



Education That Works For a Lifetime

**Combined Financial Statements
with Supplementary Combining Information
June 30, 2010 and 2009**





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fiscal year 2010

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Connecticut
Community
Colleges

Education That Works For a Lifetime

Asnuntuck Community College
170 Elm Street
Enfield, CT 06082
Dr. Martha McLeod, President

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

Capital Community College
950 Main Street
Hartford, CT 06103
Dr. Calvin E. Woodland, President

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

Gateway Community College
60 Sargent Drive
New Haven, CT 06511
Dr. Dorsey L. Kendrick, President

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

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

Quinebaug Valley Community College
742 Upper Maple Street
Danielson, CT 06239
Ms. Dianne E. Williams, President (retired)
Dr. Ross Tomlin, President (eff.2/22/10)

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

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

Middlesex Community College
100 Training Hill Road
Middletown, CT 06457
Dr. Wilfredo Nieves, President

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

System Office, Connecticut Community Colleges
61 Woodland Street
Hartford, CT 06105
Mr. Marc S. Herzog, Chancellor

Connecticut Community Colleges

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Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Connecticut Community Colleges (“CCC” or “System”) for the fiscal year ended June 30, 2010, along with comparative information for the fiscal year ended June 30, 2009. This discussion has been prepared by and is the responsibility of management, and should be read in conjunction with the financial statements and footnote disclosures which follow this section.

The Connecticut Community Colleges are a state-wide system of twelve regional community colleges, serving nearly half of the undergraduates in public higher education in Connecticut (the “State”). The CCC’s offer two-year associate degrees and transfer programs, short-term certificates, and individual coursework in both credit and non-credit programs, often through partnerships with business and industry. During fiscal year 2010, 106,999 people registered for credit and non-credit programs at the community colleges. During the fall 2009 semester, 55,112 students enrolled in credit courses, up 7.8% from the previous fall. Full Time Equivalent (“FTE”) enrollment was the highest in the System’s history, at 32,123 FTE, a 9.7% increase from the previous fall. During fiscal year 2010, 33,440 students also took a variety of non-credit skill-building and personal interest programs geared to enhancing workforce opportunities and personal development.

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

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

The Connecticut Community Colleges serve an important role in the State’s economy, providing convenient, accessible and flexible access to higher education for many of the State’s “non-traditional” students. Open admission to all individuals who have a high school degree or equivalency, an emphasis on low student tuition and fees, and a policy goal of making financial aid available to meet the direct costs of attendance for students who demonstrate financial need, help to ensure access to all students regardless of income. The large majority of students study part time (61.2% in fall 2009), most are female (60.1%) and many are employed while pursuing their education. While the typical CCC student is an adult (54.5% of CCC students were age 22 or older in fall 2009), increasing numbers of high school graduates under age 22 are turning to Connecticut’s Community Colleges as a low cost, quality alternative for achieving the first two years of an undergraduate education. The trend toward more full-time students continued in fall 2009, with 21,404 students, or 38.8% of all credit students, studying full time. More than two-thirds of all African-American and Hispanic undergraduates enrolled in Connecticut public higher education in the fall of 2009 studied at one of the Connecticut Community Colleges.

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

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

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



Economic Impact of Connecticut Community Colleges

Connecticut benefits directly and indirectly from the presence of its twelve community colleges. A 2008 comprehensive economic impact study quantified the significant economic and social benefits for the State's communities, students and taxpayers. The study was based on a model developed for the Association of Community College Trustees ("ACCT"), and has been subject to peer review and field testing on over 800 colleges and universities throughout the United States and Canada. The benefits attributable to the CCC System based on this economic model include:

- **Regional economic benefits in the form of local job and income formation** valued at \$5.0 billion in annual earnings. This includes college employment, annual spending by the college which generates additional jobs in the local economy, and the accumulated contribution of past instruction which generates further additional earnings and jobs for students who bring their increased skills to the workforce.
- **Student benefits in the form of higher earnings.** Students who attend a Connecticut community college pay tuition and forego current earnings for a lifetime of higher earnings. Each full-time year a CCC student attends generates an additional \$6,930 per year in earnings, or \$197.9 million per year for all past students who remain in the workforce. Associate Degree graduates see an increase in income of approximately \$629,300 over the course of a working lifetime. CCC students receive a 22.6% ROI: every \$1 invested returns \$8.10 in discounted higher future earnings to the student.
- **Broad social benefits in the form of improved health, reduced crime and reduced welfare and unemployment,** with associated avoided costs totaling \$16.1 million per year resulting from less health-related absenteeism, a reduction in smoking and alcohol abuse, fewer incarcerations and lower victim costs, and reduced welfare and unemployment.
- **Taxpayer return on investment.** From the broadest perspective, the value of all future earnings and associated social savings, compared to the State's annual taxpayer support, drives a benefit/cost ratio of 16.4, i.e. every dollar of State tax money invested in the CCC's today returns a cumulative \$16.40 over the course of the students' working careers. From a narrow perspective – increased State revenues and reduced State expenditures – the State's return is 8.6%, with a benefit/cost ratio of 2.0.

Reporting Entity

The combined financial statements report information about the Connecticut Community College System as a whole. The Board of Trustees for Community-Technical Colleges (the "Board" or "Board of Trustees") is established under Connecticut General Statutes 10a-71 et. seq., with authority to administer and govern the regional community-technical colleges, in accordance with state-wide policy and guidelines established by the Department of Higher Education. The System is budgeted as a single agency by the State, and operated under the direction of the Board of Trustees through a System Office management staff. However, within guidelines provided by the Board and its System Office, each of the twelve colleges is operated as a separate institution with its own executive, academic and administrative management, and each is held accountable for its academic programs as well as its financial position and financial operations. In addition, each college is recognized as a separate entity for Federal Title IV financial aid programs, and each college achieves separate accreditation from the New England Association of Schools and Colleges ("NEASC") and other specialized accrediting bodies depending upon the particular programs of study. Therefore, supplemental financial statements (excluding the footnotes), and abbreviated management discussion and analysis, are included for each institution to further support and clarify the System financial statements. The CCC System and individual college financial information is presented in the "primary institution" column of the various system-wide and college financial statements that follow.

In addition, each of the twelve colleges has a related college foundation (referred to collectively as the "foundations") which performs fundraising and provides various levels of support and service to its respective college. Each of the college foundations is a legally separate, tax-exempt non-profit organization separate from college control. These foundations, established in accordance with Connecticut General Statutes section 4-37e to provide funding for scholarships or other direct student financial aid, and for programs, services or activities at the associated college, are component units included within the CCC System financial statements based on the requirements of GASB Statement No. 39, *Determining Whether*

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Certain Organizations are Component Units – an amendment of GASB Statement No. 14 (“GASB 39”), regarding criteria for affiliated organizations. Those criteria include the fact that the economic resources of each foundation are received and held entirely for the direct benefit of the respective college; that each college has the ability to access the economic resources held by its foundation, or has historically received resources from or had requests for resources honored by its foundation; and that the foundations’ economic resources are significant to each college.

The financial information of the college foundations is discretely presented and identified in the “component unit” column of the various system-wide and college financial statements. Because under Connecticut statutes each foundation may establish its own accounting (fiscal) year as any twelve month period, not all twelve foundations have a fiscal year-end which coincides with the CCC June 30 year-end – some have fiscal years which end at December 31. GASB 39 allows component unit information to be up to eleven months older than that of the CCC primary institution, therefore the component unit information reflects foundation statements from each foundation’s most recent fiscal year, ending either December 31, 2009 or June 30, 2010. All foundation statement information is based on separately prepared foundation financial statements, which are audited as required by State statute (annually above a certain size, but not less than once every three years). Under pre-existing Connecticut statutory and CCC Board policy requirements, various foundation information including the foundation financial statements, is reviewed at a high level by the college president and chief financial official, and forwarded to the CCC chancellor annually for transmittal to the State Auditors of Public Accounts. CCC management relies upon individual college and foundation compliance with these requirements, and the independently audited foundation financial statements, to ensure that information presented in the component unit section of the CCC statements is materially correct.

In addition to the college foundations, effective July 1, 2004 the Board assumed responsibility for the Great Path Academy (“GPA”), an inter-district magnet high school located on the Manchester Community College campus, whose mission is to provide an innovative learning environment that supports students from diverse backgrounds in developing the values, self-discipline, work habits, academic and life skills needed to achieve success, and to bridge the gap between secondary and postsecondary education by immersing high school students into the college community and providing access to college coursework. Great Path Academy is a separate legal entity established under section 10-264l of the Connecticut General Statutes. Public Act 04-213 amended C.G.S. 10-264l to permit the Board, on behalf of Manchester Community College, to sponsor and apply for funding to construct and operate a magnet school. The GPA entity meets the criteria for inclusion as a component unit in the financial statements of CCC and is reflected in a separate column within the Manchester Community College and System statements. The Board has overall responsibility for the mission, design, implementation and assessment of the GPA magnet school. The Board has contracted with the Capitol Region Education Council (“CREC”) to assume responsibility for the day-to-day operations of GPA. The Governing Board of GPA includes representation from Manchester Community College and the boards of education of Bolton, Coventry, East Hartford, Glastonbury, Granby, Hartford, Manchester and Tolland.

During the 2008 legislative session, Public Act 08-169 amended C.G.S. 10-283, effective July 1, 2008, to permit the Board, on behalf of Quinebaug Valley Community College, to sponsor and apply for funding to construct and operate an inter-district magnet school. During fiscal year 2009, the Quinebaug Valley Middle College High School (“QVMCHS”) opened utilizing existing space on the Quinebaug Valley Community College Campus, with 34 tenth grade students, beginning in the fall of 2008. During fiscal year 2009, the Board submitted required information to apply for funding to begin the construction of a separate QVMCHS facility on the QVCC campus. During fiscal year 2010, a building committee composed of college and community representatives and others was formed to guide and provide input to the process, with an architect hired and the design process well underway. The QVMCHS vision is based on the notion that student learning flourishes in an environment in which high expectations and achievement are integral; where rigorous, relevant instruction is provided; and where the real-world application of skills is conducted in a community of strong, positive and caring relationships. The QVMCHS has as its theme the middle college experience, with a curriculum focused on literacy in its broadest sense, contextual or problem-based learning, and creativity and innovation. The QVMCHS meets the criteria for inclusion as a component unit in the financial statements of CCC, reflected in a separate column within the Quinebaug Valley Community College and System statements, beginning in fiscal year 2009. The Board has overall responsibility for the mission, design, implementation and assessment of the QVMCHS magnet school, and has agreed with EASTCONN, a regional education service center, for EASTCONN to assume responsibility for the day-to-day operations of QVMCHS.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Financial Highlights

The Connecticut Community Colleges had total assets of \$861.0 million, liabilities of \$100.2 million, and a total net asset balance of \$760.8 million at June 30, 2010. Of this amount, \$37.9 million is classified as unrestricted net assets, a \$13.7 million increase from 2009, following an \$8.6 million reduction from \$32.8 million in 2008.

Total operating revenues from student tuition and fees, grants and contracts, and other college activities (net of scholarship allowances) were \$202.7 million, a 21.6% increase over the previous year. Operating expenses were \$448.0 million, an increase of 0.3% over the previous year, resulting in an operating loss of \$245.2 million during the year ended June 30, 2010. Net non-operating revenues and other changes were \$441.7 million, up 79.5% from the previous year, reflecting a \$200.1 million increase in bond appropriations received for the Gateway Community College ("Gateway") downtown campus construction and other facility projects, as well as decreases in investment income and private gifts, and a \$1.0 million mandatory transfer of student tuition resources to the State of Connecticut. Overall the CCC's experienced a net gain of \$196.4 million during fiscal year 2010.

Cash and cash equivalents were \$309.4 million at June 30, 2010, including \$14.4 million of cash equivalents in the form of State bond appropriations administered by the CCC's, and \$189.8 million of State bond appropriations administered by the Department of Public Works ("DPW") on behalf of the System. DPW-administered cash equivalents (bond appropriations) increased from \$33.2 million at June 30, 2009, reflecting the receipt of \$182.7 million for the Gateway project as well as receipts and disbursements for smaller projects at other colleges. Total current assets were \$344.7 million at June 30, 2010. The ratio of unrestricted current assets of \$127.2 million to unrestricted current liabilities of \$50.7 million is 2.5:1, compared with 2.2:1 in 2009, reflecting the increase in unrestricted net assets resulting from enrollment-driven revenue growth coupled with expenditure delays and reductions following the State's June 2009 retirement incentive program. The current ratio reflects a financial position sufficient to provide short-term liquidity in compliance with the Board of Trustees' net asset policy as the State continues to address severe budget shortfalls over the next few years. Non-current liabilities increased by 6.6%, to a total of \$39.0 million at June 30, 2010. This significant liability includes \$38.5 million for the long-term portion of the accrued value of benefits earned by employees which must be paid out when they retire or otherwise terminate service in the future (net of the estimated amounts to be paid out in the upcoming year). This large and essentially unfunded accrued compensated absence ("ACA") liability continues to represent a long-term obligation on the System's financial flexibility.

Overview of the Financial Statements

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* ("GASB 35"), as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*, ("GASB 37"); No. 38, *Certain Financial Statement Note Disclosures* ("GASB 38"); and No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14* ("GASB 39"). GASB 35 extended the state and local government financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB 34") to include public colleges and universities. GASB 35 established standards for external financial reporting for public colleges and universities, and requires that financial statements be presented on a combined basis to focus on the financial condition, results of operations, and cash flows of the System as a whole. As required by GASB 34 and 35, a comparative analysis of fiscal year 2010 financial data with fiscal year 2009 is also presented, both for the CCC *primary institution*, as well as for the twelve college foundations *component unit* information, and for the two magnet high schools component unit information at Manchester and Quinebaug Valley Community Colleges.

For fiscal year 2010, the Connecticut Community Colleges also adopted GASB 51, *Accounting and Financial Reporting for Intangible Assets – Permanent Land Easements*, which provides guidance on the accounting and reporting of intangible assets including computer software and land easements. GASB 51 had virtually no impact on the CCC financial statements since the capitalization threshold for intangible assets under CCC fixed asset policy is \$100 thousand, and no such assets were identified.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

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

Included in the CCC financial statements as component units, are twelve college foundations, each of which is associated with its respective community college. Also included as component units are magnet high schools at Manchester Community College and Quinebaug Valley Community College. As required by GASB 39, component unit information relative to the foundations is discretely presented, and is based on separately prepared financial statements of each foundation. Because the foundations are private, not-for-profit corporations rather than government agencies, they report using different generally accepted accounting principles (“GAAP”) than do government agencies. The primary authority for the promulgation of GAAP for private corporations is the Financial Accounting Standards Board (“FASB”), which has promulgated Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-profit Organizations*, as well as other standards applicable to the college foundations. The magnet high school component unit statements are presented in accordance with GASB requirements, and have been included as part of the CCC system audit. While the CCC financial statements include the foundation and magnet high school statement numbers, no attempt has been made to reformat or compare incompatible FASB standards applied by the foundations, with GASB standard applied by the CCC’s, nor have the foundation financial statement footnotes, disclosures or other detailed information included in the separate foundation statements, been re-stated herein. Unless otherwise specifically stated, the management discussion, notes and disclosures in the CCC statements refer to the CCC primary institution, not to the foundation or magnet high school component units.

The *Statement of Net Assets* presents the overall financial position of the System at the end of fiscal year 2010, compared with fiscal year 2009, and includes all assets and liabilities of the Connecticut Community Colleges, including capital assets net of depreciation. The difference between total assets and total liabilities – or net assets – is one indicator of the current financial condition of the System. Over time, increases or decreases in net assets may serve as an indicator of whether the financial health of the Connecticut Community Colleges is improving or deteriorating, although other factors including enrollment and condition of physical facilities must also be considered. The Statement of Net Assets classifies assets and liabilities as *current* and *non-current*. In general, current liabilities are those that will be paid within one year of the date of the statement of net assets. Current assets are those that are available to satisfy current liabilities. Comparisons of current assets to current liabilities can provide an indication of the System’s ability to meet its obligations in the short term.

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

The *Statement of Revenues, Expenses and Changes in Net Assets*, like the Statement of Net Assets, is prepared using the *economic resources measurement focus*, which includes both financial resources and capital resources. As required by GASB 35, both statements also utilize the *full accrual basis of accounting*, similar to that used by corporations and private colleges and universities, which recognizes revenues when goods or services are provided, and expenses when goods or services are consumed, regardless of when the related inflows and outflows of cash occur. The SRECNA provides information regarding whether the System is receiving sufficient revenues each year to cover the costs incurred in providing its educational and other services to students and the public.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



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

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

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

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

**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**



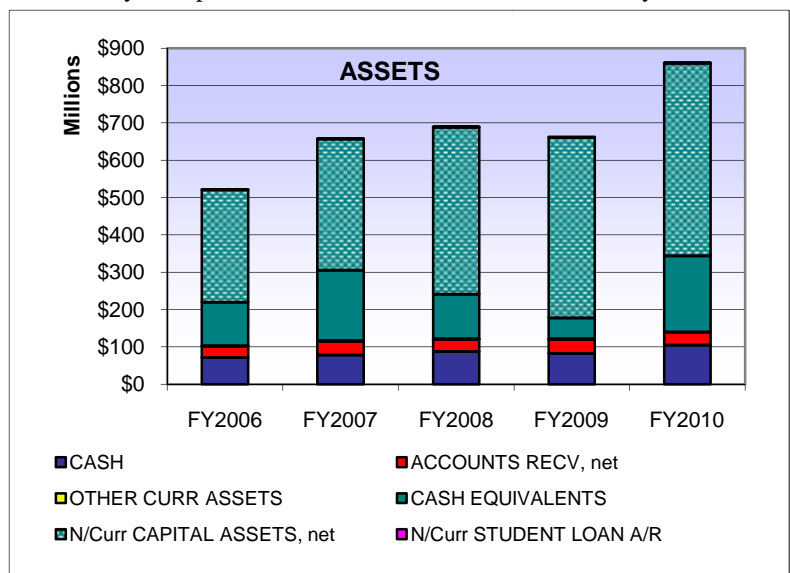
Condensed Financial Information

**Condensed Statements of Net Assets
June 30, 2010, 2009 and 2008
(in thousands)**

	2010	Primary Institution		% Change	
		2009	2008	current yr	prior yr
ASSETS					
Current assets	\$ 344,661	\$ 178,346	\$ 241,678	93 %	(26) %
Non-current assets	516,289	483,574	447,661	7	8
Total assets	<u>\$ 860,950</u>	<u>\$ 661,920</u>	<u>\$ 689,339</u>	<u>30 %</u>	<u>(4) %</u>
LIABILITIES					
Current liabilities	\$ 61,233	\$ 61,012	\$ 57,172	0 %	7 %
Non-current liabilities	38,966	36,567	34,099	7	7
Total liabilities	<u>100,199</u>	<u>97,579</u>	<u>91,271</u>	<u>3</u>	<u>7</u>
NET ASSETS					
Invested in capital assets	515,841	483,137	447,203	7	8
Restricted-nonexpendable	20	20	20	-	-
Restricted-expendable	206,983	56,942	118,012	263	(52)
Unrestricted	37,907	22,242	32,833	70	(32)
Unrestricted-mandatory transfer to State	-	2,000	-	(100)	100
Total net assets	<u>760,751</u>	<u>564,341</u>	<u>598,068</u>	<u>35</u>	<u>(6)</u>
Total liabilities and net assets	<u>\$ 860,950</u>	<u>\$ 661,920</u>	<u>\$ 689,339</u>	<u>30 %</u>	<u>(4) %</u>

Total assets were \$861.0 million at the end of the 2010 fiscal year, up from \$661.9 million at the end of fiscal year 2009 and up from \$689.3 million at the end of fiscal year 2008.

Current assets include cash and cash equivalents of \$309.4 million, comprised of \$1.6 million of cash held in restricted agency accounts for student activity, institutional welfare, and student loan funds, \$103.6 million in restricted and unrestricted operating funds, \$14.4 million in agency-administered bond appropriations, and \$189.8 million in DPW-administered bond appropriations. The net increase in current assets from the previous year reflects a \$148.6 million increase in agency- and DPW-administered bond appropriations, and a \$22.0 million increase in cash from current operations. The decline in current assets reported from fiscal year 2008 to fiscal year 2009 reflects a \$14.4 million and \$49.0 million decrease in agency-administered and DPW-administered bond appropriations, respectively, as well as a \$4.8 million decrease in cash from operations.



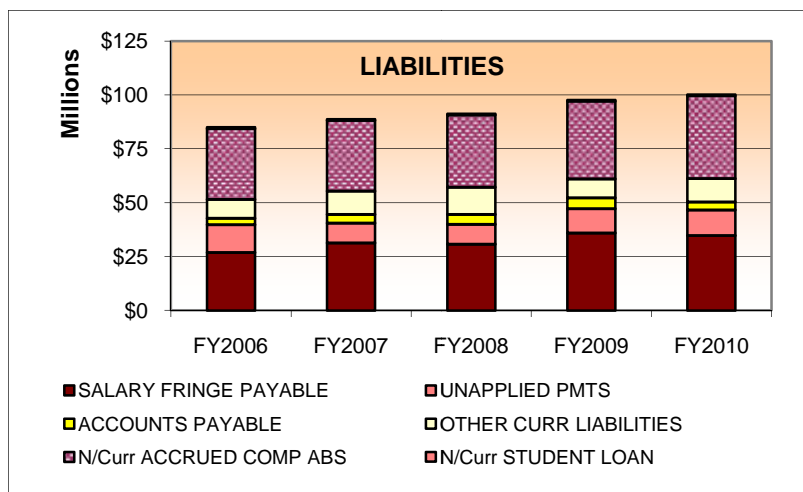
Current assets also include tuition and fee accounts receivable of \$2.9 million, net of a \$1.1 million allowance for doubtful accounts. Net tuition and fee accounts receivable represent current amounts due for the summer 2009 through spring 2010 academic terms, and are approximately 1.9% of total gross

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tuition and fee revenues, up slightly from 1.7% last year. Accounts receivable also include \$28.5 million of employee salary and fringe benefit expense accrued at June 30, 2010 due from the State general fund, a 7.5% reduction from the previous year. Also included in accounts receivable are \$3.0 million of restricted government and private grant receivables. Current assets previously included \$1.4 million in bookstore inventories at four colleges, but during fiscal year 2010 college-operated bookstores were discontinued as those four colleges joined the other eight in a system-wide agreement under which an external vendor provides this service, therefore bookstore inventories were zero at year-end. Finally, current assets also included \$257 thousand in prepaid expense at June 30, 2010. Investment of cash is handled by the State of Connecticut Treasurer's Office, which invests cash balances in a Short Term Investment Fund ("STIF") on behalf of State agencies. The CCC's do not carry any other separate investments.

Non-current assets increased 6.8% from \$483.6 million at June 30, 2009, to \$516.3 million at June 30, 2010, following an increase from \$447.7 million in fiscal year 2008. Student loan receivables rose by 2.5% to \$448 thousand, following several years of decline. Capital assets, net, increased by 6.8% from \$483.1 million to \$515.8 million at June 30, 2010. At June 30, 2010, capital assets in service totaled \$705.5 million, offset by \$189.7 million in accumulated depreciation; this compared with \$655.9 million and \$172.8 million, respectively, at the end of fiscal year 2009. Buildings increased by 16.1% or \$54.4 million and building improvements increased by 7.0% or \$11.1 million. The 2010 building increase primarily reflected the completion of the new Beacon Hall at Housatonic, as well as the construction of a new maintenance building at Manchester, and additional work on the Naugatuck Valley technology center. By comparison, the 7.3%, \$23.0 million building increase in 2009 reflected the substantial completion of Naugatuck Valley's new technology center, less the demolition of Manchester's seven temporary buildings and the transfer of Three Rivers' Mohegan campus building to the Department of Education for the Norwich Technical High School. Building improvements in 2010 included completion of renovations at Three Rivers made in conjunction with its building expansion, elevator and lobby renovations at Capital, improvements to the performing arts center at Housatonic, and boiler replacement at Gateway. Building improvements of \$83.5 million in 2009, reflecting a 110.8% increase from 2008, consisted of the building expansion at the Three Rivers Thames campus, Manchester's new fire alarm system for the Lowe building, Gateway's wireless cabling and Asnuntuck's boiler project.

Construction-in-progress ("CIP") decreased from \$133.9 million at June 30, 2008 to \$69.9 million at June 30, 2009 to \$51.9 million at June 30, 2010 as a result of the 2010 completion of Housatonic's Beacon Hall, and the substantial completion in 2009 of the Three Rivers college consolidation at the Thames campus and the new technology center at Naugatuck Valley. Work in progress at June 30, 2010 continued at Norwalk (health and sciences building and wing A renovations), at Gateway (downtown campus consolidation), at Tunxis (Phase II renovation and new building expansion), at Northwestern (Joyner building renovations), at Capital (expansion lease improvements) and at Quinebaug Valley (new fire sprinkler system). Land improvements increased by \$2.0 million, reflecting the completion of parking, drainage, lighting and sidewalk improvements at Asnuntuck. Non-current assets also included land of \$15.3 million and infrastructure, vehicles and software, as well as furnishings and equipment of \$19.7 million net of accumulated depreciation, and library books of \$4.4 million net of depreciation at June 30, 2010.



Total liabilities were \$100.2 million at the end of fiscal year 2010, an increase from \$97.6 million at the end of fiscal year 2009 and \$91.3 million at the end of fiscal year 2008. The increase from 2009 to 2010 primarily reflects a 3.3% reduction in salary and fringe payables reflecting the impact of budget reductions and staff retirements in fiscal year 2009, offset by increases in long-term accrued compensated absence liabilities, unapplied student payments, and retainage associated with capital projects. *Current liabilities* consist primarily of employee salary and fringe benefits payable of \$34.9 million, unapplied payments of \$11.8 million, primarily collected in advance for late-

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summer and fall 2010 academic terms, and deferred revenues of \$3.3 million for restricted grant activities to be performed. Additional current liabilities include vendor accounts payable of \$3.7 million, agency fund liabilities of \$1.4 million, and \$2.0 million for the estimated value of accrued compensated absences (sick and vacation time benefits) that will be paid within the coming year to employees who terminate or retire, as well as \$4.0 million of commitments (retainage) on facility projects.

Non-current liabilities consist almost exclusively of long-term accrued compensated absences – \$38.6 million net of \$2.0 million of current liabilities – to be paid out to terminating employees over time in the future beyond one year. The total ACA liability of \$40.6 million (long-term and current) represents approximately 31.9% of the existing *unrestricted* current assets that are available to pay for these previously earned employee benefits, and causes the reported unrestricted net asset balance to be significantly reduced. In practice, however, much of these payouts are funded through current-year revenues rather than through existing net assets. An unusually large level of employee turnover – such as occurred as a result of the June/July 2009 state Retirement Incentive Program, if accompanied by reduced operating budgets – such as the general fund reductions that occurred during fiscal year 2009 and continued into fiscal year 2010, could require the use of existing assets to cover these obligations, however.

The total net asset balance includes \$515.8 million *Invested in Capital Assets* net of related debt and depreciation. The Connecticut Community Colleges do not carry any capital debt, as property acquisitions, facility construction and major renovations are financed by capital appropriations made to one or more of the CCC's. Bonding and debt repayment are the responsibility of other State agencies and are not reflected in the CCC financial statements. Capital additions may also be financed by the use of unrestricted net asset reserves generated from student tuition and fee revenues and other operating activities, and by capital gifts and grants.

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

In addition to major projects underway at Gateway (downtown campus) and Norwalk (health and sciences building expansion and renovations) totaling \$223.4 million, the five-year FY2012-FY2016 capital plan includes twenty projects and initiatives valued at \$417.7 million in campus construction and expansion, infrastructure investment, equipment and technology at June 30, 2010. Cumulative bond authorizations approved by the Legislature for the \$641.1 million plan were \$398.5 million at the end of fiscal year 2010. Funding of \$202.5 million was allocated during fiscal year 2010 for Norwalk's health and science center and east campus roof repairs, for the Gateway downtown campus, for fire code improvements at Quinebaug Valley and for minor deferred maintenance projects, bringing total allocations to \$246.4 million. In addition, during fiscal year 2010 various additional expenditures and transfers by the Department of Public Works for CCC projects added an additional \$252 thousand not included in the bond allocation figures but recognized as bond revenues in the 2010 CCC financial statements. In early fiscal year 2011, funds were also allocated for code and parking improvements at Manchester, and delayed funding for capital equipment and technology initiatives that was originally authorized in fiscal year 2008 was also allocated for all colleges. During fiscal year 2009, funds were allocated for Naugatuck Valley's new technology center, for elevator renovation at Capital, and for a boiler project at Gateway.

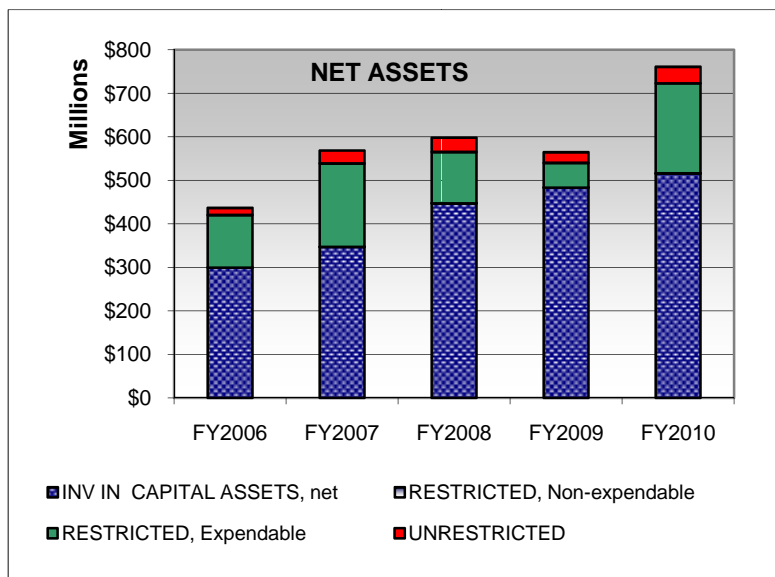
Existing legislative authorizations of \$152.2 million which still require allocation by the Bond Commission before they can be spent included funding for demolition, construction and renovation related to the phase II expansion at Tunxis, phase III master planning at Norwalk, and phase II auditorium and art classrooms at Three Rivers. Other pending allocations include campus renovations at Asnuntuck, campus expansion at Capital, site improvements and Founders Hall renovations at Naugatuck Valley, acquisition of property and Founders Hall renovation at Middlesex, additional code work at Quinebaug Valley, Joyner building construction/renovation and nursing program infrastructure at Northwestern, as well as additional system funding for equipment, infrastructure and technology. The continuing and significant State commitment of resources will help ensure that the Connecticut Community Colleges are able to remain competitive in an ever-changing

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higher education marketplace, and provide much of the equipment and facilities needed to meet academic program, student and State employer needs.

The CCC's have a minimal level of *Restricted-Nonexpendable* net assets as the colleges do not generally carry any permanent endowment as a direct activity. However, each college has a related foundation which administers an endowment fund on behalf of its respective college, in accordance with the State's endowment matching grant program. Under this program, beginning in calendar year 1998 through calendar year 2012, eligible gifts made to the endowment were to be matched by a 50% State match up to specified maximum amounts. During the 2005 legislative session, the 50% match was amended to apply to eligible gifts received through calendar year 2004, with a lower 25% match to be provided for subsequent years, and with no new matching funds to be appropriated until the State's Budget Reserve Fund equals ten percent of net General Fund appropriations. During fiscal years 2009 and 2010, no State match funding was received. During fiscal year 2008, \$192 thousand was received from State carry-forward funds to pay a portion of the State's matching requirement for calendar year 2004 and 2005 eligible gifts. Remaining State matching receivables of \$2.6 million for calendar year 2004, 2005, 2006, 2007 and 2008 gifts remain unfunded. The match for calendar year 2009 gifts is not due until fiscal year 2011. Investment income earned on the endowment may be used for scholarships and programmatic enhancements by each college or by its foundation on behalf of the college. Financial information related to the college foundations is included in the CCC financial statements, but is discretely presented as *component units*, and is therefore not reflected within the CCC *primary institution* restricted-nonexpendable net assets. A number of college foundations are no longer reflecting the State match as a receivable due to the unpredictable timing of its receipt, but will instead reflect revenues if and when the match is provided.

Restricted-Expendable net assets represent primarily bond fund appropriation balances at June 30, 2010 (\$14.2 million for projects managed by the CCC's and \$185.8 million for projects managed by DPW), funds held in restricted accounts pending distribution under the terms of the Board's collective bargaining agreement with its professional unions (\$5.8 million), \$1.0 million of student tuition resources held for mandatory transfer to the State in fiscal year 2011, loan fund balances of \$0.3 million, as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet expended. Changes in restricted-expendable net assets are related primarily to the change in bond fund appropriation revenues and expenses in connection with various facility projects. Other restricted activities include a significant level of federal, state and private "exchange" grants and financial aid programs which do not generate any net asset balance because all revenues are offset by corresponding expenses, with a net difference of zero. Revenue is recognized only when the exchange occurs, generally at the point of expenditure.



Unrestricted net assets ("UNA") increased by \$13.7 million to \$37.9 million during fiscal year 2010, following a reduction of \$8.6 million during fiscal year 2009. During the 2009 fiscal year, a 5.0%, \$7.5 million general fund salary budget rescission, plus a reduction of approximately \$3.7 million in associated fringe benefit revenues, was imposed as part of the State's effort to deal with a worsening budget deficit. In addition, reductions were made for voluntary and mandatory furlough day savings, and certain new wage agreements were not funded by the State. The timing of the reductions at the very beginning and very end of the year, and the pressure to expand operations in response to student enrollment growth, meant that CCC could not simply reduce operations to accommodate the reductions, but was forced to use tuition reserves in addition to imposing

strict limitations on non-essential spending. During fiscal year 2010, the CCC's completed the implementation of a comprehensive budget plan in order to accommodate continuing permanent reductions in state funding support, additional unfunded wage obligations, while also accommodating continued enrollment growth. The continuation of strict spending

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limitations and delays in re-filling vacant positions following a statewide retirement incentive program, combined with enrollment-driven revenue growth, allowed the CCC's to restore its unrestricted net assets. CCC Board of Trustees policy provides that unrestricted net assets should be maintained at a level that covers all carry-forward obligations, and allows for a system contingency reserve of 1.2% of total operating expense and college contingency reserves of up to 3%, plus other optional reserves for specific college or system needs including new facility transition expenses, new academic program startup initiatives, technology and telecommunications upgrades, and other projects that may require more funds than would be available in a single year's budget. Based on this policy, the System and colleges had \$7.7 million committed or prepaid at year end for expenditure under existing contracts and purchase orders, \$12.6 million in system and college contingency reserves totaling 2.8% of operating expense, and a net \$17.6 million in other designated reserves, most of which were held for transitional new facility costs, deferred maintenance, academic program initiatives, student services support, student financial aid and information technology projects. At the end of fiscal year 2010, two of the twelve colleges had negative UNA, compared with five in 2009 and two in 2008. Board policy requires colleges which do not meet its minimum net asset and liquidity requirements to implement budget plans over the succeeding three years to bring their UNA and unrestricted current ratio into compliance with Board policy in order to enhance their short- and long-term financial health and viability, and to permit the continued development of responsive academic programs and services.

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**Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010, 2009 and 2008
(in thousands)**

	2010	2009	Primary Institution 2008	% Change	
				current yr	prior yr
OPERATING REVENUES					
Student tuition and fees	\$ 154,794	\$ 131,470	\$ 118,006	18 %	11 %
Less: Scholarship discounts and allowances	(57,688)	(42,921)	(35,266)	34	22
Net tuition and fees	97,106	88,549	82,740	10	7
Government grants and contracts	89,734	64,773	54,141	39	20
Additional operating revenues	15,879	13,392	11,415	19	17
Total operating revenues	202,719	166,714	148,296	22	12
OPERATING EXPENSES					
Operating loss	(245,242)	(279,737)	(259,126)	12	(8)
NON-OPERATING REVENUES					
State appropriations - general fund *	238,525	240,511	235,399	(1)	2
State appropriations - bond fund **	202,964	2,850	47,686	7,022	(94)
Other non-operating revenues (expenses), net	163	2,649	5,512	(94)	(52)
Net non-operating revenues	441,652	246,010	288,597	80	(15)
Net income	196,410	(33,727)	29,471	682	(214)
Change in net assets	196,410	(33,727)	29,471	682	(214)
NET ASSETS					
Net assets, beginning of year	564,341	598,068	568,597	(6)	5
Net assets, end of year	\$ 760,751	\$ 564,341	\$ 598,068	35 %	(6) %

* Including fringe benefits

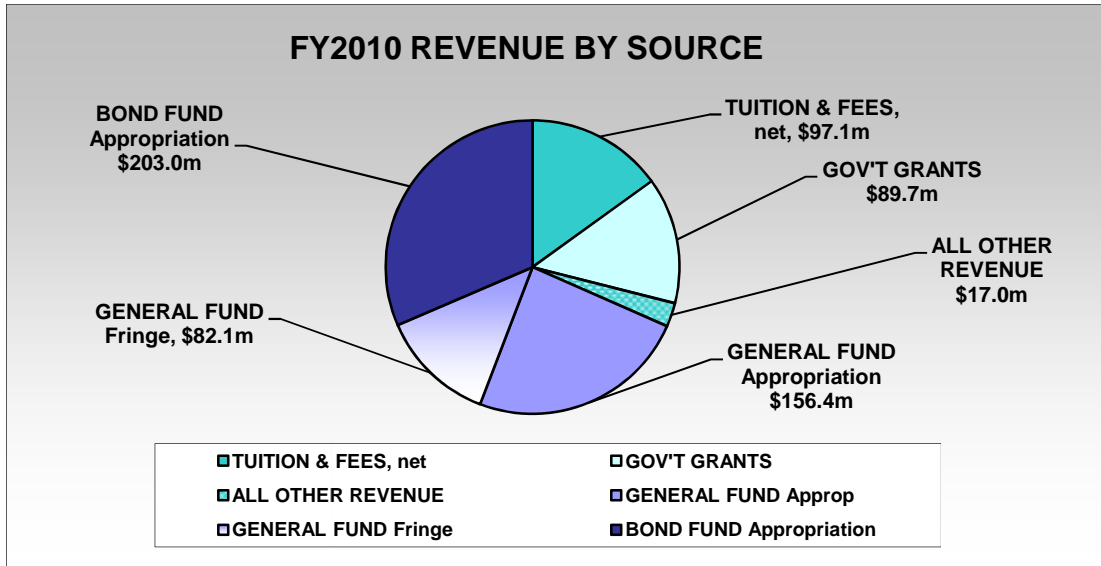
** Including agency and DPW administered

Total operating revenues for fiscal year 2010 were \$202.7 million after reduction for scholarship allowances as required by GASB 35, up 21.6% from \$166.7 million in fiscal year 2009 and \$148.3 million in fiscal year 2008. Student tuition and fees represent the largest portion of operating revenue on a gross basis, but are offset by \$57.7 million of student financial aid and waivers applied to student tuition and fee charges, resulting in net tuition and fee revenue of \$97.1 million after scholarship allowances. This differs from budgetary practices, which recognize revenue on a gross basis without offset for scholarship allowances. On a gross basis, fiscal year 2010 tuition revenues increased 18.1% from the previous year, to \$110.5 million, following a 13.1% increase from 2008 to 2009. These revenues reflect FTE credit enrollment increases of 10.7% in fiscal year 2010 and 7.5% in fiscal year 2009. Extension fee revenues of \$23.0 million grew by 16.6% on a gross basis during fiscal year 2010, with gross revenues of \$11.1 million for summer and other credit extension programs, and \$11.9 million for non-credit continuing education and business and industry instructional offerings. Other fee revenues (gross) included college services fees of \$16.4 million; required laboratory, studio and clinical fees totaling \$3.5 million; and other fees of \$1.4 million, including application fees, installment payment plan fees, late fees, credit by exam fees, check return fees, and others.

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Government grant revenues were \$89.7 million, up 38.5%, representing primarily student financial aid programs including the Federal Pell and Supplemental Education Opportunity Grant (“SEOG”) programs, and the State Connecticut Aid to Public College Students (“CAPCS”) grants. Other government grants include funding for various program-related activities.

Additional operating revenues include approximately \$3.2 million of net bookstore revenues at four colleges which operated their own bookstores (after reductions for \$1.8 million in scholarship allowances, or student financial aid applied to pay bookstore charges), and \$3.3 million in other sales or commission revenues from college- or vendor-operated cafeterias, bookstores, daycare centers and other activities. During fiscal year 2010, bookstore revenues declined and bookstore commission revenues increased, as half-way through the year college-operated bookstores were discontinued at four colleges, which joined the other eight in a system-wide agreement under which an external vendor provides this service. During fiscal year 2010, additional operating revenues also included \$505 thousand of incidental sales revenues related to the student experience component of various instructional programs including early childhood education, food services and allied health. Private grant and contract revenues of \$6.2 million are also reflected, up from \$3.7 million in fiscal year 2009 and \$2.2 million in fiscal year 2008. (Private resources also included \$1.0 million of private *non-operating* gifts.)



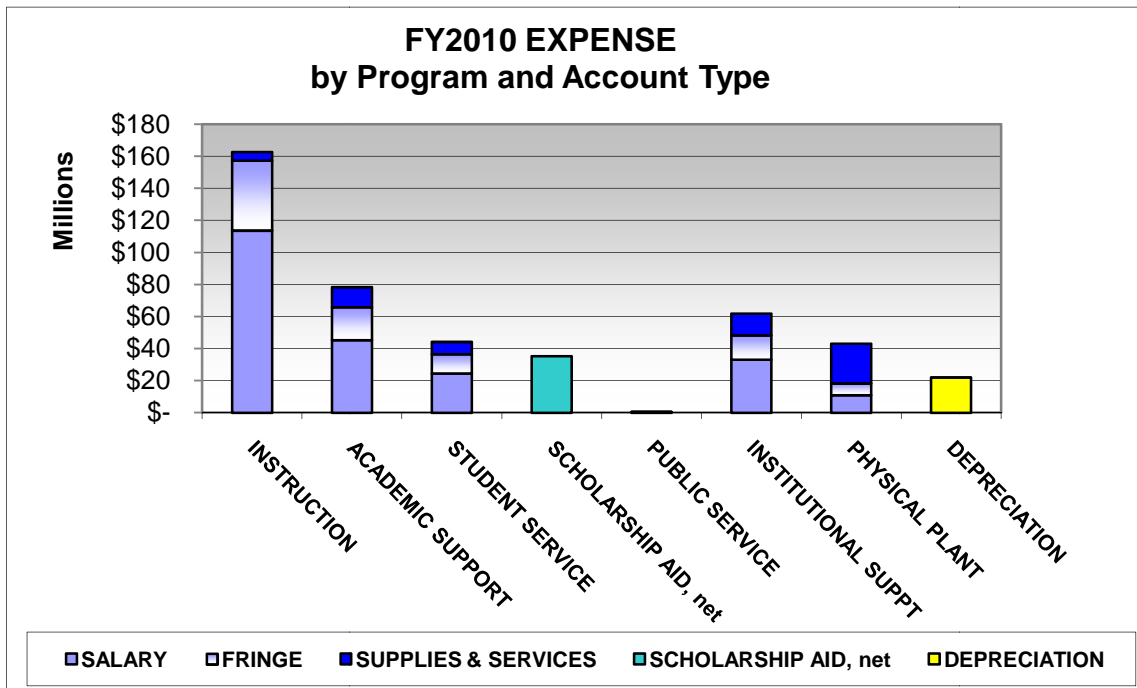
Total *operating expenses* for fiscal year 2010 were \$448.0 million, after reductions for the amount of student financial aid and waivers applied to student tuition and fees, reflecting an operating expense increase of just 0.3% from \$446.5 million in fiscal year 2009, compared with an increase of 9.6% from \$407.4 million in fiscal year 2008. The essentially flat operating expenses in 2010 included a 2.1% reduction in state-supported salary and fringe benefit expense, a 1.4% reduction in other general operating expense, and a 56.4% reduction in non-capital bond-supported expenses, offset by a 22.7% increase in depreciation expense and a 54.4% increase in grant- and tuition-supported net scholarship aid. The 2009 increase in operating expense reflected enrollment-driven increases, including large increases in student financial aid, as well as normal employee wage increases.

Operating expenses included \$326.5 million for salary and wages and related fringe benefits, or 72.9% of total operating expense, \$35.3 million in net scholarship aid expense refunded to students, \$22.0 million in depreciation expense and \$64.2 million for all other service and supply costs, including \$9.0 million in non-capital telecommunications and information technology-related services and supplies; premises and property-related expenses including utilities, security, maintenance and repairs, custodial and grounds, and other related costs totaling \$23.9 million; commodities purchased for resale in college owned bookstores of \$4.7 million; and all other non-personnel costs of operating the colleges. Salary and wage expense declined by 2.5% overall in fiscal year 2010, following increases of 8.6% in fiscal year 2009. Fringe benefit expenses nevertheless increased 4.0% in fiscal year 2010 after increasing 8.9% in fiscal year 2009.

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All financial aid grants and waivers which are applied to pay off student tuition and fee charges are reported as a reduction or “discount” of tuition and fee revenue. Only the financial aid amounts actually refunded to students above the amount used to pay for required tuition and fees is recorded as a financial aid expense. This differs from budgetary practices, which record all student *financial aid grants and waivers* as expenditure against current year appropriation or budget. On a *gross* basis, \$94.8 million of student *financial aid grants and waivers* were awarded, up 38.7% in fiscal year 2010 from \$68.4 million in fiscal year 2009, and \$56.7 million in fiscal year 2008. During award year 2010 21,980 students received federal Pell grant awards, an increase of 6,345 students and 40.6% compared with 2009. The prior year increase also reflected increases in Pell awards driven by enrollment growth. Fiscal years 2010 and 2009 gross aid also included \$19.0 million and \$17.7 million, respectively, in financial aid and tuition waivers paid from institutional funds generated by student tuition and fee revenues, as well as \$12.7 million and \$12.1 million in state and private grant aid. (Other non-grant aid in the form of work study and loan assistance is not included in these numbers.) Of the \$94.8 million gross financial aid, \$59.5 million was used to pay off student tuition and fee, bookstore and other student charges, and \$35.3 million was provided directly to students, and is reflected as operating expense.

Operating expenses also include *depreciation* of \$22.0 million. In fiscal year 2010, \$54.7 million of initial capital outlay was recorded and has been reclassified as capital assets for GASB reporting purposes. Depreciation expense related to current and prior year capital purchases is reflected as operating expense, to apportion the cost - and consumption - of each asset over the expected useful life during which it will be used. This method attempts to match costs associated with doing business to the time period in which the assets are used in generating revenues.



The Connecticut Community Colleges recorded an operating loss of \$245.2 million during the year ended June 30, 2010. In major part, this results from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *non-operating revenues* under GASB 35, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be an operating expense. Other non-operating activity includes private gifts and donations, investment income earned on cash balances invested by the State treasurer’s office, and non-mandatory transfers between individual colleges and the System Office. During fiscal year 2010, private gift revenues decreased to \$1.0 million, as compared with \$1.3 million in fiscal year 2009. Investment income decreased 78.2% to just \$296 thousand, from \$1.4 million in 2009, impacted by lower interest rates despite the 2010 increase in cash balances. When the full value of the general fund appropriation and fringe benefits, capital appropriations,

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and other non-operating revenue and expense is taken into account, the System recorded a total net income of \$196.4 million, compared with a net loss of \$33.7 million in 2009. The primary factor in this change was the \$200.1 million increase in bond appropriation revenues in 2010 compared with 2009, along with strong revenue growth in other areas as well, with essentially flat expenses.

**Condensed Statements of Cash Flows
Years Ended June 30, 2010, 2009 and 2008
(in thousands)**

	2010	2009	Primary Institution	% Change	
			2008	current yr	prior yr
NET CASH PROVIDED BY (USED IN)					
Operating activities	\$ (228,670)	\$ (257,410)	\$ (246,685)	11 %	(4) %
Investing activities	372	1,793	4,163	(79)	(57)
Capital and related financing activities	148,792	(55,776)	(68,482)	367	19
Noncapital financing activities	<u>250,086</u>	<u>242,859</u>	<u>251,495</u>	<u>3</u>	<u>(3)</u>
Net change in cash and cash equivalents	170,580	(68,534)	(59,509)	349	(15)
CASH AND CASH EQUIVALENTS					
Cash and cash equivalents, beginning of year	<u>138,846</u>	<u>207,380</u>	<u>266,889</u>	<u>(33)</u>	<u>(22)</u>
Cash and cash equivalents, end of year	<u>\$ 309,426</u>	<u>\$ 138,846</u>	<u>\$ 207,380</u>	<u>123 %</u>	<u>(33) %</u>

Major sources of *operating activity* cash inflows include receipts of student tuition and fees (\$96.6 million, a 7.6% increase) and receipts from government grants and contracts (\$89.8 million). Cash is also received from private grants and contracts, miscellaneous auxiliary and educational sales, and other activities. The largest operating cash outflows include salaries paid to employees (\$224.0 million, down 0.4%), fringe benefits paid on behalf of employees (\$97.6 million, up 5.9%), vendor payments (\$71.8 million, down 9.7%) and payments to students (\$39.7 million, up 40.6%) including financial aid grants and loans (above the amounts applied to tuition and fee charges), student work study or other employment, and tuition and fee refunds. Net cash provided by operating activities increased 11.1% during fiscal year 2010 compared with a decline of 4.3% during fiscal year 2009.

The largest inflow of cash related to *non-capital financing* is State appropriations (\$241.4 million), including general fund appropriations for salaries and related fringe benefits, and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Unlike the four-year public institutions in Connecticut, the Community Colleges do not actually receive cash from the State in support of the general fund appropriation. However, the appropriation is treated like a cash equivalent for accounting and reporting purposes, and is included in the cash flow statement. Additionally, the CCC's do not actually have a State appropriation for fringe benefits, nor do they receive cash, again unlike the other public units of higher education. Fringe benefit payments are made by the State Comptroller on behalf of the CCC's, and information regarding the associated fringe benefit expense is provided to the System with each biweekly payroll. This is also treated as a cash equivalent on the cash flow statement, as both a non-operating cash inflow and an operating cash outflow. While this is a somewhat unusual treatment, to not include the general fund appropriation and fringe benefits as a cash item would seriously impact the usefulness of the cash flow statement as an indicator of Community College activity and invalidate comparison with other institutions of higher education. Other non-capital financing cash inflows include private gift receipts of \$757 thousand, Federal Family Education Loan Program (FFELP) receipts of \$8.9 million, and the mandatory transfer of \$1.0 million in student tuition resources to the State. In addition, non-capital financing cash inflows and outflows occur between individual colleges and the System Office during the course of the fiscal year, in order to transfer resources in conjunction with budgeted spending authority. These inflows and outflows net to zero for the System as a whole, and are not reflected on the system-wide cash flow statement. However,

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these resource moves represent a significant impact to individual colleges and the System Office, and are reflected in the individual institutional statements.

Capital financing cash flows result primarily from the receipt or reallocation of capital appropriations and from cash outlays made to purchase capital assets either by the CCC's directly, or by DPW on the System's behalf. During fiscal year 2010, capital financing net cash inflows of \$148.8 million reflected the receipt of bond appropriations for the Gateway downtown campus project, the Norwalk health and sciences center, as well as the net impact of other bond fund and operating fund receipts and disbursements. Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of the System, and distributed quarterly. Despite the increase in cash balances, declining interest rates resulted in a substantial decline in cash inflows from the Short Term Investment Fund ("STIF") to only \$372 thousand in fiscal year 2010 compared with \$1.8 million during fiscal year 2009 and \$4.2 million during fiscal year 2008.

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Factors Impacting Future Results

“American community colleges are much like the nation that invented them. They offer an open door to opportunity to all who would come, are innovative and agile in meeting economic and workplace needs, and provide value and service to individuals and communities. Little wonder that they are increasingly emulated around the world and have become the largest and fastest-growing segment of U.S. higher education.” (*Democracy's Colleges, The Evolution of the Community College in America, Prepared for: White House Summit on Community Colleges*, George R. Boggs, American Association of Community Colleges, August 19, 2010.)

In October 2010, Connecticut Community College Chancellor Marc S. Herzog was among a select group of community college administrators, faculty, and students, business and philanthropic leaders, as well as federal and state policy leaders from around the nation, to be invited to a **White House Summit on Community Colleges** to discuss the role of community colleges in achieving an educated workforce that will help to ensure the ability of American business to compete in the global economy. As part of a larger success effort aimed at higher education generally, President Obama in 2010 set a national goal for community colleges to produce an additional 5 million degree- and certificate-graduates and program completers over the next ten years, by 2020.

Chancellor Herzog's participation in the White House Summit reinforced the active role that Connecticut's community colleges have played in recent years around a national agenda that seeks to improve student completion and success while continuing to maintain and expand access to quality, affordable higher education. This agenda presents challenges not only in the identification of “what works” to improve student success, but also around the identification of resources that enable CCC's to research, pilot, develop, implement and sustain strategies to improve student outcomes and success. In a time of diminishing State budget resources, and with many students requiring financial assistance to attend even low-cost community colleges, the CCC's have relied primarily on a combination of external Federal and private grant funding to move these efforts forward.

The CCC system and three of its colleges were early participants in **Achieving the Dream: Community Colleges Count**, a national initiative funded by the Lumina Foundation for Education and supported by other partner organizations. Achieving the Dream (“AtD”) is aimed at improving the success of community college students by emphasizing a culture of evidence and the analysis and use of data in making policy and program changes that support student success.

During fiscal year 2010, the CCC system and two of its colleges were awarded an additional \$1.8 million over three years as part of a privately funded **Developmental Education Initiative** (“DEI”) announced in June 2009 by the Bill & Melinda Gates Foundation and MDC, Inc. to “...build upon the most promising programs developed through *Achieving the Dream*... a multi-year national initiative to boost graduation rates at community colleges, particularly among low-income students and students of color. The remedial education models developed by the 15 community colleges receiving these grants represent some of the most promising work in the country aimed at boosting college completion rates among struggling students.” The new DEI funding will allow the CCC system to validate common statewide student assessment standards and to assess and align developmental pre-requisites and delivery models, and will permit Housatonic and Norwalk Community Colleges to develop and implement innovative and expanded programs, delivery methods and support services to improve remedial success.

In addition to its continuing focus on enhancing student outcomes and success, the CCC's continue to leverage external, state and student resources and partnerships to provide relevant academic programming responsive to student and State workforce needs, including the following highlights during fiscal year 2010:

- The Board of Trustees in March 2010 approved the expansion of the **Connecticut Community College Nursing Program** (“CT-CCNP”) to a sixth college, Northwestern CT Community College, which will implement an accelerated program to be offered over four consecutive terms, beginning in January 2011. This program expansion is being fully funded by approximately \$2.7 million in one-time federal, private and re-allocated college resources through fiscal year 2013, but will require additional permanent investment by the State in order to continue.
- **Collaborative agreements in nursing education** were reached with several baccalaureate institutions, which will provide CCC nursing students with integrated academic advising, generous transfer allowances for courses taken

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toward the CT-CCNP Associate Degree in Nursing, and the opportunity to continue their studies to earn a B.S. in Nursing at one of four institutions.

- The ***Guaranteed Admissions Program*** with the University of Connecticut (“UConn”), begun as a pilot program in 2004 and formalized in 2007, was expanded in 2010 to include UConn’s School of Business, in addition to the already-included Colleges of Liberal Arts and Sciences and Agricultural and Natural Sciences. Community College students who earn an associate’s degree in a liberal arts transfer program with a 3.3 GPA are eligible.
- Funding received from four U.S. Department of Labor ***Community-Based Job Training grants*** beginning in fiscal year 2006, together with significant CCC-industry partnerships, continued to support workforce development, programming enhancements and student support services during fiscal year 2010 in these areas:
 - ***Career Pathways Initiative in Nursing and Allied Health*** - Credit nursing and allied health programs, through targeted student counseling, academic readiness and retention strategies to increase the number and rates of graduates in target degree programs of nursing, radiological technology, respiratory therapy, medical assisting and physical therapy assisting, and through the development of a new health career pathways certificate program and new distance learning courses;
 - ***Bridges to Health Careers Initiative*** - Short-term and non-credit allied health certificate programs, through tuition assistance, enhanced support services and other best practices that support student success, to increase the completion rate of educationally underserved and nontraditional students in target certificate programs including certified nurse aide, phlebotomy technician, patient care technician, medical coding and billing specialist, emergency medical technician, pharmacy technician, dental assistant and electrocardiogram technician;
 - ***Skills in Manufacturing and Related Technologies (“SMART”)*** – Development and expansion of three certificate programs in pre-manufacturing and precision manufacturing to bridge credit and non-credit programs, and provision of tuition assistance, academic and social support, improvement of basic academic and workforce skills, to train populations currently under-represented in the manufacturing and related technologies;
 - ***Sustainable Operations: Alternative & Renewable (“SOAR”) Energy Initiative*** – Development of eight sustainable operations certificate programs to provide training and an industry-recognized credential in high-growth, high-demand alternative energy career occupations in areas such as environmental technology, alternative energy, automotive technology, building performance, clean water and geothermal.
- A \$1.5 million, three-year award under the federal American Recovery and Reinvestment Act ***Weatherization and Assistance Program*** (“ARRA WAP”) received via the state Department of Social Services, will provide funding for CCC program development, training, and scholarship assistance to students in weatherization, energy auditor and inspector training, as well as basic skills training.
- Funding from the National Science Foundation which supports the CCC ***College of Technology*** was renewed for an additional three years.
- During the spring of 2010, the Carnegie Foundation for the Advancement of Teaching selected four Connecticut Community Colleges to participate in the national ***Carnegie Statistics Pathway Network*** (“Statway”), a multi-year initiative to help students overcome achievement gaps in mathematics by pioneering the design and implementation of an accelerated pathway for developmental mathematics students who place into elementary algebra, bringing them through developmental math through transfer-level statistics.

During fiscal year 2010, the CCC’s also continued to focus on delivering and enhancing cost-effective services that support student success. Student financial aid award recipients increased by 25.9% in 2010, to almost 31 thousand students, who received \$101.3 million in aid. The CCC’s unique ***financial aid delivery system*** has received national attention, with many

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other states seeking to replicate its success. At the White House Summit on Community Colleges, Chancellor Herzog highlighted its contribution to the tremendous growth of CCC enrollments and financial aid applications and awards over the past decade, statistics which were later cited in reports on the event, and in remarks by Melinda Gates on *PBS NewsHour*, in which she singled out Connecticut's technology-based financial aid delivery system as "a fantastic system."

Other student financial assistance enhancements during fiscal year 2010 included:

- Implementation of additional federal *veterans' tuition assistance* programs;
- Implementation of *on-line textbook pricing information* available at the time of student registration, and *textbook rental* options, to help students make timely and cost-effective book purchase decisions;
- Planning for implementation of additional federal student aid enhancements including the "200% Pell" program and *direct student lending*.

During fiscal year 2010 CCC enrollments continued to grow, with credit headcount enrollments reaching more than 55 thousand in both fall 2009 and spring 2010, and total unduplicated credit and non-credit headcount at 106,999 for the year. Credit enrollment increased even further during fall 2010 to 58,253. Despite credit enrollment increases of nearly 14% and more than 7,000 students from fall 2008 to fall 2010, State general fund resources have declined each year in actual dollars from fiscal years 2008 through 2011, representing about 48% of total budgetary revenues in 2010 and estimated at 45% or less in 2011.

Continuing to provide open access to community college education, and to serve CCC's enormous and diverse student population in ways that promote student success, will be very challenging as the State's economic circumstances are expected to deteriorate further over the next several years. As enrollment continued to set new records in 2010, \$11.2 million in temporary reductions to the general fund budget and associated fringe benefit support, originally implemented in fiscal year 2009, rolled forward as permanent reductions in fiscal year 2010, and further new reductions to accommodate legislatively approved but unfunded collective bargaining obligations were required in order to balance the 2010 budget, following delayed enactment of the State budget in September 2009 after a long and difficult process in which all State agencies were called upon to make great sacrifices and to focus diminished resources on core, mission-critical needs.

In June 2009, a state-wide Retirement Incentive Program ("RIP") resulted in the loss of 177 long-time faculty and staff from CCC as fiscal year 2010 began. The State also negotiated wage concessions, unpaid furlough days and health benefit changes from virtually all employee unions, offset by job security provisions through fiscal year 2011. CCC non-bargaining unit professional employees also agreed to a wage freeze in fiscal year 2010. At the CCC's, a long internal planning process over the summer 2009 assessed critical needs and available dollars, resulting in the elimination of 132 positions and the transfer of other critical positions as well as adjunct faculty and clinical obligations from general fund state support to the operating fund supported by student tuition and fees. Remaining funds allowed for the permanent full-time refill of about 77% of faculty vacancies and 57% of non-faculty vacancies.

During fiscal years 2010 and 2011, Connecticut public higher education, including the CCC's, was and will essentially be exempt from additional State general fund reductions due to restrictions imposed under federal requirements associated with other education stimulus funding provided to the State. Despite the permanent reductions in State support that continue from 2009, the additional unfunded wage obligations added in 2010 and 2011, and in the face of extraordinary increases in student enrollment as State citizens look to community colleges to help them reach their educational goals and improve their employment prospects, the two-year exemption of public higher education makes it more likely that the CCC's and other public higher education institutions will be targeted for major reductions in State general fund support during the upcoming FY2012-FY2013 biennial budget cycle, as a result of State deficit projections estimated at \$3.4 and \$3.3 billion in fiscal years 2012 and 2013, respectively. The outgoing governor's transition budget provided to Governor-elect Malloy in November 2010, which is intended to calculate the on-going cost of continuing to provide the same levels of service in future years, is short by an estimated \$7.7 million in fiscal year 2012 and \$12.6 million in fiscal year 2013. From this reduced starting point, the CCC's will have to advocate for restoration to a true "current services" level, and to avoid additional substantive reductions intended to contribute toward eliminating the State's deficits.

A talented and dedicated faculty and staff, innovative academic programming and student support services, along with its strong financial position, a new focus on generating external resources, its expanded and modernized facilities, and a unique centralized/decentralized administrative and governing structure which promotes efficiency, eliminates duplication of

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effort, and focuses resources, decision-making and delivery of educational services at the local and community level, will all contribute to CCC's success in meeting these challenges. In remarks at Community College Professional Day on October 15, 2010, CCC Chancellor Herzog noted: "Each of you here today has contributed greatly to the success of our system and to the success of our students. We have much to be proud of in what we have accomplished together, and with my recent experience representing each of you before the President of the United States, I've never felt prouder to have the honor to lead the Connecticut Community College system. I have great confidence that we will figure out how to best address the enormous fiscal challenges that we will begin to address with a new Governor next month and with the General Assembly during the coming session beginning in January [2011]. But even more important as a community of professional educators I have confidence that we will embrace a national agenda for college completion and degree attainment. Our colleges, in the words of Dr. Biden [wife of Vice President Biden], can be 'at the center of our efforts to educate our way to a better economy.' For our students to reach their full potential they deserve nothing less from us. I thank each of you for your continued contributions to our student success agenda and for your commitment to provide our students in the words of President Obama, with 'a new future filled with possibilities.'"

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Asnuntuck Community College

Primary Institution

Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 5,599	\$ 4,639	21 %
Non-current assets	5,695	5,860	(3)
Total assets	<u>\$ 11,294</u>	<u>\$ 10,499</u>	<u>8 %</u>
LIABILITIES			
Current liabilities	\$ 1,855	\$ 1,610	15 %
Non-current liabilities	1,681	1,522	10
Total liabilities	<u>3,536</u>	<u>3,132</u>	<u>13</u>
NET ASSETS			
Invested in capital assets	5,694	5,861	(3)
Restricted-nonexpendable	-	-	-
Restricted-expendable	246	246	-
Unrestricted	1,818	1,220	49
Unrestricted-mandatory transfer to State	-	40	(100)
Total net assets	<u>7,758</u>	<u>7,367</u>	<u>5</u>
Total liabilities and net assets	<u>\$ 11,294</u>	<u>\$ 10,499</u>	<u>8 %</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 5,277	\$ 4,346	21 %
Less: Scholarship discounts and allowances	(1,710)	(1,175)	(46)
Net tuition and fees	<u>3,567</u>	<u>3,171</u>	<u>12</u>
Government grants and contracts	2,302	1,427	61
Additional operating revenues	197	232	(15)
Total operating revenues	<u>6,066</u>	<u>4,830</u>	<u>26</u>
OPERATING EXPENSES			
	<u>15,702</u>	<u>14,944</u>	<u>5</u>
Operating loss	<u>(9,636)</u>	<u>(10,114)</u>	<u>5</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	9,460	9,231	2
State appropriations - bond fund **	-	-	-
Other non-operating revenues (expenses), net	32	83	(61)
Net non-operating revenues	<u>9,492</u>	<u>9,314</u>	<u>2</u>
Net income (loss) before other changes	<u>(144)</u>	<u>(800)</u>	<u>82</u>
OTHER CHANGES			
Capital and other additions (deductions)	109	1,812	(94)
Interagency transfers	426	647	(34)
Total other changes	<u>535</u>	<u>2,459</u>	<u>(78)</u>
Change in net assets	391	1,659	(76)
Net assets, beginning of year	7,367	5,708	29
Net assets, end of year	<u>\$ 7,758</u>	<u>\$ 7,367</u>	<u>5 %</u>
* Including fringe benefits			
** Including agency and DPW administered			

Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (9,110)	\$ (10,008)	9 %
Investing activities	14	65	(78)
Capital and related financing activities	(259)	(403)	36
Noncapital financing activities	10,103	10,157	(1)
Net change in cash and cash equivalents	<u>748</u>	<u>(189)</u>	<u>496</u>
Cash and cash equivalents, beginning of year	3,503	3,692	(5)
Cash and cash equivalents, end of year	<u>\$ 4,251</u>	<u>\$ 3,503</u>	<u>21 %</u>

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Asnuntuck Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 181	\$ 128	41 %
Receivables	10	3	233
Investments	135	133	2
Other Assets	3	4	(25)
Total assets	<u>\$ 329</u>	<u>\$ 268</u>	<u>23 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ -	\$ -	- %
NET ASSETS			
Unrestricted	141	106	33
Temporarily Restricted	53	29	83
Permanently Restricted	135	133	2
Total net assets	<u>329</u>	<u>268</u>	<u>23</u>
Total liabilities and net assets	<u>\$ 329</u>	<u>\$ 268</u>	<u>23 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 31	\$ 13	138 %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	87	79	10
Dividends and Interest Income Total	9	7	29
Other	-	3	(100)
Total Revenue, Capital Gains and Losses and other Support	<u>127</u>	<u>102</u>	<u>25</u>
EXPENSES			
Fundraising Expense	32	39	(18)
Program Expense	8	10	(20)
Financial Aid expenses	18	19	(5)
Administration and Other	8	7	14
Total Expenses	<u>66</u>	<u>75</u>	<u>(12)</u>
Change in net assets	<u>61</u>	<u>27</u>	<u>126</u>
NET ASSETS			
Net assets, beginning of year	<u>268</u>	<u>241</u>	<u>11</u>
Net assets, end of year	<u>\$ 329</u>	<u>\$ 268</u>	<u>23 %</u>

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Asnuntuck Community College

Asnuntuck Community College (“Asnuntuck” or “ACC”) was chartered in 1972 to serve the eight towns of the service area in north-central Connecticut. The eight service towns are Enfield, Somers, Windsor Locks, Suffield, East Windsor, East Granby, Stafford and Ellington. The beautiful campus of nearly 37 acres of land is in Enfield and includes a walking track, football field, three baseball fields and several soccer fields. The buildings and grounds were purchased by the State of Connecticut, from the Town of Enfield, in January 2008 for \$2.0 million after leasing the buildings and grounds for over 25 years.

Asnuntuck had total assets of \$11.3 million, liabilities of \$3.5 million, and a resulting total net asset balance of \$7.8 million at June 30, 2010. Of this balance, \$5.7 million was invested in capital assets, \$246 thousand was restricted net assets (expendable), and \$1.8 million was unrestricted net assets. Board policy provides unrestricted net asset standards to ensure both short-term and long-term financial health and liquidity, and to allow for specific one-time needs. Unrestricted net assets at the end of fiscal year 2010 were designated to cover costs associated with increased financial aid and utility costs, as well as other projects that include roof repairs, enhanced classroom technology, electronic campus security and campus improvements. In addition to maintaining its positive unrestricted net assets during fiscal year 2010, at year-end the short-term current ratio of unrestricted current assets to unrestricted current liabilities at Asnuntuck was 3.2:1, providing sufficient short-term liquidity for Asnuntuck. Total operating revenues (net of scholarship allowances) increased 25.6% to \$6.1 million for the year and non-operating revenues increased 1.9% to \$9.5 million, with relatively flat general fund levels and no new bond revenues received. Total operating expenses increased 5.1% to \$15.7 million and other changes were a positive \$535 thousand. Overall net assets increased by \$391 thousand (5.3%) in fiscal year 2010.

The Manufacturing Technology Center enjoyed another successful year. More than one hundred graduates were employed in the manufacturing sector with average annual wages exceeding \$40,000. A number of the graduates also made the important commitment to further their education. The manufacturing scholarship program has corporate sponsorship from an expanded number of employers across North and Central Connecticut. College Connections, a program designed to introduce high school juniors and seniors to manufacturing technology enrolled 30 students representing six school districts. Extensive renovations in the Manufacturing Technology Center (“MTC”) were completed during the summer of 2010 and include a new computer lab, two “smart” classrooms, and metrology and prototyping labs. Additionally, efficient space was made available for staff and instructors.

Through continuing relationships with the College of Technology and its Regional Center for Next Generation Manufacturing and with the assistance of grants from the U.S. Department of Education, the student population benefited significantly from the expenditure of more than \$200,000 for state-of-the-art equipment. After much consultation with the MTC private sector advisory boards and a series of communications with local and state education and labor organizations, the college developed new coursework, certificates, and associate degree programs in medical device and electro-mechanical technologies.

The division of workforce development and continuing education increased enrollment overall by 1.8%. Displaced workers utilizing Workforce Investment Act funding continued to drive the need for short term training that leads to immediate new skills and potential job placement. Growth was seen in the allied health programs as well as the veterinary assistant program. New non-credit culinary arts classes are at maximum capacity as are real estate and emergency medical technician courses. Additional offerings of pre-licensing insurance courses have been added for health/life and property/casualty insurance. New courses in lifestyle and special interest include ZUMBA fitness, Just Once piano and guitar workshops as well as weatherization for the home improvement enthusiast. When space became available on a wing of the second floor, all of the continuing education programs were moved to that space. The classrooms have been remodeled giving a fresh look and a centralized location to this division, as ACC expands and grows this area of the college.

The number of Asnuntuck Community College degrees and certificates awarded has grown significantly from 274 in 2009 to 482 for Spring 2010. The number of certificates skyrocketed with a 196% increase from the previous year. Main campus headcount increased 6.8% with fall enrollment rising to 1,715 from 1,607 in 2008 and spring enrollment growing to 1,708 from 1,598 in 2009. Total full-time equivalent (“FTE”) enrollment reached 1,013, surpassing the 1,000 plateau for the first time in the history of the college. ACC has the highest graduation rate within the Connecticut Community College

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System. In 2010, a 29% graduation rate was reported to the U. S. Department of Education. Additionally, Federal financial aid awards increased substantially from \$1.2 million in academic / award year 2008-2009 to \$2.2 million in award year 2009-2010.

A new veteran student organization was created. Financial aid was restructured to support veterans and provide services. Programs and workshops focused on retention of veterans and have included: weekly coffee hours hosted by college offices, monthly visits by Ed Burke from Congressman Joe Courtney's Office, and the first Asnuntuck USO canteen to celebrate Veteran's Day 2009. Asnuntuck was again selected by G.I. Jobs Magazine as a "Military Friendly School", ranking ACC in the top 15% of all colleges, universities and trade schools nationwide. Asnuntuck was also identified by Military Times Magazine as one of the 101 "Best Bets for Vets" in colleges and universities.

At the end of fiscal year 2009, one-third of ACC's full-time faculty retired as part of the state's retirement incentive program. In fiscal year 2010, ACC filled all approved faculty vacancies. Major curricular modifications were completed in both information systems technology and communications. Significant upgrades to classrooms in these disciplines were approved and are currently in process. In response to an increase in science enrollment, ACC assigned a faculty coordinator, increased lab technician hours, and has committed dollars to outfitting the current chemistry lab to allow microbiology to be offered in spring 2011. Full-time mathematics faculty was awarded a National Science Foundation grant to incorporate contemporary applications of geometry into pre-algebra. The academic skills center expanded tutoring hours and extended outreach to students through classroom visits. The early childhood education program, part of the first CCC cohort to apply for National Association for the Education of Young Children ("NAEYC") accreditation, submitted its self-study on March 31, 2010.

ACC's graduation outcomes initiative (GO: RECAP) met all deadlines and is being piloted during fiscal year 2011. Every full-time faculty member is involved in the initiative and student services personnel have provided feedback throughout. In collaboration with Northwestern and Quinebaug Valley Community Colleges, ACC initiated and hosted a regional professional day on plagiarism and college culture. The three colleges shared costs while meeting a shared professional development need. Other professional development provided covered the following topics: challenges faced by returning war veterans and improving students' information literacy. All sessions were attended by both full-time and adjunct faculty.

The Asnuntuck Community College Foundation, Inc. ("ACCF" or "ACC Foundation") continues its ongoing mission to support the college. During calendar year 2009, three major fundraising events, the annual murder mystery dinner, the annual golf tournament, and the annual appeal, raised in excess of \$54,800 for the ACC Foundation. The total assets of the ACCF increased by 22.8% in its fiscal year ended December 31, 2009, while the ACCF awarded over \$17,000 in scholarships and \$4,700 in mini-grants to support various college activities.

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Capital Community College

Primary Institution

**Condensed Statements of Net Assets
June 30, 2010 and 2009**

	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 14,565	\$ 13,055	12 %
Non-current assets	53,958	54,866	(2)
Total assets	<u>\$ 68,523</u>	<u>\$ 67,921</u>	<u>1 %</u>
LIABILITIES			
Current liabilities	\$ 3,842	\$ 3,705	4 %
Non-current liabilities	2,948	2,811	5
Total liabilities	<u>6,790</u>	<u>6,516</u>	<u>4</u>
NET ASSETS			
Invested in capital assets	53,950	54,856	(2)
Restricted-nonexpendable	-	-	-
Restricted-expendable	6,273	7,262	(14)
Unrestricted	1,510	(713)	312
Total net assets	<u>61,733</u>	<u>61,405</u>	<u>1</u>
Total liabilities and net assets	<u>\$ 68,523</u>	<u>\$ 67,921</u>	<u>1 %</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 12,364	\$ 10,173	22 %
Less: Scholarship discounts and allowances	(7,323)	(5,740)	(28)
Net tuition and fees	5,041	4,433	14
Government grants and contracts	11,381	8,728	30
Additional operating revenues	919	951	(3)
Total operating revenues	<u>17,341</u>	<u>14,112</u>	<u>23</u>
OPERATING EXPENSES			
Operating loss	<u>38,139</u>	<u>35,741</u>	<u>7</u>
	<u>(20,798)</u>	<u>(21,629)</u>	<u>4</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	18,902	17,551	8
State appropriations - bond fund **	-	20	(100)
Other non-operating revenues (expenses), net	29	80	(64)
Net non-operating revenues	<u>18,931</u>	<u>17,651</u>	<u>7</u>
Net income (loss) before other changes	<u>(1,867)</u>	<u>(3,978)</u>	<u>53</u>
OTHER CHANGES			
Capital and other additions (deductions)	625	602	4
Interagency transfers	1,570	1,841	(15)
Total other changes	<u>2,195</u>	<u>2,443</u>	<u>(10)</u>
Change in net assets	328	(1,535)	121
Net assets, beginning of year	61,405	62,940	(2)
Net assets, end of year	<u>\$ 61,733</u>	<u>\$ 61,405</u>	<u>1 %</u>

* Including fringe benefits

** Including agency and DPW administered

**Condensed Statements of Cash Flows
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (19,376)	\$ (19,877)	3 %
Investing activities	14	67	(79)
Capital and related financing activities	(562)	(56)	(904)
Noncapital financing activities	20,927	19,619	7
Net change in cash and cash equivalents	<u>1,003</u>	<u>(247)</u>	<u>506</u>
Cash and cash equivalents, beginning of year	9,868	10,115	(2)
Cash and cash equivalents, end of year	<u>\$ 10,871</u>	<u>\$ 9,868</u>	<u>10 %</u>

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Capital Community College

Component Unit - Foundation

**Condensed Statements of Net Assets
June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
		(Restated)	
ASSETS			
Cash and cash equivalents	\$ 241	\$ 362 *	(33) %
Receivables	22	20	10
Investments	955	746 *	28
Other Assets	-	-	-
Total assets	<u>\$ 1,218</u>	<u>\$ 1,128</u>	<u>8 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 1	\$ 1	- %
NET ASSETS			
Unrestricted	93	65 *	43
Temporarily Restricted	350	288 *	22
Permanently Restricted	774	774	-
Total net assets	<u>1,217</u>	<u>1,127</u>	<u>8</u>
 Total liabilities and net assets	 <u>\$ 1,218</u>	 <u>\$ 1,128</u>	 <u>8 %</u>

**Condensed Statements of Activities
Years Ended June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 242	\$ 36	572 %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	79	81	(2)
Dividends and Interest Income Total	31	39	(21)
Other	23	(91)	125
Total Revenue, Capital Gains and Losses and other Support	<u>375</u>	<u>65</u>	<u>477</u>
EXPENSES			
Fundraising Expense	21	47	(55)
Program Expense	204	93	119
Financial Aid expenses	41	38	8
Administration and Other	19	25	(24)
Total Expenses	<u>285</u>	<u>203</u>	<u>40</u>
 Change in net assets	 <u>90</u>	 <u>(138)</u>	 <u>165</u>
NET ASSETS			
Net assets, beginning of year	<u>1,127</u>	<u>1,265</u>	<u>(11)</u>
 Net assets, end of year	 <u>\$ 1,217</u>	 <u>\$ 1,127</u>	 <u>8 %</u>

* See Note 15 in Audited Financial Statements

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Capital Community College

Capital Community College ("Capital") is located in the city of Hartford and serves residents of the greater Hartford area with 8,810 students in credit and continuing education programs during fiscal year 2010. Capital's student body is one of the most diverse in New England, serving students from over thirty countries. Programs of study include more than 60 associate degree and certificate programs. Capital is accredited by the New England Association of School and Colleges, with national accreditation for professional programs including business, nursing and other health careers, and early childhood education. Capital offers many educational opportunities keeping in mind the basic needs of its student constituency. Its lab school provides both a learning environment for the study of early childhood development as well as child day care. Capital also provides transit bus passes to students to satisfy transportation concerns.

Capital is situated in downtown Hartford with numerous nearby cultural and historic institutions and businesses. The college takes full advantage of this proximity by weaving it into programs, for example, in an Introduction to Theatre course with Hartford Stage, and creating internships opportunities for students at neighboring businesses. Capital's historic, art deco eleven-story building on Main Street (formerly the G. Fox department store) boasts a five-story atrium with skylight, an auditorium (Centinel Hill Hall), which retains much of the original building design, a lecture hall, internet café and high-tech classrooms. The location is accessible for commuting students who live and work in the Hartford area, and Capital's state-of-the art facility offers residents and area businesses an appealing environment that addresses their educational and training needs.

Capital's credit enrollment in fiscal year 2010 continued the growth pattern which started with the move to its downtown campus in 2002. Full time equivalent ("FTE") enrollment was up 8.0% in fall 2009, and 11.0% in spring 2010 over the same periods in the previous year.

Capital's fiscal year 2010 highlights include:

- Dual Admission Agreement between Connecticut Community College System Nursing Program and Saint Joseph College.
- Capital Crossroads to Careers (C3) program received the Connecticut Merit Award from the New England Board of Higher Education.
- Capital Community College's website "The Guide to Grammar and Writing," has been selected by the MERLOT English Editorial Board as a winner of the MERLOT Award for Exemplary Online Learning Resources – MERLOT Classics 2010. MERLOT (Multimedia Educational Resource for Learning and Online Teaching) is a user-centered, searchable collection of peer-reviewed higher education online learning materials, whose strategic goal is to improve teaching and learning by increasing the quantity and quality of peer reviewed online learning materials that can be easily incorporated into faculty designed courses.



Total operating revenue for fiscal year 2010 was \$17.3 million, up 22.9%. A burgeoning traditional and on-line enrollment, and tuition and fee rate increases were major factors that accounted for \$12.4 million of the revenue growth, with gross tuition and fee revenues up 21.5% from 2009. Included in the tuition and fee totals above are continuing education credit courses, which increased by 67.1% to \$726 thousand from prior fiscal year \$435 thousand, due to significant increase in summer and winter intercession enrollments. Demand in training for non-credit allied health programs spurred the growth of continuing education non-credit workforce development revenues, which were \$1.5 million, or 42.7% higher than last fiscal year's \$1.0 million.

The enrollment increases in all academic sessions correlates to increases in federal financial aid awards. The number of Capital students receiving federal Pell financial aid rose from 2,296 in award year 2009 to 2,858 award year 2010, an increase of 562 students or 24.5%. Additionally, the maximum grant award went up by 12.8% from \$4,741 in 2009 to \$5,350 in 2010. The impact of these changes resulted in an increase in federal grant revenues by \$2.7 million to \$9.8

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



million in fiscal year 2010, up 37.9% from the fiscal year 2009 total of \$7.1 million. Private grant revenues were \$485 thousand, down 16.4%. However, some of the grants Capital did receive are as follows: The Capital Crossroads to Careers (C3) program was made possible by a \$183 thousand contribution from and in cooperation with The Travelers Insurance Company. The Food Stamp Employment and Training grant continued this fiscal year with an award of \$488 thousand from the Department of Social Services. To date, Capital has educated over 400 individuals to serve in such fields as certified nurse assistant, medical coding and billing and emergency medical technician ("EMT"). The Insurance Finance Services Program ("IFS") continued with an award of \$514 thousand. Funds were utilized to prepare more than 331 workplace professionals and traditional college students in over 20 programs. Capital also received a new private grant from the Connecticut Women Education Legal Fund, in the amount of \$35 thousand, to help the college train thirty (30) low income African Americans in the EMT field.

Non-operating revenues in fiscal year 2010 totaled \$18.9 million, a 7.2% increase over fiscal year 2009, reflecting the receipt of state government appropriations for the pending lease of an additional 44,417 square feet expansion space. Additionally, the average short term investment fund interest rate fell by more than a 1.0%, and as a result, interest income decreased by \$34 thousand or 73.3%.

Operating expenses in fiscal year 2010 totaled \$38.1 million, a 6.7% increase. Wages and fringe benefits increased by \$494 thousand to \$26.3 million, or a 1.9% increase from fiscal year 2009. The major contributing factors were increased fringe benefit costs, and adjunct faculty and part time staff required to address instructional and student support needs from increased enrollment. Non-capital expenditures were \$5.0 million, up 6.8% driven by technology expenditures for computer purchases and server upgrades totaling \$455 thousand.

Total current assets were \$14.6 million at the 2010 fiscal year end, up 11.6% from the previous year. The 43.2% increase in gross student receivables to \$661 thousand is primarily due to increased summer enrollment for fiscal year 2010 which resulted in higher receivables that will be paid by federal Pell and other financial aid awards in the next fiscal year. Receivables for salary accruals due from the state are \$2.1 million or up 8.5% from fiscal year 2009. Cash increased by \$2.0 million or 69.7% to \$4.8 million from \$2.8 million in the prior fiscal year. The increase is primarily attributable to delay of payments related to the planned occupation of new expansion space, increases in enrollment particularly intercessions where overhead is lower and a number of position vacancies from retirements and other employment vacancies.

At the end of fiscal year 2010, unrestricted net assets were \$1.5 million up 311.6% from negative \$714 thousand at the end of 2009. Noncurrent liabilities totaled \$2.9 million or a 4.9% increase over fiscal year 2009. The long term obligation accrued compensated absences increase by \$138 thousand from the prior fiscal year. Board policy provides unrestricted net asset standards to ensure both short-term and long-term financial health and liquidity. At year-end, the short-term current ratio of unrestricted current assets to unrestricted current liabilities at Capital was 2.4:1, a significant improvement from fiscal year 2009. Budget reduction options are being weighed to minimize impact to the college's effectiveness and strategic plan, with a focus on achieving our yearly goals. Capital will emphasize efficiencies and cost saving measures to develop a proactive plan for the next biennial budget with its uncertain forecast.

Capital Community College Foundation ("CCCF") net assets totaled \$1.2 million compared to 2009 fiscal year net assets of \$1.1 million. Net assets included \$93 thousand in unrestricted funds, \$350 thousand in temporarily restricted net assets including grants received by CCCF to support college programs and \$774 thousand in permanently restricted net assets. Total revenues for fiscal year end 2010 including gains on investments and dividends were \$375 thousand compared to \$156 thousand recorded for the fiscal year end 2009. Expenses were \$285 thousand which includes \$19 thousand in administrative costs. During the year the Capital Community College Foundation held its fifth Changing Lives Celebration in November 2009. This and other fundraising events netted approximately \$58 thousand. As a result of the event and other annual contributions, the CCCF committed more than \$75 thousand to student scholarships in the fall of 2010.

**Connecticut Community Colleges
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Gateway Community College

Primary Institution

**Condensed Statements of Net Assets
June 30, 2010 and 2009**

	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 168,944	\$ 16,914	899 %
Non-current assets	49,491	16,505	200
Total assets	<u>\$ 218,435</u>	<u>\$ 33,419</u>	<u>554 %</u>
LIABILITIES			
Current liabilities	\$ 8,383	\$ 6,170	36 %
Non-current liabilities	3,710	3,591	3
Total liabilities	<u>12,093</u>	<u>9,761</u>	<u>24</u>
NET ASSETS			
Invested in capital assets	49,486	16,488	200
Restricted-nonexpendable	-	-	-
Restricted-expendable	155,024	6,097	2,443
Unrestricted	1,832	1,073	71
Total net assets	<u>206,342</u>	<u>23,658</u>	<u>772</u>
Total liabilities and net assets	<u>\$ 218,435</u>	<u>\$ 33,419</u>	<u>554 %</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 18,649	\$ 16,430	14 %
Less: Scholarship discounts and allowances	(7,992)	(6,022)	(33)
Net tuition and fees	<u>10,657</u>	<u>10,408</u>	<u>2</u>
Government grants and contracts	11,814	8,347	42
Additional operating revenues	982	854	15
Total operating revenues	<u>23,453</u>	<u>19,609</u>	<u>20</u>
OPERATING EXPENSES	<u>47,763</u>	<u>45,595</u>	<u>5</u>
Operating loss	<u>(24,310)</u>	<u>(25,986)</u>	<u>6</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	24,051	23,685	2
State appropriations - bond fund **	182,330	14	1,302,257
Other non-operating revenues (expenses), net	89	149	(40)
Net non-operating revenues	<u>206,470</u>	<u>23,848</u>	<u>766</u>
Net income (loss) before other changes	<u>182,160</u>	<u>(2,138)</u>	<u>8,620</u>
OTHER CHANGES			
Capital and other additions (deductions)	518	63	722
Interagency transfers	6	1,508	(100)
Total other changes	<u>524</u>	<u>1,571</u>	<u>(67)</u>
Change in net assets	182,684	(567)	32,319
Net assets, beginning of year	23,658	24,225	(2)
Net assets, end of year	<u>\$ 206,342</u>	<u>\$ 23,658</u>	<u>772 %</u>
* Including fringe benefits			
** Including agency and DPW administered			

**Condensed Statements of Cash Flows
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (24,799)	\$ (25,671)	3 %
Investing activities	30	137	(78)
Capital and related financing activities	151,271	(4,475)	3,480
Noncapital financing activities	25,687	25,389	1
Net change in cash and cash equivalents	<u>152,189</u>	<u>(4,620)</u>	<u>3,394</u>
Cash and cash equivalents, beginning of year	12,894	17,514	(26)
Cash and cash equivalents, end of year	<u>\$ 165,083</u>	<u>\$ 12,894</u>	<u>1,180 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
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Gateway Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 225	\$ 271	(17) %
Receivables	193	109	77
Investments	193	204	(5)
Other Assets	-	-	-
Total assets	<u>\$ 611</u>	<u>\$ 584</u>	<u>5 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 1	\$ 1	- %
NET ASSETS			
Unrestricted	(51)	(31)	(65)
Temporarily Restricted	416	369	13
Permanently Restricted	245	245	-
Total net assets	<u>610</u>	<u>583</u>	<u>5</u>
Total liabilities and net assets	<u>\$ 611</u>	<u>\$ 584</u>	<u>5 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 273	\$ 130	110 %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	102	102	-
Dividends and Interest Income Total	7	13	(46)
Other	(10)	(105)	90
Total Revenue, Capital Gains and Losses and other Support	<u>372</u>	<u>140</u>	<u>166</u>
EXPENSES			
Fundraising Expense	128	45	184
Program Expense	68	98	(31)
Financial Aid expenses	87	62	40
Administration and Other	62	52	19
Total Expenses	<u>345</u>	<u>257</u>	<u>34</u>
Change in net assets	<u>27</u>	<u>(117)</u>	<u>123</u>
NET ASSETS			
Net assets, beginning of year	<u>583</u>	<u>700</u>	<u>(17)</u>
Net assets, end of year	<u>\$ 610</u>	<u>\$ 583</u>	<u>5 %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Gateway Community College

Gateway Community College ("Gateway") provides the residents and businesses of the Greater New Haven area with innovative educational programs and social and cultural opportunities at its campuses in New Haven and North Haven. During the academic year 2009-2010, Gateway served the educational needs of 10,365 full- and part-time students enrolled in eighty-nine educational programs or program options that lead to a certificate or associates degree in arts, sciences or applied sciences, and awarded 667 degrees/certificates to 588 students. In addition 2,280 students enrolled in non-credit courses for personal enrichment and workforce development through the college's business and industry services programs.



Significant progress was made in achieving Gateway's goal of consolidating most of its operations in a new \$198.1 million, state-of-the-art campus located in downtown New Haven scheduled to be opened in fall 2012. The college received bonding for construction totaling \$182.7 million in October 2009 and more than 200 people attended the groundbreaking ceremony in January 2010. The new facility will be the first public building in the state to achieve a gold-certified LEED (Leadership in Energy and Environmental Design) designation to validate its environmentally friendly design and sustainable building construction. To quote Governor Rell, "This project represents a gateway to academic excellence and future job growth in Connecticut." She went on to say, "This college will have a prime role in the educational, economic and workforce development initiatives that will serve the students of the Greater New Haven region for generations to come. It will be a centerpiece for the city which will provide affordable, quality education for young people and readily accessible, employment-oriented retraining for people looking for new skills or new careers."

Gateway was named one of the 50 fastest-growing two-year colleges of its size in the nation by Community College Week magazine in November 2009. It was the only Connecticut college, and one of only six colleges from New England, to make the list. In December 2009, Gateway hosted a White House community jobs forum that brought together individuals, businesses, organizations and community leaders to identify avenues and obstacles to job creation in the greater New Haven region. More recently, Gateway was featured on NPR's Morning Edition in a story that highlighted its early bird classes, tying Gateway Community College to the White House Summit on Community Colleges. The early bird pilot program was offered for the first time in the fall of 2010 to test the demand for 6:30 a.m. scheduling to address the college's capacity constraints. In August 2010, Gateway's early childhood associate degree program became the first in Connecticut to earn accreditation from the National Association for the Education of Young Children, ("NAEYC"). At the local community level, Gateway welcomed more than 600 guests from 16 local homeless shelters and program to its annual holiday dinner sponsored every year by Gateway faculty staff, and students.

Total operating revenues for fiscal year 2010 were \$23.5 million after reduction of scholarship allowances, up 19.6% from \$19.6 million in fiscal year 2009. Gross tuition and fee revenues rose 13.5% to \$18.6 million, an increase of \$2.2 million from the previous year. In the fall of 2009, 6,847 students were enrolled in credit programs yielding a full time equivalent of 3,918 FTE compared to 6,471 students yielding 3,630 FTE the previous fall. This represented an increase of 5.8% and 7.9% respectively. Revenues generated by the division of continuing education and workforce development for noncredit workforce and personal development programs remained flat at \$1.2 million. Federal grant revenues totaling \$9.5 million were up 51.9% or \$3.3 million from \$6.3 million the previous year due to a significant increase in federal Pell and Academic Competitiveness grant program funding to students. State grants and contracts grew at a rate of 10.3% from \$2.1 million to \$2.3 million over the year primarily due to an increase in funding for state Connecticut Aid to Public Colleges ("CAPCS") grants.

However, total unrestricted revenues from general fund appropriations totaling \$24.1 million included a permanent 5% base reduction of \$749 thousand. To absorb the cut, Gateway contained the total growth of unrestricted operating expenses to 2.1% by holding salary and wage expenses at \$25.1 million, and reducing non-capital operating expenses by 4.8% to \$4.6 million compared to \$4.9 million the previous year. However, it was necessary to eliminate five full-time vacant positions which eroded the level of critical academic and student support services; to permanently transfer 13.3 FTE positions previously supported by general fund appropriations to the unrestricted operating fund; and to reduce departmental operating budgets up to 6% in order to achieve these results. The savings generated from these measures were offset by an

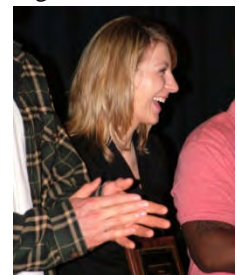
Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

increase in unrestricted fringe benefit costs which rose by 10.6%, or \$988 thousand to \$10.3 million despite the absence of any significant increase in salary and wage expense.

Total net assets increased significantly by 772.2% to \$206.3 million at June 30, 2010 compared to \$23.7 million at June 30, 2009 related directly to state bonding for the new facility. Unrestricted net assets, which are being held to offset the equipment budget shortfall for the project, increased 70.7% from \$1.1 million to \$1.8 million. The short-term current ratio of unrestricted current assets to unrestricted current liabilities increased to 2.0:1 compared to 1.8:1 at June 30, 2009; sufficient to provide short-term liquidity and within the Board's guideline for a college of Gateway's size. Gateway's financial condition continues to be sound.

As an urban community college located in one of the poorest cities in the nation, Gateway continues to confront seemingly insurmountable challenges to meet the disparate academic and socioeconomic needs of its students.

- Gateway has an overwhelmingly large percentage of new students who are not academically prepared for college. In the fall of 2009, an alarming 83.4% of students tested for basic concepts in English and 85.3% in math required placement into a corresponding developmental class prior to beginning their degrees. Even more compelling, 76.3% were required to enroll in both developmental English and math courses concurrently further delaying to time it will take them to reach their academic goals. The Department of College Advancement Studies, ("CAS") addresses these challenges by focusing the attention of ten full-time English and mathematics faculty directly onto this group. CAS provides curriculum and guidance specifically designed to help students master the skills and competencies required for academic success in college degree and certificate programs.
- Gateway has the largest population of students with disabilities in the CCC System. Eight percent, or 548 students enrolled in the fall of 2009 had documented learning, sensory impairment, mobility/orthopedic, chronic health-related, mental health or other disabilities. The office of student disability services coordinates and provides individualized services to accommodate their needs.
- Gateway has a growing population of veterans, many of whom have recently returned from combat in Iraq and Afghanistan, with a wide array of challenges impeding them from becoming successful college students. In the spring of 2010, 187 veterans were enrolled. Almost all had been away from the classroom for many years and benefitted from additional tutoring and academic support. However, some deal with combat related issues such as post-traumatic stress disorder.
- Gateway has the largest population of students with financial needs system-wide. Over 62% of Gateway's students received some form of financial aid. The financial aid office processed 7,630 financial aid applications and awarded students with \$8.8 million in federal Pell grants over the course of the year.



The Gateway Community College Foundation, Inc. ("GCCF") continues to support Gateway through development activities and foundation board member resources. In the last year, the Gateway Community College Foundation entered the quiet phase of a programmatic campaign to raise funds to equip the new downtown New Haven campus. Gateway President Dr. Kendrick engaged campaign volunteers to help in the effort to raise major gifts to support the new building and an endowment. Members of the faculty and staff organized an internal committee to raise programmatic funds from their peers. In addition, the GCCF board continued to raise funds for scholarship dollars for Gateway's students, and professional development and technology grant funds for Gateway's faculty and staff. The 2009 Hall of Fame Induction and Reception raised the most money ever to support scholarships for Gateway students.



As an urban community college with a diverse student population, the long-term outlook for Gateway is both exciting and fiscally challenging especially in these times of economic uncertainty. Future Gateway students will enjoy the benefits of the long overdue state-of-the-art campus in downtown New Haven by the fall of 2012. The new campus will position Gateway to streamline operations, gain environmental sustainability and economic efficiency, augment student services, and provide continued quality education to meet the workforce needs of Greater New Haven. However, until that time comes, we cannot overlook the immediate educational needs of the steadily growing population of currently enrolled students who also deserve to be engaged in a college community that is conducive to learning and fosters their success.

**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**

Housatonic Community College	Primary Institution		
Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 17,113	\$ 17,127	(0) %
Non-current assets	85,045	88,230	(4)
Total assets	<u>\$ 102,158</u>	<u>\$ 105,357</u>	<u>(3) %</u>
LIABILITIES			
Current liabilities	\$ 4,762	\$ 5,583	(15) %
Non-current liabilities	2,780	2,577	8
Total liabilities	<u>7,542</u>	<u>8,160</u>	<u>(8)</u>
NET ASSETS			
Invested in capital assets	85,064	88,250	(4)
Restricted-nonexpendable	20	20	-
Restricted-expendable	1,266	1,949	(35)
Unrestricted	8,266	6,838	21
Unrestricted-mandatory transfer to State	-	140	(100)
Total net assets	<u>94,616</u>	<u>97,197</u>	<u>(3)</u>
Total liabilities and net assets	<u>\$ 102,158</u>	<u>\$ 105,357</u>	<u>(3) %</u>
Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 15,197	\$ 12,135	25 %
Less: Scholarship discounts and allowances	(6,887)	(4,867)	(42)
Net tuition and fees	8,310	7,268	14
Government grants and contracts	10,948	7,303	50
Additional operating revenues	753	613	23
Total operating revenues	<u>20,011</u>	<u>15,184</u>	<u>32</u>
OPERATING EXPENSES	<u>39,607</u>	<u>37,997</u>	<u>4</u>
Operating loss	<u>(19,596)</u>	<u>(22,813)</u>	<u>14</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	17,592	19,599	(10)
State appropriations - bond fund **	-	-	-
Other non-operating revenues (expenses), net	46	178	(74)
Net non-operating revenues	<u>17,638</u>	<u>19,777</u>	<u>(11)</u>
Net income (loss) before other changes	<u>(1,958)</u>	<u>(3,036)</u>	<u>36</u>
OTHER CHANGES			
Capital and other additions (deductions)	-	-	-
Interagency transfers	(623)	(127)	(391)
Total other changes	<u>(623)</u>	<u>(127)</u>	<u>(391)</u>
Change in net assets	(2,581)	(3,163)	18
Net assets, beginning of year	97,197	100,360	(3)
Net assets, end of year	<u>\$ 94,616</u>	<u>\$ 97,197</u>	<u>(3) %</u>
* Including fringe benefits			
** Including agency and DPW administered			
Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (16,795)	\$ (20,943)	20 %
Investing activities	50	229	(78)
Capital and related financing activities	(1,260)	(10,128)	88
Noncapital financing activities	18,739	19,484	(4)
Net change in cash and cash equivalents	734	(11,358)	106
Cash and cash equivalents, beginning of year	13,886	25,244	(45)
Cash and cash equivalents, end of year	<u>\$ 14,620</u>	<u>\$ 13,886</u>	<u>5 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**



Housatonic Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 91	\$ 164	(45) %
Receivables	30	151	(80)
Investments	738	666	11
Other Assets	6	1	500
Total assets	<u>\$ 865</u>	<u>\$ 982</u>	<u>(12) %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 25	\$ 52	(52) %
NET ASSETS			
Unrestricted	176	157	12
Temporarily Restricted	365	477	(23)
Permanently Restricted	299	296	1
Total net assets	<u>840</u>	<u>930</u>	<u>(10)</u>
Total liabilities and net assets	<u>\$ 865</u>	<u>\$ 982</u>	<u>(12) %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 427	\$ 298	43 %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	-	-	-
Dividends and Interest Income Total	15	18	(17)
Other	57	(97)	159
Total Revenue, Capital Gains and Losses and other Support	<u>499</u>	<u>219</u>	<u>128</u>
EXPENSES			
Fundraising Expense	94	74	27
Program Expense	256	287	(11)
Financial Aid expenses	160	160	-
Administration and Other	79	83	(5)
Total Expenses	<u>589</u>	<u>604</u>	<u>(2)</u>
Change in net assets	<u>(90)</u>	<u>(385)</u>	<u>77</u>
NET ASSETS			
Net assets, beginning of year	<u>930</u>	<u>1,315</u>	<u>(29)</u>
Net assets, end of year	<u>\$ 840</u>	<u>\$ 930</u>	<u>(10) %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Housatonic Community College

Fiscal year 2010 was a year of both achievement and recognition for Housatonic Community College (“Housatonic” or “HCC”). It was the year in which Housatonic, with its new building, Beacon Hall, now in its second year of operation, saw student capacity rise to 5,500. In the fall 2009 semester this planned capacity was exceeded by record-setting enrollment of 5,609 students, a record which proved to be short-lived. Although traditionally spring enrollments tend to slightly lag behind fall enrollments for a variety of reasons, spring 2010 enrollment eclipsed the previous semester’s record, reaching 5,903 students.

This fiscal year was also a year of widespread recognition for Housatonic, as several times during the year White House representatives visited the campus. In September, the Executive Director of the White House Initiative on Educational Excellence for Hispanic Americans, Juan Sepulveda, conducted a community conversation forum geared toward improving the academic achievement of Hispanics. The forum gathered input from attendees on how Hispanic educational attainment can and should be improved and what the White House initiatives should be doing to facilitate this improvement. In May of 2010, Mr. Sepulveda returned to campus to deliver the commencement address at graduation. Mr. Sepulveda told the graduates their achievements are linked to the national well-being. Other notables to visit HCC during the year included Governor M. Jodi Rell, Congressman Jim Himes and nationally-renowned forensic scientist Dr. Henry Lee.

Fiscal year 2010 was also the year in which three prominent HCC graduates and Connecticut professionals were honored as the first inductees in Housatonic Community College’s “Alumni Hall of Fame.” The three were selected because of the level to which they have distinguished themselves in their careers and in the realm of community service. All three graduated from HCC and transferred their associate degree credits to four-year academic institutions. After completing their bachelor’s degrees, all three went on to earn higher educational degrees and professional accreditation.



Housatonic expanded its commitment in the private, as well as public, grant arena in fiscal year 2010. This year marked the third and final year of the Achieving the Dream grant program. This privately-funded program focuses on increasing retention, course completion, student engagement and ultimately graduation rates of students who began their college studies in developmental programs. The program has now been augmented by a new, multi-year program entitled Developmental Educational Initiatives. Also privately funded, this program is geared to students who began their studies at a developmental level. The goals of this program are very similar to the Achieving the Dream Program and this second grant has allowed HCC to continue its overall student success efforts. Housatonic will also be receiving a new fiscal year

2011 grant from the Carnegie Foundation for Advancement in Teaching, earmarked specifically to address the low success rate of students in developmental math programs.

HCC is actively participating in various federal- and state-funded grant programs which address the same basic topic of student success. An award from the U.S. Department of Education, along with funding from the state, will sustain a “middle college” program, a transition program for high school students designed to better prepare these students for college, which will ultimately lead to successful graduations. Housatonic has also supplemented funding from its internal funds to add additional financial support to these success programs.

Plans are also being developed to submit additional grant applications for future years to continue the commitment to student success programs at the college. One of these initiatives will be a “bridging the gap initiative” for high school students. Another, “center of excellence for veteran student success”, will be directed at issues surrounding veterans’ success leading to graduation. Both of these program applications will be submitted to the U.S. Department of Education in fiscal year 2011. As the potential for receiving expanded funding from the state becomes less likely due to budget shortfalls, Housatonic has chosen to expand its efforts to supplement its available funding through grant programs to address the continued issue of student success.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



Fiscal year 2010 was marked by tremendous growth for Housatonic Community College's financial aid programs, with the overall distribution of financial aid increasing by 33%. All funding sources, federal, state and private, were spent to the maximum of their allotments. Federal Pell grant awards alone increased by 74.5% from a previous historical high of \$4.8 million to a new high of \$8.5 million in fiscal year 2010, with continued increases expected in fiscal year 2011. Fiscal year 2010 was also the first year that other grant funds were used to provide student scholarships. Although during fiscal year 2010 this was a relatively small dollar amount, it did lay the groundwork for the college to expand this program in future years.

Along with the overall increase in financial aid awards, there was also a corresponding increase in Free Application for Federal Student Aid (FAFSA) applications from 5,536 in fiscal year 2009 to 6,780 in fiscal year 2010. This ultimately led to an increase of 28.3% in unduplicated financial aid recipients from 3,071 in fiscal year 2009 to 3,939 in fiscal year 2010. Housatonic also increased its support for the bookstore student voucher program, to assist students who either did not receive sufficient financial aid to cover the cost of all of their required books, or who were determined by their financial aid applications to have just missed the financial aid eligibility requirements, but still needed financial assistance. During fiscal year 2010, funding for this program was increased 37% by using additional internal funds.

In fiscal year 2010, Housatonic completed a number of planned internal renovation projects for Lafayette Hall, designed to bring Lafayette Hall up to the same level as Beacon Hall in the areas of security, environmental control systems and building maintenance. Also in fiscal year 2010, ten classrooms in Lafayette Hall were successfully converted to an educational multi-media status, and these transformed classrooms have been received well by the students and faculty. A technological upgrading of computer labs and additional classrooms will be completed in fiscal year 2011. This effort will provide students and instructors with a technologically modern instructional computer platform which will better prepare our students for the workforce.

With delays in state bond allocations, HCC continues to use its internal funds to begin the Phase II redevelopment of Lafayette Hall. Possible additional projects include conversion of classrooms to science laboratories and the option of increasing the day care center to address an increased student enrollment. In addition, Housatonic is also in the final stages of creating an educational design studio complex to address various computer graphics programs, AutoCAD needs as well as computer modeling for the science areas. Lastly, HCC is planning an interior cosmetic facelift to Lafayette Hall, which is currently 15 years old and beginning to show its age. Plans have been developed for extensive interior painting, carpeting and ceiling replacement for this building, and are also being developed to renovate the restroom facilities within Lafayette Hall.

As in previous years, Housatonic continued to maintain its strong financial condition in fiscal year 2010. Total net assets as of June 30, 2010 were \$94.6 million. This represents a decrease of \$2.6 million from the previous \$97.2 million as of June 30, 2009. Unrestricted net assets increased 18.5% in fiscal year 2010 to \$8.3 million. Of this unrestricted net asset balance, \$2.9 million was encumbered at year-end for planned costs related to the completion of Beacon Hall and various other projects within Lafayette Hall to be funded through internal college resources.

Even with these various improvement projects, Housatonic maintains sufficient resources to ensure both short-term and long-term financial health and liquidity, including a 3.0% contingency reserve, as part of a very respectable positive unrestricted net assets balance at year-end. The ratio of current assets to current liabilities as of June 30, 2010 was also a very strong 3.5:1. This strong financial position will be important as the state's budgetary climate, which began to worsen significantly at the end of fiscal year 2009 and throughout fiscal year 2010, continues to impact Housatonic into fiscal year 2011. However, continued strong enrollment growth impacted by expanded and revitalized campus facilities, along with strong fiscal management and an expansion of grant programs, should help to ease upcoming budgetary challenges.

**Connecticut Community Colleges
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Manchester Community College	Primary Institution		
Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 14,340	\$ 13,129	9 %
Non-current assets	69,267	71,801	(4)
Total assets	<u>\$ 83,607</u>	<u>\$ 84,930</u>	<u>(2) %</u>
LIABILITIES			
Current liabilities	\$ 7,631	\$ 7,350	4 %
Non-current liabilities	4,103	3,974	3
Total liabilities	<u>11,734</u>	<u>11,324</u>	<u>4</u>
NET ASSETS			
Invested in capital assets	69,235	71,785	(4)
Restricted-nonexpendable	-	-	-
Restricted-expendable	293	561	(48)
Unrestricted	2,345	1,260	86
Total net assets	<u>71,873</u>	<u>73,606</u>	<u>(2)</u>
Total liabilities and net assets	<u>\$ 83,607</u>	<u>\$ 84,930</u>	<u>(2) %</u>
Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009			
	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 20,908	\$ 17,674	18 %
Less: Scholarship discounts and allowances	(6,877)	(4,540)	(51)
Net tuition and fees	14,031	13,134	7
Government grants and contracts	11,046	7,852	41
Additional operating revenues	866	832	4
Total operating revenues	<u>25,943</u>	<u>21,818</u>	<u>19</u>
OPERATING EXPENSES			
	<u>53,311</u>	<u>52,018</u>	<u>2</u>
Operating loss	<u>(27,368)</u>	<u>(30,200)</u>	<u>9</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	29,237	28,627	2
State appropriations - bond fund **	17	2	750
Other non-operating revenues (expenses), net	81	135	(40)
Net non-operating revenues	<u>29,335</u>	<u>28,764</u>	<u>2</u>
Net income (loss) before other changes	<u>1,967</u>	<u>(1,436)</u>	<u>237</u>
OTHER CHANGES			
Capital and other additions (deductions)	5	1,197	(100)
Interagency transfers	(3,705)	(2,728)	(36)
Total other changes	<u>(3,700)</u>	<u>(1,531)</u>	<u>(142)</u>
Change in net assets	(1,733)	(2,967)	42
Net assets, beginning of year	73,606	76,573	(4)
Net assets, end of year	<u>\$ 71,873</u>	<u>\$ 73,606</u>	<u>(2) %</u>
* Including fringe benefits			
** Including agency and DPW administered			
Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009			
	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (24,176)	\$ (25,555)	5 %
Investing activities	45	217	(79)
Capital and related financing activities	(627)	(649)	3
Noncapital financing activities	26,013	25,496	2
Net change in cash and cash equivalents	<u>1,255</u>	<u>(491)</u>	<u>356</u>
Cash and cash equivalents, beginning of year	8,786	9,277	(5)
Cash and cash equivalents, end of year	<u>\$ 10,041</u>	<u>\$ 8,786</u>	<u>14 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
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Manchester Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
		(Restated)	
ASSETS			
Cash and cash equivalents	\$ 723	\$ 725	- %
Receivables	301	268	12
Investments	1,775	1,437	24
Other Assets	-	-	-
Total assets	<u>\$ 2,799</u>	<u>\$ 2,430</u>	<u>15 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 18	\$ 3	500 %
NET ASSETS			
Unrestricted	173	148	17
Temporarily Restricted	438	173 *	153
Permanently Restricted	2,170	2,106 *	3
Total net assets	<u>2,781</u>	<u>2,427</u>	<u>15</u>
Total liabilities and net assets	<u>\$ 2,799</u>	<u>\$ 2,430</u>	<u>15 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 304	\$ 366	(17) %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	70	78	(10)
Dividends and Interest Income Total	281	(389)	172
Other	-	-	-
Total Revenue, Capital Gains and Losses and other Support	<u>655</u>	<u>55</u>	<u>1,091</u>
EXPENSES			
Fundraising Expense	6	7	(14)
Program Expense	129	133	(3)
Financial Aid expenses	108	118	(8)
Administration and Other	58	61	(5)
Total Expenses	<u>301</u>	<u>319</u>	<u>(6)</u>
Change in net assets	<u>354</u>	<u>(264)</u>	<u>234</u>
NET ASSETS			
Net assets, beginning of year	<u>2,427</u>	<u>2,691</u>	<u>(10)</u>
Net assets, end of year	<u>\$ 2,781</u>	<u>\$ 2,427</u>	<u>15 %</u>

* See Note 15 in Audited Financial Statements

**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**

Manchester Community College

Component Unit - Great Path Academy

**Condensed Statement of Net Assets
June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
ASSETS			
Current assets	\$ 2,331	\$ 6,152	(62) %
Non-current Assets	30,352	29,275	4
Total assets	<u>\$ 32,683</u>	<u>\$ 35,427</u>	<u>(8)</u>
LIABILITIES			
Current liabilities	\$ 1,072	\$ 3,224	(67) %
Non-current liabilities	38	12	217
Total liabilities	<u>1,110</u>	<u>3,236</u>	<u>(66)</u>
NET ASSETS			
Invested in capital assets, net of related debt	30,352	29,275	4
Restricted-expendable	1,371	2,920	(53)
Unrestricted	(150)	(4)	(3,650)
Total net assets	<u>31,573</u>	<u>32,191</u>	<u>(2)</u>
Total liabilities and net assets	<u>\$ 32,683</u>	<u>\$ 35,427</u>	<u>(8) %</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
OPERATING REVENUES			
District Contributions	\$ 1,083	\$ 561	93 %
Government grants and contracts	3,700	3,815	(3)
Total operating revenues	<u>4,783</u>	<u>4,376</u>	<u>9</u>
OPERATING EXPENSES			
	5,954	3,908	52
Operating income	<u>(1,171)</u>	<u>468</u>	<u>(350)</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	535	94	469
State appropriations - DPW Administered	18	20	(10)
Net non-operating revenues	<u>553</u>	<u>114</u>	<u>385</u>
Net income (loss)	<u>(618)</u>	<u>582</u>	<u>(206)</u>
Change in net assets	(618)	582	(206)
Net assets, beginning of year	32,191	31,609	2
Net assets, end of year	<u>\$ 31,573</u>	<u>\$ 32,191</u>	<u>(2) %</u>

* Including fringe benefits



Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Manchester Community College

Manchester Community College ("Manchester") founded in 1963, advances academic, economic, civic, personal and cultural growth by providing comprehensive, innovative and affordable learning opportunities to diverse populations. Manchester served 15,831 students (unduplicated headcount) in fiscal year 2010. There were 7,366 full- and part-time students enrolled in credit-bearing courses during the fall 2009 semester. In addition, 5,803 students enrolled in credit-free programs during the year offered through the continuing education division. These programs focus on personal development, workforce development, and a variety of business and industry training needs.

Total annualized credit FTE increased 10.1% from 4,056 in fiscal year 2009 to 4,467 in fiscal year 2010. Manchester maintained a flat enrollment of 4,600 credit FTE for the fall 2010 semester compared to 4,605 credit FTE for the fall 2009 semester. Fall 2009 represented the largest enrollment in the history of Manchester. As a result, there were increased demands to provide students with more academic support and student services such as tutoring, academic planning, counseling, student activities and accommodations for students with disabilities. The lack of additional financial resources along with classroom space constraints have required Manchester to maintain fiscal year 2010 enrollment levels for fiscal year 2011.



Total operating revenues increased 18.9% or \$4.1 million in fiscal year 2010 compared to fiscal year 2009. Gross student tuition and fees increased 18.3% or \$3.2 million, from \$17.7 million in fiscal year 2009 compared to \$20.9 million in fiscal year 2010. Significant enrollment growth in both regular academic and extension credit programs, along with higher tuition and fee rates contributed to the increase. Government grants and contracts increased \$3.2 million in fiscal year 2010 compared to fiscal year 2009, due to increases in financial aid award levels for federal Pell. Operating expenses increased 2.5% or \$1.3 million in fiscal year 2010 compared to fiscal year 2009.

Total net assets were \$71.9 million at June 30, 2010 compared to \$73.6 million at June 30, 2009. This change reflects a \$2.6 million net decrease in the invested in capital assets component of the net assets in fiscal year 2010, which was impacted by annual depreciation expense of \$3.1 million. The unrestricted net asset component increased \$1.0 million from \$1.3 million to \$2.3 million. The increase in student tuition and fee revenue was partially offset by additional costs for adjunct faculty and student support services required to accommodate record enrollment growth. Operating resources were also utilized to replace essential technology equipment. Manchester did not receive equipment replacement bond funds in fiscal year 2010. Total unrestricted cash at June 30, 2010 was \$9.3 million compared to \$7.7 million at June 30, 2009. Board policy provides unrestricted net asset standards to ensure both short-term and long-term financial health and liquidity. At June 30, 2010, the short-term current ratio of unrestricted current assets to unrestricted current liabilities at Manchester was 1.9:1, compared to 1.8:1 at June 30, 2009, sufficient to provide short-term liquidity and within the Board's guideline for a college of Manchester's size. Overall, Manchester continues to maintain a solid financial position.

Bond funds totaling \$2.0 million were bonded in July 2010 for the following Manchester projects and initiatives:

- Purchase of new and replacement equipment, \$705 thousand.
- Purchase of technology and telecommunications equipment and related technology infrastructure improvements, \$379 thousand.
- Design of fire code and sprinkler upgrades to the Lowe Building, \$363 thousand. Managed by the Department of Public Works.
- Design of parking lot repairs to Lot B and construction of 225 new parking spaces at the campus, \$551 thousand. Managed by the Department of Public Works.

Great Path Academy ("GPA") completed its first full year of operation in the new \$32.7 million Jonathan M. Daube Building. GPA is an inter-district "middle college" magnet high school located on the Manchester Community College campus. The new building, consisting of 74,500 square feet, is the first high school constructed on a community college

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



campus in Connecticut. GPA enrollment for the fall 2010 semester is 286 students. The building consists of flexible learning spaces and advanced technology; an internet café, gymnasium, and a community room. Manchester fully utilizes the GPA facility for evening classes to accommodate increases in college enrollment growth.

Great Path Academy is a separate legal entity established under section 10-264I of the Connecticut General Statutes. Public Act 04-213 amended C.G.S. 10-264I to permit the Board, on behalf of Manchester Community College, to sponsor and apply for funding to construct and operate a magnet school. The GPA entity meets the criteria for inclusion as a component unit in the financial statements of CCC and is reflected in a separate column within the Manchester Community College and System statements. The Board, through Manchester Community College, has overall responsibility for the mission, design, implementation and assessment of the GPA magnet school. The Board and Manchester have contracted with the Capitol Region Education Council ("CREC") to assume responsibility for the day-to-day operations of GPA. The Governing Board of GPA includes representation from Manchester Community College and the boards of education of the participating towns of Bolton, Coventry, East Hartford, Glastonbury, Granby, Hartford, Manchester and Tolland. During fiscal year 2010, GPA served 235 students and generated total operating revenues of \$4.8 million.

Manchester recognizes the importance of seeking private resources in support of its mission. The Manchester Community College Foundation, Inc. ("MCCF") is a charitable organization organized under the laws of the State of Connecticut. MCCF is legally and fiscally separate from Manchester, however MCCF expenditures support college programs and activities. Total MCCF permanently restricted endowments increased 3.0% from \$2.1 million at December 31, 2008, compared to \$2.2 million at December 31, 2009. The annual "An Evening of Fine Wines" fundraising auction held in April 2010 raised \$64 thousand to support scholarships, student programs and program enhancements. In May 2010 the SBM Charitable Foundation approved a pledge of \$500 thousand to MCCF to retain the naming rights of the SBM Charitable Foundation Auditorium.

Manchester has implemented a strategic planning process with participation from all areas of the college as guidance for establishing priorities and allocating resources required to effectively carry out the college mission. The broad-based strategic goals consist of Academic Excellence, Integrated Learning and Holistic Student Development, Workforce Development, Community and Civic Engagement, Educational Partnerships, Stewardship, and College Culture. A separate budget line item was established to provide alternative funding to faculty and staff for one-time innovative projects and initiatives, consistent with the strategic goals. Other institutional accomplishments in fiscal year 2010 included:

- Created new programs, both credit and non credit, to meet economic shifts and the changing needs of the state workforce. New credit programs were in culinary arts, environmental science, web technology certificate, homeland security certificate, and sustainable energy. New and enhanced non-credit programs include substitute teacher, precision machining, video production, and green technology.
- Created a new Institute for Community Engagement to serve as an umbrella for a variety of external partnerships.
- Opened the Veterans Oasis Center as a dedicated space for veterans and military service men and women.
- Opened the Precision Machining computer lab and Entrepreneurship Center to meet the emerging instructional, student, and core business needs.
- Partnered with Paulien & Associates, Inc. to complete an educational and facilities master plan to be completed by June 2011.
- Began the reaccreditation process with the New England Association of Schools and Colleges ("NEASC") to be completed by April 2012.

The approved state budget for fiscal year 2010 contained significant permanent reductions in the general fund appropriation for Connecticut Community Colleges. The impact for Manchester was a permanent reduction of \$1.6 million in the general fund base budget. In response to this major cut, a total of 16 vacant general fund permanent positions were eliminated and another 11 positions were transferred to the operating fund, along with associated fringe benefits. Permanent funding reductions adversely impact the level of academic, student, and administrative services provided by Manchester.

The long term outlook for Manchester is both exciting and fiscally challenging during a period of economic uncertainty and budgetary constraints. Manchester will continue to develop programs and create partnerships that foster student success and follow the guiding principles of shared understanding, shared responsibility, and shared leadership.

**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**



Middlesex Community College

Primary Institution

**Condensed Statements of Net Assets
June 30, 2010 and 2009**

	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 7,691	\$ 7,033	9 %
Non-current assets	7,786	8,254	(6)
Total assets	<u>\$ 15,477</u>	<u>\$ 15,287</u>	<u>1 %</u>
LIABILITIES			
Current liabilities	\$ 2,665	\$ 2,927	(9) %
Non-current liabilities	2,186	2,029	8
Total liabilities	<u>4,851</u>	<u>4,956</u>	<u>(2)</u>
NET ASSETS			
Invested in capital assets	7,754	8,232	(6)
Restricted-nonexpendable	-	-	-
Restricted-expendable	596	931	(36)
Unrestricted	2,276	1,148	98
Unrestricted-mandatory transfer to State	-	20	(100)
Total net assets	<u>10,626</u>	<u>10,331</u>	<u>3</u>
Total liabilities and net assets	<u>\$ 15,477</u>	<u>\$ 15,287</u>	<u>1 %</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 8,017	\$ 7,040	14 %
Less: Scholarship discounts and allowances	(2,526)	(2,151)	(17)
Net tuition and fees	5,491	4,889	12
Government grants and contracts	3,639	3,108	17
Additional operating revenues	272	245	11
Total operating revenues	<u>9,402</u>	<u>8,242</u>	<u>14</u>
OPERATING EXPENSES			
Operating loss	<u>20,754</u>	<u>20,943</u>	<u>(1)</u>
	<u>(11,352)</u>	<u>(12,701)</u>	<u>11</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	11,683	11,989	(3)
State appropriations - bond fund **	-	-	-
Other non-operating revenues (expenses), net	96	100	(4)
Net non-operating revenues	<u>11,779</u>	<u>12,089</u>	<u>(3)</u>
Net income (loss) before other changes	<u>427</u>	<u>(612)</u>	<u>170</u>
OTHER CHANGES			
Capital and other additions (deductions)	-	-	-
Interagency transfers	(132)	285	(146)
Total other changes	<u>(132)</u>	<u>285</u>	<u>(146)</u>
Change in net assets	295	(327)	190
Net assets, beginning of year	10,331	10,658	(3)
Net assets, end of year	<u>\$ 10,626</u>	<u>\$ 10,331</u>	<u>3 %</u>

* Including fringe benefits

** Including agency and DPW administered

**Condensed Statements of Cash Flows
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (11,249)	\$ (12,314)	9 %
Investing activities	19	79	(76)
Capital and related financing activities	(279)	(85)	(228)
Noncapital financing activities	12,454	12,441	0
Net change in cash and cash equivalents	945	121	681
Cash and cash equivalents, beginning of year	5,065	4,944	2
Cash and cash equivalents, end of year	<u>\$ 6,010</u>	<u>\$ 5,065</u>	<u>19 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**



Middlesex Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 176	\$ 121	45 %
Receivables	1	-	100
Investments	245	221	11
Other Assets	-	-	-
Total assets	<u>\$ 422</u>	<u>\$ 342</u>	<u>23 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 14	\$ 1	1,300 %
NET ASSETS			
Unrestricted	48	42	14
Temporarily Restricted	72	34	112
Permanently Restricted	<u>288</u>	<u>265</u>	<u>9</u>
Total net assets	<u>408</u>	<u>341</u>	<u>20</u>
Total liabilities and net assets	<u>\$ 422</u>	<u>\$ 342</u>	<u>23 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 139	\$ 79	76 %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	55	46	20
Dividends and Interest Income Total	8	9	(11)
Other	<u>22</u>	<u>(52)</u>	<u>142</u>
Total Revenue, Capital Gains and Losses and other Support	<u>224</u>	<u>82</u>	<u>173</u>
EXPENSES			
Fundraising Expense	42	32	31
Program Expense	-	-	-
Financial Aid expenses	84	53	58
Administration and Other	<u>31</u>	<u>28</u>	<u>11</u>
Total Expenses	<u>157</u>	<u>113</u>	<u>39</u>
Change in net assets	<u>67</u>	<u>(31)</u>	<u>316</u>
NET ASSETS			
Net assets, beginning of year	<u>341</u>	<u>372</u>	<u>(8)</u>
Net assets, end of year	<u>\$ 408</u>	<u>\$ 341</u>	<u>20 %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Middlesex Community College

Middlesex Community College ("Middlesex" or "MxCC") is centrally located on a 34 acre site in Middletown. Middlesex's primary service area includes communities east of the Connecticut River, south to the shoreline, north to Rocky Hill and west to the Meriden-Wallingford area. Middlesex maintains a satellite branch in Meriden to better serve the needs of that region, as well as offering select credit courses at the Old Saybrook High School to better serve shoreline students. The mission of Middlesex Community College is to provide lifelong learning opportunities by offering degree and certificate programs in general studies and liberal arts education, college transfer credits, and programs in the technical and occupational fields. In addition, Middlesex offers non-credit courses including special certificate programs for senior citizens and training designed for business and industry interests. Middlesex provides its certified nurses aide non-credit offerings to a number of clinical sites located throughout its area. Middlesex offers 21 associate degree programs and 21 certificate programs, and is considered to be a leader in the areas of broadcast cinema, ophthalmic design and dispensing and biotechnology. Middlesex also offers more than 40 distance learning courses and 4 hybrid courses to students covering a variety of subjects.

Credit enrollments continue to increase at Middlesex. The unduplicated headcount of 4,414 for fiscal year 2010 is the highest at MxCC since 1994. The fall 2009 headcount of 2,914 represents an enrollment gain of 11.1% from fall 2008 and a 23.8% increase over the five years since fall 2004. Spring 2010 enrollment of 2,830 increased 7.5% from spring 2009 and represents the highest spring headcount at the college since 1994. Compared to the previous spring semester, full-time enrollment was up by 16.9% and part-time enrollment by 2.4%. Annualized full-time equivalent ("FTE") enrollments for fiscal year 2010 reached 1,795, representing not only a 13.5% increase over the previous year but the highest FTE on record at MxCC. During fiscal year 2010, 76.6% of the student body was matriculated into degree and certificate programs, with general studies continuing to be the highest enrolled program. The average age of the student population at Middlesex, which has trended downward over this decade, was 26.4 years, just under the 26.8 years reported in fiscal year 2009 (average full-time student age is 21.0 years; average part-time student age is 30.4 years). In fiscal year 2010, 54.7% of first-time, full-time students participated in financial aid programs offered at Middlesex (an 8.1% increase from the prior year).



17.9%, \$562 thousand, as a result of federal and state increases to student aid funding in 2010.

Middlesex experienced an increase in its unrestricted net asset balance, reaching \$2.3 million at year-end. Substantial growth in credit program enrollment yielded a 19.9% increase of \$962 thousand in gross tuition revenues. In order to meet the demands of the sustained enrollment growth, salary expenses for part time lecturers increased by 16.7% or \$346 thousand, and expenses for educational support staff increased by 22.0% or \$102 thousand. Student labor also increased by \$42 thousand for the year. Non-credit workforce development revenues decreased by \$180 thousand or 22.9%, which was offset by a 21.8% reduction of \$197 thousand in purchased services. Gross scholarship grant aid to students increased by

Board of Trustees' policy provides unrestricted net asset standards to ensure both short-term and long-term financial health and liquidity. At June 30, 2010, the short-term current ratio of unrestricted current assets to unrestricted current liabilities at Middlesex was 2.8:1, adequate to provide substantial short-term liquidity for a college of Middlesex's size. Middlesex continues to meet the demand of its students while preparing for the future through tight budgetary management. The cautious approach to fiscal management over the past five years has moved Middlesex to a point at which it is in a healthy cash position to handle short term obligations while providing a foundation for capital expansion for long term growth.

In order to sustain enrollment growth and meet student needs, Middlesex has continued to strengthen student development and support initiatives, recognizing the need to engage an increasing number of full-time younger students. The use of the "self-paced" option in both math and English has been expanded so that students who place into developmental courses can progress at their own pace, frequently resulting in students completing two levels of developmental coursework in one semester while having to pay for only one course.

MxCC faculty have moved the students into new realms of creative activity. English faculty and library staff collaborated to bring the program "Writers of the Harlem Renaissance" to the campus. This involved research, creative writing, and

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performance by MxCC students. A human services professor worked with students to interview homeless people in Middletown who visit a local soup kitchen, and to develop a publication called "Stories from the Soup Kitchen." This project will be completed during the 2010-2011 academic year. All of these endeavors have served to enrich the education of the students who participated as well as the students, faculty, staff, and community members who attended the various presentations.

The workforce development, continuing education, and community services division of MxCC continues to remain focused on programming that supports job skills training, cross-divisional collaboration, and industry-driven career pathways. Within the allied health programs, the new veterinary assistant certificate program incorporates clinical training through a partnership with Pieper Memorial Veterinary Center. Certified nurse aide ("CNA") training remains the largest workforce development program with courses offered at the Middletown campus, in Meriden, and in Old Saybrook. The MxCC Foundation, Inc. ("MxCCF") funded a new clinical lab to support CNA training at the Meriden Center from funds donated by the Meriden Foundation, CUNO Foundation, and the James H. Napier Foundation.

The Precision Machining Institute ("PMI") in Meriden expanded its scope of operations, added equipment, and blended course offerings to accommodate both credit and non-credit students. Additional funding through participation in the Skills in Manufacturing and Related Technologies ("SMART") grant has provided scholarship opportunities for unemployed and underemployed workers. The new medical billing and coding certificate program evolved from the former academic business office technology/medical track associate's degree program. A pilot "kids on campus" summer program provided enrichment courses to approximately 150 service area youth in 12 topic areas.



The goal to conduct a detailed space analysis in support of Middlesex's facilities master plan was deferred pending the completion of an academic strategic plan for the college. The academic strategic plan will guide MxCC's direction for the near and long term in a manner that is responsive to the needs of the area. The detailed space analysis will be conducted once the academic plan is in place. It is anticipated that this work will be completed by the end of fiscal year 2011. A project to expand and renovate the cafeteria area in Founders' Hall is pending the receipt of bond of funds. This project will address the need for improved student space, more efficient use of existing space and expansion of facilities in response to growing enrollments.

Community outreach and connection is an integral part of Middlesex's mission. To that end, MxCC provided over 1,000 hours of facility use during the year to outside agencies without charge. Middlesex was, for the fourth year in a row, host to "Shakespeare in the Grove," a production of Shakespearian plays produced by The Artfarm, a local, non-profit theater production company. This annual event provides the opportunity for many to visit the campus and enjoy its facilities.

The Middlesex Foundation fundraising increased 21.1% in fiscal year 2010. The MxCC Classic golf tournament continued its successful run as both a fundraiser and friend-raiser while the 5K Scholarship run broke records in both funds raised (\$22 thousand) and number of participants (150). The MxCCF introduced a new event with a promising future: the MxCC Bowl-a-thon, pitting student teams against faculty and staff in a high-spirited affair. Nearly \$42 thousand in scholarship support was awarded to 54 students by the Middlesex Foundation. The Middlesex Foundation also enabled the science department to modernize lab equipment by purchasing new microscopes funded by a \$21 thousand grant from the Dorr Foundation. The new equipment employs state-of-the-art technology that students may encounter in research and clinical environments. The microscopes serve about 60 microbiology students and 15 molecular genetics students per year.

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Naugatuck Valley Community College

Primary Institution

Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 14,428	\$ 14,320	1 %
Non-current assets	55,283	57,836	(4)
Total assets	<u>\$ 69,711</u>	<u>\$ 72,156</u>	<u>(3) %</u>
LIABILITIES			
Current liabilities	\$ 8,466	\$ 8,574	(1) %
Non-current liabilities	4,681	4,369	7
Total liabilities	<u>13,147</u>	<u>12,943</u>	<u>2</u>
NET ASSETS			
Invested in capital assets	55,132	57,683	(4)
Restricted-nonexpendable	-	-	-
Restricted-expendable	1,232	2,107	(42)
Unrestricted	200	(577)	135
Total net assets	<u>56,564</u>	<u>59,213</u>	<u>(4)</u>
Total liabilities and net assets	<u>\$ 69,711</u>	<u>\$ 72,156</u>	<u>(3) %</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 19,441	\$ 16,227	20 %
Less: Scholarship discounts and allowances	(5,469)	(4,108)	(33)
Net tuition and fees	13,972	12,119	15
Government grants and contracts	8,273	5,503	50
Additional operating revenues	2,139	2,407	(11)
Total operating revenues	<u>24,384</u>	<u>20,029</u>	<u>22</u>
OPERATING EXPENSES			
Operating loss	<u>55,663</u>	<u>55,653</u>	<u>0</u>
	<u>(31,279)</u>	<u>(35,624)</u>	<u>12</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	29,127	29,383	(1)
State appropriations - bond fund **	-	905	(100)
Other non-operating revenues (expenses), net	166	313	(47)
Net non-operating revenues	<u>29,293</u>	<u>30,601</u>	<u>(4)</u>
Net income (loss) before other changes	<u>(1,986)</u>	<u>(5,023)</u>	<u>60</u>
OTHER CHANGES			
Capital and other additions (deductions)	-	103	(100)
Interagency transfers	(663)	702	(194)
Total other changes	<u>(663)</u>	<u>805</u>	<u>(182)</u>
Change in net assets	(2,649)	(4,218)	37
Net assets, beginning of year	59,213	63,431	(7)
Net assets, end of year	<u>\$ 56,564</u>	<u>\$ 59,213</u>	<u>(4) %</u>
* Including fringe benefits			
** Including agency and DPW administered			

Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (29,112)	\$ (32,671)	11 %
Investing activities	28	153	(82)
Capital and related financing activities	(623)	(5,227)	88
Noncapital financing activities	30,016	30,448	(1)
Net change in cash and cash equivalents	<u>309</u>	<u>(7,297)</u>	<u>104</u>
Cash and cash equivalents, beginning of year	9,390	16,687	(44)
Cash and cash equivalents, end of year	<u>\$ 9,699</u>	<u>\$ 9,390</u>	<u>3 %</u>

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Naugatuck Valley Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
		(Restated)	
ASSETS			
Cash and cash equivalents	\$ 184	\$ 202	(9) %
Receivables	25	104 *	(76)
Investments	899	809	11
Other Assets	-	-	-
Total assets	<u>\$ 1,108</u>	<u>\$ 1,115 *</u>	<u>(1) %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 45	\$ -	100 %
NET ASSETS			
Unrestricted	34	21	62
Temporarily Restricted	299	384 *	(22)
Permanently Restricted	730	710	3
Total net assets	<u>1,063</u>	<u>1,115 *</u>	<u>(5)</u>
Total liabilities and net assets	<u>\$ 1,108</u>	<u>\$ 1,115 *</u>	<u>(1) %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
		(Restated)	
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 89	\$ 157	(43) %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	31	19	63
Dividends and Interest Income Total	16	42	(62)
Other	86	(142)	161
Total Revenue, Capital Gains and Losses and other Support	<u>222</u>	<u>76</u>	<u>192</u>
EXPENSES			
Fundraising Expense	-	-	-
Program Expense	209	605	(65)
Financial Aid expenses	51	58	(12)
Administration and Other	14	11	27
Total Expenses	<u>274</u>	<u>674</u>	<u>(59)</u>
Change in net assets	<u>(52)</u>	<u>(598)</u>	<u>91</u>
NET ASSETS			
Net assets, beginning of year	<u>1,115</u>	<u>1,713 *</u>	<u>(35)</u>
Net assets, end of year	<u>\$ 1,063</u>	<u>\$ 1,115 *</u>	<u>(5) %</u>

* See Note 15 in Audited Financial Statements

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Naugatuck Valley Community College

Naugatuck Valley Community College (“Naugatuck Valley” or “NVCC”) provides educational opportunities that enable citizens of the region to accomplish their individual goals, thus contributing to the economic, academic, social, and cultural development of the region. This is accomplished by providing quality, affordable, educational and career preparation programs responsive to ever-changing needs and interests of the community. NVCC offers over 100 associate degree and credit certificate programs in such fields as business, early childhood education, engineering technology, nursing and allied health, human services, and information technology, and also supports a sizeable continuing education operation that offers hundreds of customized non-credit learning activities to enhance workforce skills and provide personal enrichment.

The campus, known as the Central Naugatuck Valley Region Higher Education Center, is the largest in the CCC System and includes 110 acres and eight buildings comprising 951,754 gross square feet. A new 100,000 square foot technology classroom/laboratory building, completed in summer 2008, replaced 30-year old modular buildings. NVCC is extremely proud of its four allied health programs and the excellent facilities for these programs, especially a new simulation lab. The technology in this lab broadcasts live to various classrooms, and allows for the recording of simulation exercises for teaching purposes. Although students from many cities and towns across the state attend Naugatuck Valley, the primary service region comprises two dozen towns in the greater Waterbury and Danbury areas. Naugatuck Valley continues to prove that “education pays.” According to the American Association of Community Colleges “Students who receive degrees or certificates past the high school diploma receive significantly more in wages than people with only a high school education. Jobs requiring an associate degree are some of the fastest growing occupations in the nation and crucial to our society; nurses, police officers, and other first responders are all educated primarily by community colleges.”

Unique among Connecticut community colleges is a fine arts center housing an 850-seat theater, a small experimental theater, dance studio, chorus room, and music practice rooms. Naugatuck Valley is the only community college in Connecticut to offer associate degrees in aviation science, a visual and performing arts option in dance, digital arts technology, and horticulture. Naugatuck Valley also leases facilities in Danbury to support credit and non-credit programs.

There were several significant accomplishments this year at NVCC. First and foremost was completion of the college’s first learning resource center—the Academic Center for Excellence (ACE). This 5000 square foot facility was constructed within Ekstrom Hall and consolidates tutoring from almost all academic divisions. The room, shown partially in the photo in this section, contains seating for 140 students and tutors, along with offices for the ESL program. There is room for group and individual tutoring as well as student group study meetings. Sixty personal computers are also available. Statistics kept for the academic year just ended show very positive results in grades and academic achievement for those students who availed themselves of this new valuable resource. Retention of students using the ACE was at about 20% higher than for students who did not use the ACE.



The year also saw the completion of a new strategic plan for the college. The effort was led by President Daisy Cocco DeFilippis and involved multiple constituencies, including engagement of student leadership, and participation of faculty and staff. Off-campus organizations and companies were invited to discuss what partnerships would be fruitful, lead to better teaching and learning, more workforce opportunities, and contribute to the betterment of the communities we serve. Participants brainstormed, debated, and fine-tuned until a document was crafted that had wide support. The final plan contains a new college Vision Statement, five Goals, fifteen Strategic Initiatives, and ten Outcomes. The plan will cover a three-year period from 2010 through 2013, and will achieve positive, measurable results for Naugatuck Valley students.

Other highlights from fiscal year 2010 included:

- Expanded credit courses offerings in Danbury, the second largest city in the region.
- Executed an agreement with the Northwest Regional Workforce Investment Board to share space in Danbury which will house classrooms and offices. This replaced the Crosby Street facilities.

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- Constructed a rose garden using a substantial memorial gift in the name of a retired faculty member; and Shakespeare, Sustainable and Japanese Gardens using volunteer labor, donations and grant-funding.
- Received approval of continuing accreditation for eight years of the nursing program, and a 96% pass rate by graduates of the program in the NCLEX-RN exam.
- Received approval of continuing accreditation for eight years of the radiologic technology program.
- Obtained and executed several grants to enhance workforce development, especially in the green jobs areas.
- Added three new faculty positions and filled over forty critical full-time vacancies.
- Completed two welding certificate classes with thirty-six graduates in collaboration with the Northwest Regional Workforce Investment Board.
- Held commencement for the first time in the Palace Theater in downtown Waterbury.
- Collaborated with the Waterbury Public Schools to run the College Connections program on campus.
- Established a summer English as a Second Language Institute.
- Instituted a program run by college employees on a volunteer basis to offer free computer literacy assistance in Waterbury in cooperation with the Police Activities League.
- Accomplished greater efficiency in the use of college facilities by achieving over 90% utilization of classrooms, and a greater offering of Friday and Saturday credit course sections.
- Continued service learning opportunities for students, such as the St. Vincent's soup kitchen.
- Created an electronic newsletter emanating from the Office of the President.

The Naugatuck Valley Community College Foundation, Inc. ("NVCCF") continued to focus on supporting the students, programs, and services of the college. It sought funding for scholarships, tutoring, and improving the campus grounds. College funding, community donors, and a family gift established the Alan J. Zinser Memorial Garden which offers a place for students to apply their horticultural skills and allows the public to enjoy the plantings. A new scholarship program was



obtained for Latino engineering students. The NVCCF hosted a formal reception to open NVCC's state-of-the-art greenhouse that complements the horticulture program. The sixth annual Mystery Dinner Theater was held at the Mattatuck Museum and attracted new supporters for the NVCCF scholarship appeal. The "Great American Songbook" Jazz Evening filled the Technology Hall dining room and raised funds for scholarships. Total liabilities and equity was \$1.1 million at the end of the foundation's fiscal year ending December 31, 2009. The foundation board added three new members and aligned its strategic planning with college goals.

Full time equivalent ("FTE") enrollment increased by 11.0% in fall 2009 compared to fall 2008. FTE enrollment in spring 2010 increased by 14.1% compared to the spring of 2009. During the year Naugatuck

Valley served 9,450 unduplicated students in credit courses, an 8.9% increase from the 2008-09 academic year, and 4,710 in non-credit courses, a 12.8% increase from academic year 2008-09. Enrollment growth and rate escalations increased tuition and fees revenues by 19.8% or \$3.2 million, contributing to total revenues increasing 6.0% or \$3.0 million from \$50.6 million in fiscal year 2009 to \$53.6 million in fiscal year 2010. Total revenues included one-time revenues of \$675 thousand from the sale of bookstore inventory as NVCC transitioned from a college-owned to vendor-operated bookstore operation in order to better serve students. Operating expenses remained flat at \$55.7 million from fiscal year 2009 to fiscal year 2010 due to tighter budgetary management.

In fiscal year 2010, Naugatuck Valley efforts to improve its financial position were realized. The unrestricted net asset balance as of June 30, 2010, was positive \$200 thousand, up \$777 thousand from negative \$577 thousand at June 30, 2009. Many factors contributed to this gain; however, the primary reasons were increased tuition and fee revenues, one-time bookstore revenues, and one-time savings from temporarily vacant positions. As of June 30, 2010, the short-term current ratio of unrestricted current assets to unrestricted current liabilities was 1.7:1, up from 1.5:1 a year ago. While slightly lower than required by Board policy, it should allow NVCC the ability to respond to the demands of a challenging fiscal environment.

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Northwestern Connecticut Community College

Primary Institution

Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 4,600	\$ 4,922	(7) %
Non-current assets	23,255	23,964	(3)
Total assets	<u>\$ 27,855</u>	<u>\$ 28,886</u>	<u>(4) %</u>
LIABILITIES			
Current liabilities	\$ 1,866	\$ 2,440	(24) %
Non-current liabilities	1,732	1,606	8
Total liabilities	<u>3,598</u>	<u>4,046</u>	<u>(11)</u>
NET ASSETS			
Invested in capital assets	23,255	23,964	(3)
Restricted-nonexpendable	-	-	-
Restricted-expendable	1,064	1,272	(16)
Unrestricted	(62)	(396)	84
Total net assets	<u>24,257</u>	<u>24,840</u>	<u>(2)</u>
Total liabilities and net assets	<u>\$ 27,855</u>	<u>\$ 28,886</u>	<u>(4) %</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 3,963	\$ 3,619	10 %
Less: Scholarship discounts and allowances	(1,508)	(1,191)	(27)
Net tuition and fees	2,455	2,428	1
Government grants and contracts	2,475	1,822	36
Additional operating revenues	162	153	6
Total operating revenues	<u>5,092</u>	<u>4,403</u>	<u>16</u>
OPERATING EXPENSES			
Operating loss	<u>16,249</u>	<u>17,600</u>	<u>(8)</u>
	<u>(11,157)</u>	<u>(13,197)</u>	<u>15</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	10,094	11,544	(13)
State appropriations - bond fund **	100	-	100
Other non-operating revenues (expenses), net	57	60	(5)
Net non-operating revenues	<u>10,251</u>	<u>11,604</u>	<u>(12)</u>
Net income (loss) before other changes	<u>(906)</u>	<u>(1,593)</u>	<u>43</u>
OTHER CHANGES			
Capital and other additions (deductions)	1	25	(96)
Interagency transfers	322	657	(51)
Total other changes	<u>323</u>	<u>682</u>	<u>(53)</u>
Change in net assets	(583)	(911)	36
Net assets, beginning of year	24,840	25,751	(4)
Net assets, end of year	<u>\$ 24,257</u>	<u>\$ 24,840</u>	<u>(2) %</u>
* Including fringe benefits			
** Including agency and DPW administered			

Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (10,634)	\$ (11,665)	9 %
Investing activities	9	42	(79)
Capital and related financing activities	(209)	(571)	63
Noncapital financing activities	11,169	11,324	(1)
Net change in cash and cash equivalents	<u>335</u>	<u>(870)</u>	<u>139</u>
Cash and cash equivalents, beginning of year	3,126	3,996	(22)
Cash and cash equivalents, end of year	<u>\$ 3,461</u>	<u>\$ 3,126</u>	<u>11 %</u>

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Northwestern Connecticut Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
ASSETS			
Cash and cash equivalents	\$ 50	\$ 76	(34) %
Receivables	573	249	130
Investments	810	646	25
Other Assets	-	1	(100)
Total assets	<u>\$ 1,433</u>	<u>\$ 972</u>	<u>47 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 2	\$ 4	(50) %
NET ASSETS			
Unrestricted	3	227	(99)
Temporarily Restricted	718	553	30
Permanently Restricted	710	188	278
Total net assets	<u>1,431</u>	<u>968</u>	<u>48</u>
Total liabilities and net assets	<u>\$ 1,433</u>	<u>\$ 972</u>	<u>47 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 412	\$ 204	102 %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	-	4	(100)
Dividends and Interest Income Total	9	44	(80)
Other	133	(305)	144
Total Revenue, Capital Gains and Losses and other Support	<u>554</u>	<u>(53)</u>	<u>1,145</u>
EXPENSES			
Fundraising Expense	37	35	6
Program Expense	46	30	53
Financial Aid expenses	-	-	-
Administration and Other	8	14	(43)
Total Expenses	<u>91</u>	<u>79</u>	<u>15</u>
Change in net assets	<u>463</u>	<u>(132)</u>	<u>451</u>
NET ASSETS			
Net assets, beginning of year	<u>968</u>	<u>1,100</u>	<u>(12)</u>
Net assets, end of year	<u>\$ 1,431</u>	<u>\$ 968</u>	<u>48 %</u>

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Northwestern Connecticut Community College

Northwestern Connecticut Community College ("NCCC" or "Northwestern") was founded in 1965 by 9 private citizens constituting the Committee on Community College for Northwestern Connecticut, Inc. On November 19, 1965, Northwestern came under the jurisdiction of the State of Connecticut and is now governed by the Board of Trustees of Community-Technical Colleges. NCCC has grown from one building (Founders Hall, formerly the Gilbert School) to ten, the newest of which, the Art and Science Building, opened in September 2007. Enrollment in the college's first year was 159. In the fall 2010 semester, Northwestern enrolled 1,832 credit students (headcount). NCCC demonstrates a strong presence in distance learning with approximately 30 online sections offered each semester. Enrollment has increased from 702 FTE in the fall of 2000 semester to 913 FTE in the fall of 2010.

Located in Winsted, a bucolic small town just twenty-five miles west of Hartford, Northwestern offers programs that lead to the Associate in Science degree, the Associate in Arts degree (with one-of-a-kind programs such as veterinary technology; American sign language/interpreter preparation; animation and video arts), plus credit and non-credit certificates. The NCCC service area consists of twenty towns in the northwest corner of Connecticut. The majority of students reside in Torrington, Winsted, Barkhamsted, Litchfield, New Hartford and Canton. The student body is typically made up of people who come from about half of the 169 towns in Connecticut, as well as Massachusetts, and New York.



During fiscal year 2010, Northwestern Connecticut Community College continued work on the design of the new 24,000 square foot building to replace the existing Joyner Learning Center. The new facility will be designed as a medical arts center. Northwestern has hired an architectural firm for preliminary planning.

NCCC received all approvals for a new Associate Degree in nursing program in spring 2010. A nursing director and two nursing faculty were hired by October 2010, and the first cohort of 24 students will begin in January 2011. The program is funded through private donations and federal funds.

During fiscal year 2010, NCCC continued to utilize previously bonded System Technology Initiative ("STI") funds to complete projects addressing recommendations identified in a 2008 network assessment study. More specifically, in fiscal year 2010, NCCC expended \$49 thousand for replacement of critical data backup and data archiving equipment, \$43 thousand to complete a grounding and bonding project as required to protect technology systems from power surges, and \$6 thousand to install environmental room monitors required to alert college staff of hazardous room conditions. In fiscal year 2010, no additional STI funds were received and current STI bond fund balances are inadequate to fully fund planned infrastructure projects going forward. In addition to the information technology projects completed in fiscal year 2010, the college also received \$26 thousand for art work purchased for the Art and Science Center and \$10 thousand was used to expand the library collection and \$6 thousand for minor improvements to the Art and Science and Learning Resource Centers.

Total net assets decreased \$583 thousand from \$24.8 million at June 30, 2009 to \$24.3 million at June 30, 2010. Investments in capital assets declined \$710 thousand from \$24.0 million at June 30, 2009 to \$23.3 million at June 30, 2010. This decrease was largely the result of an increase in accumulated depreciation of \$946 thousand from \$5.6 million at June 30, 2009 to \$6.6 million at June 30, 2010. This increase is partially offset by a net gain from other operations. While total net assets decreased, the unrestricted current ratio increased from 1.6:1 to 2.0:1. Board policy provides unrestricted net asset standards to ensure both short-term and long-term financial health and liquidity. The current ratio of 2.0 is adequate for a college of Northwestern's size. This increase in liquidity was largely due to the 15.7%, \$689 thousand increase in operating revenues from \$4.4 million during fiscal year 2009 to \$5.1 million during fiscal year 2010, and a 7.7%, \$1.4 million decrease in operating expenses, from \$17.6 million during fiscal year 2009 to \$16.2 million during 2010. Enrollment increases in both the fall and the spring semesters drove gross tuition and fee revenues up 9.5% or \$344 thousand. Total full-time equivalent enrollment ("FTE") increased from 858 in the fall 2008 semester to 895 in the fall

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2009 semester for an increase of 4.3%. Total FTE increased from 771 in the spring 2009 semester to 803 in the spring 2010 semester for an increase of 4.2%.

Enrollment was also the driving factor behind the 46.6% or \$661 thousand increase in federal grants revenue from \$1.4 million during fiscal year 2009 to \$2.1 million during 2010. The federal Pell financial aid program accounted for \$600 thousand of this increase. NCCC saw a 50.9% increase in Pell recipients from 340 during fiscal year 2009 to 513 during fiscal year 2010. In addition to the increase in the federal Pell grant, Northwestern also received increased funding in the Rural Health Grant of \$31 thousand and a new American Recovery and Reinvestment Act (“ARRA”) grant of \$27 thousand. The ARRA-funded Summer Youth Employment Program, provided funding for out-of-school youth to do internships at NCCC throughout the summer. In addition to work, students received employment skills training.

Private grant revenue also increased 89.1% or \$22 thousand in part as a result of two ALCOA Foundation grants. One grant, which provided funding for Veteran’s Outreach, focused on working with veterans, supporting the Veteran’s Oasis Center, recruitment of veterans and providing assistance to veterans seeking job training including computer training. The second ALCOA Foundation grant provided for the upgrading of math skills of high school students. Test scores which evaluate prospective NCCC students show that 75% of the college’s applicants need to have their math skills remediated. This grant allowed Northwestern to take a proactive approach to address this need in the local high schools by offering evaluation of skills, remedial and college classes, tutoring and introduction to career skills including workplace ethics, employer expectations, teamwork and communication to name a few.

Salary and fringe benefit costs accounted for much of the operating expense savings. Salaries and wages decreased 13.4% or \$1.3 million from \$9.8 million during fiscal year 2009 to \$8.5 million during 2010. Fringe benefit costs decreased 8.2% or \$365 thousand from \$4.5 million during 2009 to \$4.1 million during 2010. Savings were achieved through delaying the hiring of positions made vacant by the 2009 retirement incentive program as well as resignations, and by eliminating positions in order to achieve the 5% general fund reduction of 2009 which became permanent in fiscal year 2010.

The general fund appropriation salary and fringe revenues decreased \$1.4 million from \$11.5 million during 2009 to \$10.1 million during 2010. This decrease has resulted in the transfer of many permanent full-time positions to student tuition and fee support. This increase in salary and fringe benefits supported by student revenues coupled with the filling of critical vacancies in fiscal year 2011 will put an enormous strain on NCCC’s limited resources.

As Northwestern moves forward into fiscal year 2011 to face the significant challenges of the current economic climate, it does so with confidence and optimism. The opening of the new nursing program in January 2011 will provide the college with another avenue to meet the needs of the residents of Northwestern Connecticut and beyond.

Northwestern Connecticut Community College is, after all, “The small College that does great things.”



**Connecticut Community Colleges
Management's Discussion and Analysis
June 30, 2010 and 2009**

Norwalk Community College

Primary Institution

Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 33,865	\$ 16,175	109 %
Non-current assets	26,941	22,792	18
Total assets	<u>\$ 60,806</u>	<u>\$ 38,967</u>	<u>56 %</u>
LIABILITIES			
Current liabilities	\$ 7,835	\$ 7,643	3 %
Non-current liabilities	3,762	3,442	9
Total liabilities	<u>11,597</u>	<u>11,085</u>	<u>5</u>
NET ASSETS			
Invested in capital assets	26,941	22,791	18
Restricted-nonexpendable	-	-	-
Restricted-expendable	21,093	5,135	311
Unrestricted	1,175	(44)	2,770
Total net assets	<u>49,209</u>	<u>27,882</u>	<u>76</u>
Total liabilities and net assets	<u>\$ 60,806</u>	<u>\$ 38,967</u>	<u>56 %</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 20,382	\$ 18,473	10 %
Less: Scholarship discounts and allowances	(5,919)	(4,576)	(29)
Net tuition and fees	14,463	13,897	4
Government grants and contracts	7,847	5,832	35
Additional operating revenues	5,864	3,613	62
Total operating revenues	<u>28,174</u>	<u>23,342</u>	<u>21</u>
OPERATING EXPENSES			
Operating loss	<u>49,362</u>	<u>49,351</u>	<u>0</u>
	<u>(21,188)</u>	<u>(26,009)</u>	<u>19</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	24,174	24,375	(1)
State appropriations - bond fund **	19,042	-	100
Other non-operating revenues (expenses), net	385	754	(49)
Net non-operating revenues	<u>43,601</u>	<u>25,129</u>	<u>74</u>
Net income (loss) before other changes	<u>22,413</u>	<u>(880)</u>	<u>2,647</u>
OTHER CHANGES			
Capital and other additions (deductions)	-	-	-
Interagency transfers	(1,086)	(28)	(3,779)
Total other changes	<u>(1,086)</u>	<u>(28)</u>	<u>(3,779)</u>
Change in net assets	21,327	(908)	2,449
Net assets, beginning of year	27,882	28,790	(3)
Net assets, end of year	<u>\$ 49,209</u>	<u>\$ 27,882</u>	<u>76 %</u>

* Including fringe benefits

** Including agency and DPW administered

Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (19,421)	\$ (23,568)	18 %
Investing activities	28	133	(79)
Capital and related financing activities	13,538	(983)	1,477
Noncapital financing activities	24,455	23,760	3
Net change in cash and cash equivalents	<u>18,600</u>	<u>(658)</u>	<u>2,927</u>
Cash and cash equivalents, beginning of year	11,562	12,220	(5)
Cash and cash equivalents, end of year	<u>\$ 30,162</u>	<u>\$ 11,562</u>	<u>161 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
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Norwalk Community College

Component Unit - Foundation

**Condensed Statements of Net Assets
June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 5,998	\$ 10,208	(41) %
Receivables	3,620	5,052	(28)
Investments	20,249	13,594	49
Other Assets	-	-	-
Total assets	<u>\$ 29,867</u>	<u>\$ 28,854</u>	<u>4 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 2,532	\$ 2,412	5 %
NET ASSETS			
Unrestricted	1,070	959	12
Temporarily Restricted	10,685	10,316	4
Permanently Restricted	<u>15,580</u>	<u>15,167</u>	<u>3</u>
Total net assets	<u>27,335</u>	<u>26,442</u>	<u>3</u>
 Total liabilities and net assets	 <u>\$ 29,867</u>	 <u>\$ 28,854</u>	 <u>4 %</u>

**Condensed Statements of Activities
Years Ended June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 3,428	\$ 3,953	(13) %
State Matching Grant Total	-	(1,879)	100
Special Events / Fundraisers Total	481	-	100
Dividends and Interest Income Total	-	-	-
Other	<u>2,516</u>	<u>(5,414)</u>	<u>146</u>
Total Revenue, Capital Gains and Losses and other Support	<u>6,425</u>	<u>(3,340)</u>	<u>292</u>
EXPENSES			
Fundraising Expense	224	-	100
Program Expense	3,260	1,524	114
Financial Aid expenses	1,636	907	80
Administration and Other	<u>412</u>	<u>365</u>	<u>13</u>
Total Expenses	<u>5,532</u>	<u>2,796</u>	<u>98</u>
 Change in net assets	 <u>893</u>	 <u>(6,136)</u>	 <u>115</u>
NET ASSETS			
Net assets, beginning of year	<u>26,442</u>	<u>32,578</u>	<u>(19)</u>
 Net assets, end of year	 <u>\$ 27,335</u>	 <u>\$ 26,442</u>	 <u>3 %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Norwalk Community College

Norwalk Community College (“Norwalk” or “NCC”) is an open admission, two-year institution located in southwestern Connecticut. It plays a pivotal role as a center for education, workforce service and community leadership within Fairfield County, Connecticut – a diverse region that is an economic driver of Connecticut’s economy, and yet is home to both low-income housing projects and Fortune 500 corporate headquarters. Founded in 1961, NCC was the first of the 12 colleges in the Connecticut Community College System. During fall 2009, 6,685 students participated in credit programs and throughout fiscal year 2010, non-credit registrations totaled 10,567 in business, workforce development, and lifestyle courses. NCC serves the 10-town region of lower Fairfield County including Norwalk, Stamford, Greenwich, Darien, New Canaan, Westport, Wilton, Ridgefield, Redding and Weston; and also attracts students from throughout Connecticut, New York and overseas. NCC enrolls its largest number of students from Stamford (30%), Norwalk (27%) and Greenwich (6%).

The mantra for fiscal year 2010 for NCC has been “student success with less.” NCC excelled at doing more with less even though the fall 2009 enrollment hit an all time historic high of 6,685 students taking credit courses, an increase of 9.5% over the previous year. Ninety-three percent of all available course seats were filled. The challenge throughout the process was to maintain NCC’s high standard of college services and ensure students had the resources they needed for success.



Service learning at NCC grew dramatically in fiscal year 2010. More than 400 service-learning students and 25 faculty members contributed approximately 8,800 hours to more than 27 organizations in southwestern Connecticut. The community partners that benefited from service-learning included food pantries, environmental advocates and land trusts, women’s centers, literacy organizations and groups that work with children with special needs.

On Earth Day, President Levinson signed the American College and University President’s Climate Change Commitment, a pledge reaffirming NCC’s commitment to become a sustainable institution. Norwalk has expanded initiatives to include construction of a new organic garden in the culinary arts complex and more stringent recycling protocols throughout campus. NCC reduced paper waste by printing double-sided (and only printing when necessary) and by encouraging the use of shared printers/copy machines. Students began toting eco-friendly shopping bags and the college began its transition to paperless publications. By the close of calendar 2009, NCC was poised to debut its new 26-credit building efficiency and sustainable technology (“BEST”) certificate. The program was successfully launched as part of a larger \$2.1 million U.S. Department of Labor Sustainable Operations: Alternative and Renewable Energy Initiative (“SOAR”) grant to the Connecticut Community Colleges to fund educational programs in sustainable operations.

Fiscal year 2010 has been also been a success for NCC with regard to continuing grants. In NCC’s last year as a participant in *Achieving the Dream*, a nationwide initiative aimed at increasing the number of students who reach their educational and career goals, particularly low-income students, first generation college students and students of color, NCC was recognized as a leader in the national student completion movement by being designated as an Achieving the Dream Leader College. A Leader College is one that has demonstrated sustained improvement and accomplishments on key student achievement indicators over a three year time period. The on-going partnership with the *Fairfield County Community Foundation* (“FCCF”) and NCC has also proved to be a huge success. The past two cohorts of students have achieved their goal of completing an associate’s degree and have progressed on to the next level of their academic aspirations of obtaining a bachelor’s degree. The FCCF, along with the Norwalk Community College Foundation, Inc. (“NCC Foundation”) are providing funds of \$1.25 million over five years, to prepare at risk women to become financially and academically responsible in an initiative entitled: *The Financial Economic Security Program*.

Norwalk continues to move forward with the construction of a science, health and wellness building on the west campus, with the ground-breaking held in February 2010. The 55,000 square foot center will be a state-of-the-art, comprehensive facility for the training of nurses, respiratory therapists, paramedics, medical assistants and other health care workers for the coming decades. The facility will incorporate many sustainable elements as outlined by the LEED (Leadership in Energy and Environmental Design) certification program of the United States Green Building Council. The NCC Foundation has

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

partnered with NCC and has raised more than \$15 million dollars needed for the construction as well as for furniture, fixtures and equipment for the new science and health building. The NCC Foundation also supports NCC by providing scholarships and grants to NCC students and by supporting faculty and staff in their professional development endeavors. The NCC Foundation also serves as a vehicle for raising awareness of the critical role NCC plays in the business life of its service area.

Norwalk Community College had total assets of \$60.8 million, liabilities of \$11.6 million and a total net asset balance of \$49.2 million as of June 30, 2010. Of this balance \$26.9 million was invested in capital assets, \$21.1 million was restricted-expendable net assets, and unrestricted net assets were \$1.2 million, up from a negative \$44 thousand a year earlier. At June 30, 2010 the short-term current ratio of unrestricted current assets to unrestricted current liabilities at Norwalk was 1.8:1, reflecting an increase over the 1.6:1 ratio reported in fiscal year 2009. Board policy provides unrestricted net asset standards to ensure both short-term and long-term financial health and liquidity. Norwalk continues to exercise budgetary restraint in order to ensure that its unrestricted net assets continue to increase in fiscal year 2011 in order to maintain compliance with Board policy. Norwalk increased current assets by \$17.7 million from fiscal year 2009 to fiscal year 2010. Cash and cash equivalents increased by 160.9% or \$18.6 million to \$30.2 million due to two significant college transactions in fiscal year 2010. Cash equivalents increased by \$16.1 million as NKCC received state bond funds for the science, health, and wellness building currently under construction. Additionally, in fiscal year 2010 Norwalk Community College joined the systemwide bookstore operations contract with Follett Higher Education Group. Cash increased by \$2.5 million, impacted by one-time revenues of \$356 thousand upon the closeout of the bookstore operations fund into the college operating funds, as well as by a net gain from regular operations. Accounts receivable decreased by 9.1% to \$3.7 million at June 30, 2010, reflecting a decrease in salary and fringe receivables due from the state, and decreased receivables from restricted grant activities.

Norwalk's 7.9% annualized full-time equivalent ("FTE") enrollment increase in fiscal year 2010 contributed to a 10.3% increase in gross tuition and fee revenues. Total revenues increased by \$23.3 million, from \$48.5 million in fiscal year 2009 to \$71.8 million in fiscal year 2010, an increase of 48.1%. Operating revenues (net of scholarship allowances) accounted for \$28.2 million, an increase of 20.7% over fiscal year 2009 and non-operating revenues, including government appropriations, investment income, and gifts accounted for \$43.6 million, an increase of 73.5% compared with fiscal year 2009. The general fund appropriation for salary and fringe benefits remained flat from fiscal year 2009 to fiscal year 2010. However, Norwalk Community College received \$18.3 million in state bond fund appropriations for the construction of the science, health, and wellness building. Additionally, \$450 thousand was received in bond fund appropriations for roof repairs to the east campus. There were no new bond fund revenues allocated for capital equipment in 2010.

Operating expenses were \$49.4 million in fiscal year 2010, the same as in fiscal year 2009. Full-time salaries and wages decreased by 7.0%, from \$17.2 million in fiscal year 2009 to \$16.0 million in fiscal year 2010. The college fully implemented permanent general fund reductions by eliminating 14 full time positions after an early retirement incentive at the end of fiscal year 2009. Additionally, several key full time positions were vacant in fiscal year 2010 as replacement searches were underway. Part-time lecturer costs, including non-credit and extension-credit salaries and wages increased 4.8%, from \$5.7 million in fiscal year 2009 to \$5.9 million in fiscal year 2010. Increases in this category were driven by the college supporting continued enrollment growth with fewer full time positions. Fringe benefit costs reflected a 5.4% increase to \$10.9 million in fiscal year 2010. Additionally, through expense reduction initiatives, non-capital other expenditures were reduced by 10.4% for fiscal year 2010 to \$8.4 million. NCC also experienced a reduction of \$771 thousand in commodities purchased for resale related to bookstore operations between fiscal year 2009 and fiscal year 2010. Interagency transfers out of negative \$1.1 million in fiscal year 2010 increased from a negative \$28 thousand in fiscal year 2009.



**Connecticut Community Colleges
Management's Discussion and Analysis
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Quinebaug Valley Community College

Primary Institution

**Condensed Statements of Net Assets
June 30, 2010 and 2009**

	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 7,081	\$ 6,415	10 %
Non-current assets	12,351	12,782	(3)
Total assets	<u>\$ 19,432</u>	<u>\$ 19,197</u>	<u>1 %</u>
LIABILITIES			
Current liabilities	\$ 2,012	\$ 2,039	(1) %
Non-current liabilities	1,708	1,638	4
Total liabilities	<u>3,720</u>	<u>3,677</u>	<u>1</u>
NET ASSETS			
Invested in capital assets	12,351	12,781	(3)
Restricted-nonexpendable	-	-	-
Restricted-expendable	543	810	(33)
Unrestricted	2,818	1,879	50
Unrestricted-mandatory transfer to State	-	50	(100)
Total net assets	<u>15,712</u>	<u>15,520</u>	<u>1</u>
Total liabilities and net assets	<u>\$ 19,432</u>	<u>\$ 19,197</u>	<u>1 %</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 5,584	\$ 4,539	23 %
Less: Scholarship discounts and allowances	(2,696)	(2,135)	(26)
Net tuition and fees	2,888	2,404	20
Government grants and contracts	3,976	2,898	37
Additional operating revenues	770	541	42
Total operating revenues	<u>7,634</u>	<u>5,843</u>	<u>31</u>
OPERATING EXPENSES			
Operating loss	<u>17,446</u>	<u>17,007</u>	<u>3</u>
	<u>(9,812)</u>	<u>(11,164)</u>	<u>12</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	9,508	9,113	4
State appropriations - bond fund **	86	-	100
Other non-operating revenues (expenses), net	130	215	(40)
Net non-operating revenues	<u>9,724</u>	<u>9,328</u>	<u>4</u>
Net income (loss) before other changes	<u>(88)</u>	<u>(1,836)</u>	<u>95</u>
OTHER CHANGES			
Capital and other additions (deductions)	-	-	-
Interagency transfers	280	805	(65)
Total other changes	<u>280</u>	<u>805</u>	<u>(65)</u>
Change in net assets	192	(1,031)	119
Net assets, beginning of year	15,520	16,551	(6)
Net assets, end of year	<u>\$ 15,712</u>	<u>\$ 15,520</u>	<u>1 %</u>

* Including fringe benefits

** Including agency and DPW administered

**Condensed Statements of Cash Flows
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (7,986)	\$ (10,783)	26 %
Investing activities	15	85	(82)
Capital and related financing activities	(112)	(39)	(187)
Noncapital financing activities	9,784	9,746	0
Net change in cash and cash equivalents	1,701	(991)	272
Cash and cash equivalents, beginning of year	4,084	5,075	(20)
Cash and cash equivalents, end of year	<u>\$ 5,785</u>	<u>\$ 4,084</u>	<u>42 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
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Quinebaug Valley Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 165	\$ 779	(79) %
Receivables	44	52	(15)
Investments	2,105	1,257	67
Other Assets	2	3	(33)
Total assets	<u>\$ 2,316</u>	<u>\$ 2,091</u>	<u>11 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 11	\$ 3	267 %
NET ASSETS			
Unrestricted	118	68	74
Temporarily Restricted	376	270	39
Permanently Restricted	1,811	1,750	3
Total net assets	<u>2,305</u>	<u>2,088</u>	<u>10</u>
Total liabilities and net assets	<u>\$ 2,316</u>	<u>\$ 2,091</u>	<u>11 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 173	\$ 311	(44) %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	90	66	36
Dividends and Interest Income Total	44	46	(4)
Other	128	(164)	178
Total Revenue, Capital Gains and Losses and other Support	<u>435</u>	<u>259</u>	<u>68</u>
EXPENSES			
Fundraising Expense	32	34	(6)
Program Expense	1	1	-
Financial Aid expenses	128	149	(14)
Administration and Other	57	60	(5)
Total Expenses	<u>218</u>	<u>244</u>	<u>(11)</u>
Change in net assets	<u>217</u>	<u>15</u>	<u>1,347</u>
NET ASSETS			
Net assets, beginning of year	<u>2,088</u>	<u>2,073</u>	<u>1</u>
Net assets, end of year	<u>\$ 2,305</u>	<u>\$ 2,088</u>	<u>10 %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
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Quinebaug Valley Community College

Component Unit
Middle College High School

**Condensed Statement of Net Assets
June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
ASSETS			
Current assets	\$ 2,495	\$ 25	9,880 %
Non-current Assets	151	-	100
Total assets	<u>\$ 2,646</u>	<u>\$ 25</u>	<u>10,484</u>
LIABILITIES	\$ -	\$ -	-
NET ASSETS			
Invested in capital assets, net of related debt	151	-	100
Restricted-expendable	2,495	25	9,880
Total net assets	<u>2,646</u>	<u>25</u>	<u>10,484</u>
Total liabilities and net assets	<u>\$ 2,646</u>	<u>\$ 25</u>	<u>10,484 %</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
OPERATING REVENUES			
District Contributions	\$ 245	\$ 122	101 %
Government grants and contracts	533	259	106
Total operating revenues	<u>778</u>	<u>381</u>	<u>104</u>
OPERATING EXPENSES	791	356	122
Operating income	<u>(13)</u>	<u>25</u>	<u>(152)</u>
NON-OPERATING REVENUES			
State appropriations - DPW Administered	2,634	-	100
Net income (loss)	<u>2,621</u>	<u>25</u>	<u>10,384</u>
Change in net assets	2,621	25	10,384
Net assets, beginning of year	25	-	100
Net assets, end of year	<u>\$ 2,646</u>	<u>\$ 25</u>	<u>10,484 %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Quinebaug Valley Community College

Quinebaug Valley Community College (“Quinebaug” or “QVCC”) is a public two-year college governed by the Board of Trustees of Community-Technical Colleges. One of the twelve state-supported institutions in the Connecticut Community College System, Quinebaug’s service region is Windham County in the northeastern corner of the State. Quinebaug conducts its education and service programs from two locations: a 68-acre main campus on the outskirts of Danielson, and a center in downtown Willimantic established in 1986.

QVCC offers comprehensive degrees and accompanying certificates, responsive to the needs of northeastern Connecticut. Recent curricular additions include expansions of programming in areas of business, science, technology, composition, education, allied health, and fine arts. QVCC has grown in manufacturing expertise, with the purchase of a Dimension Elite Rapid Prototyper for the plastics program. This instrument was purchased through a variety of funding sources including college, private, and funds acquired from the trade-in of older equipment. QVCC prides itself on offering high quality programs delivered through up-to-date technology and interdisciplinary teaching methods. Graduates transfer regularly to area colleges and universities throughout New England and the nation. QVCC piloted and participates in the Connecticut State University-Community College transfer compact and the University of Connecticut’s guaranteed admissions program.

Quinebaug continues to enjoy steady enrollment growth. Over the period from fall 2005 through fall 2009, QVCC has grown 23.1% from 1,714 to 2,110 credit students, representing a 24.5% full-time equivalent (“FTE”) change from 948 to 1,180 FTE. To meet the accompanying growth in faculty and staff, Quinebaug leased a modular facility to house programming and staff. These trends accelerated into fiscal year 2011, with fall 2010 headcount and FTE enrollments of 2,288 and 1,260, respectively. The Willimantic Center also grew in headcount, adding non-credit offerings to its programs.

Retention of students is a priority for all departments at QVCC. The *Opportunity for Success* programs in Danielson and Willimantic target 17-21 year old first-generation college students. The 2010 program provided support services for 157 students, a 5.4% increase over 2009. The *Advising Center* attracts non-matriculated students and those enrolled in the liberal arts and sciences or general studies degrees, serving 3,357 students this year, up 26.4% from 2009. *Career Services* served 1,699 individuals, up 6.5% from 2009, reflecting significant increases in Workforce Investment Act (WIA) clients and career advising via e-mail. *Student Activities* provides engaging events such as Hope for Haiti, Visions in Leadership and co-sponsorship of a spelling bee with the QVCC Foundation. A popular activity is the Haunted Hallway which draws approximately 500 community members and students. *Veterans Services* served 119 veterans on the G.I. Bill representing a 33.7% increase from the previous year. *Web registration* is on the rise because of significant shifts in Advising, Admissions and Career Services support via the myCommNet portal. In fall 2009 82.5% of students registered via the web. The *Willimantic Center* continues to provide approximately 25% of land-based college-wide enrollment and is in the process of lease negotiation to expand by adding 4 classrooms, larger library/learning center and a faculty office suite. Willimantic staff was also instrumental in working with Eastern Connecticut State University on its Hartford High program which initially identified 9 at-risk minority students, dormed at ECSU but beginning their classes and student services support with QVCC. This program has grown to 30 students and has won the 2011 New England Board of Higher Education’s Robert J. McKenna Award for Program Achievement.

In fall 2010, Quinebaug Valley Middle College High School (“QVMCHS”), an inter-district magnet high school on the QVCC campus, accepted its third class, and grew to 105 students in the tenth, eleventh and twelfth grades. The QVMCHS mission is to provide a challenging, personalized, comprehensive learning environment that fosters the skills, knowledge, habits, and individual discipline necessary for students from diverse backgrounds to realize their ambitions and contribute in a positive, meaningful way to their community and culture. The principle guiding the QVMCHS vision is the development of a new program in which student learning flourishes in an environment where high expectations and achievement are integral; where rigorous, relevant instruction is provided; and where the real-world application of skills is under Section 10-283(a) of the Connecticut General Statutes. Public Act 08-169 amended C.G.S. 10-283(a) effective July 1, 2008 to permit the Board of Trustees of Community-Technical Colleges, on behalf of Quinebaug Valley Community College, to sponsor and apply for funding to construct and operate an inter-district magnet school. During fiscal year 2009, the Board submitted the required application for construction of the new wing for use by the QVMCHS at Quinebaug Valley Community College: design is underway with projected opening September 2013. Day-to-day fiscal operations of the middle college have been assumed by EASTCONN, the local regional educational service agency. The QVMCHS Governing Board includes representation from QVCC, six partner districts, EASTCONN, and local business.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

The QVCC Foundation, Inc. (“QVCCF”) continues to fulfill its mission to raise funds so that all residents of Northeastern Connecticut are provided the opportunity to attend QVCC regardless of income and to support educational excellence, technological advancement and professional development at the college. In fiscal year 2010, QVCCF held two new friend and fund raising events, a Spelling Bee and Visions in Leadership, as well as the 17th annual golf tournament which raised \$35 thousand and the on-line auction whose proceeds totaled \$15 thousand. In addition, annual contributions (restricted, temporarily restricted and unrestricted) totaled over \$173 thousand which allowed the QVCC Foundation to provide over \$128 thousand to the college in scholarship and financial aid support. This fund-raising success is a direct reflection on local businesses and townspeople’s engagement with the college and the commitment level of QVCC Foundation members.

During fiscal year 2010, gross tuition and fee revenues increased 23.0% from \$4.5 million to \$5.6 million, with fall 2009 headcount enrollment up 8.4% to 2,110 students and full-time equivalent (“FTE”) enrollment up 11.7% to 1,180 FTE. Student demographics continue to shift with a 21.8% growth in full-time students, and 40.5% growth in part-time students over the five-year period from fall 2005 through fall 2010. Full-time students represented 36.7% of the total student population in fall 2009. Continuing students represented 55.8% of the student body in fall 2009 and 76.1% in spring 2010, with transfer students at 12.1% in fall 2009, and 8.5% in spring 2010 and new/readmit students at 30.8% in fall 2009 and 11.8% in spring 2010, respectively. The average QVCC student is 27 years old, while the mode value is 18 years. The Danielson main campus is the sole course location for 53.7% of students, with another 22.5% at Willimantic, 4.4% in on-line courses, and 19.5% enrolled in courses at both locations in fall 2010.

Financial aid remains an important resource for the school and its students. In fiscal year 2010, \$3.9 million in awards were distributed to 1,428 students in the form of federal, state, and institutional grant aid to help cover the costs of tuition, fees and books, a 39.3% increase. QVCC continues to meet student financial aid needs through grant awards that do not require repayment, with only \$12,050 or 0.3% of aid awarded as loans.



Community and Professional Learning (“CPL”) provides lifelong learning and workforce development options through continuing education programs for business and industry. In fiscal year 2010, 2,104 students enrolled in workforce development and personal development courses. During the year, CPL performed a program review of its 120-hour medical billing with coding program, resulting in a new, more rigorous and lengthy medical office program. The Learning in Retirement (“LIR”) program is the most popular program; in FY 2010 LIR’s 409 members maintained their tradition of providing seminars, excursions, and social events. Enrollments in business and industry services training totaled 1,076, with program participants enrolled from 64 companies.

The Willimantic Center provides credit and non-credit courses to residents of the greater Windham area. In fall 2009 credit headcount enrollment increased by 24.9% over fall 2008. In fall 2009 and spring 2010 several non-credit programs were also offered at the Willimantic Center, including pharmacy tech, emergency medical tech, certified nursing assistant, real estate principles and practices, and express computer training. Facility occupancy now reaches capacity during many hours of operation. An expansion is planned as part of a new lease, now in the final stages of negotiation.

During fiscal year 2010, QVCC maintained its strong financial condition. Total net assets increased slightly from \$15.5 million to \$15.7 million. Unrestricted net assets of \$2.8 million at June 30, 2010 increased from \$1.9 million, and the short-term current ratio of unrestricted current assets to unrestricted current liabilities increased from 3.2:1 at June 30, 2009 to 3.5:1 at June 30, 2010, still considerably higher than the Board’s guideline of 2.0 for a college of Quinebaug’s size. Continued projects include fire protection sprinkler system, student support services expansion, technology equipment and networks, and reduction of deferred maintenance backlog. An expanded fire sprinkler system will be installed in fiscal year 2011, and continued support for expansion of the middle college, upgrade of technology equipment, modernization of student services space, and enhanced functionality of the continuing education division service window will occur.

**Connecticut Community Colleges
Management's Discussion and Analysis
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Three Rivers Community College

Primary Institution

**Condensed Statements of Net Assets
June 30, 2010 and 2009**

	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 12,257	\$ 21,018	(42) %
Non-current assets	86,244	79,292	9
Total assets	<u>\$ 98,501</u>	<u>\$ 100,310</u>	<u>(2) %</u>
LIABILITIES			
Current liabilities	\$ 4,868	\$ 4,663	4 %
Non-current liabilities	3,303	3,035	9
Total liabilities	<u>8,171</u>	<u>7,698</u>	<u>6</u>
NET ASSETS			
Invested in capital assets	86,164	79,214	9
Restricted-nonexpendable	-	-	-
Restricted-expendable	2,067	12,968	(84)
Unrestricted	2,099	430	388
Total net assets	<u>90,330</u>	<u>92,612</u>	<u>(2)</u>
Total liabilities and net assets	<u>\$ 98,501</u>	<u>\$ 100,310</u>	<u>(2) %</u>

**Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 11,782	\$ 9,427	25 %
Less: Scholarship discounts and allowances	(4,881)	(3,383)	(44)
Net tuition and fees	6,901	6,044	14
Government grants and contracts	6,225	3,940	58
Additional operating revenues	973	932	4
Total operating revenues	<u>14,099</u>	<u>10,916</u>	<u>29</u>
OPERATING EXPENSES			
	<u>35,025</u>	<u>37,598</u>	<u>(7)</u>
Operating loss	<u>(20,926)</u>	<u>(26,682)</u>	<u>22</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	18,558	19,395	(4)
State appropriations - bond fund **	-	-	-
Other non-operating revenues (expenses), net	(58)	182	(132)
Net non-operating revenues	<u>18,500</u>	<u>19,577</u>	<u>(6)</u>
Net income (loss) before other changes	<u>(2,426)</u>	<u>(7,105)</u>	<u>66</u>
OTHER CHANGES			
Capital and other additions (deductions)	2	-	100
Interagency transfers	142	67	112
Total other changes	<u>144</u>	<u>67</u>	<u>115</u>
Change in net assets	(2,282)	(7,038)	68
Net assets, beginning of year	92,612	99,650	(7)
Net assets, end of year	<u>\$ 90,330</u>	<u>\$ 92,612</u>	<u>(2) %</u>

* Including fringe benefits

** Including agency and DPW administered

**Condensed Statements of Cash Flows
Years Ended June 30, 2010 and 2009**

	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (19,919)	\$ (23,657)	16 %
Investing activities	20	127	(84)
Capital and related financing activities	(8,909)	(24,685)	64
Noncapital financing activities	20,174	18,975	6
Net change in cash and cash equivalents	<u>(8,634)</u>	<u>(29,240)</u>	<u>70</u>
Cash and cash equivalents, beginning of year	17,870	47,110	(62)
Cash and cash equivalents, end of year	<u>\$ 9,236</u>	<u>\$ 17,870</u>	<u>(48) %</u>

**Connecticut Community Colleges
Management's Discussion and Analysis
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Three Rivers Community College

Component Unit - Foundation

Condensed Statements of Net Assets

June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
ASSETS			
Cash and cash equivalents	\$ 554	\$ 558	(1) %
Receivables	670	1,092	(39)
Investments	2,344	1,880	25
Other Assets	2	-	100
Total assets	<u>\$ 3,570</u>	<u>\$ 3,530</u>	<u>1 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 42	\$ 41	2 %
NET ASSETS			
Unrestricted	183	135	36
Temporarily Restricted	1,344	1,494	(10)
Permanently Restricted	2,001	1,860	8
Total net assets	<u>3,528</u>	<u>3,489</u>	<u>1</u>
Total liabilities and net assets	<u>\$ 3,570</u>	<u>\$ 3,530</u>	<u>1 %</u>

Condensed Statements of Activities

Years Ended June 30, 2010 and 2009

(in thousands)

	2010	2009	% Change
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 189	\$ 1,162	(84) %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	117	123	(5)
Dividends and Interest Income Total	51	57	(11)
Other	165	(265)	162
Total Revenue, Capital Gains and Losses and other Support	<u>522</u>	<u>1,077</u>	<u>(52)</u>
EXPENSES			
Fundraising Expense	49	58	(16)
Program Expense	385	234	65
Financial Aid expenses	-	-	-
Administration and Other	49	44	11
Total Expenses	<u>483</u>	<u>336</u>	<u>44</u>
Change in net assets	<u>39</u>	<u>741</u>	<u>(95)</u>
NET ASSETS			
Net assets, beginning of year	<u>3,489</u>	<u>2,748</u>	<u>27</u>
Net assets, end of year	<u>\$ 3,528</u>	<u>\$ 3,489</u>	<u>1 %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Three Rivers Community College

Located in Norwich, Three Rivers Community College ("Three Rivers" or "TRCC") is responsible for educational services to twenty-three towns and communities in southeastern Connecticut. Three Rivers also offers technology programs not generally available at other Connecticut community colleges, and is currently serving students from seventy-one other Connecticut towns outside its principal service area. While the populations of southeastern Connecticut are not as large as those in other parts of the state, the twenty-three towns in Three Rivers' service area represent the largest number of different communities served by any of the colleges in the System.

Planning and design of the new consolidated Three Rivers Community College campus began in early 2004 and construction began in the spring of 2007. The new facility was occupied in 2009 and the \$95 million construction project was fully completed in 2010, with two campuses now fully consolidated on the new site. The residents of southeastern Connecticut now enjoy more than 100,000 square feet of newly-renovated space and 200,000 square feet of newly-constructed, state-of-the-art classrooms and support facilities.

In comparison to the other colleges in the CCC System, a number of unique factors continue to have a direct impact on Three Rivers' financial position:

- TRCC continues to lead the other Connecticut community colleges as the largest provider of accredited technology programs. Technology programs have traditionally been more expensive and the associated enrollments have been lower than non-technology programs. Although these factors have had a direct impact on operating costs and earnings, Three Rivers has made a conscious effort to continue supporting these programs because of the lack of other similar training opportunities for students and employers in southeastern Connecticut. TRCC has also made similar commitments to other cost-intensive programs such as nursing and workforce development, and all these commitments are clearly reflected in the quality and extent of the new technology, science, and nursing labs that have just been built at the new TRCC campus.
- Southeastern Connecticut also has one of the largest military populations in the state, many of whom are Three Rivers' students. College efforts to accommodate an increasing number of unforeseen student military reassignments and extended deployments have thus become an unpredictable expense that must be dealt with each semester.
- Continuing fluctuations in Three Rivers' customer base in southeastern Connecticut also serve to increase both the complexity and expense of all college programs. For example, two of the largest casinos in the world are located in nearby communities. Three Rivers' enrollments often fluctuate extensively from sudden changes to casino employment figures as well as the conflicting work schedules for many students employed by the casinos. Additionally, a significant number of foreign national casino employees request a wide range of services from TRCC. These services are often interrupted when these foreign national's employment status changes, at significant cost to TRCC. College resources have been dedicated to address these demands particularly in the areas of developmental education and language adaptation.



Fiscal year 2010 has been an extremely demanding year for Three Rivers, with unprecedented enrollment increases experienced for both the fall and spring semesters. For the first time in its history, TRCC's full-time equivalent ("FTE") enrollment for spring exceeded the previous fall semester. Although restrictions imposed by the federal government limited funding reductions for higher education institutions this year, there were no new funds distributed to TRCC during a time of unprecedented demands on the facility. Managing this substantial and sustained enrollment during times of continued budget uncertainty in the future will be the biggest challenge facing TRCC. The college has begun a process to strategically review all areas to determine possible opportunities for reorganization and expansion in support services' staff. Traditionally support for student and administrative services have lagged behind associated growth that is directly supported by these areas.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Despite these complexities, Three Rivers continued to maintain its strong financial position during fiscal year 2010. On June 30, 2010, Three Rivers had total assets of \$98.5 million, liabilities of \$8.2 million, and a total net asset balance of \$90.3 million. Total operating revenues (net of scholarship allowances) were \$14.1 million for the year, and operating expenses were \$35.0 million, resulting in an operating loss of \$20.9 million. When coupled with non-operating income from state appropriations and other sources of \$18.5 million, college activities resulted in a decrease in net assets of \$2.4 million for the year. This decrease largely reflects planned spending by the college to cover the cost of new furnishings, equipment, renovations, logistics, and other expenses related to the new facility. After net outflows of \$8.9 million for capital and related financing activities during the year, TRCC cash and cash equivalents at the end of the year decreased to \$9.2 million. Year-end unrestricted net assets were \$2.1 million compared to \$430 thousand a year earlier. Approximately \$1.0 million of this increase is associated with the increase in tuition and fees realized from the enrollment expansion. Additional savings were realized as payments to employees and vendors were down from fiscal year 2009 due to the effects of the prior year retirement incentive program and the Governor's orders to freeze all but essential procurements.

The ratio of unrestricted current assets to unrestricted current liabilities was 2.4:1 at June 30, 2010. All reserves meet or exceed the Board requirements and suggest both short-term and long-term liquidity and financial health.

Three Rivers also recognizes the importance of seeking private resources in support of its mission. The Three Rivers' College Foundation, Inc. ("TRCF") is a charitable institution organized under the laws of the State of Connecticut. While TRCF is legally and fiscally separate from Three Rivers, its expenditures support college programs and activities. TRCC continues to receive support in the form of cash gifts for specific purchases and student support.

As Three Rivers moves into fiscal year 2011, it faces very challenging budget obstacles. TRCC is hopeful that design monies will be bonded in 2011 to commence the design and construction of an auditorium building that will allow better service to our learning community. Planning for the State's biennial FY2012-FY2013 budget has already begun and it is unclear what the impact will be to the higher education units as the federal stimulus restrictions are relaxed. In order to sustain record high enrollments, TRCC must strategically grow and manage all resources to their full potential. Efforts are underway to review the block scheduling of classes to maximize the use of available classrooms, parking lots, and support services. All of these areas are essential in order to maintain an open enrollment environment. There is complete confidence that Three Rivers is in a very sound financial state to meet these challenges.



**Connecticut Community Colleges
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Tunxis Community College

Primary Institution

Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 10,962	\$ 12,508	(12) %
Non-current assets	38,155	38,367	(1)
Total assets	<u>\$ 49,117</u>	<u>\$ 50,875</u>	<u>(3) %</u>
LIABILITIES			
Current liabilities	\$ 4,580	\$ 5,071	(10) %
Non-current liabilities	3,310	3,100	7
Total liabilities	<u>7,890</u>	<u>8,171</u>	<u>(3)</u>
NET ASSETS			
Invested in capital assets	37,997	38,207	(1)
Restricted-nonexpendable	-	-	-
Restricted-expendable	3,790	5,061	(25)
Unrestricted	(560)	(564)	1
Total net assets	<u>41,227</u>	<u>42,704</u>	<u>(3)</u>
Total liabilities and net assets	<u>\$ 49,117</u>	<u>\$ 50,875</u>	<u>(3) %</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 13,202	\$ 11,351	16 %
Less: Scholarship discounts and allowances	(3,900)	(3,033)	(29)
Net tuition and fees	9,302	8,318	12
Government grants and contracts	5,312	3,852	38
Additional operating revenues	1,590	1,917	(17)
Total operating revenues	<u>16,204</u>	<u>14,087</u>	<u>15</u>
OPERATING EXPENSES			
Operating loss	<u>34,777</u>	<u>35,098</u>	<u>(1)</u>
	<u>(18,573)</u>	<u>(21,011)</u>	<u>12</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	17,833	18,517	(4)
State appropriations - bond fund **	-	-	-
Other non-operating revenues (expenses), net	44	110	(60)
Net non-operating revenues	<u>17,877</u>	<u>18,627</u>	<u>(4)</u>
Net income (loss) before other changes	<u>(696)</u>	<u>(2,384)</u>	<u>71</u>
OTHER CHANGES			
Capital and other additions (deductions)	-	-	-
Interagency transfers	(781)	70	(1,216)
Total other changes	<u>(781)</u>	<u>70</u>	<u>(1,216)</u>
Change in net assets	(1,477)	(2,314)	36
Net assets, beginning of year	42,704	45,018	(5)
Net assets, end of year	<u>\$ 41,227</u>	<u>\$ 42,704</u>	<u>(3) %</u>
* Including fringe benefits			
** Including agency and DPW administered			

Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (17,862)	\$ (19,893)	10 %
Investing activities	18	87	(79)
Capital and related financing activities	(1,636)	(1,835)	11
Noncapital financing activities	18,751	18,592	1
Net change in cash and cash equivalents	<u>(729)</u>	<u>(3,049)</u>	<u>76</u>
Cash and cash equivalents, beginning of year	8,949	11,998	(25)
Cash and cash equivalents, end of year	<u>\$ 8,220</u>	<u>\$ 8,949</u>	<u>(8) %</u>

**Connecticut Community Colleges
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Tunxis Community College

Component Unit - Foundation

**Condensed Statements of Net Assets
June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
		(Restated)	
ASSETS			
Cash and cash equivalents	\$ 38	\$ 262	(85) %
Receivables	-	-	-
Investments	805	536	50
Other Assets	-	-	-
Total assets	<u>\$ 843</u>	<u>\$ 798</u>	<u>6 %</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 41	\$ 41 *	-
NET ASSETS			
Unrestricted	97	206 *	(53)
Temporarily Restricted	168	93 *	81
Permanently Restricted	537	458 *	17
Total net assets	<u>802</u>	<u>757</u>	<u>6</u>
Total liabilities and net assets	<u>\$ 843</u>	<u>\$ 798</u>	<u>6 %</u>

**Condensed Statements of Activities
Years Ended June 30, 2010 and 2009
(in thousands)**

	2010	2009	% Change
		(Restated)	
REVENUE, CAPITAL GAINS AND LOSSES AND OTHER SUPPORT			
Gifts and Grants	\$ 71	\$ 73	(3) %
State Matching Grant Total	-	-	-
Special Events / Fundraisers Total	30	35	(14)
Dividends and Interest Income Total	21	27	(22)
Other	23	(120)	119
Total Revenue, Capital Gains and Losses and other Support	<u>145</u>	<u>15</u>	<u>867</u>
EXPENSES			
Fundraising Expense	10	23	(57)
Program Expense	11	12	(8)
Financial Aid expenses	36	50 *	(28)
Administration and Other	43	30	43
Total Expenses	<u>100</u>	<u>115</u>	<u>(13)</u>
Change in net assets	<u>45</u>	<u>(100) *</u>	<u>145</u>
NET ASSETS			
Net assets, beginning of year	<u>757</u>	<u>857</u>	<u>(12)</u>
Net assets, end of year	<u>\$ 802</u>	<u>\$ 757 *</u>	<u>6 %</u>

* See Note 15 in Audited Financial Statements

Tunxis

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

Tunxis Community College

Tunxis Community College ("Tunxis") was chartered by the State of Connecticut in 1969 to serve the Bristol-New Britain and Farmington Valley areas. It first opened for classes in October 1970 with 494 students. Full-time enrollment reached an all-time high in the fall 2009 semester, with 2,762 students, an increase of 6.8% from 2,587 in fall 2008. In its 2002 re-accreditation summary, the New England Association of Schools and Colleges ("NEASC") review team found Tunxis to be "a very inspiring, comprehensive, and creative institution." Tunxis continues in this tradition today as a leader in implementing a comprehensive system of general education and programmatic outcomes assessment. In addition, Tunxis offers the only state-supported dental hygiene program in Connecticut.



Following the major 2009 expansion of its campus facilities, during 2010 Phase II of the facility master plan continued to progress. The new renovations and construction will be approximately 45,000 square feet and house additional classrooms and faculty spaces. During the fall 2009 and spring 2010 semesters, the college struggled with a serious lack of parking due to increased enrollment.

Tunxis had total assets of \$49.1 million, liabilities of \$7.9 million, and a total net asset balance of \$41.2 million as of June 30, 2010. Of this balance, \$38.0 million was invested in capital assets and \$3.8 million was restricted-expendable net assets. Unrestricted net assets improved slightly from negative \$564 thousand to negative \$560 thousand during fiscal year 2010. During fiscal year 2010 Tunxis was notified that, due to a billing error, utility invoices had been under-billed since May 2007. The college agreed to pay \$195 thousand to redress the under-billing. This large unplanned expense hampered the college's efforts to maintain and improve the college's financial health. The college has revised its utility cost projections to reflect the correct costs.

Additionally, during fiscal year 2010, general fund reductions from 2009 continued. The salaries previously supported by general fund, and associated fringe benefits, were instead paid using other college revenue as well as cash reserves. The unrestricted current assets to current liabilities ratio improved slightly from 1.5:1 to 1.6:1. Although Tunxis experienced both strong enrollment and operating revenue growth, the impact of the general fund reductions and increased student financial aid costs resulted in only a minor increase in unrestricted net assets. Continued strong budgetary management will be important to restore the unrestricted net asset balance to a positive position, and to improve current ratio and maintain both short-term and long-term financial health and liquidity in compliance with Board policy.

Tunxis met its revenue goal with gross tuition revenues of \$9.1 million and a 9.9% growth in full-time equivalent ("FTE") enrollment in spring 2010 over spring 2009. Operating revenue increased 15.0% from \$14.1 million in 2009 to \$16.2 million in 2010. Some of this increase may be attributed to the transition in December 2009 from a college-owned bookstore to joining the system Follett contract and Follett's purchase of bookstore inventory. The major source of operating revenue continues to be student tuition and fees, which increased from \$11.4 million in fiscal year 2009 to \$13.2 million (gross) in fiscal year 2010.

The decline of \$683 thousand in general fund salary and fringe appropriation revenues and of \$54 thousand in interest income contributed to a 4.0% decline in non-operating revenue from \$18.6 million in fiscal year 2009 to \$17.9 million in 2010. Although scholarship aid increased in fiscal year 2010 by 43.1% from \$4.2 million to \$6.1 million, Tunxis was able to decrease its other operating expenses for salary, fringe benefits and non-payroll costs.

Extension revenue from continuing education personal development activities increased 2.4% from \$366 thousand to \$375 thousand. Non-credit workforce development revenue also increased 9.9% from \$863 thousand to \$949 thousand, despite the fact that revenue from professional development training offered in conjunction with the Department of Administrative Services decreased again this year as state agencies continue to reduce funds available for employee training. Tunxis is the lead college working with Capital Workforce Partners under its U.S. Department of Labor grant to train health care workers specializing in long-term care. The Tunxis motorcycle safety program, in collaboration with the Department of Transportation, continues to be a state-wide leader with sites in Farmington, Stratford and Norwalk. The certified nursing aide, phlebotomy, pharmacy technician, and medical coding and billing programs are sought after by dislocated workers seeking to use their individual training accounts established under the federal Workforce Investment Act. These health care

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training programs continue to be popular. A new medical assistant program was launched this year with robust enrollment. The medical coding and billing programs are being updated to comply with new industry requirements. There are plans to develop a new home health aide program this year to respond to workforce demands.

Federal grant revenues increased 41.5% from fiscal year 2009 to fiscal year 2010, primarily due to increased student financial aid funds. Tunxis completed the last year of a five-year \$1.8 million dollar Title III grant in September 2009. The focus of the grant was to assist the college in increasing institutional effectiveness and student success through comprehensive outcomes assessment, faculty development, and technology integration. A system to assess student learning outcomes, the Ability Based Education System, was developed and implemented with grant funds, as were numerous enhancements to the college's technology and strategic planning infrastructures. Tunxis was also awarded \$143 thousand in Perkins and College Career Pathways funding for 2010.

The division of academic affairs engaged in a significant amount of hiring to refill vacant faculty positions, as a result of a state early retirement incentive in 2009. Nine full-time positions were filled during 2010 across a wide range of disciplines, including the coordinator of engineering and technology. This is a potential area for growth of the curriculum, in response to the local workforce needs. The division was heavily engaged in preparation for the decennial NEASC reaccreditation visit. The division has also begun carefully looking at possible future limits on enrollment expansion, as Tunxis's existing buildings are at or near capacity each semester.

The Tunxis Community College Foundation and Advisory Board Inc.'s ("TXCCF") total assets increased from \$798 thousand in 2009 to \$843 thousand in 2010. The TXCCF 2009 economic conference was held in October 2009. The event, Make your Own Rules – Social Media for Business, raised over \$27 thousand to support the programs, services, and students of Tunxis Community College. TXCCF provided over \$46 thousand in scholarships to Tunxis students. Its goal is to continue providing increased support to students during this difficult economic time. In recognition of the Tunxis Community College Foundation's 40th Anniversary, a donor / supporter reception was held in May featuring students who have participated in service learning programs in Belize, Monument Valley, Utah and locally through Mission of Mercy.

While Tunxis remains well positioned to meet the needs of the Bristol-New Britain and Farmington Valley areas, serious challenges remain. Financially, reductions to the budget have had a serious impact on the college's ability to carry out its mission, programs and services. Tunxis continues to actively plan to provide adequate staffing with decreased funding while simultaneously bringing unrestricted net assets back in balance. Continued careful spending and resource allocation along with strong enrollment demand should position Tunxis to remain a vital asset to the community while focusing on student success.



**Connecticut Community Colleges
Management's Discussion and Analysis
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System Office	Primary Institution		
Condensed Statements of Net Assets June 30, 2010 and 2009	2010	(in thousands) 2009	% Change
ASSETS			
Current assets	\$ 33,216	\$ 31,091	7 %
Non-current assets	2,818	3,025	(7)
Total assets	<u>\$ 36,034</u>	<u>\$ 34,116</u>	<u>6 %</u>
LIABILITIES			
Current liabilities	\$ 2,468	\$ 3,237	(24) %
Non-current liabilities	3,062	2,873	7
Total liabilities	<u>5,530</u>	<u>6,110</u>	<u>(9)</u>
NET ASSETS			
Invested in capital assets	2,818	3,025	(7)
Restricted-nonexpendable	-	-	-
Restricted-expendable	13,496	12,543	8
Unrestricted	14,190	10,688	33
Unrestricted-mandatory transfer to State	-	1,750	(100)
Total net assets	<u>30,504</u>	<u>28,006</u>	<u>9</u>
Total liabilities and net assets	<u>\$ 36,034</u>	<u>\$ 34,116</u>	<u>6 %</u>

Condensed Statements of Revenues, Expenses and Changes in Net Assets Years Ended June 30, 2010 and 2009	2010	2009	% Change
OPERATING REVENUES			
Student tuition and fees	\$ 28	\$ 36	(22) %
Less: Scholarship discounts and allowances	-	-	-
Net tuition and fees	28	36	(22)
Government grants and contracts	4,496	4,161	8
Additional operating revenues	392	102	284
Total operating revenues	<u>4,916</u>	<u>4,299</u>	<u>14</u>
OPERATING EXPENSES			
Operating loss	<u>24,163</u>	<u>26,906</u>	<u>(10)</u>
	<u>(19,247)</u>	<u>(22,607)</u>	<u>15</u>
NON-OPERATING REVENUES			
State appropriations - general fund *	18,306	17,502	5
State appropriations - bond fund **	1,389	1,909	(27)
Other non-operating revenues (expenses), net	(934)	290	(422)
Net non-operating revenues	<u>18,761</u>	<u>19,701</u>	<u>(5)</u>
Net income (loss) before other changes	<u>(486)</u>	<u>(2,906)</u>	<u>83</u>
OTHER CHANGES			
Capital and other additions (deductions)	(1,260)	(3,802)	67
Interagency transfers	4,244	(3,699)	215
Total other changes	<u>2,984</u>	<u>(7,501)</u>	<u>140</u>
Change in net assets	2,498	(10,407)	124
Net assets, beginning of year	28,006	38,413	(27)
Net assets, end of year	<u>\$ 30,504</u>	<u>\$ 28,006</u>	<u>9 %</u>

* Including fringe benefits

** Including agency and DPW administered

Condensed Statements of Cash Flows Years Ended June 30, 2010 and 2009	2010	2009	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	\$ (18,231)	\$ (20,805)	12 %
Investing activities	82	372	(78)
Capital and related financing activities	(1,541)	(6,640)	77
Noncapital financing activities	21,814	17,428	25
Net change in cash and cash equivalents	<u>2,124</u>	<u>(9,645)</u>	<u>122</u>
Cash and cash equivalents, beginning of year	29,863	39,508	(24)
Cash and cash equivalents, end of year	<u>\$ 31,987</u>	<u>\$ 29,863</u>	<u>7 %</u>

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009

System Office

The System Office (“SO”) and the Chancellor provide leadership, services and support to the colleges and the Board of Trustees in carrying out the statutory missions of the System, providing broad policy and strategy development, fostering internal and external collaboration in response to state workforce and educational needs, and representing the Board and the CCC System to the public, the business community, the legislature and other entities. Guidance and assistance are provided to the colleges to facilitate state administrative and statutory requirements related to academic program approval, budget development and administration, and human resource management and collective bargaining. Collaboration with the Council of Presidents and liaison with other system councils ensures responsiveness to college and student needs, and consistent interpretation of policies, procedures, directives and contracts. Coordination and direct services that supplement and support college operations, are also provided where collaborative expertise and economies of scale are important considerations in areas of student financial aid, budget, procurement and contracting, financial processing and reporting, labor relations, human resource management, capital planning, information technology, workforce development, system resource development and grants management, communication, academic programming and articulation, distance education, strategic planning, research, assessment and affirmative action.

The financial operations of the SO are comprised of three distinct areas – *office operations*, including staff salaries, fringe benefits, and office operating costs; *system activities*, including the costs of centralized data processing and related college support, System grant-funded programs including Connecticut Charts-a-Course (“CCAC”) and the National Science Foundation Next Generation Manufacturing program, and legal, auditing, contract compliance, facility and other functions handled by SO staff on behalf of the entire CCC System; and *undistributed accounts*, which house funding that will ultimately be distributed to colleges, but whose disposition has not yet been determined.

System Office operating revenues of \$4.9 million in fiscal year 2010 increased 14.4%, or \$617 thousand, from \$4.3 million in 2009. This followed a 20.6% increase, or \$733 thousand, from \$3.6 million in 2008. System Office-managed grant program revenues accounted for \$4.6 million of the 2010 operating revenues, up from \$4.3 million and \$3.5 million in grant revenues during fiscal years 2009 and 2008, respectively. The System Office manages or serves as fiscal and programmatic lead for a number of different statewide grants and workforce initiatives, including

- The Connecticut Charts-a-Course program (“CCAC”), funded by state general fund support as well as a major grant from the state Department of Social Services and numerous smaller federal and state grants,
- The College of Technology’s Next Generation Manufacturing program, including federal funding from the National Science Foundation which was renewed for an additional three years during fiscal year 2010,
- Coordination of the CCC state-wide common nursing program, including oversight and management of the single admissions process,
- The State’s in-service training program, which provides professional development opportunities to State of Connecticut employees from all state agencies,
- An Achieving the Dream (“AtD”) multi-year planning grant, part of a nation-wide effort aimed at bringing about change within community colleges and state and federal policy to increase student success,
- A new three-year Developmental Education Initiative, awarded to community colleges in only five states, which builds on the AtD work and includes a system policy component to phase in common statewide placement standards and align remedial work with credit-bearing courses to accelerate progress toward degree completion,
- The Skills for Manufacturing and Related Technologies (“SMART”) manufacturing training grant, awarded to the System in late fiscal year 2008, the third system-wide U.S. Department of Labor (“USDOL”) grant awarded to the CCC’s under USDOL’s Community-Based Job Training Grant program,
- The Sustainable Operations: Alternative and Renewable Energy Initiative (“SOAR”) grant, a fourth USDOL job training grant awarded to the CCC System in fiscal year 2009.

Non-operating revenues of \$19.8 million included \$14.7 million of general fund salary appropriation and related fringe benefits for system office, CCAC and system data center staff, \$2.2 million of other general fund appropriation to support the continuation of tuition rate freezes implemented in fiscal years 1999 and 2000, and \$1.4 million of undistributed funds restricted for fiscal year 2010 collective bargaining contract provisions. Other non-operating revenues included \$66 thousand of interest income, and \$1.4 million in bond fund appropriations for college renovation and improvement projects. Bond appropriation revenues, which declined from \$1.9 million in fiscal year 2009 and \$15.1 million in fiscal year 2008,

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



reflected the slowdown in state bonding, compared with 2008's state bond commission allocation of \$5.4 million in system technology initiative funding, and \$5.6 million for various college alteration, renovation and improvement projects, as well as capital equipment and technology funds for the system data center. Net non-operating revenues/expense of \$18.8 million also reflected the transfer of \$750 thousand to the State during fiscal year 2010, which was part of a total \$1.0 million transfer required by the enacted State budget. The \$250 thousand balance came from college reserves.

Operating expenses for SO office operations and system activities totaled \$24.2 million, a decrease of 10.2% from fiscal year 2009. There are no expenses associated with "undistributed accounts" as these funds are ultimately transferred to the appropriate college for expenditure. Salary and fringe benefit expense was \$15.8 million for grant, system data center and other office staff, or 65.6% of total operating expense. Salary costs declined by 3.4% as a result of reductions associated with the June 2009 state retirement program. Wage costs included professional staff to support the statewide nursing, early childhood education and employee in-service training programs, expanding information technology systems and infrastructure including the myCommNet web portal and the Blackboard/Vista learning management system, to enhance information security initiatives, and to support college functional end-users of the centrally-managed student/academic, financial aid and finance CCC information systems.

Non-personnel operating expense included \$2.8 million of information technology, non-capital equipment and telecommunications-related expense; \$2.1 million of grant-related other expense; \$1.0 million of scholarship aid, primarily for the Charts-a-Course program; \$718 thousand of depreciation expense, and expenses associated with other system activities including the CCC employee assistance program, as well as system legal, auditing, fixed asset inventory, communication and other system activities and office operating expenses.

The System Office results reflect total assets of \$36.0 million, total liabilities of \$5.5 million, and a total net asset balance of \$30.5 million at June 30, 2010, compared with \$28.0 million at June 30, 2009. Of this amount, \$14.2 million is classified as unrestricted net assets, compared with \$12.4 million at the end of fiscal year 2009.

Current assets of \$33.2 million at June 30, 2010 were up from \$31.1 million at the end of fiscal year 2009, after declining from \$40.9 million at the end of fiscal year 2008, as bond appropriations were expended or transferred to colleges during fiscal year 2009. Cash and cash equivalents of \$32.0 million included \$7.8 million of agency- and DPW-administered bond fund appropriations; \$6.5 million of restricted cash, primarily for contractual obligations under grant programs and approved collective bargaining agreements with the System's professional faculty and staff employee groups, as well as \$1.0 million held for mandatory transfer to the state during fiscal year 2011 as required by the enacted budget legislation; and \$17.7 million of other operating cash. Additional current assets included \$1.0 million of accounts receivable from the general fund for salaries and related fringe benefit expense incurred through June 30, 2010, \$182 thousand in grant receivables, and \$14 thousand of STIF interest income receivable. Current liabilities of \$2.5 million declined 23.7% from the prior year, and included a reduction in vendor accounts payable from \$1.3 million at June 30, 2009 to \$475 thousand at June 30, 2010, as well as deferred grant revenues of \$670 thousand, salary and fringes payable of \$1.2 million, and \$161 thousand for the estimated current portion of ACA liability.

Non-current assets of \$2.8 million reflected the value of capital assets (furnishings, equipment and software) net of accumulated depreciation for the System Office and System Data Center. Non-current liabilities of \$3.1 million reflected the long-term portion of the ACA liability.

Net assets at June 30, 2010 totaled \$30.5 million, of which \$13.5 million was restricted-expendable for capital projects, collective bargaining contract accounts, and \$1.0 million due to the state, and \$2.8 million was invested in capital assets, reflecting the value of furnishings, equipment and capitalized software net of accumulated depreciation. Unrestricted net assets of \$14.2 million included \$5.4 million of System contingency reserves and \$1.7 million for unliquidated encumbrances. Other unrestricted net assets at year-end were designated primarily for system academic, data processing and information security initiatives.

Connecticut Community Colleges Management's Discussion and Analysis June 30, 2010 and 2009



Additional Information

This financial report is designed to provide a general overview of CCC's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to Elizabeth Squillace, Director of Accounting and Finance (860-244-7657) or Victoria Greene, Chief Financial and Administrative Officer (860-244-7643), in the System Office Finance Department. College-specific questions may also be directed to the Dean of Administration at each individual college.

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Report of Independent Auditors

To the Board of Trustees,
Connecticut Community Colleges

In our opinion, based on our audit and the reports of other auditors, the accompanying combined statements of net assets, and combined statements of net assets-component units, and the related combined statements of revenues, expenses and changes in net assets, combined statements of revenues, expenses and changes in net assets-component units, and of cash flows present fairly, in all material respects, the financial position of the Connecticut Community Colleges (“CCC”), its component units Great Path Academy (“GPA”) and Quinebaug Valley Middle College High School (“QVMCHS”) and its aggregate discretely presented component units (affiliated college foundations (the “Foundations”)) at June 30, 2010 and 2009, and the changes in their revenues, expenses, and changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These combined financial statements are the responsibility of CCC’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the foundations, which statements reflect total net assets of \$42.6 million and \$40.5 million as of June 30, 2010 and 2009, respectively, and total revenue of \$10.6 million and \$(1.3) million for the years ended June 30, 2010 and 2009, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the foundations, is based solely on the reports of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

CCC’s management discussion and analysis on pages 1 through 74 are not a required part of the basic financial statements but it is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplemental information included on pages 100 through 108 is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 28, 2011

Connecticut Community Colleges
Combined Statements of Net Assets
June 30, 2010 and 2009



	Primary Institution		Component Unit	
	(in thousands)		Magnet High Schools	
	2010	2009	2010	2009
Assets				
Current assets				
Cash and cash equivalents	\$ 309,426	\$ 138,846	\$ 4,455	\$ 5,948
Accounts receivable, due from the State	28,450	30,759	40	29
Accounts receivable other, net	6,528	6,782	331	200
Inventories	-	1,428	-	-
Prepaid expenses	257	531	-	-
Total current assets	<u>344,661</u>	<u>178,346</u>	<u>4,826</u>	<u>6,177</u>
Non-current assets				
Capital assets, net	515,841	483,137	30,503	29,275
Student loans, net	448	437	-	-
Total non-current assets	<u>516,289</u>	<u>483,574</u>	<u>30,503</u>	<u>29,275</u>
Total assets	<u>\$ 860,950</u>	<u>\$ 661,920</u>	<u>\$ 35,329</u>	<u>\$ 35,452</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 3,695	\$ 5,013	\$ 232	\$ 477
Accrued expenses - salary and fringe benefits	34,872	36,064	66	42
Accrued compensated absences - current portion	2,028	1,900	2	1
Deferred revenue	3,292	3,231	205	1,609
Unapplied payments	11,751	11,218	-	-
Retainage	4,024	1,566	567	1,095
Agency and loan fund liabilities	1,352	1,489	-	-
Other liabilities	219	531	-	-
Total current liabilities	<u>61,233</u>	<u>61,012</u>	<u>1,072</u>	<u>3,224</u>
Non-current liabilities				
Accrued compensated absences - long term portion	38,525	36,096	38	12
Other long-term liabilities	441	471	-	-
Total non-current liabilities	<u>38,966</u>	<u>36,567</u>	<u>38</u>	<u>12</u>
Total liabilities	<u>100,199</u>	<u>97,579</u>	<u>1,110</u>	<u>3,236</u>
Net assets				
Invested in capital assets, net of related debt	515,841	483,137	30,503	29,275
Restricted				
Nonexpendable	20	20	-	-
Expendable	206,983	56,942	3,866	2,945
Unrestricted				
Unrestricted	37,907	22,242	(150)	(4)
Mandatory transfer to State (see footnote 12)	-	2,000	-	-
Total net assets	<u>760,751</u>	<u>564,341</u>	<u>34,219</u>	<u>32,216</u>
Total liabilities and net assets	<u>\$ 860,950</u>	<u>\$ 661,920</u>	<u>\$ 35,329</u>	<u>\$ 35,452</u>

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

Connecticut Community Colleges
Combined Statements of Net Assets – Component Units
June 30, 2010 and 2009



	Component Unit	
	Foundations	
	(in thousands)	
	2010	2009
		(Restated)
Assets		
Cash and cash equivalents	\$ 8,626	\$ 13,856
Accounts receivable, net	301	268
Contributions receivable, net	4,464	6,110
Grants receivable	83	82
Other receivables	642	640
Prepays expenses and other assets	12	6
Investments	31,252	22,129
Capital assets, net	1	3
Total assets	<u>\$ 45,381</u>	<u>\$ 43,094</u>
Liabilities		
Accounts payable and accrued expenses	\$ 174	\$ 109
Annuities payable	216	227
Scholarships payable	59	66
Other liabilities	<u>2,283</u>	<u>2,157</u>
Total liabilities	<u>2,732</u>	<u>2,559</u>
Net Assets		
Unrestricted	2,085	2,103
Temporarily restricted	15,284	14,480
Permanently restricted	<u>25,280</u>	<u>23,952</u>
Total net assets	<u>42,649</u>	<u>40,535</u>
 Total liabilities and net assets	 <u>\$ 45,381</u>	 <u>\$ 43,094</u>

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

**Connecticut Community Colleges
Combined Statements of Revenues, Expenses and
Changes in Net Assets - Component Units
Years Ended June 30, 2010 and 2009**



	Primary Institution (in thousands)		Component Unit Magnet High Schools (in thousands)	
	2010	2009	2010	2009
				(Restated)
Operating revenue				
Student tuition and fees	\$ 154,794	\$ 131,470	\$ -	\$ -
Less: Scholarship discounts and allowances	<u>(57,688)</u>	<u>(42,921)</u>	<u>-</u>	<u>-</u>
Net tuition and fees	97,106	88,549	-	-
Federal grants and contracts	72,948	47,689	2,843	1,899
State and local grants and contracts	16,786	17,084	1,390	2,175
Private grants and contracts	6,156	3,699	-	-
Sales and services of educational departments	497	467	-	-
College owned bookstores, net	3,176	6,156	-	-
Other operating revenues	<u>6,050</u>	<u>3,070</u>	<u>1,328</u>	<u>683</u>
Total operating revenues	<u>202,719</u>	<u>166,714</u>	<u>5,561</u>	<u>4,757</u>
Operating expenses				
Instruction	162,705	161,525	2,805	2,231
Public service	403	347	-	-
Academic support	68,934	73,716	635	364
Library	9,417	10,011	79	-
Student services	44,199	48,205	392	404
Scholarship aid, net	35,302	22,856	-	-
Institutional support	61,923	64,503	927	987
Physical plant	43,087	47,369	1,085	218
Depreciation	<u>21,991</u>	<u>17,919</u>	<u>822</u>	<u>60</u>
Total operating expenses	<u>447,961</u>	<u>446,451</u>	<u>6,745</u>	<u>4,264</u>
Operating (loss) income	<u>(245,242)</u>	<u>(279,737)</u>	<u>(1,184)</u>	<u>493</u>
Nonoperating revenues (expenses)				
State appropriations - general fund	238,525	240,511	535	94
State appropriations - bond funds	202,964	2,850	2,652	20
Private gifts	999	1,347	-	-
Interest income	296	1,362	-	-
Mandatory transfer to State	(1,000)			
Other non-operating revenues (expenses), net	<u>(132)</u>	<u>(60)</u>	<u>-</u>	<u>-</u>
Net non-operating revenue	<u>441,652</u>	<u>246,010</u>	<u>3,187</u>	<u>114</u>
Net income	<u>196,410</u>	<u>(33,727)</u>	<u>2,003</u>	<u>607</u>
Change in net assets	196,410	(33,727)	2,003	607
Net assets at beginning of year	564,341	598,068	32,216	31,609
Net assets at end of year	<u>\$ 760,751</u>	<u>\$ 564,341</u>	<u>\$ 34,219</u>	<u>\$ 32,216</u>

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

Connecticut Community Colleges
Combined Statements of Revenues, Expenses and
Changes in Net Assets - Component Units
Years Ended June 30, 2010 and 2009



	Component Unit	
	Foundations	
	(in thousands)	
	2010	2009
		(Restated)
Revenue, capital gains and losses and other support		
Gifts and grants	\$ 5,770	\$ 6,777
Gifts in kind	8	5
State matching grant	-	(1,879)
Events and activities	1,142	633
Dividends and interest income	492	(87)
Net realized and unrealized gain/(loss) on investments	3,143	(6,736)
Net assets released from restrictions	-	(16)
Total revenue, capital gains and losses and other support	10,555	(1,303)
Expenses		
Fundraising events	675	394
Campus facilities, projects and equipment	107	530
Grants	271	191
Museum	112	60
Program services	1,056	1,105
Scholarships, awards, and financial aid	2,349	1,614
Management and general	840	780
J.Tierney college advancement	3,031	1,141
Total expenses	8,441	5,815
Change in net assets	2,114	(7,118)
Net assets		
Net assets at beginning of year	40,535	47,653
Net assets at end of year	\$ 42,649	\$ 40,535

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

Connecticut Community Colleges
Statement of Cash Flows
June 30, 2010 and 2009



	Primary Institution	
	(in thousands)	
	2010	2009
Cash flows from operating activities		
Student tuition and fees	\$ 96,640	\$ 89,838
Government grants and contracts	89,760	63,836
Private grants and contracts	6,304	3,526
Sales and services of educational departments	495	470
Payments to employees	(223,955)	(224,801)
Payments for fringe benefits	(97,584)	(92,123)
Payments to students	(39,685)	(28,222)
Payments to vendors	(71,785)	(79,449)
Payments by Department of Public Works	(253)	(349)
Other receipts (payments)	11,393	9,864
Net cash used in operating activities	<u>(228,670)</u>	<u>(257,410)</u>
Cash flows from investing activities		
Interest income	372	1,793
Net cash provided by investing activities	<u>372</u>	<u>1,793</u>
Cash flows from capital and related financing activities		
State appropriations	202,412	3,690
Payments by Department of Public Works	(45,995)	(47,362)
Purchase of capital assets	(7,625)	(12,104)
Net cash (used in) provided by capital and related financing activities	<u>148,792</u>	<u>(55,776)</u>
Cash flows from noncapital financing activities		
State appropriations	241,385	234,763
Private gifts	757	1,277
Federal Family Education Loan program ("FFELP")	8,944	6,819
Mandatory Transfer to State	(1,000)	-
Net cash provided by noncapital financing activities	<u>250,086</u>	<u>242,859</u>
Net change in cash and cash equivalents	170,580	(68,534)
Cash and cash equivalents at beginning of year	<u>138,846</u>	<u>207,380</u>
Cash and cash equivalents at end of year	<u>\$ 309,426</u>	<u>\$ 138,846</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (245,242)	\$ (279,737)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	21,991	17,919
Loss (gain) on disposal of capital assets	232	2,146
Operating Application of FFELP Receipts	(8,944)	(6,819)
Changes in operating assets and liabilities:		
Accounts receivable, net	122	(1,149)
Prepaid expenses and other assets	1,702	161
Accrued compensation and other	959	7,911
Accounts payable	449	2,805
Deferred revenue	61	(647)
Net cash used in operating activities	<u>\$ (228,670)</u>	<u>\$ (257,410)</u>

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

Connecticut Community Colleges

Notes to Combined Financial Statements

June 30, 2010 and 2009



1. Organization and Operations

The Connecticut Community Colleges (collectively referred to as “CCC” or the “System”) are a state wide system of twelve regional community colleges, serving nearly half of the undergraduates in public higher education in the State of Connecticut (the “State”). The CCC’s offer two-year associate degrees and transfer programs, short-term certificates and individual coursework in both credit and noncredit programs, often through partnerships with business and industry. The System has a combined enrollment of approximately 55,112 credit students and 33,440 additional noncredit students at its twelve colleges. The combined financial statements include the CCC System Office (“SO”) and the following regional community colleges: Asnuntuck Community College (“Asnuntuck”), Capital Community College (“Capital”), Gateway Community College (“Gateway”), Housatonic Community College (“Housatonic”), Manchester Community College (“Manchester”), Middlesex Community College (“Middlesex”), Naugatuck Valley Community College (“Naugatuck”), Northwestern Connecticut Community College (“Northwestern”), Norwalk Community College (“Norwalk”), Quinebaug Valley Community College (“Quinebaug”), Three Rivers Community College (“Three Rivers”), and Tunxis Community College (“Tunxis”).

2. Reporting of Component Units

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

The financial information of the college Foundations is discretely presented and identified in the “component unit” column of the various system-wide and college financial statements. Because under Connecticut statutes each Foundation may establish its own accounting (fiscal) year as any twelve month period, not all twelve Foundations have a fiscal year-end which coincides with the CCC June 30 year-end. Some Foundations have fiscal years which end at December 31. GASB 39 allows component unit information to be up to eleven months older than that of the CCC primary institution, therefore the component unit information reflects Foundation statements from each Foundation’s most recent fiscal year, ending either December 31, 2009 or June 30, 2010.

All Foundation statement information is based on separately audited financial statements. Under pre-existing Connecticut statutory and CCC Board policy requirements, various Foundation information including the audited Foundation financial statements, is reviewed at a high level by the college president and chief financial official, and forwarded to the CCC chancellor annually for transmittal to the State Auditors of Public Accounts. CCC management relies upon individual college and Foundation compliance with these requirements, and the independently audited

Connecticut Community Colleges
Notes to Combined Financial Statements
June 30, 2010 and 2009



Foundation financial statements, to ensure that information presented in the component unit section of the CCC statements is materially correct.

The Foundations are private non-profit organizations that report under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in CCC's financial reporting entity for these differences, however, in some cases line items have been combined to reflect common terminology across all twelve college foundations. In addition, all other footnotes herein relate solely to the primary institution, the CCC's, excluding the component unit foundations.

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

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

3. Significant Accounting Policies for Primary Institution

Basis of Presentation

The combined financial statements for the CCC primary institution have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Government Accounting Standards Board ("GASB"). The System reports as a business type activity, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities* ("GASB 35"). Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

CCC follows the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* ("GASB 33"), and GASB 35, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*, ("GASB 37") and No. 38, *Certain Financial Statement Note Disclosures* ("GASB 38"). GASB 33 requires that unconditional promises to give be recorded as receivables and revenues when CCC has met all applicable eligibility requirements. This statement also requires that unspent cash advances received for sponsored programs be recorded as deferred revenue rather than as restricted expendable net assets. GASB 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

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Invested in Capital Assets, Net of Related Debt

Capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding principal balances of debt and other obligations, if applicable, attributable to the acquisition, construction or improvement of those assets. As of June 30, 2010 and 2009, the CCC's do not carry any debt as all bonding is handled by the State.

Restricted – Nonexpendable

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

Restricted – Expendable

Net assets subject to externally-imposed constraints imposed by grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted expendable net assets include capital appropriation balances, funds held in accordance with legally adopted collective bargaining agreements, unexpended balances in non-exchange grants, and institutional capital contribution balances in the national direct student loan and nursing loan programs. The balance of expendable net assets restricted by enabling legislation at June 30, 2010 and June 30, 2009 are \$206,982,975 and \$56,942,205 respectively.

Unrestricted

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, and petty cash. The STIF, stated at market value, is held on behalf of CCC by the State Treasurer and has original maturities of three months or less (see Note 4). Interest income is recognized on the accrual basis. The largest inflow of cash related to non-capital financing is State appropriations, including general fund appropriations for salaries of \$156,432,864 and \$161,535,178 for fiscal year 2010 and fiscal year 2009 respectively, and related fringe benefit of \$82,092,003 and \$78,975,403 for fiscal year 2010 and fiscal year 2009 respectively, and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. The Community Colleges do not receive cash from the State in support of the general fund appropriation. The appropriation is treated as a cash equivalent for accounting and reporting purposes, and is included in the cash flow statement. Fringe benefit payments are made by the State Comptroller on behalf of the CCC's, and information regarding the associated fringe benefit expense is provided to the System with each biweekly payroll. This is treated as a cash equivalent on the statement of cash flows.

Inventory

Inventories are stated at the lower of cost (first in, first out) or market.

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Capital Assets

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

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

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

With the introduction of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* ("GASB 51") in 2010 all identifiable intangible assets, not specifically excluded, are included as intangible assets in the CCC statement, in accordance with CCC policy regarding capitalization.

Accrued Compensated Absences

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

Deferred Revenue

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

Unapplied Payments

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

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Operating Activities

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

Student Tuition and Fee Revenue

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

Private Gifts and Contributions

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

Income Taxes

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

Estimates

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

Subsequent Events

In accordance with generally accepted accounting principles, CCC evaluates subsequent events that occur after the balance sheet date but before financial statements are issued or are available to be issued. See Note 18.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

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4. Cash and Cash Equivalents

Cash and cash equivalents consists of the following at June 30, 2010 and 2009 (in thousands):

	2010	2009
Cash	\$ 105,151	\$ 83,190
Cash equivalents	204,275	55,656
Cash and cash equivalents total	<u>\$ 309,426</u>	<u>\$ 138,846</u>

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

The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities which vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements in amounts not to exceed 5.0% of the STIF’s net assets at the time of execution.

CCC has assessed the Credit Risk, Custodial Credit Risk, the Concentration of Credit Risk, and the Interest Rate Risk of its Cash and Cash Equivalents as follows:

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

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5 percent or more of the total value of investments. 100% of CCC’s total cash and cash equivalents are invested in the STIF or consist of State General fund and capital bond fund appropriations allocated to the CCC which are backed by cash held by the State as of June 30, 2010.

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5. Accounts Receivable

Accounts receivable consist of the following at June 30, 2010 and 2009 (in thousands):

	2010	2009
Tuition	\$ 1,413	\$ 1,227
College services fees	148	123
Student activity fees	8	8
Extension fees	869	509
Payment plans and returned checks	1,398	1,418
Other student fees	<u>130</u>	<u>125</u>
Subtotal	3,966	3,410
Less: Allowance for doubtful accounts	<u>(1,052)</u>	<u>(1,118)</u>
Subtotal student tuition and fee receivables, net	<u>2,914</u>	<u>2,292</u>
Third party contracts	249	269
Government grants and contacts	2,587	3,477
STIF	66	187
Other receivables	<u>973</u>	<u>811</u>
Subtotal	3,875	4,744
Less: Allowance for doubtful accounts	<u>(261)</u>	<u>(254)</u>
Subtotal other receivables, net	<u>3,614</u>	<u>4,490</u>
Total accounts receivable, net	<u>\$ 6,528</u>	<u>\$ 6,782</u>

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

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6. Student Loans

Student loans consist of the following at June 30, 2010 and 2009 (in thousands):

	2010	2009
Student loans receivable	\$ 530	\$ 557
Less: Allowance for doubtful loans	<u>(82)</u>	<u>(120)</u>
	<u>\$ 448</u>	<u>\$ 437</u>

The outstanding loans were granted as part of the Federal National Direct Student Loan and Nursing Loan programs. The allowance is equal to the total outstanding loans at year-end multiplied by the current year COHORT default rate. The COHORT default rate for each college is calculated individually for borrowers who entered repayment during fiscal years 2007, 2008 and 2009 as follows: (Total number of such borrowers with loans in default at fiscal year-end 2008, 2009 and 2010, i.e. a year later, respectively) *divided by* (Total number of such borrowers who entered repayment during fiscal years 2007, 2008 and 2009, respectively).

7. Capital Assets

Capital assets consist of the following at June 30, 2010 and 2009 (in thousands):

	Balance at June 30, 2009	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2010
Land and land/site improvements	\$ 20,717	\$ -	\$ -	\$ 2,020	\$ 22,737
Infrastructure	516	-	-	-	516
Building and building improvements	496,007	8,636	-	56,955	561,598
Furnishings and equipment	59,099	4,531	(4,460)	184	59,354
Library books	9,205	715	(875)	-	9,045
Software	439	-	-	-	439
	<u>585,983</u>	<u>13,882</u>	<u>(5,335)</u>	<u>59,159</u>	<u>653,689</u>
Less: Accumulated depreciation	<u>(172,787)</u>	<u>(21,991)</u>	<u>5,060</u>	<u>-</u>	<u>(189,718)</u>
	413,196	(8,109)	(275)	59,159	463,971
Construction-in-progress	<u>69,941</u>	<u>41,088</u>	<u>-</u>	<u>(59,159)</u>	<u>51,870</u>
Capital assets, net	<u>\$ 483,137</u>	<u>\$ 32,979</u>	<u>\$ (275)</u>	<u>\$ -</u>	<u>\$ 515,841</u>

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	Balance at June 30, 2008	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2009
Land and land/site improvements	\$ 21,058	\$ -	\$ (341)	\$ -	\$ 20,717
Infrastructure	516	-	-	-	516
Building and building improvements	389,575	1,800	(5,590)	110,222	496,007
Furnishings and equipment	55,091	7,232	(3,224)	-	59,099
Library books	9,366	716	(877)	-	9,205
Software	439	-	-	-	439
	<u>476,045</u>	<u>9,748</u>	<u>(10,032)</u>	<u>110,222</u>	<u>585,983</u>
Less: Accumulated depreciation	(162,729)	(17,919)	7,861	-	(172,787)
	<u>313,316</u>	<u>(8,171)</u>	<u>(2,171)</u>	<u>110,222</u>	<u>413,196</u>
Construction-in-progress	<u>133,887</u>	<u>46,276</u>	<u>-</u>	<u>(110,222)</u>	<u>69,941</u>
Capital assets, net	<u>\$ 447,203</u>	<u>\$ 38,105</u>	<u>\$ (2,171)</u>	<u>\$ -</u>	<u>\$ 483,137</u>

Depreciation expense was \$21,991,182 and \$17,919,124 for the years ended June 30, 2010 and 2009, respectively.

8. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30, 2010 and 2009 (in thousands):

	2010	2009
Accrued vacation	\$ 16,705	\$ 15,842
Accrued sick leave	16,677	15,925
Other accrued fringe benefits	<u>7,171</u>	<u>6,229</u>
Total accrued compensated absences	40,553	37,996
Less: current portion	<u>(2,028)</u>	<u>(1,900)</u>
Accrued compensated absences - non-current portion	<u>\$ 38,525</u>	<u>\$ 36,096</u>

These accruals represent amounts earned by all eligible employees through the end of the fiscal year. These accrued compensated absences (“ACA”) will be settled over a number of years, and are not expected to have a significant impact on the future annual cash flows of the System. The current portion of ACA, estimated to be approximately 5.0% of the total liability, is reflected as a current liability.

9. Pollution Remediation Obligations

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

As of at June 30, 2010, no pollution remediation obligations existed; at June 30, 2009, the obligation was \$284,000.

10. Bonds Payable

The State of Connecticut, through acts of its legislature, provides funding for certain major plant facilities of the System. The State obtains its funds for these construction projects from general obligation bonds which it issues from time to time. The State is responsible for all repayments of the bonds in accordance with bond indentures.

Debt service on bonds issued by the State to finance educational and general facilities is funded by the General fund of the State, which is in the custody of the State Treasurer. These bonds do not require repayment by CCC and, accordingly, the State’s debt obligation attributable to CCC educational and general facilities is not reported as CCC debt in the accompanying financial statements.

11. Retirement and Other Post Employment Benefits

Retirement

Plan Description

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

Employees hired before July 1, 1984 participate in the old Tier 1 Plan, which includes employee contributions; other employees may participate in the Tier II Plan, which is noncontributory and provides substantially lower benefits. CCC makes contributions on behalf of the employees through a fringe benefit charge assessed by the State of Connecticut.

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Alternatively, employees may choose to participate in the Alternative Retirement Plan which is managed by ING. Under this arrangement plan participants purchase individual investments managed by ING.

The State pays for the retirement plan costs of General Fund employees and recovers the cost of Operating Fund employees from the CCC through a fringe benefit cost recovery rate.

Funding Policy

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

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

Annual Pension Cost, Net Pension Obligation and Related Information - (Unaudited)

Because of the cost-sharing arrangements CCC has with other State departments and agencies, one actuarial valuation is performed for the State of Connecticut. As a result, the following information is not separately available for CCC. Additionally, the information for fiscal year 2010 is not available as of the issued date of the CCC combined financial statements and, therefore, the following information is as of June 30, 2009.

The State's annual pension cost and net pension obligation for SERS as of June 30, 2009 are as follows (in thousands):

	(Unaudited)
Annual required contribution	\$ 753,698
Interest on net pension obligation	203,745
Adjustment to annual required contribution	<u>(146,667)</u>
Annual pension cost	810,776
Less contributions made	<u>699,770</u>
Increase in net pension obligation	111,006
Net pension obligation, beginning of year	<u>2,396,999</u>
Net pension obligation, end of year	<u>\$ 2,508,005</u>

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Eight year trend information (in thousands):

Fiscal Year	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation
2002	479,501	86.7%	2,017,588
2003	485,527	86.8%	2,081,663
2004	534,191	88.0%	2,145,521
2005	582,082	89.1%	2,208,839
2006	685,473	90.9%	2,271,249
2007	725,009	91.6%	2,332,327
2008	776,227	91.7%	2,396,999
2009	810,776	86.3%	2,508,005

The following actuarial information related to the calculation of the annual required contribution for SERS is for all State of Connecticut employees:

Actuarial valuation date	June 30, 2008
Actuarial cost method	Project unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	24 years
Asset valuation method	5 year smoothed market
Actuarial assumptions	
Investment rate of return (includes inflation of 5%)	8.3%
Projected salary increases (includes inflation of 5%)	4.0% - 20.0%
Cost of living adjustments	2.7% - 3.6%

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Required supplementary information (in millions):

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	(b-a)/c UAAL as a Percentage of Covered Payroll
6/30/95	4,209.2	7,838.2	3,629.0	53.7%	2,325.8	156.0%
6/30/96	4,604.2	8,038.2	3,434.0	57.3%	2,385.5	144.0%
6/30/97	5,131.0	8,833.2	3,702.2	58.1%	2,225.2	166.4%
6/30/98	5,669.9	9,592.4	3,922.5	59.1%	2,339.0	167.7%
6/30/99 *	-	-	-	-	-	-
6/30/00	7,196.0	11,512.1	4,316.1	62.5%	2,651.9	162.8%
6/30/01	7,638.9	12,105.4	4,466.5	63.1%	2,784.5	160.4%
6/30/02	7,893.7	12,806.1	4,912.4	61.6%	2,852.1	172.2%
6/30/03	8,058.6	14,223.8	6,165.2	56.7%	2,654.3	232.3%
6/30/04	8,238.3	15,128.5	6,890.2	54.5%	2,816.7	244.6%
6/30/05	8,517.7	15,987.5	7,469.8	53.3%	2,980.1	250.7%
6/30/06	8,951.4	16,830.3	7,878.9	53.2%	3,107.9	253.5%
6/30/07	9,585.0	17,888.1	8,303.1	53.6%	3,310.4	250.8%
6/30/08	9,990.2	19,243.4	9,253.2	51.9%	3,497.4	264.6%
6/30/09 *	-	-	-	-	-	-

* - No actuarial valuation was performed as of June 30, 1999 and June 30, 2009.

Other Post Employment Benefits

The State sponsors two defined benefit OPEB plans; the State Employee OPEB Plan (SEOPEBP) and the Retired teacher Healthcare Plan (RTHP). SEOPEBP is administered by the State Comptroller (Retirement and Benefits Division), and RTHP is administered by the Teacher's Retirement Board. Both are single-employer defined benefit OPEB plans. SEOPEBP covers retired employees of the State of Connecticut who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. RTHP covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. Both plans provide healthcare and life insurance benefits to eligible retirees and their spouses.

The State of Connecticut is statutorily responsible for post employment benefits provided to employees who participate in both. The SEOPEBP plan benefits are financed approximately 100% by the State of Connecticut on a pay-as-you-go basis through an annual appropriation in the General fund. RTHP is similarly financed on a pay-as-you-go basis, with a third from the State's General fund, a third from active teachers, and a third from retirees. Administrative costs of both plans are financed by the State of Connecticut.

During fiscal year 2008, CCC adopted GASB No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions ("GASB 45"). This accounting pronouncement potentially requires the College to record a liability for post retirement benefit obligations other than pensions. As of June 30, 2010, CCC has not accrued a liability as the State of Connecticut is legally responsible for the liability in accordance with GASB 45.

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In addition, the State of Connecticut has communicated to CCC that it should not record a liability associated with the plans for its employees or retired employees.

For the State of Connecticut liability and disclosures associated with GASB 45 please see Note 14 of the State of Connecticut's Comprehensive Annual Financial Report prepared by the Office of the State Comptroller at the following website address: <http://www.osc.state.ct.us/reports/>.

12. Unrestricted Net Assets

Substantially all unrestricted net assets are internally designated for unliquidated encumbrances, contingency reserves, academic, program and other initiatives, and capital programs. Unrestricted net assets were \$37.9 million and \$24.2 million at June 30, 2010 and 2009, respectively. Of these amounts, \$7.4 million and \$6.1 million, respectively, represented CCC's unliquidated encumbrances (obligations in the form of purchase orders or contracts which are to be partially met from an appropriation and for which the other portion is designated from the unrestricted net assets above).

Connecticut Public Act 09-7 of the September 2009 Special Session, signed into law by the Governor on October 5, 2009, included a requirement that a total of \$2.0 million (one million in each of the next two fiscal years) be transferred from the Community Colleges operating reserves to the State's General Fund. Because this mandatory legal requirement was not known at June 30, 2009, the \$2.0 million to cover these obligations is reflected within Unrestricted Net Assets at June 30, 2009. The \$1.0 million due the state in FY11 was moved to Restricted-Expendable Net Assets during fiscal year 2010.

13. Operating Leases

CCC is party to three non-cancelable operating lease contracts. Future minimum lease payments, all due over the next four fiscal years under existing operating lease contracts, are approximately as follows:

2011	225,818
2012	71,771
2013	36,198
2014	6,372
Thereafter	-

Rental and lease expense was \$2,869,821 and \$2,681,025 for the years ending June 30, 2010 and 2009, respectively.

14. Commitments and Contingencies

CCC is subject to other legal proceedings and claims which arise in the ordinary course of business.

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In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position, changes in net assets or cash flows of CCC.

15. Adjustment of Component Units - Foundations (Unaudited)

The financial statement balances for the Foundations, which are reported as a discrete component unit of the College, have been adjusted from those previously reported at June 30, 2009.

An eight thousand dollar misclassification of assets by the Capital Community College Foundation resulted in a reclassification between cash and investments. Certain misclassifications of restricted and unrestricted funds for the Capital Community College Foundation, the Manchester Community College Foundation and the Tunxis Community College Foundation resulted in a reclassification of net assets. Naugatuck Valley Community College Foundation reported a prior year adjustment reducing their receivables due to a miscommunication between a donor and the foundation. Liabilities, specifically scholarships payable along with a matching increase in scholarships, awards and financial aid expense, for the Tunxis Community College Foundation was previously omitted. Accordingly, assets, liabilities, expense and net assets have all been restated as of June 30, 2009 as follows:

	Total Assets	Total Liabilities	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Assets, Liabilities and Net Assets, as previously reported at June 30, 2009	\$ 43,184	\$ 2,518	\$ 2,079	\$ 14,849	\$ 23,738	\$ 40,666
Adjustment for Capital			(27)	27		
Adjustment for Manchester				9	(9)	
Adjustment for Naugatuck Valley	(90)			(90)		(90)
Adjustment for Tunxis		41	51	(315)	223	(41)
Assets, Liabilities and Net Assets, as restated at June 30, 2009	<u>\$ 43,094</u>	<u>\$ 2,559</u>	<u>\$ 2,103</u>	<u>\$ 14,480</u>	<u>\$ 23,952</u>	<u>\$ 40,535</u>

	Total Expenses	Change In Net Assets	Prior Period Adjustment	Total Net Assets
Expenses and Change in Net Assets, as previously reported at June 30, 2009	\$ 5,774	\$ (7,077)		\$ 40,666
Adjustment for Naugatuck Valley			(90)	(90)
Adjustment for Tunxis	41	(41)		(41)
Expenses and Change in Net Assets, as restated at June 30, 2009	<u>\$ 5,815</u>	<u>\$ (7,118)</u>	<u>\$ (90)</u>	<u>\$ 40,535</u>

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16. Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2010 and 2009 are summarized as follows (in thousands):

	Year Ended June 30, 2010					Total
	Salaries and Wages	Fringe Benefits	Supplies and Services	Scholarship Aid	Depreciation	
Instruction	\$ 113,715	\$ 43,624	\$ 5,366	\$ -	\$ -	\$ 162,705
Public service	281	38	84	-	-	403
Academic support-other	39,427	18,058	11,449	-	-	68,934
Academic support-library	5,838	2,487	1,092	-	-	9,417
Student services	24,464	11,997	7,738	-	-	44,199
Scholarship aid	-	-	-	35,302	-	35,302
Institutional support	33,099	15,250	13,574	-	-	61,923
Physical plant	10,899	7,329	24,859	-	-	43,087
Depreciation	-	-	-	-	21,991	21,991
Total operating expenses	\$ 227,723	\$ 98,783	\$ 64,162	\$ 35,302	\$ 21,991	\$ 447,961

	Year Ended June 30, 2009					Total
	Salaries and Wages	Fringe Benefits	Supplies and Services	Scholarship Aid	Depreciation	
Instruction	\$ 114,091	\$ 41,327	\$ 6,107	\$ -	\$ -	\$ 161,525
Public service	222	34	91	-	-	347
Academic support-other	40,482	16,946	16,288	-	-	73,716
Academic support-library	6,190	2,478	1,343	-	-	10,011
Student services	25,955	11,769	10,481	-	-	48,205
Scholarship aid	-	-	-	22,856	-	22,856
Institutional support	34,761	15,172	14,570	-	-	64,503
Physical plant	11,969	7,222	28,178	-	-	47,369
Depreciation	-	-	-	-	17,919	17,919
Total operating expenses	\$ 233,670	\$ 94,948	\$ 77,058	\$ 22,856	\$ 17,919	\$ 446,451

SUPPLEMENTARY SCHEDULES

Connecticut Community Colleges
Combining Statement of Net Assets
June 30, 2010
(in thousands)



	Primary Institution													System Office	Combined Total
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College			
Assets															
Current assets															
Cash and cash equivalents	\$ 4,251	\$ 10,871	\$ 165,083	\$ 14,620	\$ 10,041	\$ 6,010	\$ 9,699	\$ 3,461	\$ 30,162	\$ 5,785	\$ 9,236	\$ 8,220	\$ 31,987	\$ 309,426	
Accounts receivable, due from the State	1,071	2,076	3,335	2,172	3,690	1,420	3,737	1,008	3,103	1,176	2,298	2,331	1,033	28,450	
Accounts receivable other, net	261	1,597	496	295	572	241	923	111	596	113	722	406	195	6,528	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses	16	21	30	26	37	20	69	20	4	7	1	5	1	257	
Total current assets	<u>5,599</u>	<u>14,565</u>	<u>168,944</u>	<u>17,113</u>	<u>14,340</u>	<u>7,691</u>	<u>14,428</u>	<u>4,600</u>	<u>33,865</u>	<u>7,081</u>	<u>12,257</u>	<u>10,962</u>	<u>33,216</u>	<u>344,661</u>	
Non-current assets															
Capital assets, net	5,695	53,949	49,486	85,064	69,234	7,754	55,132	23,255	26,941	12,351	86,164	37,998	2,818	515,841	
Student loans, net	-	9	5	(19)	33	32	151	-	-	-	80	157	-	448	
Total non-current assets	<u>5,695</u>	<u>53,958</u>	<u>49,491</u>	<u>85,045</u>	<u>69,267</u>	<u>7,786</u>	<u>55,283</u>	<u>23,255</u>	<u>26,941</u>	<u>12,351</u>	<u>86,244</u>	<u>38,155</u>	<u>2,818</u>	<u>516,289</u>	
Total assets	<u>11,294</u>	<u>68,523</u>	<u>218,435</u>	<u>102,158</u>	<u>83,607</u>	<u>15,477</u>	<u>69,711</u>	<u>27,855</u>	<u>60,806</u>	<u>19,432</u>	<u>98,501</u>	<u>49,117</u>	<u>36,034</u>	<u>860,950</u>	
Liabilities															
Current liabilities															
Accounts payable	88	246	147	673	256	134	243	103	829	61	188	252	475	3,695	
Accrued expenses-salary and fringe benefits	1,285	2,580	4,233	2,881	4,390	1,553	4,535	1,205	3,992	1,389	2,833	2,834	1,162	34,872	
Accrued compensated absences-current portion	88	156	197	147	218	107	240	91	198	90	168	167	161	2,028	
Deferred revenue	108	298	352	313	77	95	319	79	815	88	54	24	670	3,292	
Unapplied payments	208	493	1,206	701	2,343	678	2,166	328	1,402	339	721	1,166	-	11,751	
Retainage	-	-	2,188	-	-	-	677	10	431	-	718	-	-	4,024	
Agency and loan fund liabilities	68	61	33	25	314	95	212	44	165	43	173	119	-	1,352	
Other liabilities	10	8	27	22	33	3	74	6	3	2	13	18	-	219	
Total current liabilities	<u>1,855</u>	<u>3,842</u>	<u>8,383</u>	<u>4,762</u>	<u>7,631</u>	<u>2,665</u>	<u>8,466</u>	<u>1,866</u>	<u>7,835</u>	<u>2,012</u>	<u>4,868</u>	<u>4,580</u>	<u>2,468</u>	<u>61,233</u>	
Non-current liabilities															
Accrued compensated absences-long term portion	1,681	2,962	3,733	2,791	4,130	2,034	4,567	1,732	3,762	1,708	3,189	3,174	3,062	38,525	
Other long-term liabilities	-	(14)	(23)	(11)	(27)	152	114	-	-	-	114	136	-	441	
Total non-current liabilities	<u>1,681</u>	<u>2,948</u>	<u>3,710</u>	<u>2,780</u>	<u>4,103</u>	<u>2,186</u>	<u>4,681</u>	<u>1,732</u>	<u>3,762</u>	<u>1,708</u>	<u>3,303</u>	<u>3,310</u>	<u>3,062</u>	<u>38,966</u>	
Total liabilities	<u>3,536</u>	<u>6,790</u>	<u>12,093</u>	<u>7,542</u>	<u>11,734</u>	<u>4,851</u>	<u>13,147</u>	<u>3,598</u>	<u>11,597</u>	<u>3,720</u>	<u>8,171</u>	<u>7,890</u>	<u>5,530</u>	<u>100,199</u>	
Net assets															
Invested in capital assets, net of related debt	5,694	53,950	49,486	85,064	69,235	7,754	55,132	23,255	26,941	12,351	86,164	37,997	2,818	515,841	
Restricted															
Nonexpendable	-	-	-	20	-	-	-	-	-	-	-	-	-	20	
Expendable	246	6,273	155,024	1,266	293	596	1,232	1,064	21,093	543	2,067	3,790	13,496	206,983	
Unrestricted															
Unrestricted	1,818	1,510	1,832	8,266	2,345	2,276	200	(62)	1,175	2,818	2,099	(560)	14,190	37,907	
Mandatory transfer to State (see footnote 18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total net assets	<u>7,758</u>	<u>61,733</u>	<u>206,342</u>	<u>94,616</u>	<u>71,873</u>	<u>10,626</u>	<u>56,564</u>	<u>24,257</u>	<u>49,209</u>	<u>15,712</u>	<u>90,330</u>	<u>41,227</u>	<u>30,504</u>	<u>760,751</u>	
Total liabilities and net assets	<u>\$ 11,294</u>	<u>\$ 68,523</u>	<u>\$ 218,435</u>	<u>\$ 102,158</u>	<u>\$ 83,607</u>	<u>\$ 15,477</u>	<u>\$ 69,711</u>	<u>\$ 27,855</u>	<u>\$ 60,806</u>	<u>\$ 19,432</u>	<u>\$ 98,501</u>	<u>\$ 49,117</u>	<u>\$ 36,034</u>	<u>\$ 860,950</u>	

Connecticut Community Colleges
Combining Statement of Net Assets
June 30, 2009
(in thousands)



	Primary Institution													Combined Total
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	
Assets														
Current assets														
Cash and cash equivalents	\$ 3,503	\$ 9,868	\$ 12,894	\$ 13,886	\$ 8,786	\$ 5,065	\$ 9,390	\$ 3,126	\$ 11,562	\$ 4,084	\$ 17,870	\$ 8,949	\$ 29,863	\$ 138,846
Accounts receivable, due from the State	910	1,913	3,470	2,963	3,780	1,590	3,783	1,665	3,394	1,017	2,561	2,695	1,018	30,759
Accounts receivable other, net	218	1,270	524	263	530	351	622	131	676	1,022	586	382	207	6,782
Inventories	-	-	-	-	-	-	337	-	471	245	-	375	-	1,428
Prepaid expenses	8	4	26	15	33	27	188	-	72	47	1	107	3	531
Total current assets	<u>4,639</u>	<u>13,055</u>	<u>16,914</u>	<u>17,127</u>	<u>13,129</u>	<u>7,033</u>	<u>14,320</u>	<u>4,922</u>	<u>16,175</u>	<u>6,415</u>	<u>21,018</u>	<u>12,508</u>	<u>31,091</u>	<u>178,346</u>
Non-current assets														
Capital assets, net	5,860	54,857	16,488	88,249	71,785	8,232	57,683	23,964	22,791	12,782	79,214	38,207	3,025	483,137
Student loans, net	-	9	17	(19)	16	22	153	-	1	-	78	160	-	437
Total non-current assets	<u>5,860</u>	<u>54,866</u>	<u>16,505</u>	<u>88,230</u>	<u>71,801</u>	<u>8,254</u>	<u>57,836</u>	<u>23,964</u>	<u>22,792</u>	<u>12,782</u>	<u>79,292</u>	<u>38,367</u>	<u>3,025</u>	<u>483,574</u>
Total assets	<u>10,499</u>	<u>67,921</u>	<u>33,419</u>	<u>105,357</u>	<u>84,930</u>	<u>15,287</u>	<u>72,156</u>	<u>28,886</u>	<u>38,967</u>	<u>19,197</u>	<u>100,310</u>	<u>50,875</u>	<u>34,116</u>	<u>661,920</u>
Liabilities														
Current liabilities														
Accounts payable	82	164	154	481	283	184	599	106	781	197	435	214	1,333	5,013
Accrued expenses-salary and fringe benefits	1,071	2,361	4,135	3,434	4,349	1,700	4,441	1,801	4,269	1,198	3,037	3,159	1,109	36,064
Accrued compensated absences-current portion	80	149	190	136	210	99	224	85	180	86	154	155	152	1,900
Deferred revenue	91	412	460	203	112	134	244	119	660	162	65	45	524	3,231
Unapplied payments	230	603	1,131	880	1,830	713	2,123	269	1,337	345	690	1,067	-	11,218
Retainage	-	-	-	418	-	-	675	10	-	-	75	269	119	1,566
Agency and loan fund liabilities	52	9	40	19	520	93	206	43	130	50	187	140	-	1,489
Other liabilities	4	7	60	12	46	4	62	7	286	1	20	22	-	531
Total current liabilities	<u>1,610</u>	<u>3,705</u>	<u>6,170</u>	<u>5,583</u>	<u>7,350</u>	<u>2,927</u>	<u>8,574</u>	<u>2,440</u>	<u>7,643</u>	<u>2,039</u>	<u>4,663</u>	<u>5,071</u>	<u>3,237</u>	<u>61,012</u>
Non-current liabilities														
Accrued compensated absences-long term portion	1,522	2,824	3,602	2,588	4,001	1,877	4,254	1,606	3,444	1,638	2,922	2,945	2,873	36,096
Other long-term liabilities	-	(13)	(11)	(11)	(27)	152	115	-	(2)	-	113	155	-	471
Total non-current liabilities	<u>1,522</u>	<u>2,811</u>	<u>3,591</u>	<u>2,577</u>	<u>3,974</u>	<u>2,029</u>	<u>4,369</u>	<u>1,606</u>	<u>3,442</u>	<u>1,638</u>	<u>3,035</u>	<u>3,100</u>	<u>2,873</u>	<u>36,567</u>
Total liabilities	<u>3,132</u>	<u>6,516</u>	<u>9,761</u>	<u>8,160</u>	<u>11,324</u>	<u>4,956</u>	<u>12,943</u>	<u>4,046</u>	<u>11,085</u>	<u>3,677</u>	<u>7,698</u>	<u>8,171</u>	<u>6,110</u>	<u>97,579</u>
Net assets														
Invested in capital assets, net of related debt	5,861	54,856	16,488	88,250	71,785	8,232	57,683	23,964	22,791	12,781	79,214	38,207	3,025	483,137
Restricted														
Nonexpendable	-	-	-	20	-	-	-	-	-	-	-	-	-	20
Expendable	246	7,262	6,097	1,949	561	931	2,107	1,272	5,135	810	12,968	5,061	12,543	56,942
Unrestricted														
Unrestricted	1,220	(713)	1,073	6,838	1,260	1,148	(577)	(396)	(44)	1,879	430	(564)	10,688	22,242
Mandatory transfer to State (see footnote 18)	40	-	-	140	-	20	-	-	-	50	-	-	1,750	2,000
Total net assets	<u>7,367</u>	<u>61,405</u>	<u>23,658</u>	<u>97,197</u>	<u>73,606</u>	<u>10,331</u>	<u>59,213</u>	<u>24,840</u>	<u>27,882</u>	<u>15,520</u>	<u>92,612</u>	<u>42,704</u>	<u>28,006</u>	<u>564,341</u>
Total liabilities and net assets	<u>\$ 10,499</u>	<u>\$ 67,921</u>	<u>\$ 33,419</u>	<u>\$ 105,357</u>	<u>\$ 84,930</u>	<u>\$ 15,287</u>	<u>\$ 72,156</u>	<u>\$ 28,886</u>	<u>\$ 38,967</u>	<u>\$ 19,197</u>	<u>\$ 100,310</u>	<u>\$ 50,875</u>	<u>\$ 34,116</u>	<u>\$ 661,920</u>

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010
(in thousands)



	Primary Institution													Combined Total
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College	System Office	
Operating revenues														
Student tuition and fees	\$ 5,277	\$ 12,364	\$ 18,649	\$ 15,197	\$ 20,908	\$ 8,017	\$ 19,441	\$ 3,963	\$ 20,382	\$ 5,584	\$ 11,782	\$ 13,202	\$ 28	\$ 154,794
Less: Scholarship discounts and allowances	(1,710)	(7,323)	(7,992)	(6,887)	(6,877)	(2,526)	(5,469)	(1,508)	(5,919)	(2,696)	(4,881)	(3,900)	-	(57,688)
Net tuition and fees	3,567	5,041	10,657	8,310	14,031	5,491	13,972	2,455	14,463	2,888	6,901	9,302	28	97,106
Federal grants and contracts	2,039	9,779	9,520	9,064	9,459	2,888	6,641	2,078	6,708	3,192	5,361	4,529	1,690	72,948
State and local grants and contracts	263	1,602	2,294	1,884	1,587	751	1,632	397	1,139	784	864	783	2,806	16,786
Private grants and contracts	20	485	295	334	296	8	76	47	4,050	92	259	66	128	6,156
Sales and services of educational departments	-	21	14	84	13	3	69	-	213	-	-	80	-	497
College owned bookstores	-	-	-	-	-	-	1,033	-	977	211	-	955	-	3,176
Other operating revenues	177	413	673	335	557	261	961	115	624	467	714	489	264	6,050
Total operating revenues	6,066	17,341	23,453	20,011	25,943	9,402	24,384	5,092	28,174	7,634	14,099	16,204	4,916	202,719
Operating expenses														
Instruction	5,854	14,625	21,713	12,821	20,434	7,917	22,352	4,789	20,162	6,234	13,046	12,758	-	162,705
Public service	1	61	20	-	7	36	82	162	1	(3)	7	29	-	403
Academic support	2,940	5,167	6,699	5,730	7,178	3,352	7,633	3,024	7,474	2,955	5,691	5,868	5,223	68,934
Library	436	694	920	849	1,248	699	1,003	490	870	514	657	1,037	-	9,417
Student services	1,693	2,870	4,582	2,984	5,027	2,212	5,697	1,699	6,127	2,515	3,801	4,701	291	44,199
Scholarship aid, net	905	4,766	4,838	4,824	4,405	1,428	3,252	876	3,264	1,268	2,342	2,108	1,026	35,302
Institutional support	2,156	4,115	4,786	3,606	5,663	3,126	4,746	2,391	5,448	1,843	3,888	3,903	16,252	61,923
Physical plant	1,246	3,713	3,513	4,693	6,212	1,253	7,672	1,781	4,935	1,488	2,995	2,933	653	43,087
Depreciation	471	2,128	692	4,100	3,137	731	3,226	1,037	1,081	632	2,598	1,440	718	21,991
Total operating expenses	15,702	38,139	47,763	39,607	53,311	20,754	55,663	16,249	49,362	17,446	35,025	34,777	24,163	447,961
Operating (loss) income	(9,636)	(20,798)	(24,310)	(19,596)	(27,368)	(11,352)	(31,279)	(11,157)	(21,188)	(9,812)	(20,926)	(18,573)	(19,247)	(245,242)
Nonoperating revenues (expenses)														
State appropriations - general fund	9,460	18,902	24,051	17,592	29,237	11,683	29,127	10,094	24,174	9,508	18,558	17,833	18,306	238,525
State appropriations - bond funds	-	-	182,330	-	17	-	-	100	19,042	86	-	-	1,389	202,964
Private gifts	20	17	64	3	42	80	144	49	350	117	94	19	-	999
Mandatory transfer to State	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Interest income	11	12	24	40	32	16	21	7	24	13	17	13	66	296
Other non-operating revenues (expenses), net	1	-	1	3	7	-	1	1	11	-	(169)	12	-	(132)
Net non-operating revenues	9,492	18,931	206,470	17,638	29,335	11,779	29,293	10,251	43,601	9,724	18,500	17,877	18,761	441,652
Net income (loss) before other changes	(144)	(1,867)	182,160	(1,958)	1,967	427	(1,986)	(906)	22,413	(88)	(2,426)	(696)	(486)	196,410
Other changes														
Capital and other additions (deductions)	109	625	518	-	5	-	-	1	-	-	2	-	(1,260)	-
Interagency transfers	426	1,570	6	(623)	(3,705)	(132)	(663)	322	(1,086)	280	142	(781)	4,244	-
Total other changes	535	2,195	524	(623)	(3,700)	(132)	(663)	323	(1,086)	280	144	(781)	2,984	-
Change in net assets	391	328	182,684	(2,581)	(1,733)	295	(2,649)	(583)	21,327	192	(2,282)	(1,477)	2,498	196,410
Net assets at beginning of year	7,367	61,405	23,658	97,197	73,606	10,331	59,213	24,840	27,882	15,520	92,612	42,704	28,006	564,341
Net assets at end of year	\$ 7,758	\$ 61,733	\$ 206,342	\$ 94,616	\$ 71,873	\$ 10,626	\$ 56,564	\$ 24,257	\$ 49,209	\$ 15,712	\$ 90,330	\$ 41,227	\$ 30,504	\$ 760,751

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2009
(in thousands)



	Primary Institution													System Office	Combined Total
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College			
Operating revenues															
Student tuition and fees	\$ 4,346	\$ 10,173	\$ 16,430	\$ 12,135	\$ 17,674	\$ 7,040	\$ 16,227	\$ 3,619	\$ 18,473	\$ 4,539	\$ 9,427	\$ 11,351	\$ 36	\$ 131,470	
Less: Scholarship discounts and allowances	(1,175)	(5,740)	(6,022)	(4,867)	(4,540)	(2,151)	(4,108)	(1,191)	(4,576)	(2,135)	(3,383)	(3,033)	-	(42,921)	
Net tuition and fees	3,171	4,433	10,408	7,268	13,134	4,889	12,119	2,428	13,897	2,404	6,044	8,318	36	88,549	
Federal grants and contracts	1,148	7,093	6,267	5,456	6,300	2,128	4,101	1,417	4,324	2,091	3,205	3,201	958	47,689	
State and local grants and contracts	279	1,635	2,080	1,847	1,552	980	1,402	405	1,508	807	735	651	3,203	17,084	
Private grants and contracts	85	580	255	232	239	7	177	25	1,458	48	388	104	101	3,699	
Sales and services of educational departments	-	20	15	85	8	2	63	1	184	-	-	89	-	467	
College owned bookstores	-	-	-	-	-	-	2,114	-	1,884	453	-	1,705	-	6,156	
Other operating revenues	147	351	584	296	585	236	53	127	87	40	544	19	1	3,070	
Total operating revenues	4,830	14,112	19,609	15,184	21,818	8,242	20,029	4,403	23,342	5,843	10,916	14,087	4,299	166,714	
Operating expenses															
Instruction	5,770	13,651	20,695	13,372	19,261	7,720	21,443	6,358	20,317	5,805	13,776	13,357	-	161,525	
Public service	1	96	11	-	3	12	35	160	1	(1)	-	29	-	347	
Academic support	2,618	4,885	6,174	8,000	7,484	3,551	9,443	3,085	6,934	3,024	6,919	5,923	5,676	73,716	
Library	311	735	916	908	1,309	646	978	511	1,046	504	874	1,273	-	10,011	
Student services	1,759	3,364	4,872	3,125	4,854	2,046	6,969	1,722	7,596	2,701	3,657	5,081	459	48,205	
Scholarship aid, net	598	3,218	3,152	3,115	3,386	1,274	1,515	514	1,947	487	1,661	1,026	963	22,856	
Institutional support	2,121	3,838	4,991	3,669	5,368	3,493	4,947	2,389	5,872	2,020	3,951	4,394	17,450	64,503	
Physical plant	1,402	3,867	4,058	4,390	7,215	1,519	7,682	1,866	4,542	1,839	4,743	2,582	1,664	47,369	
Depreciation	364	2,087	726	1,418	3,138	682	2,641	995	1,096	628	2,017	1,433	694	17,919	
Total operating expenses	14,944	35,741	45,595	37,997	52,018	20,943	55,653	17,600	49,351	17,007	37,598	35,098	26,906	446,451	
Operating (loss) income	(10,114)	(21,629)	(25,986)	(22,813)	(30,200)	(12,701)	(35,624)	(13,197)	(26,009)	(11,164)	(26,682)	(21,011)	(22,607)	(279,737)	
Nonoperating revenues (expenses)															
State appropriations - general fund	9,231	17,551	23,685	19,599	28,627	11,989	29,383	11,544	24,375	9,113	19,395	18,517	17,502	240,511	
State appropriations - bond funds	-	20	14	-	2	-	905	-	-	-	-	-	1,909	2,850	
Private gifts	32	34	42	-	20	40	199	28	651	153	116	32	-	1,347	
Interest income	51	46	106	176	169	59	114	31	99	62	92	67	290	1,362	
Other non-operating revenues (expenses), net	-	-	1	2	(54)	1	-	1	4	-	(26)	11	-	(60)	
Net non-operating revenues	9,314	17,651	23,848	19,777	28,764	12,089	30,601	11,604	25,129	9,328	19,577	18,627	19,701	246,010	
Net income (loss) before other changes	(800)	(3,978)	(2,138)	(3,036)	(1,436)	(612)	(5,023)	(1,593)	(880)	(1,836)	(7,105)	(2,384)	(2,906)	(33,727)	
Other changes															
Capital and other additions (deductions)	1,812	602	63	-	1,197	-	103	25	-	-	-	-	(3,802)	-	
Interagency transfers	647	1,841	1,508	(127)	(2,728)	285	702	657	(28)	805	67	70	(3,699)	-	
Total other changes	2,459	2,443	1,571	(127)	(1,531)	285	805	682	(28)	805	67	70	(7,501)	-	
Change in net assets	1,659	(1,535)	(567)	(3,163)	(2,967)	(327)	(4,218)	(911)	(908)	(1,031)	(7,038)	(2,314)	(10,407)	(33,727)	
Net assets at beginning of year	5,708	62,940	24,225	100,360	76,573	10,658	63,431	25,751	28,790	16,551	99,650	45,018	38,413	598,068	
Net assets at end of year	\$ 7,367	\$ 61,405	\$ 23,658	\$ 97,197	\$ 73,606	\$ 10,331	\$ 59,213	\$ 24,840	\$ 27,882	\$ 15,520	\$ 92,612	\$ 42,704	\$ 28,006	\$ 564,341	

Connecticut Community Colleges
Combining Statement of Cash Flows
Year Ended June 30, 2010
(in thousands)



	Primary Institution												Combined Total	
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College		System Office
Cash flows from operating activities														
Student tuition and fees	\$ 3,440	\$ 4,692	\$ 10,750	\$ 8,171	\$ 14,322	\$ 5,395	\$ 13,296	\$ 2,685	\$ 14,635	\$ 2,923	\$ 6,716	\$ 9,297	\$ 318	\$ 96,640
Government grants and contracts	2,339	11,477	11,690	10,850	10,573	3,678	8,254	2,463	7,901	4,795	6,136	5,169	4,435	89,760
Private grants and contracts	34	244	304	461	260	15	107	25	4,234	104	253	88	175	6,304
Sales and services of educational departments	-	21	14	85	12	3	68	-	213	-	-	79	-	495
Payments to employees	(8,170)	(17,977)	(25,687)	(17,822)	(26,753)	(10,916)	(27,643)	(8,752)	(25,322)	(8,682)	(16,701)	(17,854)	(11,676)	(223,955)
Payments for fringe benefits	(3,625)	(7,462)	(10,383)	(7,467)	(12,125)	(4,560)	(12,771)	(4,250)	(10,867)	(3,680)	(7,805)	(8,442)	(4,147)	(97,584)
Payments to students	(1,116)	(4,565)	(5,351)	(5,014)	(4,228)	(1,777)	(4,040)	(1,003)	(3,739)	(1,492)	(3,021)	(3,332)	(1,007)	(39,685)
Payments to vendors	(2,252)	(6,330)	(6,895)	(6,507)	(7,208)	(3,408)	(8,604)	(1,951)	(8,396)	(2,752)	(6,123)	(4,600)	(6,759)	(71,785)
Payments by Department of Public Works	-	-	-	-	(41)	-	-	-	(138)	-	-	-	(74)	(253)
Other receipts (payments), net	240	524	759	448	1,012	321	2,221	149	2,058	798	626	1,733	504	11,393
Net cash used in operating activities	<u>(9,110)</u>	<u>(19,376)</u>	<u>(24,799)</u>	<u>(16,795)</u>	<u>(24,176)</u>	<u>(11,249)</u>	<u>(29,112)</u>	<u>(10,634)</u>	<u>(19,421)</u>	<u>(7,986)</u>	<u>(19,919)</u>	<u>(17,862)</u>	<u>(18,231)</u>	<u>(228,670)</u>
Cash flows from investing activities														
Interest income	14	14	30	50	45	19	28	9	28	15	20	18	82	372
Net cash provided by investing activities	<u>14</u>	<u>14</u>	<u>30</u>	<u>50</u>	<u>45</u>	<u>19</u>	<u>28</u>	<u>9</u>	<u>28</u>	<u>15</u>	<u>20</u>	<u>18</u>	<u>82</u>	<u>372</u>
Cash flows from capital and related financing activities														
State appropriations	-	-	182,330	-	17	-	-	100	18,592	85	-	(44)	1,332	202,412
Payments by Department of Public Works	(2)	(221)	(30,777)	(975)	(2)	-	(410)	(139)	(4,555)	(45)	(7,787)	(1,082)	-	(45,995)
Purchase of capital assets	(257)	(356)	(282)	(285)	(642)	(279)	(339)	(170)	(499)	(152)	(1,122)	(453)	(2,789)	(7,625)
Interagency transfers	-	15	-	-	-	-	126	-	-	-	-	(57)	(84)	-
Net cash (used in) provided by capital and related financing activities	<u>(259)</u>	<u>(562)</u>	<u>151,271</u>	<u>(1,260)</u>	<u>(627)</u>	<u>(279)</u>	<u>(623)</u>	<u>(209)</u>	<u>13,538</u>	<u>(112)</u>	<u>(8,909)</u>	<u>(1,636)</u>	<u>(1,541)</u>	<u>148,792</u>
Cash flows from noncapital financing activities														
State appropriations	9,299	18,738	24,186	18,382	29,327	11,853	29,174	10,751	24,914	9,350	18,821	18,241	18,349	241,385
Private gifts	20	20	34	-	40	36	110	20	350	112	11	4	-	757
Federal Family Education Loan Program (FFELP)	372	705	1,481	980	472	694	1,579	69	170	23	1,184	1,215	-	8,944
Mandatory Transfer to State	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Interagency transfers	412	1,464	(14)	(623)	(3,826)	(129)	(847)	329	(979)	299	158	(709)	4,465	-
Net cash provided by noncapital financing activities	<u>10,103</u>	<u>20,927</u>	<u>25,687</u>	<u>18,739</u>	<u>26,013</u>	<u>12,454</u>	<u>30,016</u>	<u>11,169</u>	<u>24,455</u>	<u>9,784</u>	<u>20,174</u>	<u>18,751</u>	<u>21,814</u>	<u>250,086</u>
Net increase (decrease) in cash and cash equivalents	748	1,003	152,189	734	1,255	945	309	335	18,600	1,701	(8,634)	(729)	2,124	170,580
Cash and cash equivalents at beginning of year	3,503	9,868	12,894	13,886	8,786	5,065	9,390	3,126	11,562	4,084	17,870	8,949	29,863	138,846
Cash and cash equivalents at end of year	<u>\$ 4,251</u>	<u>\$ 10,871</u>	<u>\$ 165,083</u>	<u>\$ 14,620</u>	<u>\$ 10,041</u>	<u>\$ 6,010</u>	<u>\$ 9,699</u>	<u>\$ 3,461</u>	<u>\$ 30,162</u>	<u>\$ 5,785</u>	<u>\$ 9,236</u>	<u>\$ 8,220</u>	<u>\$ 31,987</u>	<u>\$ 309,426</u>

Connecticut Community Colleges
Combining Statement of Cash Flows
Year Ended June 30, 2009
(in thousands)



	Primary Institution												System Office	Combined Total
	Asnuntuck Community College	Capital Community College	Gateway Community College	Housatonic Community College	Manchester Community College	Middlesex Community College	Naugatuck Valley Community College	Northwestern Connecticut Community College	Norwalk Community College	Quinebaug Valley Community College	Three Rivers Community College	Tunxis Community College		
Cash flows from operating activities														
Student tuition and fees	\$ 3,217	\$ 4,624	\$ 10,266	\$ 7,627	\$ 13,401	\$ 4,893	\$ 12,086	\$ 2,452	\$ 13,916	\$ 2,661	\$ 5,706	\$ 8,555	\$ 434	\$ 89,838
Government grants and contracts	1,428	8,431	8,364	7,331	8,435	2,819	5,671	1,806	5,597	2,089	3,900	3,837	4,128	63,836
Private grants and contracts	40	460	266	232	244	12	221	55	1,678	28	240	100	(50)	3,526
Sales and services of educational departments	-	17	14	89	9	2	63	1	186	-	-	89	-	470
Payments to employees	(8,350)	(17,893)	(25,128)	(17,394)	(26,530)	(10,876)	(27,576)	(9,404)	(25,580)	(8,679)	(17,086)	(18,475)	(11,830)	(224,801)
Payments for fringe benefits	(3,542)	(7,166)	(9,229)	(7,057)	(11,307)	(4,343)	(11,795)	(4,259)	(10,001)	(3,469)	(7,664)	(8,179)	(4,112)	(92,123)
Payments to students	(798)	(3,067)	(3,530)	(3,347)	(3,675)	(1,599)	(2,574)	(541)	(2,823)	(1,058)	(1,876)	(2,370)	(964)	(28,222)
Payments to vendors	(2,210)	(5,732)	(7,292)	(8,799)	(6,693)	(3,506)	(11,058)	(1,929)	(8,535)	(2,951)	(7,315)	(5,151)	(8,278)	(79,449)
Payments by Department of Public Works	-	-	(29)	-	(13)	-	(72)	(7)	-	(49)	-	-	(179)	(349)
Other receipts (payments), net	207	449	627	375	574	284	2,363	161	1,994	645	438	1,701	46	9,864
Net cash used in operating activities	<u>(10,008)</u>	<u>(19,877)</u>	<u>(25,671)</u>	<u>(20,943)</u>	<u>(25,555)</u>	<u>(12,314)</u>	<u>(32,671)</u>	<u>(11,665)</u>	<u>(23,568)</u>	<u>(10,783)</u>	<u>(23,657)</u>	<u>(19,893)</u>	<u>(20,805)</u>	<u>(257,410)</u>
Cash flows from investing activities														
Interest income	65	67	137	229	217	79	153	42	133	85	127	87	372	1,793
Net cash provided by investing activities	<u>65</u>	<u>67</u>	<u>137</u>	<u>229</u>	<u>217</u>	<u>79</u>	<u>153</u>	<u>42</u>	<u>133</u>	<u>85</u>	<u>127</u>	<u>87</u>	<u>372</u>	<u>1,793</u>
Cash flows from capital and related financing activities														
State appropriations	-	20	20	-	(53)	-	905	-	-	-	938	182	1,678	3,690
Payments by Department of Public Works	(40)	(98)	(4,469)	(8,880)	(129)	-	(5,526)	(856)	(1,221)	(71)	(24,046)	(2,026)	-	(47,362)
Purchase of capital assets	(529)	(168)	(435)	(1,314)	(728)	(278)	(1,083)	(124)	(341)	(239)	(1,738)	(443)	(4,684)	(12,104)
Interagency transfers	166	190	409	66	261	193	477	409	579	271	161	452	(3,634)	-
Net cash (used in) provided by capital and related financing activities	<u>(403)</u>	<u>(56)</u>	<u>(4,475)</u>	<u>(10,128)</u>	<u>(649)</u>	<u>(85)</u>	<u>(5,227)</u>	<u>(571)</u>	<u>(983)</u>	<u>(39)</u>	<u>(24,685)</u>	<u>(1,835)</u>	<u>(6,640)</u>	<u>(55,776)</u>
Cash flows from noncapital financing activities														
State appropriations	9,368	17,642	23,061	18,784	28,308	11,682	28,894	11,000	23,759	9,047	18,087	17,769	17,362	234,763
Private Gifts	23	27	86	-	40	34	246	44	499	147	127	4	-	1,277
Federal Family Education Loan Program (FFELP)	297	280	1,124	912	301	634	1,070	33	82	26	862	1,198	-	6,819
Interagency transfers	469	1,670	1,118	(212)	(3,153)	91	238	247	(580)	526	(101)	(379)	66	-
Net cash provided by noncapital financing activities	<u>10,157</u>	<u>19,619</u>	<u>25,389</u>	<u>19,484</u>	<u>25,496</u>	<u>12,441</u>	<u>30,448</u>	<u>11,324</u>	<u>23,760</u>	<u>9,746</u>	<u>18,975</u>	<u>18,592</u>	<u>17,428</u>	<u>242,859</u>
Net increase (decrease) in cash and cash equivalents	(189)	(247)	(4,620)	(11,358)	(491)	121	(7,297)	(870)	(658)	(991)	(29,240)	(3,049)	(9,645)	(68,534)
Cash and cash equivalents at beginning of year	3,692	10,115	17,514	25,244	9,277	4,944	16,687	3,996	12,220	5,075	47,110	11,998	39,508	207,380
Cash and cash equivalents at end of year	<u>\$ 3,503</u>	<u>\$ 9,868</u>	<u>\$ 12,894</u>	<u>\$ 13,886</u>	<u>\$ 8,786</u>	<u>\$ 5,065</u>	<u>\$ 9,390</u>	<u>\$ 3,126</u>	<u>\$ 11,562</u>	<u>\$ 4,084</u>	<u>\$ 17,870</u>	<u>\$ 8,949</u>	<u>\$ 29,863</u>	<u>\$ 138,846</u>

Connecticut Community Colleges
Combining Statement of Net Assets by Fund Group
June 30, 2010
(in thousands)



	Primary Institution					Total
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DPW Administered Bond Funds	Invested in Capital Assets	
Assets						
Current assets						
Cash & cash equivalents	\$ 103,582	\$ 1,568	\$ 14,443	\$ 189,833	\$ -	\$ 309,426
Accounts receivable-general fund	28,450		-	-	-	28,450
Accounts receivable-other	6,508	20	-	-	-	6,528
Prepaid expense	257	-	-	-	-	257
Total current assets	138,797	1,588	14,443	189,833	-	344,661
Non-current assets						
Land and land/site improvements	-	-	-	-	22,737	22,737
Infrastructure	-	-	-	-	516	516
Buildings and building improvements	-	-	-	-	561,598	561,598
Furnishings and Equipment	-	-	-	-	59,354	59,354
Library books	-	-	-	-	9,045	9,045
Software	-	-	-	-	439	439
	-	-	-	-	653,689	653,689
Less: Accumulated depreciation	-	-	-	-	(189,718)	(189,718)
	-	-	-	-	463,971	463,971
Construction in progress	-	-	-	-	51,870	51,870
Capital Assets, net	-	-	-	-	515,841	515,841
Student loans, net						
Student loans receivable	-	530	-	-	-	530
Less: Allowance for doubtful loans	(82)	-	-	-	-	(82)
	(82)	530	-	-	-	448
Total non-current assets	(82)	530	-	-	515,841	516,289
Total assets	\$ 138,715	\$ 2,118	\$ 14,443	\$ 189,833	\$ 515,841	\$ 860,950
Liabilities						
Current liabilities						
Accounts payable	\$ 3,471	\$ -	\$ 224	\$ -	\$ -	\$ 3,695
Accrued expense - salary and fringe benefits	34,872	5	-	-	-	34,877
Accrued compensated absences-current portion	2,028	-	-	-	-	2,028
Deferred revenue	3,292	-	-	-	-	3,292
Unapplied payments	11,751	2	-	-	-	11,753
Retainage	-	-	-	4,024	-	4,024
Other liabilities	219	1,345	-	-	-	1,564
Total current liabilities	55,633	1,352	224	4,024	-	61,233
Non-current liabilities						
Accrued compensated absences-long term portion	38,525	-	-	-	-	38,525
Student loans	-	441	-	-	-	441
Total non-current liabilities	38,525	441	-	-	-	38,966
Total liabilities	94,158	1,793	224	4,024	-	100,199
Net assets						
Invested in capital assets, net of related debt	-	-	-	-	515,841	515,841
Restricted						
Non-expendable	-	20	-	-	-	20
Expendable	6,650	305	14,219	185,809	-	206,983
Unrestricted	37,907	-	-	-	-	37,907
Total net assets	44,557	325	14,219	185,809	515,841	760,751
Total liabilities and net assets	\$ 138,715	\$ 2,118	\$ 14,443	\$ 189,833	\$ 515,841	\$ 860,950

Connecticut Community Colleges
Combining Statement of Net Assets by Fund Group
June 30, 2009
(in thousands)



	Operating and General Funds	Endowment, Loan, and Agency Funds	Primary Institution		Invested in Capital Assets	Total
			Agency Administered Bond Funds	DPW Administered Bond Funds		
Assets						
Current assets						
Cash & cash equivalents	\$ 81,484	\$ 1,706	\$ 22,437	\$ 33,219	\$ -	\$ 138,846
Accounts receivable-general fund	30,759	-	-	-	-	30,759
Accounts receivable-other	6,757	25	-	-	-	6,782
Inventory	1,428	-	-	-	-	1,428
Prepaid expense	531	-	-	-	-	531
Total current assets	<u>120,959</u>	<u>1,731</u>	<u>22,437</u>	<u>33,219</u>	<u>-</u>	<u>178,346</u>
Non-current assets						
Land and land/site improvements	-	-	-	-	20,717	20,717
Infrastructure	-	-	-	-	516	516
Buildings and building improvements	-	-	-	-	496,007	496,007
Furnishings and Equipment	-	-	-	-	59,099	59,099
Library books	-	-	-	-	9,205	9,205
Software	-	-	-	-	439	439
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,983</u>	<u>585,983</u>
Less: Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,787)</u>	<u>(172,787)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,196</u>	<u>413,196</u>
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,941</u>	<u>69,941</u>
Capital Assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,137</u>	<u>483,137</u>
Student loans, net						
Student loans receivable	-	557	-	-	-	557
Less: Allowance for doubtful loans	<u>(120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120)</u>
	<u>(120)</u>	<u>557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437</u>
Total non-current assets	<u>(120)</u>	<u>557</u>	<u>-</u>	<u>-</u>	<u>483,137</u>	<u>483,574</u>
Total assets	<u>\$ 120,839</u>	<u>\$ 2,288</u>	<u>\$ 22,437</u>	<u>\$ 33,219</u>	<u>\$ 483,137</u>	<u>\$ 661,920</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 3,309	\$ 13	\$ 1,704	\$ -	\$ -	\$ 5,026
Accrued expense - salary and fringe benefits	36,064	3	-	-	-	36,067
Accrued compensated absences-current portion	1,900	-	-	-	-	1,900
Deferred revenue	3,231	-	-	-	-	3,231
Unapplied payments	11,218	32	-	-	-	11,250
Retainage	-	-	119	1,447	-	1,566
Other liabilities	247	1,441	-	284	-	1,972
Total current liabilities	<u>55,969</u>	<u>1,489</u>	<u>1,823</u>	<u>1,731</u>	<u>-</u>	<u>61,012</u>
Non-current liabilities						
Accrued compensated absences-long term portion	36,096	-	-	-	-	36,096
Student loans	-	471	-	-	-	471
Total non-current liabilities	<u>36,096</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,567</u>
Total liabilities	<u>92,065</u>	<u>1,960</u>	<u>1,823</u>	<u>1,731</u>	<u>-</u>	<u>97,579</u>
Net assets						
Invested in capital assets, net of related debt	-	-	-	-	483,137	483,137
Restricted						
Non-expendable	-	20	-	-	-	20
Expendable	4,532	308	20,614	31,488	-	56,942
Unrestricted						
Unrestricted	22,242	-	-	-	-	22,242
Mandatory transfer to State (see footnote 12)	2,000	-	-	-	-	2,000
Total net assets	<u>28,774</u>	<u>328</u>	<u>20,614</u>	<u>31,488</u>	<u>483,137</u>	<u>564,341</u>
Total liabilities and net assets	<u>\$ 120,839</u>	<u>\$ 2,288</u>	<u>\$ 22,437</u>	<u>\$ 33,219</u>	<u>\$ 483,137</u>	<u>\$ 661,920</u>

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and
Changes in Net Assets by Fund Group
Year Ended June 30, 2010
(in thousands)



	Primary Institution					Total
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DPW Administered Bond Funds	Invested in Capital Assets	
Operating revenues						
Tuition and Fees	\$ 154,794	\$ -	\$ -	\$ -	\$ -	\$ 154,794
Less: Scholarship discounts and allowances	(57,688)	-	-	-	-	(57,688)
Net tuition and fees	<u>97,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,106</u>
Federal grants and contracts	72,948	-	-	-	-	72,948
State and local grants and contracts	16,786	-	-	-	-	16,786
Private grants and contracts	6,156	-	-	-	-	6,156
Sales and services of educational departments	497	-	-	-	-	497
College owned bookstore	3,176	-	-	-	-	3,176
Other operating revenues	6,007	-	-	-	43	6,050
Total operating revenues	<u>202,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>202,719</u>
Operating expenses						
Salaries and wages	227,723	-	-	-	-	227,723
Fringe benefits	98,783	-	-	-	-	98,783
Supplies and services	59,097	-	4,674	116	275	64,162
Scholarship aid, net	35,299	3	-	-	-	35,302
Depreciation	-	-	-	-	21,991	21,991
Total operating expenses	<u>420,902</u>	<u>3</u>	<u>4,674</u>	<u>116</u>	<u>22,266</u>	<u>447,961</u>
Operating (loss) income	<u>(218,226)</u>	<u>(3)</u>	<u>(4,674)</u>	<u>(116)</u>	<u>(22,223)</u>	<u>(245,242)</u>
Nonoperating revenues (expenses)						
State appropriations - general fund	238,525	-	-	-	-	238,525
State appropriations - bond funds	-	-	2,440	200,524	-	202,964
Private gifts	776	-	-	-	223	999
Interest income	296	-	-	-	-	296
Mandatory transfer to State	(1,000)	-	-	-	-	(1,000)
Other Non-operating Revenue, net	38	-	-	(170)	-	(132)
Net non-operating revenues	<u>238,635</u>	<u>-</u>	<u>2,440</u>	<u>200,354</u>	<u>223</u>	<u>441,652</u>
Net income (loss) before other changes	20,409	(3)	(2,234)	200,238	(22,000)	196,410
Other changes						
Capital and other additions (deductions)	(2,145)	-	(4,130)	(48,429)	54,704	-
Interagency transfers	(2,481)	-	(31)	2,512	-	-
Total Other Changes	<u>(4,626)</u>	<u>-</u>	<u>(4,161)</u>	<u>(45,917)</u>	<u>54,704</u>	<u>-</u>
Change in net assets	15,783	(3)	(6,395)	154,321	32,704	196,410
Net assets at beginning of year	<u>28,774</u>	<u>328</u>	<u>20,614</u>	<u>31,488</u>	<u>483,137</u>	<u>564,341</u>
Net Assets at end of year	<u>\$ 44,557</u>	<u>\$ 325</u>	<u>\$ 14,219</u>	<u>\$ 185,809</u>	<u>\$ 515,841</u>	<u>\$ 760,751</u>

Connecticut Community Colleges
Combining Statement of Revenues, Expenses and
Changes in Net Assets by Fund Group
Year Ended June 30, 2009
(in thousands)



	Primary Institution					Total
	Operating and General Funds	Endowment, Loan, and Agency Funds	Agency Administered Bond Funds	DPW Administered Bond Funds	Invested in Capital Assets	
Operating revenues						
Tuition and Fees	\$ 131,470	\$ -	\$ -	\$ -	\$ -	\$ 131,470
Less: Scholarship discounts and allowances	(42,921)	-	-	-	-	(42,921)
Net tuition and fees	<u>88,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,549</u>
Federal grants and contracts	47,689	-	-	-	-	47,689
State and local grants and contracts	17,084	-	-	-	-	17,084
Private grants and contracts	3,699	-	-	-	-	3,699
Sales and services of educational departments	467	-	-	-	-	467
College owned bookstore	6,156	-	-	-	-	6,156
Other operating revenues	3,058	4	-	-	8	3,070
Total operating revenues	<u>166,702</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>166,714</u>
Operating expenses						
Salaries and wages	233,670	-	-	-	-	233,670
Fringe benefits	94,948	-	-	-	-	94,948
Supplies and services	63,914	-	10,358	632	2,154	77,058
Scholarship aid, net	22,856	-	-	-	-	22,856
Depreciation	-	-	-	-	17,919	17,919
Total operating expenses	<u>415,388</u>	<u>-</u>	<u>10,358</u>	<u>632</u>	<u>20,073</u>	<u>446,451</u>
Operating (loss) income	<u>(248,686)</u>	<u>4</u>	<u>(10,358)</u>	<u>(632)</u>	<u>(20,065)</u>	<u>(279,737)</u>
Nonoperating revenues (expenses)						
State appropriations - general fund	240,511	-	-	-	-	240,511
State appropriations - bond funds	-	-	1,899	951	-	2,850
Private gifts	1,251	-	-	-	96	1,347
Interest income	1,362	-	-	-	-	1,362
Other Non-operating Revenue, net	23	-	-	(83)	-	(60)
Net non-operating revenues	<u>243,147</u>	<u>-</u>	<u>1,899</u>	<u>868</u>	<u>96</u>	<u>246,010</u>
Net income (loss) before other changes	(5,539)	4	(8,459)	236	(19,969)	(33,727)
Other changes						
Capital and other additions (deductions)	(2,697)	-	(9,282)	(43,924)	55,903	-
Interagency transfers	(577)	-	2,716	(2,139)	-	-
Total Other Changes	<u>(3,274)</u>	<u>-</u>	<u>(6,566)</u>	<u>(46,063)</u>	<u>55,903</u>	<u>-</u>
Change in net assets	(8,813)	4	(15,025)	(45,827)	35,934	(33,727)
Net assets at beginning of year	<u>37,587</u>	<u>324</u>	<u>35,639</u>	<u>77,315</u>	<u>447,203</u>	<u>598,068</u>
Net Assets at end of year	<u>\$ 28,774</u>	<u>\$ 328</u>	<u>\$ 20,614</u>	<u>\$ 31,488</u>	<u>\$ 483,137</u>	<u>\$ 564,341</u>