooms, lecture halls, teaching and research

laboratories, faculty offices, and support spaces. In fiscal year 2023, funds will be utilized to maintain the critical information technology infrastructure across the University as well as support new academic and research equipment. Finally, a significant portion of the capital budget will fund the construction of the new South Campus Residence Hall and the required improvements to Mirror Lake and nearby infrastructure.

**UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2022**

(\$ in thousands)

	2022
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 337,407
Accounts receivable, net	73,785
Student and other loans receivable, net	1,712
Due from State of Connecticut	55,182
Due from affiliate	4,762
State debt service commitment	160,055
Deposits with bond trustee	195,228
Prepaid expenses and other assets	5,663
Total Current Assets	833,794
Noncurrent Assets	
Investments	18,232
Student and other loans receivable, net	2,661
Lease receivables	1,579
State debt service commitment	1,548,375
Capital assets, net	2,586,241
Total Noncurrent Assets	4,157,088
Total Assets	4,990,882
 DEFERRED OUTFLOWS OF RESOURCES	 888,664
 LIABILITIES	
Current Liabilities	
Accounts payable	74,773
Lease liabilities	3,873
Unearned revenue	46,289
Deposits held for others	2,426
Federal refundable loans	1,053
Wages payable	92,968
Compensated absences	20,822
Due to State of Connecticut	49,649
Due to affiliate	15,116
Current portion of long-term debt and bonds payable	175,581
Other current liabilities	35,770
Total Current Liabilities	518,320
Noncurrent Liabilities	
Compensated absences	17,613
Lease liabilities	137,515
Long-term debt and bonds payable	2,000,893
Federal refundable loans	4,006
Net pension liabilities	1,406,296
Net other post-employment benefits liability	1,709,176
Other liabilities	1,960
Total Noncurrent Liabilities	5,277,459
Total Liabilities	5,795,779
 DEFERRED INFLOWS OF RESOURCES	 583,985

See accompanying notes to basic financial statements.

(Continued)

**UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2022**

(\$ in thousands)

	2022
NET POSITION	
Net investment in capital assets	877,499
Restricted nonexpendable	16,187
Restricted expendable	
Research, instruction, scholarships, and other	22,316
Loans	1,822
Capital projects	5,622
Debt service	1,179,340
Unrestricted	(2,603,004)
Total Net Position	\$ (500,218)

UNIVERSITY OF CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2022

(\$ in thousands)

	2022
OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of \$199,252	\$ 427,959
Federal grants and contracts	148,970
State and local grants and contracts	17,871
Nongovernmental grants and contracts	23,871
Sales and services of educational departments	22,687
Sales and services of auxiliary enterprises, net of scholarship allowances of \$16,556	171,753
Other sources	30,745
Total Operating Revenues	843,856
OPERATING EXPENSES	
Salaries and wages	674,458
Fringe benefits	515,739
Supplies and other expenses	248,545
Utilities	22,475
Depreciation and amortization	135,566
Scholarships and fellowships	50,948
Total Operating Expenses	1,647,731
Operating Loss	(803,875)
NONOPERATING REVENUES (EXPENSES)	
State appropriation	459,788
State debt service commitment for interest	75,947
Federal and state financial aid	134,741
Gifts	33,502
Investment income	1,742
Interest expense	(68,338)
Disposal of capital assets, net	(2,346)
Other nonoperating expenses, net	(5,230)
Net Nonoperating Revenues	629,806
Loss Before Other Changes in Net Position	(174,069)
OTHER CHANGES IN NET POSITION	
State debt service commitment for principal	214,185
Capital grants and gifts	1,976
Additions to permanent endowments	1,996
Transfer to Affiliate	(228)
Net Other Changes in Net Position	217,929
Increase in Net Position	43,860
NET POSITION	
Net Position – Beginning of Year, As Restated (Notes 1 and 18)	(544,078)
Net Position – End of Year	\$ (500,218)

See accompanying notes to basic financial statements.

**UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022**

(\$ in thousands)

	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 430,893
Grants and contracts	193,674
Sales and services of educational departments	22,188
Sales and services of auxiliary enterprises	171,685
Payments to employees	(656,877)
Payments for benefits	(369,299)
Payments to suppliers and others	(332,031)
Collections of loans to students	1,869
Loans issued to students	(331)
Collections of loan to affiliate	1,800
Fiduciary activities – third-party student receipts and other	73,423
Fiduciary activities – third-party student payments and other	(74,059)
Fiduciary activity – direct lending receipts	178,030
Fiduciary activity – direct lending payments	(179,670)
Other cash receipts	30,171
Net Cash Used in Operating Activities	(508,534)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriation	451,517
Federal and state financial aid	134,741
Gifts	32,242
Proceeds from bonds related to affiliate	13,000
State debt service commitment related to affiliate	57,520
Principal paid on debt related to affiliate	(35,564)
Interest paid on debt related to affiliate	(21,957)
Principal paid on other noncapital debt	(1,135)
Interest paid on other noncapital debt	(158)
Net Cash Provided from Noncapital Financing Activities	630,206
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State debt service commitment	145,608
Proceeds from bonds	247,000
Proceeds from the lease of assets	229
Principal paid on debt and other obligations	(110,079)
Interest paid on debt and other obligations	(67,666)
Proceeds from sale of capital assets	142
Purchases of capital assets	(248,537)
Capital allocation	4,497
Capital grants and gifts	1,712
Net Cash Used in Capital and Related Financing Activities	(27,094)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,023)
Interest on investments	1,182
Deposit with bond trustee	(62,460)
Net Cash Used in Investing Activities	(63,301)
INCREASE IN CASH AND CASH EQUIVALENTS	31,277
BEGINNING CASH AND CASH EQUIVALENTS	306,130
ENDING CASH AND CASH EQUIVALENTS	\$ 337,407

See accompanying notes to basic financial statements.

(Continued)

**UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022**

(\$ in thousands)

	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	\$ (803,875)
Adjustments to Reconcile Operating Loss to Net Cash	
Used in Operating Activities:	
Depreciation and amortization expense	135,566
In-kind workers' compensation	1,003
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Receivables, net	(552)
Student and other loans receivable, net	1,064
Due from affiliate	(626)
Prepaid expenses and other assets	(350)
Deferred outflows of resources	189,544
Accounts payable, wages payable, and compensated absences	20,002
Unearned revenue	8,929
Deposits held for others	725
Federal refundable loans	(1,237)
Due to State of Connecticut	7,449
Due to affiliate	(1,507)
Net pension and net other post-employment benefits liabilities	(494,354)
Other liabilities	(7,386)
Deferred inflows of resources	437,071
Net Cash Used in Operating Activities	\$ (508,534)

ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS

Amortization of premiums, discounts, and gains and losses on debt refundings	\$ 21,969
Acquisition of software licenses under long-term purchase contracts	2,643
Acquisition of right-to-use assets under lease contracts	1,921
Acquisition of equipment under installment purchase agreement	267
Capital assets acquired through gifts	487
Change in fair value of investments	(3,984)
Net loss on disposal of capital assets with an original cost of \$16,972, accumulated depreciation of \$14,484, and cash proceeds of \$142	(2,346)

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
As of June 30, 2022

(\$ in thousands)

	2022
ASSETS	
Cash and cash equivalents	\$ 112
Receivable from employer	367
Investments at fair value:	
Bond funds	5,176
Equity funds	5,524
Total investments	10,700
Total Assets	11,179
LIABILITIES	
Accounts payable and other liabilities	193
Total Liabilities	193
NET POSITION	
Restricted for pensions	10,986
Total Net Position	\$ 10,986

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
For the Year Ended June 30, 2022

(\$ in thousands)

	2022
ADDITIONS	
Employer contributions	\$ 736
Investment Earnings (Losses):	
Net decrease in fair value of investments	(2,022)
Dividends and interest	512
Total net investment losses	(1,510)
Less: investment fees and charges	73
Net investment losses	(1,583)
Total Additions, Net of Investment Losses	(847)
DEDUCTIONS	
Benefits paid to participants or beneficiaries	1,715
Net Decrease in Fiduciary Net Position	(2,562)
Net Position – Beginning of Year	13,548
Net Position – End of Year	\$ 10,986

See accompanying notes to basic financial statements.

Notes to Financial Statements For the Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut, a comprehensive institution for higher education governed by a 21-member Board of Trustees, serves as the flagship for higher education in the State of Connecticut (State). This institution is composed of programs based in Storrs and at the four regional campuses: Avery Point, Hartford, Stamford, and Waterbury. It also includes the School of Law, the School of Social Work, and the University of Connecticut Health Center (UConn Health). UConn Health is a fiscally independent branch, defined in State statute as a healthcare institution, that oversees clinical care, advanced biomedical research, and academic education in medicine. Separate for purposes of audit and financial reporting, UConn Health has its own Board of Directors to whom the Board of Trustees has delegated authority and by State statute is a separate entity for purposes of budgeting, maintaining operating funds, and receiving appropriations from the State. The transactions and balances of UConn Health are not included within this annual comprehensive financial report for the year ended June 30, 2022, and the University of Connecticut (University) is herein defined as all programs except for UConn Health.

In accordance with standards issued by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Legally separate and tax-exempt entities shall be presented as component units of the reporting entity if they meet all of the following criteria: the economic resources of the organization are entirely or almost entirely for the direct benefit of the reporting unit; the reporting unit is entitled to access all or a majority of the economic resources received or held by the organization; and the economic resources received or held by the organization are significant to the reporting unit.

The financial operations of the University along with those of UConn Health are reported in the State's annual comprehensive report using the fund structure prescribed by GASB. The State includes the transactions and balances of the University within an enterprise fund under business-type activities on the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

The University of Connecticut Foundation, Inc. (Foundation) is a related, but independent, corporate entity that supports the mission of the University and is also included in the State's annual report. The Foundation raises funds to promote, encourage, and assist education and research at both the University and UConn Health. Although the Foundation materially supports the mission of both the University and UConn Health, displaying the Foundation's financial statements as a component unit of either entity individually would distort its actual contribution or economic benefit to that entity. Therefore, the Foundation is not included as a component unit in the accompanying financial statements but is included as a component unit of the State.

Fiduciary Statements

The University is also the fiduciary of the University of Connecticut Department of Dining Services Money Purchase Pension Plan. The University reports this fund as a fiduciary activity in the accompanying Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position (Fiduciary Statements). See Note 9 for further disclosures related to the University of Connecticut Department of Dining Services Money Purchase Pension Plan.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP), as prescribed by GASB. The University is considered a special-purpose government engaged primarily in business-type activities, defined by GASB as those activities that are financed in whole or in part by fees charged to external parties for goods or services.

The University reports business-type activities in the accompanying Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated. The Fiduciary Statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GASB requirements.

Adoption of New Accounting Standards

In fiscal year 2022, the University adopted GASB Statement No. 87 (GASB 87), *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as

operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Upon the adoption of GASB 87, the University recorded lease assets and liabilities of \$144.0 million for lessee arrangements, and lease receivables and deferred inflows of resources of \$1.9 million for lessor arrangements. These amounts were reflected as of July 1, 2021, and were calculated in accordance with GASB 87 using facts and circumstances that existed at that date.

As part of adopting GASB 87, the University also recorded an adjustment for the Stamford residential facility previously reported as a capital lease, which impacted the beginning net position as of July 1, 2021. The adjustment reduced land and buildings by \$47.0 million and accumulated depreciation by \$5.9 million. The corresponding lease liability recorded in long-term debt and bonds payable was also reduced by \$42.9 million.

The cumulative effect of applying GASB 87 on the University's beginning net position is summarized in the following table (amounts in thousands):

Net Position, June 30, 2021 (As Reported)	\$ (545,792)
Lease receivables	1,882
Prepaid expenses and other assets	(93)
Capital assets, net	102,900
Lease liabilities	(144,041)
Long-term debt and bonds payable	42,948
Deferred inflows of resources	(1,882)
Cumulative effect of applying GASB 87	<u>1,714</u>
Net Position, July 1, 2021 (As Restated)	<u>\$ (544,078)</u>

GASB Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred Before the End of a Construction Period*, requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result of adopting GASB 89, the University will no longer capitalize interest costs as part of the historical cost basis of the asset.

GASB Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The adoption of GASB 93 had no effect on the University's financial statements.

GASB Statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, consists of objectives that (1) increase consistency and comparability related to the

reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The adoption of GASB 97 did not have a significant effect on the University's financial statements.

Cash Equivalents

The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF) are also considered cash equivalents, except for those classified as restricted balances included in deposits with bond trustee.

Accounts and Loans Receivable

Accounts receivable consists of tuition, fees, auxiliary enterprises service fees, amounts due from state and federal governments for grants and contracts, and the current portion of lease receivables. Accounts and loans receivable are recorded net of an estimated allowance for doubtful accounts.

Student and other loans receivable consist primarily of amounts due from students under the Federal Perkins Loan Program, which are subject to significant restrictions. Student and other loans receivable are classified as current and noncurrent based on the amount estimated to be collected within one year and beyond one year, respectively.

Due from State and Due to State

Due from State includes an appropriation receivable from the State's General Fund for reimbursement of payroll expenses. Additionally, the State administers employee benefit and retirement plans for University State employees and charges an annual fringe benefit rate that is applied to salaries and wages. Fringe benefits accrued at year-end in relation to State employees are reported as a liability due to the State.

Due from Affiliate and Due to Affiliate

Due from affiliate includes amounts owed by UConn Health resulting from various memorandums of understanding (MOUs) and other operating activities.

Due to affiliate includes the unspent portion of general obligation bond proceeds that are managed by the

University and allocated to UConn Health capital projects. The proceeds are reported net of accruals for capital expenditures and retainage.

State Debt Service Commitment

The State has made a commitment to pay the annual debt service amounts on securities issued as general obligations of the University. As general obligation debt and related interest are incurred, the commitment from the State is recorded as revenue for principal and interest in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. A corresponding receivable is recorded in the accompanying Statement of Net Position and is classified as current and noncurrent based on debt service payments owed in one year and beyond one year, respectively.

Deposits with Bond Trustee

Tax-exempt bond proceeds are deposited to various accounts held by the Trustee Bank as required by certain trust indentures. The funds are invested and disbursed as directed by the University. The University's bond proceeds investment policy is to balance an appropriate risk-return level heavily weighted towards the safety of assets, as defined and permitted under the relative indentures and the General Statutes of Connecticut (State General Statutes).

The University has directed the Trustee Bank to invest UCONN 2000 indenture-related construction fund proceeds in STIF. Similarly, the University has directed the Trustee Bank to invest other related funds in dedicated STIF accounts for debt service funds for the Special Obligation Student Fee Revenue Bonds (Student Fee Revenue Bonds). Additionally, the University transfers unrestricted funds periodically to a dedicated STIF account in accordance with the Renewal and Replacement Fund Requirement (see Note 2). The Renewal and Replacement Fund Requirement is defined by the Special Obligation Indenture as an amount deemed necessary to maintain assets financed with bond proceeds in sound operating condition.

Investment earnings from UCONN 2000 General Obligation Bond proceeds are retained by the State Treasurer's Office and do not flow to the University or the Trustee Bank. Investment earnings related to Student Fee Revenue Bonds are part of pledged revenues and are directly retained by the Trustee Bank to pay debt service on the bonds or for other indenture permitted purposes. Earnings on the UCONN 2000 General Obligation Debt Service Commitment Refunding Bonds and the Special Obligation Student Fee Revenue Refunding Redemption Fund escrows form part of the irrevocable escrows that are used by the Trustee Bank to meet debt service payments on defeased bonds until called.

Investments

The University accounts for its investments at fair value, categorized for disclosure purposes within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. The three-level hierarchy of inputs is summarized as follows:

- Level 1 – Quoted prices for identical investments in an active market.
- Level 2 – Inputs other than Level 1 that are observable, such as quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; or inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, and credit spreads, among others.
- Level 3 – Inputs that are unobservable but supported by the University's or the Foundation's assumptions, taking into consideration the assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available under the circumstances.

The net asset value (NAV), or its equivalent, is used to determine the fair value of all investments that do not have a readily determinable fair value. Because they are not readily determinable, the fair values of these investments may differ from the values that would have been used had a ready market existed for these investments.

Changes in the unrealized gain or loss on the carrying value of the University's investments are recorded as nonoperating revenues or expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Capital Assets

Capital assets are reported at cost at the date of acquisition or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Capital projects greater than \$100,000 that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance costs are charged to operating expenses in the year incurred. Equipment with a value of \$5,000 or more and a useful life of more than one year is capitalized. Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets:

Non-structural improvements	10 – 50 years
Buildings and building components	6 – 60 years
Intangible assets	3 – 10 years
Library materials	15 years
Equipment	3 – 30 years

Right-to-use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Art and historical collections are recognized at their acquisition values and are not depreciated. The Dodd Center for Human Rights at the University maintains historical collections of original source materials used for research and serves as the University's official archive. New items are added to the collection if their acquisition value can be substantiated by an external appraisal.

Leases

As lessee, the University records a lease liability and a right-to-use asset at the commencement of the lease term. The lease liability is measured at the present value of expected payments during the lease term, less any lease incentives. The right-to-use lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the lease commencement date and certain initial direct costs.

As lessor, the University records a lease receivable at the commencement of the lease term based on the present value of expected receipts during the lease term, and a corresponding deferred inflow of resources, which equals the receivable plus any cash received in advance that pertains to a future period.

The lease term includes the noncancelable period of the lease, plus periods covered by the University's options to extend the lease if reasonably certain to be exercised and to terminate the lease if reasonably certain of not being exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate are excluded from the lease term.

The discount rate used for the present value calculations of expected payments and expected receipts is based on the rate implicit in the lease or, if the interest rate cannot be determined, on the University's incremental borrowing rate using a period comparable with the lease term.

Unearned Revenue

Unearned revenue includes amounts received for services to be rendered in a future accounting period. This amount is composed primarily of student charges (tuition, fees, room, and board) received in advance of the applicable academic period and amounts received from sponsors related to certain restricted research grants that will not be included in revenue until the funds are expended. It also includes advance ticket sales for sporting events and commitments received in advance of the athletic season.

Compensated Absences

Employee vacation, holiday, compensatory, and sick leave are accrued at year-end for financial statement purposes. The liability is included as compensated absences in the accompanying Statement of Net Position

and is classified as current and noncurrent based on the amount estimated to be paid to eligible employees in one year and beyond one year, respectively. The related expense is included as an operating expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Noncurrent Liabilities

Noncurrent liabilities include the long-term portion of compensated absences and principal payments due on bonds (net of unamortized premiums and discounts), other debt, and lease liabilities beyond one year. Federal refundable loans included as noncurrent consist of governmental advances for revolving student loan programs required to be returned beyond one year to the federal government upon cessation of the program. Net pension and net OPEB liabilities are also classified as noncurrent. Other liabilities reported on the Statement of Net Position consist of an asset retirement obligation (ARO) and the portion of the bookstore service concession arrangement liability that is expected to be paid beyond one year.

Net Pension and Net OPEB Liabilities

For purposes of measuring net pension and net OPEB liabilities, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the fiduciary net position as well as additions to and deductions from each plan's fiduciary net position have been determined on the same basis as they are reported by each plan. For this purpose, plan member contributions are recognized in the period the contributions are due. Employer contributions are recognized in the period the contributions are appropriated. Benefits and refunds to pension plan members are both recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

Deferred Outflows and Deferred Inflows of Resources

The University reports changes in the net pension and net OPEB liabilities not included in pension or OPEB expense, respectively, as deferred outflows of resources or deferred inflows of resources. The University's contributions to the pension and OPEB plans made subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources.

Gains and losses on refunded debt are reported as deferred inflows of resources and deferred outflows of resources, respectively, and represent the difference between the reacquisition price and the net carrying amount of the refunded bonds. Such amounts are amortized as a component of interest expense on a straight-line basis over the life of either the old debt or the new debt, whichever is shorter.

For lessor arrangements, the deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease income on a straight-line basis over the lease term. For service concession arrangements, the difference between payments received and contractual liabilities is reported as a deferred inflow of resources and is recognized as revenue over the contract term. Certain AROs are reported as deferred outflows of resources and are recognized over the remaining useful life of the related asset.

Net Position

GASB requires that resources be classified for accounting and reporting purposes into the following categories of net position:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds, notes, and liabilities that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component.
- **Restricted nonexpendable:** Endowment and similar type assets for which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.
- **Restricted expendable:** Assets reduced by liabilities and deferred inflows of resources related to those assets that are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.
- **Unrestricted:** The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets.” These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

The University’s policy regarding whether to first apply restricted or unrestricted resources when an expense is

incurred is based on a variety of factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, the University’s budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

To ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained internally following the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

- **Operating revenues and expenses:** Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts, when the contract terms are met or completed. Operating expenses include all expense transactions incurred other than those related to investing or financing, irrespective of whether the revenues associated with those expenses are classified as operating or nonoperating. These expenses are reported using natural classification, comprehensive of expenses incurred under both educational and general programs and auxiliary enterprises. See also Note 16 for operating expenses presented by functional classification.
- **Nonoperating revenues and expenses:** All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, federal and state financial aid, noncapital gifts, and investment income. Interest expense and disposal of capital assets, net, are also reported as nonoperating.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the

difference between the stated charge for goods and services provided by the University and the amount that is ultimately paid by students or on their behalf. Any aid applied directly to student accounts in payment of tuition and fees, housing charges, or dining services is reflected as a scholarship allowance deducted from the University's operating revenues. Scholarships and fellowships expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position includes financial aid payments made directly to students.

UConn Health MOUs

The University manages certain operations for UConn Health in exchange for payment. These payments cover operating expenses related to public safety, marketing, library services, technology commercialization, and other miscellaneous services. The terms of these arrangements are outlined in formal MOUs that are reviewed and agreed upon by both parties on an annual basis. The revenues from UConn Health MOUs are recorded as part of other sources under operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (see Note 15).

Other Significant Transactions

The American Rescue Plan Act (ARPA), was passed by U.S. Congress and signed into law on March 11, 2021, to address the economic impact associated with the coronavirus pandemic (COVID-19). ARPA authorized the Higher Education Emergency Relief Fund III (HEERF III), in which \$57.3 million of direct federal funding was allocated to the University. HEERF III requires institutions to use no less than 50 percent of the full allocation to provide emergency financial aid to students and no more than 50 percent can be spent on institutional use. During fiscal year 2022, the University disbursed \$28.6 million of HEERF III funds to students as emergency grants to cover expenses due to COVID-19. For the institutional portion, \$28.4 million was designated to the University to offset revenue losses incurred by the pandemic. The remaining \$0.3 million was allocated to the University for its two regional campuses considered eligible as minority-serving institutions. The HEERF III funds were reported as federal and state financial aid under nonoperating revenues, and the emergency grants disbursed to students were reported as scholarships and fellowships under operating expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2022.

In addition to the direct federal funding received, the State allotted \$25.0 million to the University in fiscal year 2022. The allotment included \$5.0 million from the Coronavirus Relief Fund (CRF) to offset certain eligible COVID-19 expenses, and \$20.0 million through the State's ARPA allocation to offset housing and dining revenue losses incurred because of COVID-19. The total \$25.0 million

was recorded as federal and state financial aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2022.

NOTE 2. CASH AND CASH EQUIVALENTS, DEPOSITS, AND INVESTMENTS

The University's total cash and cash equivalents, deposits, and investments included the following as of June 30, 2022 (amounts in thousands):

	<u>2022</u>
<u>Cash and Cash Equivalents</u>	
Cash maintained by State Treasurer	\$ 309,176
Invested in STIF	24,972
Other deposits	3,259
Total Cash and Cash Equivalents	<u>337,407</u>
<u>Deposits with Bond Trustee</u>	
Invested in STIF	195,228
Total Deposits with Bond Trustee	<u>195,228</u>
<u>Investments</u>	
Foundation-managed endowments	17,517
UConn Innovations Fund, LLC	715
Total Investments	<u>18,232</u>
Total Cash and Cash Equivalents, Deposits, and Investments	<u>\$ 550,867</u>

Cash and Cash Equivalents

Collateralized deposits are protected by State General Statute. This statute requires that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined mainly by the bank's financial condition, which is measured using ratios of leverage, net worth, and risk-based capital. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized. As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency such as the University are protected cannot be readily determined.

The University's cash management investment policy permits the University to invest in STIF, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, bankers' acceptances, certificates of deposit (including Euro Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts.

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions

of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF had a Standard and Poor's rating of AAAM and a weighted average maturity of 29 days as of June 30, 2022.

Deposits with Bond Trustee

Deposits of the University include UCONN 2000 bond indenture related funds held by the Trustee Bank at the direction of the University. As of June 30, 2022, deposits with bond trustee included \$195.2 million invested in STIF. Of this amount, \$14.0 million is related to the Renewal and Replacement Fund, an indenture defined account funded with non-bond proceeds.

Foundation-Managed Endowments

The University designated the Foundation as the manager of the University's endowment funds. The Foundation makes spending allocation distributions to the University for each participating endowment. The distribution is spent by the University in accordance with the respective purposes of the endowments, the policies and procedures of the University and State General Statutes, and in accordance with the Foundation's endowment spending policy described in the following section.

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees. As of June 30, 2022, net appreciation gains of \$1.3 million were reported as restricted expendable in the accompanying Statement of Net Position.

The Foundation's endowment spending allocation policy adheres to the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA considers prudence in maintaining an endowment fund in perpetuity. Therefore, spending can occur from an endowment fund whose fair value is below its historic value as long as the governing body has determined that its policies will continue the perpetual nature of the endowment over time.

The amount of funds allocated for expenditure for the purposes for which an endowment was established equals 4 percent annually (1 percent per quarter) of the rolling 12-quarter average fair value on a unitized basis. The

corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the accumulated net total investment return for individual endowment funds where available, otherwise from principal.

An advancement fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities to donors and the University. The endowment spending allocation and advancement fee taken together cannot exceed 6.5 percent or fall below 3 percent of the quarterly fair value of endowment funds. Should this occur, the calculated amounts will be decreased or increased, respectively, on a pro rata basis.

Over the long term, the Foundation expects the current spending allocation and advancement fee policies to allow endowments to grow on average at least at the annualized rate of inflation. This is consistent with the organization's objective of providing resources for the underlying purposes of its endowment assets over the life of the endowments, whether in perpetuity or for a specified term, as well as to provide additional growth through new gifts and investment returns.

University endowment investments are managed by the Foundation in a pooled portfolio that is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for the pooled investment portfolio, providing that the maximum exposure with any one manager would be 10 percent of the portfolio at the time of investment. The Foundation's Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio. The Foundation expects that portfolios will be invested in only the strategies described in the following table, and not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

<u>Investment Objectives and Strategies</u>	<u>Allocation Range as Percentage of Fair Value</u>
<u>Growth</u>	
Global equity	30% – 90%
<u>Risk Minimizing</u>	
Global fixed income	10% – 70%
Cash	0% – 10%
<u>Inflation Hedging</u>	
Real assets	0% – 10%

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its

investments. Certain investments of the Foundation include external investment pools. Publicly traded fixed income investments totaled \$1.9 million as of June 30, 2022. These represent an investment in a single fixed income fund for which a credit rating is not available. The University endowment's foreign publicly traded equities totaled \$4.4 million as of June 30, 2022. Private capital investments totaled approximately \$427,000 as of June 30, 2022.

Other Investments

Certain investments are also held directly by the University. The University held an ownership interest in UConn Innovation Fund, LLC as of June 30, 2022 (see Note 15).

Fiduciary Investments

The investments of the University of Connecticut Department of Dining Services Money Purchase Pension Plan are reported in the accompanying Statement of Fiduciary Net Position. The University is responsible for ensuring these assets are used only for their intended purposes and cannot use them to finance its operations. Under the direction of the University of Connecticut Department of Dining Services, the investments are invested by a third-party administrator and are subject to risk due to the uncollateralized nature of the investments.

Funds Held in Trust by Others

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary and the funds are not under the direct control of the University. Accordingly, the assets of these

funds are not included in the accompanying financial statements. The fair value of these funds was \$16.1 million as of June 30, 2022. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the year ended June 30, 2022, was \$831,000.

Fair Value Measurement

Certain investments managed by the Foundation are measured at fair value pricing using NAV, or its equivalent. NAVs provided by third-parties have been utilized in determining fair value where there are significant unobservable inputs related to Level 3 assets, as all investments have been made through commingled fund structures with no direct ownership. The Foundation's investment managers utilize outside pricing services and administrators as well as their own internal valuation models in determining and verifying fair values.

The Foundation performs ongoing due diligence with its investment managers that includes evaluation of managers' operations and valuation procedures, site visits, investor calls, and review of manager filings and audited financial statements. The Investment Committee of the Foundation's Board of Directors monitors the performance of investment managers and meets formally with managers on a periodic basis in addition to the ongoing due diligence performed by the Foundation investment staff.

The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the investment balance presented in the Statement of Net Position and the Statement of Fiduciary Net Position as of June 30, 2022 (amounts in thousands):

	2022				
	Level 1	Level 2	Level 3	NAV	Total
<u>Foundation-Managed Investments</u>					
Cash and cash equivalents	\$ 1,494	\$ -	\$ -	\$ -	\$ 1,494
Fixed income securities					
Corporate investment grade	1,855	-	-	-	1,855
Equity securities					
Domestic	7,889	-	-	-	7,889
Offshore	4,401	-	-	-	4,401
Private capital					
Buyout and venture capital	-	-	-	236	236
Debt	-	-	-	188	188
Royalties	-	-	-	2	2
Long and short equities	-	-	-	1	1
Private real estate	-	-	-	8	8
Private natural resources	-	-	-	288	288
Relative value	-	-	-	1,155	1,155
Total Foundation-Managed Investments	<u>15,639</u>	<u>-</u>	<u>-</u>	<u>1,878</u>	<u>17,517</u>
<u>University-Held Investments</u>					
Other	-	-	-	715	715
Total University-Held Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>715</u>	<u>715</u>
Total Investments – University	<u>\$ 15,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,593</u>	<u>\$ 18,232</u>
<u>Fiduciary Investments</u>					
Cash and cash equivalents	\$ 112	\$ -	\$ -	\$ -	\$ 112
Debt securities	5,176	-	-	-	5,176
Equity securities	5,524	-	-	-	5,524
Total Investments – Fiduciary	<u>\$ 10,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,812</u>

The Foundation has agreements with external investment managers that include certain redemption terms and restrictions as noted in the following table as of the fiscal year ended June 30, 2022 (amounts in thousands):

Investment Strategy	2022				
	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions
Private capital partnerships including venture, buyout, and debt in the U.S. and international, and other	\$ 427	\$ 112	Less than 1 to 8 years	Not applicable	Not redeemable
Private real estate partnerships in commercial, residential, office, and industrial properties	8	35	1 to 3 years	Not applicable	Not redeemable
Natural resource partnerships in energy and timber	288	36	1 to 5 years	Not applicable	Not redeemable
Total	<u>\$ 723</u>	<u>\$ 183</u>			

NOTE 3. ACCOUNTS AND LOANS RECEIVABLE

Accounts receivable and loans receivable as of June 30, 2022, consisted of the following (amounts in thousands):

	<u>2022</u>
Grants and contracts	\$ 49,401
Student and general	35,290
Investment and interest income	616
Lease receivables	207
Allowance for doubtful accounts	<u>(11,729)</u>
Total Accounts Receivable, Net	<u>\$ 73,785</u>

The University participates in the U.S. Department of Education Federal Direct Lending Program. Under this program, the University distributed loans of \$179.7 million in fiscal year 2022 to students, including those enrolled in UConn Health programs. These distributions

and related funding are not reflected as expenses and revenues in the accompanying financial statements. However, related cash inflows and outflows are shown in the accompanying Statement of Cash Flows. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2022, was \$2.7 million; this amount was included as a receivable under grants and contracts.

The University reported student and other loans receivable of \$4.4 million for the fiscal year ended June 30, 2022. This balance is primarily composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and are reported separately from accounts receivable in the accompanying Statement of Net Position. The 2022 amount is reported net of an allowance for doubtful accounts of \$0.3 million at June 30, 2022. See Note 8 for information regarding the closeout of the Federal Perkins Loan Program.

NOTE 4. CAPITAL ASSETS

The following table reflects the changes in capital assets for the year ended June 30, 2022 (amounts in thousands):

	<u>(Restated)</u> <u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
<u>Capital Assets Not Being Depreciated</u>					
Land	\$ 25,985	\$ 6,449	\$ -	\$ -	\$ 32,434
Construction in progress	145,157	169,364	-	(23,055)	291,466
Art and historical collections	56,768	433	(42)	-	57,159
Total Capital Assets Not Being Depreciated	<u>227,910</u>	<u>176,246</u>	<u>(42)</u>	<u>(23,055)</u>	<u>381,059</u>
<u>Depreciable Capital Assets</u>					
Non-structural improvements	539,081	6,713	-	685	546,479
Buildings and improvements	2,907,727	56,653	(75)	22,370	2,986,675
Intangible assets	64,739	4,683	(1,717)	-	67,705
Right-to-use assets	144,041	1,921	-	-	145,962
Library materials	55,587	468	-	-	56,055
Equipment	299,519	16,194	(15,139)	-	300,574
Total Depreciable Capital Assets	<u>4,010,694</u>	<u>86,632</u>	<u>(16,931)</u>	<u>23,055</u>	<u>4,103,450</u>
<u>Less Accumulated Depreciation</u>					
Non-structural improvements	192,189	15,293	-	-	207,482
Buildings and improvements	1,282,251	87,725	(46)	-	1,369,930
Intangible assets	40,476	7,639	(1,665)	-	46,450
Right-to-use assets	-	7,088	-	-	7,088
Library materials	51,447	823	-	-	52,270
Equipment	210,823	16,998	(12,773)	-	215,048
Total Accumulated Depreciation	<u>1,777,186</u>	<u>135,566</u>	<u>(14,484)</u>	<u>-</u>	<u>1,898,268</u>
<u>Depreciable Capital Assets, Net</u>	<u>2,233,508</u>	<u>(48,934)</u>	<u>(2,447)</u>	<u>23,055</u>	<u>2,205,182</u>
<u>Capital Assets, Net</u>	<u>\$ 2,461,418</u>	<u>\$ 127,312</u>	<u>\$ (2,489)</u>	<u>\$ -</u>	<u>\$ 2,586,241</u>

NOTE 5. UNEARNED REVENUE

As of June 30, 2022, unearned revenue included the following (amounts in thousands):

	<u>2022</u>
Tuition, fees, and other student charges	\$ 21,569
Amounts received from grant sponsors	18,534
Athletic tickets, commitments, and other	<u>6,186</u>
Total Unearned Revenue	<u>\$ 46,289</u>

NOTE 6. LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended June 30, 2022, was as follows (amounts in thousands):

	(Restated)				
	Balance			Balance	Current
	July 1, 2021	Additions	Retirements	June 30, 2022	Portion
General obligation bonds	\$ 1,583,660	\$ 227,185	\$ (127,495)	\$ 1,683,350	\$ 134,975
Student Fee Revenue Bonds	200,915	-	(6,010)	194,905	9,020
Financed purchase agreements					
Cogeneration Facility	23,686	-	(5,059)	18,627	5,174
Installment loans	-	267	(47)	220	51
Long-term software commitments	9,809	2,643	(4,710)	7,742	3,942
American Athletic Conference exit fee	7,194	-	(1,135)	6,059	1,160
Total Long-Term Debt	<u>1,825,264</u>	<u>230,095</u>	<u>(144,456)</u>	<u>1,910,903</u>	<u>154,322</u>
Premiums and discounts	251,536	34,292	(20,257)	265,571	21,259
Total Long-Term Debt, Net	<u>\$ 2,076,800</u>	<u>\$ 264,387</u>	<u>\$ (164,713)</u>	<u>\$ 2,176,474</u>	<u>\$ 175,581</u>

The UConn 2000 Infrastructure Improvement Program (UCONN 2000) established by The University of Connecticut 2000 Act (Act) is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a 32-year capital budget program in three phases, estimated to cost \$4,644.3 million. The Act was originally adopted in 1995 to authorize and finance the UCONN 2000 Phase I Projects and the UCONN 2000 Phase II Projects at University campuses not including UConn Health. The Act was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UCONN 2000 Phase III Projects that included projects at UConn Health.

In 2010, the General Assembly enacted and the Governor signed Public Act (PA) 10-104 that increased the cost of certain UConn Health projects, authorized additional projects for UConn Health, and extended UCONN 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed PA 11-75 that increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed PA 13-233, Next Generation Connecticut, that authorized additional projects, increased the cost of certain projects, increased the authorized funding amount for bonds secured by the State debt service commitment, and extended UCONN 2000 for an additional six fiscal years to 2024.

In 2017, the General Assembly enacted and the Governor signed PA 17-2 that extended UCONN 2000 for an additional three fiscal years to 2027, but did not increase the total amount that may be authorized by the Board of Trustees for the UCONN 2000 projects.

In June 2021, the Governor signed PA 21-2 increasing the State debt service commitment amount for fiscal year 2022 by \$25.0 million to \$215.5 million, which increased the fiscal year 1996 to 2027 total State debt service commitment amounts to \$4,307.9 million. The estimated costs in the Act were also changed including increasing the project known as “Deferred Maintenance/Code/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities – Health Center”.

UCONN 2000 is to be funded in part by the issuance of \$4,307.9 million of general obligation bonds of the University secured by the State debt service commitment. The balance of the estimated cost of UCONN 2000 projects that is not to be financed by the University’s bonds secured by the State debt service commitment may be funded by the issuance of the University’s Student Fee Revenue Bonds, other University debt obligations, State general obligation bonds, from gifts, and other revenue or borrowing resources of the University.

The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. Sufficient proceeds are deposited into irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State debt service commitment. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State debt service commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State debt service commitment.

In April 2022, the University issued 2022 Series A General Obligation Bonds at a face value of \$227.2 million. The total bonds were issued at a premium of \$34.3 million. Total net proceeds realized from the 2022 Series A Bonds were \$260.0 million after the payment of issuance costs and underwriter fees. Of this amount, \$13.0 million was allocated to finance projects at UConn Health.

As general obligation bonds are issued, nonoperating revenue for State debt service commitment for principal is recognized at face value less any refunded debt and amounts set aside to finance UConn Health projects. For the year ended June 30, 2022, the total State debt service commitment for principal recognized was \$214.2 million. The portion of proceeds allocated to UConn Health is recorded as due to affiliate in the accompanying Statement of Net Position. As of June 30, 2022, the unspent portion of this balance was \$15.1 million. In addition, nonoperating revenue for State debt service commitment for interest on general obligation bonds of \$75.9 million was recognized for the year ended June 30, 2022, of which approximately \$21.5 million was associated with UConn Health projects. As of June 30, 2022, approximately \$442.9 million of the total outstanding principal on general obligation bonds pertained to proceeds used to finance UConn Health projects.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are backed

by certain pledged revenues of the University. There were no Student Fee Revenue Bonds issued or refunded in fiscal year 2022.

Student Fee Revenue Bonds are secured by certain pledged revenues as defined in the indenture. In fiscal year 2022, this consisted of gross and net revenues of approximately \$119.1 million. Gross pledged revenues include the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and other revenues. Other revenues consist of the FIT (Facilities Investment Together) surcharge on athletic ticket sales plus investment income on certain bond accounts held by the Trustee Bank. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, board (dining) fee, and parking and transportation fees, after providing for the cost of maintaining, repairing, insuring, and operating the facilities for which the fees are imposed and before depreciation expense is deducted. For fiscal year 2022, the University allocated \$28.4 million of HEERF III funding to the cost of maintaining, repairing, insuring, and operating the facilities as defined above to help offset significant COVID-19 losses included in the net pledged revenues calculation. In addition to securing Student Fee Revenue Bonds, the gross and net pledged revenues available are pledged toward certain other debt. The University has covenanted to collect, in each fiscal year, fees representing pledged revenues so that the sum of gross and net revenue amounts is no less than 1.25 times the debt service requirements in each respective fiscal year for its Student Fee Revenue Bonds.

The total principal and interest remaining to be paid on all Student Fee Revenue Bonds as of June 30, 2022, was \$311.9 million. The total amount of \$6.0 million for the principal and \$9.7 million for the interest was paid on this debt from pledged revenues in fiscal year 2022.

Unamortized premiums and discounts are recorded as additions or reductions to the face value of bonds payable. These amounts are amortized using the straight-line basis over the life of the bonds, reducing interest expense for premiums, and increasing it for discounts.

Bonds outstanding as of June 30, 2022, consisted of the following (amounts in thousands):

Type of Bond and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2022 Balance
GO 2013 Series A	\$ 172,660	2034	2.0-5.0%	\$ 103,585
GO 2013 Refunding Series A	51,250	2024	2.0-5.0%	17,610
GO 2014 Series A	109,050	2034	2.0-5.0%	65,415
GO 2014 Refunding Series A	92,940	2025	2.0-5.0%	3,980
GO 2015 Series A	220,165	2035	1.0-5.0%	143,105
GO 2015 Refunding Series A	34,625	2026	4.0-5.0%	13,735
GO 2016 Series A	261,510	2036	3.0-5.0%	183,050
GO 2016 Refunding Series A	80,425	2027	4.0-5.0%	18,585
GO 2017 Series A	311,200	2037	2.5-5.0%	233,400
GO 2018 Series A	276,075	2038	3.0-5.0%	220,860
GO 2019 Series A	174,785	2038	3.0-5.0%	148,565
GO 2019 Refunding Series A	64,680	2028	5.0%	45,325
GO 2020 Series A	160,230	2041	3.0-5.0%	152,215
GO 2020 Refunding Series A	119,085	2031	1.5-5.0%	106,735
GO 2022 Series A	227,185	2042	3.0-5.0%	227,185
Total General Obligation Bonds	<u>2,355,865</u>			<u>1,683,350</u>
SFR 2012 Refunding Series A	87,980	2030	1.5-5.0%	61,170
SFR 2018 Series A	141,725	2048	3.0-5.25%	133,735
Total Student Fee Revenue Bonds	<u>229,705</u>			<u>194,905</u>
Total Bonds	<u>\$ 2,585,570</u>			<u>\$ 1,878,255</u>

Bond obligations are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

Year(s)	General Obligation Bonds			Student Fee Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 134,975	\$ 81,241	\$ 216,216	\$ 9,020	\$ 9,387	\$ 18,407
2024	130,455	74,113	204,568	9,485	8,925	18,410
2025	125,255	67,687	192,942	9,960	8,453	18,413
2026	121,395	61,579	182,974	10,450	7,957	18,407
2027	117,675	55,535	173,210	11,000	7,421	18,421
2028-2032	532,670	194,518	727,188	44,480	29,044	73,524
2033-2037	400,830	78,449	479,279	23,610	22,132	45,742
2038-2042	120,095	13,563	133,658	29,790	15,947	45,737
2043-2047	-	-	-	38,200	7,524	45,724
2048-2052	-	-	-	8,910	234	9,144
Total	\$ 1,683,350	\$ 626,685	\$ 2,310,035	\$ 194,905	\$ 117,024	\$ 311,929

Other debt obligations of the University include financed purchase agreements, long-term software commitments, and the American Athletic Conference (AAC) exit fee liability. Financed purchase agreements consist of the Cogeneration Facility and equipment installment loans. The University's Cogeneration Facility is financed by a 20-year purchase agreement that was entered into in December 2003. The Cogeneration Facility provides on-site generation of electricity, steam, and chilled water for heating and cooling at the University's Storrs campus. The project to establish the facility initially assumed a total cost of \$75.0 million and included the construction of a building and the engineering, design, and installation of certain equipment. The purchase agreement was later amended in August 2005 when the anticipated cost increased to \$81.9 million. The required monthly debt service payments also decreased due to subsequent amendments to \$462,000 and are payable through December 2025.

Long-term software commitments represent the University's obligation to make payments to various vendors in accordance with contract terms in exchange for the right to use certain software applications.

The AAC exit fee liability represents the remaining balance owed to the conference after the University's withdrawal in fiscal year 2020. On June 30, 2020, the AAC exit fee balance was \$7.8 million and is payable annually in six equal installments of \$1.3 million, commencing on July 1, 2021. The University records the AAC exit fee liability at a discounted value using an imputed interest rate of 2.2 percent. The amount reported as of June 30, 2022, was shown net of imputed interest of \$406,000. The University has the discretion to pay the remainder of the exit fee in full at any time.

Other debt obligations outstanding as of June 30, 2022, consisted of the following (amounts in thousands):

Type of Debt and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2022 Balance
Financed purchase agreements				
Cogeneration Facility	\$ 81,900	2026	2.22%	\$ 18,627
Installment loans	267	2027	3.23%	220
Long-term software commitments	15,648	various	0.66 - 4.94%	7,742
American Athletic Conference exit fee	7,194	2027	2.20%	6,059
Total Other Debt	<u>\$ 105,009</u>			<u>\$ 32,648</u>

Other debt obligations are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

Year(s)	Long-Term Debt - Other		
	Principal	Interest	Total
2023	\$ 10,308	\$ 793	\$ 11,101
2024	9,250	487	9,737
2025	7,538	245	7,783
2026	4,282	77	4,359
2027	1,270	28	1,298
Total	\$ 32,648	\$ 1,630	\$ 34,278

NOTE 7. LEASES**University as Lessee**

The University leases building space and equipment from external parties. Building space includes student housing, classroom, retail, laboratory, library, and office space. A summary of lease asset activity by major classes of underlying assets as of June 30, 2022, was as follows (amounts in thousands):

	(Restated)			Balance
	Balance	Additions	Deductions	Balance
	July 1, 2021			June 30, 2022
<u>Right-to-Use Assets</u>				
Buildings	\$ 139,460	\$ 1,776	\$ -	\$ 141,236
Equipment	4,581	145	-	4,726
Total Right-to-Use Assets	144,041	1,921	-	145,962
<u>Less Accumulated Amortization</u>				
Buildings	-	6,732	-	6,732
Equipment	-	356	-	356
Total Accumulated Amortization	-	7,088	-	7,088
Total Right-to-Use Assets, Net	\$ 144,041	\$ (5,167)	\$ -	\$ 138,874

A summary of changes in the related lease liabilities during the year ended June 30, 2022, was as follows (amounts in thousands):

	(Restated)			Balance	Current
	Balance	Additions	Retirements	Balance	Portion
	July 1, 2021			June 30, 2022	
Lease liabilities	\$ 144,041	\$ 1,921	\$ (4,574)	\$ 141,388	\$ 3,873

The related lease liabilities are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

Year(s)	Lease Liabilities		
	Principal	Interest	Total
2023	\$ 3,873	\$ 4,004	\$ 7,877
2024	4,269	3,592	7,861
2025	4,400	3,512	7,912
2026	4,522	3,427	7,949
2027	4,571	3,340	7,911
2028-2032	14,610	15,582	30,192
2033-2037	11,785	13,967	25,752
2038-2042	10,866	12,431	23,297
2043-2047	14,280	10,680	24,960
2048-2052	17,386	8,445	25,831
2053-2057	22,658	5,622	28,280
2058-2062	27,652	2,073	29,725
2063-2067	516	-	516
Total	\$ 141,388	\$ 86,675	\$ 228,063

University as Lessor

The University leases building space and cell towers to external parties. For the fiscal year ended June 30, 2022, the University recognized lease and interest income of \$230,000.

NOTE 8. OTHER LONG-TERM LIABILITIES

Long-term liability activity other than debt and bonds payable and lease liabilities for the year ended June 30, 2022, was as follows (amounts in thousands):

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Current Portion
Compensated absences	\$ 43,144	\$ 2,518	\$ (7,227)	\$ 38,435	\$ 20,822
Federal refundable loans	6,293	307	(1,541)	5,059	1,053
Net pension liabilities	1,522,663	128,984	(245,351)	1,406,296	-
Net OPEB liability	2,087,164	64,746	(442,734)	1,709,176	-
Other liabilities					
Service concession arrangement	3,170	-	(691)	2,479	663
Asset retirement obligation	144	-	-	144	-
Total Other Long-Term Liabilities	<u>\$ 3,662,578</u>	<u>\$ 196,555</u>	<u>\$ (697,544)</u>	<u>\$ 3,161,589</u>	<u>\$ 22,538</u>

The federal refundable loans include the liability for the Federal Perkins Loan Program that expired September 30, 2017. No new disbursements were permitted under the program after June 30, 2018. As part of the closeout of the Federal Perkins Loan Program, the University opted to continue to service outstanding loans, assign defaulted loans, and return the federal portion of the program's total cash on hand as required by the U.S. Department of Education.

An ARO in the amount of \$144,000 is recorded in other long-term liabilities relating to the University's 90-day storage facility for hazardous waste. The closure of these facilities is subject to State regulations as defined by the Connecticut Department of Energy and Environmental Protection. In fiscal year 2015, the University paid \$144,000 to close its former 90-day storage facility. The University considers this a reasonable estimate to close the new facility, which has a 40-year useful life beginning January 1, 2017.

The University has an ARO relating to the closure of its Wastewater Treatment Facility that is not yet recognized because it cannot be reasonably estimated.

NOTE 9. RETIREMENT PLANS**State Retirement Systems**

The University sponsors two defined benefit plans administered through the State: the State Employees Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov.

Plan descriptions. SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-

sponsored retirement plan. Approximately 59 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

TRS is a cost-sharing multiple-employer defined benefit plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with the University and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State legislature and is administered by the Teachers' Retirement Board.

Benefits provided. SERS provides retirement, disability, and death benefits along with cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated following a basic formula that takes into consideration average salary, credited service, and age at retirement. The details on plan benefits for the Tier IV Plan, revised COLAs for plan members retiring on or after July 1, 2022, and revised disability retirement requirements are described in the State Employees' Bargaining Agent Coalition (SEBAC) 2017 agreement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192x of the State General Statutes.

TRS also provides retirement, disability, and death benefits along with annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest 3 years of paid salaries. Members are 100 percent vested after 10 or more years of credited service. Further information on TRS plan benefits, COLAs, and other plan provisions are described

in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions. SERS contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates* for the fiscal year ended June 30, 2022, were as follows:

- Tier I Hazardous – 6 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level
- Tier I Plan B – 4 percent of earnings up to Social Security Taxable Base plus 7 percent of earnings above that level
- Tier I Plan C – 7 percent of earnings
- Tier II Hazardous – 6 percent of earnings
- Tier II (all others) – 2 percent of earnings
- Tier IIA and III Hazardous – 7 percent of earnings
- Tier IIA and III (all others) – 4 percent of earnings
- Tier IV Hazardous – 8 percent of earnings
- Tier IV (all others) – 5 percent of earnings

*Contributions may vary for anyone electing to maintain retirement eligibility.

In accordance with the SEBAC 2017 agreement, in years where asset losses require further increases in contributions, Tier IV employees’ contributions may increase by half the necessary increase in rates (up to 2 percent). Finally, all Tier IV employees must contribute 1 percent to the defined contribution component of the Hybrid Plan and may elect additional contributions of up to 3 percent of salary. The State is required to contribute at an actuarially determined rate to the defined benefit component and 1 percent of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011, who were otherwise eligible for the State Alternate Retirement Plan, were eligible to become members of the Hybrid Plan in addition to their existing choices. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3 percent higher than the contribution required from the applicable Tier II, IIA, or III Plan.

TRS contribution requirements are also established and may be amended by the State legislature. Plan members are required to contribute 7 percent of their annual salary. Employer contributions are funded by the State on behalf

of the participating municipal employers, which is considered to be a special funding situation. However, this special funding situation does not apply to the University, an agency of the State, because there is not a separate non-employer contributing entity.

The University contributes to both plans on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. The rates of actual University contributions as a percentage of covered payroll during fiscal year 2022 were 46.5 percent and 44.4 percent for SERS and TRS, respectively. These amounts are expected to finance the costs of benefits earned by employees during the year and any unfunded accrued liability. The University’s contributions for fiscal year 2022 were \$132.9 million and \$617,000 for SERS and TRS, respectively.

Proportionate share of the collective net pension liability (NPL) and pension expense. The total pension liability (TPL) used to calculate the NPL was determined based on the annual actuarial funding valuation reports as of June 30, 2021 and 2020, for SERS and TRS, respectively. The TRS TPL was rolled forward to the measurement date of June 30, 2021.

Since the prior measurement date for SERS, wage inflation assumed rate, assumed salary scale, rates of withdrawal, disability retirement, service retirement and mortality were adjusted to reflect actual and anticipated experience more closely. Analysis and basis for these changes are included in the latest Experience Investigation for the five-year period ending June 30, 2020.

The University’s proportion of the collective NPL was based on the University’s share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, the University’s proportion was 6.58 percent and 0.04 percent for SERS and TRS, respectively, at the measurement date of June 30, 2021. SERS increased by 0.20 of a percentage point from its proportion measured as of June 30, 2020, and TRS increased by less than 0.01 of a percentage point from the same measurement date.

The University’s proportionate share of the collective NPL at June 30, 2022, and related pension expense for fiscal year 2022 consisted of the following (amounts in thousands):

	SERS	TRS	Total
Proportionate share of the collective NPL	\$ 1,400,123	\$ 6,173	\$ 1,406,296
Pension expense	\$ 171,189	\$ 372	\$ 171,561

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	<u>SERS</u>	<u>TRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Changes in assumptions	\$ -	\$ 1,253	\$ 1,253
Changes in proportion and differences between University contributions and proportionate share of contributions	179,156	415	179,571
University contributions subsequent to the measurement date	132,911	617	133,528
Difference between expected and actual experience	96,872	-	96,872
Total Deferred Outflows	<u>\$408,939</u>	<u>\$ 2,285</u>	<u>\$411,224</u>
<u>Deferred Inflows of Resources</u>			
Changes in assumptions	\$ 2,581	\$ -	\$ 2,581
Changes in proportion and differences between University contributions and proportionate share of contributions	2,413	168	2,581
Net differences between projected and actual earnings on pension plan investments	98,726	801	99,527
Difference between expected and actual experience	-	165	165
Total Deferred Inflows	<u>\$103,720</u>	<u>\$ 1,134</u>	<u>\$104,854</u>

The \$133.5 million in deferred outflows relating to University contributions made subsequent to the measurement date will be recognized as a reduction of the NPL in the reporting year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows (amounts in thousands):

<u>Fiscal Year</u>	<u>SERS</u>	<u>TRS</u>	<u>Total</u>
2023	\$ 68,770	\$ 188	\$ 68,958
2024	66,981	171	67,152
2025	36,945	168	37,113
2026	(5,995)	(39)	(6,034)
2027	5,607	48	5,655
Thereafter	-	(3)	(3)
Total	<u>\$ 172,308</u>	<u>\$ 533</u>	<u>\$ 172,841</u>

At June 30, 2022, the University recorded a payable due to State of \$17.2 million in the accompanying Statement of Net Position for the outstanding amount of SERS pension contributions required for the fiscal year ended June 30, 2022.

Actuarial assumptions. The TPL was determined based on the actuarial experience studies for the period July 1, 2015 – June 30, 2020, for SERS and the period July 1, 2014 – June 30, 2019, for TRS, using the following key actuarial assumptions:

	<u>SERS</u>	<u>TRS</u>
Inflation	2.50%	2.50%
Salary increases, including inflation	3.00% – 11.50%	3.00% – 6.50%
Investment rate of return, net of pension plan investment expense, including inflation	6.90%	6.90%

For SERS, the Pub-2010 Mortality Tables projected generationally with scale MP-200:

Non-Hazardous

- Service Retirees: General, above-median, healthy retiree
- Disabled Retirees: General, disabled retiree
- Beneficiaries: General, above-median contingent annuitant
- Active Employees: General, above-median, employee

Hazardous

- Service Retirees: Public safety, above-median, healthy retiree
- Disabled Retirees: Public safety, disabled retiree
- Beneficiaries: Public safety, above-median contingent annuitant
- Active Employees: Public safety, above-median, employee

TRS mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105 percent for males and 103 percent for females ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2021 measurement date are summarized in the following table for SERS and TRS:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity fund	20.0%	5.4%
Developed market intl. stock fund	11.0%	6.4%
Emerging market intl. stock fund	9.0%	8.6%
Core fixed income fund	13.0%	0.8%
Emerging market debt	5.0%	3.8%
High yield bond fund	3.0%	3.4%
Real estate fund	19.0%	5.2%
Private equity	10.0%	9.4%
Private credit	5.0%	6.5%
Alternative investments	3.0%	3.1%
Liquidity fund	2.0%	-0.4%
Total	<u>100.0%</u>	

Discount rate. The discount rate used to measure the TPL was 6.9 percent for SERS and TRS. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Based on those assumptions, the SERS and TRS pension plans' fiduciary net position were 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 TPL.

Sensitivity analysis. The following table presents the University's proportionate share of the collective NPL calculated using the discount rate of 6.9 percent for SERS

and TRS. The table also shows what the University’s proportionate share of the collective NPL 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 (amounts in thousands).

	1% Decrease	Current Discount	1% Increase
SERS	\$ 1,701,533	\$ 1,400,123	\$ 1,148,787
TRS	\$ 8,168	\$ 6,173	\$ 4,516

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS and TRS pension plans is available in the State’s ACFR for the fiscal year ended June 30, 2021.

Alternate Retirement Plan

The University also sponsors the State Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP. Effective in fiscal year 2022, the University’s eligible postdoctoral research associates may also participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired before September 1, 2017, must contribute 5 percent of their eligible compensation, and their employer must contribute 7 percent of eligible compensation. Participants hired on or after September 1, 2017, have the option to contribute 6.5 percent or 5 percent of their eligible compensation and their employer must contribute 6.5 percent of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

The University contributes to the plan on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages of each ARP participant. The University’s ARP pension expense for fiscal year 2022 was \$16.8 million. At June 30, 2022, the University recorded a payable due to State of \$2.8 million in the accompanying Statement of Net Position for the outstanding amount of ARP contributions required for the fiscal year ended June 30, 2022.

Department of Dining Services

The University’s Department of Dining Services (DDS) employs 424 full-time staff, of which 60 participate in either SERS or ARP. The remaining 364 are eligible to participate in two other defined contribution plans: the University of Connecticut Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan (403(b) Retirement Plan). Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

Under the provisions of MPPP, all employees of DDS with at least 700 hours of service and 12 months of service are eligible to participate. DDS is required to contribute 10 percent or 7 percent of covered compensation for eligible employees, dependent upon hire date, and its employees do not make any contributions to MPPP. Employees are vested after three years of credited service. Any amounts forfeited are used to reduce DDS’s contribution. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the MPPP document.

Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed on September 1, 1994, or terminated and rehired prior to September 1, 1995, and who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee’s contributions. Participants hired after August 31, 1994, do not receive a DDS match. Participant and State matches are both 100 percent vested. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the 403(b) Retirement Plan document.

For the fiscal year ended June 30, 2022, pension expense was \$734,000, net of forfeitures of \$5,000, for MPPP, and \$62,000 for the 403(b) Retirement Plan. At June 30, 2022, the University recorded payables for outstanding contributions of \$367,000 and \$31,000, for MPPP and the 403(b) Retirement Plan, respectively, as part of other current liabilities in the accompanying Statement of Net Position. Furthermore, the assets and activities of the MPPP are included in the accompanying Fiduciary Statements.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The State provides OPEB benefits to University employees through the State Employee OPEB Plan (SEOPEBP). SEOPEBP does not issue stand-alone financial reports but is reported as a fiduciary fund within the State’s ACFR. Financial reports are available on the website of the Office of the State Comptroller.

Plan description. SEOPEBP is a single-employer defined benefit OPEB plan that covers employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller’s Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

Benefits provided. SEOPEBP provides healthcare benefits to eligible retirees and their spouses as well as life insurance benefits to employees when they retire. The State may pay up to 100 percent of the healthcare insurance premium cost for eligible retirees. In addition, the State pays 100 percent of the premium cost for a portion of the employees’ life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. Employees hired prior to July 1, 2011, are vested for retiree health benefits upon completion of 10 years of actual state service. Employees hired on or after July 1, 2011, are vested for retiree health benefits upon completion of 15 years of actual state service. If employees should resign from service prior to reaching the age for early or normal retirement eligibility, the employee would be able to receive the retiree health benefits according to the Rule of 75 (age + service = 75). Plan benefits, and other plan provisions are described in sections 5-257 and 5-259 of the State General Statutes. Further information regarding plan changes affecting employees retiring on or after October 2, 2017, are described in the SEBAC 2017 agreement.

Contributions. SEOPEBP is primarily funded on a pay-as-you-go basis. 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 employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary into the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3 percent 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 percent of their salary for 15 years. Contributions are refundable to employees that leave State employment prior to completing the required years of service.

Similar to pension, the University contributes to SEOPEBP on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages for participants in each retirement plan. This amount is expected to finance retiree healthcare service costs and fund the matching employer portion that is equal to the amount contributed by employees to the RHCF each year beginning on July 1, 2017. The University’s rate of actual contributions as a percentage of covered payroll was 14.3 percent and the total amount contributed to the plan was \$75.7 million for the fiscal year ended June 30, 2022.

Proportionate share of the collective net OPEB liability (NOL) and OPEB expense. The total OPEB liability (TOL) used to calculate the NOL was determined based on an actuarial valuation report as of June 30, 2021. The TOL measured since the prior measurement date of June 30, 2020, reflects changes in actuarial assumptions, including a decrease in the discount rate. The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

The University’s proportion of the collective NOL was based on the University’s share of contributions relative to total contributions made to SEOPEBP. Based on this calculation, the University’s proportion was 8.75 percent as of the measurement date of June 30, 2021, which was a decrease of 0.12 of a percentage point from its proportion measured as of June 30, 2020.

The University’s proportionate share of the collective NOL at June 30, 2022, and related OPEB expense for fiscal year 2022 are shown below (amounts in thousands):

	<u>SEOPEBP</u>
Proportionate share of the collective NOL	\$ 1,709,176
OPEB expense	\$ 170,763

At June 30, 2022, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	<u>SEOPEBP</u>
<u>Deferred Outflows of Resources</u>	
University contributions subsequent to the measurement date	\$ 75,681
Changes in assumptions	247,390
Changes in proportion	124,702
Difference between expected and actual experience	27,469
Total Deferred Outflows	<u>\$ 475,242</u>
<u>Deferred Inflows of Resources</u>	
Changes in assumptions	\$ 368,384
Changes in proportion	40,873
Net differences between projected and actual earnings on OPEB plan investments	15,920
Difference between expected and actual experience	33,725
Total Deferred Inflows	<u>\$ 458,902</u>

The \$75.7 million in deferred outflows for contributions made subsequent to the measurement date will be included as a reduction of the NOL in the reporting year ending June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows (amounts in thousands):

<u>Fiscal Year</u>	<u>SEOPEBP</u>
2023	\$ 30,353
2024	39,311
2025	(35,580)
2026	(80,360)
2027	(13,064)
Total	<u>\$ (59,340)</u>

At June 30, 2022, the University recorded a payable due to State of \$11.2 million in the accompanying Statement of Net Position for the outstanding amount of SEOPEBP contributions required for the year ended June 30, 2022.

Actuarial assumptions. The TOL was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>SEOPEBP</u>
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% – 11.50%
Discount rate	2.31% as of June 30, 2021
Healthcare cost trend rates	
Medical and prescription drug	6.00% graded to 4.50% over 6 years
Dental	3.00%
Part B	4.50%
Administrative expense	3.00%

Demographic assumptions used to determine TOL are the same as those used in the most recent actuarial pension valuations and experience studies included in Note 9 disclosures for defined benefit pension plans.

The same long-term expected rate of return of 6.9 percent used in the SERS pension valuation was also used in the SEOPEBP valuation. See Note 9, under SERS, for the target allocation and projected arithmetic real return for each major asset class used in the derivation of the long-term expected investment rate of return.

Discount rate. The discount rate changed from 2.38 percent as of June 30, 2020, to 2.31 percent as of June 30, 2021. The projection of cash flows used in calculating the discount rate included employer contributions actuarially determined in accordance with GASB 75 and employee contributions made in accordance with the current SEBAC agreements. The discount rate used is a blend of the long-term expected rate of return on OPEB trust assets and the municipal bond rate. The municipal bond rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (2.16 percent as of June 30, 2021). The blending is based on sufficiency of projected assets to make projected benefits.

Sensitivity analysis. The following presents the University's proportionate share of the collective NOL and what it would be using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (amounts in thousands):

	<u>Sensitivity of Discount Rate</u>		
	1% Decrease	Current Discount Rate	1% Increase

SEOPEBP	\$ 2,028,740	\$ 1,709,176	\$ 1,455,404
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Also shown is the University's proportionate share of the collective NOL and what it would be using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates (amounts in thousands):

	<u>Sensitivity of Healthcare Cost Trends</u>		
	1% Decrease	Current Trend Rates	1% Increase

SEOPEBP	\$ 1,436,704	\$ 1,709,176	\$ 2,061,860
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OPEB plan fiduciary net position. Detailed information about SEOPEBP's fiduciary net position is available in the State's annual financial report for the fiscal year ended June 30, 2021.

NOTE 11. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2022 (amounts in thousands):

	<u>2022</u>
<u>Deferred Outflows of Resources</u>	
Accumulated losses on debt refundings	\$ 2,074
Amounts related to net pension liabilities	411,224
Amounts related to net OPEB liability	475,242
Amounts related to ARO	124
Total Deferred Outflows of Resources	<u>\$ 888,664</u>
<u>Deferred Inflows of Resources</u>	
Amounts related to service concession arrangement	\$ 3,423
Amounts related to lease receivables	1,790
Accumulated gains on debt refundings	15,016
Amounts related to net pension liabilities	104,854
Amounts related to net OPEB liability	458,902
Total Deferred Inflows of Resources	<u>\$ 583,985</u>

NOTE 12. SERVICE CONCESSION ARRANGEMENT

In June 2016, the University contracted with Barnes & Noble Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. The University recorded an execution payment of \$1.5 million that is amortized over the 10-year period. In March 2017, the contract was amended to include an additional location at the new downtown Hartford campus. The University is obligated to provide bookstore facilities and utilities, including amounts related to the leased locations in Storrs Center and Hartford. Barnes & Noble invested \$4.0 million to improve and furnish the bookstore facilities.

At June 30, 2022, the University reported bookstore facilities as capital assets with a carrying amount of \$5.4 million and a receivable of \$646,000, representing May and June 2022 income. The University also reported a liability of \$2.5 million, representing the present value of the lease obligations and utilities, and a deferred inflow of resources of \$3.4 million that will be amortized as revenue over the remaining contract term.

NOTE 13. COMMITMENTS

The University had outstanding commitments, in excess of \$500,000 each, of \$138.2 million as of June 30, 2022. This amount included \$124.7 million related to capital projects for the University and \$13.5 million in outstanding commitments related to operating expenses. See Note 7 for amounts related to leases.

NOTE 14. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This increased tuition and fee revenues and operating expenses by \$5.9 million for the fiscal year ended June 30, 2022. The total amount of waivers not reflected in the accompanying financial statements was \$67.2 million in fiscal year 2022. Approximately 96 percent of this amount was provided to graduate assistants.

NOTE 15. RELATED PARTY TRANSACTIONS

Transactions with related parties occur in the normal course of the University's operations. The following related party transactions were deemed significant and material in nature:

UConn Health

The University directly engages in transactions with UConn Health. For the fiscal year ended June 30, 2022, the University recorded \$14.7 million in revenues from UConn Health related to services specified in the annual UConn Health MOUs (see Note 1). The University also received amounts from UConn Health related to grants and contracts, sales and services of educational departments and auxiliary enterprises, and other miscellaneous goods and services. For the year ended June 30, 2022, the University reported a receivable from UConn Health of \$4.8 million.

Other sources of operating revenues related to the UConn Health MOUs as of June 30, 2022, contained the following (amounts in thousands):

	<u>2022</u>
Public safety	\$ 8,355
Library services	1,566
Communications (marketing)	1,165
Technology commercialization services	847
Information technology	551
Document production	517
Audit, compliance, privacy	504
Energy initiatives	408
Ombudsman and institutional equity	284
Government relations and other	259
Human resources	258
Revenue from Affiliate	<u>\$ 14,714</u>

In fiscal year 2021, the University also executed an MOU with UConn Health to provide up to \$2.6 million in funding to support the Dermatology Clinic Renovation project. UConn Health repaid the balance owed under this MOU in fiscal year 2022.

The University is also responsible for the management of UCONN 2000 bond funds for UConn Health's construction projects. The unspent portion of these funds was recorded under due to affiliate in the accompanying Statement of Net Position (see Note 6).

The Foundation

The Foundation is a tax-exempt organization supporting the University and UConn Health (see Note 1). The University entered into a written agreement with the Foundation whereby the University agreed to provide financial support to the Foundation through a guaranteed contractual amount and the Foundation agreed to reimburse the University for certain operating expenses incurred on the Foundation's behalf. The terms of the agreement also stipulate that goals, objectives, and financial arrangements are reviewed and agreed upon by both parties on an annual basis.

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2022 (amounts in thousands):

	<u>2022</u>
Total expenses incurred for guaranteed contractual services provided by the Foundation	\$ 11,205
Reimbursements from the Foundation for operating expenses	\$ 273
Capital and noncapital gift and grant revenue from the Foundation	\$ 29,214
Amount receivable from the Foundation*	\$ 9,883

*Included in accounts receivable, net, in the accompanying Statement of Net Position.

The Foundation also has the primary responsibility for alumni engagement activities for the University. The University has granted the Foundation rights to use the Alumni Center building, which is owned by the University, at an annual rental amount of \$1.

In accordance with the terms of a ground lease between the University and the Foundation, approximately 1.58 acres on which the Foundation building was constructed is leased to the Foundation at an annual rental amount of \$1. The initial term of the ground lease is 99 years and the Foundation has the right to extend the term of the ground lease for another 99 years. The ground lease provides that, at its expiration or earlier termination, the Foundation shall surrender the premises and title to the building will be transferred to the University.

The State

The University receives funding from the State for debt service on capital projects via UCONN 2000 (see Note 6). In addition, the State supports the University's mission through State appropriation and the provision of payments for fringe benefits. State appropriation represents amounts appropriated to the University from the General Fund. Payments for fringe benefits are made by the State for reimbursements related to salaries expensed from the General Fund.

State appropriation and the provision of payments for fringe benefits for the year ended June 30, 2022, consisted of the following (amounts in thousands):

	<u>2022</u>
General Fund appropriation received from the State	\$ 248,623
Payments for fringe benefits received from the State	204,155
Increase of General Fund payroll receivable	<u>7,010</u>
Total Appropriation and Payments for Fringe Benefits from the State	<u>\$ 459,788</u>

The State may also issue general obligation bonds to fund capital projects at the University. Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. PA 11-57, as amended by PA 14-98, authorized \$169.5 million of State General Obligation Bonds to create a technology park on the Storrs campus. The State Bond Commission allocated the total \$169.5 million to finance the initial design, development costs, equipment purchases, and construction related to the technology park. These bonds are an obligation of the State and therefore are not recorded as a liability by the University. The remaining allocated funds were fully expended in fiscal year 2022.

UConn Innovation Fund, LLC

On April 14, 2016, the University entered into an agreement with Connecticut Innovations, Inc. and Webster Bank, N.A. to create an investment fund for the purpose of making investments in early-stage technology companies affiliated with the University. The original agreement required each member to contribute \$500,000 to the fund during the commitment period that extended to April 2018. In fiscal year 2019, all parties contributed an additional \$250,000, per an amendment to the agreement. As of June 30, 2022, the University's contribution totaled \$750,000.

Mansfield Downtown Partnership, Inc.

The Mansfield Downtown Partnership, Inc. (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University,

and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Downtown Storrs, King Hill Road, and Four Corners. In accordance with its governing by-laws,

members are required to submit annual dues, as determined by the Board of Directors, in lieu of financial support. In fiscal year 2022, the University paid \$150,000 in annual membership dues to MDP.

NOTE 16. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The table below details the University's operating expenses by functional classification for the year ended June 30, 2022 (amounts in thousands):

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	\$ 295,337	\$ 208,045	\$ 29,366	\$ 1	\$ -	\$ 227	\$ 532,976
Research	60,670	25,429	35,112	-	-	838	122,049
Public service	27,797	20,574	10,146	-	-	146	58,663
Academic support	77,444	69,977	38,043	-	-	59	185,523
Student services	27,240	24,882	7,965	4	-	-	60,091
Institutional support	42,440	39,271	18,532	-	-	-	100,243
Operations and maintenance	36,644	55,443	37,881	17,460	-	-	147,428
Depreciation and amortization	-	-	-	-	135,566	-	135,566
Scholarships and fellowships	409	118	548	-	-	49,473	50,548
Auxiliary enterprises	106,477	72,000	70,952	5,010	-	205	254,644
Total	\$ 674,458	\$ 515,739	\$ 248,545	\$ 22,475	\$ 135,566	\$ 50,948	\$ 1,647,731

NOTE 17. CONTINGENCIES

The University is a party to various legal actions arising in the ordinary course of its operations. Although it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material effect on the University's financial statements.

Hazardous environmental conditions in excess of the U.S. Environmental Protection Agency thresholds were identified in certain properties abutting the former Stamford parking garage. As of June 30, 2022, a liability in the amount of \$6.1 million was recorded under current liabilities in the accompanying Statement of Net Position to complete remediation efforts.

The University also participates in federal, state, and local government programs that are subject to final audit by the granting agencies. Management believes any adjustment of costs resulting from such audits would not have a material effect on the University's financial statements.

NOTE 18. ACCOUNTING CORRECTIONS

As of June 30, 2021, and in previously issued financial reports, the receivable for the State debt service commitment for principal was incorrectly included in net investment in capital assets on the Statement of Net

Position. This receivable is a financial asset that is restricted for debt service and was reclassified within net position to the restricted expendable category in fiscal year 2022. Additionally, the University corrected the net position classifications of certain debt balances related to UConn Health projects and unspent bond proceeds. These reclassifications had no effect on the change in net position. A summary showing the impact of these adjustments on the beginning net position balances as of July 1, 2021, is presented below (amounts in thousands):

	Increase (Decrease)
Net investment in capital assets	\$ (978,201)
Restricted expendable – capital projects	(73,562)
Restricted expendable – debt service	1,051,763
Overall Impact on Net Position, July 1, 2021	\$ -

NOTE 19. SUBSEQUENT EVENTS

ARPA

Subsequent to year-end, the University will be receiving an additional \$39.2 million in one-time funding through the State's ARPA allocation. This amount includes \$500,000 each for a social media impact study in grades K-12 and a Puerto Rican studies initiative. The remaining \$38.2 million will be used as temporary operating support.

Revenue Bond Refunding

In November 2022, the University issued Special Obligation Student Fee Revenue 2022 Refunding Series A Bonds of \$52.5 million. The par amount together with the original issue premium currently refunded \$54.8 million of the Special Obligation Student Fee Revenue 2012 Refunding Series A Bonds providing debt service savings. The bond sale closed on November 15, 2022.

Required Supplementary Information State Employees Retirement System (SERS)

Schedule of University's Proportionate Share of the Collective Net Pension Liability (NPL)

(\$ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective NPL	6.58%	6.39%	5.98%	5.05%	4.78%	4.91%	4.88%	4.51%
Proportionate share of the collective NPL	\$ 1,400,123	\$ 1,514,874	\$ 1,364,546	\$ 1,095,530	\$ 1,007,992	\$ 1,126,394	\$ 805,629	\$ 722,009
University's covered payroll	\$ 271,584	\$ 265,921	\$ 227,836	\$ 198,089	\$ 195,810	\$ 200,845	\$ 189,903	\$ 165,841
Proportionate share of the collective NPL as a percentage of covered payroll	515.54%	569.67%	598.92%	553.05%	514.78%	560.83%	424.23%	435.36%
Plan fiduciary net position as a percentage of the total pension liability	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

Schedule of University Pension Contributions

(\$ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 132,911	\$ 117,659	\$ 103,218	\$ 94,410	\$ 72,898	\$ 73,781	\$ 73,668	\$ 66,875
Actual University contributions	132,911	117,659	103,218	94,410	72,898	73,781	73,668	66,875
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 286,088	\$ 271,584	\$ 265,921	\$ 227,836	\$ 198,089	\$ 195,810	\$ 200,845	\$ 189,903
Actual University contributions as a percentage of covered payroll	46.46%	43.32%	38.82%	41.44%	36.80%	37.68%	36.68%	35.22%

Notes to Required Schedules:

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

Changes of Benefit Terms

2018 – The SEBAC 2017 agreement included changes to benefit terms for existing SERS plans by revising certain factors including employee contribution rates and annual cost-of-living adjustments for members retiring after July 1, 2022. The agreement also implemented a new Tier IV Hybrid Plan.

Changes in Assumptions

2022 – Wage inflation assumed rate changed from 3.50 percent to 3.00 percent; assumed salary scale changed to reflect experience in wage inflation rates of increase; assumed rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected generationally with MP-2020 improvement scale; assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

Required Supplementary Information Teachers' Retirement System (TRS)

Schedule of University's Proportionate Share of the Collective Net Pension Liability (NPL)

(\$ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective NPL	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%	0.04%	0.04%
Proportionate share of the collective NPL	\$ 6,173	\$ 7,789	\$ 6,159	\$ 4,748	\$ 4,717	\$ 4,976	\$ 4,430	\$ 4,090
University's covered payroll	\$ 1,326	\$ 1,334	\$ 1,148	\$ 1,196	\$ 1,364	\$ 1,372	\$ 1,214	\$ 1,191
Proportionate share of the collective NPL as a percentage of covered payroll	465.54%	583.88%	536.50%	397.07%	345.82%	362.68%	364.91%	343.41%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Schedule of University Pension Contributions

(\$ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 617	\$ 455	\$ 419	\$ 452	\$ 304	\$ 135	\$ 426	\$ 425
Actual University contributions	617	455	419	452	304	135	426	425
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 1,389	\$ 1,326	\$ 1,334	\$ 1,148	\$ 1,196	\$ 1,364	\$ 1,372	\$ 1,214
Actual University contributions as a percentage of covered payroll	44.42%	34.31%	31.41%	39.37%	25.42%	9.90%	31.05%	35.01%

Notes to Required Schedules:

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

Changes of Benefit Terms

2020 – Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4 percent; for members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50 percent of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

2019 – Beginning January 1, 2018, TRS member contributions increased from 6 percent to 7 percent of salary.

Changes in Assumptions

2021 – Decrease in the annual rate of real wage increase assumption from 0.75 percent to 0.50 percent; decrease in the payroll growth assumption from 3.25 percent to 3.00 percent.

2021, 2017 – Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.

2020 – Reduction in the inflation assumption from 2.75 percent to 2.50 percent; decrease in the investment rate of return assumption from 8.0 percent to 6.9 percent; increase in the annual rate of wage increase assumption from 0.50 percent to 0.75 percent; phase in to a level dollar amortization method for the June 30, 2024 valuation.

Required Supplementary Information State Employee Other Post-Employment Benefits (OPEB) Plan

Schedule of University's Proportionate Share of the Collective Net OPEB Liability (NOL)

(\$ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Proportion of the collective NOL	8.75%	8.87%	9.05%	7.49%	7.39%
Proportionate share of the collective NOL	\$ 1,709,176	\$ 2,087,164	\$ 1,871,032	\$ 1,293,696	\$ 1,283,941
University's covered payroll	\$ 492,277	\$ 473,100	\$ 446,237	\$ 448,931	\$ 435,196
Proportionate share of the collective NOL as a percentage of covered payroll	347.20%	441.17%	419.29%	288.17%	295.03%
Plan fiduciary net position as a percentage of the total OPEB liability	10.12%	6.13%	5.47%	4.69%	3.03%

Schedule of University OPEB Contributions

(\$ in thousands)

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Contractually required employer contribution	\$ 75,681	\$ 75,979	\$ 76,889	\$ 68,115	\$ 60,089
Actual University contributions	75,681	75,979	76,889	68,115	60,089
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 529,689	\$ 492,277	\$ 473,100	\$ 446,237	\$ 448,931
Actual University contributions as a percentage of covered payroll	14.29%	15.43%	16.25%	15.26%	13.38%

Notes to Required Schedules:

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

The discount rate was updated in accordance with GASB 75 to 2.31 percent, 2.38 percent, 3.58 percent, 3.95 percent, and 3.68 percent for the fiscal reporting years 2022, 2021, 2020, 2019, and 2018, respectively.

2022 – The demographic assumptions (mortality, disability, retirement, withdrawal and salary scale), were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

2021 – The trends for Medicare-eligible retiree costs were updated to reflect final negotiated changes in Medicare Advantage rates for calendar year 2022.

2020, 2018 – The salary scale and mortality rates for certain retirement plans and eligible groups were updated to be consistent with the corresponding retirement system assumptions. In addition, demographic assumptions, per capita health costs, administrative costs, and contributions were updated to better reflect actual experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

STATISTICAL SECTION

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SCHEDULE OF REVENUES BY SOURCE

Last Ten Fiscal Years

	(\$ in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Student tuition and fees, net of scholarship allowances	\$ 427,959	\$ 397,237	\$ 422,519	\$ 396,780	\$ 386,921	\$ 367,351	\$ 341,809	\$ 308,174	\$ 279,577	\$ 261,641
Federal grants and contracts	148,970	147,547	125,936	121,593	106,561	100,397	104,725	93,807	95,187	96,528
State and local grants and contracts	17,871	16,364	19,944	17,959	19,441	16,931	21,200	20,823	20,170	16,629
Nongovernmental grants and contracts	23,871	20,012	21,042	23,577	18,386	28,005	19,490	20,535	14,619	15,212
Sales and services of educational departments	22,687	25,355	15,688	22,710	23,708	20,325	20,543	21,028	19,280	15,814
Sales and services of auxiliary enterprises, net of scholarship allowances	171,753	73,577	169,016	211,036	210,990	209,851	210,455	201,066	195,525	185,240
Other sources	30,745	26,943	31,960	29,750	14,009	11,909	10,758	12,263	10,168	8,114
Total Operating Revenues	<u>843,856</u>	<u>707,035</u>	<u>806,105</u>	<u>823,405</u>	<u>780,016</u>	<u>754,769</u>	<u>728,980</u>	<u>677,696</u>	<u>634,526</u>	<u>599,178</u>
State appropriation	459,788	397,910	376,866	356,898	342,987	374,113	384,747	350,699	308,069	288,456
State debt service commitment for interest	75,947	74,170	78,963	77,333	70,740	64,757	53,092	46,635	42,091	40,571
Federal and state financial aid	134,741	115,892	64,549	42,222	37,986	34,800	38,968	35,684	32,647	31,456
Gifts	33,502	24,715	21,790	28,185	19,732	23,628	25,380	23,828	21,703	19,996
Investment income	1,742	794	7,881	11,957	6,059	2,996	1,448	889	799	859
Other nonoperating revenues, net	-	2,594	207	745	-	-	-	-	-	352
Total Nonoperating Revenues	<u>705,720</u>	<u>616,075</u>	<u>550,256</u>	<u>517,340</u>	<u>477,504</u>	<u>500,294</u>	<u>503,635</u>	<u>457,735</u>	<u>405,309</u>	<u>381,690</u>
	<u>\$ 1,549,576</u>	<u>\$ 1,323,110</u>	<u>\$ 1,356,361</u>	<u>\$ 1,340,745</u>	<u>\$ 1,257,520</u>	<u>\$ 1,255,063</u>	<u>\$ 1,232,615</u>	<u>\$ 1,135,431</u>	<u>\$ 1,039,835</u>	<u>\$ 980,868</u>

	(% of total revenues)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Student tuition and fees, net of scholarship allowances	27.6%	30.0%	31.1%	29.6%	30.8%	29.3%	27.7%	27.1%	26.9%	26.8%
Federal grants and contracts	9.6%	11.2%	9.3%	9.1%	8.5%	8.0%	8.5%	8.3%	9.2%	9.8%
State and local grants and contracts	1.2%	1.2%	1.5%	1.3%	1.5%	1.3%	1.6%	1.8%	1.9%	1.7%
Nongovernmental grants and contracts	1.5%	1.5%	1.6%	1.8%	1.4%	2.2%	1.6%	1.8%	1.4%	1.6%
Sales and services of educational departments	1.5%	1.9%	1.2%	1.7%	1.9%	1.6%	1.7%	1.9%	1.9%	1.6%
Sales and services of auxiliary enterprises, net of scholarship allowances	11.1%	5.6%	12.4%	15.7%	16.8%	16.7%	17.1%	17.7%	18.8%	18.9%
Other sources	2.0%	2.0%	2.4%	2.2%	1.1%	0.9%	0.9%	1.1%	1.0%	0.8%
Total Operating Revenues	<u>54.5%</u>	<u>53.4%</u>	<u>59.5%</u>	<u>61.4%</u>	<u>62.0%</u>	<u>60.0%</u>	<u>59.1%</u>	<u>59.7%</u>	<u>61.1%</u>	<u>61.2%</u>
State appropriation	29.7%	30.1%	27.8%	26.6%	27.3%	29.9%	31.2%	30.9%	29.6%	29.4%
State debt service commitment for interest	4.9%	5.6%	5.8%	5.8%	5.6%	5.2%	4.3%	4.1%	4.0%	4.1%
Federal and state financial aid	8.6%	8.7%	4.7%	3.1%	3.0%	2.8%	3.2%	3.1%	3.1%	3.2%
Gifts	2.2%	1.9%	1.6%	2.1%	1.6%	1.9%	2.1%	2.1%	2.1%	2.0%
Investment income	0.1%	0.1%	0.6%	0.9%	0.5%	0.2%	0.1%	0.1%	0.1%	0.1%
Other nonoperating revenues, net	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Nonoperating Revenues	<u>45.5%</u>	<u>46.6%</u>	<u>40.5%</u>	<u>38.6%</u>	<u>38.0%</u>	<u>40.0%</u>	<u>40.9%</u>	<u>40.3%</u>	<u>38.9%</u>	<u>38.8%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Federal and state financial aid prior to fiscal year 2018 were reclassified from operating to nonoperating categories in order to provide comparison among years.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Last Ten Fiscal Years

(\$ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Salaries and wages	\$ 674,458	\$ 617,225	\$ 602,873	\$ 569,872	\$ 569,359	\$ 556,411	\$ 557,497	\$ 542,082	\$ 521,076	\$ 482,685
Fringe benefits	515,739	685,126	597,737	417,689	338,545	349,328	287,553	271,164	237,715	190,549
Supplies and other expenses	248,545	226,404	257,977	279,602	264,456	245,357	245,871	217,413	211,654	205,774
Utilities	22,475	17,295	20,167	21,063	19,655	19,039	19,737	23,212	20,963	19,725
Depreciation and amortization	135,566	122,695	117,870	119,346	108,185	104,807	98,767	95,990	95,377	91,713
Scholarships and fellowships	50,948	28,866	23,367	11,409	8,870	11,791	12,437	10,713	10,953	8,070
Total Operating Expenses	<u>1,647,731</u>	<u>1,697,611</u>	<u>1,619,991</u>	<u>1,418,981</u>	<u>1,309,070</u>	<u>1,286,733</u>	<u>1,221,862</u>	<u>1,160,574</u>	<u>1,097,738</u>	<u>998,516</u>
Interest expense	68,338	66,114	71,102	70,460	64,672	59,129	51,333	46,420	45,955	46,961
Disposal of capital assets, net	2,346	3	1,912	2,345	1,524	1,418	8,486	473	1,043	(103)
Other nonoperating expenses, net	5,230	-	-	-	2,475	1,776	3,893	1,540	1,873	-
Total Nonoperating Expenses	<u>75,914</u>	<u>66,117</u>	<u>73,014</u>	<u>72,805</u>	<u>68,671</u>	<u>62,323</u>	<u>63,712</u>	<u>48,433</u>	<u>48,871</u>	<u>46,858</u>
	<u>\$ 1,723,645</u>	<u>\$ 1,763,728</u>	<u>\$ 1,693,005</u>	<u>\$ 1,491,786</u>	<u>\$ 1,377,741</u>	<u>\$ 1,349,056</u>	<u>\$ 1,285,574</u>	<u>\$ 1,209,007</u>	<u>\$ 1,146,609</u>	<u>\$ 1,045,374</u>

(% of total expenses)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Salaries and wages	39.1%	35.0%	35.6%	38.2%	41.3%	41.2%	43.3%	44.8%	45.4%	46.1%
Fringe benefits	29.9%	38.8%	35.3%	28.0%	24.6%	25.9%	22.4%	22.5%	20.7%	18.2%
Supplies and other expenses	14.4%	12.9%	15.2%	18.7%	19.2%	18.2%	19.1%	18.1%	18.5%	19.7%
Utilities	1.3%	1.0%	1.2%	1.4%	1.4%	1.4%	1.5%	1.9%	1.8%	1.9%
Depreciation and amortization	7.9%	7.0%	7.0%	8.0%	7.9%	7.8%	7.7%	7.9%	8.3%	8.8%
Scholarships and fellowships	3.0%	1.6%	1.4%	0.8%	0.6%	0.9%	1.0%	0.9%	1.0%	0.8%
Total Operating Expenses	<u>95.6%</u>	<u>96.3%</u>	<u>95.7%</u>	<u>95.1%</u>	<u>95.0%</u>	<u>95.4%</u>	<u>95.0%</u>	<u>96.1%</u>	<u>95.7%</u>	<u>95.5%</u>
Interest expense	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%	3.8%	4.0%	4.5%
Disposal of capital assets, net	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%	0.0%	0.1%	0.0%
Other nonoperating expenses, net	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%	0.1%	0.2%	0.0%
Total Nonoperating Expenses	<u>4.4%</u>	<u>3.7%</u>	<u>4.3%</u>	<u>4.9%</u>	<u>5.0%</u>	<u>4.6%</u>	<u>5.0%</u>	<u>3.9%</u>	<u>4.3%</u>	<u>4.5%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

SCHEDULE OF EXPENSES BY FUNCTION
Last Ten Fiscal Years

(\$ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	\$ 532,976	\$ 568,509	\$ 518,689	\$ 438,702	\$ 419,691	\$ 419,251	\$ 390,364	\$ 382,256	\$ 353,251	\$ 302,202
Research	122,049	116,706	102,859	97,258	88,469	80,953	80,070	73,596	79,484	74,948
Public service	58,663	65,942	66,985	56,081	49,417	53,116	53,903	48,884	41,919	39,068
Academic support	185,523	213,169	204,759	170,050	147,264	138,912	139,643	131,914	125,557	117,679
Student services	60,091	63,114	62,243	49,730	44,856	40,087	38,916	36,955	36,787	33,315
Institutional support	100,243	108,742	106,092	90,086	75,357	74,226	66,580	57,330	54,484	51,358
Operations and maintenance of plant	147,428	186,963	178,009	151,589	138,184	137,259	122,034	114,889	105,148	94,961
Depreciation and amortization	135,566	122,695	117,870	119,346	108,185	104,807	98,767	95,990	95,377	91,713
Scholarships and fellowships	50,548	28,454	23,449	10,979	8,232	10,306	9,748	9,127	8,796	7,154
Auxiliary enterprises	254,644	223,317	239,036	235,160	229,415	227,816	221,837	209,633	196,935	186,118
Interest expense	68,338	66,114	71,102	70,460	64,672	59,129	51,333	46,420	45,955	46,961
Disposal of capital assets, net	2,346	3	1,912	2,345	1,524	1,418	8,486	473	1,043	(103)
Other nonoperating expenses, net	5,230	-	-	-	2,475	1,776	3,893	1,540	1,873	-
	\$ 1,723,645	\$ 1,763,728	\$ 1,693,005	\$ 1,491,786	\$ 1,377,741	\$ 1,349,056	\$ 1,285,574	\$ 1,209,007	\$ 1,146,609	\$ 1,045,374

(% of total expenses)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	30.9%	32.2%	30.5%	29.4%	30.5%	31.1%	30.3%	31.7%	30.7%	28.8%
Research	7.1%	6.6%	6.1%	6.5%	6.4%	6.0%	6.2%	6.1%	6.9%	7.2%
Public service	3.4%	3.7%	4.0%	3.8%	3.6%	3.9%	4.2%	4.0%	3.7%	3.7%
Academic support	10.8%	12.1%	12.1%	11.4%	10.7%	10.2%	10.8%	10.9%	10.9%	11.3%
Student services	3.5%	3.6%	3.7%	3.3%	3.3%	3.0%	3.0%	3.1%	3.2%	3.2%
Institutional support	5.8%	6.2%	6.3%	6.0%	5.5%	5.5%	5.2%	4.7%	4.8%	4.9%
Operations and maintenance of plant	8.5%	10.6%	10.5%	10.2%	10.0%	10.2%	9.5%	9.5%	9.2%	9.1%
Depreciation and amortization	7.9%	7.0%	7.0%	8.0%	7.8%	7.8%	7.7%	7.9%	8.3%	8.8%
Scholarships and fellowships	2.9%	1.6%	1.4%	0.7%	0.6%	0.8%	0.8%	0.8%	0.8%	0.7%
Auxiliary enterprises	14.8%	12.7%	14.1%	15.8%	16.6%	16.9%	17.3%	17.4%	17.2%	17.8%
Interest expense	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%	3.8%	4.0%	4.5%
Disposal of capital assets, net	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%	0.0%	0.1%	0.0%
Other nonoperating expenses, net	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%	0.1%	0.2%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

Last Ten Fiscal Years

(\$ in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total revenues	\$ 1,549,576	\$ 1,323,110	\$ 1,356,361	\$ 1,340,745	\$ 1,257,520	\$ 1,255,063	\$ 1,232,615	\$ 1,135,431	\$ 1,039,835	\$ 980,868
Total expenses	1,723,645	1,763,728	1,693,005	1,491,786	1,377,741	1,349,056	1,285,574	1,209,007	1,146,609	1,045,374
Loss Before Other Changes in Net Position	(174,069)	(440,618)	(336,644)	(151,041)	(120,221)	(93,993)	(52,959)	(73,576)	(106,774)	(64,506)
State debt service commitment for principal	214,185	140,295	-	154,405	187,269	281,576	103,400	56,430	80,346	-
Capital allocation	-	-	-	-	-	-	-	131,500	(20)	20,000
Capital grants and gifts	1,976	11,640	2,276	3,907	5,099	1,388	5,071	25,412	21,643	6,675
Additions to permanent endowments	1,996	164	171	171	338	1,149	14	66	743	13
Athletic conference fee	-	(3,500)	(16,436)	-	-	-	-	-	-	-
Transfer to affiliate	(228)	(2,000)	-	-	-	-	-	-	-	-
Total Changes in Net Position	43,860	(294,019)	(350,633)	7,442	72,485	190,120	55,526	139,832	(4,062)	(37,818)
Net position, beginning	(545,792)	(251,773)	98,860	80,228	1,243,245	1,053,125	997,599	1,435,360	1,439,422	1,477,240
Prior period adjustment	1,714 (1)	-	-	11,190 (2)	(1,235,502) (3)	-	-	(577,593) (4)	-	-
Net Position, Ending	\$ (500,218)	\$ (545,792)	\$ (251,773)	\$ 98,860	\$ 80,228	\$ 1,243,245	\$ 1,053,125	\$ 997,599	\$ 1,435,360	\$ 1,439,422
Net investment in capital assets	\$ 877,499	\$ 842,048 (5)	\$ 804,723 (5)	\$ 752,961 (5)	\$ 773,104 (5)	\$ 682,891 (5)	\$ 612,618 (5)	\$ 591,992 (5)	\$ 574,166 (5)	\$ 544,875 (5)
Restricted nonexpendable	16,187	14,164	15,132	15,005	15,044	14,483	12,593	13,091	13,546	11,902
Restricted expendable										
Research, instruction, scholarships and other	22,316	25,824	16,582	21,716	32,273	34,058	24,455	19,334	15,465	20,602
Loans	1,822	1,981	2,180	2,608	2,566	2,543	2,520	2,533	2,482	2,469
Capital projects	5,622	5,399 (5)	10,434 (5)	17,506 (5)	22,852 (5)	58,816 (5)	111,062 (5)	150,742 (5)	28,914 (5)	35,422 (5)
Debt service	1,179,340	1,051,763 (5)	997,489 (5)	1,087,975 (5)	1,020,814 (5)	915,179 (5)	705,947 (5)	672,772 (5)	688,142 (5)	676,009 (5)
Unrestricted	(2,603,004)	(2,486,971)	(2,098,313) (5)	(1,798,911)	(1,786,425)	(464,725) (5)	(416,070) (5)	(452,865) (5)	112,645 (5)	148,143 (5)
Total Net Position	\$ (500,218)	\$ (545,792)	\$ (251,773)	\$ 98,860	\$ 80,228	\$ 1,243,245	\$ 1,053,125	\$ 997,599	\$ 1,435,360	\$ 1,439,422

(1) Implementation of GASB 87, Leases

(2) Correction of an error related to compensated absences

(3) Implementation of GASB 75, Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions

(4) Implementation of GASB 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27

(5) Balances have been restated due to the net position reclassifications of the State debt service commitment for principal receivable and debt related to UConn Health projects and unspent bond proceeds.

SCHEDULE OF LONG-TERM DEBT

Last Ten Fiscal Years

(\$ in thousands, except for outstanding debt per student)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General obligation bonds	\$ 1,683,350	\$ 1,583,660	\$ 1,568,905	\$ 1,700,180	\$ 1,661,785	\$ 1,504,995	\$ 1,303,870	\$ 1,147,985	\$ 1,023,985	\$ 828,795
Revenue bonds	194,905	200,915	206,655	233,445	240,980	105,955	112,410	118,625	124,615	130,415
Self-liquidating bonds	-	-	-	-	-	-	275	349	551	1,050
Lease liabilities (1)	141,388	66,634	72,749	78,515	84,199	42,818	47,229	51,398	55,437	59,320
Financed purchase agreements (2)	18,847	-	-	-	-	-	-	-	-	-
Long-term software commitments	7,742	9,809	7,355	7,132	-	-	-	-	-	-
Installment loans and other	-	-	-	25	62	117	5,487	671	1,027	1,319
American Athletic Conference exit fee	6,059	7,194	7,194	-	-	-	-	-	-	-
	<u>2,052,291</u>	<u>1,868,212</u>	<u>1,862,858</u>	<u>2,019,297</u>	<u>1,987,026</u>	<u>1,653,885</u>	<u>1,469,271</u>	<u>1,319,028</u>	<u>1,205,615</u>	<u>1,020,899</u>
Premiums and discounts	265,571	251,536	223,648	244,077	229,155	201,858	172,757	134,213	107,074	82,980
Total Long-Term Debt, Net	<u>\$ 2,317,862</u>	<u>\$ 2,119,748</u>	<u>\$ 2,086,506</u>	<u>\$ 2,263,374</u>	<u>\$ 2,216,181</u>	<u>\$ 1,855,743</u>	<u>\$ 1,642,028</u>	<u>\$ 1,453,241</u>	<u>\$ 1,312,689</u>	<u>\$ 1,103,879</u>
Full-time equivalent students (3)	29,215	29,750	29,530	28,646	29,424	29,220	28,832	28,134	27,461	27,036
Outstanding debt per student (4)	\$ 79,338	\$ 71,252	\$ 70,657	\$ 79,012	\$ 75,319	\$ 63,509	\$ 56,952	\$ 51,654	\$ 47,802	\$ 40,830

(1) Beginning in fiscal year 2022, lease liabilities includes leases reported under GASB 87.

(2) Upon the adoption of GASB 87 in fiscal year 2022, the Cogeneration Facility was reclassified to financed purchase agreements. This amount also includes installment loans starting in fiscal year 2022.

(3) Source: IPEDS (Integrated Postsecondary Education Data System) 12-month Instructional Activity surveys for fiscal years 2012 to 2021, including Storrs and Regional Campuses.

(4) Ratio excludes the State debt service commitment for the payment of the outstanding general obligation bonds on the University's behalf.

SCHEDULE OF DEBT COVERAGE - REVENUE BONDS

Last Ten Fiscal Years

(\$ in thousands)

	<u>Gross Revenues (1)</u>	<u>Pledged Revenues (2)</u>	<u>Expenses (3)</u>	<u>Net Revenues Available</u>	<u>Total Gross and Net Revenues Available for Debt Service</u>	<u>Debt Service</u>	<u>Coverage Ratio</u>
2022	\$ 62,620	\$ 152,930	\$ (96,422)	\$ 56,508	\$ 119,128	\$ (15,760)	7.56
2021	48,831	65,041	(80,871)	(15,830)	33,001	(15,772)	2.09
2020	63,018	143,974	(113,267)	30,707	93,725	(37,542)	2.50
2019	53,672	178,576	(131,889)	46,687	100,359	(19,017)	5.28
2018	52,429	173,951	(131,743)	42,208	94,637	(12,432)	7.61
2017	51,486	172,444	(132,742)	39,702	91,188	(11,554)	7.89
2016	50,650	174,991	(134,492)	40,499	91,149	(11,557)	7.89
2015	50,506	168,047	(132,863)	35,184	85,690	(11,552)	7.42
2014	48,515	162,160	(125,014)	37,146	85,661	(11,548)	7.42
2013	45,355	151,766	(120,021)	31,745	77,100	(12,011)	6.42

(1) Gross revenues include the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and investment income. Beginning in fiscal year 2019, gross revenues also includes the FIT (Facilities Investment Together) surcharge.

(2) Pledged revenues include the residential life room fee, student apartment rentals, the Greek housing fee, the board (dining) fee, and the parking and transportation fees.

(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation. Fiscal years 2020, 2021, and 2022 expenses have been reduced by federal Higher Education Emergency Relief Funds of \$10.7 million, \$21.3 million, and \$28.4 million, respectively.

These funds have been identified by the University to offset housing and dining revenue losses incurred by the pandemic.

ADMISSIONS AND ENROLLMENT

Last Ten Fiscal Years

FRESHMAN ADMISSIONS (STORRS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Applications	36,753	34,437	35,096	34,886	34,198	35,980	34,978	31,280	27,479	29,966
Offers of admission	20,433	19,316	17,346	17,015	16,360	17,560	18,598	15,629	14,745	13,397
Percent admitted	56%	56%	49%	49%	48%	49%	53%	50%	54%	45%
Enrolled	3,663	3,825	3,603	3,749	3,683	3,822	3,774	3,588	3,755	3,114
Yield (enrolled/offers)	18%	20%	21%	22%	23%	22%	20%	23%	25%	23%
Total average SAT	1,318	1,281	1,296	1,306	1,294	1,233	1,233	1,234	1,233	1,226

ENROLLMENT

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Non-Resident Alien										
Male	1,956	2,048	2,232	2,110	2,001	1,890	1,773	1,532	1,301	1,163
Female	1,525	1,711	1,990	1,917	1,847	1,665	1,462	1,277	1,077	1,012
Black or African American										
Male	1,002	1,023	984	944	885	874	813	756	722	723
Female	1,386	1,366	1,261	1,211	1,153	1,098	1,053	1,010	981	1,017
American Indian or Alaska Native										
Male	9	13	14	22	16	19	18	18	25	25
Female	14	18	16	25	27	25	28	27	29	31
Asian										
Male	1,627	1,581	1,512	1,500	1,497	1,475	1,372	1,315	1,213	1,194
Female	1,823	1,770	1,688	1,606	1,556	1,467	1,419	1,333	1,189	1,106
Hispanic/Latino										
Male	1,952	1,842	1,643	1,568	1,477	1,386	1,293	1,233	1,132	1,059
Female	2,705	2,588	2,202	2,014	1,800	1,616	1,468	1,393	1,315	1,206
Native Hawaiian or Other Pacific Islander										
Male	3	5	5	8	10	8	8	10	8	12
Female	7	8	11	11	13	12	13	13	16	17
Two or More Races										
Male	520	487	454	430	394	364	330	301	258	238
Female	595	596	508	476	464	442	412	408	381	300
White										
Male	7,826	8,224	8,520	8,821	9,089	9,518	9,809	9,916	10,183	10,416
Female	8,543	8,743	8,647	8,983	9,361	9,581	9,789	10,022	10,102	10,209
Total Head Count	31,493	32,023	31,687	31,646	31,590	31,440	31,060	30,564	29,932	29,728
Percent female	52.7%	52.5%	51.5%	51.3%	51.3%	50.6%	50.4%	50.7%	50.4%	50.1%
Percent minority	37.0%	35.3%	32.5%	31.0%	29.4%	27.9%	26.5%	25.6%	24.3%	23.3%
Percent non-resident alien	11.1%	11.7%	13.3%	12.7%	12.2%	11.3%	10.4%	9.2%	7.9%	7.3%

White includes other/unknown.

Includes all undergraduate, graduate, and professional school enrollments at all campuses; excludes Schools of Dentistry and Medicine; includes full-time and part-time students, and degree and non-degree students.

Source: University of Connecticut Office of Budget, Planning and Institutional Research

ACADEMIC YEAR TUITION AND MANDATORY FEES

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Undergraduate resident	\$ 18,524	\$ 17,834	\$ 17,226	\$ 15,730	\$ 14,880	\$ 14,066	\$ 13,366	\$ 12,700	\$ 12,022	\$ 11,242
Undergraduate non-resident	\$ 41,192	\$ 40,502	\$ 39,894	\$ 38,098	\$ 36,948	\$ 35,858	\$ 34,908	\$ 32,880	\$ 30,970	\$ 29,074
Graduate resident	\$ 20,325	\$ 19,664	\$ 19,056	\$ 17,660	\$ 16,810	\$ 15,996	\$ 15,296	\$ 14,472	\$ 13,662	\$ 12,786
Graduate non-resident	\$ 42,237	\$ 41,576	\$ 40,968	\$ 39,272	\$ 38,122	\$ 37,032	\$ 36,082	\$ 33,944	\$ 31,946	\$ 29,994

DEGREES CONFERRED

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Associate	24	33	26	16	21	30	24	20	21	26
Bachelor's	5,390	5,623	5,731	5,656	5,618	5,530	5,197	5,320	5,200	5,122
Post-baccalaureate	548	537	395	369	299	251	229	167	172	140
Master's	1,703	1,926	1,774	1,895	2,048	1,904	1,750	1,713	1,636	1,527
Sixth-year education	49	61	50	54	51	62	66	69	45	56
Ph.D.	352	368	382	418	384	411	379	372	342	340
J.D.	151	138	141	108	89	155	151	156	190	178
LL.M.	33	42	50	53	42	43	44	31	35	30
Pharm D.	82	77	74	92	98	101	99	95	97	94
Total	8,332	8,805	8,623	8,661	8,650	8,487	7,939	7,943	7,738	7,513

Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.

Source: University of Connecticut Office of Budget, Planning and Institutional Research

FACULTY AND STAFF

Fall Employment

Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
FACULTY										
Full-time	1,616	1,597	1,537	1,540	1,545	1,518	1,489	1,517	1,485	1,377
Part-time	57	45	54	51	53	32	30	33	34	39
Total Faculty	1,673	1,642	1,591	1,591	1,598	1,550	1,519	1,550	1,519	1,416
Tenured	895	908	887	858	854	841	848	877	874	848
Percentage tenured	53%	55%	56%	54%	53%	54%	56%	57%	58%	60%
STAFF										
Full-time	3,323	3,310	3,297	3,228	3,109	3,198	3,115	3,080	3,063	3,028
Part-time	131	147	144	150	150	82	158	186	175	180
Total Staff	3,454	3,457	3,441	3,378	3,259	3,280	3,273	3,266	3,238	3,208
Total Faculty and Staff	5,127	5,099	5,032	4,969	4,857	4,830	4,792	4,816	4,757	4,624
Student to faculty ratio*	15 to 1	16 to 1	16 to 1	16 to 1	16 to 1	16 to 1	17 to 1	16 to 1	16 to 1	17 to 1
Full-time and part-time faculty										
Female	45%	44%	43%	42%	41%	41%	41%	39%	39%	40%
Minority	24%	19%	20%	20%	21%	23%	23%	22%	22%	22%
Full-time and part-time staff										
Female	57%	58%	57%	57%	57%	57%	57%	58%	57%	58%
Minority	17%	13%	13%	14%	15%	17%	17%	17%	17%	17%
Staff covered by collective bargaining agreements	92%	92%	90%	90%	90%	90%	90%	91%	91%	90%
Adjunct lecturers	757	705	749	732	709	690	679	708	696	686

*Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.

Source: University of Connecticut Office of Budget, Planning and Institutional Research

SCHEDULE OF CAPITAL ASSET INFORMATION
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Academic Buildings										
Net assignable square feet (in thousands)	2,892	2,888	2,890	2,876	2,847	2,654	2,753	2,753	2,736	2,684
Number of buildings	145	157	158	160	170	168	171	171	171	171
Auxiliary and Independent Operations Buildings										
Net assignable square feet (in thousands)	4,060	4,069	3,937	3,638	3,859	3,753	3,277	3,336	3,279	3,279
Number of buildings	183	177	178	185	190	189	193	209	213	213
Administrative and Support Buildings										
Net assignable square feet (in thousands)	905	888	883	887	832	852	964	949	949	949
Number of buildings	80	80	81	83	83	88	97	96	96	96
Total Net Assignable Square Feet (in thousands)	7,857	7,845	7,710	7,401	7,538	7,259	6,994	7,038	6,964	6,912
Total Number of Buildings	408	414	417	428	443	445	461	476	480	480

Source: University of Connecticut Office of Cost Analysis and Office of University Planning, Design and Construction

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Residential halls*	100	100	102	101	100	101	115	115	116	117
Residential hall occupancy	11,184	4,911	12,580	12,712	12,597	12,699	12,723	12,711	12,668	12,469
Percentage of main campus undergraduates in campus housing	57%	25%	65%	65%	66%	67%	70%	71%	72%	72%

*Residential halls include houses owned by the University and used for student housing. Beginning in 2018, residential halls and occupancy includes Stamford campus.

Source: Office of Residential Life

DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Last Ten Fiscal Years

	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2022	307,116,000,000	3,614,683	84,963	5.1%
2021	290,146,700,000	3,544,930	81,848	8.5%
2020	290,641,600,000	3,561,513	81,606	5.1%
2019	284,136,600,000	3,570,160	79,587	3.8%
2018	265,636,709,000	3,588,236	74,030	4.5%
2017	251,389,254,000	3,568,714	70,443	4.8%
2016	252,249,206,000	3,586,640	70,330	5.5%
2015	240,602,679,000	3,591,282	66,996	6.1%
2014	232,600,172,000	3,596,922	64,666	7.1%
2013	222,984,316,000	3,598,628	61,964	8.1%

(a) Source: U.S. Department of Commerce

(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

Current Year and Ten Years Ago

<u>NAME</u>	2022		
	Employees in CT	Percentage of Total CT Employment	Rank
Hartford HealthCare	33,000	1.8%	1
Yale New Haven Health Sys	29,486	1.6%	2
United Technologies Corp. UTC	19,000	1.0%	3
Yale University	15,652	0.9%	4
General Dynamics/Electric Boat	12,500	0.7%	5
Sikorsky Air/Lockheed Martin Co.	8,588	0.5%	6
Wal-Mart Stores Inc.	8,454	0.5%	7
Mohegan Sun Casino	8,000	0.4%	8
The Travelers Cos Inc.	7,000	0.4%	9
The Hartford	5,500	0.3%	10
Total	147,180	8.1%	

	2013		
	Employees in CT	Percentage of Total CT Employment	Rank
United Technologies Corp. UTC	27,000	1.6%	1
Yale University	14,750	0.9%	2
Stop & Shop Cos., Inc.	13,574	0.8%	3 (1)
Yale New Haven Health Sys	12,309	0.7%	4
General Dynamics/Electric Boat	8,817	0.5%	5
Wal-Mart Stores Inc.	8,761	0.5%	6
Mohegan Sun Casino	8,200	0.5%	7
The Hartford	7,700	0.5%	8
Foxwoods Resort Casino	7,667	0.5%	9
The Travelers Cos Inc.	7,400	0.4%	10
Total	116,178	6.9%	

Sources: Businesses websites

(1) Omitted from the 2013 HBJ Survey. The number equals the employees reported by HBJ in 2008

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