JOINT AUDIT & COMPLIANCE COMMITTEE

MEETING

December 19, 2024

PUBLIC SESSION

Virtual Meeting

Public Streaming Link (with live captioning upon request): https://ait.uconn.edu/bot

(A recording of the meeting will be posted on the Board website https://boardoftrustees.uconn.edu/ within seven days of the meeting.)

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Topic	Proposed Action	Attachment
Executive Session Anticipated	Review	None
1. GENERAL		
• Public Comment*		None
• Minutes of September 26, 2024, Meeting	Approval	1.1
2. EXTERNAL AUDIT ACTIVITIES		
• Status of External Audit Engagements	Update	2.1
• Clifton Larson Allen, LLP (CLA) – Audits of UConn Health's John Dempsey Hospital, UConn Medical Group & Finance Corporation Financial Statements for Fiscal Year Ended June 30, 2024	Presentation JDH Report UMG Report FC Report	2.2 2.3 2.4 2.5
• CLA – Approval to Extend the Appointment of CLA for Fiscal Year 2025 – UConn Health Audit Services	Approval	2.6
• James Moore & Co (JMCO) – Independent Accountants' Report on the Application of Agreed-Upon Procedures Performed on the Athletics Program as Required by the NCAA for Fiscal Year Ended June 30, 2024	Presentation Report	2.7 2.8
• Auditors of Public Accounts – UConn and UConn Health Annual Comprehensive Financial Reports for Fiscal Year Ended June 30, 2024	Presentation UC Report UH Report	2.9 2.10 2.11
3. SIGNIFICANT INTERNAL AUDIT ACTIVITIES		
• Status of Audit Assignments	Update	3.1
• Status of Audit Observations	Update	3.2
• Audit & Management Advisory Services (AMAS) Charter	Approval	3.3
• Joint Audit & Compliance Committee (JACC) Charter	Approval	3.4
4. COMPLIANCE ACTIVITIES		
• Significant Compliance Activities	Update	4.1
• Compliance Data and Trends – 2024 Annual Report	Presentation	4.2
• HealthCare Compliance & Privacy	Presentation	4.3
• Informational/Educational Items	Informational	4.4
5. INFORMATION TECHNOLOGY		
• UConn	Update	5.1
• UConn Health	Update	5.2
6. OTHER BUSINESS		
• JACC Meeting Schedule for Calendar Year 2025	Informational	6.1
7. ADJOURNMENT		

PLEASE NOTE: If you are an individual with a disability and require accommodations, please e-mail the Board of Trustees Office at boardoftrustees@uconn.edu prior to the meeting.

* Individuals who wish to speak during the Public Participation portion of the Thursday, December 19, meeting must do so 24 hours in advance of the meeting's start time (i.e., 10:00 a.m. on Wednesday, December 18) by emailing BoardCommittees@uconn.edu. Speaking requests must include a name, telephone number, topic, and affiliation with the University (i.e., student, employee, member of the public). The Committee may limit the entirety of public comments to a maximum of 30 minutes. As an alternative, individuals may submit written comments to the Committee via email (BoardCommittees@uconn.edu), and all comments will be transmitted to the Committee.

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ATTENDEES	
Committee Members	Board of Trustees Mark Boxer, Andrea Dennis-LaVigne, Jeanine Gouin, Daniel Toscano UConn Health Board of Directors Francis Archambault, Jr., Richard Carbray, Jr., Timothy Holt
University Staff	Donald Babcock, Chad Bianchi, Kimberly Fearney, Nicole Gelston, Jeffrey Geoghegan, Kim Hill, Philip Hunt, Andrea Keilty, Stacy Koehler, Peggy McCarthy, Rick McCarthy, Michael Mundrane, Claire Murray, Gregory Perrotti, Angelo Quaresima, Rachel Rubin, Janel Simpson, Scott Simpson, David Wallace, Michelle Williams

Vice-Chair Boxer convened the Committee at 11:05 a.m.

1. Executive Session

   On a motion by Director Archambault, seconded by Trustee Carbray, the Committee voted unanimously to go into Executive Session to discuss:

   - C.G.S. 1-210(b)(1) – Preliminary drafts or notes that the public agency has determined that the public's interest in withholding such documents clearly outweighs the public interest in disclosure; and

   - C.G.S. 1-200(6)(B) – Records or the information contained therein pertaining to strategy and negotiations with respect to pending claims; and

   - C.G.S. 1-210(b)(10) – Records, reports and statements privileged by the attorney-client relationship; and

   - C.G.S. 1-210(b)(20) – Records of standards, procedures, processes, software, and codes not otherwise available to the public, the disclosure of which would compromise the security and integrity of an information technology system.

   The entire Executive Session was attended by the following:

   Committee members: Boxer, Archambault, Carbray, Dennis-LaVigne, Gouin, Holt, and Toscano.

   University Staff: Bianchi, Fearney, Gelston, Geoghegan, Hill, Hunt, Keilty, Koehler, P. McCarthy, Murray, Perrotti, Quaresima, Rubin, J. Simpson, S. Simpson, and Williams.

   The following University staff were in attendance for part of the Executive session: Babcock, R. McCarthy, Mundrane, and Wallace.

The Executive Session ended at 11:46 a.m., and the Committee returned to open session at 11:47 a.m.

2. Public Participation

   No members of the public signed up to address the Committee.

3. Minutes of June 13, 2024, Meeting

   On a motion by Director Archambault, seconded by Director Holt, the Committee voted to unanimously approve the minutes of the June 13, 2024, meeting.

4. External Audit Activities

   Associate Vice President and Chief Audit Executive Quaresima provided an update on the status of external audit engagements.

   Mr. Quaresima requested that the JACC approve the extension of the appointment of CBIZ CPAs P.C. (formerly Mayer Hoffman McCann P.C.) to provide UConn 2000 audit services for the fiscal years ended June 30, 2024, and 2025.

   On a motion by Trustee Toscano, seconded by Trustee Dennis-LaVigne, the Committee voted to approve the extension of the appointment of CBIZ to provide UConn 2000 audit services for the fiscal years ended June 30, 2024, and 2025.

5. Significant Internal Audit Activities

   Mr. Quaresima provided an update on the status of internal audits. The Committee reviewed and accepted three audit reports. In addition, the Committee was provided with an update on the status of audit observations.

   The Committee was provided with an updated Audit and Management Advisory Services organizational chart. The Committee welcomed Stacy Koehler to the Office of Audit & Management Advisory Services. Stacy was recently hired as the Storrs Audit Director.

   Mr. Quaresima provided the committee with the draft FY25 Audit Plan for approval.

   On a motion by Director Archambault, seconded by Trustee Dennis-LaVigne, the Committee voted to unanimously approve the draft FY25 Audit Plan.

6. Compliance Activities

   Associate Vice President and Chief Compliance Officer Fearney presented the Committee with an update on significant compliance activities as well as well as several informational/educational items.

Ms. Fearney provided the Committee with the draft FY25 Compliance Plan for approval.

On a motion by Trustee Dennis-LaVigne, seconded by Director Archambault, the Committee voted to unanimously approve the draft FY25 Compliance Plan.

7. Information Technology Updates

Vice President and Chief Information Officer Mundrane provided the Committee with an update on the UConn information technology activities.

Chief Information Officer McCarthy provided an update on UConn Health information technology activities.

8. Other Business

There was no Other Business.

9. Adjournment

On a motion by Trustee Gouin, seconded by Director Holt, the Committee voted unanimously to adjourn the meeting. The Committee adjourned at 11:58 a.m.

Respectfully submitted,
Karen Violette

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ATTACHMENT 2.1

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Auditor	Area	Scope	Current Status of Audit	Recent Report Issued	Recent Report – Recommendations & Areas for Improvement		
					Total	No Further Action / Implemented	Open
Clifton Larson Allen LLP	UConn Health	Audits of UConn Health's John Dempsey Hospital, UConn Medical Group, & Finance Corporation Financial Statements	FY 25 No Activity	FY 24 Issued 11/20/24, 11/20/24 & 12/3/24	2	0	2
James Moore & Co	UConn Athletics	Annual NCAA agreed upon procedures performed on all revenues, expenses, and capital expenditures for the Athletics Program	FY 25 No Activity	FY 24 Issued 12/3/24	No Recommendations Reported		
CBIZ CPAs P.C. (formerly Mayor Hoffman McCann P.C.)	UConn & UConn Health	Annual agreed upon procedures on UConn 2000 Infrastructure Program as required by Section 10a-109z of the Connecticut General Statues (CGS)	FY 24 Underway	FY 23 Issued 2/15/24	1	0	1
Pharmacy Consultants, Inc. (DBA 340B Compliance Partners)	UConn Health	Mock audits of UConn Health's 340B Drug Pricing Program covered entities required by Health Resources and Services Administration	CY 24 Underway	CY 23 Issued 2/24, 2/24 & 2/24	10	10	0
State Auditors	UConn & UConn Health	Annual audit of Federal Funds required under the Federal Single Audit Act (SWSA)	FY 24 Underway	FY 23 Issued 3/27/24	0	0	0
State Auditors	UConn	Annual audit of financial statements included in the Annual Comprehensive Financial Report (ACFR)	FY 25 No Activity	FY 24 Issued 12/6/24	No Recommendations Reported		
State Auditors	UConn Health	Annual audit of financial statements included in the Annual Comprehensive Financial Report (ACFR)	FY 25 No Activity	FY 24 Issued 12/12/24	No Recommendations Reported		
State Auditors	UConn	Departmental statutory required audit (CGS Sec 2-90)	FYs 22 & 23 Underway	FYs 19, 20 & 21 Issued 8/15/23	22	6	16
State Auditors	UConn Health	Departmental statutory required audit (CGS Sec 2-90)	FYs 23 & 24 Underway	FYs 21 & 22 Issued 11/9/23	12	0	12

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We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

University of Connecticut Health Center

2024 Audit Results for John Dempsey Hospital, UConn Medical Group, and the Finance Corporation

Year ended 6/30/2024

Audit Scope

Report on the financial statements of JDH, UMG, and FC

Internal control/ management letter

Required governance communications letter

Tax preparation, 990 – Circle Road

AUDIT OPINIONS

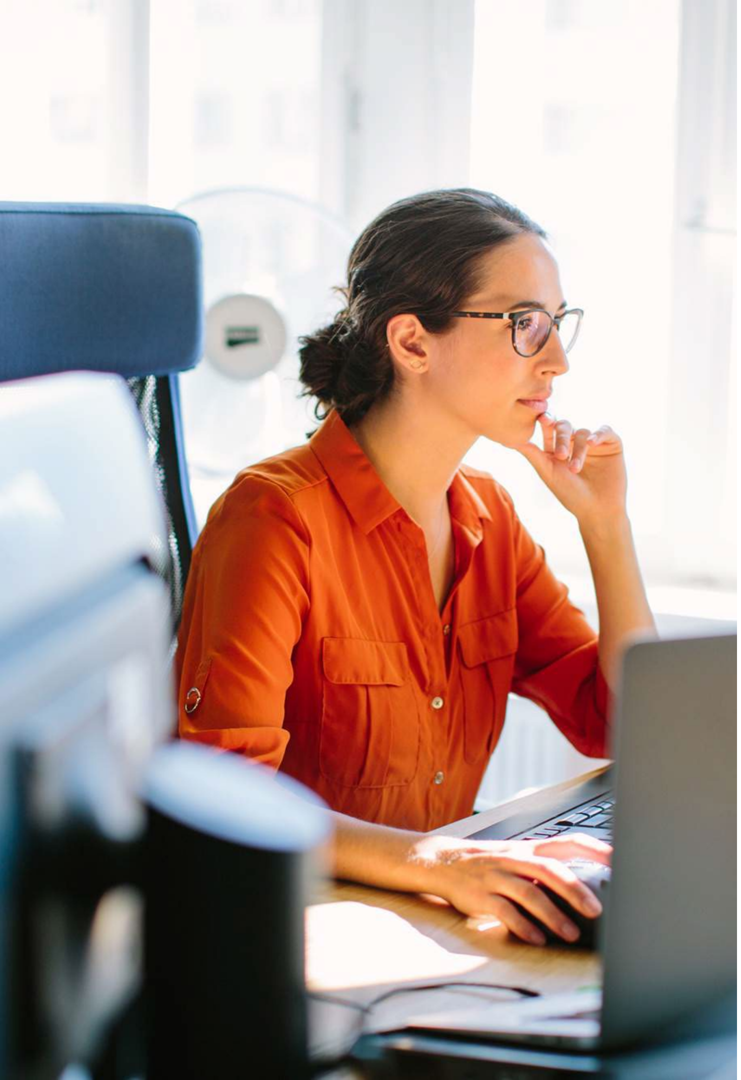
Financial statements

Financial statement audit opinions are **unmodified**.

AUDIT RESULTS

Financial statement

No material weaknesses noted.
No significant deficiencies noted.



Internal Control Communication

General Comments and Recommendations

Account Reconciliation

The Hospital and UMG have undergone substantial accounting changes due to previous accounting implementations of GASB 96 (subscription-based technology agreements) and GASB 87 (leases). During the audit, we were made aware that there was a significant, but not material, lease that had not been recorded during the appropriate lease commencement date (prior year). While the overall impact was not material to the financial statements, we recommend that the Hospital and UMG continue to monitor leasing agreements and perform completeness procedures to help identify and monitor any new leasing arrangements that would need to be recorded on the balance sheet for financial statement presentation.

Related Party Lease Agreements

The Finance Corporation has leasing arrangements to related parties of UConn Health (JDH and UMG). These leasing arrangements surround the outpatient pavilion and the MSI building, which consist of arrangements for clinical space needs and strategic opportunities. We recommend that the Finance Corporation and UConn Health have formalized leasing agreements with legally enforceable terms and conditions stipulated and agreed upon, similar to arrangements entered into by a non-related party.

Required Communications

Our Responsibility under Generally Accepted Auditing Standards

- Express an opinion on the fair presentation of the financial statements in conformity with GAAP
- Plan and perform the audit to obtain reasonable, non absolute assurance that the financial statements are free of material misstatement
- Evaluate internal control over financial reporting
- Utilize a risk-based audit approach
- Communicate significant matters to appropriate parties

Planned Scope and Timing of the Audit

- Performed the audit as previously communicated

Other Information in Documents Containing the Audited Financial Statements

- Financial statements may only be used in their entirety
- Our approval is required to use our audit report in a client prepared document
- We have no responsibility to perform procedures beyond those related to the financial statements

Significant Accounting Policies

- Management is responsible for the accounting policies of the organization
- Accounting policies are outlined in the financial statements
- No significant changes to the accounting policies during the year
- Accounting policies deemed appropriate
- No unusual transactions occurred

Significant Financial Statement Disclosures

- No significant risks, exposures, or uncertainties.
- No unusual transactions and disclosures are neutral, consistent, and clear

Required Communications - Continued

Significant Accounting Estimates

- An area of focus under a risk-based audit approach
- Significant estimates include: contractual allowances and allowances for bad debts, depreciable lives of fixed assets, net pension/OPEB liability and deferred inflows and outflows, provider relief funds, and third-party payor settlement estimates
- Estimates determined by management based on their knowledge and experience
- No management bias indicated
- Estimates were deemed reasonable
- Estimate uncertainty is disclosed in the financial statements

Significant Transactions

- Finance Corp – UHI operations began. Finance Corp maintains 75% ownership of UHI

Supplemental Information

- Managements Discussion and Analysis
- The Schedule of Changes in the Hospital's Net Position Liability and Related Ratios, the Schedule of Pension Contributions, the Schedule of Changes in the Hospital's Net OPEB Liability and Related Ratios, the Schedule of the Hospital's Proportionate Share of the Net OPEB Liability, and the Schedule of the Hospital's OPEB Contributions
- (FC): Consolidating Statements of Net Position, Consolidating Statements of Revenues, Expenses, Changes in Net Position
- Engaged to report in relation to the financial statements as a whole
- Supplemental information included in financial statements not required part of audit, not subject to audit procedures
- Required supplemental information limited audit procedures

Management Representation Letter

- Management provided signed representation letters dated November 20, 2024

Required Communications - Continued

Other

- No difficulties encountered in performing the audit
- No issues discussed prior to retention as independent auditors
- No disagreements with management regarding accounting, reporting, or other matters
- No consultations with other independent auditors, other than initial audit review
- No other findings or issues were discussed with, or communicated to, management

Corrected and Uncorrected Adjustments

- No audit adjustments (only client prepared entries)
- One uncorrected adjustment for UMG revenue accrual (DSS Supplemental) ~$527,000 (impacting receivables and income)

Financial Highlights

John Dempsey Hospital Statements of Net Position

	2024	2023
Assets		
Current Assets		
Cash	$ 53,012,002	$ 8,177,490
Patient accounts receivable, net of estimated uncollectibles of $39,519,185 and $27,453,960 at June 30, 2024 and 2023, respectively	58,607,322	54,512,073
Inventory	17,334,825	15,320,803
Contract and other receivables (Note 6)	4,053,822	4,858,538
Lease receivable, current portion (Note 6)	2,171,140	2,215,086
Due from State of Connecticut	-	222,603
Due from other funds	6,040,802	-
Due from UMG	-	3,244,811
Due from Finance Corporation	8,895,996	4,641,730
Prepaid expenses	1,220,761	1,852,657
Total Current Assets	151,336,670	95,045,791
Noncurrent Assets		
Deposits with vendors (Note 1)	12,681,647	11,125,119
Other assets	117,543	117,543
Lease receivable, net of current portion (Note 6)	-	2,030,495
Due from Finance Corporation, noncurrent portion	12,176,334	12,007,648
Property - right-to-use assets, net (Note 7)	78,966,116	93,083,090
Capital and intangible assets, net (Note 7)	308,792,675	306,271,612
Total Noncurrent Assets	412,734,315	424,635,507
Total Assets	564,070,985	519,681,298
Deferred Outflows of Resources		
Deferred amount for pensions (Note 9)	107,038,539	168,793,761
Deferred amount for OPEB (Note 9)	231,735,981	128,736,254
Total Deferred Outflows of Resources	$ 338,774,520	$ 297,530,015

Financial Highlights

John Dempsey Hospital Statements of Net Position (Cont'd)

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 27,488,168	$ 22,944,901
Accrued payroll	11,481,665	8,848,291
Due to UConn Health Malpractice Fund	361,504	534,630
Due to other funds	-	3,786,683
Due to State of Connecticut	3,200,015	2,597,889
Due to third-party payors	26,513,543	23,426,706
Unearned revenue	4,419	4,419
Right-to-use liabilities, current portion (Note 8)	11,384,025	11,181,983
Note payable, current portion (Note 8)	-	2,917
Accrued compensated absences, current portion (Note 8)	10,326,782	9,157,394
Total Current Liabilities	90,760,121	82,485,813
Noncurrent Liabilities		
Pension liabilities (Note 9)	356,834,835	340,558,863
OPEB liabilities (Note 9)	580,578,711	430,420,277
Right-to-use liabilities, net of current portion (Note 8)	84,545,216	93,003,766
Accrued compensated absences, net of current portion (Note 8)	12,439,491	11,485,965
Total Noncurrent Liabilities	1,034,398,253	875,468,871
Total Liabilities	1,125,158,374	957,954,684
Deferred Inflows of Resources		
Deferred amount for resources right-to-use assets	2,030,495	4,245,581
Deferred amount for pensions (Note 9)	69,296,557	91,281,759
Deferred amount for OPEB (Note 9)	218,305,191	198,677,634
Total Deferred Inflows of Resources	289,632,243	294,204,974
Net Position		
Net investment in capital assets	291,829,550	295,166,036
Unrestricted deficit	(803,774,662)	(730,114,381)
Total Net Position	$ (511,945,112)	$ (434,948,345)

Financial Highlights

John Dempsey Hospital Statements of Revenue, Expenses and Changes in Net Position

	2024	2023
Operating Revenues		
Net patient service revenues (Note 5)	$ 660,401,437	$ 590,258,174
Contract and other revenues	101,327,243	108,858,424
Total Operating Revenues	761,728,680	699,116,598
Operating Expenses		
Salaries and wages	264,042,860	233,913,029
Fringe benefits	196,168,993	121,088,632
Medical/dental house staff	3,816,823	3,695,641
Medical contractual support	4,326,937	2,439,996
Internal contractual support	47,429,079	43,580,737
Outside agency per diems	19,187,545	28,416,824
Depreciation (Note 7)	20,028,414	19,118,955
Amortization (Note 7)	17,270,138	17,532,514
Pharmaceutical/medical supplies	189,085,135	174,402,492
Utilities	4,922,200	5,763,274
Outside and other purchased services	59,148,857	57,546,671
Insurance	5,860,885	5,815,120
Repairs and maintenance	13,369,480	12,614,499
Other expenses	6,463,650	5,987,032
Total Operating Expenses	851,120,996	731,915,416
Operating Loss	(89,392,316)	(32,798,818)
Nonoperating Revenues (Expenses)		
Gift and endowment income	-	95,000
COVID-19 relief revenue	-	196,693
Interest income	118,970	197,212
Lease revenue	2,215,086	2,215,086
Interest expense	(4,755,591)	(4,981,464)
Loss on disposals	(62,626)	(35,580)
Net Nonoperating (Expenses)	(2,484,161)	(2,313,053)
Loss before Transfers	(91,876,477)	(35,111,871)
Transfers from UConn Health - Unrestricted (Note 10)	14,879,710	86,511,361
Transfers to UConn Health (Note 10)	-	(17,881,833)
Increase (Decrease) in Net Position	(76,996,767)	33,517,657
Net Position - Beginning of year	(434,948,345)	(468,466,002)
Net Position - End of year	$ (511,945,112)	$ (434,948,345)

Financial Highlights

UConn Medical Group Statements of Net Position

	2024	2023
Assets		
Current Assets		
Cash	$ 2,433,063	$ 2,271,875
Patient accounts receivable, net of estimated uncollectibles of $4,885,482 and $4,844,729 at June 30, 2024 and 2023, respectively	12,367,305	9,035,644
Inventory	1,212,653	1,268,655
Contract and other receivables (Note 6)	7,288,574	6,653,689
Lease receivable, current (Note 4)	31,839	49,563
Due from Central Administrative Services	22,647	-
Due from other funds	-	21,536
Due from State of Connecticut	-	178,409
Prepaid expenses	29,263	28,408
Total Current Assets	23,385,344	19,507,779
Noncurrent Assets		
Deposits to vendors	48,629	-
Lease receivable, net of current portion (Note 4)	-	28,912
Right-to-use assets, net (Note 8)	103,495,312	91,405,851
Capital and intangible assets, net (Note 8)	19,029,004	14,756,167
Total Noncurrent Assets	122,572,945	106,190,930
Total Assets	145,958,289	125,698,709
Deferred Outflows of Resources		
Deferred amount for pensions (Note 10)	36,949,011	81,123,747
Deferred amount for OPEB (Note 10)	77,098,554	72,845,763
Total Deferred Outflows of Resources	$ 114,047,565	$ 153,969,510

Financial Highlights

UConn Medical Group Statements of Net Position (Continued)

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,352,621	$ 2,810,102
Accrued payroll	7,574,476	5,356,403
Due to State of Connecticut	1,700,338	1,215,491
Due to UConn Health Malpractice Fund (Note 1)	24,063	35,587
Due to John Dempsey Hospital (Note 11)	-	3,244,811
Due to Finance Corporation	1,371,899	617,544
Due to Central Administrative Services	-	25,558
Right-to-use liabilities, current portion (Note 9)	7,385,861	6,408,427
Accrued compensated absences, current portion (Note 9)	4,490,119	4,156,967
Total Current Liabilities	24,899,377	23,870,890
Noncurrent Liabilities		
Pension liabilities (Note 10)	146,383,783	164,828,924
OPEB liabilities (Note 10)	278,999,703	240,823,701
Right-to-use liabilities (Note 9)	105,916,548	91,757,766
Accrued compensated absences, net of current portion (Note 9)	5,408,733	5,214,014
Total Noncurrent Liabilities	536,708,767	502,624,405
Total Liabilities	561,608,144	526,495,295
Deferred Inflows of Resources		
Deferred amount for right-to-use assets	28,912	78,475
Deferred amount for pensions (Note 10)	43,218,946	48,683,395
Deferred amount for OPEB (Note 10)	104,907,538	111,161,777
Total Deferred Inflows of Resources	148,155,396	159,923,647
Net Position		
Net investment in capital assets	9,221,907	7,995,825
Unrestricted deficit	(458,979,593)	(414,746,548)
Total Net Position	$ (449,757,686)	$ (406,750,723)

Financial Highlights

UConn Medical Group Statements of Revenue, Expenses and Changes in Net Position

	2024	2023
Operating Revenues		
Net patient service revenues (Note 3)	$ 144,076,567	$ 129,557,250
Contract and other revenues	8,432,211	8,653,886
Total Operating Revenues	152,508,778	138,211,136
Operating Expenses		
Salaries and wages	150,057,924	135,717,462
Fringe benefits	82,256,913	63,221,400
Medical contractual support	2,038,157	1,516,192
Internal contractual support	1,822,857	1,535,001
Outside agency per diems	1,848,668	1,253,309
Depreciation (Note 8)	3,480,848	2,199,920
Amortization (Note 8)	10,793,023	9,451,484
Pharmaceutical/medical supplies	11,647,698	9,799,148
Utilities	2,497,439	2,454,222
Outside and other purchased services	14,413,034	14,595,619
Insurance	825,287	554,018
Repairs and maintenance	3,635,664	3,531,272
Other expenses	1,958,628	1,539,875
Total Operating Expenses	287,276,140	247,368,922
Operating Loss	(134,767,362)	(109,157,786)
Nonoperating Revenues (Expenses)		
Interest expense	(5,584,313)	(4,691,605)
Interest income	2,112	3,938
Lease revenue	49,563	51,675
Loss on disposals (Note 8)	(66,396)	(960)
Net Nonoperating Revenues (Expenses)	(5,599,034)	(4,636,952)
Loss before Transfers	(140,366,396)	(113,794,738)
Net Transfers from UConn		
Health - Unrestricted (Note 11)	97,359,433	143,352,241
Increase(Decrease) in Net Position	(43,006,963)	29,557,503
Net Position - Beginning of year	(406,750,723)	(436,308,226)
Net Position - End of year	$ (449,757,686)	$ (406,750,723)

Financial Highlights

Finance Corporation Statements of Net Position

	2024	2023
Assets		
Current Assets		
Cash	$ 15,989,090	$ 15,915,421
Malpractice Fund	1,685,493	778,942
Accounts receivable, net of allowances for bad debt of $337,925 and $0 (note 7) at June 30, 2024 and 2023 respectively (note 7)	5,430,145	3,609,689
Lease receivable - current portion (note 2)	836,382	1,775,505
Inventory	4,013,170	2,986,435
Due from UConn Medical Group (note 5)	1,371,899	617,544
Prepaid expenses	37,090	799
Net investment in direct financing lease, current portion (note 6)	4,265,486	4,028,844
Total Current Assets	33,628,755	29,713,179
Noncurrent Assets		
Deposits with vendors	12,176,334	12,007,648
Lease receivable - net of current portion (note 2)	399,075	1,095,480
Investment in UHI	-	1,375,000
Net investment in direct financing lease, net of current portion (note 6)	166,797,628	171,067,095
Property - right-to-use assets, net (note 3)	3,848,575	532,043
Capital assets, net (note 3)	28,274,331	22,478,171
Total Noncurrent Assets	211,495,943	208,555,437
Total Assets	$ 245,124,698	$ 238,268,616

Financial Highlights

Finance Corporation Statements of Net Position (Continued)

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 7,381,444	$ 6,000,621
Due to UConn Health - Malpractice Fund (note 5)	1,685,493	778,942
Due to UConn Health (note 5)	466,952	2,321,675
Due to John Dempsey Hospital, current portion (note 5)	8,895,996	4,641,730
Due to third party payors	385,049	1,963,898
Lease payable, current portion (note 4)	880,281	137,525
Loans payable, current portion (note 4)	7,810,965	8,288,841
Total Current Liabilities	27,506,180	24,133,232
Noncurrent Liabilities		
Due to John Dempsey Hospital, net of current portion (note 5)	12,176,334	12,007,648
Lease payable, net of current portion (note 4)	6,935,863	522,910
Loans payable, net of current portion (note 4)	148,585,166	154,919,174
Total Noncurrent Liabilities	167,697,363	167,449,732
Total Liabilities	195,203,543	191,582,964
Deferred Inflows		
Deferred inflows - right-to-use assets	1,095,480	2,870,985
Net Position		
Net investment in capital assets	38,973,745	34,237,703
Minority interest in UHI	511,510	-
Unrestricted net assets	9,340,420	9,576,964
Total Net Position	48,825,675	43,814,667
Total Liabilities, Deferred Inflows and Net Position	$ 245,124,698	$ 238,268,616

Financial Highlights

Financial Corporation Statements of Revenue, Expenses and Changes in Net Position

	2024	2023
Operating Revenues		
Interest income from right-to-use assets	$ 138,223	$ 255,081
Lease revenue from right-to-use assets	1,774,805	1,774,805
Rental Income	273,225	-
Interest income from direct financing lease	9,947,708	10,171,221
Contract and other income	270,715	1,025,232
Imaging revenue, net	225,282	-
Pharmaceutical revenue, net (note 7)	149,821,597	111,329,599
Total Operating Revenues	162,451,555	124,555,938
Operating Expenses		
Professional services	337,782	42,813
Internal contractual support	2,160,457	2,033,041
Outside agency per diems	10,197,746	8,209,706
Pharmaceuticals/medical supplies	136,787,880	104,139,390
Equipment and software leases	108,017	88,455
Insurance, rent, utilities, repairs, and maintenance	35,516	750
Interest expense	7,862,649	8,118,817
Depreciation	899,393	757,578
Amortization - right-to-use assets	176,279	120,911
Other	154,628	22,482
Total Operating Expenses	158,720,347	123,533,943
Operating Income	3,731,208	1,021,995
Nonoperating Expense		
Loan servicing fees	(11,867)	(11,892)
Total Nonoperating Expense	(11,867)	(11,892)
Gain before transfers	3,719,341	1,010,103
Net Transfers from UConn Health - Unrestricted (note 5)	625,000	10,375,000
Contributions for minority interest - UHI	666,667	-
Increase in Net Position - Unrestricted	5,011,008	11,385,103
Net Position - Beginning of year	43,814,667	32,429,564
Net Position - Ending	$ 48,825,675	$ 43,814,667

Industry Insights

Consolidated and Deals in the market place	2 Labor shortages, turnover and retention
3 Margin Compression	4 Rising Role of Medicare Advantage
5 Capitol Hill/Regulatory Environment	6 Artificial Intelligence in Health Care

Emerging Issues

SIGNIFICANT AUDIT CHANGES

What changed

Auditing standards (SAS 143-145) were modernized for evolving business environment

Effective for 2023 year-end audits

New requirements

Enhanced risk assessment and understanding of estimates

Deeper IT understanding; more inquiries; data requests and testing

Audit impact

More time evaluating controls; more use of IT specialists

Potential for additional recommendations

Greater impact on complex IT systems

Emerging Issues

ACCOUNTING STANDARD CHANGES - GASB

GASB 101

Compensated Absences

Effective after December 15, 2023

GASB 102

Certain Risk Disclosures

Effective after June 15, 2024

GASB 103

Financial Reporting Model Improvements

Effective after June 15, 2025

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ATTACHMENT 2.3

ATTACHMENT 2.3

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(With Management's Discussion and Analysis)

JUNE 30, 2024 AND 2023

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UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

CONTENTS

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis provides an overview of the financial position and activities of the University of Connecticut Health Center John Dempsey Hospital (21002 Fund) (the Hospital) as of and for the fiscal years ended June 30, 2024, 2023, and 2022. The Hospital is operated as a separate, identifiable unit of the University of Connecticut Health Center (UConn Health). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Through the Hospital (a licensed acute care hospital with 224 certified general acute care beds and 10 bassinets, 233 staffed), UConn Health provides specialized and routine inpatient and outpatient services. The Hospital has long been regarded as the premier facility in the region for high-risk maternity services. It is recognized for its cardiovascular program (interventional cardiology and surgery), cancer, musculoskeletal, neurosurgical care, stroke services and behavioral mental health services. Additionally, the Hospital is home to the only Emergency Department in Connecticut's Farmington Valley. The Hospital also provides comprehensive healthcare services for the State of Connecticut's (State) incarcerated inmates. These services are provided through a variety of contracts with the Hospital and the State's Department of Correction (DOC).

The Hospital received aid from a number of governmental and other sources throughout the pandemic. Notably, the Hospital received federal funding via the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Relief Fund (CRF); and from the Federal Emergency Management Agency (FEMA). Funding came from both general and targeted distributions. Funds received under these programs carry reporting and other requirements outlined by the federal government, which began September 30, 2021 and ended September 30, 2024. The Hospital believes it has met these requirements.

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows and related notes to the financial statements) present the financial position of the Hospital at June 30, 2024 and 2023, and the results of its operations and its financial activities for the fiscal years then ended. These financial statements report information about the Hospital using accounting methods similar to those used by private-sector companies. The Statements of Net Position include all of the Hospital's assets, liabilities, and deferred inflows and outflows. The Statements of Revenues, Expenses, and Changes in Net Position reflect the years activities on the accrual basis of accounting (i.e., when services are provided or obligations are incurred, not necessarily when cash is received or paid).

Overview of the Financial Statements (Continued)

These financial statements report the Hospital's net position and how it has changed. Net position (the difference between assets and liabilities adjusted for deferred outflows and inflows) is one way to measure financial health or position. The Statements of Cash Flows provide relevant information about each year's cash receipts and cash payments and classifies them as operating, investing, noncapital financing activities, and capital and related financing activities. The financial statement footnotes include notes that explain information in the financial statements and provide more detailed data.

Financial Highlights

The Hospital's financial position at June 30, 2024, consisted of assets of approximately $564.1 million, deferred outflows of approximately $338.8 million, liabilities of approximately $1,125.2 million (of which $937.4 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $289.6 million. The Hospital's financial position at June 30, 2023, consisted of assets of approximately $519.7 million, deferred outflows of approximately $297.5 million, liabilities of approximately $958.0 million (of which $771.0 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $294.2 million. Net position, which represents the residual interest in the Hospital's assets and deferred outflows after liabilities and deferred inflows are deducted, decreased by approximately $77.0 million from fiscal year 2023 to a net deficit position of approximately $511.9 million as of June 30, 2024.

The Hospital finished the year with an operating loss of $89.4 million compared to an operating loss of $32.8 million in the prior year. Current year losses include the effect of the Hospital recording its pro-rata share of expenses under GASB Statements No. 68 and 75 as discussed in Note 9. These expenses reflect changes to the pension and other post-employment benefits (OPEB) plans on a State level. The Hospital recorded an increase of $122.8 million in 2024 as opposed to a decrease of $46.5 million of expenses in 2023. The change was driven by changes in plan assumptions and changes in the Hospital's allocated percentage overall liabilities from fiscal 2023 to fiscal 2024. Operating income (losses) exclusive of these entries were $33.4 million and ($79.3) million in fiscal years 2024 and 2023, respectively.

The Hospital received net transfers from UConn Health of $14.9 million and $68.6 million in fiscal years 2024 and 2023, respectively. Current year transfers from UConn Health included $4.5 million related to fringe benefit support and $10.4 million for capital improvements. In fiscal year 2023, UConn Health transferred $77.0 million and $9.5 million related to fringe benefit support and working capital, respectively. These transfers in were offset by $17.9 million in transfers to UConn Health for operational support during fiscal year 2023. Total net position decreased by approximately $77.0 million in fiscal year 2024, compared to an increase of approximately $33.5 million in fiscal year 2023.

FINANCIAL HIGHLIGHTS (CONTINUED)

SUMMARY OF ASSETS AND LIABILITIES

Summarized components of the Hospital's Statements of Net Position as of June 30, 2024, 2023, and 2022 are presented below:

	2024	2023	2022
		(in thousands)	
Summary of assets, liabilities and net position at June 30:			
Current assets	$ 151,337	$ 95,046	$ 143,694
Other assets	24,975	25,280	14,415
Property - right-to-use assets, net	78,966	93,083	106,277
Capital assets, net	308,793	306,272	315,345
Total assets	$ 564,071	$ 519,681	$ 579,731
Deferred amount for pensions	$ 107,038	$ 168,794	$ 163,360
Deferred amount for OPEB	231,736	128,736	161,057
Total deferred outflows	$ 338,774	$ 297,530	$ 324,417
Current liabilities	$ 90,760	$ 82,486	$ 119,566
Noncurrent Liabilities	1,034,398	875,469	1,084,437
Total liabilities	$ 1,125,158	$ 957,955	$ 1,204,003
Deferred amount for lease liability	$ 2,030	$ 4,245	$ 6,460
Deferred amount for pensions	69,297	91,282	32,025
Deferred amount for OPEB	218,305	198,678	130,126
Total deferred inflows	$ 289,632	$ 294,205	$ 168,611
Net investment in capital assets	$ 291,830	$ 295,166	$ 311,550
Unrestricted deficit	(803,775)	(730,115)	(780,016)
Total net position	$ (511,945)	$ (434,949)	$ (468,466)

FINANCIAL HIGHLIGHTS (CONTINUED)

SUMMARY OF ASSETS AND LIABILITIES (CONTINUED)

In this section, the Hospital explains the reasons for those financial statement items with significant variances relating to fiscal year 2024 amounts compared to fiscal year 2023 amounts.

Changes in assets included the following:

- *Due from other funds* – increased from June 30, 2023 to June 30, 2024 by approximately $6.0 million primarily as a result of the State support for fringe benefits posted subsequent to year end.

- *Due from Finance Corporation* – increased from June 30, 2023 to June 30, 2024 by approximately $4.4 million primarily associated with the increase in revenues from the UConn Health Pharmacy Services Inc. (UHPSI) 340B program revenue.

- *Property – right-to-use assets, net* – decreased from June 30, 2023 to June 30, 2024 by approximately $14.1 million, as depreciation and disposals outpaced right-to-use acquisitions during the current fiscal year.

Changes in liabilities included the following:

- *Accounts payable and accrued expenses* – increased from June 30, 2023 to June 30, 2024 by approximately $4.5 million, primarily due to the increased accruals for drug vendors associated with the increase in 340B transactions.

- *Accrued payroll* – increased from June 30, 2023 to June 30, 2024 by approximately $2.6 million. The payroll accrual is impacted by FTE's, wage rates, and the payroll factor, which is calculated based on the number of days remaining unpaid at the end of the fiscal year. The payroll factor increased during the current fiscal year while FTEs increased by 221 from June 30, 2023 to June 30, 2024.

- *Due to third-party payors* – increased from June 30, 2023 to June 30, 2024 by approximately $3.1 million, primarily due to the estimated expected decreases reimbursement resulting from the increase in staffed beds 28 beds which reduces expected IME (Indirect Medical Education) payments.

- *Pension and OPEB liabilities* – increased from June 30, 2023 to June 30, 2024 by approximately $166.4 million primarily from changes in the Hospital's OPEB allocations. This represents the Hospital's proportional share of the State's OPEB liability as actuarially determined based on the Hospital's percentage of overall contributions.

- *Right-to-use liabilities* – decreased from June 30, 2023 to June 30, 2024 by approximately $8.3 million, primarily as a result of scheduled paydowns of lease obligations along with there being minimal new leases in the current fiscal year.

FINANCIAL HIGHLIGHTS (CONTINUED)

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Summarized components of the Hospital's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2024, 2023, and 2022 are presented below:

	2024	2023	2022
		(in thousands)	
Summary of revenues, expenses and transfers for the year ended June 30:			
Operating revenues	$ 761,729	$ 699,116	$ 617,438
Operating expenses	(851,121)	(731,915)	(749,777)
Operating Loss	(89,392)	(32,799)	(132,339)
Nonoperating revenue (expense), net	(2,484)	(2,313)	7,536
Loss before transfers	(91,876)	(35,112)	(124,803)
Net transfers	14,880	68,629	56,516
Cumulative effect of change in accounting method GASB 87	-	-	(258)
Increase (Decrease) in Net Position	$ (76,996)	$ 33,517	$ (68,545)

Hospital discharges of 12,001 represent an increase of 1,155 from 2023 as demand for services has eclipsed pre-pandemic levels and continues to grow.

SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues

Total operating revenues increased from the fiscal year ended June 30, 2023 to the fiscal year ended June 30, 2024 by approximately $62.6 million or 9.0%.

- *Net patient service revenues* – increased by approximately $70.1 million or 11.9% from prior year due to increased volumes along with certain payor contract increases made in fiscal year 2024.

- *Contract and other revenues* – decreased by approximately $7.5 million or 6.9% from the prior year, which was driven by decreases in the Ryan White 340B contract and pharmacy 340B contract agreements (340B drug contract).

FINANCIAL HIGHLIGHTS (CONTINUED)

SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

Operating expenses

Total operating expenses increased from the fiscal year ended June 30, 2023 to the fiscal year ended June 30, 2024 by approximately $119.2 million or 16.3%.

- *Salaries and wages* – increased by approximately $30.1 million or 12.9% from the prior year due to contractually bargained wage increases. FTE's increased 221 from prior year in order to support the increase in volume and the additional beds added during fiscal year 2024.

- *Fringe benefits* – increased by approximately $75.1 million or 62.0% from the prior year primarily from charges associated with the Hospital recording its proportionate share of expenses under GASB Statements No. 68 and 75.

- *Outside agency per diems* – decreased by approximately $9.2 million or 32.5% from the prior year. The Hospital has increased efforts to hire permanent staff instead of using agency staffing during the year while per diem rates have declined from their peaks during COVID.

- *Pharmaceutical/medical supplies* – increased by approximately $14.7 million or 8.4% from the prior year due to the increasing volume of transactions with UHPSI and increased supplies associated with higher surgical volumes during fiscal year 2024.

FINANCIAL HIGHLIGHTS (CONTINUED)

SUMMARY OF CASH FLOWS

The Statements of Cash Flows provide additional information about the Hospital's financial results by reporting the major sources and uses of cash. A summary of the Statements of Cash Flows for the fiscal years ended June 30, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
		(in thousands)	
Cash received from operations	$ 761,525	$ 675,952	$ 595,959
Cash expended for operations	(694,983)	(744,322)	(655,315)
Net cash (used in) provided by operations	66,542	(68,370)	(59,356)
Net cash (used in) investing activities	(25,765)	(14,419)	(56,927)
Net cash provided by noncapital financing activities	-	292	9,338
Net cash provided by capital and related financing activities	4,058	57,280	91,766
Net change in cash	44,835	(25,217)	(15,179)
Cash - Beginning	8,177	33,394	48,573
Cash - Ending	$ 53,012	$ 8,177	$ 33,394

FINANCIAL HIGHLIGHTS (CONTINUED)

CAPITAL AND INTANGIBLE ASSETS

At June 30, 2024, the Hospital had capital and intangible assets of $561.2 million and property – right to use assets of $131.8 million before accumulated depreciation and amortization, compared to $542.3 million and $136.7 million at June 30, 2023. A summary of capital and intangible asset balances is shown in the table below:

	2024	2023	2022
		(in thousands)	
Land	$ 183	$ 183	$ 183
Construction in progress	15,747	7,664	2,970
Buildings	405,905	404,149	402,852
Equipment	81,711	73,277	72,895
Computer software	57,557	56,979	56,696
Equipment - financed	71	71	71
Total capital assets	561,174	542,323	535,667
Less accumulated depreciation and amortization	252,381	236,051	220,322
Capital assets, net	$ 308,793	$ 306,272	$ 315,345
Property - right-to-use building	$ 94,466	$ 94,397	$ 94,947
Property - right-to-use equipment	12,378	17,055	20,566
Property - right-to-use subscriptions	24,989	25,266	24,784
Total property - right-to-use assets	131,833	136,718	140,297
Less accumulated amortization	52,867	43,635	34,020
Property - right-to-use assets, net	$ 78,966	$ 93,083	$ 106,277

For fiscal year 2025, all UConn Health capital requests will be considered for funding on an individual basis. Capital requests will be considered by UConn Health's Capital Prioritization Committee. More detailed information about the Hospital's capital and intangible assets are presented in Note 7 to the financial statements.

FISCAL 2025 OUTLOOK

As we look forward to fiscal year 2025, UConn Health faces unique challenges as the world continues to move beyond the COVID pandemic. UConn Health continues to see increasing clinical volumes while dealing with staffing scarcity and inflationary pressures. Supply chains though stronger have not yet achieved pre-pandemic reliability. In addition, COVID continues to undulate while other emerging public health threats such as bird flu and monkeypox bear watching. Public sentiment continues to trend towards decreasing healthcare spending at a time when providers remain vulnerable. At the same time, an increasing focus on health equity and minimizing the impacts of health disparities in the general population puts additional focus on our ability to fulfill community need. UConn Health remains diligent in monitoring changing clinical and business models as it navigates changing operational, social, and regulatory landscapes.

UConn Health continues to adapt to changing healthcare environments including labor and supply shortages, funding challenges, and increased demand through continual re-prioritization, forward thinking, teamwork, and creativity. Continued and evolving public health challenges, including a focus on diversity and equity, require new methodologies, partnerships, and treatment options. We remain committed to responding to these needs to serve the people of Connecticut. UConn Health continues to evaluate partnerships with both public and private entities to bring additional tools and options to the public.

Research, education, patient care, and community service remain the cornerstones of UConn Health's mission. These pillars remain as fundamental and relevant as ever. UConn Health is focused on maximizing our efforts in these areas while navigating uncertainty surrounding both State and Federal funding. Federal and State aid are vital in shepherding public institutions through the many current challenges they face. This aid allows us to maintain access to a breadth of services and clinical specialties that might not otherwise be possible. Such aid also allows UConn Health to continue its public mission of protecting and serving the socially or economically disadvantaged. UConn Health benefitted from federal CARES Act support during the pandemic and continues to benefit from the allocation of American Rescue Plan Act (ARPA) funds from the State of Connecticut.

A combination of institution-wide financial initiatives and additional State funding allowed UConn Health to balance its 2024 spending plan. The new year brings its own challenges. As State and Federal governments reduce spending, funding is at the forefront of concerns. Public sentiment towards healthcare and education spending by the State has eroded and the focus has shifted to affordability, tax relief, and government sustainability. UConn Health begins fiscal 2025 with a projected deficit and has developed financial improvement programs to bring the budget into balance.

FISCAL 2025 OUTLOOK (CONTINUED)

Clinical volumes have rebounded and greatly exceed pre-pandemic volumes straining delivery mechanisms and demanding increased focus on space, staff, and resource utilization. Volume trends at UConn Health, in almost every aspect, exceed the experience of other region and statewide hospital averages now for three straight periods. The Hospital is working to maximize all its operating rooms including opening its second hybrid operating room expanding the total number of OR in the hospital to thirteen. JDH has expanded into the CT Tower to open all of its currently licensed beds, reopening the 7th floor for patient care in early 2024. UMG continues to add and expand existing satellite locations both around the main UConn Health campus and throughout the State. A new home infusion program will open in 2025 and new programs in imaging and wound care, opened at the end of the past year. Adding and replacing skilled labor has become increasingly difficult. Growing the skills of newer workers takes longer in hybrid environments. Competition for doctors, nurses, and other clinical specialties is intense. Wage and general inflation remains an issue as it continues to outpace payment increases. The global supply chain continues to work towards stabilization. Ports, rail transit, and trucking have stabilized during 2024 but are vulnerable to additional disruptions.

A recent study commissioned by the Governor of the State of Connecticut found that UConn Health will need to expand its overall scale to compete in a consolidating healthcare landscape. UConn Health remains committed to strategic growth both organically and through partnerships. We will continue to explore all options over the upcoming year as we seek to bring the best in research, education, and clinical care to the residents of the State of Connecticut.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of the Hospital's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, UConn Health, Farmington, Connecticut 06030-3800.

INDEPENDENT AUDITORS' REPORT

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) (the Hospital), an enterprise fund of the State of Connecticut, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) as of June 30, 2024 and 2023, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The University of Connecticut Health Center John Dempsey Hospital's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The University of Connecticut Health Center John Dempsey Hospital's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, the schedule of changes in the Hospital's net position liability and related ratios, the schedule of pension contributions, the schedule of changes in the Hospital's net OPEB liability and related ratios, the schedule of the Hospital's proportionate share of the net OPEB liability, and the schedule of the Hospital's OPEB contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of The University of Connecticut Health Center John Dempsey Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 20, 2024

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash	$ 53,012,002	$ 8,177,490
Patient accounts receivable, net of estimated uncollectibles of $39,519,185 and $27,453,960 at June 30, 2024 and 2023, respectively	58,607,322	54,512,073
Inventory	17,334,825	15,320,803
Contract and other receivables (Note 6)	4,053,822	4,858,538
Lease receivable, current portion (Note 6)	2,171,140	2,215,086
Due from State of Connecticut	-	222,603
Due from other funds	6,040,802	-
Due from UMG	-	3,244,811
Due from Finance Corporation	8,895,996	4,641,730
Prepaid expenses	1,220,761	1,852,657
Total Current Assets	151,336,670	95,045,791
Noncurrent Assets		
Deposits with vendors (Note 1)	12,681,647	11,125,119
Other assets	117,543	117,543
Lease receivable, net of current portion (Note 6)	-	2,030,495
Due from Finance Corporation, noncurrent portion	12,176,334	12,007,648
Property - right-to-use assets, net (Note 7)	78,966,116	93,083,090
Capital and intangible assets, net (Note 7)	308,792,675	306,271,612
Total Noncurrent Assets	412,734,315	424,635,507
Total Assets	564,070,985	519,681,298
Deferred Outflows of Resources		
Deferred amount for pensions (Note 9)	107,038,539	168,793,761
Deferred amount for OPEB (Note 9)	231,735,981	128,736,254
Total Deferred Outflows of Resources	$ 338,774,520	$ 297,530,015

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 27,488,168	$ 22,944,901
Accrued payroll	11,481,665	8,848,291
Due to UConn Health Malpractice Fund	361,504	534,630
Due to other funds	-	3,786,683
Due to State of Connecticut	3,200,015	2,597,889
Due to third-party payors	26,513,543	23,426,706
Unearned revenue	4,419	4,419
Right-to-use liabilities, current portion (Note 8)	11,384,025	11,181,983
Note payable, current portion (Note 8)	-	2,917
Accrued compensated absences, current portion (Note 8)	10,326,782	9,157,394
Total Current Liabilities	90,760,121	82,485,813
Noncurrent Liabilities		
Pension liabilities (Note 9)	356,834,835	340,558,863
OPEB liabilities (Note 9)	580,578,711	430,420,277
Right-to-use liabilities, net of current portion (Note 8)	84,545,216	93,003,766
Accrued compensated absences, net of current portion (Note 8)	12,439,491	11,485,965
Total Noncurrent Liabilities	1,034,398,253	875,468,871
Total Liabilities	1,125,158,374	957,954,684
Deferred Inflows of Resources		
Deferred amount for resources right-to-use assets	2,030,495	4,245,581
Deferred amount for pensions (Note 9)	69,296,557	91,281,759
Deferred amount for OPEB (Note 9)	218,305,191	198,677,634
Total Deferred Inflows of Resources	289,632,243	294,204,974
Net Position		
Net investment in capital assets	291,829,550	295,166,036
Unrestricted deficit	(803,774,662)	(730,114,381)
Total Net Position	$ (511,945,112)	$ (434,948,345)

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating Revenues		
Net patient service revenues (Note 5)	$ 660,401,437	$ 590,258,174
Contract and other revenues	101,327,243	108,858,424
Total Operating Revenues	761,728,680	699,116,598
Operating Expenses		
Salaries and wages	264,042,860	233,913,029
Fringe benefits	196,168,993	121,088,632
Medical/dental house staff	3,816,823	3,695,641
Medical contractual support	4,326,937	2,439,996
Internal contractual support	47,429,079	43,580,737
Outside agency per diems	19,187,545	28,416,824
Depreciation (Note 7)	20,028,414	19,118,955
Amortization (Note 7)	17,270,138	17,532,514
Pharmaceutical/medical supplies	189,085,135	174,402,492
Utilities	4,922,200	5,763,274
Outside and other purchased services	59,148,857	57,546,671
Insurance	5,860,885	5,815,120
Repairs and maintenance	13,369,480	12,614,499
Other expenses	6,463,650	5,987,032
Total Operating Expenses	851,120,996	731,915,416
Operating Loss	(89,392,316)	(32,798,818)
Nonoperating Revenues (Expenses)		
Gift and endowment income	-	95,000
COVID-19 relief revenue	-	196,693
Interest income	118,970	197,212
Lease revenue	2,215,086	2,215,086
Interest expense	(4,755,591)	(4,981,464)
Loss on disposals	(62,626)	(35,580)
Net Nonoperating (Expenses)	(2,484,161)	(2,313,053)
Loss before Transfers	(91,876,477)	(35,111,871)
Transfers from UConn Health - Unrestricted (Note 10)	14,879,710	86,511,361
Transfers to UConn Health (Note 10)	-	(17,881,833)
Increase (Decrease) in Net Position	(76,996,767)	33,517,657
Net Position - Beginning of year	(434,948,345)	(468,466,002)
Net Position - End of year	$ (511,945,112)	$ (434,948,345)

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from patients and third-party payors	$ 659,393,025	$ 564,230,173
Cash received from contract and other revenues	102,131,959	111,721,686
Cash paid to employees for salaries and fringe benefits	(331,798,580)	(429,937,513)
Cash (returned to) received from related parties	(11,005,626)	4,214,332
Cash paid for other than personnel services	(352,179,103)	(318,598,321)
Net Cash Provided (Used) in Operating Activities	66,541,675	(68,369,643)
Cash Flows from Investing Activities		
Additions to property and equipment	(25,765,268)	(14,419,168)
Net Cash Used in Investing Activities	(25,765,268)	(14,419,168)
Cash Flows from Noncapital Financing Activities		
COVID-19 relief received	-	196,693
Gifts and endowment income	-	95,000
Net Cash Provided by Noncapital Financing Activities	-	291,693
Cash Flows from Capital and Related Financing Activities		
Interest paid	(4,755,591)	(4,981,464)
Transfer from UConn Health - unrestricted	14,879,710	86,511,361
Transfer to UConn Health	-	(17,881,833)
Payments on right-to-use lease liabilities, net	(8,256,508)	(8,725,713)
(Payments) borrowing on notes payable	(2,917)	(51,771)
Interest income	118,970	197,212
Lease revenue	2,074,441	2,212,716
Net Cash Provided by Capital and Related Financing Activities	4,058,105	57,280,508
Net Change in Cash	44,834,512	(25,216,610)
Cash - Beginning	8,177,490	33,394,100
Cash - Ending	$ 53,012,002	$ 8,177,490
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Right-to-use assets acquired by entering into lease agreements	$ 368,225	$ 1,222,678
Right-to-use subscription acquired by entering into lease agreements	$ 2,784,939	$ 481,440

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation to Operating Loss to Net Cash Provided (Used) in Operating Activities		
Operating loss	$ (89,392,316)	$ (32,798,818)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	37,298,552	36,651,469
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(4,095,249)	(3,208,310)
Inventory	(2,014,022)	535,134
Contract and other receivables	804,716	2,863,262
Prepaid expenses	631,896	(542,042)
Deposit with vendors	(1,556,528)	(1,073,495)
Due from UMG	3,244,811	(2,938,618)
Due from Finance Corporation	(4,422,952)	(4,436,819)
Due from State of Connecticut	222,603	11,350,939
Due from other funds	(6,040,802)	7,803,086
Change in deferred inflows - pension	43,878	6,404
Change in deferred inflows - OPEB	(58,210,998)	(34,765,738)
Due to third-party payors	3,086,837	(22,819,691)
Due to malpractice	(173,126)	346,254
Due to other funds	(3,786,683)	3,786,683
Accounts payable and accrued expenses	4,543,267	(303,764)
Due to State of Connecticut	602,126	(10,434,052)
Change in deferred outflows - OPEB	54,126,531	21,407,796
Change in deferred outflows - pension	27,876,506	(35,259,971)
Change in net pension liability	28,125,609	(10,492,007)
Change in net OPEB liability	70,870,731	12,610,739
Accrued payroll	2,633,374	(9,064,059)
Accrued compensated absences	2,122,914	2,405,975
Net Cash Provided (Used) in Operating Activities	$ 66,541,675	$ (68,369,643)

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

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The financial statements include those assets, deferred outflows, liabilities, deferred inflows, net position, revenue, and expense accounts reflected in the accounting records of University of Connecticut Health Center John Dempsey Hospital (the Hospital), which are primarily accounted for in the 21002 Fund of the University of Connecticut Health Center (UConn Health).

There are 21 members of the Board of Trustees of the University of Connecticut. Five serve as ex officio voting members by virtue of other positions: The Governor is President of the Board, the Commissioners of Agriculture, Education, and Economic and Community Development are Board members, and the Chair of UConn Health's Board of Directors is a member. Two Board members are elected by alumni for four-year terms (and may be re-elected once, in succession). One undergraduate student is elected by undergraduates for a two-year term. One graduate or professional student is elected by graduate and professional students for a two-year term. Twelve members are appointed by the Governor, subject to confirmation by the General Assembly, for six-year terms, and may be reappointed without limit.

There are 18 members of the UConn Health Board of Directors. Three serve as ex officio voting members and serve concurrently with their positions: The Commissioner of Public Health, the Secretary or a designated under-secretary of the Office of Policy and Management, and the President of the University. All other terms are for three years and include: three members appointed by the Governor, three members appointed by the Chair of the Board of Trustees (two of which must be members of the Board of Trustees and one who serves as the Chair of the Board of Directors), and nine at-large members appointed by the Board of Directors itself.

The Hospital is an enterprise fund of the State of Connecticut (the State) and is, therefore, exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986.

The University of Connecticut Health Center Finance Corporation (Finance Corporation) was established pursuant to Public Act No 87-458. The purpose of the Finance Corporation is to provide greater flexibility for the Hospital and to promote more efficient provision of health care services. As such, the Finance Corporation has been empowered to purchase supplies and equipment, acquire facilities, approve write-offs of the Hospital's accounts receivable, process malpractice claims on behalf of the Hospital and UConn Health, as well as negotiate joint ventures, shared service, and other agreements for the benefit of the Hospital.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION

The Hospital's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

PROPRIETARY FUND ACCOUNTING

The Hospital utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of the allowance for uncollectible accounts, contractual allowances, compensated absences, pension and OPEB liabilities, lease liabilities, and subscription liabilities.

CASH

Cash includes cash held on behalf of the Hospital by the State.

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUES

Patient accounts receivable and net patient service revenues are recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Third-party settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare, Medicaid, and commercial health care coverage and other collection indicators. See Note 5 for additional information relative to net patient service revenues and third-party payor programs.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRACT AND OTHER REVENUES

Contract and other revenues include services provided to area hospitals and other customers under various contractual agreements and certain agreements with outside providers and pharmacies. Revenue is recorded on the accrual basis of accounting in the period the related services are rendered.

The Hospital's 340B pharmacy has an agreement with UConn Health Pharmacy Services, Inc. (UHPSI) related to certain pharmaceutical sales. This revenue is included in contract and other revenues on the statements of revenues, expenses, and changes in net position. See Note 6 for additional details.

INVENTORY

Inventory, with the exception of pharmaceuticals, is recorded at cost, determined by the first-in, first-out (FIFO) method. Pharmaceuticals are valued at market value, which approximates cost due to high turnover rates. Short-term or minor supplies are expensed as incurred.

DEPOSITS WITH VENDORS

As of June 30, 2024 and 2023, deposits with vendors totaled approximately $12.7 million and $11.1 million, respectively. The majority of these funds, approximately $12.1 million and $10.7 million, respectively, was held on deposit by AmerisourceBergen. This is the Hospital's primary pharmaceutical vendor. As part of its contract, the Hospital is required to maintain a deposit with AmerisourceBergen based on a percentage of the prior quarter purchases. The deposits are non-interest bearing and are considered subject to the credit risk of the vendor.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Hospital routinely engages in lease agreements to meet operational needs. The Hospital's lease contracts generally relate to buildings and associated facilities, such as parking, and various machinery and equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, the Hospital recognizes period revenue or expense based on the provisions of the lease contract. For all other contracts where the Hospital is the lessee, the Hospital recognizes a lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease, as the Hospital is not expected to lease assets beyond the underlying asset's useful life. On a more limited basis, the Hospital serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term, and the deferred inflow of resources is amortized evenly over the life of the lease.

The Hospital uses an estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. The incremental borrowing rate is based on the weighted-average interest rate of lease obligations. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

In addition, the Hospital has entered various subscription-based information technology arrangements to support its services. Information on the types of arrangements entered into and their financial impact on the Hospital can be found in Note 8.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized, and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings (and related improvements) have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

For projects, including the development of computer software, construction in progress is capitalized as costs are incurred during the construction phase, and depreciation begins once the assets are placed in service.

INTANGIBLE ASSETS

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of subscription-based information technology agreements. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Computer software costs are amortized on a straight-line basis over their expected useful lives, which range from 3 to 10 years. Capitalized computer software costs are included with capital and intangible assets on the statements of net position. See Note 7 for the gross costs capitalized and the accumulated amortization of capitalized computer costs.

IMPAIRMENT OF LONG-LIVED ASSETS

The Hospital records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

During 2024, the Hospital disposed of capital lease right to use equipment, right to use SBITA, and general equipment of approximately $9.3 million due to equipment and software reaching the end of their life and having been retired. These assets are reported in Note 7 and there was no loss on disposal. The Hospital also disposed of a number of smaller items which resulted in a total loss on disposal of $62,626. None of these items were individually significant.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS (CONTINUED)

During 2023, the Hospital disposed of capital lease equipment, information technology, and general equipment of approximately $3.4 million (excluding right-to-use assets), all of which had reached the end of their useful lives and were retired. An additional $6.1 million relates to right-to-use assets which were fully amortized by the end of the fiscal year. The Hospital also disposed of a number of smaller items which resulted in a total loss on disposal of $35,580.

STATE FUNDING FOR EMPLOYEE RETIREMENT AND OPEB PLANS

Effective July 1, 2023, the State covers all retirement costs for Hospital employees enrolled in the State's retirement systems and the Alternate Retirement Plan. Therefore, these costs are no longer charged to the Hospital through a fringe benefit rate assessment. As such, the State did not charge the Hospital for the contributions it made to the pension and OPEB plans in fiscal year 2024.

Since the Hospital is an enterprise fund of the State and is not a legally separate entity, the retirement costs funded by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements.

The Hospital's proportions of the collective net pension and net OPEB liabilities are based on its share of contributions, relative to total contributions made to the respective defined benefit plans. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, these liabilities are reported as of the measurement date of June 30, 2023, which is one year before the reported fiscal year-end of June 30, 2024. Because the State allocated pension and OPEB costs to the Hospital during the measurement period, the Hospital is required to report its proportionate share of the collective net pension and net OPEB liabilities, related deferred outflows and deferred inflows of resources, and related expenses in the accompanying financial statements for fiscal year 2024. Furthermore, the amounts reported do not reflect legislative changes effect after the measurement date of June 30, 2023. See Note 9 for additional details.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RETIREMENT PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Eligible employees of the Hospital, as defined, may participate in the following State retirement plans: the State Employees' Retirement System Tier I, Tier II, Tier IIA, Tier IV Hybrid (SERS) and the Teachers' Retirement System (TRS) defined benefit plans; and the Alternate Retirement Plan (ARP), which is a defined contribution plan. These plans are funded by contributions from the State, as well as payroll deductions from employees, except for the Tier II Plan, which is noncontributory. In addition, eligible employees may participate in a State defined contribution deferred compensation plan, which is funded by payroll deductions from employees.

The State is statutorily responsible for the pension benefits of the Hospital employees who participate in the aforementioned defined benefit plans. The State is required to contribute to such plans at an actuarially determined rate, which may be reduced by an act of the State legislature. These plans do not issue stand-alone financial reports. Summary information on the plans is publicly available in the State's Annual Comprehensive Financial Report.

The Hospital has recorded and disclosed pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* as amended by GASB Statement No. 82 (collectively referred to herein as GASB 68). GASB 68 requires the pro-rata share of the State's pension liabilities be recorded at the entity level. The Hospital has historically paid into the State retirement plans on a pay-as-you-go basis but has recorded its corresponding liability and deferred inflows and outflows as prescribed by GASB 68. Beginning in fiscal year 2024, the State transferred responsibility for fringe benefit expenses from UConn Health to the Office of the State Comptroller. Under this legislation, the State Comptroller will pay retirement related fringe costs for all higher education constituent units including UConn and the Connecticut State Colleges and Universities. The change will impact how UConn Health records pension and OPEB liabilities in subsequent reporting periods. The impact of this change is still being evaluated.

The State also provides other postemployment benefits other than pensions (OPEB), including health care and life insurance benefits to eligible UConn Health employees, including those of the Hospital, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. Upon retirement, liability for other retirement benefits rests with the State. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). The State finances the cost of postemployment health care and life insurance benefits on a pay-as-you-go basis through an appropriation from its General Fund.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RETIREMENT PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Hospital recorded its pro-rata share of the OPEB liability held at the State level in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75). The Hospital continues to pay its portion of the State of Connecticut's Employee OPEB Plan (SEOPEBP) on a pay-as-you-go basis, but has recorded its corresponding liability and deferred inflows and outflows as prescribed by GASB 75. The aforementioned changes in funding of retirement benefits will also impact OPEB reporting in subsequent periods. The impact of these changes is still being evaluated. See Note 9 for additional details.

PENSION LIABILITIES

The Hospital records its proportionate share of the collective net pension liability and collective pension expense for each defined benefit plan offered to its employees. The pro-rata share of the pension liability is calculated based on the percentage of contributions to the plan in the valuation year. The collective net pension liability for each plan is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefit payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position has been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Hospital contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Hospital recorded its proportionate share of the net pension liability based on the valuations performed as of June 30, 2023 and 2022.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPEB LIABILITIES

Individuals who are employed by the Hospital are eligible to participate in the State's group health plan and are also eligible to continue benefits upon retirement. Retirees under age 65 pay the same premium for medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and OPEB liability. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Hospital contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Hospital recorded its proportionate share of the net OPEB liability for the fiscal years ended June 30, 2024 and 2023 based on valuations performed as of June 30, 2023 and 2022.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the statement of net position in a separate section, after total assets. The Hospital has two items that meet this criterion, pension deferrals and OPEB deferrals. Historically, Hospital contributions to the pension and OPEB plans made subsequent to the measurement date of the net pension and net OPEB liabilities have been reported as deferred outflows or resources. However, due to legislative changes, the Hospital did not make contributions to these plans after June 30, 2023. See Note 9 for details on these changes and how retirement costs are being managed by the State.

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. The Hospital has three items that meet this criterion, pension deferrals, OPEB deferrals, and lease deferrals.

DUE TO STATE OF CONNECTICUT

Due to State of Connecticut reported on the statements of net position represents the respective Hospital borne fringe benefit costs owed at the end of the fiscal year related to accrued salaries.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

The Hospital's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from the Hospital may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. Amounts recorded on the statements of net position are based on historical experience. Since adoption of GASB 68, certain fringe benefit costs associated with compensated absences were included in the pension liability and excluded from the compensated absences accrual in the accompanying statements of net position.

All other compensated absences are accrued at 100% of their balance. Compensated absences in the accompanying statements of net position have been allocated between current and noncurrent liabilities based on historical experience.

THIRD-PARTY PAYORS

Laws governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. Each year, as the Office of Inspector General's (OIG) work plan changes, new areas of scrutiny surface. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in any given period.

MEDICAL MALPRACTICE

Health care providers and support staff of the Hospital are fully protected by State Statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment (statutory immunity). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity are charged against UConn Health's malpractice self-insurance fund. UConn Health allocates an annual malpractice premium to the Hospital, designed to reflect an estimate of the current fiscal year's cash claims to be processed. For the fiscal years ended June 30, 2024 and 2023, annual premiums were approximately $4.3 million, respectively. These premiums are included in insurance expense in the Hospital's statements of revenues, expenses, and changes in net position. The due to UConn Health Malpractice Fund reported on the statements of net position represents premiums payable for occurrence based coverage through June 30, 2024 and 2023, respectively.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION

Net position is classified in two components. Net investment in capital assets consists of capital and right-to-use assets net of accumulated depreciation/amortization and reduced by the current balances of any leases payable and outstanding borrowings (less amounts held in trust) used to finance the purchase or construction of those assets. All other assets less liabilities are classified as unrestricted.

REGULATORY MATTERS

The Hospital is required to file semi-annual and annual operating information with the State's Office of Health Strategy (OHS) and is required to file annual cost reports with Medicare.

SUBSEQUENT EVENTS

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through November 20, 2024, the date the financial statements were available to be issued. No subsequent events required recognition or disclosure in the financial statements were identified.

NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

Effective for the fiscal year ended June 30, 2024, GASB issued the following pronouncements that were adopted for this report: Paragraphs 4 through 10 of GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*. The adoption of other pronouncements did not have a material impact on the financial statements.

NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS (CONTINUED)

UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after December 15, 2023. The Hospital is currently evaluating the impact this standard will have on its financial statements.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for fiscal years beginning after June 15, 2024. The Hospital is currently evaluating the impact this standard will have on its financial statements.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025. The Hospital is currently evaluating the impact this standard will have on its financial statements.

NOTE 3 – HYPOTHECATION

In accordance with State Statute, the Hospital can borrow from the State up to 90% of its net patient accounts receivables and contract and other receivables to fund operations. As of June 30, 2024 and 2023, the Hospital had not drawn down any funds under the hypothecation. As of June 30, 2024 and 2023, the Hospital had available amounts of $56,395,029 and $53,433,549 respectively, under State Statute.

NOTE 4 – CHARITY CARE

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. During 2024 and 2023, the Hospital provided charity care services of $8,395,629 and $4,980,776, respectively. The significant increase in charity care during 2024 was mainly caused by the Department of Social Services Medicaid redetermination activity. Many individuals previously receiving Medicaid coverage under COVID policy were no longer eligible for that coverage due to actual income level determinations. Additionally, the implementation of an automated process for financial assistance streamlined the overall approval process which contributed to the increase in the number of individuals receiving charity care.

The estimated cost of these services was $2,323,071 and $1,441,935, respectively, for the fiscal years ended June 30, 2024 and 2023. No net patient service revenue was recorded for these services; however, expenses associated with these services are included in operating expenses in the statements of revenues, expenses, and changes in net position.

NOTE 5 – NET PATIENT SERVICE REVENUES

Patient service revenues reported net of allowances for the fiscal years ended June 30 were:

	2024	2023
Gross patient service revenues	$ 1,983,403,654	$ 1,767,999,827
Less contractual allowances and provision for bad debt	(1,323,002,217)	(1,177,741,653)
Net patient service revenues	$ 660,401,437	$ 590,258,174

SIGNIFICANT CONCENTRATIONS

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from the Hospital's established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient service revenues and associated year-end patient accounts receivable for these programs are shown in the table below:

	Medicare		Medicaid	
	2024	2023	2024	2023
Net Revenue	38%	37%	16%	20%
Accounts Receivable	29%	33%	6%	9%

NOTE 5 – NET PATIENT SERVICE REVENUES (CONTINUED)

SIGNIFICANT CONCENTRATIONS (CONTINUED)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

MEDICARE

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Services to Medicare beneficiaries are paid based on a Prospective Payment System (PPS) based on the classification of each case into a Diagnostic-Related Group (DRG). Inpatient psychiatric services are also reimbursed via a PPS system established for inpatient psychiatric patients based on pre-determined hospital specific per diems.

The Hospital is reimbursed for Direct Graduate Medical Education (GME) and Medicare Bad Debts at an interim rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through fiscal year 2021.

NOTE 5 – NET PATIENT SERVICE REVENUES (CONTINUED)

SIGNIFICANT CONCENTRATIONS (CONTINUED)

MEDICAID

Beginning January 1, 2015, Medicaid converted to an APR DRG Prospective Payment Methodology. Payments for inpatient services for patients admitted after January 1, 2015 have settlement distributions for GME and Case Mix Index withholds only. Beginning July 1, 2016, outpatient services rendered to patients are reimbursed based on the outpatient prospective payment system (OPPS) Ambulatory Payment Classification (APC) Methodology. Under the OPPS, services are listed on the Connecticut Medical Assistance Program (CMAP) Addendum B and are primarily reimbursed based on the CMAP APC system. CMAP Addendum B is a detailed list by procedure code that documents the APC group, status indicators, and relative weights adopted by Department of Social Services (DSS) for the APC methodology. CMAP Addendum B also documents the services that are not paid by APC and are instead reimbursed based on the Outpatient Hospital Fee Schedule or another specialized fee schedule.

The following is a schedule of supplemental payments received from DSS for both fiscal years 2024 and 2023, which is included in net patient service revenues in the statements of revenues, expenses and changes in net position:

	2024	2023
DSS Supplemental Revenue	$ 8,200,000	$ 8,200,000
DSS Taxonomy Revenue	2,313,799	2,550,487
Total revenue received from DSS	$ 10,513,799	$10,750,487

COMMERCIAL INSURANCE AND MANAGED CARE

The Hospital has agreements with certain commercial insurance carriers and Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. In addition, the HMOs make fee-for-service payments to the Hospital for certain covered services based upon discounted fee schedules.

CONTRACT MANAGEMENT SYSTEM

For substantially all payers, EPIC Contract Management (ECM) nets gross billings down to the expected net realizable amount at the time of billing based on the Hospital's loaded contracts.

NOTE 5 – NET PATIENT SERVICE REVENUES (CONTINUED)

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Hospital's estimation of the allowance for uncollectible accounts is based primarily on the type and age of the patient accounts receivable and the effectiveness of the Hospital's collection efforts. The Hospital's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. On a monthly basis, the Hospital reviews its accounts receivable balances, the effectiveness of the Hospital's reserve policies, and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients; and
- Various allowance coverage statistics.

The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the fiscal year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

NOTE 6 – CONTRACT AND LEASE RECEIVABLES

The Hospital enters into contracts with external entities including hospitals, pharmacies, and other patient care entities. Other miscellaneous revenues, including revenues related to the provision of staff and pharmacy supply services, are included in contract and other revenues in the statements of revenues, expenses, and changes in net position.

The Hospital has contracts to provide rental space and nursing resources to Connecticut Children's Medical Center (CCMC) in its operation of the Neonatal Intensive Care Unit (NICU) on the Hospital's campus. During the fiscal year ended June 30, 2024, revenue related to the contract with CCMC's NICU for rental space and nursing resources totaled $2,060,637 and $14,982,062, respectively. During the fiscal year ended June 30, 2023, revenue related to the contract with CCMC's NICU for rental space and nursing resources totaled $2,461,939 and $19,513,821, respectively.

NOTE 6 – CONTRACT AND LEASE RECEIVABLES (CONTINUED)

The Hospital's 340B discount program utilizes certain features of a 1992 act by the U.S. federal government that requires drug manufacturers to provide outpatient drugs to eligible healthcare organizations at significantly reduced prices. The 340B drug contract resulted from changes in the 340B regulations that now allow qualified hospitals to contract with outside pharmacies to provide 340B priced drugs to the Hospitals' outpatients. The Hospital now partners with area pharmacies to allow them to fill such prescriptions for outpatients. For the fiscal years ended June 30, 2024 and 2023, revenue related to the 340B contract totaled $9,973,677 and $31,604,028, respectively. The decrease in revenue is a result of manufacturer price restrictions on 340B purchases at contracted pharmacies. This restriction allows 340B pricing at only one contract pharmacy and went into effect late in fiscal 2023. As a result, UConn Health has designated UHPSI as the single allowed contract pharmacy, for certain pharmaceutical sales under the 340B program. These contracts resulted in revenue of $52,065,043 and $31,926,735 for the fiscal years ended June 30, 2024 and 2023, respectively.

Lease receivable for the fiscal years ended June 30, 2024 and 2023 is as follows:

	June 30, 2023 Balance	Additions	Deductions	June 30, 2024 Balance	Amount due within 1 year
Lease receivable total	$ 4,245,581	$ 140,645	$ (2,215,086)	$ 2,171,140	$ 2,171,140

	June 30, 2022 Balance	Additions	Deductions	June 30, 2023 Balance	Amount due within 1 year
Lease receivable total	$ 6,458,297	$ -	$ (2,212,716)	$ 4,245,581	$ 2,215,086

For the fiscal years ended June 30, 2024 and 2023, the statements of revenues, expenses and changes in net position included lease revenue of $2,215,086, respectively, and interest income of $118,970 and $197,212, respectively. The Hospital recorded no additional revenue for variable or other payments in the measurement of the lease receivables.

	Lease Receivables	
Fiscal Year Ending June 30	Principal	Interest
2025	2,171,140	37,960
	$ 2,171,140	$ 37,960

NOTE 7 – CAPITAL AND INTANGIBLE ASSETS, NET

Capital and intangible assets at June 30 consist of the following:

	2024	2023
Land	$ 183,137	$ 183,137
Construction in progress (estimated costs to complete of $17.5 million and $15.8 million at June 30, 2024 and 2023, respectively)	15,746,576	7,664,330
Buildings	405,904,889	404,148,697
Equipment	81,711,248	73,277,227
Computer software	57,557,183	56,978,642
Equipment -financed	71,009	71,009
Total capital and intangible assets	561,174,042	542,323,042
Less accumulated depreciation and amortization	252,381,367	236,051,430
Capital and intangible assets, net	$ 308,792,675	$ 306,271,612
Right-to-use assets - building	$ 94,465,448	$ 94,396,692
Right-to-use assets - equipment	12,378,139	17,055,500
Right-to-use assets - subscription	24,989,280	25,266,114
Total right-to-use assets	131,832,867	136,718,306
Less accumulated amortization	52,866,751	43,635,216
Right-to-use assets, net	$ 78,966,116	$ 93,083,090

For the fiscal years ended June 30, 2024 and 2023, the Hospital received transfers related to projects of approximately $10.4 million and $0, respectively.

NOTE 7 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)

Capital activity for the fiscal year ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Land	$ 183,137	$ -	$ -	$ 183,137
Construction in progress	7,664,330	10,299,803	(2,217,557)	15,746,576
Buildings	404,148,697	1,780,177	(23,985)	405,904,889
Equipment	73,277,227	12,007,077	(3,573,056)	81,711,248
Computer software	56,978,642	742,603	(164,062)	57,557,183
Equipment - financed	71,009	-	-	71,009
Total capital and intangible assets	$ 542,323,042	$ 24,829,660	$ (5,978,660)	$ 561,174,042

	2022	Additions	Deductions	2023
Land	$ 183,137	$ -	$ -	$ 183,137
Construction in progress	2,969,881	7,556,293	(2,861,844)	7,664,330
Buildings	402,852,430	1,296,267	-	404,148,697
Equipment	72,894,496	3,562,449	(3,179,718)	73,277,227
Computer software	56,695,922	527,611	(244,891)	56,978,642
Equipment - financed	71,009	-	-	71,009
Total capital and intangible assets	$ 535,666,875	$ 12,942,620	$ (6,286,453)	$ 542,323,042

Related information on accumulated depreciaton for the years ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Buildings	$ 146,927,310	$ 9,931,347	$ (23,985)	$ 156,834,672
Equipment	56,936,696	4,698,599	(3,510,430)	58,124,865
Computer software	32,134,167	5,380,716	(164,062)	37,350,821
Equipment - financed	53,257	17,752	-	71,009
Total accumulated depreciation	$ 236,051,430	$ 20,028,414	$ (3,698,477)	$ 252,381,367

	2022	Additions	Deductions	2023
Buildings	$ 137,155,041	$ 9,772,269	$ -	$ 146,927,310
Equipment	56,169,538	3,912,611	(3,145,453)	56,936,696
Computer software	26,979,173	5,398,570	(243,576)	32,134,167
Equipment - financed	17,752	35,505	-	53,257
Total accumulated depreciation	$ 220,321,504	$ 19,118,955	$ (3,389,029)	$ 236,051,430

NOTE 7 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)

Activity for the Right-to-use assets for the fiscal years ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Right-to-use assets - building	$ 94,396,692	$ 99,343	$ (30,587)	$ 94,465,448
Right-to-use assets - equipment	17,055,500	268,882	(4,946,243)	12,378,139
Right-to-use assets - subscription	25,266,114	2,784,939	(3,061,773)	24,989,280
Total right-to-use assets	$ 136,718,306	$ 3,153,164	$ (8,038,603)	$ 131,832,867

	2022	Additions	Deductions	2023
Right-to-use assets - building	$ 94,946,682	$ -	$ (549,990)	$ 94,396,692
Right-to-use assets - equipment	20,565,861	3,440,971	(6,951,332)	17,055,500
Right-to-use assets - subscription	24,784,674	481,440	-	25,266,114
Total right-to-use assets	$ 140,297,217	$ 3,922,411	$ (7,501,322)	$ 136,718,306

Related information on accumulated amortization for the years ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Right-to-use assets - building	$ 17,049,614	$ 5,835,089	$ (30,587)	$ 22,854,116
Right-to-use asset - equipment	10,210,777	2,441,180	(4,946,243)	7,705,714
Right-to-use asset - subscription	16,374,825	8,993,869	(3,061,773)	22,306,921
Total accumulated amortization	$ 43,635,216	$ 17,270,138	$ (8,038,603)	$ 52,866,751

	2022	Additions	Deductions	2023
Right-to-use assets - building	$ 11,663,840	$ 5,823,395	$ (437,621)	$ 17,049,614
Right-to-use asset - equipment	14,458,361	2,609,400	(6,856,984)	10,210,777
Right-to-use asset - subscription	7,897,804	9,099,719	(622,698)	16,374,825
Total accumulated amortization	$ 34,020,005	$ 17,532,514	$ (7,917,303)	$ 43,635,216

NOTE 8 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTIONS

Activity related to notes payable and other long-term liabilities for the fiscal years ended June 30, 2024 and 2023 is as follows:

	June 30, 2023 Balance	Additions	Deductions	June 30, 2024 Balance	Amounts due within 1 year
Right-to-use Lease liabilities	$ 88,136,396	$ 1,062,080	$ (6,728,130)	$ 82,470,346	$ 6,407,722
Right-to-use Subscriptions	16,049,353	2,629,033	(5,219,491)	13,458,895	4,976,303
Total leases and subscriptions	$ 104,185,749	$ 3,691,113	$ (11,947,621)	$ 95,929,241	$ 11,384,025
Other long term liabilities					
Notes payable	$ 2,917	$ -	$ (2,917)	$ -	$ -
Accrued compensated absences	20,643,359	18,051,492	(15,928,578)	22,766,273	10,326,782
Pension liabilities	340,558,863	106,688,139	(90,412,167)	356,834,835	-
OPEB liabilities	430,420,277	259,652,979	(109,494,545)	580,578,711	-
Total other long term liabilities	$ 791,625,416	$ 384,392,610	$ (215,838,207)	$ 960,179,819	$ 10,326,782
Total long-term liabilities	$ 895,811,165	$ 388,083,723	$ (227,785,828)	$ 1,056,109,060	$ 21,710,807

	June 30, 2022 Balance	Additions	Deductions	June 30, 2023 Balance	Amounts due within 1 year
Right-to-use Lease liabilities	$ 92,613,184	$ 2,151,273	$ (6,628,061)	$ 88,136,396	$ 6,645,627
Right-to-use Subscriptions	20,298,278	567,373	(4,816,298)	16,049,353	4,536,356
Total leases and subscriptions	$ 112,911,462	$ 2,718,646	$ (11,444,359)	$ 104,185,749	$ 11,181,983
Other long term liabilities					
Notes payable	$ 54,688	$ -	$ (51,771)	$ 2,917	$ 2,917
Accrued compensated absences	18,237,384	17,203,875	(14,797,900)	20,643,359	9,157,394
Pension liabilities	440,127,362	67,321,354	(166,889,853)	340,558,863	-
OPEB liabilities	532,039,723	30,202,608	(131,822,054)	430,420,277	-
Total other long term liabilities	$ 990,459,157	$ 114,727,837	$ (313,561,578)	$ 791,625,416	$ 9,160,311
Total long-term liabilities	$ 1,103,370,619	$ 117,446,483	$ (325,005,937)	$ 895,811,165	$ 20,342,294

NOTE 8 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTIONS (CONTINUED)

The Hospital routinely leases various facilities and equipment instead of purchasing assets. The lease contracts, at times, include variable payments, residual value guarantees, or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. There were no residual guarantee payments expensed for the fiscal years ended June 30, 2024 and 2023. For the fiscal years ended June 30, 2024 and 2023, the Hospital recognized expense for lease variable payments as summarized in the table below:

	2024 Expenses Allocated	2023 Expenses Allocated
Common area expenses	$ 89,083	$ 162,040
Property taxes	64,164	134,904
Grand Total	$ 153,247	$ 296,944

The following is a schedule by fiscal year of future minimum payments due for leases with the present value of the net minimum lease payments as of June 30, 2024.

	Lease Liabilities	
Fiscal Year Ending June 30:	Principal	Interest
2025	$ 6,407,722	$ 3,751,586
2026	5,726,540	3,464,431
2027	5,114,094	3,199,953
2028	4,706,411	2,960,769
2029	4,670,862	2,743,764
2030-2034	24,249,136	10,433,870
2035-2039	27,074,622	4,471,529
2040-2044	4,520,959	91,072
Total Lease Liabilities	$ 82,470,346	$ 31,116,974

NOTE 8 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTIONS (CONTINUED)

The Hospital has entered various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal years ended June 30, 2024 and 2023 include:

- Various desktop and server software subscriptions;
- Electronic workflow software;
- Budgeting, accounting, and information system software;
- Performance measurement/benchmarking software;
- Document management software;
- Payroll and human resources services software; and
- Information technology security software.

The following is a schedule, by fiscal year, of future minimum subscription payments due:

	Subscription Liabilities	
Fiscal Year Ending June 30:	Principal	Interest
2025	$ 4,976,303	$ 513,983
2026	4,096,234	294,551
2027	2,542,732	142,838
2028	1,824,606	35,270
2029	19,020	257
Total subscription liabilities	$ 13,458,895	$ 986,899

The Hospital had no other outflows of resources in relation to these subscriptions during the fiscal years ended June 30, 2024 and 2023 that were not included in the measurement of the subscription liability.

NOTE 9 – PENSION AND OPEB PLANS

SERS PLAN DESCRIPTION

Employees of the Hospital are eligible to participate in SERS, a defined benefit pension plan that is administered by the State Employees' Retirement Commission; the ARP, a defined contribution plan administered by the State; or the TRS, a defined benefit plan administered by the Teacher's Retirement Board; collectively, the "plans." Through their participation in one of the above plans, employees are also enrolled in the SEOPEBP. SERS, TRS and SEOPEBP do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov. Information for the SERS and OPEB plans, in which the Hospital holds significant liabilities under GASB 68 and GASB 75, respectively, is presented below.

SERS is a single-employer defined benefit Public Employees' Retirement System (PERS) established in 1939 and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes. The SERS plan covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees' Retirement Commission. Employees are covered under one of five tiers; Tier I, Tier II, Tier IIA, Tier III, and Tier IV including the (Hybrid Plan). In accordance with GASB 68, the Hospital must report for its participation in SERS as if it were a cost-sharing employer plan.

Benefits provided - SERS was established by the Connecticut General Assembly for the purpose of providing retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula, which takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192 of the Connecticut General Statutes.

Deferred Vesting – SERS	
Tier I -	10 years of service
Tier II and IIA -	Effective July 1, 1997, 5 years of actual state service, 10 years of vesting service, or age 70 with 5 years of service
Tier III and IV -	10 years of benefit service

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates for the fiscal year ended June 30, 2024 were:

Tier I Hazardous - 6% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level.

Tier I Plan B - 4% of earnings up to Social Security Taxable Base plus 7% of earnings above that level.

Tier I Plan C - 7% of earnings

Tier II Hazardous - 6% of earnings

Tier II (all others) - 2% of earnings

Tier IIA and III Hazardous - 7 % of earnings

Tier IIA and III (all others) - 4% of earnings

Tier IV Hazardous - 8% of earnings

Tier IV (all others) - 5% of earnings

In accordance with the SEBAC 2017 agreement, in years where asset losses require further increases in contributions, Tier IV employees' contributions may increase by half the necessary increase in rates (up to 2%). Finally, all Tier IV employees must contribute 1% to the defined benefit component of the Hybrid Plan and may elect additional contributions of up to 3% of salary.

The State is required to contribute at an actuarially determined rate to the defined benefit component and 1% of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011, and before July 1, 2017, who were otherwise eligible for the ARP, were also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3% higher than the contribution required from the applicable Tier II, IIA, or III Plan.

A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement eligibility applicable to members eligible to retire before July 1, 2011. Employees who elected by July 1, 2013 to maintain their eligibility are required to make additional employee contributions for the length of their remaining service with SERS. The additional contribution is up to 0.72% of pensionable earnings.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

The annual COLA for those retiring on or after July 1, 2022 is based on the annual rate of increase in Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from 0.0% to 2.0%, plus 60% of the annual rate of increase in the CPI-W from 3.33% to 6.0%, plus 75% of the annual rate of increase in CPI-W above 6.0% and with a cap on the COLA rate of 7.5%. A COLA moratorium exists for those retiring on or after July 1, 2022 for the first 30 months of retirement benefits. If the rate of increase in CPI-W exceeds an annualized rate of 5.5% during the initial 18 month period of receiving retirement benefits, the COLA provided beginning with the 31st monthly benefit includes an additional adjustment based on the annual COLA rate as determined above using the annualized rate over the 18 month period. The COLA rate applied is reduced by 2.5% and then multiplied by 1.5 to reflect the 18 month period.

The pension liability recorded as of June 30, 2024 and 2023 was based on the June 30, 2023 and 2022 actuarial valuations, respectively.

The Hospital's contributions for the 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. In fiscal year 2023, legislation was passed changing the Hospital's State funding structure concerning employer contributions. As a result, contributions for SERS for the fiscal year ended June 30, 2024 were made by the State of Connecticut. As the actuarial valuation was completed based on fiscal 2023 contributions, UConn Health still maintained an allocation of the overall liability under GASB 68. These allocations will change in subsequent years as the State assumes responsibility for contributions. The full impact of this change has yet to be determined.

CHANGES IN ASSUMPTIONS (SERS)

Listed below are the changes to the actuarial assumptions since the June 30, 2021 measurement date:

- Wage inflation assumed rate changed from 3.5% to 3.0%.
- Assumed salary scale changed to reflect experience in above wage inflation rates of increase.
- Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (amount-weighted) projected generationally with MP-2020 improvement scale.
- Assumed rates of withdrawal, disability and retirement have been adjusted to reflect experience more closely.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

CHANGES IN ASSUMPTIONS (SERS) (CONTINUED)

The Hospital's SERS contribution is determined by applying a State-mandated percentage to eligible salaries and wages. The mandated total fringe benefit rate, which includes allocations for retiree health care costs, roll forwards, and other adjustments, was 59.57%, 67.40%, and 65.90%, during fiscal years 2024, 2023, and 2022, respectively. SERS contributions made compared to covered payroll is as follows:

	2024	2023	2022
Total Hospital payroll covered by SERS	$ 136,452,110	$ 123,119,446	$ 96,312,081
Total Hospital SERS contributions	$ -	$ 55,514,986	$ 43,644,786
Contributions as a percentage of covered payroll	0.0%	45.1%	45.3%

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS)

GASB 68 requires the Hospital to recognize a net pension liability for the difference between the present value of the projected benefits for past service known as the Total Pension Liability (TPL) and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position (FNP).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of SERS and additions to/deductions from SERS fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS) (CONTINUED)

At June 30, 2024 and 2023, the Hospital recorded a SERS related liability of $353.1 million and $337.8 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuations performed as of June 30, 2023 and June 30, 2022, respectively, rolled forward based on plan experience. The Hospital's allocation of the net pension liability was based on the Hospital’s percentage of total overall contributions to the plan during the 2023 and 2022 fiscal years, respectively. For the fiscal years ended June 30, 2023 and 2022, the Hospital's proportion of contributions was 1.70% and 1.53%, respectively.

For the fiscal years ended June 30, 2024 and 2023, the Hospital recognized SERS pension expense of $55.4 million and $9.7 million, respectively. The pension expense is reported in the Hospital's statements of revenues, expenses, and changes in net position as part of fringe benefits expense.

Legislative changes effective after the 2023 measurement date related to State-funded retirement costs are anticipated to impact the Hospital’s proportionate share of the collective net pension liabilities, deferred inflows and deferred outflows of resources, and related pension expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS) (CONTINUED)

At June 30, 2024 and 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to the SERS plan from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)			
Changes in proportionate allocation of pension expense	$ 61,679	$ -	$ 60,766	$ -
Hospital contributions subsequent to measurement date	-	-	55,515	-
Net difference between projected and actual earnings on pension plan investments	6,715	-	15,128	-
Difference between expected and actual experience	36,911	-	35,995	-
Net difference between employer contribution and proportionate share	-	68,906	-	90,781
Changes in assumptions	-	359	-	462
	$ 105,305	$ 69,265	$ 167,404	$ 91,243

Differences between projected and actual investment earnings are amortized over a five-year, closed-end period beginning in the year in which the difference occurs and will be recognized as an increase (decrease) to fringe benefits. Differences in proportionate participation are amortized over the remaining estimated service life of plan employees, estimated at 5.22 and 5.15 years for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS) (CONTINUED)

Amortization of deferred amounts into expenses in future periods is as follows:

Year ending June 30,	Change in proportionate participation in SERS plan	Net difference between projected and actual earnings on pension plan investments	Difference between expected and actual experience	Difference between employer contribution and proportionate share	Change in assumptions
			(in thousands)		
2025	$ 26,398	$ 986	$ 13,575	$ (21,875)	$ (114)
2026	18,527	(1,150)	10,784	(21,875)	(465)
2027	9,301	8,299	8,040	(21,875)	85
2028	6,109	(1,420)	3,798	(3,281)	117
2029	1,344	-	714	-	18
	$ 61,679	$ 6,715	$ 36,911	$ (68,906)	$ (359)

The amortization of the aforementioned deferred inflows and deferred outflows (decreased) increased fringe benefits expense by $55,360,796 and ($45,829,941) during the fiscal years ended June 30, 2024 and 2023, respectively.

ACTUARIAL METHODS AND ASSUMPTIONS (SERS)

The total SERS pension liability in the June 30, 2023 and 2022 actuarial valuations was determined based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The Mortality Table was used for the period after service retirement and for dependent beneficiaries. The key actuarial assumptions are summarized below:

Inflation:	2.50%
Salary increase:	3.50% - 11.50%, including inflation
Investment rate of return:	6.90%, net of pension plan investment expense, including inflation

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

DISCOUNT RATE (SERS)

The discount rate used to measure the total pension liability was the long-term expected rate of return of 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that Hospital contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected for June 30, 2023 and 2022 through the year 2126 and 2125, respectively.

EXPECTED RATE OF RETURN ON INVESTMENTS (SERS)

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

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

EXPECTED RATE OF RETURN ON INVESTMENTS (SERS) (CONTINUED)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for June 2023 and 2022 are summarized in the following table:

	Actuarial Valuation Year			
	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	6.8%	0%	0.0%
Private Equity	15%	11.2%	10%	9.4%
Core Fixed Income Fund	13%	0.4%	13%	0.8%
Real Estate Fund	10%	6.2%	19%	5.2%
Private Credit	10%	6.1%	5%	6.5%
Infrastructure and Natural Resources	7%	7.7%	0%	0.0%
Risk Mitigation	5%	0.1%	0%	0.0%
Public Credit	2%	2.9%	0%	0.0%
Liquidity Fund	1%	(0.4)%	2%	(0.4)%
Domestic Equity Fund	0%	0.0%	20%	5.4%
Developed Market Intl. Stock Fund	0%	0.0%	11%	6.4%
Emerging Market Intl. Stock Fund	0%	0.0%	9%	8.6%
Alternative Investments	0%	0.0%	3%	3.1%
High Yield Bond Fund	0%	0.0%	3%	3.4%
Emerging Market Debt Fund	0%	0.0%	5%	3.8%
	100%		100%	

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY (SERS)

	2023 Pension Liability	2022 Pension Liability	2021 Pension Liability
		(in thousands)	
Beginning balance - pension liability	$ 622,800	$ 789,884	$ 672,536
Changes for the year:			
Service cost	7,891	6,655	8,170
Interest	46,215	39,270	50,967
Differences between expected and actual experience	12,769	25,996	16,032
Changes of assumptions	-	-	(994)
Benefit payments, including refunds of member contributions	(44,339)	(36,496)	(45,884)
Change in proportionate allocation of pension liability	69,156	(202,509)	89,057
Net change in pension liability	91,692	(167,084)	117,348
Ending balance - pension liability (a)	$ 714,492	$ 622,800	$ 789,884

	2023 Fiduciary Net Position	2022 Fiduciary Net Position	2021 Fiduciary Net Position
		(in thousands)	
Beginning balance - fiduciary net position	$ 284,979	$ 351,856	$ 241,018
Changes for the year:			
Contributions - employer	55,515	43,645	36,810
Contributions - employee	3,796	3,098	4,012
Net investment income	29,867	(23,182)	68,005
Benefit payments, including refunds of member contributions	(44,339)	(36,496)	(45,884)
Administrative expenses	-	-	(12)
Other	(30)	36,266	15,991
Change in proportionate allocation of fiduciary net position	31,645	(90,208)	31,916
Net change in fiduciary net position	76,454	(66,877)	110,838
Ending balance - fiduciary net position (b)	$ 361,433	$ 284,979	$ 351,856
Hospital's net pension liability - ending (a)-(b)	$ 353,059	$ 337,821	$ 438,028

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

SENSITIVITY OF THE HOSPITAL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE (SERS)

The following table presents the Hospital's proportionate share of the net pension liability as of June 30, 2024 and 2023, calculated using the discount rate of 6.90%, as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	2024		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
		(in thousands)	
Hospital's proportionate share of the net pension liability	$ 438,216	$ 353,059	$ 282,072

	2023		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
		(in thousands)	
Hospital's proportionate share of the net pension liability	$ 412,229	$ 337,821	$ 275,804

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

TEACHERS' RETIREMENT SYSTEM

The Hospital has a limited number of participants in the TRS.

As of June 30, 2024 and 2023, the Hospital recorded the following amounts in the financial statements related to the TRS:

	2024	2023
	(in thousands)	
Deferred outflows of resources	$ 1,734	$ 1,389
Deferred inflows of resources	$ 32	$ 39
Pension liability	$ 3,775	$ 2,739

ALTERNATE RETIREMENT PLAN

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

All unclassified employees, not already in a pension plan, of a constituent unit of the State system of higher education and the central office staff of the Department of Higher Education, are eligible to participate in the ARP. Participants must contribute 5% of eligible compensation each pay period, while the State will contribute an amount up to 7.25% of the participant's eligible compensation for fiscal years 2024 and 2023.

In fiscal year 2023, legislation was passed changing the Hospital's State funding structure concerning employer contributions. As a result, the State of Connecticut covered the Hospital's contributions for ARP for the fiscal year ended June 30, 2024.

Participant and State contributions are both 100% vested immediately. For fiscal years 2024 and 2023, charges to the Hospital for ARP were approximately $-0- and $10.1 million, respectively. The liabilities as of June 30, 2024 and 2023 were approximately $-0- and $415,000, respectively.

Upon separation from service, retirement, death or divorce (for alternate payee under a Qualified Domestic Relations Order), if the participant is age 55 or over and has more than 5 years of plan participation, a participant or designated beneficiary can withdraw a partial or lump cash payment, rollover to another eligible retirement plan or IRA, or receive installment payments or annuity payments.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

ALTERNATE RETIREMENT PLAN (CONTINUED)

Other ARP provisions are described in Title 5 – State Employees, Chapter 66 – State Employees' Retirement Act of the Connecticut General Statutes.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits, the State provides postemployment health care and life insurance benefits to Hospital employees in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

GENERAL INFORMATION ABOUT THE SEOPEBP

Plan description – The State's defined benefit OPEB plan, the SEOPEBP, provides OPEB benefits for qualifying employees in accordance with Sections 5-257(d) to 5-259(a) of the Connecticut General Statutes. All of the Hospital's employees participate in the SEOPEBP.

The plan is primarily funded on a pay-as-you-go basis. The contribution requirements of the State are established by and may be amended by the State legislature, or by agreement between the State and employee unions, upon approval by the State legislature. Costs are passed to the Hospital as part of its fringe benefit allocation, the rates for which are set each year by the Office of the State Comptroller. Information on the SEOPEBP's total funding status and progress contributions required and trend information can be found in the State's Annual Comprehensive Financial Report available on the State Comptroller's website.

Similar to pension, the Hospital's contributions for the 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. In fiscal year, 2023 legislation was passed changing the Hospital's State funding structure concerning employe contributions. As a result, the Hospital's contributions for OPEB for the fiscal year ended June 30, 2024 were paid by the State.

Benefits provided – The SEOPEBP provides health care and life insurance benefits to eligible retired State employees and their spouses.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

Employees covered by benefit terms – Demographic data for individual State entities in the SEOPEBP is not readily available. At June 30, 2023 and 2022, the SEOPEBP was based on plan membership at June 30, 2023 and 2021, covering the following:

	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	85,696	79,870
Inactive employees entitled to but not yet receiving benefit payments	470	385
Active employees	50,078	49,927
Total covered employees	136,244	130,182

NET SEOPEBP LIABILITY

The Hospital's OPEB liability of $580.6 million as of June 30, 2024 for its proportionate share of the net OPEB liability was measured as of June 30, 2023 based on an actuarial valuation that was rolled forward to June 30, 2024. The Hospital's OPEB liability of $430.4 million as of June 30, 2023 for its proportionate share of the net OPEB liability was measured as of June 30, 2022 based on an actuarial valuation that was rolled forward to June 30, 2023. The Hospital's proportion of the net OPEB liability was based on the Hospital's percentage of total overall contributions to the plan. For the fiscal years ended June 30, 2023 and 2022, the Hospital's proportion of contributions was 3.72% and 2.78%, respectively.

Legislative changes effective after the 2023 measurement date related to State-funded retirement costs are anticipated to impact the Hospital's proportionate share of the collective net OPEB liabilities, deferred inflows and deferred outflows of resources, and related OPEB expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (SEOPEBP)

The total OPEB liability in the June 30, 2024 and 2023 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Actuarial valuation year June 30, 2023	Actuarial valuation year June 30, 2022
Actuarial experience study:	July 1, 2015 - June 30, 2020	July 1, 2015 - June 30, 2020
Payroll growth rate:	3.00%	3.00%
Inflation:	2.50%	2.50%
Salary increase:	3.00% to 11.5% varying by years of service and retirement systems, including inflation	3.00% to 11.5% varying by years of service and retirement systems, including inflation
Discount rate:	6.9% for contributory members and 3.65% for non-contributory members as of June 30, 2023	3.9% for all members
Healthcare cost trends rates		
Medical(Non-Medicare)	-.35%, then 5.75% decreasing by .25% each year to an ultimate level of 4.5% each year	6.0% graded to 4.5% over 6 years
Prescription Drug (Non-Medicare)	2.35%, then 6.5% decreasing by .25% each year to an ultimate level of 4.5% each year	6.0% graded to 4.5% over 6 years
Medical and Prescription (Medicare)	32.51%, 59.22%, 28.24% then 5.75% decreasing by .25% each year to an ultimate level of 4.5% per year	
Dental	2.6%, 4.45%, then an ultimate level of 3.0% year year	3.0%
Part B	4.5% per year	4.5%
Administrative expense	1.85%, 3.3%, then 3.0% per year	3.0%
Retirees' share of benefit-related costs	Contributions, if required, are determined by plan, employee start date and benefit type	Contributions, if required, are determined by plan, employee start date and benefit type

The discount rate is a blend of long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (6.90% for contributory members and 3.65% for non-contributory members as of June 30, 2023 and 3.54% as of June 30, 2022). The blending is based on the sufficiency of projected assets to make projected benefit payments.

Mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020 for disabled employees, Pub-2010 General, Disabled Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020.

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

CONTRIBUTIONS MADE (SEOPEBP)

The SEOPEBP contributions made to cover payroll is as follows:

	2024	2023	2022
Total Hospital payroll covered by SEOPEBP	$ 208,741,335	$ 193,672,172	$ 156,009,740
Total Hospital SEOPEBP contributions	$ -	$ 31,655,990	$ 23,548,884
Contributions as a percentage of covered payroll	0.0%	16.3%	15.1%

CHANGES IN THE NET OPEB LIABILITY

	2023 Net OPEB Liability	2022 Net OPEB Liability	2021 Net OPEB Liability
		(in thousands)	
Beginning balance	$ 430,420	$ 532,040	$ 628,674
Changes for the year:			
Service cost	23,126	25,169	33,096
Interest	26,200	14,317	16,844
Differences between expected and actual experience	(37,264)	(8,603)	10,606
Changes in assumptions or other inputs	30,908	(123,938)	(134,488)
Benefit payments	(23,327)	(17,718)	(17,362)
Change in proportionate allocation of OPEB liability	130,516	9,153	(5,330)
Net changes	150,159	(101,620)	(96,634)
Ending balance	$ 580,579	$ 430,420	$ 532,040

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

SENSITIVITY OF THE HOSPITAL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Hospital's proportionate share of the OPEB liability as of June 30, 2024 and 2023, using the discount rate of 6.90% and 3.90%, respectively, as well as the proportionate share of the net OPEB liability using a 1.00% increase or decrease from the current discount rate:

	2024		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
		(in thousands)	
Net OPEB Liability	$ 675,010	$ 580,579	$ 503,258

	2023		
	1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
		(in thousands)	
Net OPEB Liability	$ 503,243	$ 430,420	$ 371,517

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

SENSITIVITY OF THE HOSPITAL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE (CONTINUED)

The following table presents the net OPEB liability of the Hospital, as well as what the Hospital's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Valuation	1% Increase
	(in thousands)		
Net OPEB Liability	$ 502,549	$ 580,579	$ 676,350

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the fiscal years ended June 30, 2024 and 2023, the Hospital recognized an increase (decrease) to fringe expense for OPEB of $66.8 million and ($747,203), respectively. At June 30, 2024 and 2023, the Hospital reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)		*(in thousands)*	
Changes in proportion	$ 172,389	$ -	$ 37,977	$ -
Hospital contributions subsequent to measurement date	-	-	31,656	-
Changes in assumptions or other inputs - outflows	49,641	-	48,472	-
Changes in assumptions or other inputs - inflows	-	178,627	-	185,431
Net difference between projected and actual experience in total OPEB liability	6,065	39,678	6,621	13,247
Net difference between projected and actual earnings	3,641	-	4,010	-
	$ 231,736	$ 218,305	$ 128,736	$ 198,678

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in fringe benefits expense as follows:

Year Ending June 30,	Change in proportionate participation in OPEB plan	Changes in assumptions or other inputs	Net difference between expected and actual experience in total OPEB liability	Net difference between projected and actual earnings on OPEB plan investments	Changes in assumptions or other inputs	Net difference between expected and actual experience in total OPEB liability
			(in thousands)			
2025	$ 46,260	$ 23,178	$ 2,453	$ 898	$ (61,374)	$ (11,180)
2026	42,111	10,383	2,453	576	(61,253)	(9,724)
2027	40,082	7,548	727	2,063	(39,429)	(9,476)
2028	37,923	7,359	373	104	(14,823)	(8,053)
2029	6,013	1,173	59	-	(1,748)	(1,245)
	$ 172,389	$ 49,641	$ 6,065	$ 3,641	$ (178,627)	$ (39,678)

NOTE 9 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

EXPECTED RATE OF RETURN ON INVESTMENTS (SEOPEBP)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

	Actuarial Valuation Year			
	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	6.8%	0%	0.0%
Private Equity	15%	11.2%	10%	9.4%
Core Fixed Income Fund	13%	0.4%	13%	0.8%
Real Estate Fund	10%	6.2%	19%	5.2%
Private Credit	10%	6.1%	5%	6.5%
Infrastructure and Natural Resources	7%	7.7%	0%	0.0%
Risk Mitigation	5%	0.1%	0%	0.0%
Public Credit	2%	2.9%	0%	0.0%
Liquidity Fund	1%	(0.4)%	2%	(0.4)%
Domestic Equity Fund	0%	0.0%	20%	5.4%
Developed Market Intl. Stock Fund	0%	0.0%	11%	6.4%
Emerging Market Intl. Stock Fund	0%	0.0%	9%	8.6%
Alternative Investments	0%	0.0%	3%	3.1%
High Yield Bond Fund	0%	0.0%	3%	3.4%
Emerging Market Debt Fund	0%	0.0%	5%	3.8%
	100%		100%	

NOTE 10 – RELATED PARTY TRANSACTIONS

The expenses reported in the accompanying statements of revenues, expenses, and changes in net position do not include undetermined amounts for salaries, services, and expenses provided to and received from UConn Health and other State agencies.

NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)

UConn Health performs a Home Office allocation, which allocates substantially all central administrative expenses to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a stand-alone basis. The Home Office allocation allocates costs based on several different methodologies depending on cost type. The methodologies used are consistent with Medicare cost reporting and other federal costing standards, and include allocations based on square footage occupied, employee full-time equivalent (FTE) counts, as well as overall and total clinical cost breakouts. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their natural classification category for financial reporting purposes.

For the fiscal years ended June 30, 2024 and 2023, these Home Office allocations resulted in the following expenses being recorded by the Hospital with an offsetting cash transfer back to UConn Health's Central Administrative Services business unit:

Expense Category	2024 Expenses Allocated	2023 Expenses Allocated
Salaries and wages	$ 23,913,122	$ 21,858,209
Fringe benefits	7,193,456	17,598,194
Internal contractual support	2,491,629	2,230,717
Utilities	486,125	5,662,575
Temporary per diem staff	4,816,237	161,277
Outside and other purchased services	16,977,582	15,036,346
Insurance	261,537	174,286
Repairs and maintenance	5,518,958	5,772,863
Debt services	13,889	18,625
Other expenses	1,918,845	2,389,192
Total expenses	$ 63,591,380	$ 70,902,284

For the fiscal years ended June 30, 2024 and 2023, the Hospital received net transfers from UConn Health of $14.9 million and $68.6 million, respectively. Fiscal year 2024 transfers from UConn Health included $4.5 million and $10.4 million related to fringe benefit support and capital improvements, respectively. In fiscal year 2023, UConn Health transferred $76.9 million and $9.5 million to the Hospital related to fringe benefit support and working capital, respectively. These transfers in were offset by $17.9 million in transfers to UConn Health for operational support during fiscal year 2023. These transfers are included in transfers from/to UConn Health in the statements of revenues, expenses and changes in net position.

NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Hospital's pension and OPEB liabilities (Note 9) represent its pro-rata share of the State's overall liabilities and are not current commitments. The State finances pension and OPEB benefits on a pay-as-you go basis through allocated retirement plan rates, which are part of the Hospital's reported fringe benefit costs. Effective July 1, 2023, the State charges the Hospital for only non-retirement fringe benefits. During the fiscal years ended June 30, 2024 and 2023, the Hospital expensed $196,168,993 and $121,088,632 (including GASB 68 and 75 related charges), respectively, for employee fringe benefits. Related salary costs for 2024 and 2023 were $264,042,860 and $233,913,029, respectively.

Amounts due to the State related to the fringe benefit programs as of June 30, 2024 and 2023 are included in the statements of net position.

As more fully described in Note 11, UConn Health charges the Hospital with an annual premium for medical malpractice costs, which is determined annually by UConn Health. The Hospital is not liable beyond the annual premium, but may have future operational subsidies affected by the performance of the Malpractice Fund. Premiums paid by the Hospital, were $4.3 million in 2024 and 2023, respectively.

The Hospital provides medical services to Connecticut's incarcerated patients under UConn Health contracts with the State's Department of Corrections (DOC), including inpatient and outpatient care provided at Medicaid rates. Net patient service revenues related to these UConn Health contracts with the State's DOC totaled $4,266,030 and $3,594,898 for the fiscal years ended June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, the Hospital had a due from UMG balance of $0 and $3,244,811, respectively. The 2023 balance consisted primarily of patient deposits posted to a central clearing account in UMG that are owed back to the Hospital at year-end.

As disclosed in Note 1, the Finance Corporation performs critical services on behalf of the Hospital. These services include the acquisition, construction, and maintenance of clinical space, such as the Outpatient Pavilion (OP) building. Rental payments to the Finance Corporation for leased space totaled $7.1 million for years 2024 and 2023, respectively.

The Hospital also engages in transactions with UHPSI for pharmacy services including 340B contractual pharmacy services, as disclosed in Note 6. During fiscal years 2024 and 2023, UHPSI paid the Hospital $37.5 million and $25.0 million, respectively. In addition, during fiscal years 2024 and 2023, the Hospital allocated pharmacy overhead revenue to UHPSI totaling approximately $212,000 and $898,000, respectively. The outstanding due from Finance Corporation and its subsidiaries was $21.0 million and $16.6 million at June 30, 2024 and 2023, respectively.

NOTE 11 – REPORTING OF THE MALPRACTICE FUND

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued by UConn Health based on actuarially determined estimates that incorporate UConn Health's past experience, as well as other considerations, including significant year-over-year increases in patient volumes, adverse judgements and/or settlements, if any, the nature of each claim or incident and relevant trend factors. The Hospital provides timely incident reporting to UConn Health to assist UConn Health in maintaining appropriate reserve balances.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. The Hospital is not responsible for amounts beyond the annual premium allocated by UConn Health. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2024 and 2023, UConn Health's Malpractice Fund had reserves of approximately \$10.2 million and \$49.7 million, respectively, and assets of approximately \$20.2 million and \$42.8 million, respectively. It was estimated that \$2.9 million would be used in fiscal year 2025 for settling cases.

The reduction in reserves and assets reflect the satisfaction of the judgment in the Monroe-Lynch matter.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Connecticut Health Center John Dempsey Hospital (21002 Fund) (the Hospital), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Hospital's financial statements, and have issued our report thereon dated.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 20, 2024

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN
STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 7,891	$ 6,655	$ 8,170	$ 7,070	$ 6,533	$ 6,019	$ 6,524	$ 4,024	$ 3,537	$ 2,662
Interest	46,215	39,270	50,967	43,960	38,182	31,024	30,636	26,310	23,387	18,508
Differences between expected and actual experience	12,769	25,996	16,032	3,786	20,408	6,770	(19,616)	9,654	-	-
Change of assumptions	-	-	(994)	-	-	-	-	61,962	-	-
Benefit payments, including refunds of member contributions	(44,339)	(36,496)	(45,884)	(38,750)	(33,890)	(27,530)	(25,205)	(21,691)	(18,886)	(14,510)
Change in proportionate allocation of pension liability	69,156	(202,509)	89,057	54,937	90,629	14,444	36,632	29,897	56,513	-
Net Change in Total Pension Liability	91,692	(167,084)	117,348	71,003	121,862	30,727	28,971	110,156	64,551	6,660
Total Pension Liability - Beginning	622,800	789,884	672,536	601,533	479,671	448,944	419,973	309,817	245,266	238,606
Total Pension Liability - Ending (a)	$ 714,492	$ 622,800	$ 789,884	$ 672,536	$ 601,533	$ 479,671	$ 448,944	$ 419,973	$ 309,817	$ 245,266

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN
STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fiduciary Net Position										
Contributions - employer	$ 55,515	$ 43,645	$ 36,810	$ 29,402	$ 26,308	$ 20,231	$ 20,949	$ 18,872	$ 15,628	$ 11,750
Contributions - employee	3,796	3,098	4,012	3,506	8,153	2,719	1,800	1,687	2,133	1,341
Net investment income	29,867	(23,182)	68,005	5,380	11,849	12,280	20,508	(1)	3,354	13,366
Benefit payments, including refunds of member contributions	(44,339)	(36,496)	(45,884)	(38,750)	(33,890)	(27,530)	(25,205)	(21,691)	(18,886)	(14,510)
Administrative expenses	-	-	(12)	(14)	(12)	(5)	(9)	(8)	-	-
Other	(30)	36,266	15,991	-	62	(44)	(5)	959	-	-
Change in proportionate allocation of fiduciary net position	31,645	(90,208)	31,916	20,209	33,184	5,236	11,609	11,731	22,343	-
Net Change in Fiduciary Net Position	76,454	(66,877)	110,838	19,733	45,654	12,887	29,647	11,549	24,572	11,947
Fiduciary Net Position - Beginning	284,979	351,856	241,018	221,285	175,631	162,744	133,097	121,548	96,976	85,029
Fiduciary Net Position - Ending (b)	$ 361,433	$ 284,979	$ 351,856	$ 241,018	$ 221,285	$ 175,631	$ 162,744	$ 133,097	$ 121,548	$ 96,976
Hospital's Net Pension Liability - Ending (a)-(b)	$ 353,059	$ 337,821	$ 438,028	$ 431,518	$ 380,248	$ 304,040	$ 286,200	$ 286,876	$ 188,269	$ 148,290
Hospital's Estimated Portion of SERS Net Pension Liability	1.70194%	1.53184%	2.05997%	1.81909%	1.66686%	1.40197%	1.35827%	1.24930%	1.13935%	0.92599%
Fiduciary Net Position as a Percentage of the Total Pension Liability	50.59%	45.76%	44.55%	35.84%	36.79%	36.61%	36.25%	31.69%	39.23%	39.54%
Hospital's Covered Payroll	$ 123,119	$ 96,312	$ 87,512	$ 80,546	$ 65,848	$ 58,474	$ 56,868	$ 52,583	$ 45,715	$ 34,258
Hospital's Estimated Net Pension Liability as a Percentage of Covered Payroll	286.76%	350.76%	500.53%	535.74%	577.46%	519.96%	503.27%	545.57%	411.83%	432.86%

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN
STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

(dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ -	$ 55,515	$ 43,645	$ 36,810	$ 29,402	$ 26,308	$ 20,231	$ 20,949	$ 18,920	$ 15,714
Contributions in relation to the contractually required contribution	$ -	55,515	43,645	36,810	29,402	26,308	20,231	20,949	18,762	15,628
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 158	$ 86
The Hospital's covered payroll	$ 136,452	$ 123,119	$ 96,312	$ 87,512	$ 80,546	$ 65,848	$ 58,474	$ 56,868	$ 52,583	$ 45,715
Contributions as a percentage of covered payroll	0.00%	45.09%	45.32%	42.06%	36.50%	39.95%	34.60%	36.84%	35.68%	34.19%

NOTES TO REQUIRED SCHEDULES

Key Actuarial Assumptions

Inflation: 2.5%

Salary increases: 3.00 - 11.50 percent, including inflation

Investment rate of return: 6.90 percent, net of pension plan investment expense, including inflation.

Change in Benefit Terms

2020 - The SEBAC 2017 agreement included changes to benefit terms for existing SERS plans by revising certain factors including employee contribution rates and annual cost-of-living adjustments for members retiring after July 1, 2022. The agreement also implemented a new Tier IV Plan.

Other Factors

In fiscal year 2023, Public Act 23-204 was passed, changing the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related expenses for Hospital employees participating in the State's retirement plans. As a result, the Hospital did not have any contributions or related covered payroll to report for the fiscal year ended June 30, 2024.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN
STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

Annual money-weighted rates of return net of investment expense	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
State Employees' Retirement Fund	9.02%	-7.63%	24.36%	1.86%	5.88%	7.30%	14.32%	0.23%	2.83%	15.62%

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF JOHN DEMPSEY HOSPITAL'S OPEB CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017
				(dollars in thousands)			
Net OPEB Liability							
Service cost	$ 23,126	$ 25,169	$ 33,096	$ 25,896	$ 22,421	$ 19,867	$ 20,288
Interest	26,200	14,317	16,844	21,549	19,490	14,986	10,791
Differences between expected and actual experience	(37,264)	(8,603)	10,606	(4,795)	(17,066)	-	-
Changes of assumptions or other inputs	30,908	(123,938)	(134,488)	59,440	90,342	(15,955)	(10,783)
Benefit payments	(23,327)	(17,718)	(17,362)	(16,640)	(15,686)	(14,285)	(13,500)
Change in proportionate allocation of OPEB liability	130,516	9,153	(5,330)	(3,499)	66,836	9,224	14,409
Change in Net OPEB Liability	150,159	(101,620)	(96,634)	81,951	166,337	13,837	21,205
Net OPEB Liability - Beginning	430,420	532,040	628,674	546,723	380,386	366,549	345,344
Net OPEB Liability - Ending	$ 580,579	$ 430,420	$ 532,040	$ 628,674	$ 546,723	$ 380,386	$ 366,549
The Hospital's Covered Payroll	$ 193,672	$ 156,010	$ 145,042	$ 137,902	$ 129,606	$ 127,204	$ 125,044
Net OPEB Liability as a Percentage of Covered Payroll	299.77%	275.89%	366.82%	455.88%	421.83%	299.04%	293.14%

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF JOHN DEMPSEY HOSPITAL'S OPEB CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016
				(dollars in thousands)				
The Hospital's proportion of the net OPEB liability	3.72%	2.78%	2.72%	2.67%	2.64%	2.20%	2.11%	2.00%
The Hospital's proportionate share of the net OPEB liability	$ 580,579	$ 430,420	$ 532,040	$ 628,674	$ 546,723	$ 380,386	$ 366,549	$ 345,344
The Hospital's covered payroll	$ 193,672	$ 156,010	$ 145,042	$ 137,902	$ 129,606	$ 127,204	$ 125,044	$ 123,476
The Hospital's proportionate share of the net OPEB liability as a percentage of its covered payroll	299.77%	275.89%	366.82%	455.88%	421.83%	299.04%	293.14%	279.69%
Plan fiduciary net position (assets)	$ 2,667,443	$ 2,240,138	$ 2,199,545	$ 1,537,194	$ 1,196,008	$ 849,889	$ 542,342	$ 340,618
Plan fiduciary total OPEB liability	$ 18,266,068	$ 17,738,337	$ 21,726,989	$ 25,078,100	$ 21,878,399	$ 18,114,287	$ 17,904,922	$ 17,583,045
Plan fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%	1.94%

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

Changes of Benefit Terms: In the June 30, 2023, 2022 and 2021 actuarial valuations, there were no changes of benefit terms.

Changes of Assumptions: In the June 30, 2024 actuarial valuation, the discount rate was updated to 6.90% for contributory members and 3.65% for on-contributory members. Per capita health costs, administrative expenses and retiree contributions were updated for recent experience. The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated. Health care cost trend rates and retiree contribution increase rates were revised to reflect current experience and future expectations. The Medicare prescription drug trend rates were updated to reflect an estimate for the impact of the Inflation Reduction Act.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF JOHN DEMPSEY HOSPITAL'S OPEB CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016
					(dollars in thousands)				
Contractually required contribution	$ -	$ 31,656	$ 23,549	$ 23,651	$ 23,160	$ 19,903	$ 17,668	$ 14,090	$ 12,189
Contributions in relation to the contractually required contribution	-	31,656	23,549	23,651	23,160	19,903	17,668	14,090	12,189
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Hospital's covered payroll	$ 208,741	$ 193,672	$ 156,010	$ 145,042	$ 137,902	$ 129,606	$ 127,204	$ 125,044	$ 123,476
Contributions as a percentage of covered payroll	0.00%	16.35%	15.09%	16.31%	16.79%	15.36%	13.89%	11.27%	9.87%

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

NOTES TO REQUIRED SCHEDULES

Key Actuarial Assumptions

Inflation: 2.50%
Salary Increase: 3.0% to 11.5%
Discount rate: 6.90% for contributory member and 3.65% for non-contributory member as of June 30, 2023

Other Factors
In fiscal year 2023, Public Act 23-204 was passed, changing the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related expenses for Hospital employees participating in the State's retirement plans. As a result, the Hospital did not have any contributions or related covered payroll to report for the fiscal year ended June 30, 2024.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
JOHN DEMPSEY HOSPITAL (21002 FUND)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN

Annual money-weighted rates of return net of investment expense	2023	2022	2021	2020	2019	2018	2017	2016	2015
OPEB Fund	7.70%	-7.40%	24.61%	2.13%	6.62%	5.85%	11.83%	2.44%	3.44%

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

CLA Global
INDEPENDENT NETWORK MEMBER

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ATTACHMENT 2.4

ATTACHMENT 2.4

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(With Management's Discussion and Analysis)

JUNE 30, 2024 AND 2023

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UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

CONTENTS

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis provides an overview of the financial position and activities of the University of Connecticut Health Center UConn Medical Group (UConn Medical Group or UMG) as of and for the fiscal years ended June 30, 2024, 2023, and 2022. UMG is operated as a separate, identifiable unit (included in the 12018 fund) of the University of Connecticut Health Center (UConn Health). The 12018 fund represents the operating fund for all the entities that comprise UConn Health. UMG has access to the funds available in the 12018 fund to support its operations. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which both follow this section.

UMG's clinical operations are modeled, in part, on private group practices and include approximately 600 providers practicing in a wide variety of specialties. UMG's operation is an essential element for the education and training of medical students that enables the University of Connecticut School of Medicine to accomplish its mission. Medical students, for example, learn diagnosis and treatment by training side-by-side with faculty clinicians as these doctors see patients. Funds transferred from UConn Health support this educational mission. UMG also partners closely with John Dempsey Hospital (JDH), with many providers performing procedures in its facilities.

UMG has received aid from a number of governmental and other sources throughout the pandemic. Notably, UMG received federal funding via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief Fund (CRF), and from the Federal Emergency Management Agency (FEMA). Funding received came from both general and targeted distributions. Targeted distributions were made to physician practices based on, among other metrics, the total number of COVID-19 positive patients treated. Funds received under this program carry reporting and other requirements outlined by the federal government, which began September 30, 2021 and ended September 30, 2024. UMG believes it has met these requirements. UMG continues to receive funding under the American Rescue Plan Act via the State of Connecticut. These funds are reported on the Statements of Revenues, Expenses, and Changes in Net Position as part of the net transfers from UConn Health. Amounts received under this program are summarized below:

	2024	2023	2022
American Rescue Plan Act (ARPA)	$ 51,500,000	$ 72,700,000	$ 73,000,000

This annual report consists of management's discussion and analysis and the financial statements. The basic financial statements (Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and related notes to the financial statements) present the financial position of UMG at June 30, 2024 and 2023, and the results of its operations and financial activities for the fiscal years then ended.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

These financial statements report information about UMG using accounting methods similar to those used by private-sector companies. The Statements of Net Position include all of UMG's assets, liabilities and deferred outflows and inflows. The Statements of Revenues, Expenses, and Changes in net position reflect the years' activities on the accrual basis of accounting (i.e., when services are provided or obligations are incurred, not when cash is received or paid).

These financial statements report UMG's net position and how it has changed. Net position (the difference between assets and liabilities adjusted for deferred outflows and inflows) is one way to measure financial health or position. The Statements of Cash Flows provide relevant information about each year's cash receipts and cash payments and classifies them as operating, investing, noncapital financing activities, and capital and related financing activities. The financial statement footnotes include notes that explain information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

UMG's financial position at June 30, 2024, consisted of assets of approximately $146.0 million, deferred outflows of approximately $114.0 million, liabilities of approximately $561.6 million (of which $425.4 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $148.2 million. UMG's financial position at June 30, 2023, consisted of assets of approximately $125.7 million, deferred outflows of approximately $154.0 million, liabilities of approximately $526.5 million (of which $405.7 million is related to GASB Statements No. 68 and 75), and deferred inflows of approximately $159.9 million. Net position, which represents the residual interest in UMG's assets and deferred outflows after liabilities and deferred inflows are deducted, decreased by approximately $43.0 million from fiscal year 2023 to a net deficit position of approximately $449.8 million as of June 30, 2024.

UMG finished the fiscal year with an operating loss of $134.8 million compared to an operating loss of $109.2 million in the prior fiscal year. Current year losses include the effect of UMG recording its pro-rata share of expenses under GASB Statements No. 68 and 75, as discussed in Note 10. These expenses reflect changes to the pension and other post-employment benefits (OPEB) plans on a State level. UMG recorded an increase of $48.0 million and a decrease of $13.6 million of expenses related to pension and OPEB liabilities in fiscal years 2024 and 2023, respectively. Operating losses exclusive of these entries were $86.8 million and $122.8 million in fiscal years 2024 and 2023, respectively.

UMG received net transfers from UConn Health of $97.4 million and $143.4 million in fiscal years 2024 and 2023, respectively. Current year transfers included $97.4 million from UConn Health as working capital support and $-0- million related to fringe benefit support. Prior year transfers included $112.5 million from UConn Health as working capital support and $30.9 million related to fringe benefit support. Total net position decreased by approximately $43.0 million in fiscal year 2024, compared to an increase of approximately $29.6 million in fiscal year 2023.

Financial Highlights (Continued)

Summary of Assets and Liabilities

Summarized components of UMG's Statements of Net Position as of June 30, 2024, 2023, and 2022 are presented below:

	2024	2023	2022
		(amounts in thousands)	
Summary of assets, liabilities, and net position at June 30:			
Current assets	$ 23,385	$ 19,508	$ 21,875
Deposits to vendors	49	-	-
Lease receivable, net of current portion	-	29	78
Right-to-use assets, net	103,495	91,406	99,918
Capital and intangible assets, net	19,029	14,756	12,428
Total assets	$ 145,958	$ 125,699	$ 134,299
Deferred outflows for pensions	$ 36,949	$ 81,123	$ 84,136
Deferred outflows for OPEB	77,099	72,846	99,382
Total deferred outflows	$ 114,048	$ 153,969	$ 183,518
Current liabilities	$ 24,899	$ 23,871	$ 42,626
Noncurrent liabilities	536,709	502,624	621,901
Total liabilities	$ 561,608	$ 526,495	$ 664,527
Deferred amount for right-to-use assets	$ 29	$ 79	$ 130
Deferred amount for pensions	43,219	48,683	15,953
Deferred amount for OPEB	104,908	111,162	73,515
Total deferred inflows	$ 148,156	$ 159,924	$ 89,598
Net investment in capital assets	$ 9,222	$ 7,996	$ 8,561
Unrestricted deficit	(458,980)	(414,747)	(444,869)
Total net position	$ (449,758)	$ (406,751)	$ (436,308)

FINANCIAL HIGHLIGHTS (CONTINUED)

SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – ASSETS AND LIABILITIES

Changes in assets included the following:

- *Patient accounts receivable, net* – increased by approximately $3.3 million from June 30, 2023 to June 30, 2024 due to increased patient visits by 64,000.

- *Contract and other receivables* – increased by approximately $635,000 from June 30, 2023 to June 30, 2024 due to increased DSS Supplemental Payments.

- *Right-to-use assets, net* – increased by approximately $12.1 million from June 30, 2023 to June 30, 2024 due to recognition of new leases and subscriptions under GASB 87 and GASB 96.

Changes in liabilities included the following:

- *Accrued payroll* – increased by approximately $2.2 million from June 30, 2023 to June 30, 2024. The payroll accrual is impacted by FTE's, wage rates, and the payroll factor, which is calculated based on the number of days remaining unpaid at the end of the fiscal year. The payroll factor increased during the current fiscal year and FTE's rose from 933 in 2023 to 970 in 2024.

- *Due to State of Connecticut* – increased by approximately $485,000 from June 30, 2023 to June 30, 2024. This amount represents the portion of fringe benefits related to accrued salaries owed to the State at the end of the fiscal year.

- *Due to John Dempsey Hospital (JDH)* – decreased by approximately $3.2 million from June 30, 2023 to June 30, 2024. UMG reimbursed JDH during 2024 for funds deposited in error at the end of fiscal 2023.

- *Pension and OPEB liabilities* – increased by approximately $19.7 million from June 30, 2023 to June 30, 2024 due to changes in UMG's OPEB and pension allocations. This represents UMG's proportional share of the State's liability as actuarially determined based on UMG's percentage of overall contributions.

- *Right-to-use liabilities, net of current portion* – increased by approximately $14.2 million from June 30, 2023 to June 30, 2024 due to new right-to-use liabilities recognition.

FINANCIAL HIGHLIGHTS (CONTINUED)

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Summarized components of UMG's Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2024, 2023, and 2022 are presented below:

	2024	2023 *(amounts in thousands)*	2022
Summary of revenues, expenses and transfers for the year ended June 30:			
Operating revenues	$ 152,509	$ 138,211	$ 140,771
Operating expenses	287,276	247,369	290,385
Loss from operations	(134,767)	(109,158)	(149,614)
Nonoperating revenues (expenses), net	(5,599)	(4,637)	1,470
Net loss	(140,366)	(113,795)	(148,144)
Transfers, net	97,359	143,352	103,738
Cumulative effect of change in accounting method GASB 87 and cumulative effect of implementing GASB 96	-	-	3
Increase(Decrease) in net position	$ (43,007)	$ 29,557	$ (44,403)

SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues

Total operating revenues increased from the fiscal year ended June 30, 2023 to the fiscal year ended June 30, 2024 by approximately $14.3 million or 10.3%.

- *Net patient service revenues* – increased by approximately $14.5 million or 11.2% from the prior year due to increased patient volume. Visits increased by 64,000 over prior year.

Operating expenses

Total operating expenses increased from the fiscal year ended June 30, 2023 to the fiscal year ended June 30, 2024 by approximately $39.9 million or 16.1%.

- *Salaries and wages* – increased by approximately $14.3 million or 10.6% from the prior year primarily due to increases in the number of providers and contractually bargained salary wage increases. The average monthly FTE counts in fiscal year 2024 was 962 compared to 912 in fiscal year 2023.

FINANCIAL HIGHLIGHTS (CONTINUED)

SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS – REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

Operating expenses (Continued)

- *Fringe benefits* – increased by approximately $19.0 million or 30.1% from the prior year due to an increase in UMG's proportionate share of pension and OPEB expenses. Total pension and OPEB expenses were approximately $47.9 million in fiscal year 2024 and ($13.6) million in fiscal year 2023. This represents UMG's proportional share of the State's pension and OPEB costs as actuarially determined based on UMG's percentage of overall contributions.

- *Medical contractual support* – increased by approximately $522,000 or 34.4% from the prior year, primarily driven by an increase in the usage of contracted physicians in General Surgery and Neurology.

- *Depreciation and Amortization* – increased by $2.6 million or 22.5% from the prior year, primarily driven by amortization of leased assets under GASB 87 and 96.

SUMMARY OF CASH FLOWS

The statements of cash flows provide additional information about UMG's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the fiscal years ended June 30, 2024, 2023 and 2022 are as follows:

	2024	2023	2022
		(amounts in thousands)	
Cash received from operations	$ 146,688	$ 140,427	$ 140,599
Cash expended for operations	(222,784)	(255,621)	(242,006)
Net cash used in operations	(76,096)	(115,194)	(101,407)
Net cash used in investing activities	(7,820)	(5,461)	(7,345)
Net cash provided by noncapital financing activities	97,359	133,675	114,461
Net cash used in capital and related financing activities	(13,282)	(10,748)	(5,709)
Net change in cash	161	2,272	-
Cash - Beginning	2,272	-	-
Cash - Ending	$ 2,433	$ 2,272	$ -

FINANCIAL HIGHLIGHTS (CONTINUED)

OPERATIONAL HIGHLIGHTS

UMG patient visits of approximately 915,000 represent an increase of approximately 64,000 from 2023. Demand for services now surpasses pre-COVID levels and continues to grow.

CAPITAL AND INTANGIBLE ASSETS

At June 30, 2024, UMG had capital and intangible assets (including right-to-use) of $183.0 million before accumulated depreciation, compared to $156.4 million at June 30, 2023. Construction in progress (CIP) decreased by approximately $407,000 from June 30, 2023 to June 30, 2024, due to UMG's project completion. Buildings and leasehold improvements increased by approximately $3.9 million due to fit out of newly leased space. Equipment increased by approximately $3.0 million due to new added equipment for leased buildings.

FINANCIAL HIGHLIGHTS (CONTINUED)

CAPITAL AND INTANGIBLE ASSETS (CONTINUED)

A summary of capital and intangible asset balances is shown in the table below:

	2024	2023	2022
	(amounts in thousands)		
Land	$ 89	$ 89	$ 89
Construction in progress (estimated costs to complete of $1.8 million and $5.0 million at June 30, 2024 and 2023, respectively)	962	1,369	1,156
Buildings and leasehold improvements	19,743	15,822	12,689
Equipment	11,722	8,723	8,037
Computer software	14,808	13,931	13,706
Total capital and intangible assets	47,324	39,934	35,677
Less: accumulated depreciation	28,295	25,178	23,249
Capital and intangible assets, net	$ 19,029	$ 14,756	$ 12,428

	2024	2023	2022
	(amounts in thousands)		
Right-to-use assets - buildings	$ 129,310	$ 110,290	$ 110,625
Right-to-use assets - equipment	514	682	534
Right-to-use assets - subscriptions	5,919	5,476	4,942
Total right-to-use assets	135,743	116,448	116,101
Less: accumulated amortization	32,248	25,042	16,183
Right-to-use assets, net	$ 103,495	$ 91,406	$ 99,918

For fiscal year 2024, all UConn Health capital requests will be considered for funding on an individual basis. Capital requests will be considered by UConn Health's Capital Prioritization Committee. More detailed information about UMG's capital and intangible assets are presented in Note 8 to the financial statements.

FISCAL 2025 OUTLOOK

As we look forward to fiscal year 2025, UConn Health faces unique challenges as the world continues to move beyond the COVID pandemic. UConn Health continues to see increasing clinical volumes while dealing with staffing scarcity and inflationary pressures. Supply chains though stronger have not yet achieved pre-pandemic reliability. In addition, COVID continues to undulate while other emerging public health threats such as bird flu and monkeypox bear watching. Public sentiment continues to trend towards decreasing healthcare spending at a time when providers remain vulnerable. At the same time, an increasing focus on health equity and minimizing the impacts of health disparities in the general population puts additional focus on our ability to fulfill community need. UConn Health remains diligent in monitoring changing clinical and business models as it navigates changing operational, social, and regulatory landscapes.

UConn Health continues to adapt to changing healthcare environments including labor and supply shortages, funding challenges, and increased demand through continual re-prioritization, forward thinking, teamwork, and creativity. Continued and evolving public health challenges, including a focus on diversity and equity, require new methodologies, partnerships, and treatment options. We remain committed to responding to these needs to serve the people of Connecticut. UConn Health continues to evaluate partnerships with both public and private entities to bring additional tools and options to the public.

Research, education, patient care, and community service remain the cornerstones of UConn Health's mission. These pillars remain as fundamental and relevant as ever. UConn Health is focused on maximizing our efforts in these areas while navigating uncertainty surrounding both State and Federal funding. Federal and State aid are vital in shepherding public institutions through the many current challenges they face. This aid allows us to maintain access to a breadth of services and clinical specialties that might not otherwise be possible. Such aid also allows UConn Health to continue its public mission of protecting and serving the socially or economically disadvantaged. UConn Health benefitted from federal CARES Act support during the pandemic and continues to benefit from the allocation of American Rescue Plan Act (ARPA) funds from the State of Connecticut.

A combination of institution-wide financial initiatives and additional State funding allowed UConn Health to balance its 2024 spending plan. The new year brings its own challenges. As State and Federal governments reduce spending, funding is at the forefront of concerns. Public sentiment towards healthcare and education spending by the State has eroded and the focus has shifted to affordability, tax relief, and government sustainability. UConn Health begins fiscal 2025 with a projected deficit and has developed financial improvement programs to bring the budget into balance.

Clinical volumes have rebounded and greatly exceed pre-pandemic volumes straining delivery mechanisms and demanding increased focus on space, staff, and resource utilization. Volume trends at UConn Health, in almost every aspect, exceed the experience of other region and statewide hospital averages now for three straight periods.

FISCAL 2025 OUTLOOK (CONTINUED)

UMG continues to add and expand existing satellite locations both around the main UConn Health campus and throughout the State. A new home infusion program will open in 2025 and new programs in imaging and wound care opened at the end of the past year. Adding and replacing skilled labor has become increasingly difficult and growing the skills of newer workers takes longer in hybrid environments. Competition for doctors, nurses, and other clinical specialties is intense. Wage and general inflation remains an issue as it continues to outpace payment increases. The global supply chain continues to work towards stabilization. Ports, rail transit, and trucking have stabilized during 2024 but are vulnerable to additional disruptions.

A recent study commissioned by the Governor of the State of Connecticut found that UConn Health will need to expand its overall scale to compete in a consolidating healthcare landscape. UConn Health remains committed to strategic growth both organically and through partnerships. We will continue to explore all options over the upcoming year as we seek to bring the best in research, education, and clinical care to the residents of the State of Connecticut.

CONTACTING UCONN MEDICAL GROUP'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of UMG's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, UConn Health, Farmington, Connecticut 06030-3800.

INDEPENDENT AUDITORS' REPORT

Joint Audit and Compliance Committee

Farmington, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of The University of Connecticut Health Center UConn Medical Group (UMG), a component unit of the State of Connecticut, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise UMG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The University of Connecticut Health Center UConn Medical Group as of June 30, 2024 and 2023, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The University of Connecticut Health Center UConn Medical Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the UMG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The University of Connecticut Health Center UConn Medical Group's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The University of Connecticut Health Center UConn Medical Group's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, the schedule of changes in UMG's net position liability and related ratios, the schedule of pension contributions, the schedule of changes in UMG's net OPEB liability and related ratios, the schedule of UMG's proportionate share of the net OPEB liability, and the schedule of UMG's OPEB contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of The University of Connecticut Health Center UConn Medical Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UMG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UMG's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 20, 2024

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash	$ 2,433,063	$ 2,271,875
Patient accounts receivable, net of estimated uncollectibles of $4,885,482 and $4,844,729 at June 30, 2024 and 2023, respectively	12,367,305	9,035,644
Inventory	1,212,653	1,268,655
Contract and other receivables (Note 6)	7,288,574	6,653,689
Lease receivable, current (Note 4)	31,839	49,563
Due from Central Administrative Services	22,647	-
Due from other funds	-	21,536
Due from State of Connecticut	-	178,409
Prepaid expenses	29,263	28,408
Total Current Assets	23,385,344	19,507,779
Noncurrent Assets		
Deposits to vendors	48,629	-
Lease receivable, net of current portion (Note 4)	-	28,912
Right-to-use assets, net (Note 8)	103,495,312	91,405,851
Capital and intangible assets, net (Note 8)	19,029,004	14,756,167
Total Noncurrent Assets	122,572,945	106,190,930
Total Assets	145,958,289	125,698,709
Deferred Outflows of Resources		
Deferred amount for pensions (Note 10)	36,949,011	81,123,747
Deferred amount for OPEB (Note 10)	77,098,554	72,845,763
Total Deferred Outflows of Resources	$ 114,047,565	$ 153,969,510

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2024 AND 2023

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,352,621	$ 2,810,102
Accrued payroll	7,574,476	5,356,403
Due to State of Connecticut	1,700,338	1,215,491
Due to UConn Health Malpractice Fund (Note 1)	24,063	35,587
Due to John Dempsey Hospital (Note 11)	-	3,244,811
Due to Finance Corporation	1,371,899	617,544
Due to Central Administrative Services	-	25,558
Right-to-use liabilities, current portion (Note 9)	7,385,861	6,408,427
Accrued compensated absences, current portion (Note 9)	4,490,119	4,156,967
Total Current Liabilities	24,899,377	23,870,890
Noncurrent Liabilities		
Pension liabilities (Note 10)	146,383,783	164,828,924
OPEB liabilities (Note 10)	278,999,703	240,823,701
Right-to-use liabilities (Note 9)	105,916,548	91,757,766
Accrued compensated absences, net of current portion (Note 9)	5,408,733	5,214,014
Total Noncurrent Liabilities	536,708,767	502,624,405
Total Liabilities	561,608,144	526,495,295
Deferred Inflows of Resources		
Deferred amount for right-to-use assets	28,912	78,475
Deferred amount for pensions (Note 10)	43,218,946	48,683,395
Deferred amount for OPEB (Note 10)	104,907,538	111,161,777
Total Deferred Inflows of Resources	148,155,396	159,923,647
Net Position		
Net investment in capital assets	9,221,907	7,995,825
Unrestricted deficit	(458,979,593)	(414,746,548)
Total Net Position	$ (449,757,686)	$ (406,750,723)

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating Revenues		
Net patient service revenues (Note 3)	$ 144,076,567	$ 129,557,250
Contract and other revenues	8,432,211	8,653,886
Total Operating Revenues	152,508,778	138,211,136
Operating Expenses		
Salaries and wages	150,057,924	135,717,462
Fringe benefits	82,256,913	63,221,400
Medical contractual support	2,038,157	1,516,192
Internal contractual support	1,822,857	1,535,001
Outside agency per diems	1,848,668	1,253,309
Depreciation (Note 8)	3,480,848	2,199,920
Amortization (Note 8)	10,793,023	9,451,484
Pharmaceutical/medical supplies	11,647,698	9,799,148
Utilities	2,497,439	2,454,222
Outside and other purchased services	14,413,034	14,595,619
Insurance	825,287	554,018
Repairs and maintenance	3,635,664	3,531,272
Other expenses	1,958,628	1,539,875
Total Operating Expenses	287,276,140	247,368,922
Operating Loss	(134,767,362)	(109,157,786)
Nonoperating Revenues (Expenses)		
Interest expense	(5,584,313)	(4,691,605)
Interest income	2,112	3,938
Lease revenue	49,563	51,675
Loss on disposals (Note 8)	(66,396)	(960)
Net Nonoperating Revenues (Expenses)	(5,599,034)	(4,636,952)
Loss before Transfers	(140,366,396)	(113,794,738)
Net Transfers from UConn		
Health - Unrestricted (Note 11)	97,359,433	143,352,241
Increase(Decrease) in Net Position	(43,006,963)	29,557,503
Net Position - Beginning of year	(406,750,723)	(436,308,226)
Net Position - End of year	$ (449,757,686)	$ (406,750,723)

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from patients and third-party payors	$ 140,744,906	$ 129,097,878
Cash received from contract and other revenues	7,797,326	8,202,543
Cash (returned to) received from related parties	(1,853,869)	3,126,137
Cash paid to employees for personal services and fringe benefits	(181,634,775)	(218,699,036)
Cash paid for other than personnel services	(41,149,919)	(36,922,083)
Net Cash Used in Operating Activities	**(76,096,331)**	**(115,194,561)**
Cash Flows from Investing Activities		
Additions to property and equipment	(7,820,081)	(5,460,705)
Net Cash Used in Investing Activities	**(7,820,081)**	**(5,460,705)**
Cash Flows from Noncapital Financing Activities		
Net transfers from UConn Health's unrestricted net assets to support operations	97,359,433	143,352,241
Net borrowings/(repayments) on cash overdraft	-	(9,677,060)
Net Cash Provided by Noncapital Financing Activities	**97,359,433**	**133,675,181**
Cash Flows from Capital and Related Financing Activities		
Lease revenue	49,563	51,675
Interest paid	(5,584,313)	(4,691,605)
Payments on right-to-use liabilities	(7,747,083)	(6,108,110)
Net Cash Used in Capital and Related Financing Activities	**(13,281,833)**	**(10,748,040)**
Net Change in Cash	161,188	2,271,875
Cash - Beginning	2,271,875	-
Cash - Ending	$ 2,433,063	$ 2,271,875
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Right-to-use assets acquired by entering into lease agreements	$ 21,147,629	$ 243,864
Right-to-use assets acquired by entering into subscription	$ 1,678,689	$ 534,075

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

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (134,767,362)	$ (109,157,786)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	14,273,871	11,651,404
Changes in operating assets and liabilities:		
Patient accounts receivable	(3,331,661)	(459,372)
Inventory	56,002	(285,857)
Contract and other receivables	(634,885)	(451,343)
Prepaid expenses	(855)	(827)
Deposits to vendors	(48,629)	-
Deferred outflows - pension	14,280,557	(8,475,150)
Deferred outflows - OPEB	32,815,704	17,489,773
Accounts payable and accrued expenses	(457,481)	120,209
Due to Central Administrative Services	(48,205)	25,558
Due to JDH	(3,244,811)	2,938,618
Due to Finance Corporation	754,355	72,027
Due from State of Connecticut	484,847	(5,740,763)
Due to/from other funds	21,536	690,315
Due from State of Connecticut	178,409	5,140,382
Accrued payroll	2,218,073	(6,872,862)
Accrued compensated absences	527,871	749,337
Due to Malpractice	(11,524)	23,048
Change in net pension liability	6,819,534	(5,827,771)
Change in deferred inflows - pension	(834,945)	(3,764,272)
Change in net OPEB liability	27,474,593	6,509,327
Change in deferred inflows - OPEB	(32,621,325)	(19,568,556)
Net Cash Used in Operating Activities	$ (76,096,331)	$ (115,194,561)

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

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The University of Connecticut Health Center UConn Medical Group (UConn Medical Group or UMG) clinical operations are modeled, in part, on private group practices and include approximately 600 providers practicing in a wide variety of specialties.

The financial statements include those assets, deferred outflows, liabilities, deferred inflows, net position, revenue, and expense accounts reflected in the accounting records of UMG, which is operated as a separate, identifiable unit (included in the 12018 fund) of the University of Connecticut Health Center (UConn Health). The 12018 fund represents the operating fund for all the entities that comprise UConn Health. UMG has unlimited access to the funds available in the 12018 fund to support its operations. The Governor of the State of Connecticut (the State) appoints the Board of Trustees of the University of Connecticut whose chairman then appoints the Board of Directors, which oversees UConn Health, including UMG. Reference is made to Note 11 for related party transactions.

UMG, as part of UConn Health, is a component of the State and is, therefore, exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986.

BASIS OF PRESENTATION

UMG's financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

PROPRIETARY FUND ACCOUNTING

UMG utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of the allowance for uncollectible accounts, contractual allowances, compensated absences, pension and OPEB liabilities, lease liabilities, and subscription liabilities.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH

Cash balances are included in a pooled cash account with the cash balances of the other entities included in fund 12018. See Note 5 for discussion regarding UMG's available borrowing.

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUES

Patient accounts receivable and net patient service revenues are recorded at the estimated net realizable amounts from patients and third-party payors when patient services are rendered.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 3 for additional information relative to net patient service revenues and third-party payor programs.

CONTRACT AND OTHER REVENUES

Contract and other revenues include services provided to area hospitals under various contractual agreements and certain agreements with outside providers. Revenue is recorded on the accrual basis of accounting in the period the related services are rendered.

INVENTORY

Inventory, with the exception of pharmaceuticals, is recorded at cost, determined by the first-in, first-out (FIFO) method. Pharmaceuticals are valued at market value, which approximates cost due to high turnover rates. Short-term or minor supplies are expensed as incurred.

CAPITAL ASSETS

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized, and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings (and related improvements) have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

For projects, including the development of computer software and the initial implementation stage of underlying assets related to subscription-based information technology arrangements, construction in progress is capitalized as costs are incurred during the construction phase. Depreciation will begin once the assets are placed in service.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

UMG routinely engages in lease agreements to meet operational needs. UMG's lease contracts generally relate to buildings and associated facilities, such as parking, various machinery, and equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, UMG recognizes period revenue or expense based on the provisions of the lease contract. For all other contracts where UMG is the lessee, UMG recognizes a lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease, as UMG is not expected to lease assets beyond the underlying asset's useful life. On a more limited basis, UMG serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of the future lease payments expected to be received during the contracted lease term, and the deferred inflow of resources is amortized evenly over the life of the lease.

UMG uses an estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. The incremental borrowing rate is based on the weighted-average interest rate of capital lease obligations. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

In addition, UMG has entered various subscription-based information technology arrangements to support its service. Information on the types of arrangements entered into and their financial impact on UMG can be found in Note 9.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of subscription-based information technology agreements. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Computer software costs are amortized on a straight-line basis over their expected useful lives, which range from 3 to 10 years. Capitalized computer software costs are included with capital and intangible assets on the statements of net position. See Note 8 for the gross costs capitalized and the accumulated amortization of capitalized computer costs.

IMPAIRMENT OF LONG-LIVED ASSETS

UMG records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

During 2024, UMG disposed of information technology and general equipment totaling approximately $371,000. These assets were reported in equipment in Note 8. The total loss on disposal related to these assets was approximately $66,000. During 2023, UMG disposed of information technology and general equipment totaling approximately $272,000. The loss on disposal related to these assets was approximately $1,000.

STATE FUNDING FOR EMPLOYEE RETIREMENT AND OPEB PLANS

Effective July 1, 2023, the State covers all retirement costs for UMG employees enrolled in the State's retirement systems and the Alternate Retirement Plan. Therefore, these costs are no longer charged to UMG through a fringe benefit rate assessment. As such, the State did not charge UMG for the contributions it made to the pension and OPEB plans in fiscal year 2024.

Since UMG, as part of UConn Health, is a component of the State it is not a legally separate entity, the retirement costs funded by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STATE FUNDING FOR EMPLOYEE RETIREMENT AND OPEB PLANS (CONTINUED)

UMG's proportions of the collective net pension and net OPEB liabilities are based on its share of contributions, relative to total contributions made to the respective defined benefit plans. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, these liabilities are reported as of the measurement date of June 30, 2023, which is one year before the reported fiscal year-end of June 30, 2024. Because the State allocated pension and OPEB costs to UMG during the measurement period, UMG is required to report its proportionate share of the collective net pension and net OPEB liabilities, related deferred outflows and deferred inflows of resources, and related expenses in the accompanying financial statements for fiscal year 2024. Furthermore, the amounts reported do not reflect legislative changes effect after the measurement date of June 30, 2023. See Note 10 for additional details.

RETIREMENT PLANS AND OTHER POSTEMPLOYMENT BENEFITS

Eligible employees of UMG, as defined, may participate in the following State retirement plans: the State Employees' Retirement System Tier I, Tier II, Tier IIA, Tier IV Hybrid (SERS) and the Teachers' Retirement System (TRS) defined benefit plans; and the Alternate Retirement Plan (ARP), which is a defined contribution plan. These plans are funded by contributions from the State, as well as payroll deductions from employees, except for the Tier II Plan, which is noncontributory. In addition, eligible employees may participate in a State defined contribution deferred compensation plan, which is funded by payroll deductions from employees.

The State is statutorily responsible for the pension benefits of UMG employees who participate in the aforementioned defined benefit plans. The State is required to contribute to such plans at an actuarially determined rate, which may be reduced by an act of the State legislature. These plans do not issue stand-alone financial reports. Summary information on the plans is publicly available in the State's Annual Comprehensive Financial Report.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RETIREMENT PLANS AND OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

UMG has recorded and disclosed pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as amended by GASB Statement No. 82 (collectively referred to herein as GASB 68). GASB 68 requires the pro-rata share of the State's pension liabilities be recorded at the entity level. UMG has historically paid into the State retirement plans on a pay-as-you-go basis but has recorded its corresponding liability and deferred inflows and outflows as prescribed by GASB 68. Beginning in fiscal year 2024, the State transferred responsibility for fringe benefit expenses from UConn Health to the Office of the State Comptroller. Under this legislation, the State Comptroller will pay retirement related fringe costs for all higher education constituent units including UConn and the Connecticut State Colleges and Universities. The change will impact how UConn Health records pension and OPEB liabilities in subsequent reporting periods. The impact of this change is still being evaluated.

The State also provides other postemployment benefits other than pensions (OPEB), including health care and life insurance benefits to eligible UConn Health employees, including those of UMG, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. Upon retirement, the liability for other retirement benefits rests with the State. When employees retire, the State pays up to 100% of their health care insurance premium cost. (including the cost of dependent coverage). The State finances the cost of postemployment health care and life insurance benefits on a pay-as-you-go basis through an appropriation from the General Fund.

UMG recorded its pro-rata share of the OPEB liability held at the State level in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75). UMG pays its portion of the State of Connecticut's Employee OPEB Plan (SEOPEBP) on a pay-as-you-go basis but has recorded its corresponding liability and deferred inflows and outflows as prescribed by GASB 75. The aforementioned changes in funding of retirement benefits will also impact OPEB reporting in subsequent periods. See Note 10 for additional details.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSION LIABILITIES

UMG records its proportionate share of the collective net pension liability and collective pension expense for each defined benefit plan offered to its employees. The pro-rata share of pension liability is calculated based on the percentage of contributions to the plan in the valuation year. The collective net pension liability for each plan is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefit payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position has been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. UMG contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. UMG recorded its proportionate share of the net pension liability based on the valuations performed as of June 30, 2023 and 2022.

OPEB LIABILITIES

Individuals who are employed by UMG are eligible to participate in the State's group health plan and are also eligible to continue benefits upon retirement. Retirees under the age of 65 pay the same premium for medical, prescription drugs, and dental benefits as active employees, which results in an implicit rate subsidy and OPEB liability. For this purpose, plan member contributions are recognized in the period in which the contributions are due. UMG contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. UMG recorded its proportionate share of the net OPEB liability for the fiscal years ended June 30, 2024 and 2023 based on valuations performed as of June 30, 2023 and 2022.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the statement of net position in a separate section, after total assets. UMG has two items that meet this criterion, pension deferrals and OPEB deferrals. Historically, UMG's contributions to the pension and OPEB plans made subsequent to the measurement date of the net pension and net OPEB liabilities have been reported as deferred outflows or resources. However, due to legislative changes, UMG did not make contributions to these plans after June 30, 2023. See Note 10 for details on these changes and how retirement costs are being managed by the State.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. UMG has three items that meet this criterion, pension deferrals, OPEB deferrals, and lease deferrals.

COMPENSATED ABSENCES

UMG's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from UMG may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. Amounts recorded on the statements of net position are based on historical experience. Since adoption of GASB 68, certain fringe benefit costs associated with compensated absences were included in the pension liability and excluded from the compensated absences accrual in the accompanying statements of net position. All other compensated absences are accrued at 100% of their balance. Compensated absences in the accompanying statements of net position have been allocated between current and noncurrent liabilities based on historical experience.

THIRD-PARTY PAYORS

Laws governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. Each year, as the Office of Inspector General's (OIG) work plan changes, new areas of scrutiny surface. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in any given period.

MEDICAL MALPRACTICE

The physicians, health care providers, and support staff of UMG are fully protected by State Statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment (statutory immunity).

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEDICAL MALPRACTICE (CONTINUED)

Any claims paid for actions brought against the State as permitted by waiver of statutory immunity are charged against UConn Health's malpractice self-insurance fund. UConn Health allocates an annual malpractice premium to UMG, designed to reflect an estimate for the current year's cash claims to be processed. Annual premiums were $289,000 for fiscal years ended June 30, 2024 and 2023. These premiums are included in insurance expense in UMG's statements of revenues, expenses, and changes in net position. The due to UConn Health Malpractice Fund reported on the statements of net position represents premiums payable for occurrence-based coverage through June 30, 2024 and 2023, respectively.

NET POSITION

Net position is classified in two components. Net investment in capital assets consists of capital and right-to-use assets net of accumulated depreciation/amortization and reduced by the current balances of any leases payable and outstanding borrowings (less amounts held in trust, if any) used to finance the purchase or construction of those assets. All other assets less liabilities are classified as unrestricted.

DUE TO STATE OF CONNECTICUT

Due to State of Connecticut reported on the statements of net position represents the respective UMG borne fringe benefit costs owed at the end of the fiscal year related to accrued salaries.

SUBSEQUENT EVENTS

In preparing these financial statements, UMG evaluated events and transactions for potential recognition or disclosure through November 20, 2024, the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified.

NOTE 2 – RECENTLY ADOPTED AND UPCOMING ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

Effective for the fiscal year ended June 30, 2024, GASB issued the following pronouncements that were adopted for this report: Paragraphs 4 through 10 of GASB Statement No. 99, Omnibus 2022, and GASB Statement No. 100, Accounting Changes and Error Corrections. The adoption of other pronouncements did not have a material impact on the financial statements.

UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after December 15, 2023. UMG is currently evaluating the impact this standard will have on its financial statements.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for fiscal years beginning after June 15, 2024. UMG is currently evaluating the impact this standard will have on its financial statements.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025. UMG is currently evaluating the impact this standard will have on its financial statements.

NOTE 3 – NET PATIENT SERVICE REVENUES

Patient service revenues reported net of allowances for the fiscal years ended June 30 were:

	2024	2023
Gross patient service revenues	$ 323,539,590	$ 288,840,538
Less contractual allowances and provisions for bad debt	(179,463,023)	(159,283,288)
Net patient service revenues	$ 144,076,567	$ 129,557,250

SIGNIFICANT CONCENTRATIONS

UMG has agreements with third-party payors that provide for payments to UMG at amounts different from UMG's established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient service revenues and associated year-end patient accounts receivable for these programs are shown in the table below:

	Medicare		Medicaid	
	2024	2023	2024	2023
Net patient service revenues	33%	32%	14%	15%
Patient accounts receivable	23%	23%	6%	8%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. UMG believes that it complies with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on UMG.

MEDICARE

All services provided to traditional Medicare participants are reimbursed based on the resource-based relative value system (RBRVS). Various third-party payors, with the approval of the Centers for Medicare and Medicaid Services (CMS), provide Medicare manage programs to its members, which reimburse UMG based on their own fee schedules.

NOTE 3 – NET PATIENT SERVICE REVENUES (CONTINUED)

MEDICAID

Services are reimbursed based on Medicaid fee schedules, except for select third-party payors and out of state Medicaid. These third parties reimburse UMG based upon their own individual fee schedules. In fiscal years 2024 and 2023, UMG recorded $22.3 million and $21.3 million, respectively, in supplemental revenue from the Department of Social Services, which is included in net patient service revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

COMMERCIAL FEE SCHEDULES

BLUE CROSS HOSPITAL-BASED PROVIDERS

Hospital-based practices, including radiology, are reimbursed based on the Blue Cross Hospital-Based Providers (HBP) fee schedule.

BLUE SHIELD

Physicians are reimbursed according to Blue Shield's published fee schedule.

MANAGED CARE

UMG has entered into contracts with managed care companies. The basis for payment under these arrangements is primarily agreed-upon fee schedules with limited capitated contracts for primary care services.

CONTRACT MANAGEMENT SYSTEM

For substantially all payors, the Epic Contract Management System (ECM) nets gross billings down to the expected net realizable amount at the time of billing based on UMG's loaded contracts.

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

UMG's estimation of the allowance for uncollectible accounts is based primarily on the type and age of the patient accounts receivable and the effectiveness of UMG's collection efforts. UMG's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as these charges are recorded. On a monthly basis, UMG reviews its accounts receivable balances, the effectiveness of UMG's reserve policies, and various analytics to support the basis for its estimates.

NOTE 3 – NET PATIENT SERVICE REVENUES (CONTINUED)

ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS (CONTINUED)

These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Various allowance coverage statistics.

UMG regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for uncollectible accounts.

NOTE 4 – LEASE RECEIVABLE

Lease receivable for the fiscal years ended June 30, 2024 and 2023 is as follows:

	June 30, 2023 Balance	Additions	Deductions	June 30, 2024 Balance	Amount due within 1 year
Lease receivable total	$ 78,475	$ -	$ (46,636)	$ 31,839	$ 31,839

	June 30, 2022 Balance	Additions	Deductions	June 30, 2023 Balance	Amount due within 1 year
Lease receivable total	$ 134,150	$ -	$ (55,675)	$ 78,475	$ 49,563

For the fiscal year ended June 30, 2024 and 2023, the statements of revenues, expenses, and changes in net position includes lease revenue of $49,563 and $51,675 in each fiscal year as well as interest income of $2,112 and $3,938, respectively.

NOTE 4 – LEASE RECEIVABLE (CONTINUED)

Future lease receivables are summarized in the table below:

	Lease Receivable	
Year Ending June 30	Principal	Interest
2025	$ 31,839	$ 370
Total	$ 31,839	$ 370

NOTE 5 – HYPOTHECATION

In accordance with State statute, UMG can borrow from the State up to 70% of its total net patient accounts receivable and contract and other receivables to fund operations. As of June 30, 2024 and 2023, UMG had the following draws and availability:

	2024	2023
Amount drawn under hypothecation	$ -	$ -
Remaining amounts available under hypothecation	$ 13,759,115	$ 10,982,533

NOTE 6 – CONTRACT AND OTHER RECEIVABLES

UMG enters into contracts with external entities including hospitals, retirement homes, and the State's Department of Corrections to provide physician services. UMG also provides physician services to entities within UConn Health, including the School of Medicine, School of Dental Medicine, Dental Clinics, and JDH. Other miscellaneous revenues, including population health payment and revenues related to the performance of administrative duties at UConn Health, are included in contract and other revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 7 – CHARITY CARE

UMG maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. During fiscal years 2024 and 2023, UMG provided charity care services of $1,449,507 and $873,387, respectively. The significant increase in charity care during 2024 was mainly caused by the Department of Social Services Medicaid redetermination activity. Many individuals previously receiving Medicaid coverage under the COVID policy were no longer eligible for that coverage due to actual income level determinations. Additionally, the implementation of an automated process for financial assistance streamlined the overall approval process which contributed to the increase in the number of individuals receiving charity care.

The estimated cost of these services was $460,653 and $281,143, respectively, for the fiscal years ended June 30, 2024 and 2023. No net patient service revenue was recorded for these services; however, expenses associated with these services were included in operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 8 – CAPITAL AND INTANGIBLE ASSETS, NET

Capital and intangible assets at June 30, consist of the following:

	2024	2023
Land	$ 89,132	$ 89,132
Construction in progress (estimated costs to complete of $1.8 million and $5.0 million at June 30, 2024 and 2023, respectively)	961,750	1,368,637
Buildings and leasehold improvements	19,742,504	15,822,183
Equipment	11,722,600	8,723,355
Computer software	14,807,942	13,930,521
Total capital and intangible assets	47,323,928	39,933,828
Less: accumulated depreciation	28,294,924	25,177,661
Capital and intangible assets, net	$ 19,029,004	$ 14,756,167

	2024	2023
Right-to-use assets - buildings	$129,310,371	$110,289,604
Right-to-use assets - equipment	514,030	682,134
Right-to-use assets - subscriptions	5,918,893	5,476,132
Total right-to-use assets	135,743,294	116,447,870
Less: accumulated amortization	32,247,982	25,042,019
Right-to-use assets, net	$103,495,312	$ 91,405,851

NOTE 8 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)

Capital asset activity for the fiscal years ended June 30, 2024 and 2023 is as follows:

	2023	Additions	Deductions	2024
Land	$ 89,132	$ -	$ -	$ 89,132
Construction in progress	1,368,637	6,173,989	(6,580,876)	961,750
Buildings	15,822,183	3,920,371	(50)	19,742,504
Equipment	8,723,355	3,370,340	(371,095)	11,722,600
Software	13,930,521	936,257	(58,836)	14,807,942
Total capital assets	$ 39,933,828	$ 14,400,957	$ (7,010,857)	$ 47,323,928

	2022	Additions	Deductions	2023
Land	$ 89,132	$ -	$ -	$ 89,132
Construction in progress	1,155,604	4,132,766	(3,919,733)	1,368,637
Buildings	12,689,479	3,132,704	-	15,822,183
Equipment	8,036,348	959,485	(272,478)	8,723,355
Software	13,706,431	224,090	-	13,930,521
Total capital assets	$ 35,676,994	$ 8,449,045	$ (4,192,211)	$ 39,933,828

Related information on accumulated depreciation for the fiscal years ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Buildings	$ 10,563,001	$ 817,315	$ (50)	$ 11,380,266
Equipment	7,102,104	983,085	(304,699)	7,780,490
Software	7,512,556	1,680,448	(58,836)	9,134,168
Total accumulated depreciation	$ 25,177,661	$ 3,480,848	$ (363,585)	$ 28,294,924

	2022	Additions	Deductions	2023
Buildings	$ 10,177,344	$ 385,657	$ -	$ 10,563,001
Equipment	6,970,989	402,633	(271,518)	7,102,104
Software	6,100,926	1,411,630	-	7,512,556
Total accumulated depreciation	$ 23,249,259	$ 2,199,920	$ (271,518)	$ 25,177,661

NOTE 8 – CAPITAL AND INTANGIBLE ASSETS, NET (CONTINUED)

Activity for the Right-to-use assets for the fiscal years ended June 30, 2024 and 2023 is as follows:

	2023	Additions	Deductions	2024
Right-to-use assets - buildings	$ 110,289,604	$ 21,147,629	$ (2,126,862)	$ 129,310,371
Right-to-use assets - equipment	682,134	-	(168,104)	514,030
Right-to-use assets - subscriptions	5,476,132	1,678,689	(1,235,928)	5,918,893
Total right-to-use assets	$ 116,447,870	$ 22,826,318	$ (3,530,894)	$ 135,743,294

	2022	Additions	Deductions	2023
Right-to-use assets - buildings	$ 110,624,819	$ -	$ (335,215)	$ 110,289,604
Right-to-use assets - equipment	533,681	243,864	(95,411)	682,134
Right-to-use assets - subscriptions	4,942,057	534,075	-	5,476,132
Total right-to-use assets	$ 116,100,557	$ 777,939	$ (430,626)	$ 116,447,870

Related information on accumulated amortization for the fiscal years ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Right-to-use assets - buildings	$ 21,195,691	$ 8,162,706	$ (2,126,862)	$ 27,231,535
Right-to-use assets - equipment	297,906	111,654	(168,105)	241,455
Right-to-use assets - subscriptions	3,548,422	2,518,663	(1,292,093)	4,774,992
Total accumulated amortization	$ 25,042,019	$ 10,793,023	$ (3,587,060)	$ 32,247,982

	2022	Additions	Deductions	2023
Right-to-use assets - buildings	$ 14,240,952	$ 7,178,215	$ (223,476)	$ 21,195,691
Right-to-use assets - equipment	215,403	155,892	(73,389)	297,906
Right-to-use assets - subscriptions	1,726,200	2,117,377	(295,155)	3,548,422
Total accumulated amortization	$ 16,182,555	$ 9,451,484	$ (592,020)	$ 25,042,019

NOTE 9 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Activity related to long-term liabilities and leases for the fiscal years ended June 30, 2024 and 2023 was as follows:

	June 30, 2023 Balance	Additions	Deductions	June 30, 2024 Balance	Amounts due within 1 year
Right-to-use lease liabilities	$ 94,725,122	$ 21,072,655	$ (6,052,067)	$ 109,745,710	$ 6,003,694
Right-to-use subscriptions	3,441,071	1,678,679	(1,563,051)	3,556,699	1,382,167
Total leases and subscriptions	$ 98,166,193	$ 22,751,334	$ (7,615,118)	$ 113,302,409	$ 7,385,861
Other long-term liabilities					
Accrued compensated absences	$ 9,370,981	$ 6,301,794	$ (5,773,923)	$ 9,898,852	$ 4,490,119
Pension liabilities	164,828,924	36,092,173	(54,537,314)	146,383,783	-
OPEB liabilities	240,823,701	79,810,910	(41,634,908)	278,999,703	-
Total other liabilities	$ 415,023,606	$ 122,204,877	$(101,946,145)	$ 435,282,338	$ 4,490,119
Total long-term liabilities	$ 513,189,799	$ 144,956,211	$(109,561,263)	$ 548,584,747	$ 11,875,980

	June 30, 2022 Balance	Additions	Deductions	June 30, 2023 Balance	Amounts due within 1 year
Right-to-use lease liabilities	$ 100,250,773	$ -	$ (5,525,651)	$ 94,725,122	$ 5,309,013
Right-to-use subscriptions	4,023,530	772,132	(1,354,591)	3,441,071	1,099,414
Total leases and subscriptions	$ 104,274,303	$ 772,132	$ (6,880,242)	$ 98,166,193	$ 6,408,427
Other long-term liabilities					
Accrued compensated absences	$ 8,621,644	$ 6,285,738	$ (5,536,401)	$ 9,370,981	$ 4,156,967
Pension liabilities	218,638,387	32,841,851	(86,651,314)	164,828,924	-
OPEB liabilities	300,576,329	13,441,734	(73,194,362)	240,823,701	-
Total other liabilities	$ 527,836,360	$ 52,569,323	$(165,382,077)	$ 415,023,606	$ 4,156,967
Total long-term liabilities	$ 632,110,663	$ 53,341,455	$(172,262,319)	$ 513,189,799	$ 10,565,394

UConn Medical Group routinely leases various facilities and equipment instead of purchasing the assets. The contracts, at times, include variable payments, residual value guarantees or termination penalties that are not known or uncertain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2024.

NOTE 9 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

For the fiscal year ended June 30, 2024 and 2023, UMG recognized expense for lease variable payments as summarized in the following table:

Expense Category	2024 Expenses Allocated	2023 Expenses Allocated
Common area expense	$ 393,123	$ 295,480
Property taxes	123,918	4,443
Grand Total	$ 517,041	$ 299,923

The following is a schedule, by fiscal year, of future minimum payments due for leases, together with the present value of the net minimum lease payments as of June 30, 2024:

	Lease Liabilities	
Fiscal Year Ending June 30	Principal	Interest
2025	$ 6,003,694	$ 5,333,634
2026	6,115,756	5,044,809
2027	6,446,456	4,742,566
2028	6,481,483	4,427,761
2029	6,216,435	4,119,110
2030-2034	32,773,717	15,893,391
2035-2039	36,205,468	7,345,483
2040-2044	9,502,701	774,868
Total lease and installment purchase liabilities	$ 109,745,710	$ 47,681,622

UMG has entered various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal years ended June 30, 2023 and 2024 include:

- Various desktop and server software subscriptions;
- Electronic workflow software;
- Budgeting, accounting, and information system software;
- Performance measurement/benchmarking software;

NOTE 9 – LONG-TERM LIABILITIES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

- Document management software;
- Payroll and human resources services software; and
- Information technology security software.

The following is a schedule, by fiscal year, of future minimum subscription payments due:

	Subscription Liabilities	
Fiscal Year Ending June 30	**Principal**	**Interest**
2025	$ 1,382,167	$ 145,589
2026	1,014,013	78,257
2027	697,918	38,370
2028	457,413	8,891
2029	5,188	70
Total subscription liabilities	$ 3,556,699	$ 271,177

NOTE 10 – PENSION AND OPEB PLANS

Employees of UMG are eligible to participate in the SERS, a defined benefit pension plan that is administered by the State Employees' Retirement Commission; the ARP, a defined contribution plan administered by the State; or the TRS, a defined benefit plan administered by the Teacher's Retirement Board; collectively, the "plans." Through their participation in one of the above plans, employees are also enrolled in the SEOPEBP. SERS, TRS and SEOPEBP do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov. Information for the SERS and OPEB plans, in which UMG holds significant liabilities under GASB 68 and GASB 75, respectively, is presented below.

SERS PLAN DESCRIPTION

SERS is a single-employer defined benefit Public Employees' Retirement System (PERS) established in 1939 and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

The SERS plan covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. Employees are covered under one of five tiers; Tier I, Tier II, Tier IIA, Tier III, and Tier IV including the (Hybrid Plan). In accordance with GASB 68, UMG must report for its participation in SERS as if it were a cost-sharing employer plan.

Benefits provided - SERS was established by the Connecticut General Assembly for the purpose of providing retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula, which takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192 of the Connecticut General Statutes.

Deferred Vesting – SERS

Tier I -	10 years of service
Tier II and IIA -	Effective July 1, 1997, 5 years of actual state service, 10 years of vesting service, or age 70 with 5 years of service
Tier III and IV -	10 years of benefit service

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates for the fiscal year ended June 30, 2024 were:

Tier I Hazardous - 6% of earnings up to Social Security Taxable Wage Base plus 7% of earnings above that level.

Tier I Plan B - 4% of earnings up to Social Security Taxable Base plus 7% of earnings above that level.

Tier I Plan C - 7% of earnings

Tier II Hazardous - 6% of earnings

Tier II (all others) - 2% of earnings

Tier IIA and III Hazardous - 7 % of earnings

Tier IIA and III (all others) - 4% of earnings

Tier IV Hazardous - 8% of earnings

Tier IV (all others) - 5% of earnings

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

In accordance with the SEBAC 2017 agreement, in years where asset losses require further increases in contributions, Tier IV employee contributions may increase by half the necessary increase in rates (up to 2%). Finally, all Tier IV employees must contribute 1% to the defined benefit component and may elect additional contributions of up to 3% of salary.

The State is required to contribute at an actuarially determined rate to the defined benefit component and 1% of eligible compensation to the defined contribution component.

Individuals hired on or after July 1, 2011 and before July 1, 2017, who were otherwise eligible for ARP were also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3% higher than the contribution required from the applicable Tier II, IIA, or III Plan.

A one-time decision was granted to members not eligible to retire by July 1, 2022 to elect to maintain the same normal retirement eligibility applicable to members eligible to retire before July 1, 2011. Employees who elected by July 1, 2013 to maintain their eligibility are required to make additional employee contributions for the length of their remaining service with SERS. The additional contribution is up to 0.72% of pensionable earnings.

The annual COLA for those retiring on or after July 1, 2022 is based on the annual rate of increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from 0.0% to 2.0%, plus 60% of the annual rate of increase in the CPI-W from 3.3% to 6.0%, plus 75% of the annual rate of increase in CPI-W above 6.0% and with a cap on the COLA rate of 7.5%. A COLA moratorium exists for those retiring on or after July 1, 2022 for the first 30 months of retirement benefits. If the rate of increase in CPI-W exceeds an annualized rate of 5.5% during the initial 18-month period of receiving retirement benefits, the COLA provided beginning with the 31st monthly benefit includes an additional adjustment based on the annual COLA rate as determined above using the annualized rate over the 18-month period. The COLA rate applied is reduced by 2.5% and then multiplied by 1.5 to reflect the 18-month period.

The pension liability recorded as of June 30, 2024 and 2023 was based on the June 30, 2023 and 2022 actuarial valuations, respectively.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

UMG's contributions for the 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. In fiscal year 2023, legislation was passed changing UMG's State funding structure concerning employer contributions. As a result, contributions for SERS for the fiscal year ended June 30, 2024 were made by the State of Connecticut. As the actuarial valuation was completed based on fiscal 2023 contributions, UConn Health still maintained an allocation of the overall liability under GASB 68. These allocations will change in subsequent years as the State assumes responsibility for contributions. The full impact of this change has yet to be determined.

CHANGES IN ASSUMPTIONS (SERS)

Listed below are the changes to the actuarial assumptions since the June 30, 2022 measurement date.

- Wage inflation assumed rate changed from 3.5% to 3.0%;
- Assumed salary scale changed to reflect experience in above wage inflation rates of increase;
- Assumed rates of mortality have been revised to the Pub-2010 Above Median Mortality Tables (amount-weighted) projected generationally with MP-2020 improvement scale; and
- Assumed rates of withdrawal, disability and retirement have been adjusted to reflect experience more closely.

CONTRIBUTIONS MADE (SERS)

UMG's SERS contribution is determined by applying a State-mandated percentage to eligible salaries and wages. The mandated total fringe benefit rate, which includes allocations for retiree health care costs, roll-forwards, and other adjustments, was 59.57%, 67.40%, and 65.90% during fiscal years 2024, 2023, and 2022, respectively. SERS contributions made compared to covered payroll is as follows:

	Years Ended June 30		
	2024	2023	2022
Total UMG payroll covered by SERS	$ 54,893,535	$ 51,189,301	$ 46,647,440
Total UMG SERS contributions	$ -	$ 22,991,345	$ 21,077,794
Contributions as a percentage of covered payroll	0.0%	44.9%	45.2%

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS)

GASB 68 requires UMG to recognize a net pension liability for the difference between the present value of the projected benefits for past service known as the Total Pension Liability (TPL) and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position (FNP).

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of SERS and additions to/deductions from SERS fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

At June 30, 2024 and 2023, UMG recorded a SERS related liability of $146.2 million and $163.1 million, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined based on actuarial valuations performed as of June 30, 2023 and June 30, 2022, respectively, rolled forward based on plan experience. UMG's allocation of the net pension liability was based on UMG's percentage of total overall contributions to the plan during the 2023 and 2022 fiscal years, respectively. For the fiscal years ended June 30, 2023 and 2022, UMG's proportion of contributions was 0.70% and 0.74%, respectively.

For the fiscal years ended June 30, 2024 and 2023, UMG recognized SERS pension expense of $20.3 million and $4.6 million, respectively. The pension expense is reported in UMG's statements of revenues, expenses, and changes in net position as part of fringe benefits expenses.

Legislative changes effective after the 2023 measurement date related to State-funded retirement costs are anticipated to impact UMG's proportionate share of the collective net pension liabilities, deferred inflows and deferred outflows of resources, and related pension expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS) (CONTINUED)

At June 30, 2024 and 2023, UMG reported deferred outflows of resources and deferred inflows of resources related to the SERS plan from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)			
Change in proportionate allocation of pension expense	$ 18,471	$ -	$ 32,476	$ -
UMG contributions subsequent to measurement date	-	-	22,991	-
Net difference between projected and actual earnings on pension plan investments	2,781	-	7,306	-
Difference between expected and actual experience	15,286	-	17,383	-
Net difference between employer contribution and proportionate share	-	41,972	-	48,322
Changes in assumptions	-	149	-	223
	$ 36,538	$ 42,121	$ 80,156	$ 48,545

Differences between projected and actual investment earnings are amortized over a five-year, closed-end period beginning in the year in which the difference occurs and will be recognized as an increase (decrease) to fringe benefits. Differences in proportionate participation are amortized over the remaining estimated service life of plan employees, estimated at 5.22 and 5.15, for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES (SERS) (CONTINUED)

Amortization of deferred amounts into expenses in future periods is as follows:

Year ending June 30,	Change in proportionate participation in SERS plan	Net difference between projected and actual earnings on pension plan investments	Difference Between expected and actual experience	Difference between employer contribution and proportionate share	Change in assumptions
			(in thousands)		
2025	$ 11,012	$ 1,508	$ 6,012	$ (12,898)	$ (13)
2026	6,011	596	4,587	(12,898)	(276)
2027	1,445	1,280	3,232	(12,899)	37
2028	3	(603)	1,239	(3,001)	87
2029	-	-	216	(276)	16
	$ 18,471	$ 2,781	$ 15,286	$ (41,972)	$ (149)

The amortization of the aforementioned deferred inflows and deferred outflows increased fringe benefits expense by $20,265,732 fiscal year 2024 but decreased fringe expense $18,350,115 during the fiscal year ended June 30, 2023.

ACTUARIAL METHODS AND ASSUMPTIONS (SERS)

The total SERS pension liability in the June 30, 2023 and 2022 actuarial valuations were determined based on the results of an actuarial experience study for the period July 1, 2015-June 30, 2020. The Mortality Table was used for the period after service retirement and for dependent beneficiaries. The key actuarial assumptions are summarized below:

Inflation:	2.50%
Salary increase:	3.0% - 11.50% including inflation
Investment rate of return:	6.90%, net of pension plan investment expense, including inflation

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

DISCOUNT RATE (SERS)

The discount rate used to measure the total pension liability was the long-term expected rate of return of 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that UMG contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected for June 30, 2023 and 2022 through the year 2126 and 2125, respectively.

EXPECTED RATE OF RETURN ON INVESTMENTS (SERS)

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

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

EXPECTED RATE OF RETURN ON INVESTMENTS (SERS) (CONTINUED)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for June 2023 and 2022 are summarized in the following table:

	Actuarial Valuation Year			
	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	6.8%	0%	0.0%
Private Equity	15%	11.2%	10%	9.4%
Core Fixed Income Fund	13%	0.4%	13%	0.8%
Real Estate Fund	10%	6.2%	19%	5.2%
Private Credit	10%	6.1%	5%	6.5%
Infrastructure and Natural Resources	7%	7.7%	0%	0.0%
Risk Mitigation	5%	0.1%	0%	0.0%
Public Credit	2%	2.9%	0%	0.0%
Liquidity Fund	1%	(0.4)%	2%	(0.4)%
Domestic Equity Fund	0%	0.0%	20%	5.4%
Developed Market Intl. Stock Fund	0%	0.0%	11%	6.4%
Emerging Market Intl. Stock Fund	0%	0.0%	9%	8.6%
Alternative Investments	0%	0.0%	3%	3.1%
High Yield Bond Fund	0%	0.0%	3%	3.4%
Emerging Market Debt Fund	0%	0.0%	5%	3.8%
	100%		100%	

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY (SERS)

	2023 Pension Liability	2022 Pension Liability (in thousands)	2021 Pension Liability
Beginning balance - pension liability	$ 300,772	$ 391,458	$ 337,066
Changes for the year:			
Service cost	3,268	3,214	4,048
Interest	19,140	18,965	25,259
Differences between expected and actual experience	5,288	12,554	7,945
Changes of assumptions	-	-	(492)
Benefit payments, including refunds of member contributions	(18,363)	(17,625)	(22,740)
Change in proportionate allocation of pension liability	(14,201)	(107,794)	40,372
Net change in pension liability	(4,868)	(90,686)	54,392
Ending balance - pension liability (a)	$ 295,904	$ 300,772	$ 391,458

	2023 Fiduciary Net Position	2022 Fiduciary Net Position (in thousands)	2021 Fiduciary Net Position
Beginning balance - fiduciary net position	$ 137,627	$ 174,376	$ 120,796
Changes for the year:			
Contributions - employer	22,991	21,078	18,242
Contributions - employee	1,572	1,496	1,988
Net investment income	12,369	(11,195)	33,702
Benefit payments, including refunds of member contributions	(18,363)	(17,625)	(22,740)
Administrative expenses	-	-	(6)
Other	(13)	17,514	7,925
Change in proportionate allocation of fiduciary net position	(6,497)	(48,017)	14,469
Net change in fiduciary net position	12,059	(36,749)	53,580
Ending balance - fiduciary net position (b)	$ 149,686	$ 137,627	$ 174,376
UMG's net pension liability - ending (a) - (b)	$ 146,218	$ 163,145	$ 217,082

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

SERS PLAN DESCRIPTION (CONTINUED)

SENSITIVITY OF UMG'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE (SERS)

The following table presents UMG's proportionate share of the net pension liability as of June 30, 2024 and 2023, calculated using the discount rate of 6.90%, as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	2024		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
		(in thousands)	
UMG's proportionate share of the net pension liability	$ 181,485	$ 146,218	$ 116,819

	2023		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
		(in thousands)	
UMG's proportionate share of the net pension liability	$ 199,080	$ 163,145	$ 133,196

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

TEACHERS' RETIREMENT SYSTEM

UMG also has a limited number of participants in the TRS.

As of June 30, 2024 and 2023, UMG recorded the following amounts in the financial statements related to the TRS:

	2024	2023	2022
		(in thousands)	
Deferred outflows of resources	$ 411	$ 967	$ 1,231
Deferred inflows of resources	$ 1,098	$ 138	$ 247
Pension liability	$ 166	$ 1,683	$ 1,556

ALTERNATE RETIREMENT PLAN

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

All unclassified employees, not already in a pension plan, of a constituent unit of the State system of higher education and the central office staff of the Department of Higher Education, are eligible to participate in the ARP. Participants must contribute 5% of eligible compensation each pay period, while the State will contribute an amount up to 7.25% of the participant's eligible compensation for fiscal years 2024 and 2023.

Participant and State contributions are both 100% vested immediately. For fiscal years 2024 and 2023, UMG contributions to the ARP were approximately $-0- million and $8.1 million, respectively. The liabilities as of June 30, 2024 and 2023 were approximately $-0- and $321,000, respectively.

In fiscal year 2023, legislation was passed changing UMG's State funding structure concerning employer contributions. As a result, the State of Connecticut covered UMG's contributions for ARP for the fiscal year ended June 30, 2024.

Upon separation from service, retirement, death, or divorce (or alternate payee under a Qualified Domestic Relations Order), if the participant is age 55 or over and has more than 5 years of plan participation, a participant or designated beneficiary can withdraw a partial or lump-sum cash payment, rollover to another eligible retirement plan or IRA, or receive installment payments or annuity payments.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

ALTERNATE RETIREMENT PLAN (CONTINUED)

Other ARP provisions are described in Title 5 – State Employees, Chapter 66 – State Employees Retirement Act of the Connecticut General Statutes.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to pension benefits, the State provides postemployment health care and life insurance benefits to UMG employees in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

GENERAL INFORMATION ABOUT THE SEOPEBP

Plan description – The State's defined benefit OPEB plan, the SEOPEBP, provides OPEB benefits for qualifying employees in accordance with Sections 5-257(d) to 5-259(a) of the Connecticut General Statutes. All UMG employees participate in the SEOPEBP.

The plan is primarily funded on a pay-as-you-go basis. The contribution requirements of the State are established, and may be amended, by the State legislature, or by agreement between the State and employee unions upon approval by the State legislature. Costs are passed to UMG as part of its fringe benefit allocation, the rates for which are set each year by the Office of the State Comptroller. Information on the SEOPEBP's total funding status and progress, contributions required, and trend information can be found in the State's Annual Comprehensive Financial Report on the State Comptroller's website.

Similar to pension, UMG's contributions for the 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. In fiscal year, 2023 legislation was passed changing UMG's State funding structure concerning employee contributions. As a result, UMG's contributions for OPEB for the fiscal year ended June 30, 2024 were paid by the State.

Benefits provided – The SEOPEBP provides health care and life insurance benefits to eligible retired State employees and their spouses.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

Employees covered by benefit terms – Demographic data for individual State entities in the SEOPEBP is not readily available. At June 30, 2024 and 2023, the SEOPEBP was based on plan membership at June 30, 2023 and 2022, covering the following:

Inactive employees or beneficiaries currently	2023	2022
receiving benefit payments		
Inactive employees entitled to but not yet	85,696	79,870
receiving benefit payments		
Active employees	470	385
	50,078	49,927
Total covered employees	136,244	130,182

NET SEOPEBP LIABILITY

UMG's OPEB liability of $279.0 million as of June 30, 2024 for its proportionate share of the net OPEB liability was measured as of June 30, 2023 based on an actuarial valuation that was rolled forward to June 30, 2024. UMG's OPEB liability of $240.8 million as of June 30, 2023 for its proportionate share of the net OPEB liability was measured as of June 30, 2022 based on an actuarial valuation that was rolled forward to June 30, 2023. UMG's proportion of the net OPEB liability was based on UMG's percentage of total overall contributions to the plan. For the fiscal years ended June 30, 2023 and 2022, UMG's proportion of contributions was 1.79% and 1.55%, respectively.

Legislative changes effective after the 2023 measurement date related to State-funded retirement costs are anticipated to impact UMG's proportionate share of the collective net OPEB liabilities, deferred inflows and deferred outflows of resources, a related OPEB expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (SEOPEBP)

The total OPEB liability in the June 30, 2024 and 2023 and actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Actuarial valuation year June 30, 2023	Actuarial valuation year June 30, 2022
Actuarial experience study:	July 1, 2015 - June 30, 2020	July 1, 2015 - June 30, 2020
Payroll growth rate:	3.00%	3.00%
Inflation:	2.50%	2.50%
Salary increase:	3.00% to 11.5% varying by years of service and retirement systems, including inflation	3.00% to 11.5% varying by years of service and retirement systems, including inflation
Discount rate:	6.9% for contributory members and 3.65% for non-contributory members as of June 30, 2023	3.9% for all members
Healthcare cost trends rates		
Medical(Non-Medicare)	-.35%, then 5.75% decreasing by .25% each year to an ultimate level of 4.5% each year	6.0% graded to 4.5% over 6 years
Prescription Drug (Non-Medicare)	2.35%, then 6.5% decreasing by .25% each year to an ultimate level of 4.5% each year	6.0% graded to 4.5% over 6 years
Medical and Prescription (Medicare)	32.51%, 59.22%, 28.24% then 5.75% decreasing by .25% each year to an ultimate level of 4.5% per year	
Dental	2.6%, 4.45%, then an ultimate level of 3.0% year year	3.0%
Part B	4.5% per year	4.5%
Administrative expense	1.85%, 3.3%, then 3.0% per year	3.0%
Retirees' share of benefit-related costs	Contributions, if required, are determined by plan, employee start date and benefit type	Contributions, if required, are determined by plan, employee start date and benefit type

The discount rate is a blend of long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (6.90% for contributory members and 3.65% for non-contributory members as of June 30, 2023 and 3.54% as of June 30, 2022). The blending is based on the sufficiency of projected assets to make projected benefit payments.

Mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020. For disabled employees, Pub-2010 General, Disabled Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020.

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

CONTRIBUTIONS MADE (SEOPEBP)

The SEOPEBP contributions made to covered payroll is as follows:

	2024	2023	2022
Total UMG payroll covered by SEOPEBP	$ 116,100,637	$ 107,583,048	$ 99,070,136
Total UMG SEOPEBP contributions	-	15,212,428	13,175,795
Contributions as a percentage of covered payroll	0.0%	14.1%	13.3%

CHANGES IN THE NET OPEB LIABILITY

	2023 Net OPEB Liability	2022 Net OPEB Liability	2021 Net OPEB Liability
		(in thousands)	
Beginning balance	$ 240,824	$ 300,576	$ 353,032
Changes for the year:			
Service cost	11,113	14,083	18,698
Interest	12,590	8,010	9,516
Differences between expected and actual experience	(17,908)	(4,814)	5,992
Changes in assumptions or other inputs	14,853	(69,345)	(75,979)
Benefit payments	(11,210)	(9,913)	(9,808)
Change in proportionate allocation of OPEB liability	28,738	2,227	(875)
Net changes	38,176	(59,752)	(52,456)
Ending balance	$ 279,000	$ 240,824	$ 300,576

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

SENSITIVITY OF UMG'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents UMG's proportionate share of net OPEB liability as of June 30, 2024 and 2023, using the discount rate of 5.90% and 3.90%, respectively, as well as the proportionate share of the net OPEB liability using a 1.00% increase or decrease from the current discount rate:

	2024		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
		(in thousands)	
Net OPEB Liability	$ 324,379	$ 279,000	$ 241,843

	2023		
	1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
		(in thousands)	
Net OPEB Liability	$ 281,569	$ 240,824	$ 207,867

The following table presents the net OPEB liability of UMG, as well as what UMG's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Valuation	1% Increase
		(in thousands)	
Net OPEB Liability	$ 241,502	$ 279,000	$ 325,023

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the fiscal years ended June 30, 2024 and 2023, UMG recognized OPEB expense of $27.7 million and $4.4 million, respectively. At June 30, 2024 and 2023, UMG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)			
Changes in proportion	$ 48,579	$ -	$ 24,565	$ -
UMG contributions subsequent to measurement date	-	-	15,212	-
Net difference between expected and actual experience in total OPEB liability	2,915	19,068	3,704	7,412
Changes in assumptions or other inputs	23,855	85,840	27,121	103,750
Net difference between projected and actual earnings	1,750	-	2,244	-
	$ 77,099	$ 104,908	$ 72,846	$ 111,162

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in fringe benefits expense as follows:

Years ending June 30:	Change in proportionate participation in OPEB plan	Net difference between expected and actual experience in total OPEB liability	Changes in assumptions or other inputs	Net difference between projected and actual earnings on OPEB plan investments	Net difference between expected and actual experience in total OPEB liability	Changes in assumptions or other inputs
			(in thousands)			
2025	$ 15,529	$ 1,261	$ 12,140	$ 429	$ (5,521)	$ (31,012)
2026	11,934	1,261	4,866	248	(4,687)	(30,909)
2027	10,189	285	3,192	1,087	(4,535)	(18,583)
2028	9,433	93	3,153	(14)	(3,748)	(4,898)
2029	1,494	15	504	-	(577)	(438)
Thereafter	-	-	-	-	-	-
	$ 48,579	$ 2,915	$ 23,855	$ 1,750	$ (19,068)	$ (85,840)

NOTE 10 – PENSION AND OPEB PLANS (CONTINUED)

GENERAL INFORMATION ABOUT THE SEOPEBP (CONTINUED)

EXPECTED RATE OF RETURN ON INVESTMENTS (SEOPEBP)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

	Actuarial Valuation Year			
	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	6.8%	0%	0.0%
Private Equity	15%	11.2%	10%	9.4%
Core Fixed Income Fund	13%	0.4%	13%	0.8%
Real Estate Fund	10%	6.2%	19%	5.2%
Private Credit	10%	6.1%	5%	6.5%
Infrastructure and Natural Resources	7%	7.7%	0%	0.0%
Risk Mitigation	5%	0.1%	0%	0.0%
Public Credit	2%	2.9%	0%	0.0%
Liquidity Fund	1%	(0.4)%	2%	(0.4)%
Domestic Equity Fund	0%	0.0%	20%	5.4%
Developed Market Intl. Stock Fund	0%	0.0%	11%	6.4%
Emerging Market Intl. Stock Fund	0%	0.0%	9%	8.6%
Alternative Investments	0%	0.0%	3%	3.1%
High Yield Bond Fund	0%	0.0%	3%	3.4%
Emerging Market Debt Fund	0%	0.0%	5%	3.8%
	100%		100%	

NOTE 11 – RELATED PARTY TRANSACTIONS

The expenses reported in the accompanying statements of revenues, expenses, and changes in net position do not include undetermined amounts for salaries, services, and expenses provided to and received from UConn Health and other State agencies, other than certain UConn School of Medicine faculty-related personnel expenses, which have been allocated to UMG based upon State funding and an estimated amount for UConn Health administrative services.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

UConn Health performs a Home Office allocation, which allocates substantially all central administrative expenses to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a stand-alone basis. The Home Office allocation allocates costs based on several different methodologies depending on cost type. The methodologies used are consistent with Medicare cost reporting and other federal costing standards, and include allocations based on square footage occupied, employee full-time equivalent (FTE) counts, as well as overall and total clinical cost breakouts. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their natural classification category for financial reporting purposes.

For the fiscal years ended June 30, 2024 and 2023, these Home Office allocations resulted in the following expenses being recorded by UMG with an offsetting cash transfer back to UConn Health's Central Administrative Services business unit:

Expense Category	2024 Expenses Allocated	2023 Expenses Allocated
Salaries and wages	$ 9,880,366	$ 9,311,926
Fringe benefits	2,975,325	7,425,189
Internal contractual support	840,578	823,089
Temporary Per Diem Staff	237,774	85,562
Utilities	2,080,998	2,205,827
Outside and purchased services	7,532,919	7,194,517
Insurance	87,819	64,412
Repairs and maintenance	2,414,113	2,286,978
Other expenses	771,576	920,589
Debt Services	7,431	9,965
Grand Total	$ 26,828,899	$ 30,328,054

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

UMG is party to an agreement with UConn Health whereby the salaries of certain employees are reimbursed by UConn Health operations. Funds received by UConn Health under the American Rescue Plan Act are used for these reimbursements. The reimbursed expenses are accounted for as a transfer from UConn Health under the heading “Net Transfers from UConn Health” in the statements of revenues, expenses, and changes in net position. As a result, the total net transfers from UConn Health were $97,359,433 and $143,352,241 for the fiscal years ended June 30, 2024 and 2023, respectively. Fringe recoveries of $-0- and $30,879,477 were transferred from UConn Health during the fiscal years ended June 30, 2024 and 2023, respectively. UConn Health also allocates working capital based on organizational need throughout the year on an as-needed basis. UConn Health transferred $97,359,433 and $112,472,764 to UMG during the fiscal years ended June 30, 2024 and 2023, respectively, in working capital support.

As described in Note 1 and Note 10, UMG participates in certain State retirement and fringe benefit plans. UMG’s pension and OPEB liabilities represent its pro-rata share of the State’s overall liabilities and are not current commitments. The State finances the pension and OPEB benefits on a pay-as-you-go basis through allocated retirement plan rates. During the fiscal years ended June 30, 2024 and 2023, UMG expensed $82,256,913 and $63,221,400, respectively, for employee fringe benefits, including contributions to the State employee retirement funds. Related salary costs for 2024 and 2023 were $150,057,924 and $135,717,462, respectively.

As more fully described in Note 12, UConn Health charges UMG with an annual premium for medical malpractice costs, which is determined annually by UConn Health. UMG is not liable beyond the annual premium but may have future operational subsidies affected by the performance of the malpractice fund.

Included in contract and other revenues of $8,432,211 and $8,653,886 in 2024 and 2023, respectively, are professional service revenues arising under contracts with UConn Health, JDH and State agencies.

Effective July 1, 1987, the University of Connecticut Health Center Finance Corporation (Finance Corporation) was established pursuant to Public Act No. 87-458. The purpose of the Finance Corporation is to provide greater flexibility for UMG and other UConn Health units to promote the more efficient provision of health care services. As such, the Finance Corporation has been empowered to enter into purchase agreements, acquire facilities, approve write-offs of patient accounts receivable, process malpractice claims on behalf of UMG and UConn Health, as well as negotiate joint ventures, shared service, and other agreements for the benefit of UMG.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

During fiscal years 2024 and 2023, UConn Health Pharmacy Services, Inc. (UHPSI), a wholly-owned subsidiary of the Finance Corporation, provided pharmaceuticals to UMG in the amount of approximately $8.3 million and $6.7 million, respectively. UMG records this charge in pharmaceutical/medical supplies expense in its statements of revenues, expenses, and changes in net position. During the fiscal years ended June 30, 2024 and 2023, UMG made payments to UHPSI in the amount of $7.6 million and $6.6 million, respectively. UMG had amounts due to Finance Corporation at June 30, 2024 and 2023 of approximately $1.4 million and $618,000, respectively, which are recorded in the statements of net position.

At June 30, 2023, UMG owed JDH $3.2 million. The 2023 balance consisted primarily of patient deposits posted to a central clearing account in UMG that were owed back to JDH at year-end. There was no activity for June 30, 2024.

NOTE 12 – REPORTING OF THE MALPRACTICE FUND

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued by UConn Health based on actuarially determined estimates that incorporate UConn Health's past experience, as well as other considerations, including significant year-over-year increases in patient volumes, adverse judgments and/or settlements, if any, the nature of each claim or incident and other relevant trend factors. UMG provides timely incident reporting to UConn Health to assist UConn Health in maintaining appropriate reserve balances.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. UMG is not responsible for amounts beyond the annual premium allocated by UConn Health. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2024 and 2023, UConn Health's Malpractice Fund had reserves of approximately $10.2 million and $49.7 million, respectively, and assets of approximately $20.2 million and $42.8 million, respectively. It was estimated that $2.9 million would be used in fiscal year 2025 for settling cases. The reduction in reserves and assets reflect the satisfaction of the judgement in the *Monroe-Lynch* matter.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Connecticut Health Center UConn Medical Group (UMG), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise UMG's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UMG's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UMG's internal control. Accordingly, we do not express an opinion on the effectiveness of UMG's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UMG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
November 20, 2024

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN UMG'S NET PENSION LIABILITY AND RELATED RATIOS – STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
					(dollars in thousands)					
Total Pension Liability										
Service cost	$ 3,268	$ 3,214	$ 4,048	$ 3,544	$ 3,220	$ 2,778	$ 2,975	$ 1,992	$ 1,800	$ 1,471
Interest	19,140	18,965	25,259	22,032	18,818	14,320	13,970	13,023	11,900	10,226
Differences between expected and actual experience	5,288	12,554	7,945	1,898	10,058	3,125	(8,945)	4,779	-	-
Changes of assumptions	-	-	(492)	-	-	-	-	30,671	-	-
Benefit payments, including refunds of member contributions	(18,363)	(17,625)	(22,740)	(19,421)	(16,703)	(12,707)	(11,494)	(10,737)	(9,609)	(8,017)
Change in proportionate allocation of pension liability	(14,201)	(107,794)	40,372	32,540	59,680	9,162	326	10,521	18,039	-
Net Change in Total Pension Liability	(4,868)	(90,686)	54,392	40,593	75,073	16,678	(3,168)	50,249	22,130	3,680
Total Pension Liability - Beginning	300,772	391,458	337,066	296,473	221,400	204,722	207,890	157,641	135,511	131,831
Total Pension Liability - Ending (a)	$ 295,904	$ 300,772	$ 391,458	$ 337,066	$ 296,473	$ 221,400	$ 204,722	$ 207,890	$ 157,641	$ 135,511

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN UMG'S NET PENSION LIABILITY AND RELATED RATIOS – STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fiduciary Net Position										
Contributions - employer	$ 22,991	$ 21,078	$ 18,242	$ 14,736	$ 12,966	$ 9,338	$ 9,553	$ 9,287	$ 7,953	$ 6,492
Contributions - employee	1,572	1,496	1,988	1,757	4,018	1,255	821	835	1,086	741
Net investment income	12,369	(11,195)	33,702	2,696	5,840	5,668	9,352	(1)	1,706	7,385
Benefit payments, including refunds of member contributions	(18,363)	(17,625)	(22,740)	(19,421)	(16,703)	(12,707)	(11,494)	(10,737)	(9,609)	(8,017)
Administrative expenses	-	-	(6)	(7)	(6)	(3)	(4)	(4)	-	-
Other	(13)	17,514	7,925	-	30	(20)	(2)	530	-	-
Change in proportionate allocation of fiduciary net position	(6,497)	(48,017)	14,469	11,971	21,853	3,322	102	4,127	7,132	-
Net Change in Fiduciary Net Position	12,059	(36,749)	53,580	11,732	27,998	6,853	8,328	4,037	8,268	6,601
Fiduciary Net Position - Beginning	137,627	174,376	120,796	109,064	81,066	74,213	65,885	61,848	53,580	46,979
Fiduciary Net Position - Ending (b)	$ 149,686	$ 137,627	$ 174,376	$ 120,796	$ 109,064	$ 81,066	$ 74,213	$ 65,885	$ 61,848	$ 53,580
UMG's Net Pension Liability - Ending (a) - (b)	$ 146,218	$ 163,145	$ 217,082	$ 216,270	$ 187,409	$ 140,334	$ 130,509	$ 142,005	$ 95,793	$ 81,931
UMG's Estimated Portion of SERS Net Pension Liability	0.70%	0.74%	1.02%	0.91%	0.82%	0.65%	0.62%	0.62%	0.58%	0.51%
Fiduciary Net Position as a Percentage of the Total Pension Liability	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%
UMG's Covered Payroll	$ 51,189	$ 46,647	$ 43,496	$ 40,504	$ 32,551	$ 27,090	$ 26,025	$ 25,860	$ 23,424	$ 19,273
UMG's Estimated Net Pension Liability as a Percentage of Covered Payroll	285.64%	349.74%	499.08%	533.95%	575.74%	518.03%	501.48%	549.13%	408.95%	425.11%

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS TO THE STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

SCHEDULE OF UMG CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
		(dollars in thousands)								
Contractually required contributions	$ -	$ 22,991	$ 21,078	$ 18,243	$ 14,736	$ 12,966	$ 9,338	$ 9,553	$ 9,366	$ 7,953
Contributions in relation to the contractually required contribution	-	22,991	21,078	18,243	14,736	12,966	9,338	9,553	9,287	7,953
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 79	$ -
UMG's covered payroll	$ 54,894	$ 51,189	$ 46,647	$ 43,496	$ 40,504	$ 32,551	$ 27,090	$ 26,025	$ 25,860	$ 23,424
Contributions as a percentage of covered payroll	0.00%	44.91%	45.19%	41.94%	36.38%	39.83%	34.47%	36.71%	35.91%	33.95%

NOTES TO REQUIRED SCHEDULES

Key Actuarial Assumptions

Inflation: 2.5%
Salary increases: 3.00 - 11.50 percent, including inflation
Investment rate of return: 6.90 percent, net of pension plan investment expense, including inflation.

Change in Benefit Terms

2020 - The SEBAC 2017 agreement included changes to benefit terms for existing SERS plans by revising certain factors including employee contribution rates and annual cost-of-living adjustments for members retiring after July 1, 2022. The agreement also implemented a new Tier IV Plan.

Other Factors

In fiscal year 2023, Public Act 23-204 was passed, changing the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related expenses for Hospital employees participating in the State's retirement plans. As a result, the Hospital did not have any contributions or related covered payroll to report for the fiscal year ended June 30, 2024.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN - STATE EMPLOYEES' RETIREMENT SYSTEM ONLY

Annual money-weighted rates of return net of investment expense	2023	2022	2021	2020	2019	2018	2017	2016	2015
State Employees' Retirement Fund	9.02%	-7.63%	24.36%	1.86%	5.88%	7.30%	14.32%	0.23%	2.83%

This schedule is presented as required by accounting principles generally accepted in the Unites States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UMG'S OPEB CONTRIBUTION

	2023	2022	2021	2020	2019	2018	2017
				(dollars in thousands)			
Net OPEB Liability							
Service cost	$ 11,113	$ 14,083	$ 18,698	$ 14,542	$ 12,281	$ 10,565	$ 10,474
Interest	12,590	8,010	9,516	12,101	10,675	7,970	5,571
Differences between expected and actual experience	(17,908)	(4,814)	5,992	(2,693)	(9,348)	-	-
Changes of assumptions or other inputs	14,853	(69,345)	(75,979)	33,379	49,484	(8,485)	(5,567)
Benefit payments	(11,210)	(9,913)	(9,808)	(9,344)	(8,592)	(7,597)	(6,969)
Change in proportionate allocation of OPEB liability	28,738	2,227	(875)	5,584	42,670	10,610	(2,000)
Change in Net OPEB Liability	38,176	(59,752)	(52,456)	53,569	97,170	13,063	1,509
Net OPEB Liability - Beginning	240,824	300,576	353,032	299,463	202,293	189,230	187,721
Net OPEB Liability - Ending	$ 279,000	$ 240,824	$ 300,576	$ 353,032	$ 299,463	$ 202,293	$ 189,230
Covered Payroll	$ 107,583	$ 99,070	$ 92,070	$ 87,096	$ 80,717	$ 77,725	$ 76,699
Total OPEB Liability as a Percentage of Covered Payroll	259.33%	243.08%	326.46%	405.34%	371.00%	260.27%	246.72%

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

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UMG'S OPEB CONTRIBUTION

(dollars in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016
UMG's proportion of the net OPEB liability	1.79%	1.55%	1.54%	1.50%	1.15%	1.11%	1.09%	1.09%
UMG's proportionate share of the net OPEB liability	$ 279,000	$ 240,824	$ 300,576	$ 353,032	$ 299,463	$ 202,293	$ 189,230	$ 187,721
UMG's covered payroll	$ 107,573	$ 99,070	$ 92,070	$ 87,096	$ 80,717	$ 77,725	$ 76,699	$ 79,921
UMG's proportionate share of the net OPEB liability as a percentage of its covered payroll	259.36%	243.08%	326.46%	405.34%	371.00%	260.27%	246.72%	234.88%
Plan fiduciary net position (assets)	$ 2,667,443	$ 2,240,138	$ 2,199,545	$ 1,537,194	$ 1,196,008	$ 849,889	$ 542,342	$ 340,618
Plan fiduciary total OPEB liability	$18,266,068	$17,738,337	$21,726,989	$25,078,100	$21,878,399	$18,114,287	$17,904,922	$17,583,045
Plan fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%	1.94%

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

NOTES TO REQUIRED SCHEDULES

Changes of Benefit Terms: In the June 30, 2023, 2022 and 2021 actuarial valuations, there were no changes of benefit terms.

Changes of Assumptions: In the June 30, 2024 actuarial valuation, the discount rate was updated to 6.90% for contributory members and 3.65% for on-contributory members. Per capita health costs, administrative expenses and retiree contributions were updated for recent experience. The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated. Health care cost trend rates and retiree contribution increase rates were revised to reflect current experience and future expectations. The Medicare prescription drug trend rates were updated to reflect an estimate for the impact of the Inflation Reduction Act.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UMG'S OPEB CONTRIBUTION

	2024	2023	2022	2021	2020	2019	2018	2017	2016
	(dollars in thousands)								
Contractually required contribution	$ -	$ 15,212	$ 13,176	$ 13,362	$ 13,005	$ 10,902	$ 9,396	$ 7,274	$ 6,626
Contributions in relation to the contractually required contribution	-	15,212	13,176	13,362	13,005	10,902	9,396	7,274	6,626
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UMG's covered payroll	$ 116,101	$ 107,583	$ 99,070	$ 92,070	$ 87,096	$ 80,717	$ 77,725	$ 76,699	$ 79,921
Contributions as a percentage of covered payroll	0.00%	14.14%	13.30%	14.51%	14.93%	13.51%	12.09%	9.48%	8.29%

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

NOTES TO REQUIRED SCHEDULES

Key Actuarial Assumptions
Inflation: 2.50%
Salary Increase: 3.0% to 11.50%
Discount rate: 6.90% for contributory member and 3.65% for non-contributory member as of June 30, 2023

Other Factors
In fiscal year 2023, Public Act 23-204 was passed, changing the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related expenses for Hospital employees participating in the State's retirement plans. As a result, the Hospital did not have any contributions or related covered payroll to report for the fiscal year ended June 30, 2024.

UNIVERSITY OF CONNECTICUT HEALTH CENTER
UCONN MEDICAL GROUP

SCHEDULE OF ANNUAL MONEY-WEIGHTED RATES OF RETURN – OPEB PLAN

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Annual money-weighted rates of return net of investment expense	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OPEB Fund	7.70%	-7.40%	24.61%	2.13%	6.62%	5.85%	11.83%	2.44%	3.44%	11.80%

Global

INDEPENDENT
NETWORK MEMBER

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ATTACHMENT 2.5

ATTACHMENT 2.5

THE UNIVERSITY OF CONNECTICUT HEALTH CENTER FINANCE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(With Management's Discussion and Analysis)

JUNE 30, 2024 AND 2023

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OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis provides an overview of the consolidated financial position and activities of The University of Connecticut Health Center Finance Corporation and Subsidiaries (the Finance Corporation) as of and for the fiscal years ended June 30, 2024, 2023, and 2022. This discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the notes thereto, which follow this section.

The Finance Corporation functions as a service organization for the University of Connecticut Health Center (UConn Health) and its constituent units including John Dempsey Hospital (the Hospital) and UConn Medical Group (UMG). The Finance Corporation provides contracting, real estate facilities, and pharmaceutical sales to UConn Health. As authorized by State statute, the Finance Corporation is also UConn Health's vehicle for establishing joint ventures and subsidiary corporations, the records of which are incorporated in these statements.

This annual report consists of management's discussion and analysis and the consolidated financial statements. The basic financial statements (consolidated statements of net position, consolidated statements of revenues, expenses, and changes in net position, consolidated statements of cash flows, and related notes to the financial statements) present the financial position of the Finance Corporation at June 30, 2024 and 2023, and the results of its operations and financial activities for the fiscal years then ended. These statements report information about the Finance Corporation using accounting methods similar to those used by private-sector companies. The consolidated statements of net position include all of the Finance Corporation's assets, liabilities, and deferred inflows. The consolidated statements of revenues, expenses, and changes in net position reflect the fiscal years' activities on the accrual basis of accounting, (i.e., when services are provided or obligations are incurred, not necessarily when cash is received or paid). These consolidated statements report the Finance Corporation's net position and how it has changed. Net position (the difference between assets and liabilities and deferred inflows) is one way to measure financial health or position. The consolidated statements of cash flows provide relevant information about each fiscal year's cash receipts and cash payments and classify them as to operating, investing, and capital financing activities. The consolidated financial statements include notes that explain information in the consolidated financial statements, as well as provide additional detail and context for certain transactions.

SUBSIDIARIES

The Finance Corporation is currently the sole member and parent to the University of Connecticut Health Center Finance Corporation Circle Road Corporation (Circle Road Corporation). Circle Road Corporation's primary purpose is to serve as the financing vehicle for the Outpatient Pavilion (OP). Circle Road Corporation is a 501(c) 3 entity.

The Finance Corporation is also the sole member and parent to the UConn Health Pharmacy Services, Inc. (UHPSI), which is a Connecticut non-stock corporation that operates within the meaning of Section 115 of the Internal Revenue Code. UHPSI provides pharmacy services to UConn Health's constituent units including the Hospital's 340B pharmacy and UMG. In fiscal year 2021, UHPSI began providing pharmaceuticals to outpatients primarily from the various clinics related to UConn Health.

On June 8, 2022, the Finance Corporation entered into a joint venture with OIA of Connecticut, LLC to form UConn Health Imaging, LLC (UHI). UHI will provide additional radiology services off UConn Health's main campus in Farmington in a non-hospital clinical setting. The Finance Corporation retains a 75% ownership interest in UHI. UHI began operations in April 2024.

FINANCIAL HIGHLIGHTS

The Finance Corporation's financial position at June 30, 2024, 2023, and 2022, included assets of $245.1 million, $238.3 million, and $228.5 million, respectively, and liabilities of $195.2 million, $191.6 million, and $191.5 million, respectively. The value of both the assets and liabilities is attributable mainly to the Finance Corporation maintaining the real estate and related financing on the UConn Musculoskeletal Institute (formerly known as the Medical Arts and Research Building), 16 Munson Road (Munson Road), and the OP.

The Finance Corporation finished the current fiscal year with operating income of $3.7 million compared to operating income of $1.0 million in the prior fiscal year. Current fiscal year income increases were attributable to the impact of expanded operations at UHPSI. The Finance Corporation received working capital transfers from UConn Health in the amount of approximately $625,000 and $10.4 million in fiscal years 2024 and 2023, respectively. Total Finance Corporation net position increased $5.0 million in fiscal 2024, compared to an increase of $11.4 million in fiscal 2023.

FINANCIAL HIGHLIGHTS (CONTINUED)

Summarized components of the Finance Corporation's Statements of Net Position as of June 30, 2024, 2023, and 2022, are presented below.

	2024	2023	2022
		(In thousands)	
Summary of assets and liabilities at June 30:			
Current assets	$ 33,629	$ 29,713	$ 19,411
Deposits with vendors	12,176	12,008	7,584
Lease receivable - net of current portion	399	1,096	2,853
Investment in UHI	-	1,375	-
Net investment in direct financing lease, net of current portion	166,798	171,067	174,791
Property - right-to-use assets, net	3,849	532	653
Capital assets, net	28,274	22,478	23,236
Total assets	$ 245,125	$ 238,269	$ 228,528
Current liabilities	$ 27,506	$ 24,133	$ 27,584
Long-term liabilities	167,697	167,450	163,868
Total liabilities	$ 195,203	$ 191,583	$ 191,452
Deferred inflows - right-to-use assets	$ 1,096	$ 2,871	$ 4,646
Net investment in capital assets	$ 38,974	$ 34,238	$ 31,039
Minority interest in UHI	512	-	-
Unrestricted net assets	9,340	9,577	1,391
Total net position	48,826	43,815	32,430
Total liabilities, deferred inflows, and net position	$ 245,125	$ 238,269	$ 228,528

Individual subsidiary income statements are presented as supplemental information to the consolidated financial statements. Changes in net position, representing the operating activity of the Finance Corporation, primarily composed of revenues and expenses associated with real estate transactions from Circle Road Corporation and the operations of UHPSI and UHI, are summarized below for the fiscal years ended June 30, 2024, 2023, and 2022.

FINANCIAL HIGHLIGHTS (CONTINUED)

	2024	2023	2022
		(In thousands)	
Summary of revenues, expenses, and nonoperating expenses for the year ended June 30:			
Operating revenues	$ 162,451	$ 124,556	$ 88,952
Operating expenses	(158,720)	(123,534)	(86,281)
Operating Income	3,731	1,022	2,671
Nonoperating (expenses) revenue	(12)	(12)	(11)
Gain before transfers	3,719	1,010	2,660
Net Transfers	625	10,375	-
Contributions - minority interest - UHI	667	-	-
Cumulative effect of change in accounting method GASB 87	-	-	(353)
Increase in net position	$ 5,011	$ 11,385	$ 2,307

SIGNIFICANT VARIANCES IN THE FINANCIAL STATEMENTS

In this section, the Finance Corporation explains the reasons for those financial statement items with significant variances relating to fiscal year 2024 amounts compared to fiscal year 2023.

SUMMARY OF ASSETS AND LIABILITIES

Changes in assets included the following:

- *Accounts receivable* – increased from June 30, 2023 to June 30, 2024 by approximately $1.8 million. Accounts receivable increase is directly attributable to increasing UHPSI sales volume.

- *Lease receivable* – decreased from June 30, 2023 to June 30, 2024 by approximately $1.6 million due to continued payments from UConn Health to the Finance Corporation for leasing the MSI building and third-party lease payments for retail space in the OP. Presentation of lease receivables is done in accordance with GASB 87.

SUMMARY OF ASSETS AND LIABILITIES (CONTINUED)

- *Inventory* – increased from June 30, 2023 to June 30, 2024 by approximately $1.0 million. Increased inventories represent management's commitment to maintaining certain days on hand ratios while balancing against the challenges of the current pharmaceutical procurement landscape.

- *Investment in UHI* – decreased from June 30, 2023 to June 30, 2024 by approximately $1.4 million as a result of the inclusion of UHI as a subsidiary of Finance Corporation. The prior year balance of $1.4 million represents advances for initial startup. In FY24 operational activities began, hence initial advance and current year contributions were eliminated.

- *Net investment in direct financing lease* – decreased from June 30, 2023 to June 30, 2024 by approximately $4.0 million due to current year lease activity.

- *Property right-to-use assets* – increase from June 30, 2023 to June 30, 2024 by approximately $3.3 million due to incorporation of UHI lease for office facilities.

- *Capital assets* – increase from June 30, 2023 to June 30, 2024 by approximately $5.8 million due to UHI acquisition of equipment.

Changes in liabilities included the following:

- *Accounts payable* – increased from June 30, 2023 to June 30, 2024 by approximately $1.4 million due to amounts related to increased pharmaceutical purchases required by UHPSI's sales growth.

- *Due to/from related parties* – fluctuated from June 30, 2023 to June 30, 2024 by approximately $4.4 million as a result of 340B revenue and increased supplier deposits due to the Hospital at June 30, 2024. These amounts were offset by repayments received from UMG during the year ended June 30, 2024 for pharmaceuticals obtained from UHPSI.

- *Due to third party payors* – Beginning fiscal year 2023, UHPSI began accruing for future direct and indirect remuneration (DIR) fees based on a percentage of net income. The amount decreased from June 30, 2023 to June 30, 2024 by approximately $1.6 million as an offset to DIR fees claimed by third parties.

- *Lease payable* – The amount increased from June 30, 2023 to June 30, 2024 by approximately $7.2 million as result of UHI financing for office facilities.

- *Loans payable* – The amount increased from June 30, 2023 to June 30, 2024 by approximately $6.8 million principally as result of UHI financing for equipment.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues

Total operating revenues increased from fiscal year ended June 30, 2023 to fiscal year ended June 30, 2024 by approximately $37.9 million or 30.4%. Significant operating variances are presented below.

- *Pharmaceutical revenue* – increased by approximately $38.5 million or 34.6%, from the prior fiscal year due to UHPSI's fourth full year of expanded business operations, including filling patient prescriptions to outpatients primarily from UConn Health related clinics. In addition, there has been an expansion in contracts, prescription volume, and prescription offerings.

Operating expenses

Total operating expenses increased from the year ended June 30, 2023 to the year ended June 30, 2024 by approximately $35.2 million or 28.5%.

- *Outside agency per diems* – increased from the year ended June 30, 2023 to the year ended June 30, 2024 by approximately $2.0 million or 24.2% due to increased support service costs from Shields Pharmacy of Connecticut II, LLC (Shields) in support of expanded business operations.

- *Pharmaceuticals/ medical supplies* - increased from the year ended June 30, 2023 to the year ended June 30, 2024 by approximately $32.6 million or 31.4% in support of increased pharmaceutical sales.

CAPITAL AND DEBT RELATED ACTIVITIES

The Teachers Insurance and Annuity Association of America (TIAA) mortgage for the OP is supported by a 25-year fixed term lease between UConn Health and the Finance Corporation. As a result, capital assets associated with the OP have been reclassified and reported as investment in direct financing lease. For additional information on capital assets and the breakout of the OP's underlying assets, see Notes 1, 4 and 6.

The OP construction was completed in 2019. The Finance Corporation continues to lease the OP to UConn Health, which in turn subleases the space to related parties. Lease payments from UConn Health provide the funding for the Finance Corporation's OP mortgage payments. For the fiscal years ended June 30, 2024 and 2023, the Finance Corporation made all regularly scheduled payments on the mortgage, thereby reducing the principal amount of the secured mortgage on the OP by $6,392,771 and $6,093,203, respectively. For additional information on debt-related activities, see Note 4.

CAPITAL AND DEBT RELATED ACTIVITIES (CONTINUED)

The Finance Corporation continues to own and lease the UConn Musculoskeletal Institute property to UConn Health. For the fiscal years ended June 30, 2024 and 2023, the Finance Corporation made all regularly scheduled payments on the UConn Musculoskeletal Institute's secured mortgage, thereby reducing the amount of secured mortgage principal debt on the UConn Musculoskeletal Institute by $1,896,069 and $1,779,887, respectively. For additional information on debt-related activities, see Note 4.

RELATED PARTIES

During fiscal years 2024 and 2023, UHPSI was charged the cost of pharmacy personnel and other operating expenses while earning revenues from UConn Health for pharmaceuticals sold. The net result of these transactions was an increase to amounts payable to UConn Health of approximately $2.4 million and $2.3 million, respectively. During fiscal years 2024 and 2023, UHPSI repaid UConn Health approximately $4.2 million and $2.5 million, respectively.

During fiscal years 2024 and 2023, UHPSI received pharmacy overhead revenue from the Hospital in the amount of approximately $212,000 and $898,000, respectively. Beginning in fiscal year 2021, the Hospital allocated to UHPSI its share of UConn Health's institutional deposit with AmerisourceBergen, the primary pharmaceutical supplier used by UHPSI. The deposit was approximately $12.2 million at June 30, 2024 and $12.0 million at June 30, 2023. For the fiscal years ended June 30, 2024 and 2023, UHPSI repaid the Hospital approximately $37.5 million and $25.0 million, respectively.

During fiscal years 2024 and 2023, UHPSI had pharmaceutical sales to UMG of approximately $8.3 million and $6.7 million, respectively. UHPSI received approximately $7.6 million and $6.6 million from UMG, respectively, in fiscal years 2024 and 2023 for current and prior year sales. For additional information on related parties, see Note 5.

FISCAL YEAR 2025 OUTLOOK

The Finance Corporation was created by State statute in recognition of UConn Health's need to implement decisions rapidly in order to provide excellent care in a competitive health care environment with a special focus on the need for expedited processes in the areas of purchasing, leasing, construction, and through joint ventures and shared service agreements with other organizations. The Finance Corporation also provides UConn Health with contracting efficiency and flexibility that is important to meeting the demands of modern healthcare. These services are an integral part of UConn Health's operations.

FISCAL YEAR 2025 OUTLOOK (CONTINUED)

The Finance Corporation's economic position is closely tied to UConn Health's clinical entities serviced by the Finance Corporation. Through various lease agreements, UConn Health provides funding which enables the Finance Corporation to make its required debt and principal payments. In turn, these facilities allow for the Hospital and UMG to provide state of the art care in modern spaces. The addition of UHPSI provides another opportunity for the Finance Corporation to help clinical operations expand its offerings, adapt to changing insurance and pharmacy landscapes, and maximize financial resources.

As we look forward to fiscal year 2025, UConn Health faces unique challenges as the world continues to move beyond the COVID pandemic. UConn Health continues to see increasing clinical volumes while dealing with staffing scarcity and inflationary pressures. Supply chains though stronger have not yet achieved pre-pandemic reliability. In addition, COVID continues to undulate while other emerging public health threats such as bird flu and monkeypox bear watching. Public sentiment continues to trend towards decreasing healthcare spending at a time when providers remain vulnerable. At the same time, an increasing focus on health equity and minimizing the impacts of health disparities in the general population puts additional focus on our ability to fulfill community need. UConn Health remains diligent in monitoring changing clinical and business models as it navigates changing operational, social, and regulatory landscapes.

UConn Health continues to adapt to changing healthcare environments including labor and supply shortages, funding challenges, and increased demand through continual re-prioritization, forward thinking, teamwork, and creativity. Continued and evolving public health challenges, including a focus on diversity and equity, require new methodologies, partnerships, and treatment options. We remain committed to responding to these needs to serve the people of Connecticut. UConn Health continues to evaluate partnerships with both public and private entities to bring additional tools and options to the public.

The Finance Corporation is dependent upon both the Hospital and UMG for the lease payments that support the Musculoskeletal Institute and OP mortgage payments. It also depends on its relationships with these entities to maximize UHPSI's business opportunities. UHPSI's sales have risen as the business expanded its 340B pharmacy sales and offered services to patients in more clinical specialties. UConn Health's management expects slower clinical growth as UHPSI's business model reaches maturity.

A combination of institution-wide financial initiatives and additional State funding allowed UConn Health to balance its 2024 spending plan. The new year brings its own challenges. As State and Federal governments reduce spending, funding is at the forefront of concerns. Public sentiment towards healthcare and education spending by the State has eroded and the focus has shifted to affordability, tax relief, and government sustainability. UConn Health begins fiscal 2025 with a projected deficit and has developed financial improvement programs to bring the budget into balance.

FISCAL YEAR 2025 OUTLOOK (CONTINUED)

Clinical volumes have rebounded and greatly exceed pre-pandemic volumes straining delivery mechanisms and demanding increased focus on space, staff, and resource utilization. Volume trends at UConn Health, in almost every aspect, exceed the experience of other region and statewide hospital averages now for three straight periods. The Hospital is working maximize all its operating rooms including opening its second hybrid operating room expanding the total number of OR in the hospital to thirteen. JDH has expanded into the CT Tower to open all of its currently licensed beds, reopening the 7^{th} floor for patient care in early 2024. UMG continues to add and expand existing satellite locations both around the main UConn Health campus and throughout the State. A new home infusion program will open in 2025, while new programs in imaging and wound care, opened at the end of the past year. Adding and replacing skilled labor has become increasingly difficult. Growing the skills of newer workers takes longer in hybrid environments. Competition for doctors, nurses, and other clinical specialties is intense. Wage and general inflation remain an issue as it continues to outpace payment increases. The global supply chain continues to work towards stabilization. Ports, rail transit, and trucking have stabilized during 2024 but are vulnerable to additional disruptions.

A recent study commissioned by the Governor of the State of Connecticut found that UConn Health will need to expand its overall scale to compete in a consolidating healthcare landscape. UConn Health remains committed to strategic growth both organically and through partnerships. We will continue to explore all options over the upcoming year as we seek to bring the best in research, education, and clinical care to the residents of the State of Connecticut.

CONTACTING FINANCE CORPORATION'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, University of Connecticut Health Center, Farmington, Connecticut 06030-3800.

INDEPENDENT AUDITORS' REPORT

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Farmington, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of The University of Connecticut Health Center Finance Corporation (Finance Corporation or Company), a component unit of the State of Connecticut, as of and for the years ended June 30, 2024 and 2023, and the related notes to the consolidated financial statements, which collectively comprise the Finance Corporation's basic consolidated financial statements as listed in the table of contents.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the Finance Corporation as of June 30, 2024 and 2023, and the respective changes in net position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements for UConn Health Imaging, LLC, a 75% owned entity, which statements reflect assets of $11,058,183 as of June 30, 2024, and total revenues of $225,283 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Finance Corporation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Finance Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Finance Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Finance Corporation's consolidated financial statements. The accompanying consolidating supplementary information on pages 43 through 45 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of The University of Connecticut Health Center Finance Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Finance Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Finance Corporation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 3, 2024

	2024	2023
Assets		
Current Assets		
Cash	$ 15,989,090	$ 15,915,421
Malpractice Fund	1,685,493	778,942
Accounts receivable, net of allowances for bad debt of $337,925 and $0 (Note 7) at June 30, 2024 and 2023 respectively (Note 7)	5,430,145	3,609,689
Lease receivable - current portion (Note 2)	836,382	1,775,505
Inventory	4,013,170	2,986,435
Due from UConn Medical Group (Note 5)	1,371,899	617,544
Prepaid expenses	37,090	799
Net investment in direct financing lease, current portion (Note 6)	4,265,486	4,028,844
Total Current Assets	33,628,755	29,713,179
Noncurrent Assets		
Deposits with vendors	12,176,334	12,007,648
Lease receivable - net of current portion (Note 2)	399,075	1,095,480
Investment in UHI	-	1,375,000
Net investment in direct financing lease, net of current portion (Note 6)	166,797,628	171,067,095
Property - right-to-use assets, net (Note 3)	3,848,575	532,043
Capital assets, net (Note 3)	28,274,331	22,478,171
Total Noncurrent Assets	211,495,943	208,555,437
Total Assets	$ 245,124,698	$ 238,268,616

	2024	2023
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 7,381,444	$ 6,000,621
Due to UConn Health - Malpractice Fund (Note 5)	1,685,493	778,942
Due to UConn Health (Note 5)	466,952	2,321,675
Due to John Dempsey Hospital, current portion (Note 5)	8,895,996	4,641,730
Due to third party payors	385,049	1,963,898
Lease payable, current portion (Note 4)	880,281	137,525
Loans payable, current portion (Note 4)	7,810,965	8,288,841
Total Current Liabilities	27,506,180	24,133,232
Noncurrent Liabilities		
Due to John Dempsey Hospital, net of current portion (Note 5)	12,176,334	12,007,648
Lease payable, net of current portion (Note 4)	6,935,863	522,910
Loans payable, net of current portion (Note 4)	148,585,166	154,919,174
Total Noncurrent Liabilities	167,697,363	167,449,732
Total Liabilities	195,203,543	191,582,964
Deferred Inflows		
Deferred inflows - right-to-use assets	1,095,480	2,870,985
Net Position		
Net investment in capital assets	38,973,745	34,237,703
Minority interest in UHI	511,510	-
Unrestricted net assets	9,340,420	9,576,964
Total Net Position	48,825,675	43,814,667
Total Liabilities, Deferred Inflows and Net Position	$ 245,124,698	$ 238,268,616

	2024	2023
Operating Revenues		
Interest income from right-to-use assets	$ 138,223	$ 255,081
Lease revenue from right-to-use assets	1,774,805	1,774,805
Rental Income	273,225	-
Interest income from direct financing lease	9,947,708	10,171,221
Contract and other income	270,715	1,025,232
Imaging revenue, net	225,282	-
Pharmaceutical revenue, net (Note 7)	149,821,597	111,329,599
Total Operating Revenues	162,451,555	124,555,938
Operating Expenses		
Professional services	337,782	42,813
Internal contractual support	2,160,457	2,033,041
Outside agency per diems	10,197,746	8,209,706
Pharmaceuticals/medical supplies	136,787,880	104,139,390
Equipment and software leases	108,017	88,455
Insurance, rent, utilities, repairs, and maintenance	35,516	750
Interest expense	7,862,649	8,118,817
Depreciation	899,393	757,578
Amortization - right-to-use assets	176,279	120,911
Other	154,628	22,482
Total Operating Expenses	158,720,347	123,533,943
Operating Income	3,731,208	1,021,995
Nonoperating Expense		
Loan servicing fees	(11,867)	(11,892)
Total Nonoperating Expense	(11,867)	(11,892)
Gain before transfers	3,719,341	1,010,103
Net Transfers from UConn Health - Unrestricted (Note 5)	625,000	10,375,000
Contributions for minority interest - UHI	666,667	-
Increase in Net Position - Unrestricted	5,011,008	11,385,103
Net Position - Beginning of year	43,814,667	32,429,564
Net Position - Ending	$ 48,825,675	$ 43,814,667

	2024	2023
Cash Flows from Operating Activities		
Cash paid to suppliers, contractors and others	$(120,940,003)	$ (100,620,082)
Lease payments received	2,046,274	2,046,274
Lease payments and interest	(122,626)	-
Cash received for contract and other income	146,584,063	113,838,504
Cash returned to related parties	(34,143,313)	(20,807,433)
Cash paid for administrative expenses	(40,562)	(39,416)
Net Cash Used in Operating Activities	(6,616,167)	(5,582,153)
Cash Flows from Investing Activities		
Investment in UHI	(625,000)	(1,375,000)
Payments for purchase of capital assets	(1,593,172)	-
Change in value of direct financing lease	-	2,682
Net Cash Used in Investing Activities	(2,218,172)	(1,372,318)
Cash Flows from Capital Financing Activities		
Direct financing lease payments received (including $9,947,708 and $10,171,221 of interest, respectively)	13,976,552	13,976,552
Transfers from UConn Health	625,000	10,375,000
Proceeds from loans	289,766	-
Members' contributions	2,666,667	-
Repayments of capital debt	(8,377,265)	(7,873,090)
Payment for lease liability	(261,596)	(137,851)
Loan servicing fees	(11,116)	(11,142)
Net Cash Provided by Capital Financing Activities	8,908,008	16,329,469
Net Increase in Cash	73,669	9,374,998
Cash - Beginning	15,915,421	6,540,423
Cash - Ending	$ 15,989,090	$ 15,915,421
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Non cash portion of interest for right-to-use assets	$ 100,958	$ 25,347
Right-to-use assets acquired by entering into lease agreements	$ 3,492,811	$ -

	2024	2023
Reconciliation of Operating Income to Net Cash Used in Operating Activities		
Operating income	$ 3,731,208	$ 1,021,995
Depreciation	899,393	757,578
Amortization	176,279	120,911
Interest on right-to-use assets	100,958	25,347
Direct financing lease interest payments received	(9,947,708)	(10,171,221)
Changes in operating assets and liabilities:		
Inventory	(1,026,735)	(1,072,491)
Patient & contract receivables	(1,820,456)	311,058
Lease receivable	1,635,528	1,791,893
Deposits to vendors	(168,686)	(4,423,864)
Due from UConn Health	(1,854,723)	(218,244)
Due from UConn Medical Group	(754,355)	(72,027)
Prepaid	(36,291)	(799)
Accounts payable and accrued expenses, excluding payables for capital assets	1,380,823	1,731,345
Due to John Dempsey Hospital	4,422,952	4,436,820
Due to third party payors	(1,578,849)	1,963,898
Deferred inflows - right-to-use assets	(1,775,505)	(1,775,504)
Net Cash Used in Operating Activities	$ (6,616,167)	$ (5,573,305)

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Effective July 1, 1987, The University of Connecticut Health Center Finance Corporation (the Finance Corporation) was established pursuant to Public Act No. 87-458. The purpose of the Finance Corporation is to provide greater flexibility for John Dempsey Hospital (21002 Fund) (the Hospital), UConn Medical Group (UMG), and University Dentists (collectively, the entities) and to promote the more efficient provision of health care services. As such, the Finance Corporation has been empowered to purchase supplies and equipment; acquire facilities; approve write-offs of accounts receivable; negotiate and enter into joint ventures, shared service, and other agreements for all of the entities; and process malpractice claims on behalf of the University of Connecticut Health Center (UConn Health), the Hospital, UMG, and the School of Dental Medicine's associated Dental Clinics.

The Finance Corporation is administered by a board of directors currently consisting of the President of the University of Connecticut, the Secretary of the Office of Policy and Management for the State of Connecticut, a member of the Board of Directors of UConn Health, the Executive Vice President for Health Affairs, and the Chairman of the Board of Trustees for the University of Connecticut, who is appointed by the Governor of the State of Connecticut or their respective designees. The Governor appoints one of these members as Chairman of the Board of the Finance Corporation.

The University of Connecticut Health Center Finance Corporation Circle Road Corporation (Circle Road Corporation), a subsidiary of the Finance Corporation, was formed pursuant to Section 10a-254 of the Connecticut General Statutes by the Finance Corporation (its sole member). This subsidiary corporation is administered by a board of directors elected on an annual basis by the sole member's board of directors or appointed by the Governor of the State of Connecticut, as prescribed in the bylaws of Circle Road Corporation. The number of directors shall not be less than three or more than ten, and 50% shall be members of the board of directors of the sole member or appointed by the Governor. At least one of these directors must be an independent director. There are four members of the subsidiary corporation's board of directors and five members of the sole member's board of directors.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

In 2018, the Finance Corporation created a wholly-owned subsidiary corporation, UConn Health Pharmacy Services, Inc. (UHPSI) pursuant to the authority granted by Section 10a-254 of the Connecticut General Statutes. The subsidiary's main focus is the provision of pharmacy operation services on behalf of UConn Health and its clinical units, including the Hospital and UMG. The subsidiary has been empowered to apply for and obtain all licenses, certificates or other credentials as required for pharmacy operations and granted the ability to enter into such contracts that are necessary or desirable for, or incidental to, the conduct of the subsidiary's business and affairs.

The sole member of UHPSI is the Finance Corporation (the Member). The Member has the power to elect and remove directors to/from UHPSI's Board of Directors. The property and affairs of UHPSI will be managed by or under the direction of UHPSI's Board of Directors.

In 2019, UHPSI commenced operations. UHPSI provides services for specialty prescriptions for patients within clinics associated with UConn Health. The expenses reported in the consolidated statements of revenues, expenses, and changes in net position include allocations from UConn Health for salary and fringe benefits for persons utilized in UHPSI. This is reported as internal contractual support. Otherwise, undetermined amounts for salaries, services, and expenses provided to and received from UConn Health and other Connecticut State agencies are not included in the consolidated statements of revenues, expenses, and changes in net position.

On June 8, 2022, the Finance Corporation entered into an agreement with OIA of Connecticut, LLC to form UConn Health Imaging, LLC (UHI). UHI will provide additional radiology services off UConn Health's main campus in Farmington in a non-hospital clinic setting. The Finance Corporation retains a 75% ownership interest in UHI. UHI began operation April 2024. UHI is consolidated into the Finance Corporation financial statements with a corresponding minority interest in the net assets section of the Statement of Net Position.

For presentation purposes, activities for and with for Central Administrative Services (CAS), Research Finance, School of Medicine and School of Dental Medicine, including Dental Clinics, are combined under UConn Health.

The Finance Corporation is a component of the State of Connecticut and is, therefore, generally exempt from federal income taxes under Section 115 of the Internal Revenue Code of 1986.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION

The Finance Corporation's consolidated financial statements are prepared in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

PROPRIETARY FUND ACCOUNTING

The Finance Corporation utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of estimates consist primarily of the allowance for uncollectible accounts, contractual allowances, direct and indirect remuneration (DIR) fees, certain estimates related to the valuation of the direct financing lease, right-to-use assets, lease liabilities, and malpractice.

CASH

Cash includes cash held on behalf of the Finance Corporation by the State of Connecticut.

CONTRACT AND OTHER INCOME

Contract and other income is recorded on the accrual basis of accounting in the period the related services were rendered.

As described in Note 5, UHPSI provides pharmaceuticals to UMG, and records revenue on the accrual basis of accounting in the period the related services are rendered.

The Hospital pharmacy allocates overhead revenue related to certain pharmaceutical sales to UHPSI on a monthly basis. This revenue is included in contract and other income on the consolidated statements of revenues, expenses, and changes in net position. Additional information on this can be found in Note 5.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PHARMACEUTICAL REVENUES AND ACCOUNTS RECEIVABLE

UHPSI's business includes filling patient prescriptions to outpatients primarily from UConn Health related clinics.

A uniform pricing structure is used for billing to Pharmacy Benefit Managers (PBMs) subject to contractual allowances as negotiated by the Pharmacy Services Administrative Organization (PSAO). Contractual allowances will reduce the amount received and will vary based on rates, such as Medicare, Medicaid, and commercial contracts. Pharmaceutical revenues, net of contractual allowances and direct and indirect remuneration (DIR) fees, are recognized on the accrual basis of accounting when prescriptions are filled. Accounts receivable from patients, third-party payers, and others for pharmaceutical purchases represent the net amounts owed to UHPSI for which payment had not been received as of June 30, 2024 and 2023.

UHPSI PHARMACY MANAGEMENT

UConn Health uses a third party, Shields Pharmacy of Connecticut II, LLC (Shields), for support services for UHPSI. These services include support for patient liaisons, medication adherence management, revenue cycle management and other services. These services are billed on a monthly basis.

The agreement includes a performance fee based on a specific profitability calculation as stipulated in the agreement. These fees are calculated and billed monthly.

340B PROGRAM

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. The Hospital qualifies as a covered entity (CE) under this provision. Therefore, the Hospital is qualified to receive 340B savings for certain pharmaceutical purchases, as the Hospital is a public entity classified as a Disproportionate Share Hospital (DSH) that serves a disproportionately higher percentage of Medicaid payers. When the patient establishes a relationship with the CE, the CE is then allowed to receive 340B savings.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

340B PROGRAM (CONTINUED)

UHPSI is a contract pharmacy for the Hospital and receives revenue for filling and dispensing 340B qualified pharmaceuticals to patients. The contract pharmacy fills and dispenses pharmaceuticals on behalf of the CE; therefore, UHPSI receives a dispensing fee for these transactions, as provided for in the agreement with the Hospital, and reimburses the Hospital for the total revenue less the dispensing fee.

Income Taxes - UHI

No provision for taxes on income is made in the financial statements of UHI. Taxable income or losses are allocated to members for inclusion in their respective tax returns.

INVENTORY

Pharmaceuticals are valued at market value, which approximates cost due to high turnover rates.

DEPOSITS WITH VENDORS

UHPSI is required to keep an amount on deposit with AmerisourceBergen, the primary pharmaceutical supplier used by UHPSI. The deposit is based on a 90-day purchasing history and a 45-day amount is required to be on deposit with AmerisourceBergen. These deposits are non-interest bearing and are considered subject to the credit risk of the supplier.

As of June 30, 2024 and 2023, amounts on deposit were approximately $12.2 million and $12.0 million, respectively. As disclosed in Note 5, the deposits with AmerisourceBergen were funded through the Hospital.

DESCRIPTION OF LEASING ARRANGEMENTS

The OP lease, effected through the Circle Road Corporation, is a direct financing lease for both the OP building and its associated equipment. Under this treatment, the underlying capital assets are reported as net investment in direct financing lease. The associated equipment will be depreciated over a maximum 10-year life, while the building will be depreciated over 40 years. The term of the lease is 25 years, as stipulated in the mortgage agreement with Teachers Insurance and Annuity Association of America (TIAA). At the conclusion of the lease, any residual amounts will revert to capital assets, net. The Finance Corporation reviews the estimated residual value of property leased under the direct financing lease on an annual basis. See Note 5 and Note 6 for additional information.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DESCRIPTION OF LEASING ARRANGEMENTS (CONTINUED)

Circle Road Corporation is a lessor for office space to a third party. Circle Road Corporation has recorded a lease receivable and a deferred inflows of resources based on the present value of the future lease payments expected to be received during the contracted lease term. The deferred inflow of resources is amortized evenly over the life of the lease.

UHI engages in lease agreements to meet operational needs. UHI lease contracts generally relate to buildings. UHI recognizes a lease liability, and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease, as UHI is not expected to lease assets beyond the underlying asset's useful life.

Finance Corporation routinely engages in lease arrangements to meet operational needs of UConn Health and UHPSI. The lease agreements relate to office space. For agreements in which Finance Corp is the lessee, it records a lease liability and an intangible right-to-use lease asset based on the present value of future lease payments over the term of the lease. Lease right-to-use assets net of amortization and liabilities are reported as current and non-current in the statement of net position. The right-to-use assets are amortized over the term of the lease or the estimated useful life of the asset. Finance Corporation is a lessor providing space in the MSI building to the Hospital, UMG, and UConn Health.

Finance Corporation uses the incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. The incremental borrowing rate is based on the weighted-average interest rate of capital lease obligations. If amendments or other circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

The Finance Corporation elected to record the value of all leased assets in accordance with GASB 87 for lease reporting.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. The Finance corporation has lease deferrals that meet this criterion.

LEASE INCOME AND INTEREST INCOME

Lease income is recognized over the lease period by reference to the lease agreements. Interest income on the direct financing lease is recognized over the term of the lease to produce a constant, periodic rate of return on the net investment of the lease. Unearned income related to the direct financing lease is amortized over the lease term using the interest method.

INVESTMENT IN UHI

On June 8, 2022, the Finance Corporation entered into an agreement with OIA of Connecticut, LLC to form UHI. UHI will provide additional radiology services off UConn Health's main campus in Farmington in a non-hospital clinic setting. The Finance Corporation will retain a 75% ownership interest in UHI and funded its initial capital call to the new corporation in September of 2022 of $1,375,000 with additional contributions in fiscal year 2024 in the amount of $625,000. Operational activities began in fiscal year 2024, hence the initial advance and current year contributions were eliminated.

MALPRACTICE FUND

The Malpractice Fund includes investments held on behalf of UConn Health and is offset in Due to UConn Health – Malpractice Fund on the consolidated statements of net position. The fund is invested in the State of Connecticut Short-Term Investment Fund (STIF). The STIF is an investment pool of high-quality, short-term money market instruments that is considered a "2a7-like" pool, which is excluded from the scope of GASB Statement No. 72, *Fair Value Measurement and Application*. The cost of the STIF approximates fair value. The Finance Corporation is responsible for the timely payment of malpractice fund claims. Therefore, the Finance Corporation monitors upcoming cash needs and holds an amount estimated for upcoming malpractice fund liabilities in its account. The claim liability is reflected on UConn Health's financial statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND INTANGIBLE ASSETS

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized, and maintenance and repairs are expensed as incurred. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Buildings have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years. Assets acquired under capital leases and leasehold improvements are depreciated no longer than the lease term.

Construction in progress is capitalized as costs are incurred during the construction phase, and depreciation will begin once the assets are placed in service. Intangible assets are comprised of right-to-use assets under lease agreements for UHPSI and UHI space.

DUE TO THIRD PARTY PAYORS

Beginning in fiscal year 2023, UHPSI began accruing for future direct and indirect remuneration (DIR) fees. These fees are charged by various Pharmacy Benefit Managers (PBMs) based on differing metrics. They are generally retroactive and occur monthly. Effective January 2024, DIR fees are being taken at time of adjudication and claims detail in real time. Retroactive takeback is expected to end in 2025. The accrual as of June 2023 was based on a percentage of net income. The amount accrued at June 2024 and 2023 was $385,049 and $1,963,898, respectively.

NET POSITION

Net position is classified in three components. Net investment in capital assets consists of capital and right-to-use assets net of accumulated depreciation/amortization, reduced by the current net balances of any outstanding borrowings (less amounts held in trust) used to finance the purchase or construction of those assets. Minority interest represents the twenty-five percent stake in UHI belonging Finance Corporation’s partner. All other assets less liabilities are classified as unrestricted.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective for the fiscal year ended June 30, 2024, GASB issued the following pronouncements that were adopted for this report: Paragraphs 4 through 10 of GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 100, *Accounting Changes and Error Corrections*. The adoption of other pronouncements did not have a material impact on the financial statements.

UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after December 15, 2023. The Finance Corporation is currently evaluating the impact this standard will have on its financial statements.

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for fiscal years beginning after June 15, 2024. The Finance Corporation is currently evaluating the impact this standard will have on its financial statements.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025. The Finance Corporation is currently evaluating the impact this standard will have on its financial statements.

NOTE 2 – LEASE RECEIVABLE

As described in Note 1, receivables from leases to UConn Health (for the MSI building) and to a third party (for space in the OP) are based on the present value of the future payments and are as follows:

Lease receivables:	June 30, 2023 Balance	Additions	Deductions	June 30, 2024 Balance	Amount due within 1 year
Buildings and building improvements	$ 2,870,985	$ -	$(1,635,528)	$ 1,235,457	$ 836,382

Lease receivables:	June 30, 2022 Balance	Additions	Deductions	June 30, 2023 Balance	Amount due within 1 year
Buildings and building improvements	$ 4,662,878	$ -	$(1,791,893)	$ 2,870,985	$ 1,775,505

Lease payments to be received are as follows:

	Lease Receivables	
Fiscal Year Ending June 30	Principal	Interest
2025	$ 836,382	$ 32,584
2026	9,600	18,982
2027	10,072	18,510
2028	10,568	18,015
2029	11,087	17,495
2030-34	74,250	77,768
2035-39	107,243	56,185
2040-44	150,148	25,546
2045-49	26,107	526
	$ 1,235,457	$ 265,611

NOTE 3 – CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Buildings	$ 32,247,901	$ 29,730,870
Land	6,593,084	6,593,084
Equipment	4,086,595	37,983
Software	129,910	-
Total capital and intangible assets	43,057,490	36,361,937
Less accumulated depreciation	14,783,159	13,883,766
Capital assets, net	$ 28,274,331	$ 22,478,171

	2024	2023
Right-to-use assets - buildings	$ 4,318,148	$ 825,337
Right-to-use assets - equipment	60,386	60,386
Total right-to-use assets	4,378,534	885,723
Less: accumulated amortization	529,959	353,680
Right-to-use assets - net	$ 3,848,575	$ 532,043

As described in Note 1, the OP is leased to UConn Health under the terms of a direct financing lease.

NOTE 3 – CAPITAL ASSETS AND INTANGIBLE ASSETS (CONTINUED)

Capital assets and depreciation activity for the fiscal years ended June 30, 2024 and 2023 were as follows:

	2023	Additions	Deductions	2024
Buildings	$ 29,730,870	$ 2,517,031	$ -	$ 32,247,901
Land	6,593,084	-	-	6,593,084
Equipment	37,983	4,048,612	-	4,086,595
Software	-	129,910	-	129,910
Total capital and intangible assets	$ 36,361,937	$ 6,695,553	$ -	$ 43,057,490

	2022	Additions	Deductions	2023
Buildings	$ 29,730,870	$ -	$ -	$ 29,730,870
Land	6,593,084	-	-	6,593,084
Equipment	50,905	-	(12,922)	37,983
Total capital and intangible assets	$ 36,374,859	$ -	$ (12,922)	$ 36,361,937

Related information on accumulated depreciation for the years ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Buildings	$ 13,874,540	$ 795,976	$ -	$ 14,670,516
Equipment	9,226	101,822	-	111,048
Software	-	1,595	-	1,595
Total accumulated depreciation	$ 13,883,766	$ 899,393	$ -	$ 14,783,159

	2022	Additions	Deductions	2023
Buildings	$ 13,121,240	$ 753,300	$ -	$ 13,874,540
Equipment	17,870	4,278	(12,922)	9,226.00
Total accumulated depreciation	$ 13,139,110	$ 757,578	$ (12,922)	$ 13,883,766

NOTE 3 – CAPITAL ASSETS AND INTANGIBLE ASSETS (CONTINUED)

Activity for the Right-to-use assets for the fiscal year ended June 30, 2024 and 2023 was as follows:

	2023	Additions	Deductions	2024
Right-to-use buildings	$ 825,337	$ 3,492,811	$ -	$ 4,318,148
Right-to-use equipment	60,386	-	-	60,386
Total right-to-use assets	$ 885,723	$ 3,492,811	$ -	$ 4,378,534

	2022	Additions	Deductions	2023
Right-to-use buildings	$ 825,337	$ -	$ -	$ 825,337
Right-to-use equipment	60,386	-	-	60,386
Total right-to-use assets	$ 885,723	$ -	$ -	$ 885,723

Intangible assets and amortization activity for the fiscal years ended June 30, 2024 and 2023 were as follows:

	2023	Additions	Deductions	2024
Right-to-use buildings	$ 326,506	$ 164,202	$ -	$ 490,708
Right-to-use equipment	27,174	12,077	-	39,251
Total accumulated amortization	$ 353,680	$ 176,279	$ -	$ 529,959

	2022	Additions	Deductions	2023
Right-to-use buildings	$ 217,672	$ 108,834	$ -	$ 326,506
Right-to-use equipment	15,097	12,077	-	27,174
Total accumulated amortization	$ 232,769	$ 120,911	$ -	$ 353,680

NOTE 4 – NONCURRENT LIABILITIES

The Finance Corporation routinely leases various facilities and equipment instead of purchasing the assets. The contracts include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal years ended June 30, 2024 and 2023, the Finance Corporation recognized expense for lease variable payments related to common area maintenance and property taxes of $0 and $118, respectively. There were no termination penalties or residual guarantee payments expensed for the fiscal years ended June 30, 2024 or 2023.

The Finance Corporation's outstanding notes from direct borrowings related to business-type activities of $156,396,132 and $163,208,015 as of June 30, 2024 and 2023, respectively, are secured by the Musculoskeletal Institute building, the OP, the Leasehold (as to Land) and Fee (as to improvements) Mortgage, Security Agreement, Assignment of Lease and Rents and Fixture Filing. The outstanding notes from direct borrowings related to business-type activities contain a provision that in an event of default, outstanding amounts become immediately due. As of June 30, 2024, there were no instances of default under these agreements.

The Finance Corporation has a loan agreement held by KeyBank Real Estate Capital (KeyBank), which financed the construction of the UConn Musculoskeletal Institute. The Finance Corporation through its subsidiary, the Circle Road Corporation, has a mortgage with TIAA, which financed the construction of the OP.

UHI has a construction loan held by Siemens, which financed the installation of equipment located at 5 Munson Road, Farmington, CT.

NOTE 4 – NONCURRENT LIABILITIES (CONTINUED)

Changes in long-term obligations for the years ended June 30, 2024 and 2023, respectively were as follows:

	June 30, 2023 Balance	Additions	Reductions	June 30, 2024 Balance	Amounts due within 1 year
Right-to-Use Lease Liabilities	$ 660,435	$ 7,485,960	$ (330,251)	$ 7,816,144	$ 880,281
Business-type activities:					
Notes from Direct Borrowings -					
Secured mortgage - Capital Lease Funding (Key Bank), principal and interest payments began January 10, 2004 and continue until November 10, 2024, with interest at 6.34%.	$ 2,722,174	$ -	$ (1,896,069)	$ 826,105	$ 826,105
Secured note - Siemens, principal and interest began February 2024 and continues until January 2029 with interest at 6.91%.	-	1,565,383	(88,426)	$ 1,476,957	$ 277,793
Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040.	160,485,841	-	(6,392,772)	154,093,069	6,707,067
Total Notes from Direct Borrowings	163,208,015	1,565,383	$ (8,377,267)	156,396,131	$ 7,810,965
Total Long-Term Liabilities	$ 163,868,450	$ 9,051,343	$ (8,707,518)	$ 164,212,275	$ 8,691,246

	June 30, 2022 Balance	Additions	Reductions	June 30, 2023 Balance	Amounts due within 1 year
Right-to-use Lease Liabilities	$ 772,187	$ -	$ (111,752)	$ 660,435	$ 137,525
Business-type activities:					
Notes from Direct Borrowings -					
Secured mortgage - Capital Lease Funding (Key Bank), principal and interest payments began January 10, 2004 and continue until November 10, 2024, with interest at 6.34%.	$ 4,502,061	$ -	$ (1,779,887)	$ 2,722,174	$ 1,896,069
Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040.	166,579,044	-	(6,093,203)	160,485,841	6,392,772
Total Notes from Direct Borrowings	171,081,105	-	(7,873,090)	163,208,015	8,288,841
Total Long-Term Liabilities	$ 171,853,292	$ -	$ (7,984,842)	$ 163,868,450	$ 8,426,366

NOTE 4 – NONCURRENT LIABILITIES (CONTINUED)

Debt service requirements on long-term debt at June 30, 2024 are as follows:

	Business-Type Activities	
	Notes from Direct Borrowings	
Year Ending June 30,	Principal	Interest
2025	$ 7,810,965	$ 7,370,286
2026	7,334,422	7,007,586
2027	7,701,609	6,640,399
2028	8,087,319	6,254,689
2029	8,367,705	5,850,585
2030-2034	47,033,459	22,820,800
2035-2039	59,789,420	10,064,839
Thereafter	10,271,232	206,907
Total from direct borrowings	$ 156,396,131	$ 66,216,091

The Finance Corporation recorded interest expense of $7,841,846 and $8,093,470, respectively, during the years ended June 30, 2024 and 2023.

The following is a schedule by fiscal year of future minimum payments due for leases together with the present value of the net minimum payments due as of June 30, 2024:

	Lease Liabilities	
Year Ending June 30,	Principal	Interest
2025	$ 880,281	$ 391,894
2026	935,518	338,479
2027	986,130	281,806
2028	987,764	221,864
2029	820,905	162,190
2030-2034	779,634	610,934
2035-2039	1,087,729	410,307
2040-2044	1,338,183	135,905
Total lease liability	$ 7,816,144	$ 2,553,379

NOTE 5 – RELATED PARTY TRANSACTIONS

The Finance Corporation enters into transactions for the benefit of UConn Health entities. In 2006, the Finance Corporation entered into transactions resulting in the acquisition of the UConn Musculoskeletal Institute and Munson Road properties. The Finance Corporation leases the MSI building to entities from UConn Health under operating agreement that renew annually.

Through UHPSI, the Finance Corporation also engages in transactions with UConn Health. UHPSI provides pharmaceuticals to patients from the Hospital and UMG while obtaining personnel and other services vital for operations from UConn Health.

UHI has arranged with a related party to OIA for the services of personnel for the operation of the UHI. The amount for these services is reported as part of Professional Services in the Consolidated Statements of Revenues and Expense, and Changes in Net Position in the amount of $215,666 as of June 30, 2024.

The Circle Road Corporation has a 25-year direct financing lease with UConn Health, designed to facilitate the monthly debt service payments on its mortgage with TIAA. Effective April 2015, the Circle Road Corporation began charging rent to UConn Health's clinical enterprises, including the Hospital and UMG. The amounts allocated to each of UConn Heath's internal business units is determined based on the square footage and evaluated annually.

Lease payments to be received under these agreements, which cover mortgage payments including principal, interest and services fees, over the next five years and thereafter are estimated to be as follows:

Year Ending June 30,	Outpatient Pavilion (a)	UConn Musculoskeletal Institute
2025	$ 13,975,852	$ 841,763
2026	13,975,852	-
2027	13,975,852	-
2028	13,975,852	-
2029	13,975,852	-
Thereafter	150,240,407	-
	$ 220,119,667	$ 841,763

(a) OP amounts are due under a non-cancellable direct financing lease with UConn Health. Additional details can be found in Note 6.

NOTE 5 – RELATED PARTY TRANSACTIONS (CONTINUED)

Listed in the tables below are material transactions with related parties and the components of the Finance Corporation to show the changes in amounts due (to) from each entity as of June 30, 2024 and 2023. Certain transactions that were settled during the fiscal years with transfers, payments or cash receipts and did not result in a receivable or payable balance at June 30 have been excluded from these tables. The paragraphs that follow describe the related party transactions that are summarized in the aforementioned tables.

DUE (TO) UCONN HEALTH

	2024	2023
Due (to) UConn Health - Beginning Balance:	**$ (2,321,675)**	**$ (2,539,919)**
UHPSI:		
Internal contractual support and other expenses, net of pharmaceuticals sold	(2,471,449)	(2,281,756)
Cash repayments to UConn Health	4,385,208	2,500,000
Cash received from UConn Health	(59,036)	-
Total Change in Due (to) UConn Health	$ 1,854,723	$ 218,244
Due (to) UConn Health - Ending Balance:	**$ (466,952)**	**$ (2,321,675)**

During fiscal years 2024 and 2023, UHPSI incurred costs for pharmacy personnel and other operating expenses offset by pharmaceutical revenues from sales to UConn Health, netting to an increase in the amount owed to UConn Health of approximately $2.5 million and $2.3 million, respectively. During the years ended June 30, 2024 and 2023, UHPSI repaid UConn Health approximately $4.3 million and $2.5 million, respectively.

Note 5 – Related Party Transactions (Continued)

Due (to) John Dempsey Hospital

	2024	2023
Due (to) John Dempsey Hospital - Beginning Balance:	**$ (16,649,378)**	**$ (12,212,558)**
Circle Road Corporation:		
Administrative expense	(2,100)	-
UHPSI:		
Deposits with vendors	(168,686)	(4,423,865)
Pharmaceuticals and other expenses	(18,724)	16,241
340B revenue	(41,945,620)	(25,927,521)
Cash repayments	37,500,000	25,000,000
Overhead revenue received	212,178	898,325
Total Change in Due (to) John Dempsey Hospital	$ (4,422,952)	$ (4,436,820)
Due (to) John Dempsey Hospital - Ending Balance:	**$ (21,072,330)**	**$ (16,649,378)**

During fiscal years 2024 and 2023, UHPSI received pharmacy overhead revenue from the Hospital in the amount of approximately $212,000 and $898,000, respectively. UHPSI was allocated its share of a deposit to AmerisourceBergen, the primary pharmaceutical supplier used by UHPSI. See Note 1 for additional information. The amounts allocated were approximately $169,000 and $4.4 million for fiscal years ended 2024 and 2023, respectively.

During fiscal years 2024 and 2023, UHPSI repaid the Hospital approximately $37.5 million and $25.0 million, respectively.

During fiscal years 2024 and 2023, UHPSI had transactions with the Hospital for 340B pharmaceutical sales. Payments received by UHPSI for 340B sales was approximately $52.0 million and $31.9 million, respectively. The amount due to the Hospital pharmacy, less dispensing fees of approximately $11.1 million was approximately $41.9 million at June 30, 2024. At June 30, 2023, the amount due to the Hospital for these sales was $25.9 million.

NOTE 5 – RELATED PARTY TRANSACTIONS (CONTINUED)

DUE FROM (TO) UMG

	2024	2023
Due from (to) UConn Medical Group - Beginning Balance:	**$ 617,544**	**$ 545,517**
<u>Circle Road Corporation:</u>		
Administrative expense	(805)	-
<u>UHPSI:</u>		
Pharmaceuticals & courier services charged back to UConn Medical Group	8,334,126	6,697,977
Cash received from UConn Medical Group	(7,578,966)	(6,625,950)
Total Change in Due from (to) UConn Medical Group	$ 754,355	$ 72,027
Due from UConn Medical Group - Ending Balance:	**$ 1,371,899**	**$ 617,544**

During fiscal years 2024 and 2023, UHPSI provided pharmaceuticals and related services to UMG in the amount of approximately $8.3 million and $6.7 million, respectively. Pharmaceutical expense to UMG is recorded as a chargeback from UHPSI. During the fiscal years ended June 30, 2024 and 2023, UMG repaid UHPSI $7.6 million and $6.6 million, respectively.

DUE (TO) UCONN HEALTH - MALPRACTICE FUND

	2024	2023
Due (to) UConn Health-Malpractice Fund - Beginning Balance	**$ (778,942)**	**$ (568,424)**
Cash transfers from UConn Health & interest earned on funds held for UConn Health	(35,077,043)	(7,042,591)
Payments on behalf of UConn Health	34,170,492	6,832,073
Total Change in Due (to) UConn Health-Malpractice Fund	$ (906,551)	$ (210,518)
Due (to) UConn Health-Malpractice Fund - Ending Balance	**$ (1,685,493)**	**$ (778,942)**

Balances at fiscal year-end for the Malpractice Fund can fluctuate based on funding needs for payments.

NOTE 5 – RELATED PARTY TRANSACTIONS (CONTINUED)

The Finance Corporation received working capital transfers from UConn Health to assist with repayments to related parties and the investment in subsidiary. These transfers recognize the overall contribution of UHPSI to the clinical enterprise. The amounts received are accounted for as "Net Transfers From UConn Health - unrestricted" in the statements of revenues, expenses and changes in net position. The total amount transferred as of June 30, 2024 and 2023 were $625,000 and $10,375,000.

NOTE 6 – INVESTMENT IN DIRECT FINANCING LEASE

The OP lease, created through the Circle Road Corporation, is a non-cancellable 25-year lease supporting the repayment of the TIAA mortgage. As such, this lease is classified as a direct financing lease. Under this treatment, the underlying capital assets are not recorded separately on the consolidated statements of net position. Instead, the Finance Corporation records its net investment in direct financing lease. The components of the net investment in direct financing lease are shown below as of June 30, 2024 and 2023.

	2024	2023
Net minimum lease payments receivable	$ 220,130,694	$ 234,107,245
Estimated residual value of leased property (unguaranteed)	65,861,269	65,861,269
Less unearned income	(114,928,849)	(124,872,575)
Net investment in direct financing lease	$ 171,063,114	$ 175,095,939

The following schedule provides an analysis of the Circle Road Corporation's cost of the property held for lease under the direct financing lease as of June 30, 2024 and 2023.

	2024	2023
Building	$ 182,613,585	$ 182,613,585
Equipment	13,768,588	13,768,588
Art	104,351	104,351
	$ 196,486,524	$ 196,486,524

The associated equipment has a maximum useful life of 10 years, while the building has a useful life of 40 years. The term of the lease is 25 years, as stipulated in the mortgage agreement with TIAA. At the conclusion of the lease, any residual amounts will revert to capital assets.

NOTE 7 – PHARMACEUTICAL REVENUES AND ACCOUNTS RECEIVABLE

UHPSI business operations include filling patient prescriptions to outpatients primarily from UConn Health related clinics.

Pharmaceutical revenues reported net of contractual allowances, DIR fees, and bad debt for the fiscal years ended June 30, 2024 and 2023 were:

	2024	2023
Gross phamaceutical revenue	$ 219,197,056	$ 164,415,813
Other income	282,804	-
Less contractual allowances, DIR fees, bad debt	(69,658,263)	(53,086,214)
Net pharmaceutical revenue	$ 149,821,597	$ 111,329,599

SIGNIFICANT CONCENTRATIONS

In fiscal years 2024 and 2023, revenue received by UHPSI for Medicare, Medicaid, and Commercial payers were approximately as follows:

Revenue:

Payer	2024	2023
Medicare	24.94%	24.98%
Medicaid	48.65%	55.62%
Commercial	26.41%	19.40%
	100.00%	100.00%

Pharmaceutical accounts receivable for fiscal years 2024 and 2023, due from Medicare, Medicaid, and Commercial insurance were approximately as follows:

Pharmaceutical Accounts Receivable:

Payer	2024	2023
Medicare	21.96%	36.84%
Medicaid	49.13%	27.96%
Commercial	28.91%	35.20%
	100.00%	100.00%

NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the Hospital has evaluated events and transactions for potential recognition or disclosure through December 3, 2024, the date the financial statements were available to be issued. No subsequent events required recognition or disclosure in the financial statements were identified.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Audit and Compliance Committee
The University of Connecticut Health Center
Hartford, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The University of Connecticut Health Center Finance Corporation (Finance Corporation or the Company), as of and for the years ended June 30, 2024 and 2023, and the related notes to the consolidated financial statements, which collectively comprise the Finance Corporation's consolidated financial statements, and have issued our report thereon dated December 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Finance Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Finance Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Finance Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Finance Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 3, 2024

	UCHC Finance Corporation	UCHCFC Circle Road Corporation	UConn Health Pharmacy Services, Inc.	UConn Health Imaging, LLC.	Eliminations	Total
Assets						
Current Assets						
Cash	$ -	$ -	$ 15,185,724	$ 803,366	$ -	$ 15,989,090
Malpractice Fund	1,685,493	-	-	-	-	1,685,493
Accounts receivable, net	-	-	5,216,282	213,863	-	5,430,145
Lease receivable -current portion	828,583	7,799	-	-	-	836,382
Inventory	-	-	3,999,652	13,518	-	4,013,170
Due from UConn Medical Group	-	-	1,371,899	-	-	1,371,899
Due (to) from subsidiaries	(760,818)	512,383	248,435	-	-	-
Prepaid Expenses	-	-	838	36,252	-	37,090
Net investment in direct financing lease, current portion	-	4,265,486	-	-	-	4,265,486
Total Current Assets	1,753,258	4,785,668	26,022,830	1,066,999	-	33,628,755
Noncurrent Assets						
Deposits with vendors	-	-	12,176,334	-	-	12,176,334
Lease receivable, net of current portion	-	399,075	-	-	-	399,075
Investment in UHI	2,000,000	-	-	-	(2,000,000)	-
Net investment in direct financing lease, net of current portion	-	166,797,628	-	-	-	166,797,628
Property - right-to-use assets, net	-	-	411,130	3,437,445	-	3,848,575
Capital assets, net	21,696,114	-	24,478	6,553,739	-	28,274,331
Total Noncurrent Assets	23,696,114	167,196,703	12,611,942	9,991,184	(2,000,000)	211,495,943
Total Assets	$ 25,449,372	$ 171,982,371	$ 38,634,772	$ 11,058,183	$ (2,000,000)	$ 245,124,698

	UCHC Finance Corporation	UCHCFC Circle Road Corporation	UConn Health Pharmacy Services, Inc.	UConn Health Imaging, LLC	Eliminations	Total
Liabilities and Net Position						
Current Liabilities						
Accounts payable and accrued expenses	$ 34,633	$ 314,493	$ 6,790,364	$ 241,954	$ -	$ 7,381,444
Due to UConn Health – Malpractice Fund	1,685,493	-	-	-	-	1,685,493
Due to UConn Health	15	(29,477)	496,414	-	-	466,952
Due to John Dempsey Hospital	-	-	8,895,996	-	-	8,895,996
Due to third party payors	-	-	385,049	-	-	385,049
Lease liability, current portion	-	-	145,103	735,178	-	880,281
Loans payable, current portion	826,105	6,707,067	-	277,793	-	7,810,965
Total Current Liabilities	2,546,246	6,992,083	16,712,926	1,254,925	-	27,506,180
Noncurrent Liabilities						
Due to John Dempsey Hospital, net of current portion	-	-	12,176,334	-	-	12,176,334
Lease liability, net of current portion	-	-	377,807	6,558,056	-	6,935,863
Loans payable, net of current portion	-	147,386,002	-	1,199,164	-	148,585,166
Total Noncurrent Liabilities	-	147,386,002	12,554,141	7,757,220	-	167,697,363
Total Liabilities	2,546,246	154,378,085	29,267,067	9,012,145	-	195,203,543
Deferred Inflows of Resources						
Deferred inflows - right-to-use assets	732,505	362,975	-	-	-	1,095,480
Net Position						
Net investment in capital assets	20,870,009	16,970,045	(87,302)	1,220,993	-	38,973,745
Minority interest - UHI	-	-	-	511,510	-	511,510
Unrestricted	1,300,612	271,266	9,455,007	313,535	(2,000,000)	9,340,420
Total Net Position	22,170,621	17,241,311	9,367,705	2,046,038	(2,000,000)	48,825,675
Total Liabilities, Deferred Inflows and Net Position	$ 25,449,372	$ 171,982,371	$ 38,634,772	$ 11,058,183	$ (2,000,000)	$ 245,124,698

	UCHC Finance Corporation	UCHCFC Circle Road Corporation	UConn Health Pharmacy Services, Inc.	UConn Health Imaging, LLC	Eliminations	Total
Operating Revenues						
Interest income - right-to-use assets	$ 118,473	$ 19,750	$ -	$ -	$ -	$ 138,223
Lease Revenue - right-to-use assets	1,758,012	16,793	-	-	-	1,774,805
Rental Income	239,824	33,401	-	-	-	273,225
Interest income from direct financing lease	-	9,947,708	-	-	-	9,947,708
Contract and other income	-	-	270,715	-	-	270,715
Imaging revenue, net	-	-	-	225,282	-	225,282
Pharmaceutical revenues, net	-	-	149,821,597	-	-	149,821,597
Total Operating Revenues	2,116,309	10,017,652	150,092,312	225,282	-	162,451,555
Operating Expenses						
Professional services	21,643	3,499	-	312,640	-	337,782
Internal contractual support	-	-	2,160,457	-	-	2,160,457
Outside agency per diems	-	-	10,143,455	54,291	-	10,197,746
Pharmaceuticals/medical supplies	-	-	136,755,400	32,480	-	136,787,880
Equipment and software leases	-	-	97,700	10,317	-	108,017
Insurance, rent, utilities, repairs and maintenance	-	-	750	34,766	-	35,516
Interest expense	111,440	7,565,271	20,803	165,135	-	7,862,649
Depreciation	753,300	-	4,279	141,814	-	899,393
Amortization - right-to-use assets	-	-	120,914	55,365	-	176,279
Other	-	3,981	111,544	39,103	-	154,628
Total Operating Expenses	886,383	7,572,751	149,415,302	845,911	-	158,720,347
Operating Income	1,229,926	2,444,901	677,010	(620,629)	-	3,731,208
Nonoperating Revenue (Expense)						
Loan servicing fee	(6,117)	(5,750)	-	-	-	(11,867)
Net Nonoperating (Expense)	(6,117)	(5,750)	-	-	-	(11,867)
Gain (Loss) before Transfers	1,223,809	2,439,151	677,010	(620,629)	-	3,719,341
Net Transfers from UConn						
Health - Unrestricted (Note 5)	625,000	-	-	-	-	625,000
Contribution - controlling interest - UHI	-	-	-	2,000,000	(2,000,000)	-
Contribution - minority interest - UHI	-	-	-	666,667	-	666,667
Increase in Net Position - Unrestricted	1,848,809	2,439,151	677,010	2,046,038	(2,000,000)	5,011,008
Net Position - Beginning of year	20,321,812	14,802,160	8,690,695	-	-	43,814,667
Net Position - End of year	$ 22,170,621	$ 17,241,311	$ 9,367,705	$ 2,046,038	$ (2,000,000)	$ 48,825,675

Global

INDEPENDENT
NETWORK MEMBER

ATTACHMENT 2.6

ATTACHMENT 2.6

TO: Members of the Joint Audit and Compliance Committee

FROM: Angelo Quaresima
Associate Vice President and Chief Audit Executive

DATE: December 19, 2024

SUBJECT: Approval to Extend the Appointment of Clifton Larson Allen, LLP (CLA) – UConn Health Audit Services

RECOMMENDATION

It is recommended that the Joint Audit and Compliance Committee (JACC) approve an extension of the appointment of CLA as the independent auditors of John Dempsey Hospital, University Medical Group, and the UConn Health Finance Corporation for fiscal year ended June 30, 2025. The proposed audit fees for fiscal year 2025 are $206,000.

BACKGROUND

A bid process was conducted through the UConn Health Procurement Operations and Contracts Department to select the independent accounting firm to perform audits for the fiscal years ended June 30, 2022, 2023, and 2024. Three audit firms submitted proposals. A committee of five employees representing UConn Health independently evaluated the three proposals based on a set of predetermined qualifications. Evaluation criteria included knowledge and experience, proposer's references, staffing plan, affirmative action and competitive pricing. The proposed statement of fees from all three vendors ranged from approximately $186,425 to $201,500. The Purchasing Department collected and tabulated the committee members' scoring and the committee voted to select CLA pending approval of the JACC.

On March 18, 2022, the JACC approved a 3-year contract with CLA to perform audits of John Dempsey Hospital, University Medical Group, and the UConn Health Finance Corporation for fiscal years ended June 30, 2022, 2023 and 2024. In accordance with the terms of the contract, UConn Health may elect to extend the audit services for fiscal years ending June 30, 2025, and 2026.

The Office of Audit and Management Advisory Services seeks JACC approval of this engagement.

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ATTACHMENT 2.7

ATTACHMENT 2.7

NCAA Agreed-Upon Procedures

For the Year Ended June 30, 2024

Shane Metzler, CPA | Director

December 2024

JAMESMOORE

Background

- Purpose: For NCAA Member Institution Presidents and Chancellors to gain an understanding of the financial position of their institution's intercollegiate athletics program and obtain peace of mind that material revenue and expense categories are in compliance with NCAA financial reporting requirements.
- Scope of Work: In accordance with NCAA Bylaws and professional standards performed by independent accountants. This is not an audit.
- The NCAA Financial Reporting Framework is not in accordance with Generally Accepted Accounting Principles, but is designed to allow the NCAA and member institutions to compare data in an "apples to apples" format.
- The NCAA Financial Reporting System also obtains relevant data that determines the University's revenue distribution for the upcoming year.

Results of Procedures and Reported Items

- There were no findings or exceptions to the procedures we performed.
- The Statement of Revenues and Expenses highlights the results of operations of your various sports programs, specifically highlighting football, men's basketball, women's basketball, men's ice hockey, all other sports, and nonprogram specific financial activity.
- The Notes and Variance Analysis disclosed in the report are the athletic department's opportunity to tell their financial story by providing context to the numbers.

Questions?

ATTACHMENT 2.8

ATTACHMENT 2.8

UNIVERSITY OF CONNECTICUT
INTERCOLLEGIATE ATHLETICS PROGRAM

INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2024

UNIVERSITY OF CONNECTICUT
INTERCOLLEGIATE ATHLETICS PROGRAM
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JUNE 30, 2024

INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. Radenka Maric, President,
University of Connecticut:

We have performed the procedures enumerated below on the accompanying Statement of Revenues and Expenses (the Statement, see Exhibit I) of the University of Connecticut (the University) Intercollegiate Athletics Program (the Program) in compliance with the National Collegiate Athletic Association's (NCAA) Bylaw 20.2.4.17 for the year ended June 30, 2024. The University's management is responsible for the accompanying Statement and the Statement's compliance with those requirements for the year ended June 30, 2024.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the accompanying Statement is in compliance with the NCAA's Bylaw 20.2.4.17 for the year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling the lesser of $100,000 or 10% of the line item total to which an agreed-upon procedure has been applied to, other than exceptions related to internal control procedures of the Program, for which there are no thresholds, have been reported. The procedures and the associated findings are as follows:

Agreed-Upon Procedures Related to the Statement of Revenues and Expenses

Procedure	Finding
All Revenue Categories	
• Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Program. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category.	No exceptions noted.
• Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation.	No exceptions noted.
• Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 21.

Procedure	Finding
1. Ticket Sales	
a. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals.	No exceptions noted.
2. Direct State or Other Governmental Support	
a. Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.	As there was no direct state or other governmental support for the year ended June 30, 2024, this procedure was not performed.
3. Student Fees	
a. Compare and agree student fees reported by the Program in the statement for the reporting period to student enrollments during the same reporting period and recalculate totals.	We could not perform the procedure as outlined; however, we noted that the University determines the amount the Program receives. We confirmed the amount with the University and noted no exceptions.
b. Obtain documentation of Program's methodology for allocating student fees to intercollegiate athletics programs.	An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.
c. If the Program is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.	No exceptions noted.
4. Direct Institutional Support	
a. Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.	No exceptions noted.

Procedure	Finding
5. Less – Transfers to Institution	
a. Compare the transfers back to the institution with permanent transfers back to the institution from the athletics department and recalculate totals.	As transfers to institution represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
6. Indirect Institutional Support (6 and 6A)	
a. Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.	No exceptions noted.
7. Guarantees	
a. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
b. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
8. Contributions	
a. Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.	No exceptions noted.
9. In-Kind	
a. Compare the in-kind recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals.	As there was no in-kind support for the year ended June 30, 2024, this procedure was not performed.
10. Compensation and Benefits Provided by a Third-Party	
a. Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Program and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Program's general ledger and/or the Summary and recalculate totals.	As there were no compensation and benefits provided by a third party for the year ended June 30, 2024, this procedure was not performed.

Procedure	Finding
11. Media Rights	
a. Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement.	As media rights represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
b. Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.	As media rights represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
12. NCAA Distributions	
a. Compare the amounts recorded in the revenue and expense categories reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.	As NCAA distributions represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
13. Conference Distributions and Conference Distributions of Football Bowl Generated Revenue (13 and 13A)	
a. Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.	Agreements were obtained and an understanding of the relevant terms and conditions was gained.
b. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.	No exceptions noted.
14. Program Sales, Concessions, Novelty Sales, and Parking	
a. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.	As program sales, concessions, novelty sales and parking represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
15. Royalties, Licensing, Advertisements and Sponsorships	
a. Obtain and inspect agreements related to the Program's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period for relevant terms and conditions.	Agreements were obtained and an understanding of the relevant terms and conditions was gained.
b. Compare and agree the related revenues to the institution's general ledger, and/or the statement and recalculate totals.	No exceptions noted.

Procedure	Finding
16. Sports Camp Revenues	
a. Inspect sports camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain documentation of the Program's methodology for recording revenues from sports- camps.	As sports camp revenues represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
b. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports- camp participants and agree each selection to the Program's general ledger, and/or the statement and recalculate totals.	As sports camp revenues represent less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
17. Athletics Restricted Endowment and Investment Income	
a. Obtain and inspect endowment agreements, if any, for relevant terms and conditions.	As athletics restricted endowment and investment income represents less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
b. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.	As athletics restricted endowment and investment income represents less than 4.0% of total revenues for the year ended June 30, 2024, this procedure was not performed.
18. Other Operating Revenue	
a. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.	No exceptions noted.
19. Football Bowl Revenues	
a. Obtain and inspect agreements related to the Program's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant term and conditions.	As there were no football bowl revenues for the year ended June 30, 2024, this procedure was not performed.
b. Compare and agree the related revenues to the Program's general ledger, and or the statement and recalculate totals.	As there were no football bowl revenues for the year ended June 30, 2024, this procedure was not performed.

Procedure	Finding
All Expense Categories	
• Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category.	No exceptions noted.
• Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation.	No exceptions noted.
• Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 21.
20. Athletic Student Aid	
a. Using the criteria below select a sample of student-athletes receiving athletic aid during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sport sponsored. • If using the NCAA's Compliance Assistant (CA) application, select 10% of the total student-athletes with a maximum sample size of 40. • If using a compliance application other than the NCAA's CA application, select 20% of total student-athletes with a maximum sample size of 60). Note: *The Division I revenue distribution equivalencies (athletic grant amount divided by the full grant amount) should only include tuition, fees, living expenses and required course-related books, per Bylaw 20.02.10. Cost of Attendance or Other Expenses Related to Attendance are* ***not*** *countable for revenue distribution purposes.* Note: *The Calculation of Revenue Distribution Equivalencies Report (CRDE) within Compliance Assistant should provide equivalencies that do not contain Cost of Attendance or Other Expenses Related to Attendance.*	A sample of 60 student aid recipients was selected.

Procedure	Finding
b. Obtain individual student-athlete account detail for each selection. Reconcile the total athletic aid reported by the institution to the student-athlete's account detail reported in CA or the institution report that reconciles to the NCAA Membership Financial Reporting System.	No exceptions noted.
c. **Division I Institutions Only:** Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:	No exceptions noted.
• Grants-in-aid is calculated by using the revenue distribution equivalencies, athletic grant amount divided by the full grant amount.	No exceptions noted.
• Other expenses related to attendance (also known as cost of attendance) should **not** be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, living expenses, and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.10. Note: For compliance purposes equivalencies may include other expenses related to attendance per Bylaw 15.02.2. However, other expenses related to attendance are **not** allowed to be included for revenue distribution equivalencies. If using the NCAA CA application, the Calculation of Revenue Distribution Equivalencies Report (CRDE) should provide equivalencies that do not include other expenses related to attendance.	No exceptions noted.
• Full grant amount should be entered as a full year of tuition, not a semester or quarter.	No exceptions noted.
• Student-athletes are to be counted once, regardless of multiple sport participation, and should not receive a revenue distribution equivalency greater than 1.00.	No exceptions noted.
• Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and football bowl subdivision football.	No exceptions noted.
• Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.10.6.3.	No exceptions noted.
• Institutions providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.	No exceptions noted.

Procedure	Finding
• The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies, Bylaw 15.5.3.1. Note: The NCAA Membership Financial Reporting System's Revenue Distribution data entry webpage will automatically reduce the Total Revenue Distribution Equivalencies Awarded column to adhere to Bylaw 15.5.3.1.	No exceptions noted.
• If a sport is discontinued and athletic aid is still being awarded/honored by the institution, the athletic aid is countable for revenue distribution purposes. Note: The discontinued sport will need to be added to the NCAA Membership Financial Reporting System's Revenue Distribution data entry Webpage.	As there were no discontinued sports for the year ended June 30, 2024, this procedure was not performed.
• All equivalency calculations should be rounded to two decimal places.	No exceptions noted.
• If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.	No exceptions noted.
• If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.	No exceptions noted.
d. Recalculate totals for each sport and overall.	No exceptions noted.
21. Guarantees	
a. Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
b. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution during the reporting period to the institution's general ledger and/or the statement and recalculate totals.	As guarantees represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.

Procedure	Finding
22. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities	
a. Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.	A listing of all coaches employed by the Program was obtained. A sample of five coaches for two pay periods each was selected, including the men's and women's basketball head coaches and the men's football head coach.
b. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period.	No exceptions noted.
c. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period.	No exceptions noted.
d. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.	No exceptions noted.
23. Coaching Salaries, Benefits, and Bonuses Paid by a Third-Party	
a. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.	As there were no coaching salaries, benefits, and benefits paid by a third party for the year ended June 30, 2024, this procedure was not performed.
b. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period.	As there were no coaching salaries, benefits, and benefits paid by a third party for the year ended June 30, 2024, this procedure was not performed.
c. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by the institution in the statement during the reporting period and recalculate totals.	As there were no coaching salaries, benefits, and benefits paid by a third party for the year ended June 30, 2024, this procedure was not performed.
24. Support Staff/Administrative Compensation, Benefits and Bonuses Paid by the University and Related Entities	
a. Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period.	A sample of five support staff/ administrative personnel for two pay periods each was selected.

Procedure	Finding
b. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals.	No exceptions noted.
25. Support Staff/Administrative Compensation, Benefits and Bonuses Paid by a Third-Party	
c. Select a sample of support staff/administrative personnel employed by the third parties during the reporting period.	As there were no support staff/ administrative compensation and benefits paid by a third-party for the year ended June 30, 2024, this procedure was not performed.
d. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals.	As there were no support staff/ administrative compensation and benefits paid by a third-party for the year ended June 30, 2024, this procedure was not performed.
26. Severance Payments	
a. Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.	As there were no severance payments for the year ended June 30, 2024, this procedure was not performed.
27. Recruiting	
a. Obtain documentation of the Program's recruiting expense policies.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
b. Compare and agree to existing institutional- and NCAA-related policies.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
c. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	As recruiting expenses represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
28. Team Travel	
a. Obtain documentation of the Program's team travel policies.	We obtained and documented an understanding of the Program's team travel policies.

Procedure	Finding
b. Compare and agree to existing institutional- and NCAA-related policies.	No exceptions noted and policies are consistent with institutional and NCAA-related policies.
c. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.	No exceptions noted.
29. Sports Equipment, Uniforms and Supplies	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As sports equipment, uniforms, and supplies represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
30. Game Expenses	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As game expenses represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
31. Fund Raising, Marketing and Promotion	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As fund raising, marketing and promotion represents less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
32. Sports Camp Expenses	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no sports camp expenses for the year ended June 30, 2024, this procedure was not performed.
33. Spirit Groups	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As spirit groups represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
34. Athletic Facilities Debt Service, Leases and Rental Fees	
a. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements).	No exceptions noted.

Procedure	Finding
b. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.	No exceptions noted.
35. Direct Overhead and Administrative Expenses	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As direct overhead and administrative expenses represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
36. Indirect Institutional Support	
a. Tested with revenue section- Indirect Institutional Support.	As indirect institutional support represents less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
37. Medical Expenses and Insurance	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As medical expenses and insurance represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
38. Memberships and Dues	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As memberships and dues represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
39. Student-Athlete Meals (non-travel)	
a. Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As student-athlete meals (non-travel) represent less than 4.0% of total expenses for the year ended June 30, 2024, this procedure was not performed.
40. Other Operating Expenses	
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.
41. Football Bowl Expenses (41 and 41A)	
b. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no football bowl expenses for the year ended June 30, 2024, this procedure was not performed.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

In order for the NCAA to place reliance on the Division I financial reporting to calculate the Division I NCAA revenue distributions, which is a financial benefit to the institution, the following procedures are required:

Procedure	Finding
1. **Grants-in-Aid:**	
a. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Sports Sponsorship and Demographics Form as they are reported by the institution between April and June. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy, and report the justification in the AUP report.	No exceptions noted.
b. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance great than +/- 4%. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.	We noted no variance greater than the threshold.
2. **Sports Sponsorship:**	
a. Obtain the institution's Sports Sponsorship and Demographics Form submitted to NCAA Research for the reporting year. Validate that the countable NCAA sports reported by the institution met the minimum requirements, set forth in Bylaw 20.10.6.3, related to the number of contests and the number of participants. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would **not** qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once the countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.	No exceptions noted.

Procedure	Finding
b. Compare current year number of Sports Sponsored to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.	No variance noted.

3. **Pell Grants:**

Procedure	Finding
a. Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the institutions financial aid records of all student-athlete Pell Grants. • Note 1: Only Pell Grants for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are countable. • Note 2: Student-athletes should only be counted once even if the athlete participates in multiple sports. • Note 3: Individual student-aid file testing in step 31 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report.	No exceptions noted.
b. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.	We noted a decrease of 42 Pell Grants in FY24 compared to FY23 due to fewer student-athletes who were eligible.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

50. **Excess Transfers to Institution**

Procedure	Finding
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	As there were no excess transfers to institution for the year ended June 30, 2024, this procedure was not performed.

51. **Conference Realignment Expenses**

Procedure	Finding
a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.

Procedure	Finding
52. **Total Athletics Related Debt**	
a. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.	No exceptions noted.
b. Agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger, if applicable.	No exceptions noted.
53. **Total Institutional Debt**	
a. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger.	No exceptions noted.
54. **Value of Athletics Dedicated Endowments**	
a. Obtain a schedule of all athletics dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair market value in the schedules(s) to supporting documentations, the general ledger(s) and audited financial statements, if available.	No exceptions noted.
55. **Value of Institutional Endowments**	
a. Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available.	No exceptions noted.
56. **Total Athletics Related Capital Expenditures**	
a. Obtain a schedule of athletics related capital expenditures made by athletics, the institution, and affiliated organizations during the reporting period, additions only.	No exceptions noted.
b. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.	No exceptions noted.

Agreed-Upon Procedures Related to Affiliated and Outside Organizations

Procedure

1. The Program shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the Program has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the Program shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

Results

The Program identified the University of Connecticut Foundation, Inc. (the Foundation) and the UConn Club, Inc. (the Club) as the only outside organizations making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the University of Connecticut. For the year ended June 30, 2024, the Foundation recognized revenues of $7,419,567, expenses of $3,178,088, and capital expenditures of $4,241,478 on behalf of the Program. The Club did not recognize any revenues or expenses on behalf of the Program for the year ended June 30, 2024.

Finding

No exceptions noted.

Procedure

2. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The Program's independent accountant shall also inquire of institutional and outside organization management as to corrective action taken in response to comments concerning internal control structure (if any).

Results

We obtained and read the audited financial statements of the Foundation for the year ended June 30, 2024, and the related management letters. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation. The independent auditors noted no material weaknesses in the Foundation's internal control. The Club is not subject to an annual audit; however, we obtained and reviewed the compiled financial statements of the Club for the year ended June 30, 2024.

Finding

No exceptions noted.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses (Exhibit I) of the University and the accompanying notes to the Statement of Revenues and Expenses (Exhibit II). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

James Moore & Co., P.L.

Gainesville, Florida
December 3, 2024

Exhibit I

UNIVERSITY OF CONNECTICUT
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT
ON THE APPLICATION OF AGREED-UPON PROCEDURES)

	Football	Men's Basketball	Women's Basketball	Men's Ice Hockey	Other Sports	Nonprogram Specific	Total
Revenues							
1 Ticket sales	$ 2,203,609	$ 8,301,602	$ 3,254,476	$ 799,491	$ 368,848	$ 1,131,572	$ 16,059,598
2 Direct state or other government support	-	-	-	-	-	-	-
3 Student fees	-	-	-	-	-	5,557,411	5,557,411
4 Direct institutional support	-	-	-	-	-	31,726,038	31,726,038
5 Less - Transfers to institution	-	-	-	-	-	(374,146)	(374,146)
6 Indirect institutional support	-	-	-	-	-	1,223,120	1,223,120
6A Indirect institutional support - athletic facilities debt service, leases and rental fees	-	-	-	-	-	4,716,951	4,716,951
7 Guarantees	1,800,000	730,000	133,400	-	55,500	-	2,718,900
8 Contributions	893,968	2,601,201	2,254,136	675,345	5,226,084	2,465,669	14,116,403
9 In-kind	-	-	-	-	-	-	-
10 Compensation and benefits provided by a third-party	-	-	-	-	-	-	-
11 Media rights	-	-	-	-	-	2,196,000	2,196,000
12 NCAA distributions	-	324,465	275,731	-	24,063	2,285,049	2,909,308
13 Conference distributions (non media and non football bowl)	314,459	2,500,000	500,000	5,000	35,000	2,274,000	5,628,459
13A Conference distributions of football bowl generated revenue	-	-	-	-	-	-	-
14 Program, novelty, parking and concession sales	-	190,643	103,211	74,960	90,600	388,473	847,887
15 Royalties, licensing, advertisement and sponsorships	-	-	-	-	-	10,416,182	10,416,182
16 Sports camp revenues	-	-	-	-	11,758	784	12,542
17 Athletics restricted endowment and investments income	7,740	4,808	223,644	-	117,542	135,196	488,930
18 Other operating revenue	49,190	4,954,935	1,206,331	-	126,278	999,381	7,336,115
19 Football bowl revenues	-	-	-	-	-	-	-
Total operating revenues	5,268,966	19,607,654	7,950,929	1,554,796	6,055,673	65,141,680	105,579,698
Expenses							
20 Athletic student aid	$ 4,553,721	$ 627,486	$ 663,935	$ 713,628	$ 7,339,727	$ 92,401	$ 13,990,898
21 Guarantees	1,325,000	635,000	32,500	-	15,000	-	2,007,500
22 Coaching salaries, benefits and bonuses paid by the university and related entities	3,933,385	9,638,509	4,781,103	919,826	5,692,049	-	24,964,872
23 Coaching salaries, benefits and bonuses paid by a third-party	-	-	-	-	-	-	-
24 Support staff/administrative compensation, benefits and bonuses paid by the university and related entities	2,682,787	555,689	745,831	157,973	110,892	10,448,049	14,701,221
25 Support staff/administrative compensation, benefits and bonuses paid by a third-party	-	-	-	-	-	-	-
26 Severance payments	-	-	-	-	-	-	-
27 Recruiting	756,611	908,064	888,623	89,074	477,212	2,800	3,122,384
28 Team travel	2,157,731	3,868,918	2,757,086	250,739	4,312,080	183,217	13,529,771
29 Sports equipment, uniforms and supplies	791,316	185,664	181,423	225,131	1,417,846	364,836	3,166,216
30 Game expenses	1,090,091	609,729	600,719	323,503	733,535	53,790	3,411,367
31 Fund raising, marketing and promotion	-	-	-	-	-	504,677	504,677
32 Sports camp expenses	-	-	-	-	-	-	-
33 Spirit groups	483	78,731	42,853	-	-	23,698	145,765
34 Athletic facilities debt service, leases and rental fees	-	-	-	-	-	4,992,939	4,992,939
35 Direct overhead and administrative expenses	67,610	17,872	30,678	5,716	608,045	314,579	1,044,500
36 Indirect institutional support	-	-	-	-	-	1,223,120	1,223,120
37 Medical expenses and insurance	17,234	16,017	87	1,604	6,735	2,006,905	2,048,582
38 Memberships and dues	4,745	1,772	2,596	40,550	50,169	36,989	136,821
39 Student-athlete meals (non-travel)	64,297	121,322	95,420	2,373	39,367	396,443	719,222
40 Other operating expenses	1,005,958	3,135,794	1,711,584	94,545	626,629	4,685,485	11,259,995
41 Football bowl expenses	-	-	-	-	-	-	-
41A Football bowl expenses - coaches compensation/bonuses	-	-	-	-	-	-	-
Total operating expenses	18,450,969	20,400,567	12,534,438	2,824,662	21,429,286	25,329,928	100,969,850
Results of operations	$ (13,182,003)	$ (792,913)	$ (4,583,509)	$ (1,269,866)	$ (15,373,613)	$ 39,811,752	$ 4,609,848
50 Excess transfers to institution							-
56 Total athletics related capital expenditures							6,147,304
Excess (deficiency) of revenues over (under) expenses							$ (1,537,456)
Other reported items							
51 Conference realignment expenses							$ 1,292,910
52 Total athletics related debt							$ 80,269,395
53 Total institutional debt							$ 2,305,488,444
54 Value of athletics dedicated endowments							$ 61,543,391
55 Value of institutional endowments							$ 504,717,184

- See accompanying notes to statement of revenues and expenses -

UNIVERSITY OF CONNECTICUT
INTERCOLLEGIATE ATHLETICS PROGRAM
NOTES TO STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED – SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)

(1) **Basis of Accounting:**

The accompanying Statement of Revenues and Expenses of the University of Connecticut (the University) Intercollegiate Athletics Program (the Program) has been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

(2) **Capital Assets:**

Capital asset purchases of the Program are recorded as expenditures when incurred, as capital assets are recorded in the property funds of the University, and are not recorded as assets in the Program's accounting records. As such, no depreciation expense is recorded in the Program's accounting records.

(3) **Contributions:**

The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the Program. Contributions of $- were recognized from the Foundation for the year ended June 30, 2024, and have been included in the accompanying statement of revenues and expenses. Contributions received from the Foundation were the only contributions exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended June 30, 2024.

(4) **Athletics Related Debt:**

In March 2018, the University issued the 2018 Series A Special Obligation Student Fee Revenue Bonds, which included proceeds of $24,290,000 to fund the construction and infrastructure of athletic stadia. Principal payments are due annually beginning in November of 2018, with a maturity date of November 15, 2047. Interest payments are due semiannually, with interest rates ranging from 3.0% to 5.25%.

In fiscal year 2023, the University adopted GASB Statement No. 96 (GASB 96), Subscription-Based Information Technology Arrangements (SBITAs). In accordance with GASB 96, the University records a right-to-use subscription asset and subscription liability. For fiscal year 2024, Program SBITA assets for new arrangements totaled $1,099,280 and are reported under total athletics related capital expenditures. As of June 30, 2024, the balance of Program SBITA liabilities, reported under total athletics related debt, was $1,083,775. Principal and interest payments are due annually, with interest rates ranging from 3.85% to 4.95%.

(4) **Athletics Related Debt:** (Continued)

The following is a schedule of future principal and interest payments for long term debt as of June 30, 2024:

Fiscal Year Ending June 30,	Long Term Debt Principal	Long Term Debt Interest	Total Principal and Interest
2025	$ 856,697	$ 1,118,402	$ 1,975,099
2026	714,467	1,076,416	1,790,883
2027	616,482	1,042,026	1,658,508
2028	650,153	1,010,605	1,660,758
2029	679,000	977,633	1,656,633
2030-2034	3,741,976	4,354,458	8,096,434
2035-2039	4,400,000	3,388,400	7,788,400
2040-2044	5,585,000	2,199,562	7,784,562
2045-2049	5,615,000	608,869	6,223,869
Total	$ 22,858,775	$ 15,776,371	$ 38,635,146

The Program has entered into internal loan agreements with the University to fund multiple capital projects. The internal loans will be repaid at various timeframes by gifts received by the Foundation or other revenues.

The following is a schedule of the internal loan agreements as of June 30, 2024:

	Balance June 30, 2024
Stadia	$ 5,212,697
Hockey arena	22,778,678
Werth Hall of Fame	1,200,000
Werth Dining Hall	404,245
Field house	27,815,000
Total Internal Loans	$ 57,410,620

(5) **Surplus/Deficit Allocations:**

The Program is allowed to carry forward all available funds at the end of each fiscal year to the next fiscal year. Deficits are funded by the Program to the extent there is sufficient net position available.

Exhibit III

SUPPLEMENT TO STATEMENT OF REVENUES AND EXPENSES
VARIANCE ANALYSIS OF TOTAL REVENUES AND EXPENSES
TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'
REPORT ON APPLYING AGREED-UPON PROCEDURES)

	Revenues	**2024**	**2023**	**$ Variance**	**% Variance**	**Variance Explanation**
1	Ticket sales	$ 16,059,598	$ 12,941,702	$ 3,117,896	24.09%	The increase was due to success in the Men's and Women's Basketball programs during the FY24.
8	Contributions	$ 14,116,403	$ 17,741,104	$ (3,624,701)	-20.43%	The decrease was due to the Program generating significant revenues from ticket sales, licensing revenues and post-season incentives. As such, fewer contributions were needed to pay for athletes' student aid and other ongoing projects during the FY24.
	Expenses					
20	Athletic student aid	$ 13,990,898	$ 12,584,662	$ 1,406,236	11.17%	The increase was due to increases in tuition rates, room and board, and cost of attendance stipends during the FY24.
22	Coaching salaries, benefits and bonuses paid by the university and related entities	$ 24,964,872	$ 22,082,383	$ 2,882,489	13.05%	The increase was due to contractual obligations, union mandated increases, and additional compensation payments due to the success of the various athletic programs during the FY24.
28	Team travel	$ 13,529,771	$ 11,430,410	$ 2,099,361	18.37%	The increase was due to the Men's Basketball and Women's Basketball programs participating in off-season foreign tours, along with schedule variations during the FY24.
40	Other operating expenses	$ 11,259,995	$ 6,430,071	$ 4,829,924	75.11%	The increase was due to additional payments being made to insure performance bonuses and travel costs associated with winning at the highest levels for the Men's Basketball and Women's Basketball programs. Additionally, the Program updated their graphic enhancements and purchased new furniture during the FY24.

Note 1: The budget estimates for the University of Connecticut are not prepared in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total revenues and expenses to the budget estimates for the year ended June 30, 2024, could not be performed.

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ATTACHMENT 2.9

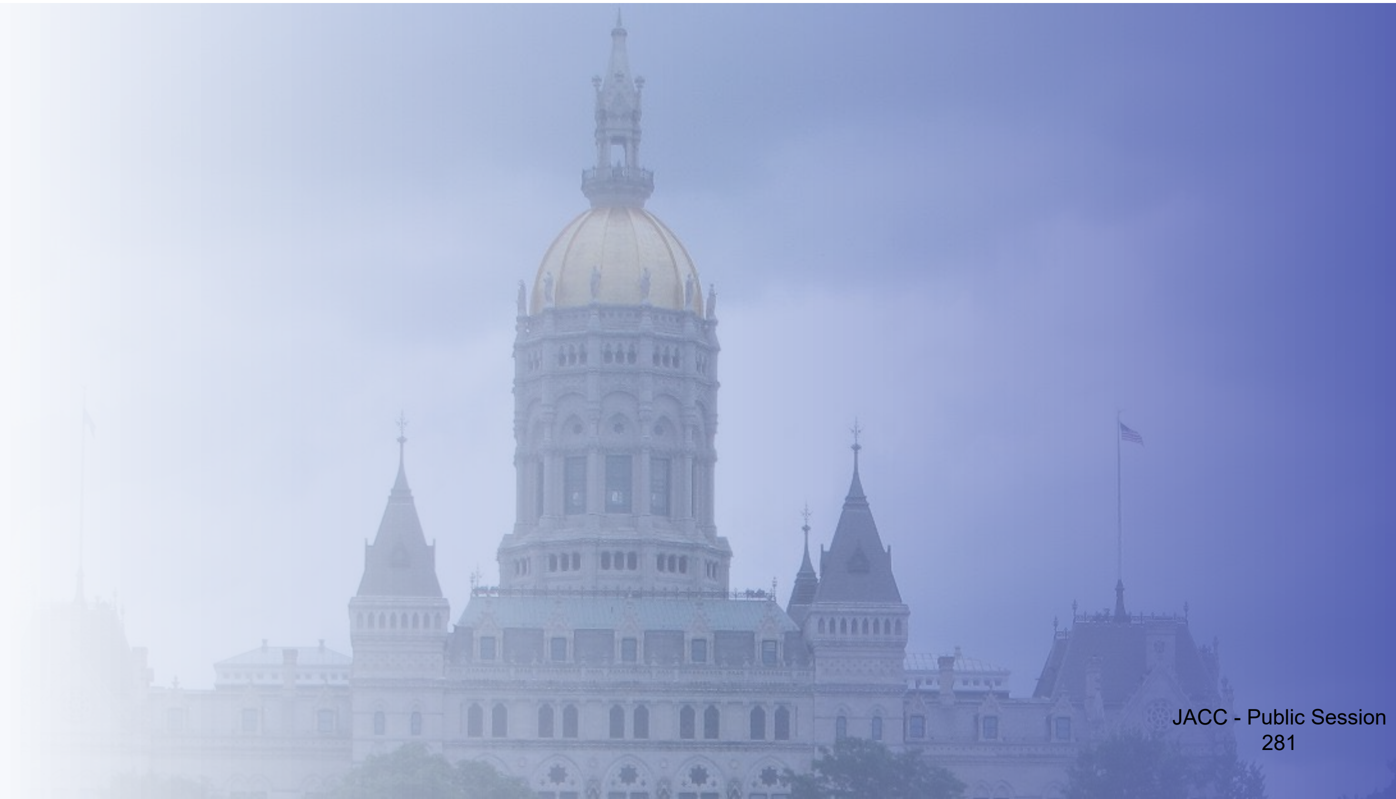
ATTACHMENT 2.9

University of Connecticut and University of Connecticut Health Center

Financial Statements as of and for the year ended June 30, 2024

Communication to the Joint Audit and Compliance Committee

December 19, 2024



STATE OF CONNECTICUT

Auditors of Public Accounts

John Harrison

Principal Auditor

Audit Opinions

The University of Connecticut system includes:

- UConn
- UConn Health
- The UConn Foundation

We audited, and expressed opinions on the financial statements of, only:

- UConn
- UConn Health (includes the John Dempsey Hospital, the UConn Medical Group, and the Finance Corporation)

We did not audit the UConn Foundation. Legal restrictions essentially prevent us from accessing UConn Foundation records except in special circumstances.

Audit Opinions:

- In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University of Connecticut as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

- In our opinion, the financial statements present fairly, in all material respects, the financial position of the business-type activities of UConn Health, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reliance on Other Auditors

We placed reliance on audits performed by other auditors of:

- The John Dempsey Hospital
- The UConn Medical Group
- The Finance Corporation

We did not review the working papers of the other auditors.

- We relied on their professional reputation.
- We performed various supplementary audit procedures that addressed component units of UConn Health.
- We requested representations from the other auditors stating that they were:
  - Independent
  - Aware that we intended to place reliance on their audits
  - Familiar with applicable accounting and auditing standards

Internal Control

- An audit involves consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Accordingly, we express no such opinion regarding UConn or UConn Health's internal control.
- However, we did evaluate internal control and did place reliance on internal control in our audits of UConn and UConn Health.
- We are required to report significant control deficiencies (conditions less severe than a material weakness, yet important enough to merit attention by those charged with governance) and material weaknesses (control deficiencies that create a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis) to management and those charged with governance.

Integration with Other Audits

- Audit procedures carried out to support our opinions on the financial statements are integrated with procedures carried out in connection with other audits we perform at UConn and UConn Health.
  - Statutorily required (Section 2-90 of the General Statutes) departmental audits addressing compliance with laws and regulations and internal control.
  - Our audit of the basic financial statements of the State of Connecticut.
  - Our audit of federal financial assistance under the requirements of the Federal Single Audit Act.

- Our departmental audits are performed in accordance with generally accepted government auditing standards (GAGAS) for performance audits. Our other audits, including our audits of UConn's and UConn Health's financial statements, are carried out in accordance with GAGAS for financial audits. For financial audits, GAGAS incorporates, by reference, generally accepted auditing standards (GAAS) promulgated by the American Institute of Certified Public Accountants. Therefore, all financial audits carried out in accordance with GAGAS are also carried out in accordance with GAAS.
- Though we perform our audits of UConn and UConn Health's financial statements in accordance with GAGAS for financial audits, our reports on those audits are issued under GAAS, as permitted by paragraph 6.37 of the 2018 revision of Government Auditing Standards (also known as the Yellow Book).
- As the procedures undertaken for purposes of our audits of the financial statements are integrated with those undertaken for other purposes, they are sometimes of greater extent than would be necessary if our sole objective was to express an opinion on the financial statements.

Required Communications

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UConn and UConn Health are described in the notes to the financial statements. We noted no transactions entered into by UConn or UConn Health during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties encountered in performing the audit

- We encountered no difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

- Professional standards require us to accumulate all known and likely misstatements identified during our audits, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted to report.

Disagreements with Management

- For purposes of this communication, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audits

Required Communications

Significant Audit Matters (Continued):

Management Representation

- We have requested certain representations from management that are included in the management representation letters for UConn and UConn Health, dated December 6, 2024, and December 12, 2024, respectively.

Management Consultations with Other Independent Accountants

- In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to UConn or UConn Health's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants during the audited period.

Other Matters:

- We applied certain limited procedures to the management's discussion and analysis, pension plan schedules and information, and the other post-employment benefits schedules and information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

- The introductory and statistical sections, which accompany the financial statements but are not RSI, are presented for purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This document provides an outline of our audits of the University of Connecticut (UConn) and the University of Connecticut Health Center (UConn Health). It is intended for the use of the Joint Audit and Compliance Committee, UConn's Board of Trustees, UConn Health's Board of Directors, management, and others affiliated with UConn and/or UConn Health. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this document is a matter of public record, and its distribution is not limited. We would be happy to elaborate on any of the matters discussed herein, or any other matters of interest.

Thank You

John Harrison

Principal Auditor

John.Harrison@ctauditors.gov

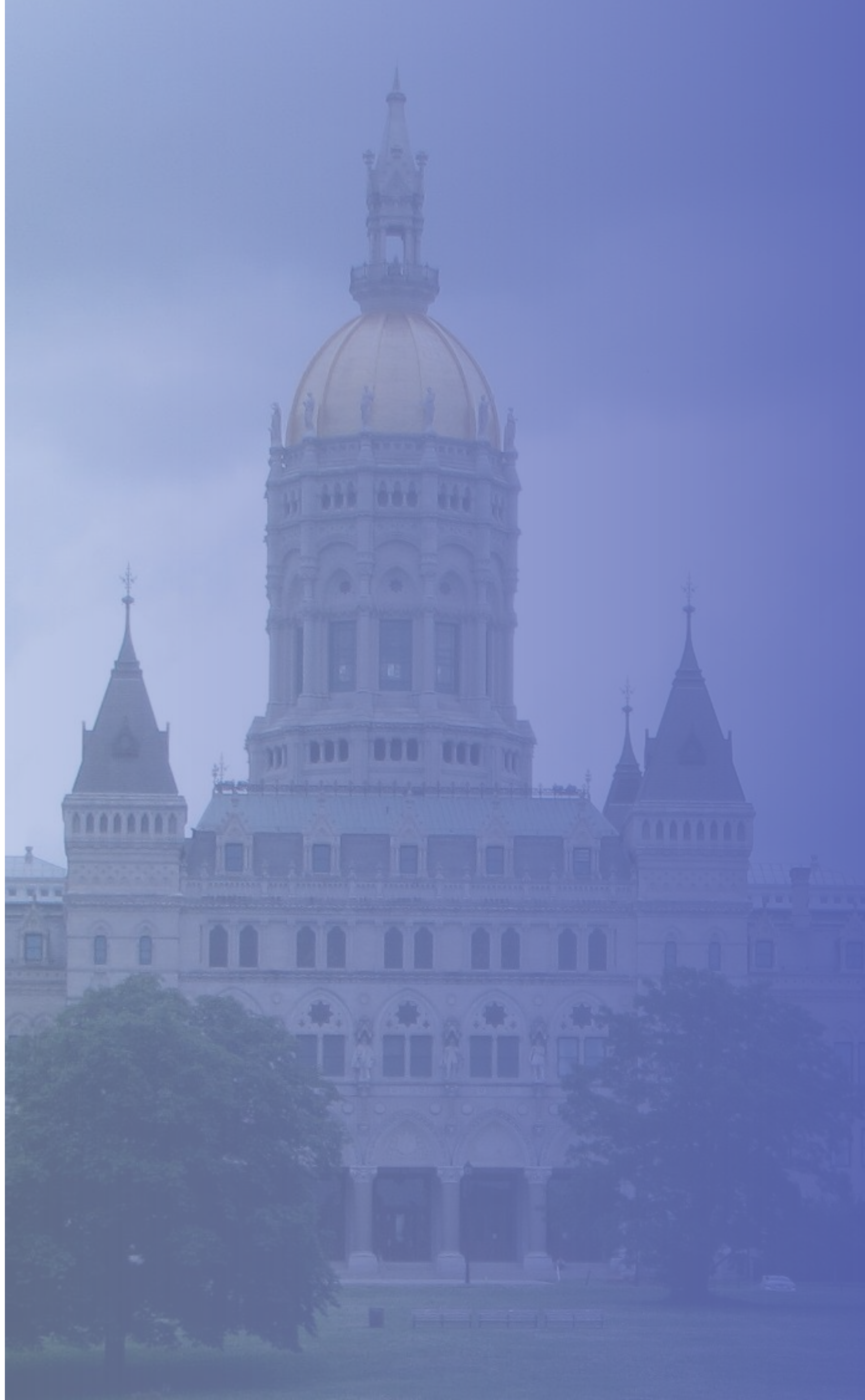
www.ctauditors.gov

Jamie Drozdowski

Principal Auditor

Jamie.Drozdowski@ctauditors.gov

www.ctauditors.gov



ATTACHMENT 2.10

ATTACHMENT 2.10

Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2024

Included as an Enterprise Fund of the State of Connecticut

UCONN | UNIVERSITY OF CONNECTICUT

UCONN

UNIVERSITY OF CONNECTICUT

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Associate Vice President of Financial Operations and Controller

TABLE OF CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

December 6, 2024

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the University of Connecticut for the fiscal year ended June 30, 2024. For purposes of this report, the University of Connecticut (University) is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

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

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

The University's Joint Audit and Compliance Committee (JACC) of the Board of Trustees exercises oversight over the integrity of the financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2024, was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unmodified opinion on the fair presentation of the financial statements. The independent auditors' opinion can be found in the front of the financial section.

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

University Profile

Background

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

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

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

In addition to academics, the University also participates in Division I athletics. UConn has won 25 National Championships in four different sports, with 11 coming from the dominant women's basketball team and the most recent one coming in April 2024 with back-to-back championships from our men's basketball team.

Student and Faculty Data
For the 2023-2024 academic year, the number of applications for undergraduate first-year admissions was 46,645 for just over 6,795 seats. Total enrollment in the fall of 2023 was 31,679 students, including 7,323 graduate students. The University's diverse student population hails from 46 states and 113 countries. Of the 24,356 undergraduates, 53 percent were female, and 44 percent of undergraduates were members of minority groups. The University employs 1,659 full-time faculty members and an additional 828 part-time faculty and adjuncts. In the 2023-2024 academic year, the University conferred 8,881 degrees. Approximately 75 percent of graduates who attended high school in Connecticut and who are employed continue to work in the State of Connecticut.

Related Organization
The University of Connecticut Foundation, Inc. (Foundation), a related organization, operates exclusively to promote the educational, scientific, cultural, research, and recreational objectives for both the University and UConn Health. Therefore, it is not included as a component unit in the accompanying financial statements. See Notes 1 and 14 for additional information.

Economic Condition

According to the State Comptroller, the State ended fiscal year 2024 with a general fund surplus of $401 million, slightly higher than budgeted. With a strong labor market and wage growth throughout the year, certain tax revenues performed better than expected. Connecticut's budget results are ultimately dependent upon the performance of the national and state economies. In fiscal year 2024, the economy proved resilient to the highest interest rates in twenty years, with continued growth in jobs and consumer spending. High inflation, though, prevented the Federal Reserve from lowering interest rates, which negatively impacted sectors particularly vulnerable to rate changes such as the housing market. During fiscal year 2024, the state's labor force grew 1.1 percent, contributing to employment growth of 12,000 positions (0.7 percent). The unemployment rate peaked at 4.5 percent in February, before declining to 3.9 percent in June.

The University maintained a balanced budget for fiscal year 2024. This was in large part due to significant funding from the State. The University received its annual block grant plus $82 million in one-time funds for general operating support and to cover non-block grant collective bargaining increases (stipulated in the State's multiyear agreement with SEBAC, the State Employees' Bargaining Agent Coalition). In fiscal year 2024, the State also implemented a budget-neutral change in its fringe benefit funding structure, now covering all retirement-related fringe benefit costs for all University employees participating in State-sponsored retirement plans. As a result, the University did not pay retirement costs for these plans in fiscal year 2024. Furthermore, these costs and the associated State funding are not included in the accompanying financial statements.

Long-Term Financial Planning

The University is grateful that the State has continued significant one-time funding in fiscal years 2024 and 2025; however, it is important to note that the one-time funds are expected to be eliminated in fiscal year 2026, creating significant challenges in the University's operating budget. For fiscal year 2026 and beyond, the University will continue to request operating funds from the State while simultaneously working to eliminate the existing structural deficit, driven by expenses increasing at a much greater rate than revenues. The University's long-term plan includes becoming more self-reliant in generating diverse operating revenues and reducing costs amid possible decreases in State support. The University will look to maintain a balanced budget for its operations through potential increases in student tuition and fee rates, enrollment growth, entrepreneurial programs, and other revenue expansions, as well as reductions in non-core spending.

The University Board of Trustees adopted a new Strategic Plan in December 2023, which identifies three key goals for transformation: (i) promoting holistic student success, (ii) expanding research impact, and (iii) powering a thriving Connecticut. The strategic goals will be achieved through pursuing six cross-cutting areas of focus: (i) student success journey, (ii) excellence in research, innovation and engagement, (iii) wellness of people and planet, (iv) seven world-class campuses, one flagship University, (v) Husky pride and resilience, and (iv) a stronger, more inclusive University. Moving forward, financial planning will be driven by the goals and focus areas identified in the Strategic Plan.

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

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

Major Initiatives

Next Generation Connecticut (NextGenCT) represents one of the most ambitious State investments in economic development, higher education, and research in the nation, with a particular focus on capital investment. The NextGenCT initiative added $2.6 billion in bond funds for new and renovated facilities, extending the UConn Infrastructure Improvement Program (UCONN 2000) that began in 1995 to 2031. An operating component was also included but has been limited due to the State's financial constraints. The general obligation bonds issued through UCONN 2000 for NextGenCT are secured by the State's debt service commitment; therefore, there are no University revenues budgeted for the repayment of these bonds. Through fiscal year 2024, the University has been authorized $1.9 billion in funding for this initiative, with an additional $122.0 million and $124.0 million coming in fiscal years 2025 and 2026, respectively. The NextGenCT funds have allowed the University to open two new residential halls and associated dining facilities, build a new downtown Hartford campus, a new Engineering and Science Building, a new Fine Arts production facility, complete phases 1 and 2 of the Gant Building renovations, construct the Northwest Science Quad complex, anchored by the Science 1 research building, update and renovate various other buildings, and address needed infrastructure and deferred maintenance improvements.

The NextGenCT initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, many new faculty have been hired, particularly in the fields of science, technology, engineering, and math (STEM). Additionally, funds have been provided for STEM scholarships and STEM fellowships, as well as for staff positions. Since fiscal year 2013, total undergraduate enrollment has grown by 2,055 at all campuses with a 44 percent increase in STEM undergraduate enrollment. This ongoing success has attracted higher quality students, and the University maintains solid rankings in virtually all relevant areas.

Academic and Financial Highlights

Highlights from the 2023-2024 academic year include the following:

For fall 2023, the University ranks 18th among the national public research universities for first-year retention and has a 91 percent retention rate into sophomore year.

- Among the graduates from the 2023-2024 academic year, 92 percent are employed, continuing their education, serving in the U.S. Armed Forces, or volunteering as of six months post-graduation.

- The University maintained the average time it takes to graduate at 4.1 years, and ranks tied for 1st among 58 public research university peers. The reduced amount of time it takes to graduate helps students pay less in tuition and join the workforce more quickly.

- In fiscal year 2024, the University provided $179.8 million in tuition funded financial aid, representing an 11 percent increase over the previous fiscal year.

- From fiscal year 1996 to fiscal year 2024, the University has expended $3.9 billion out of the $4.2 billion of bonds authorized to date under the UCONN 2000 program, which includes funding allocated for UConn Health projects.

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

Awards and Acknowledgements

Graduate education at the University across a wide variety of fields rates among the best in the nation. Several disciplines and programs saw significant increases according to 2024-2025 US News & World Report graduate rankings. Programs in the College of Liberal Arts and Sciences, the Neag School of Education, and the School of Business earned high marks, as did the School of Public Policy, the School of Law, and the School of Social Work. The Neag School of Education ranks 24th among public graduate schools of education in the US. The School of Business's part-time MBA program now ranks 33rd in the nation, up four spots from last year. These recognitions highlight the University's commitment to student excellence and support, as well as the efforts of the individual schools and colleges measured in the rankings.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its ACFR for the fiscal year ended June 30, 2023. This was the 8th consecutive year that the University has achieved this prestigious award. To be awarded a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University believes that the current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit its ACFR for the fiscal year ended June 30, 2024, to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

Jeffrey P. Geoghegan, CPA
Executive Vice President for Finance and Chief Financial Officer
UConn & UConn Health

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University of Connecticut

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

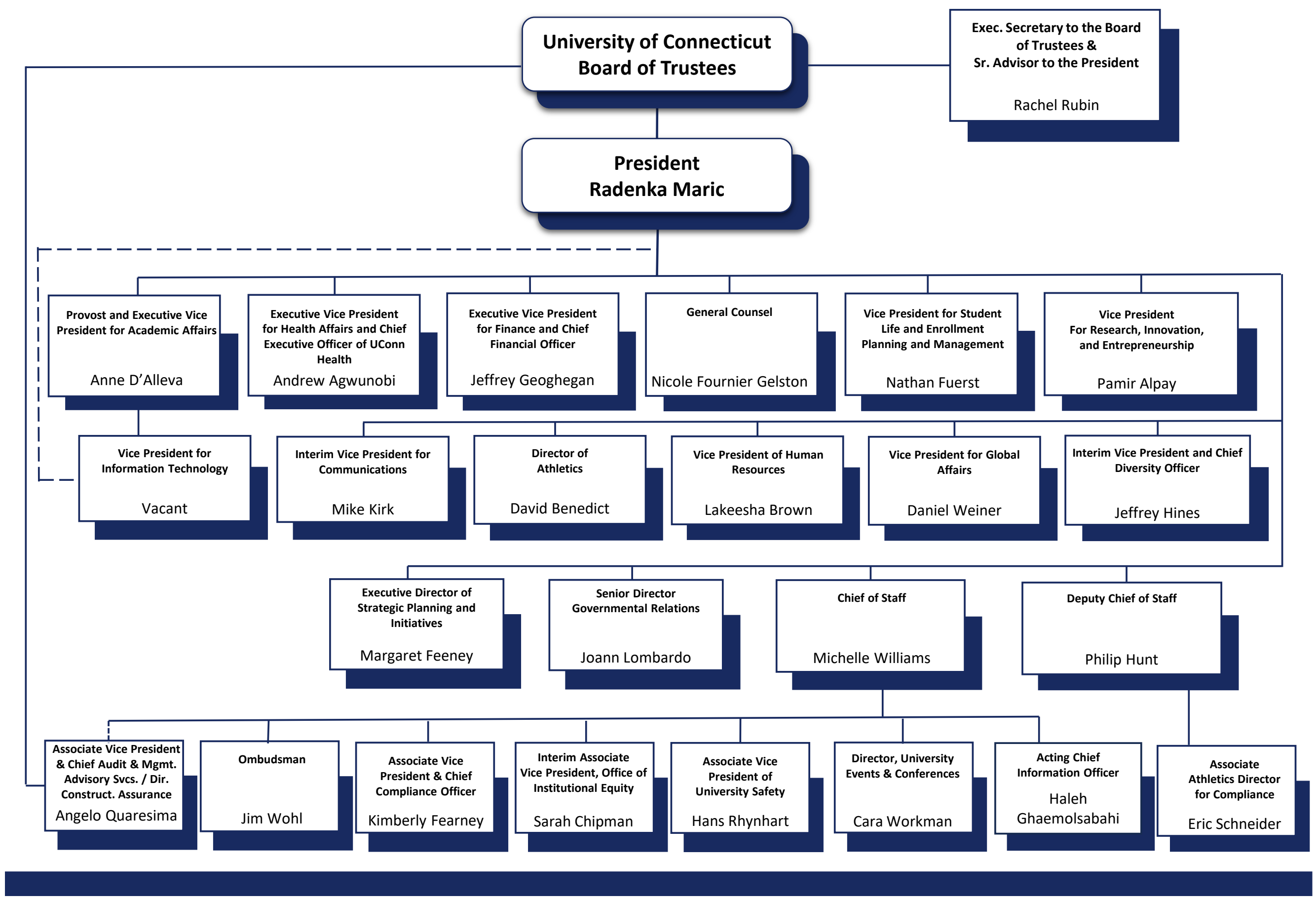
June 30, 2023

Christopher P. Morrill

Executive Director/CEO

UNIVERSITY OF CONNECTICUT
BOARD OF TRUSTEES
As of June 30, 2024

UNIVERSITY OF CONNECTICUT
Organization Chart



FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

CRAIG A. MINER

INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Connecticut

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center, and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statements of net position and fiduciary net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, cash flows, and changes in fiduciary net position for the year then ended, and the related notes to the financial statements, collectively comprise UConn's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the University of Connecticut as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis and pension plan and postemployment benefits schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Sincerely,

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

December 6, 2024
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial position and results of activities for the fiscal year ended June 30, 2024, with selected comparative information from fiscal year 2023. It includes highly summarized information and should be read in conjunction with the accompanying financial statements and notes.

Reporting Entity

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

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

Financial Statements

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

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

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

Key Reporting Changes

For the fiscal year ended June 30, 2024, the University implemented changes in the calculation of scholarship discounts and allowances. These changes impacted the amounts reported on the Statement of Revenues, Expenses, and Changes in Net Position, including student tuition and fees, auxiliary enterprise revenue, and scholarship and fellowship expenses. The prior year's amounts remain unchanged, as this adjustment is treated as a change in accounting estimate and is applied prospectively. The change in net position was also unaffected. See Notes 1 and 17 for additional information.

Financial Summary

During fiscal year 2024, the University experienced a significant increase in its net position, which rose by $145.7 million. This increase was primarily driven by capital improvement initiatives. In November 2023, the University issued general obligation bonds as part of the UCONN 2000 Infrastructure Improvement Program (UCONN 2000). The debt service is paid by the State and the principal was accounted for as a capital appropriation. UCONN 2000 General Obligation Bonds were not issued during fiscal year 2023, which significantly contributed to the large rise in net position. Additionally, the University was allocated $45.0 million from the State in fiscal year 2024 to fund capital projects, including the new School of Nursing Program Facility. This project aims to address the nursing shortage and improve nursing education.

These results were partially offset by noncash adjustments related to pension and other post-employment benefit (OPEB) expenses. These adjustments are required by GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* for the measurement period ended June 30, 2023. Furthermore, due to legislation effective July 1, 2023, the State now covers the University's retirement-related costs for State-sponsored plans, resulting in reduced appropriations for the University. Mandatory salary and wage increases set by collective bargaining agreements also impacted the financial results.

These factors and other changes are further detailed in the following sections of the MD&A.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

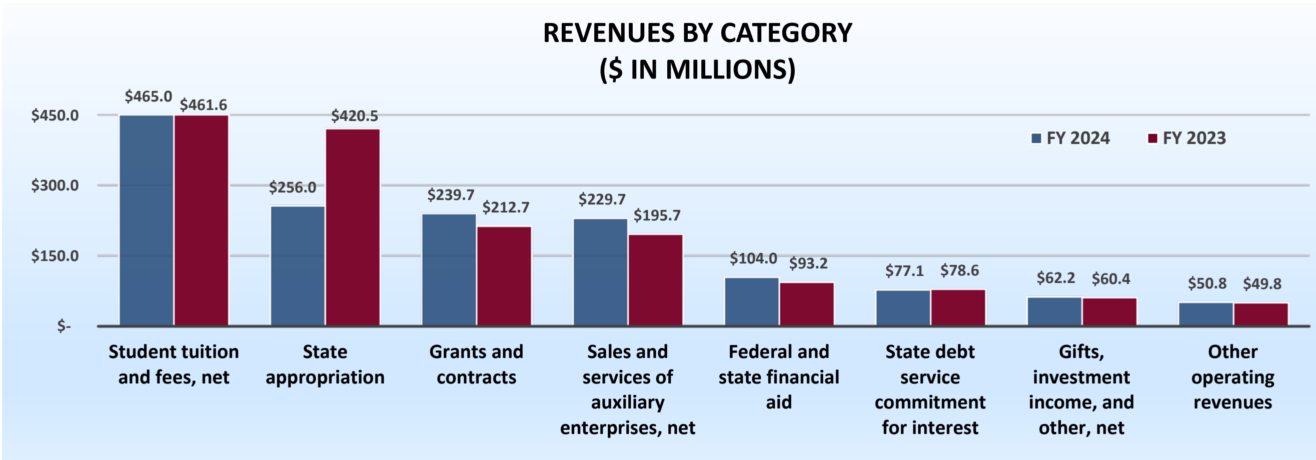
Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operations of the University and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include a provision for estimated depreciation and amortization of capital assets. The difference between operating revenues and operating expenses is the operating income or loss.

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

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

	2024	2023	$ Change	% Change
Operating Revenues				
Student tuition and fees, net	$ 465.0	$ 461.6	$ 3.4	0.7%
Grants and contracts	239.7	212.7	27.0	12.7%
Sales and services of auxiliary enterprises, net	229.7	195.7	34.0	17.4%
Other	50.8	49.8	1.0	2.0%
Total Operating Revenues	985.2	919.8	65.4	7.1%
Operating Expenses				
Salaries and wages	732.9	685.2	47.7	7.0%
Fringe benefits	279.5	247.7	31.8	12.8%
Supplies and other expenses	321.1	294.2	26.9	9.1%
Utilities	22.6	27.6	(5.0)	(18.1)%
Depreciation and amortization	144.4	139.6	4.8	3.4%
Scholarships and fellowships	23.8	33.9	(10.1)	(29.8)%
Total Operating Expenses	1,524.3	1,428.2	96.1	6.7%
Operating Loss	(539.1)	(508.4)	(30.7)	6.0%
Nonoperating Revenues (Expenses)				
State appropriation	256.0	420.5	(164.5)	(39.1)%
State debt service commitment for interest	77.1	78.6	(1.5)	(1.9)%
Federal and state financial aid	104.0	93.2	10.8	11.6%
Gifts, investment income, and other, net	62.2	60.4	1.8	3.0%
Interest and other expenses	(76.4)	(72.5)	(3.9)	5.4%
Net Nonoperating Revenues	422.9	580.2	(157.3)	(27.1)%
Income (Loss) Before Other Changes in Net Position	(116.2)	71.8	(188.0)	(261.8)%
Other Changes in Net Position				
State debt service commitment for principal	209.2	-	209.2	100.0%
Capital allocation	45.0	-	45.0	100.0%
Capital grants and gifts	7.5	3.6	3.9	108.3%
Additions to permanent endowments	0.2	-	0.2	100.0%
Net Other Changes in Net Position	261.9	3.6	258.3	7175.0%
Increase in Net Position	145.7	75.4	70.3	93.2%
Net Position – Beginning of Year, As Previously Reported	(421.8)	(500.2)	78.4	(15.7)%
Cumulative effect of accounting changes	-	3.0	(3.0)	(100.0)%
Net Position – Beginning of Year, As Restated	(421.8)	(497.2)	75.4	(15.2)%
Net Position – End of Year	$ (276.1)	$ (421.8)	$ 145.7	(34.5)%

Total Revenues
The following graph shows the University's total operating and nonoperating revenues by category:



OPERATING REVENUES – INCREASED BY $65.4 MILLION

- **Student tuition and fees, net,** represent the largest source of operating revenues for the University. During fiscal year 2024, this revenue increased by $3.4 million, primarily due to a $42.8 million rise in tuition revenue and a $10.3 million increase in fees, partially offset by a $49.7 million increase in scholarship allowances. Key factors contributing to these financial shifts include:

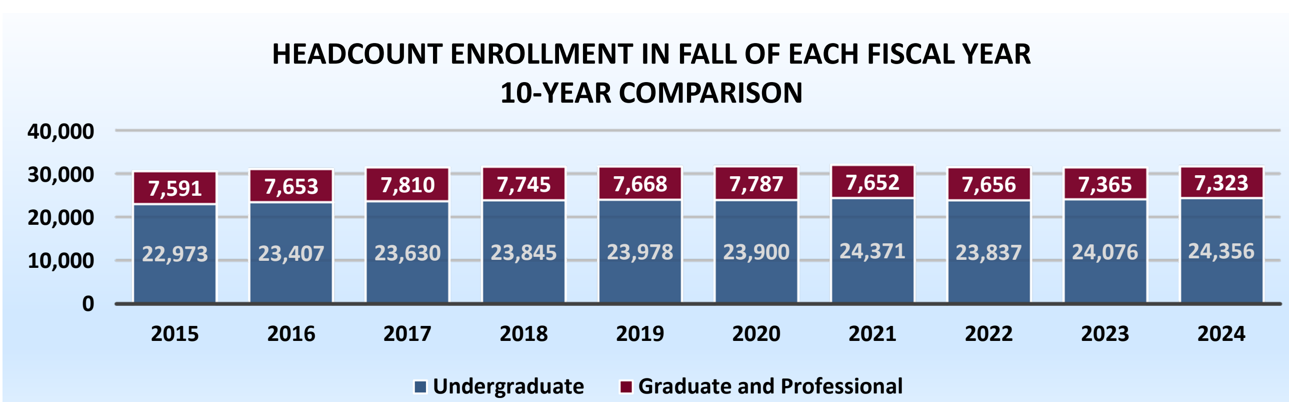
  - **Tuition increase:** A Board-approved tuition increase raised full-time tuition by $660 ($330 per semester), resulting in a significant increase in tuition revenue.

  - **Mandatory fee adjustments:** Rate increases of mandatory fees also contributed, with undergraduate fees rising by 7.6 percent and graduate fees by 8.9 percent.

  - **Enrollment changes:** Enrollment increased overall, with notable demographic shifts. Out-of-state undergraduate enrollment rose by 14.8 percent, while in-state and international undergraduate enrollment slightly declined by 1.9 percent and 1.6 percent, respectively. Graduate enrollment saw a marginal decrease of 0.6 percent.

  - **Increase in scholarship allowances:** Scholarship allowances are subtracted from gross tuition and fees to determine net revenues. An increase in these allowances reduces net revenue, even if tuition and fees rise. The increase in scholarship allowances of $49.7 million was primarily due to the change in accounting estimate, which accounted for about $34.0 million of the increase. The remaining growth in scholarship allowances correlates with the increases in tuition and fees and financial aid.

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



- Operating **grants and contracts** had a significant increase of $27.0 million in fiscal year 2024, marking a record-breaking year for research and sponsored programs. Federal grants and contracts rose by $22.1 million, with substantial funding coming from the U.S. Department of Energy, the U.S. Department of Defense, the U.S. Department of the Treasury, and the U.S. Department of Health & Human Services. State grants and contracts experienced a modest increase of $1.2 million. Additionally, nongovernmental grants and contracts grew by $3.7 million, driven by increased funding from private sponsors and foundations.

- **Sales and services of auxiliary enterprise revenues, net,** had a notable increase of $34.0 million. This increase was primarily attributed to a combination of factors:

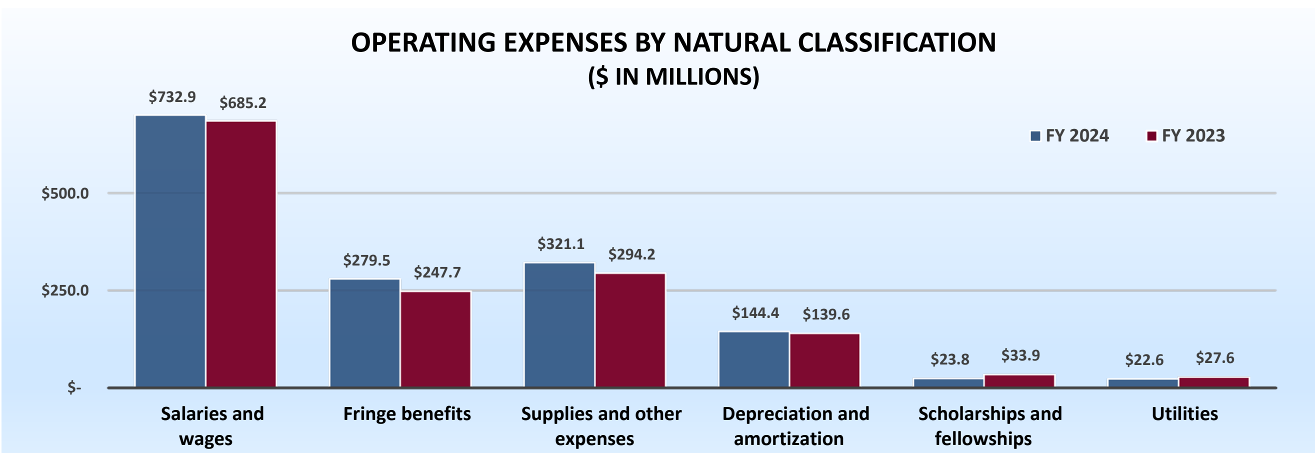
  - **Student housing and dining revenues:** Revenues from student housing and dining increased by $5.0 million and $4.3 million, respectively. This was primarily due to a 2.75 percent increase in room and dining rates, along with student housing capacity rising to approximately 99.7 percent from 98.0 percent in the prior fiscal year.

  - **Athletic revenues:** There were measurable increases in athletics revenues of $9.7 million, driven by the success of intercollegiate sports programs. Notably, the men's basketball team won its first back-to-back championship, and the women's team made a record 23rd Final Four appearance at the 2024 NCAA basketball tournament.

  - **Decrease in scholarship allowances:** Scholarship allowances applied to student housing and dining charges are subtracted from gross revenues. The decrease in scholarship allowances effectively increased auxiliary enterprise revenues by $11.2 million. This decrease was due to the change in accounting estimate of about $17.0 million, partially offset by increases related to student housing and dining revenues and financial aid.

OPERATING EXPENSES – INCREASED BY $96.1 MILLION

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



- **Salaries and wages** increased by $47.7 million across various functional expense categories. This increase was driven by mandatory wage increases required under collective bargaining agreements for State employees, faculty recruitment efforts, higher stipends for graduate assistants as per union contracts, bonuses for athletic coaches and staff, and an increased employee headcount. These changes were partially offset by lump-sum payments required under collective bargaining agreements in fiscal year 2023, which did not recur during fiscal year 2024.

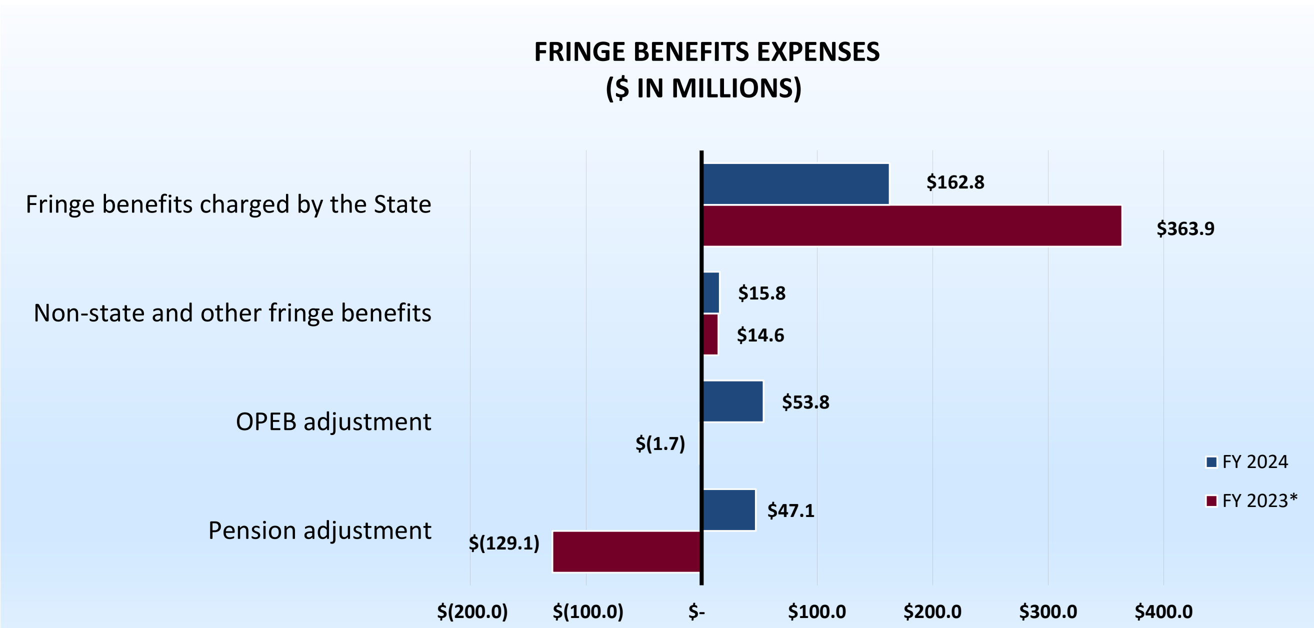
- **Fringe benefits** increased by $31.8 million in fiscal year 2024, primarily due to adjustments related to GASB 68 and GASB 75. According to this guidance, the University must recognize its share of the unfunded pension and OPEB liabilities and related expenses from the State's defined benefit pension and OPEB plans (see Notes 9 and 10). These noncash adjustments, which recorded pension and OPEB expenses for the measurement period ended June 30, 2023, increased by $176.2 million and $55.5 million, respectively, due to the following factors:

  - **Increase in pension expense:** The University's pension expense for defined benefit plans increased by $54.3 million over fiscal year 2023. This increase was primarily due to the State transfer from the Budget Reserve Fund and General Fund Surplus, which reduced the University's proportionate share of the collective pension expense related to the State Employees Retirement System (SERS) in the previous fiscal year. The University's proportionate share of the collective pension expense for SERS also increased due to the amortization of prior year deferrals, partially offset by a net investment experience loss in the previous fiscal year compared with a gain recognized in fiscal year 2024, and a decrease in the University's proportion.

➢ **Decrease in OPEB expense:** Despite the related noncash adjustment increasing, OPEB expense decreased by $17.3 million from fiscal year 2023, primarily driven by the amortization of changes in proportion, which reduced OPEB expense. Additionally, the University's proportionate share of the collective OPEB expense decreased due to the amortization of prior year deferrals and a higher actuarial experience gain in fiscal year 2024. However, this was partially offset by a significant decrease due to changes in actuarial assumptions.

➢ **Legislative changes:** Starting in fiscal year 2024, the University no longer funds retirement contributions for State employees, as these are now covered by the State (see Note 14). Therefore, fringe benefits charged by the State decreased by $201.1 million from fiscal year 2023, after accounting for increases due to higher salaries and wages. This reduction includes $121.9 million for pension contributions and $72.8 million for OPEB contributions, leading to an increase in noncash adjustments in fiscal year 2024.

The following graph shows a breakdown of fringe benefits:



**Certain adjustments were reclassified between the categories shown above.*

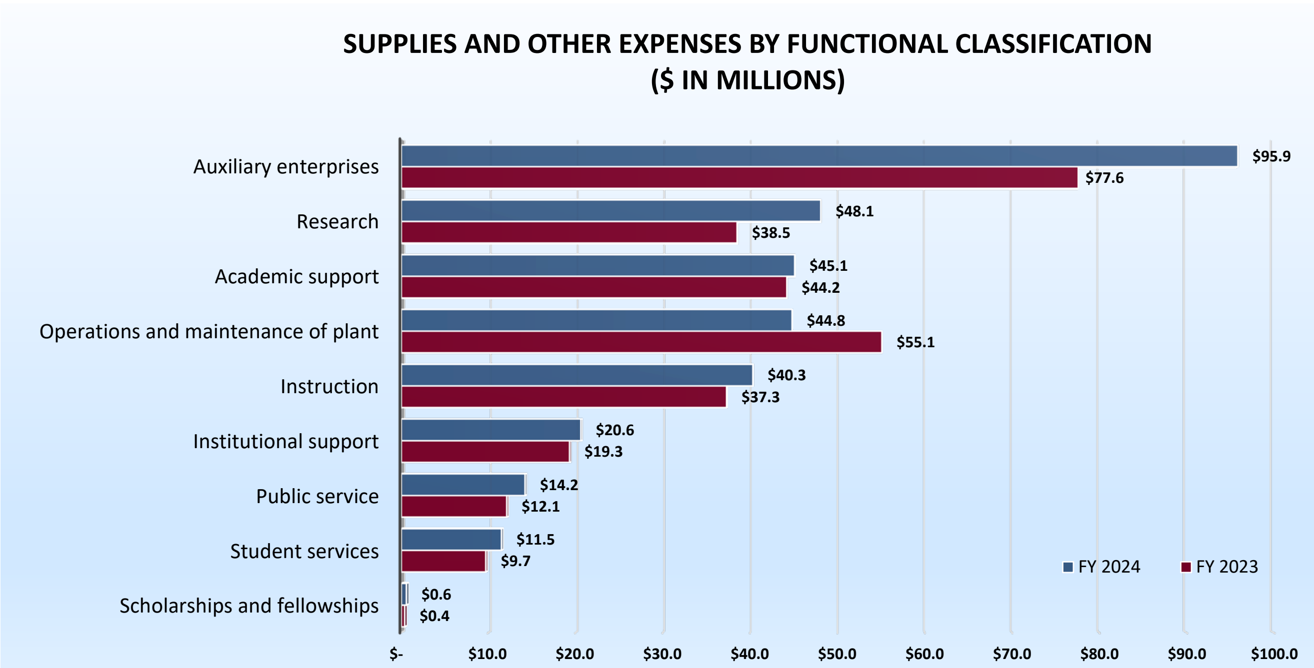
▪ **Supplies and other expenses** increased by $26.9 million, driven by the following key factors:

➢ **Instruction, research, and public service:** These functions had a collective increase of $14.7 million, primarily due to a growth in sponsored programs and departmental research activities. This rise aligns with the increase in operating grants and contract revenues, supporting initiatives such as the Innovations Institute and the National Institute for Undersea Vehicle Technology. A portion of the increase was attributed to subawards, where grant funding is distributed to third parties with the necessary expertise or resources needed to meet program goals.

➢ **Auxiliary enterprises:** There was an $18.3 million increase in auxiliary enterprise services, primarily due to higher athletic-related expenses and increased costs associated with student housing, including dorm furniture upgrades, student health and wellness, shuttle bus operations, and other services totaling $10.9 million. The increase in athletic-related expenses was attributed to the basketball teams' successes during fiscal year 2024. The remaining increase of $7.4 million was due to a change in the overhead expense allocation, which was adjusted to be more in line with post-pandemic services provided by other University departments. This increase was offset by corresponding decreases in operations and maintenance of plant and institutional support, discussed in the next section, resulting in a zero net change in overall supplies and other expenses.

➢ **Other functional expenses:** Student services increased by $1.8 million, mainly due to higher costs related to recruiting and orientation services. Institutional support rose by $1.2 million, primarily due to a $3.6 million increase in contractual services under the annual University of Connecticut Foundation (UConn Foundation) agreement. Academic support increased by $1.0 million, due to a combination of factors including higher consulting fees, travel, and a lease impairment. Operations and maintenance of plant decreased by $10.3 million, due to higher allocations to auxiliary enterprises, as mentioned in the previous section, combined with lower demolition and remediation costs related to capital projects expensed in the previous fiscal year.

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



- **Utilities** decreased by $5.0 million, largely due to lower gas prices and reduced energy consumption during a milder winter.

- **Depreciation and amortization** expense increased by $4.8 million in fiscal year 2024. This rise was primarily due to a large volume of subscription asset additions, which led to an increase in the amortization of right-to-use assets. Building depreciation also increased because of newly completed buildings and renovations.

- **Scholarships and fellowships** experienced a reduction of $10.1 million, primarily due to changes in the calculation of scholarship discounts and allowances introduced in fiscal year 2024, as well as amounts that were previously reported as scholarships but are now classified as payments from third parties on behalf of students. These decreases were partially offset by an increase in financial aid provided by the University to support the growth in enrollment and tuition and fee increases.

NET NONOPERATING REVENUES – DECREASED BY $157.3 MILLION

- **State appropriation**, which is the University's second largest source of revenue, decreased by $164.5 million in fiscal year 2024, primarily due to legislative changes effective July 1, 2023 (see Note 14). These changes led to a reduction of approximately $186.8 million in fringe-related adjustments. However, this decrease was partially offset by an increase of $22.3 million, which included one-time state support, additional funding for collective bargaining increases, and allocations for specific programs.

- **Federal and state financial aid** increased by $10.8 million, primarily due to an increase in recurring student financial aid, with the Federal Pell Grant rising by $4.6 million and the Roberta B. Willis Scholarship increasing by $1.9 million. Additionally, there was an increase of $4.0 million in the American Rescue Plan Act (ARPA) funds allocated from the State for temporary operating support (See Note 14).

- **Gifts, investment income, and other, net,** increased by $1.8 million in fiscal year 2024. Major factors contributing to this change include:

  - **Investment income**: This category rose by $11.0 million, driven by significantly higher Short-Term Investment Fund rates and increased interest earnings from larger cash balances on bond proceeds.

  - **Gifts:** There was a decrease of $7.0 million in gifts, due to approximately $3.0 million in large gifts received in fiscal year 2023 that did not recur, and $3.4 million that were previously reported as gifts but are now classified as payments from third parties on behalf of students.

  - **Other nonoperating revenues (expenses), net:** This line item was reflected as an expense in fiscal year 2024, as costs from issuing bonds were higher than net gains from the University's endowment investments, leading to a decrease of $2.2 million.

- **Interest and other expenses** rose by $3.9 million, which included a $2.7 million increase in interest expense and $1.2 million from the disposal of capital assets, net.

OTHER CHANGES IN NET POSITION – INCREASED BY $258.3 MILLION

Other changes in net position consist of the State debt service commitment for principal (capital appropriation), capital allocation, capital grants and gifts, and additions to permanent endowments.

- **State debt service commitment for principal** increased by $209.2 million, primarily due to a capital appropriation recognized in fiscal year 2024 for general obligation bonds that were issued by the University and secured by the State under the State debt service commitment. No general obligation bonds were issued in fiscal year 2023.

- **Capital allocation** increased by $45.0 million due to additional funding provided by State General Obligation Bond funds. During fiscal year 2024, the State Bond Commission allocated $30.0 million for the Nursing Program Facility, $10.0 million for equipment, library collections, and telecommunications, and $5.0 million for the XL Center Academic Space.

- **Capital grants and gifts** increased by $3.9 million in fiscal year 2024, largely due to substantial artwork donations to the Benton Museum totaling approximately $2.0 million, along with a $1.8 million rise in Foundation reimbursements for projects such as the Freitas Renovation and other facilities. These gains were offset by decreases in several athletic capital projects that occurred in the previous fiscal year.

STATEMENT OF NET POSITION

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

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

	2024	2023	$ Change	% Change
Assets				
Current assets	$ 858.0	$ 598.5	$ 259.5	43.4%
Capital assets, net	2,756.2	2,653.7	102.5	3.9%
Other noncurrent assets	1,524.7	1,441.1	83.6	5.8%
Total Assets	5,138.9	4,693.3	445.6	9.5%
Deferred Outflows of Resources	326.0	756.7	(430.7)	(56.9)%
Liabilities				
Current liabilities	474.7	450.9	23.8	5.3%
Noncurrent liabilities	4,259.8	4,400.5	(140.7)	(3.2)%
Total Liabilities	4,734.5	4,851.4	(116.9)	(2.4)%
Deferred Inflows of Resources	1,006.5	1,020.4	(13.9)	(1.4)%
Net Position				
Net investment in capital assets	1,013.2	925.9	87.3	9.4%
Restricted nonexpendable	16.4	16.2	0.2	1.2%
Restricted expendable	1,286.3	1,122.5	163.8	14.6%
Unrestricted	(2,592.0)	(2,486.4)	(105.6)	4.2%
Total Net Position	$ (276.1)	$ (421.8)	$ 145.7	(34.5)%

TOTAL ASSETS AND DEFERRED OUTFLOWS – INCREASED BY $14.9 MILLION

- **Current assets** increased by $259.5 million due to the following key factors:

  - **New bond issuances:** Deposits with Bond Trustee increased $188.4 million, mainly consisting of unexpended bond proceeds from the successful sale of UCONN 2000 General Obligation Bonds and Student Fee Revenue Bonds in fiscal year 2024. Additionally, the current portion of the State debt service commitment receivable increased by $7.5 million, due to the issuance of new state-backed general obligation bonds. This increase was partially offset by debt refundings and repayments.

  - **Increase in cash balances:** Cash and cash equivalents increased by $88.9 million. This growth was primarily due to cash received from the State capital allocation, which includes $30.0 million allocated for the Nursing Program Facility, and favorable timing of receipts, including the 2023 State ARPA allocation. Higher operating receipts and investment earnings also contributed to the increase. These gains were partially offset by capital expenditures for the South Campus Residence Hall, which are expected to be reimbursed by Student Fee Revenue Bond proceeds.

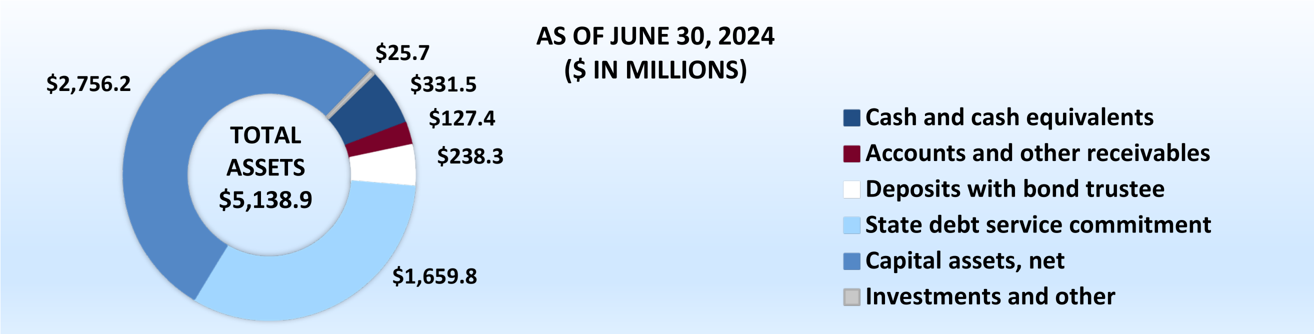
  - **Receivables:** Current receivables saw a combined decrease of $23.6 million, primarily due to the receipt of the fiscal year 2023 State ARPA allocation of $38.2 million, as well as the timing of other operating receipts and UConn Foundation gifts. These decreases were partially offset by increases in grant-related receivables and the capital allocation for the XL Center Academic Space due from the State.

- **Capital assets, net,** increased by $102.5 million for the current fiscal year, which consists of additions of $252.1 million, offset in part by depreciation and amortization of $144.4 million, and retirements of $5.2 million.

- **Noncurrent assets** increased by $83.6 million, mostly due to the increase in the noncurrent portion of the State debt service commitment receivable of $81.5 million. This rise is from the issuance of new UCONN 2000 General Obligation bonds as mentioned above, partially offset by debt refundings and repayments covered by the State.

- **Deferred outflows of resources** decreased by $430.7 million, primarily due to the amortization of prior year deferred balances and net investment experience gains related to net pension and net OPEB liabilities. Additionally, there was a decrease in contributions made after the measurement date because there were no contributions for fiscal year 2024 for both pension and OPEB. These decreases were partially offset by OPEB actuarial assumption changes and a pension actuarial experience loss.

The following graph shows total assets by major category:



TOTAL LIABILITIES AND DEFERRED INFLOWS – DECREASED BY $130.8 MILLION

- **Current liabilities** increased by $23.8 million in fiscal year 2024. Payroll liabilities rose by $4.9 million, primarily due to collective bargaining increases and timing of pay periods. Unearned revenue increased by $7.4 million, mainly due to a larger volume of reimbursement grants received in advance of expenses incurred and unearned ticket sales. The current portion of long-term debt, lease and subscription liabilities, and accrued interest rose in total by $12.1 million. This increase was mainly attributed to higher repayments due within one year, the issuance of new bonds, and additional lease and software contracts added during fiscal year 2024.

- **Noncurrent liabilities** decreased by $140.7 million. This was mainly due to the following key factors:

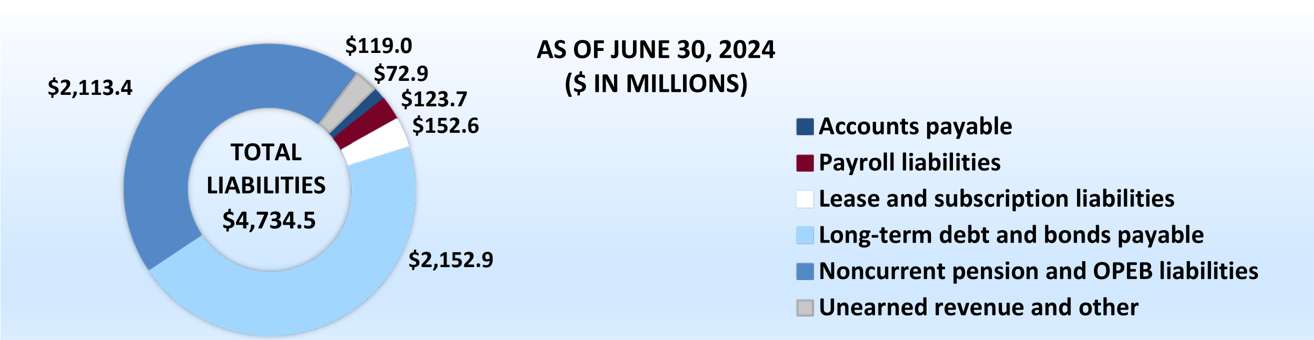
  - **Net Pension liability (NPL):** The NPL decreased by $258.2 million, mainly due to the University's proportion for SERS dropping to 3.72 percent in fiscal year 2024 from 4.66 percent in fiscal year 2023. Additionally, the University's proportionate share of the collective NPL decreased due to changes from normal plan operations and a net investment experience gain. These decreases were partially offset by an actuarial experience loss.

  - **Net OPEB liability (NOL):** The University's proportionate share of the collective NOL was reduced by $47.3 million, due to an actuarial experience gain, a net investment experience gain, and a lower proportion (8.56 percent in fiscal year 2024 versus 8.93 percent in fiscal year 2023). These decreases were partially offset by updates in actuarial assumptions and changes from normal plan operations.

  - **Long-term debt and other obligations:** The reductions in NPL and NOL were partially offset by an increase of $155.9 million in long-term debt and bonds payable, mainly due to new bond issuances. This increase was partially offset by refundings and debt repayments (see Debt Activities). Additionally, there was an increase in lease and subscription liabilities of $7.4 million, attributed to an influx of new lease and software contracts.

- **Deferred inflows of resources** decreased by $13.9 million, mainly due to the amortization of prior year deferred balances related to net pension and net OPEB liabilities. This decrease was partially offset by additions related to changes in the proportion of net pension and OPEB liabilities, an OPEB actuarial experience gain, and a gain from the 2023 General Obligation Bond refundings.

The following graph shows total liabilities by major category:



NET POSITION – INCREASED BY $145.7 MILLION

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

The University's net position as of June 30, 2024, is a negative $276.1 million as total liabilities and deferred inflows were greater than total assets and deferred outflows. This is primarily a result of long-term liabilities recognized under GASB 68 and GASB 75 and does not reflect the University's resources that are available to meet current obligations. The University continues to rely on inflows from various revenue sources to maintain a liquid financial position.

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

	2024	2023	$ Change	% Change
Net Position				
Net investment in capital assets	$ 1,013.2	$ 925.9	$ 87.3	9.4%
Restricted nonexpendable	16.4	16.2	0.2	1.2%
Restricted expendable	1,286.3	1,122.5	163.8	14.6%
Unrestricted	(2,592.0)	(2,486.4)	(105.6)	4.2%
Total Net Position	(276.1)	(421.8)	145.7	(34.5)%
Pension (GASB 68) impact	1,017.9	970.8	47.1	4.9%
OPEB (GASB 75) impact	1,744.9	1,691.1	53.8	3.2%
Net Position, Excluding Pension and OPEB	$ 2,486.7	$ 2,240.1	$ 246.6	11.0%

- **Net investment in capital assets** increased by $87.3 million. The current fiscal year's activity consists of a net increase in capital assets of $102.5 million, partially offset by a net change in capital-related liabilities, deferred inflows of resources, and deferred outflows of resources of $15.2 million.

- **Restricted expendable net position** increased by $163.8 million in fiscal year 2024. This was mainly due to the following key factors:

  - **Capital projects:** This component increased by $38.8 million, primarily due to the capital allocation for the Nursing Program Facility and the XL Center Academic Space.

  - **Debt service:** These funds rose by $119.7 million, primarily due to the issuance of new general obligation bonds. When general obligation bonds are issued, the commitment from the State is recorded as a receivable, which contributed to a net increase of $86.8 million to restricted net position in fiscal year 2024. In addition, the noncapital portion of the general obligation debt, which partially offsets the state debt service commitment, saw a net decrease of $32.1 million, primarily due to debt repayments, favorably impacting net position.

  - **Research, instruction, scholarships, loans, and other:** These balances also rose by $5.3 million, primarily due to the net appreciation of the University's endowments, fringe benefit rate adjustments, and an increase in nonexchange grants, partially offset by a decrease due to large one-time gifts received in fiscal year 2023.

- **Unrestricted net position** decreased by $105.6 million, mainly due to pension and OPEB adjustments of $100.9 million. Excluding these adjustments, the unrestricted net position fell by $4.7 million, attributed to increased spending on capital projects such as the South Campus Residence Hall and higher salaries and wages. These decreases were partially offset by increased revenue from student tuition and fees, auxiliary services, investment income, and the reduction to state appropriation in the prior year resulting from new legislation.

STATEMENT OF CASH FLOWS

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

The Statement of Cash Flows has four additional sections. The second section reflects cash flows from noncapital financing activities including State appropriation, debt transactions related to affiliate (UConn Health), financial aid, and gifts. The third section shows cash flows from capital and related financing activities, capital grants and gifts, and State debt service commitments for principal and interest. The fourth section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The final section is a reconciliation of the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position to net cash used in operating activities.

CAPITAL ACTIVITIES

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

	2024	2023	$ Change	% Change
Land	$ 32.3	$ 32.4	$ (0.1)	(0.3)%
Construction in progress	315.9	164.0	151.9	92.6%
Art and historical collections	60.7	58.0	2.7	4.7%
Non-structural improvements	377.7	383.4	(5.7)	(1.5)%
Buildings and improvements	1,722.0	1,777.3	(55.3)	(3.1)%
Intangible assets	10.0	11.9	(1.9)	(16.0)%
Right-to-use assets	148.3	138.5	9.8	7.1%
Library materials	3.2	3.3	(0.1)	(3.0)%
Equipment	86.1	84.9	1.2	1.4%
Total Capital Assets, Net	$ 2,756.2	$ 2,653.7	$ 102.5	3.9%

- **Construction in progress** increased by $151.9 million as projects including Residential Life Facilities – South Campus Residence Hall, South Campus Infrastructure, Boiler Plant Equipment Replacement and Utility Tunnel Connection, and other projects continued construction. These additions were partially offset by projects that were completed and transferred from construction in progress to buildings and improvements and non-structural improvements such as UCONN 2000 Code Remediation: Stamford Downtown Relocation.

- **Art and historical collections** increased by $2.7 million, representing additions.

- **Non-structural improvements** decreased by $5.7 million. Additions totaling $10.4 million included Northwest Quad – Science 1 – Site Improvements and Tunnel Phase 2, Avery Point Seawall Restoration, and other projects. These additions were offset by depreciation expense of $16.1 million.

- **Buildings and improvements** decreased by $55.3 million. Additions of $41.2 million included UCONN 2000 Code Remediation: Stamford Downtown Relocation, increases to the UConn Hockey Arena and STEM Research Center Science 1, and other renovation projects. These additions were offset by depreciation expense of $92.2 million and retirements of $4.3 million.

- **Intangible assets** decreased by $1.9 million. Additions of $1.7 million representing software purchases were offset by amortization expense of $3.6 million.

- **Right-to-use assets** increased by $9.8 million. Additions of $24.0 million were offset by amortization expense of $14.0 million and retirements of $0.2 million.

- **Library materials** decreased by $0.1 million. Additions of approximately $0.4 million were offset by $0.5 million in depreciation expense.

- **Equipment** increased by $1.2 million. Additions of $19.9 million were offset by depreciation expense of $18.0 million and retirements of $0.7 million.

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

DEBT ACTIVITIES

The University issues general obligation bonds in its own name under the UCONN 2000 program, which is designed to modernize and expand the physical plant of the University. As amended, the program provides for a capital budget in three phases for the University and UConn Health, with an estimated total cost of $5.3 billion.

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

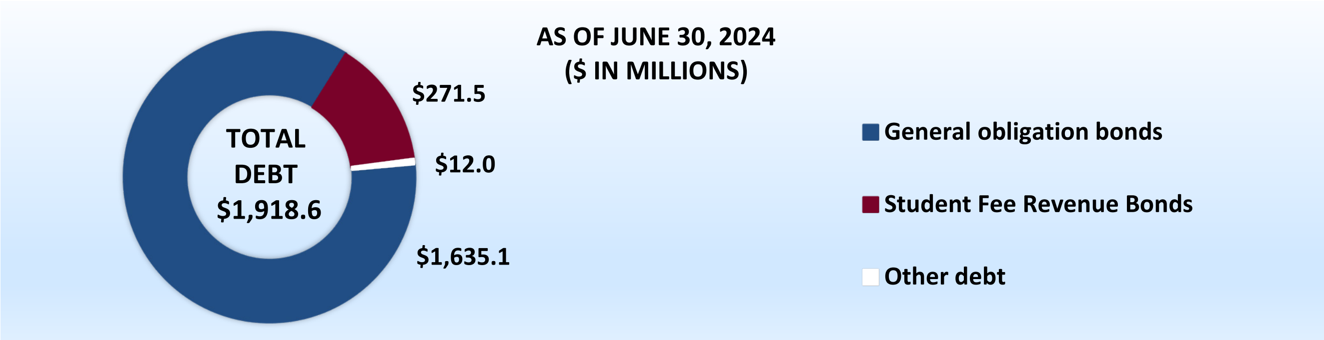
In fiscal year 2024, the University issued UCONN 2000 general obligation bonds with a combined face value of $358.0 million, of which $8.0 million was committed to UConn Health for its UCONN 2000 projects. This issuance included the refunding of the General Obligation 2013 Series A Bonds and the partial refunding of the General Obligation 2014 Series A Bonds.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are secured by pledged revenues. In fiscal year 2024, the University issued $97.1 million in Student Fee Revenue Bonds. Bond proceeds consisting of the par amount together with the issued premium will reimburse the University for capital expenditures of the newly constructed South Campus Residence Hall.

Obligations under financed purchase agreements include a lease purchase agreement to finance the UCONN 2000 Cogeneration Facility and a financed purchase agreement for equipment. There were no new financed purchase agreements in fiscal year 2024.

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

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



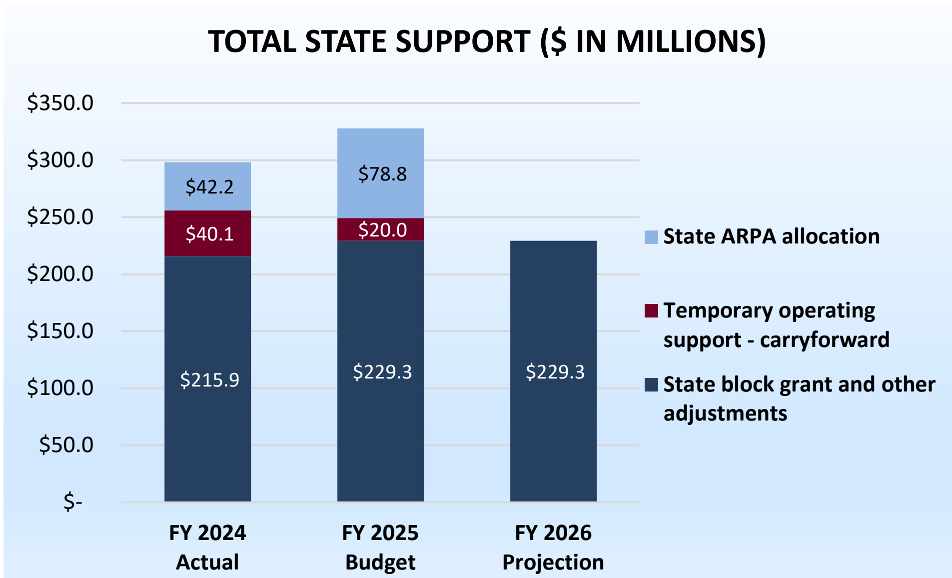
ECONOMIC OUTLOOK

Based on recent data, the State's economy grew at an annual rate of 2.8 percent in the second quarter of 2024, slightly below the national average of 3.0 percent. The State's monthly unemployment rate for September 2024 was 3.2 percent, below the national average of 4.1 percent, indicating a stable job market. The State has maintained a balanced budget for fiscal year 2024, with an estimated surplus of over $400 million in the General Fund, which is crucial for state-funded institutions like the University. However, Connecticut is one of the more expensive states to live in, ranking in the top ten for cost of living, impacting both students and staff.

In June 2024, the Board of Trustees approved the spending plan for the fiscal year 2025. This budget will serve as the baseline as the University progresses with its Strategic Plan, a major initiative designed to enhance the University's academic excellence, research capabilities, and community engagement, while also prioritizing financial stability.

The fiscal year 2025 spending plan consists of $1,671.3 million in revenues and $1,683.6 million in expenses, using $12.3 million in unrestricted reserves to balance the budget. State support budgeted for fiscal year 2025 includes $328.1 million, with one-time support of $98.8 million. The additional one-time support includes $78.8 million from the State's ARPA allocation and $20.0 million in carryforward funds, which will be used to cover collective bargaining increases and nonretirement fringe benefit costs. However, actual State support received in fiscal year 2025, including the State ARPA allocation, is expected to be less than the budgeted amounts based on the current availability of funds and resources required by the State.

Furthermore, the significant one-time support will require the University to implement strategic financial improvement plans over the next biennial budget. The table below provides a breakdown of State support, comparing the actual figures for fiscal year 2024 with the budgeted amounts for fiscal year 2025 and the projected figures for fiscal year 2026:



The fiscal year 2025 budget includes a $678 increase in full-time tuition, with total tuition and fee revenues amounting to $727.0 million, making up 43 percent of the budget. Auxiliary enterprise revenues are budgeted at $242.2 million, including increases in housing and dining rates and revenue generated by the new South Campus Residence Hall, opening in the fall of 2024. Under the new operating budget, expenses are expected to increase approximately 5.8 percent over fiscal year 2024. This increase is primarily driven by salary and wage increases and a 10 percent rise in tuition-funded financial aid, reflecting the University's commitment to supporting students financially, which helps maintain student quality and diversity.

The capital plan for the fiscal year 2025 is set at $160.0 million, with $122.0 million coming from UCONN 2000 General Obligation Bond funds, $20.0 million from State General Obligation Bond funds, and $18.0 million from University funds, including gifts. Fiscal year 2025 represents the 11th year of the 17-year Next Generation Connecticut (NextGenCT) initiative, financing several ongoing projects and allocating $692 million in funding through fiscal year 2031. For fiscal year 2025, NextGenCT funds will facilitate various capital renovations and improvements throughout the campus.

As the University moves forward with its Strategic Plan and fiscal year 2025 budget, it remains committed to fostering academic excellence, research innovation, and community engagement while ensuring financial sustainability and resilience. The University's proactive approach to financial planning and strategic investments will be crucial in navigating the evolving economic environment and maintaining its role as a major economic engine for the State.

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UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2024

($ in thousands)

		2024
ASSETS		
Current Assets		
Cash and cash equivalents	$	331,527
Accounts receivable, net		108,480
Student and other loans receivable, net		1,155
Due from State of Connecticut		5,406
Due from affiliate		8,917
State debt service commitment		160,394
Deposits with bond trustee		238,323
Prepaid expenses and other assets		3,773
Total Current Assets		857,975
Noncurrent Assets		
Lease receivables		1,498
Investments		21,898
Student and other loans receivable, net		1,910
State debt service commitment		1,499,380
Capital assets, net		2,756,256
Total Noncurrent Assets		4,280,942
Total Assets		5,138,917
DEFERRED OUTFLOWS OF RESOURCES		325,968
LIABILITIES		
Current Liabilities		
Accounts payable		72,939
Lease and subscription liabilities		10,556
Unearned revenue		57,418
Deposits held for others		2,089
Federal refundable loans		729
Wages payable		63,708
Compensated absences		23,440
Due to State of Connecticut		15,654
Due to affiliate		13,692
Current portion of long-term debt and bonds payable		173,524
Other current liabilities		40,936
Total Current Liabilities		474,685
Noncurrent Liabilities		
Compensated absences		20,926
Lease and subscription liabilities		142,081
Long-term debt and bonds payable		1,979,328
Federal refundable loans		2,901
Net pension liabilities		777,416
Net other post-employment benefits liability		1,335,953
Other liabilities		1,235
Total Noncurrent Liabilities		4,259,840
Total Liabilities		4,734,525
DEFERRED INFLOWS OF RESOURCES		1,006,494

UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2024

($ in thousands)

	2024
NET POSITION	
Net investment in capital assets	1,013,195
Restricted nonexpendable	16,434
Restricted expendable	
Research, instruction, scholarships, and other	35,810
Loans	1,882
Capital projects	41,535
Debt service	1,207,022
Unrestricted	(2,592,012)
Total Net Position	$ (276,134)

UNIVERSITY OF CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

($ in thousands)

	2024
OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of $246,412	$ 464,993
Federal grants and contracts	190,068
State and local grants and contracts	25,880
Nongovernmental grants and contracts	23,777
Sales and services of educational departments	16,906
Sales and services of auxiliary enterprises, net of scholarship allowances of $15,128	229,660
Other sources	33,909
Total Operating Revenues	985,193
OPERATING EXPENSES	
Salaries and wages	732,876
Fringe benefits	279,491
Supplies and other expenses	321,055
Utilities	22,639
Depreciation and amortization	144,389
Scholarships and fellowships	23,837
Total Operating Expenses	1,524,287
Operating Loss	(539,094)
NONOPERATING REVENUES (EXPENSES)	
State appropriation	256,038
State debt service commitment for interest	77,089
Federal and state financial aid	103,976
Gifts	37,427
Investment income	25,056
Interest expense	(71,940)
Disposal of capital assets, net	(4,479)
Other nonoperating expense, net	(290)
Net Nonoperating Revenues	422,877
Loss Before Other Changes in Net Position	(116,217)
OTHER CHANGES IN NET POSITION	
State debt service commitment for principal	209,225
Capital allocation	45,000
Capital grants and gifts	7,454
Additions to permanent endowments	191
Net Other Changes in Net Position	261,870
Increase in Net Position	145,653
NET POSITION	
Net Position – Beginning of Year	(421,787)
Net Position – End of Year	$ (276,134)

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

($ in thousands)

	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 456,329
Grants and contracts	224,540
Sales and services of educational departments	16,725
Sales and services of auxiliary enterprises	229,833
Payments to employees	(724,242)
Payments for benefits	(172,856)
Payments to suppliers and others	(365,846)
Collections of loans to students	806
Loans issued to students	(362)
Fiduciary activities – third-party student receipts and other	95,089
Fiduciary activities – third-party student payments and other	(94,931)
Fiduciary activity – direct lending receipts	175,782
Fiduciary activity – direct lending payments	(176,176)
Other cash receipts	40,720
Net Cash Used in Operating Activities	(294,589)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriation	258,470
Federal and state financial aid	140,614
Gifts	41,711
State debt service commitment related to affiliate	54,150
Proceeds from bonds related to affiliate	8,000
Principal paid on debt related to affiliate	(36,158)
Interest paid on debt related to affiliate	(17,992)
Principal paid on other noncapital debt	(1,185)
Interest paid on other noncapital debt	(108)
Net Cash Provided from Noncapital Financing Activities	447,502
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from bonds	332,096
State debt service commitment	151,226
Proceeds from the lease of assets	192
Principal paid on debt and other obligations	(120,804)
Interest paid on debt and other obligations	(72,234)
Proceeds from sale of capital assets	488
Purchases of capital assets	(234,706)
Capital allocation	40,000
Proceeds from insurance and litigation claims for capital assets	11
Capital grants and gifts	4,628
Net Cash Provided from Capital and Related Financing Activities	100,897
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(24)
Sale of investments	171
Interest on investments	23,285
Withdrawals from bond trustee accounts	157,968
Deposits into bond trustee accounts	(346,354)
Net Cash Used in Investing Activities	(164,954)
INCREASE IN CASH AND CASH EQUIVALENTS	88,856

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

($ in thousands)

		2024
BEGINNING CASH AND CASH EQUIVALENTS		242,671
ENDING CASH AND CASH EQUIVALENTS	$	331,527

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$	(539,094)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation and amortization expense		144,389
Impairment loss		227
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Receivables, net		(22,294)
Student and other loans receivable, net		545
Due from affiliate		6,982
Prepaid expenses and other assets		1,605
Deferred outflows of resources		430,621
Accounts payable, wages payable, and compensated absences		13,978
Unearned revenue		7,564
Deposits held for others		(175)
Federal refundable loans		(536)
Due to State of Connecticut		(419)
Due to affiliate		(8,154)
Net pension and net other post-employment benefits liabilities		(305,530)
Other liabilities		(103)
Deferred inflows of resources		(24,195)
Net Cash Used in Operating Activities	$	(294,589)

ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS		
Net proceeds from bonds issued to refund capital debt	$	140,820
Amortization of premiums, discounts, and gains and losses on debt refundings		24,822
Acquisition of right-to-use lease and subscription assets, excluding upfront implementation costs of $2,619 and an impairment loss on leased asset of $227		21,562
Change in fair value of investments		2,300
Capital assets acquired through gifts		2,926
Net loss on disposal of capital assets with an original cost of $43,754, accumulated depreciation of $38,518, cash proceeds of $488, and reductions in right-to-use assets of $269		(4,479)

UNIVERSITY OF CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
As of June 30, 2024

($ in thousands)

	2024
ASSETS	
Cash and cash equivalents	$ 882
Receivable from employer	442
Investments at fair value:	
Bond funds	5,218
Equity funds	7,008
Total investments	12,226
Total Assets	13,550
LIABILITIES	
Accounts payable and other liabilities	213
Total Liabilities	213
NET POSITION	
Restricted for pensions	13,337
Total Net Position	$ 13,337

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
For the Year Ended June 30, 2024

($ in thousands)

	2024
ADDITIONS	
Employer contributions	$ 928
Investment Earnings:	
Increase in fair value of investments	1,017
Dividends and interest	453
Total investment earnings	1,470
Less: investment fees and charges	70
Net investment earnings	1,400
Total Additions	2,328
DEDUCTIONS	
Benefits paid to participants or beneficiaries	763
Net Increase in Fiduciary Net Position	1,565
Net Position – Beginning of Year	11,772
Net Position – End of Year	$ 13,337

Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut, a comprehensive institution for higher education governed by a 21-member Board of Trustees, serves as the flagship for higher education in the State of Connecticut (State). This institution is composed of programs based in Storrs and at the four regional campuses: Avery Point, Hartford, Stamford, and Waterbury. It also includes the School of Law, the School of Social Work, and the University of Connecticut Health Center (UConn Health). UConn Health is a fiscally independent branch, defined in State statute as a healthcare institution, which oversees clinical care, advanced biomedical research, and academic education in medicine. Separate for purposes of audit and financial reporting, UConn Health has its own Board of Directors to whom the Board of Trustees has delegated authority and by State statute is a separate entity for purposes of budgeting, maintaining operating funds, and receiving appropriations from the State. The transactions and balances of UConn Health are not included within this annual comprehensive financial report for the year ended June 30, 2024, and the University of Connecticut (University) is herein defined as all programs except for UConn Health.

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

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

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

Fiduciary Statements

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

Financial Statement Presentation

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

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

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

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

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

Due from and Due to State of Connecticut
The amount due from the State primarily consists of unspent State bond funds allocated by the State Bond Commission but not yet received for specific capital projects. It also includes an appropriation receivable from the State to reimburse certain payroll expenses. Additionally, the State administers employee benefits and retirement plans for University State employees. Fringe benefits accrued at the end of the year related to State employees are reported as a liability due to the State.

Due from and Due to Affiliate
The amount due from affiliate includes amounts owed by UConn Health resulting from various memorandums of understanding (MOUs) and other operating activities. The amount due to affiliate includes the unspent portion of general obligation bond proceeds that are managed by the University and allocated to UConn Health capital projects. The proceeds are reported net of accruals for capital expenditures.

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

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

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

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

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

- Level 1 – Quoted prices for identical investments in an active market.

- Level 2 – Inputs other than Level 1 that are observable, such as quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; or inputs other than quoted prices that are observable, such as interest rate and yield curves, volatilities, and credit spreads, among others.

- Level 3 – Inputs that are unobservable but supported by the University's or the Foundation's assumptions, taking into consideration the assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available under the circumstances.

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

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

Capital Assets
Capital assets are reported at cost at the date of acquisition or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Capital projects greater than $100,000 that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance costs are charged to operating expenses in the year incurred. Equipment with a value of $5,000 or more and a useful life of more than one year is capitalized.

Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets as follows:

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

Right-to-use lease and subscription assets are capitalized if the underlying contract or agreement totals $100,000 or more and are amortized on a straight-line basis over the shorter of the term or the useful life of the underlying asset.

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

Leases and Subscription-Based Information Technology Arrangements
The University leases building space and equipment from external parties and enters into subscription-based information technology arrangements (SBITAs). Building space includes student housing, classroom, retail, laboratory, library, and office space. At the commencement of a lease or SBITA, the University records a right-to-use lease or subscription asset and a lease or subscription liability.

The University leases building space and cell towers to external parties. At the commencement of the lease term, the University records a lease receivable and a corresponding deferred inflow of resources.

The discount rate used for leases and SBITAs is based on the rate implicit in the contract or agreement or, if the interest rate cannot be determined, on the University's incremental borrowing rate using a period comparable with the term.

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

Compensated Absences
Employee vacation, holiday, compensatory, and sick leave are accrued at year-end for financial statement purposes. The liability is included as compensated absences in the accompanying Statement of Net Position and is classified as current and noncurrent based on the amount estimated to be paid to eligible employees in one year and beyond one year, respectively. The related expense is included as an operating expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Noncurrent Liabilities
Noncurrent liabilities include the long-term portion of compensated absences and principal payments due beyond one year on bonds (net of unamortized premiums and discounts), lease and subscription liabilities, and other debt. Federal refundable loans included as noncurrent consist of governmental advances for revolving student loan programs that are required to be returned beyond one year to the federal government upon cessation of the program. Net pension and net other post-employment benefits (OPEB) liabilities are also classified as noncurrent. Other liabilities reported as noncurrent on the Statement of Net Position consist of an asset retirement obligation (ARO) and the long-term unamortized portion of contractual liabilities associated with the University's bookstore facilities.

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

Deferred Outflows and Deferred Inflows of Resources
The University reports changes in the net pension and net OPEB liabilities not included in pension or OPEB expense as deferred outflows or deferred inflows of resources. Contributions to the pension and OPEB plans made by the University subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources. See also State Funding for Employee Retirement and OPEB Plans for further information regarding pension and OPEB contributions.

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

For lessor arrangements, the deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease income on a straight-line basis over the lease term. A deferred outflow recorded upon the initial measurement of an ARO liability is amortized over the remaining useful life of the related asset.

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

- **Net investment in capital assets:** This includes capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds, notes, lease and subscription liabilities, and other liabilities that are attributable to the acquisition, construction, or improvement of those assets. It also includes deferred outflows of resources and deferred inflows of resources that are related to the acquisition, construction, or improvement of those assets or associated debt.

- **Restricted nonexpendable:** These are endowment and similar assets where donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** These assets, reduced by related liabilities and deferred inflows of resources, are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** This category includes net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets." These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

The University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred is based on several factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

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

Revenues and Expenses

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

- **Operating revenues and expenses:** Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts, when the contract terms are met or completed. Operating expenses include all expense transactions incurred other than those related to investing or financing, irrespective of whether the revenues associated with those expenses are classified as operating or nonoperating. These expenses are reported using natural classification, comprehensive of expenses incurred under both educational and general programs and auxiliary enterprises. See also Note 15 for operating expenses presented by functional classification.

- **Nonoperating revenues and expenses:** All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, federal and state financial aid, noncapital gifts, and investment income. Interest expense and disposal of capital assets, net, are also reported as nonoperating.

Scholarship Discounts and Allowances

GASB requires that revenue be reported net of scholarship discounts and allowances. This represents the difference between the stated charge for the University's goods and services and the actual amount paid by or on behalf of students. Any financial aid applied directly to student accounts for tuition and fees, housing, or dining services is recorded as a scholarship allowance deducted from the University's operating revenues. The scholarships and fellowships expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position includes financial aid disbursed directly to students. In fiscal year 2024, the University implemented changes in the calculation of scholarship discounts and allowances. See Note 17 for additional disclosures regarding the change in accounting estimate.

UConn Health MOUs

The University manages certain operations for UConn Health in exchange for payment. These payments cover operating expenses related to public safety, marketing, library services, technology commercialization, and other miscellaneous services. The terms of these arrangements are outlined in formal MOUs, which cover a two-year period but include an annual settlement of actual expenses. Revenues from UConn Health MOUs are recorded as part of other sources under operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (see Note 14).

State Funding for Employee Retirement and OPEB Plans
Effective July 1, 2023, the State covers all retirement-related fringe benefit costs for University employees enrolled in the State's retirement systems and the Alternate Retirement Plan. Therefore, these costs are no longer charged to the University through a fringe benefit rate assessment. As such, the State did not charge the University for the contributions it made to the pension and OPEB plans in fiscal year 2024.

Since the University is included as an enterprise fund of the State and is not a legally separate entity, the retirement costs funded by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements.

The University's proportions of the collective net pension and net OPEB liabilities are based on its share of contributions, relative to total contributions made to the respective defined benefit plans. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, these liabilities are reported as of the measurement date of June 30, 2023, which is one year before the reported fiscal year-end of June 30, 2024. Because the State allocated pension and OPEB costs to the University during the measurement period, the University is required to report its proportionate share of the collective net pension and net OPEB liabilities, related deferred outflows and deferred inflows of resources, and related expenses in the accompanying financial statements for fiscal year 2024. Furthermore, the amounts reported do not reflect legislative changes effective after the measurement date of June 30, 2023. See Notes 9, 10, and 14 for additional details.

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

The University's total cash and cash equivalents, deposits, and investments included the following as of June 30, 2024 (amounts in thousands):

	2024
Cash and Cash Equivalents	
Cash maintained by State Treasurer	$ 267,605
Invested in STIF	57,839
Other deposits	6,083
Total Cash and Cash Equivalents	331,527
Deposits with Bond Trustee	
Invested in STIF	238,323
Total Deposits with Bond Trustee	238,323
Investments	
Foundation-managed endowments	21,189
UConn Innovations Fund, LLC	709
Total Investments	21,898
Total Cash and Cash Equivalents, Deposits, and Investments	$ 591,748

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

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

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, money market mutual funds, repurchase agreements, and asset-backed securities. STIF had a Standard and Poor's rating of AAAm and a weighted average maturity of 33 days as of June 30, 2024.

Deposits with Bond Trustee

Deposits of the University include UCONN 2000 bond indenture related funds held by the Trustee Bank at the direction of the University. As of June 30, 2024, deposits with bond trustee included $238.3 million invested in STIF. Of this amount, $18.4 million is related to the Renewal and Replacement Fund, an indenture defined account funded with non-bond proceeds.

Foundation-Managed Endowments

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

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees. As of June 30, 2024, net appreciation gains of $4.8 million were reported as restricted expendable in the accompanying Statement of Net Position.

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

The amount of funds allocated for expenditure for the purposes for which an endowment was established equals 4 percent annually (1 percent per quarter) of the rolling 12-quarter average fair value on a unitized basis. The corresponding calculated spending allocations are distributed in equal quarterly installments on the first day of each quarter from the accumulated net total investment return for individual endowment funds where available, otherwise from the principal.

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

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

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

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

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. Publicly traded fixed income investments totaled $2.1 million as of June 30, 2024. These represent an investment in a single fixed income fund for which a credit rating is not available. The University endowment's foreign publicly traded equities totaled $5.3 million as of June 30, 2024. Private capital investments totaled approximately $234,000 as of June 30, 2024.

Other Investments

Certain investments are also held directly by the University. As of June 30, 2024, the University held an ownership interest in UConn Innovation Fund, LLC (see Note 14).

Fiduciary Investments

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

Funds Held in Trust by Others

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary, and the funds are not under the direct control of the University. Accordingly, the assets of these funds are not included in the accompanying financial statements. The fair value of these funds was $18.8 million as of June 30, 2024. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the fiscal year ended June 30, 2024, was $701,000.

Fair Value Measurement

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

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

The fair value amounts presented in the following table are intended to reconcile the fair value hierarchy to the investment balances presented in the Statement of Net Position and the Statement of Fiduciary Net Position as of June 30, 2024 (amounts in thousands):

	2024				
	Level 1	Level 2	Level 3	NAV	Total
Foundation-Managed Investments					
Cash and cash equivalents	$ 494	$ -	$ -	$ -	$ 494
Fixed income securities					
Corporate investment grade	2,096	-	-	-	2,096
Equity securities					
Domestic	12,589	-	-	-	12,589
Offshore	5,260	-	-	-	5,260
Private capital					
Buyout and venture capital	-	-	-	119	119
Debt	-	-	-	115	115
Long and short equities	-	-	-	1	1
Private real estate	-	-	-	8	8
Private natural resources	-	-	-	108	108
Relative value	-	-	-	399	399
Total Foundation-Managed Investments	20,439	-	-	750	21,189
University-Held Investments					
Other	-	-	-	709	709
Total University-Held Investments	-	-	-	709	709
Total Investments – University	$ 20,439	$ -	$ -	$ 1,459	$ 21,898
Fiduciary Investments					
Cash and cash equivalents	$ 882	$ -	$ -	$ -	$ 882
Debt securities	5,218	-	-	-	5,218
Equity securities	7,008	-	-	-	7,008
Total Investments – Fiduciary	$ 13,108	$ -	$ -	$ -	$ 13,108

The Foundation has agreements with external investment managers that include certain redemption terms and restrictions as noted in the following table as of the fiscal year ended June 30, 2024 (amounts in thousands):

	2024				
Investment Strategy	**Fair Value**	**Unfunded Commitments**	**Remaining Life**	**Redemption Terms**	**Redemption Restrictions**
Private capital partnerships including venture, buyout, and debt in the U.S. and international, and other	$ 234	$ 110	Less than 1 to 8 years	Not applicable	Not redeemable
Private real estate partnerships in commercial, residential, office, and industrial properties	8	35	1 to 3 years	Not applicable	Not redeemable
Natural resource partnerships in energy and timber	108	5	1 to 5 years	Not applicable	Not redeemable
Total	$ 350	$ 150			

NOTE 3. ACCOUNTS AND LOANS RECEIVABLE

Accounts Receivable, Net

Accounts receivable as of June 30, 2024, consisted of the following (amounts in thousands):

	2024
Grants and contracts	$ 79,455
Student and general	41,815
Investment and interest income	4
Lease receivables	147
Allowance for doubtful accounts	(12,941)
Total Accounts Receivable, Net	$ 108,480

The University participates in the U.S. Department of Education Federal Direct Lending Program. Under this program, the University distributed loans of $176.2 million in fiscal year 2024 to students, including those enrolled in UConn Health programs. These distributions and related funding are not reflected as expenses and revenues in the accompanying financial statements. However, related cash inflows and outflows are shown in the accompanying Statement of Cash Flows. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2024, was $1.2 million; this amount was included as a receivable under grants and contracts.

Student and Other Loans Receivable, Net

As of June 30, 2024, the University reported current and noncurrent student and other loans receivable of $1.2 million and $1.9 million, respectively. These balances are primarily composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and the U.S. Department of Health and Human Services Nurse Faculty Loan Program, which are reported separately from accounts receivable in the accompanying Statement of Net Position. The total amount is reported net of an allowance for doubtful accounts of $0.3 million as of June 30, 2024. See Note 8 for information regarding the closeout of the Federal Perkins Loan Program.

NOTE 4. CAPITAL ASSETS

The following table reflects the changes in capital assets for the year ended June 30, 2024 (amounts in thousands):

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Capital Assets Not Being Depreciated					
Land	$ 32,433	$ -	$ (89)	$ -	$ 32,344
Construction in progress	163,971	162,832	-	(10,946)	315,857
Art and historical collections	57,947	2,821	-	(43)	60,725
Total Capital Assets Not Being Depreciated	254,351	165,653	(89)	(10,989)	408,926
Depreciable Capital Assets					
Non-structural improvements	606,598	10,077	(388)	340	616,627
Buildings and improvements	3,233,656	30,582	(6,560)	10,606	3,268,284
Intangible assets	53,583	1,718	(10,033)	-	45,268
Right-to-use assets	156,261	23,954	(3,437)	-	176,778
Library materials	56,258	331	-	43	56,632
Equipment	310,398	19,871	(23,247)	-	307,022
Total Depreciable Capital Assets	4,416,754	86,533	(43,665)	10,989	4,470,611
Less Accumulated Depreciation					
Non-structural improvements	223,209	16,067	(388)	-	238,888
Buildings and improvements	1,456,402	92,148	(2,299)	-	1,546,251
Intangible assets	41,708	3,594	(10,033)	-	35,269
Right-to-use assets	17,700	14,056	(3,278)	-	28,478
Library materials	52,924	557	-	-	53,481
Equipment	225,467	17,967	(22,520)	-	220,914
Total Accumulated Depreciation	2,017,410	144,389	(38,518)	-	2,123,281
Depreciable Capital Assets, Net	2,399,344	(57,856)	(5,147)	10,989	2,347,330
Capital Assets, Net	$ 2,653,695	$ 107,797	$ (5,236)	$ -	$ 2,756,256

NOTE 5. CURRENT LIABILITIES

The following tables reflect the composition of certain current liabilities balances as of June 30, 2024 (amounts in thousands):

	2024
Accounts Payable	
Construction suppliers	$ 21,349
Other suppliers	34,498
Construction retainage	17,092
Total Accounts Payable	$ 72,939
Unearned Revenue	
Tuition, fees, and other student charges	$ 22,896
Amounts received from grant sponsors	26,514
Athletic tickets, commitments, and other	8,008
Total Unearned Revenue	$ 57,418
Other Current Liabilities	
Accrued interest	$ 27,320
Environmental remediation	11,323
Other accrued expenses	1,756
Barnes & Noble agreement	537
Total Other Current Liabilities	$ 40,936

NOTE 6. LONG-TERM DEBT AND BONDS PAYABLE

Long-term debt activity for the year ended June 30, 2024, was as follows (amounts in thousands):

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
General obligation bonds	$ 1,548,375	$ 358,045	$ (271,275)	$ 1,635,145	$ 135,765
Student Fee Revenue Bonds	183,605	97,140	(9,205)	271,540	11,085
Financed purchase agreements					
Cogeneration Facility	13,454	-	(5,291)	8,163	5,412
Installment loans	165	-	(58)	107	46
American Athletic Conference exit fee	4,900	-	(1,185)	3,715	1,211
Total Long-Term Debt	1,750,499	455,185	(287,014)	1,918,670	153,519
Premiums and discounts	239,330	30,038	(35,186)	234,182	20,005
Total Long-Term Debt, Net	$ 1,989,829	$ 485,223	$ (322,200)	$ 2,152,852	$ 173,524

The UConn 2000 Infrastructure Improvement Program (UCONN 2000) established by The University of Connecticut 2000 Act (Act) is designed to modernize, rehabilitate, and expand the physical plant of the University. The Act provides for a 36-year capital budget program in three phases, estimated to cost $5,257.3 million. The Act was originally adopted in 1995 to authorize and finance the UCONN 2000 Phase I Projects and the UCONN 2000 Phase II Projects at University campuses not including UConn Health. The Act was amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UCONN 2000 Phase III Projects, which included projects at UConn Health.

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

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

In 2021, the General Assembly enacted and the Governor signed PA 21-2 increasing the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2022 by $25.0 million to $215.5 million, which increased the total authorization amount for fiscal years 1996 to 2027 to $4,307.9 million. The estimated costs in the Act were also changed, including an increase for the project known as "Deferred Maintenance/Code/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities – Health Center".

In 2023, the General Assembly enacted and the Governor signed PA 23-1 decreasing the authorized funding amount for bonds secured by the State debt service commitment for fiscal year 2025 by $12.0 million to $44.0 million. This decreased the total authorization for fiscal year 1996 to 2027 to $4,295.9 million.

In 2024, the General Assembly enacted and the Governor signed PA 24-151, which extended UCONN 2000 for an additional four fiscal years to 2031. The estimated cost of the Act also increased to $5,257.3 million. PA 24-151 increased the authorized funding amount for bonds secured by the State debt service commitment for fiscal years 2025 to 2027 by $295.0 million and included new authorizations for fiscal years 2028 to 2031 of $330.0 million, which increased the total authorization for fiscal years 1996 to 2031 to $4,920.9 million.

UCONN 2000 is to be funded in part by the issuance of $4,920.9 million of general obligation bonds of the University secured by the State debt service commitment. The balance of the estimated cost of UCONN 2000 projects that is not to be financed by the University's bonds secured by the State debt service commitment may be funded by the issuance of the University's Student Fee Revenue Bonds, other University debt obligations, State general obligation bonds, gifts, and other revenue or borrowing resources of the University.

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

In November 2023, the University issued general obligation bonds with a face value of $358.0 million. This issuance consisted of $224.5 million in General Obligation 2023 Series A Bonds and $133.5 million in General Obligation 2023 Refunding Series A Bonds. The bonds were issued at a premium of $26.2 million. The total net proceeds from the General Obligation 2023 Series A Bonds were $240.0 million after the payment of issuance costs and underwriter fees. Of this amount, $8.0 million was allocated to finance projects at UConn Health.

Net proceeds realized from the General Obligation 2023 Refunding Series A Bonds were used to refund $86.3 million of the General Obligation 2013 Series A Bonds, and $54.5 million of the General Obligation 2014 Series A Bonds, both in advance of maturity. These refundings reduced the general obligation debt service in future years by $10.8 million and resulted in an economic gain (present value of the savings) of $8.4 million. The difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain of $14.1 million. The gain was recorded as a deferred inflow of resources in the accompanying Statement of Net Position and is amortized to interest expense through fiscal year 2034 using the straight-line method.

As general obligation bonds are issued, nonoperating revenue for State debt service commitment for principal is recognized at face value less any refunded debt and amounts set aside to finance UConn Health projects. For the year ended June 30, 2024, the total State debt service commitment for principal recognized was $209.2 million. The portion of general obligation bond proceeds set aside for UConn Health projects is recorded as due to affiliate in the accompanying Statement of Net Position. As of June 30, 2024, the unspent portion of this balance was $13.7 million. In addition, nonoperating revenue for State debt service commitment for interest on general obligation bonds of $77.1 million was recognized for the year ended June 30, 2024, of which approximately $17.6 million was associated with UConn Health projects. As of June 30, 2024, approximately $372.7 million of the total outstanding principal on general obligation bonds pertained to proceeds used to finance UConn Health projects.

In addition to general obligation bonds, the University may issue Student Fee Revenue Bonds, which are backed by certain pledged revenues of the University.

In November 2023, the University issued the Special Obligation Student Fee Revenue Bonds, 2023 Series A at a face value of $97.1 million. The total bonds were issued at a premium of $3.8 million. Total net proceeds realized from the 2023 bonds were $100.0 million after the payment of issuance costs and underwriter fees.

Student Fee Revenue Bonds are secured by certain pledged revenues as defined in the indenture. In fiscal year 2024, this included gross and net revenues of approximately $126.5 million. Gross pledged revenues consist of the Infrastructure Maintenance Fee, the General University Fee, the Student Health & Wellness Fee, the Student Recreational Center Fee, and other revenues. Other revenues consist of the FIT (Facilities Investment Together) surcharge on athletic ticket sales plus investment income on certain bond accounts held by the Trustee Bank. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, board (dining) fee, and parking and transportation fees, after accounting for the cost of maintaining, repairing, insuring, and operating the facilities but before depreciation expense is deducted. The University has covenanted to collect fees each fiscal year that represent pledged revenues, ensuring that the total gross and net revenue amount is at least 1.25 times the debt service requirement for the respective fiscal year for its Student Fee Revenue Bonds.

The total principal and interest remaining to be paid on all Student Fee Revenue Bonds as of June 30, 2024, was $465.9 million. The total amounts paid from pledged revenues in fiscal year 2024 were $9.2 million for the principal and $11.3 million for the interest.

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

Bonds outstanding as of June 30, 2024, consisted of the following (amounts in thousands):

Type of Bond and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2024 Balance
GO 2014 Refunding Series A	$ 92,940	2025	2.0-5.0%	$ 3,980
GO 2015 Series A	220,165	2035	1.0-5.0%	121,085
GO 2015 Refunding Series A	34,625	2026	4.0-5.0%	6,835
GO 2016 Series A	261,510	2036	3.0-5.0%	156,900
GO 2016 Refunding Series A	80,425	2027	4.0-5.0%	11,200
GO 2017 Series A	311,200	2037	2.5-5.0%	202,280
GO 2018 Series A	276,075	2038	3.0-5.0%	193,250
GO 2019 Series A	174,785	2038	3.0-5.0%	131,085
GO 2019 Refunding Series A	64,680	2028	5.0%	32,335
GO 2020 Series A	160,230	2041	3.0-5.0%	136,185
GO 2020 Refunding Series A	119,085	2031	1.5-5.0%	77,500
GO 2022 Series A	227,185	2042	3.0-5.0%	204,465
GO 2023 Series A	224,540	2044	5.0%	224,540
GO 2023 Refunding Series A	133,505	2034	5.0%	133,505
Total General Obligation Bonds	2,380,950			1,635,145
SFR 2018 Series A	141,725	2048	3.0-5.25%	128,305
SFR 2022 Refunding Series A	52,515	2030	5.0%	46,095
SFR 2023 Series A	97,140	2054	5.0-5.5%	97,140
Total Student Fee Revenue Bonds	291,380			271,540
Total Bonds	$ 2,672,330			$ 1,906,685

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

	General Obligation Bonds			Student Fee Revenue Bonds		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2025	$ 135,765	$ 78,453	$ 214,218	$ 11,085	$ 13,387	$ 24,472
2026	131,975	71,709	203,684	11,630	12,833	24,463
2027	128,225	65,136	193,361	12,240	12,237	24,477
2028	124,310	58,799	183,109	12,860	11,609	24,469
2029	124,380	52,579	176,959	13,510	10,950	24,460
2030-2034	548,585	178,563	727,148	39,265	47,534	86,799
2035-2039	335,695	65,133	400,828	38,895	39,014	77,909
2040-2044	106,210	11,505	117,715	49,435	28,465	77,900
2045-2049	-	-	-	54,490	14,254	68,744
2050-2054	-	-	-	28,130	4,038	32,168
Total	$ 1,635,145	$ 581,877	$ 2,217,022	$ 271,540	$ 194,321	$ 465,861

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

The AAC exit fee liability represents the remaining balance owed to the conference after the University's withdrawal in fiscal year 2020. On June 30, 2020, the AAC exit fee balance was $7.8 million payable annually in six equal installments of $1.3 million, commencing on July 1, 2021. The University records the AAC exit fee liability at a discounted value using an imputed interest rate of 2.2 percent. As of June 30, 2024, the reported amount was shown net of imputed interest totaling $165,000. The University has the discretion to pay the remainder of the exit fee in full at any time.

Other debt obligations outstanding as of June 30, 2024, consisted of the following (amounts in thousands):

Type of Debt and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate	2024 Balance
Financed purchase agreements				
Cogeneration Facility	$ 81,900	2026	2.22%	$ 8,163
Installment loans	267	2027	3.23%	107
American Athletic Conference exit fee	7,194	2027	2.20%	3,715
Total Other Debt	$ 89,361			$ 11,985

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

	Long-Term Debt - Other		
Year(s)	Principal	Interest	Total
2025	$ 6,669	$ 212	$ 6,881
2026	4,046	74	4,120
2027	1,270	28	1,298
Total	$ 11,985	$ 314	$ 12,299

NOTE 7. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Right-to-use assets, net, are recorded as a component of capital assets, net, on the Statement of Net Position (see Note 4). A summary of right-to-use asset activity by major classes of underlying assets as of June 30, 2024, is shown below (amounts in thousands):

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-to-Use Assets				
Lease assets				
Buildings	$ 139,173	$ 8,659	$ (719)	$ 147,113
Equipment	4,739	435	(11)	5,163
Subscription assets	12,349	14,860	(2,707)	24,502
Total Right-to-Use Assets	156,261	23,954	(3,437)	176,778
Less Accumulated Amortization				
Lease assets				
Buildings	12,685	6,328	(561)	18,452
Equipment	706	495	(11)	1,190
Subscription assets	4,309	7,233	(2,706)	8,836
Total Accumulated Amortization	17,700	14,056	(3,278)	28,478
Total Right-to-Use Assets, Net	$ 138,561	$ 9,898	$ (159)	$ 148,300

In fiscal year 2024, the University recorded a lease impairment loss totaling $227,000 due to a service life interruption of the Hartford Public Library lease. There was no corresponding change in the lease liability.

A summary of changes in the related liabilities during the year ended June 30, 2024, was as follows (amounts in thousands):

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion
Lease liabilities	$ 135,733	$ 9,322	$ (4,589)	$ 140,466	$ 4,713
Subscription liabilities	7,565	12,240	(7,634)	12,171	5,843
Total Lease and Subscription Liabilities	$ 143,298	$ 21,562	$ (12,223)	$ 152,637	$ 10,556

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

	Lease Liabilities			Subscription Liabilities		
Year(s)	Principal	Interest	Total	Principal	Interest	Total
2025	$ 4,713	$ 3,962	$ 8,675	$ 5,843	$ 481	$ 6,324
2026	5,043	3,849	8,892	3,640	292	3,932
2027	4,970	3,745	8,715	1,695	123	1,818
2028	4,362	3,574	7,936	609	48	657
2029	3,561	3,446	7,007	112	18	130
2030-2034	17,507	15,626	33,133	272	27	299
2035-2039	11,318	13,377	24,695	-	-	-
2040-2044	11,898	11,820	23,718	-	-	-
2045-2049	15,422	9,874	25,296	-	-	-
2050-2054	19,317	7,451	26,768	-	-	-
2055-2059	24,482	4,345	28,827	-	-	-
2060-2064	17,873	820	18,693	-	-	-
Total	$ 140,466	$ 81,889	$ 222,355	$ 12,171	$ 989	$ 13,160

For lessor arrangements, the University recognized lease and interest income of $197,000 for the fiscal year ended June 30, 2024.

NOTE 8. OTHER LONG-TERM LIABILITIES

Long-term liability activity other than debt and lease and subscription liabilities for the year ended June 30, 2024, was as follows (amounts in thousands):

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion
Compensated absences	$ 42,560	$ 5,452	$ (3,646)	$ 44,366	$ 23,440
Federal refundable loans	4,101	374	(845)	3,630	729
Net pension liabilities	1,035,614	87,116	(345,314)	777,416	-
Net OPEB liability	1,383,285	94,802	(142,134)	1,335,953	-
Other liabilities					
Barnes & Noble agreement	2,165	-	(537)	1,628	537
Asset retirement obligation	144	-	-	144	-
Total Other Long-Term Liabilities	$ 2,467,869	$ 187,744	$ (492,476)	$ 2,163,137	$ 24,706

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

In June 2016, the University contracted with Barnes & Noble Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. As part of the agreement, Barnes & Noble made an execution payment of $1.5 million and provided the University with a $3.9 million capital investment to improve and furnish the bookstore facilities (Facility Investment). The University recorded liabilities associated with these amounts, which are amortized and recognized as revenue using the straight-line method over a 10-year period as specified in the agreement. If the University terminates the agreement before the end of the contract term, Barnes & Noble will be reimbursed for the unamortized execution payment and the net book value of the Facility Investment.

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

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

NOTE 9. RETIREMENT PLANS

State Retirement Systems

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

Plan descriptions. SERS is a single-employer defined benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State-sponsored retirement plan. Approximately 58 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. SERS consists of Tier I, Tier II, Tier IIA, Tier III, Tier IV, and the Hybrid Plan.

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

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

TRS also provides retirement, disability, and death benefits along with annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest 3 years of paid salaries. Members are 100 percent vested after 10 or more years of credited service. Further information on TRS plan benefits, COLAs, and other plan provisions is described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions. SERS contribution requirements are established and may be amended by the State legislature, subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates* for the fiscal year ended June 30, 2024, are as follows:

Tier I Hazardous – 6 percent of earnings up to Social Security Taxable Wage Base plus 7 percent of earnings above that level

Tier I Plan B – 4 percent of earnings up to Social Security Taxable Base plus 7 percent of earnings above that level

Tier I Plan C – 7 percent of earnings

Tier II Hazardous – 6 percent of earnings

Tier II (all others) – 2 percent of earnings

Tier IIA and III Hazardous – 7 percent of earnings

Tier IIA and III (all others) – 4 percent of earnings

Tier IV Hazardous – 8 percent of earnings

Tier IV (all others) – 5 percent of earnings

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

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

TRS contribution requirements are also established and may be amended by the State legislature. Plan members are required to contribute 7 percent of their annual salary. Employer contributions are funded by the State on behalf of the participating municipal employers, which is considered a special funding situation. However, this special funding situation does not apply to the University, an agency of the State, because there is not a separate non-employer contributing entity.

The University's contributions to SERS and TRS during the July 1, 2022 – June 30, 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. However, legislation effective July 1, 2023, changed the University's State funding structure concerning employer contributions (see Note 14). As a result, the University did not make any contributions to SERS and TRS in fiscal year 2024, as these were funded by the State. Furthermore, no amounts were reported as deferred outflows of resources as of June 30, 2024, for contributions made subsequent to the measurement date.

Proportionate share of the collective net pension liability (NPL) and pension expense. The total pension liability (TPL) used to calculate the NPL was determined based on the annual actuarial funding valuation reports as of June 30, 2023, for SERS and TRS.

The University's proportion of the collective NPL was based on the University's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, the University's proportion was 3.72 percent and 0.03 percent for SERS and TRS, respectively, at the measurement date of June 30, 2023. SERS decreased by 0.94 percentage points from its proportion measured as of June 30, 2022, and TRS decreased by 0.01 percentage points from the same measurement date.

The University's proportionate share of the collective NPL at June 30, 2024, and related pension expense for fiscal year 2024 consisted of the following (amounts in thousands):

	SERS	TRS	Total
Proportionate share of the collective NPL	$ 772,476	$ 4,940	$ 777,416
Pension expense	$ 46,782	$ 266	$ 47,048

Legislative changes effective after the June 30, 2023 measurement date are anticipated to impact the University's proportionate share of the collective net pension liabilities, deferred inflows and deferred outflows of resources, and related pension expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

Deferred Outflows and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
Deferred Outflows of Resources			
Changes in assumptions	$ -	$ 359	$ 359
Changes in proportion and differences between University contributions and proportionate share of contributions	58,442	227	58,669
Net differences between projected and actual earnings on pension plan investments	14,691	201	14,892
Difference between expected and actual experience	80,759	175	80,934
Total Deferred Outflows	$ 153,892	$ 962	$ 154,854
Deferred Inflows of Resources			
Changes in assumptions	$ 785	$ -	$ 785
Changes in proportion and differences between University contributions and proportionate share of contributions	393,088	1,422	394,510
Difference between expected and actual experience	-	39	39
Total Deferred Inflows	$ 393,873	$ 1,461	$ 395,334

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows (amounts in thousands):

Fiscal Year	SERS	TRS	Total
2025	$ (40,723)	$ 92	$ (40,631)
2026	(75,995)	(53)	(76,048)
2027	(74,920)	(8)	(74,928)
2028	(42,085)	(263)	(42,348)
2029	(6,258)	(210)	(6,468)
Thereafter	-	(57)	(57)
Total	$ (239,981)	$ (499)	$ (240,480)

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

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

For SERS, the Pub-2010 Mortality Tables projected generationally with scale MP-2020:

Non-Hazardous

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

Hazardous

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2023 measurement date are summarized in the following table for SERS and TRS:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	37.0%	6.8%
Public credit	2.0%	2.9%
Core fixed income	13.0%	0.4%
Liquidity fund	1.0%	-0.4%
Risk mitigation	5.0%	0.1%
Private equity	15.0%	11.2%
Private credit	10.0%	6.1%
Real estate	10.0%	6.2%
Infrastructure and natural resources	7.0%	7.7%
Total	100.0%	

Discount rate. The discount rate used to measure the TPL was 6.9 percent for SERS and TRS. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Based on those assumptions, the SERS and TRS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity analysis. The following table presents the University's proportionate share of the collective NPL calculated using the discount rate of 6.9 percent for SERS and TRS. The table also shows what the University's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate (amounts in thousands).

	1% Decrease	Current Discount	1% Increase
SERS	$ 958,796	$ 772,476	$ 617,159
TRS	$ 6,454	$ 4,940	$ 3,683

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS and TRS pension plans is available in the State's ACFR for the fiscal year ended June 30, 2023.

Alternate Retirement Plan

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

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

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

Legislation effective July 1, 2023, changed the University's State funding structure concerning employer contributions (see Note 14). As a result, for the fiscal year ended June 30, 2024, the University did not make any contributions or report pension expenses for ARP, as these were funded by the State.

Department of Dining Services

The University's Department of Dining Services (DDS) employs 474 full-time staff, of which 60 participate in either SERS or ARP. The remaining 414 are eligible to participate in two other defined contribution plans: the University of Connecticut Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut Department of Dining Services 403(b) Retirement Plan (403(b) Retirement Plan). Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

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

Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee's contributions. Participant and State matches are both 100 percent vested. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment. Other plan provisions can be found in the 403(b) Retirement Plan document.

For the fiscal year ended June 30, 2024, pension expense was $921,000, net of forfeitures of $8,000, for the MPPP, and $171,000 for the 403(b) Retirement Plan. At June 30, 2024, the University recorded payables for outstanding contributions of $442,000 and $74,000, for the MPPP and the 403(b) Retirement Plan, respectively, as part of other current liabilities in the accompanying Statement of Net Position. Furthermore, the assets and activities of the MPPP are included in the accompanying Fiduciary Statements.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

Contributions. SEOPEBP is primarily funded on a pay-as-you-go basis for non-contributory members and 100 percent for contributory members through an annual appropriation in the General Fund. The contribution requirements of the plan members and the State are established and may be amended by the State legislature or by agreement between the State and employee unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits. Employees hired prior to July 1, 2017, contribute 3 percent of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3 percent of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, the University's contributions to SEOPEBP during the July 1, 2022 – June 30, 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. However, legislation effective July 1, 2023, changed the University's State funding structure concerning employer contributions (see Note 14). As a result, the University did not make any contributions to SEOPEBP in fiscal year 2024, as these were funded by the State. Furthermore, no amounts were reported as deferred outflows of resources as of June 30, 2024, for contributions made subsequent to the measurement date.

Proportionate share of the collective net OPEB liability (NOL) and OPEB expense. The total OPEB liability (TOL) used to calculate the NOL was determined based on an actuarial valuation report as of June 30, 2023. The TOL measured since the prior measurement date of June 30, 2022, reflects changes in actuarial assumptions. The discount rate was updated for contributory and non-contributory members. Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act.

The University's proportion of the collective NOL was based on its share of contributions relative to total contributions made to SEOPEBP. Based on this calculation, the University's proportion was 8.56 percent as of the measurement date of June 30, 2023, which was a decrease of 0.37 percentage points from its proportion measured as of June 30, 2022.

The University's proportionate share of the collective NOL at June 30, 2024, and related OPEB expense for fiscal year 2024 are shown below (amounts in thousands):

	SEOPEBP
Proportionate share of the collective NOL	$ 1,335,953
OPEB expense	$ 53,845

Legislative changes effective after the June 30, 2023 measurement date are anticipated to impact the University's proportionate share of the collective net OPEB liabilities, deferred inflows and deferred outflows of resources, and related OPEB expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

At June 30, 2024, the University reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	SEOPEBP
Deferred Outflows of Resources	
Changes in assumptions	$ 114,228
Changes in proportion	34,294
Net differences between projected and actual earnings on OPEB plan investments	8,378
Difference between expected and actual experience	13,956
Total Deferred Outflows	$ 170,856
Deferred Inflows of Resources	
Changes in assumptions	$ 411,033
Changes in proportion	77,557
Difference between expected and actual experience	91,302
Total Deferred Inflows	$ 579,892

Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows (amounts in thousands):

Fiscal Year	SEOPEBP
2025	$ (118,401)
2026	(162,363)
2027	(96,401)
2028	(29,121)
2029	(2,750)
Total	$ (409,036)

Actuarial assumptions. The TOL was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	SEOPEBP
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% – 11.50%
Discount rate	6.90% for contributory members and 3.65% for non-contributory members as of June 30, 2023
Healthcare cost trend rates	
Medical (non-Medicare)	-0.35%, then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Prescription drug (non-Medicare)	2.35%, then 6.50% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medical and prescription drug (Medicare)	32.51%. 59.22%, 28.24% then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Dental	2.60%, 4.45%, then an ultimate level of 3.00% per year
Part B	4.50% per year
Administrative expense	1.85%, 3.30% then 3.00% per year

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

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

Discount rate. The discount rate changed from 3.90 percent as of June 30, 2022, to 6.90 percent for contributory members and 3.65 percent for non-contributory members, as of June 30, 2023. The projection of cash flows used in calculating the discount rate included employer contributions actuarially determined in accordance with GASB 75 and employee contributions made in accordance with the current SEBAC agreements. For contributory members, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current contributory plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2023. Since the State funds non-contributory members on a pay-as-you-go basis, the discount rate for non-contributory members is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher, as shown in the Bond Buyer 20-Bond General Obligation Index.

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

	Sensitivity of Discount Rate		
	1% Decrease	**Current Discount Rate**	**1% Increase**
SEOPEBP	$ 1,553,245	$ 1,335,953	$ 1,158,032

Also shown is the University's proportionate share of the collective NOL and what it would be using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates (amounts in thousands):

	Sensitivity of Healthcare Cost Trends		
	1% Decrease	Current Trend Rates	1% Increase
SEOPEBP	$ 1,156,400	$ 1,335,953	$ 1,556,328

OPEB plan fiduciary net position. Detailed information about SEOPEBP's fiduciary net position is available in the State's annual financial report for the fiscal year ended June 30, 2023.

NOTE 11. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

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

	2024
Deferred Outflows of Resources	
Accumulated losses on debt refundings	$ 141
Amounts related to net pension liabilities	154,854
Amounts related to net OPEB liability	170,856
Amounts related to ARO	117
Total Deferred Outflows of Resources	$ 325,968
Deferred Inflows of Resources	
Amounts related to lease receivables	$ 1,653
Accumulated gains on debt refundings	29,615
Amounts related to net pension liabilities	395,334
Amounts related to net OPEB liability	579,892
Total Deferred Inflows of Resources	$ 1,006,494

NOTE 12. COMMITMENTS

The University had outstanding commitments, in excess of $500,000 each, of $111.4 million as of June 30, 2024. This amount included $102.4 million related to capital projects for the University and $9.0 million in outstanding commitments related to operating expenses. See Note 7 for commitment amounts related to leases and SBITAs.

NOTE 13. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This increased tuition and fee revenues and operating expenses by $7.4 million for the fiscal year ended June 30, 2024. The total amount of waivers not reflected in the accompanying financial statements was $81.0 million in fiscal year 2024. Approximately 87 percent of this amount was provided to graduate assistants.

NOTE 14. RELATED PARTY TRANSACTIONS

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

UConn Health

The University directly engages in transactions with UConn Health. For the fiscal year ended June 30, 2024, the University recorded $19.6 million in revenues from UConn Health related to services specified in the UConn Health MOUs (see Note 1). The University also received amounts from UConn Health related to grants and contracts, sales and services of educational departments and auxiliary enterprises, and other miscellaneous goods and services. As of June 30, 2024, the University reported a receivable from UConn Health of $8.9 million.

Other sources of operating revenues related to the UConn Health MOUs for the year ended June 30, 2024, are as follows (amounts in thousands):

	2024
University safety	$ 11,900
Audit, compliance, privacy	1,961
Library services	1,016
Technology commercialization services	957
Communications (marketing)	892
Information technology	766
Ombudsman and institutional equity	698
Document production	578
Government relations and other	344
Diversity and inclusion	295
Human resources	232
Revenue from Affiliate	$ 19,639

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

The Foundation

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

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2024 (amounts in thousands):

	2024
Total expenses incurred for guaranteed contractual services provided by the Foundation	$ 12,643
Reimbursements from the Foundation for operating expenses	$ 325
Capital and noncapital gift and grant revenue from the Foundation	$ 39,300
Amount receivable from the Foundation*	$ 13,418

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

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

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

The State
The University receives funding from the State for debt service on capital projects via UCONN 2000 (see Note 6). In addition, the State supports the University's mission by providing appropriations from the General Fund.

State appropriation for the year ended June 30, 2024, consisted of the following (amounts in thousands):

	2024
General Fund appropriation received from the State	$ 256,316
Payments for fringe benefits received from the State	1,936
Decrease in appropriation receivable	(2,214)
Total Appropriation and Payments for Fringe Benefits from the State	$ 256,038

In June 2023, the General Assembly enacted and the Governor signed PA 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amendments to the State's funding structure for constituent units of the state system of higher education. Under this legislation, effective July 1, 2023, the State funds all the University's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. The University is responsible for funding all employee non-retirement fringe benefit costs. To achieve a budget-neutral effect, the State has (1) reduced the General Fund appropriation to the University, and (2) no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2024, the State funded $215.5 million of retirement and other post-employment benefit costs for the University, which also includes administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

In fiscal year 2024, the University received funding of $42.2 million through the State's American Rescue Plan Act (ARPA) allocation, designated as temporary operating support. The amount was recognized as federal and state financial aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2024.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. In June 2023, PA No. 23-205, authorized $45.0 million of State General Obligation Bonds to fund various projects at the University. During fiscal year 2024, the State Bond Commission allocated $30.0 million for design, land acquisition and construction of the Nursing Program Facility. Additionally, $5.0 million was allocated for the acquisition or leasing of property at the XL Center, and planning, design and construction related to use of the property as academic space for the University. Furthermore, $10.0 million was allocated for equipment, library collections and telecommunications. These amounts were recorded as a capital allocation in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2024. As of June 30, 2024, $5.0 million of the total capital allocation was included as part of due from the State in the accompanying Statement of Net Position.

UConn Innovation Fund, LLC
On April 14, 2016, the University entered into an agreement with Connecticut Innovations, Inc. and Webster Bank, N.A. to create an investment fund for the purpose of making investments in early-stage technology companies affiliated with the University. The original agreement required each member to contribute $500,000 to the fund during the commitment period that extended to April 2018. In fiscal year 2019, all parties contributed an additional $250,000, per an amendment to the agreement. As of June 30, 2024, the University's contribution totaled $750,000. In fiscal year 2024, UConn Innovations Fund, LLC made a cash distribution to each member. The University's share of the distribution was approximately $171,000.

Mansfield Downtown Partnership, Inc.
The Mansfield Downtown Partnership, Inc. (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Downtown Storrs, King Hill Road, and Four Corners. In accordance with its governing by-

laws, members are required to submit annual dues, as determined by the Board of Directors, in lieu of financial support. In fiscal year 2024, the University paid $175,000 in annual membership dues to MDP.

NOTE 15. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The table below details the University's operating expenses by functional classification for the year ended June 30, 2024 (amounts in thousands):

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	$ 313,215	$ 110,048	$ 40,304	$ 2	$ -	$ 203	$ 463,772
Research	76,069	18,947	48,072	1	-	813	143,902
Public service	31,851	12,250	14,156	-	-	231	58,488
Academic support	85,200	37,264	45,110	-	-	8	167,582
Student services	30,458	13,279	11,513	4	-	10	55,264
Institutional support	46,406	21,569	20,567	-	-	-	88,542
Operations and maintenance	32,080	17,662	44,772	16,408	-	-	110,922
Depreciation and amortization	-	-	-	-	144,389	-	144,389
Scholarships and fellowships	-	-	631	-	-	22,376	23,007
Auxiliary enterprises	117,597	48,472	95,930	6,224	-	196	268,419
Total	$ 732,876	$ 279,491	$ 321,055	$ 22,639	$ 144,389	$ 23,837	$ 1,524,287

NOTE 16. CONTINGENCIES

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

Hazardous environmental conditions exceeding the U.S. Environmental Protection Agency thresholds were identified in certain properties abutting the former Stamford parking garage. Additionally, certain regulated materials were identified in buildings undergoing renovation on the Storrs campus. As of June 30, 2024, a liability of $11.3 million was recorded under current liabilities in the accompanying Statement of Net Position to complete these remediation efforts.

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

NOTE 17. CHANGE IN ACCOUNTING ESTIMATE

Scholarship Discounts and Allowances

In fiscal year 2024, the University implemented changes in the calculation of scholarship discounts and allowances. The primary change involved updating the process for extracting scholarship data from the University's student administration system. This update significantly affected the estimation of scholarship discounts and allowances, leading to a shift in student financial aid reported in the accompanying financial statements. These changes were applied prospectively.

The effects of these changes on the accompanying financial statements for the fiscal year ended June 30, 2024, as compared with the prior calculation, are approximated as follows:

Statement of Revenues, Expenses, and Changes in Net Position	Statement of Cash Flows	Impact/Amount
Student tuition and fees, net	Student tuition and fees	Decreased $34.0 million
Sales and services of auxiliary enterprises, net	Sales and services of auxiliary enterprises	Increased $17.0 million
Scholarships and fellowships	Payments to suppliers and others	Decreased $17.0 million
Change in net position	Change in cash and cash equivalents	No impact

Required Supplementary Information
State Employees Retirement System (SERS)

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

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective NPL	3.72%	4.66%	6.58%	6.39%	5.98%	5.05%	4.78%	4.91%	4.88%	4.51%
Proportionate share of the collective NPL	$ 772,476	$ 1,028,762	$ 1,400,123	$ 1,514,874	$ 1,364,546	$ 1,095,530	$ 1,007,992	$ 1,126,394	$ 805,629	$ 722,009
University's covered payroll	$ 260,746	$ 286,088	$ 271,584	$ 265,921	$ 227,836	$ 198,089	$ 195,810	$ 200,845	$ 189,903	$ 165,841
Proportionate share of the collective NPL as a percentage of covered payroll	296.26%	359.60%	515.54%	569.67%	598.92%	553.05%	514.78%	560.83%	424.23%	435.36%
Plan fiduciary net position as a percentage of the total pension liability	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

Schedule of University Pension Contributions
($ in thousands)

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ -	$ 121,464	$ 132,911	$ 117,659	$ 103,218	$ 94,410	$ 72,898	$ 73,781	$ 73,668	$ 66,875
Actual University contributions	-	121,464	132,911	117,659	103,218	94,410	72,898	73,781	73,668	66,875
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ -	$ 260,746	$ 286,088	$ 271,584	$ 265,921	$ 227,836	$ 198,089	$ 195,810	$ 200,845	$ 189,903
Actual University contributions as a percentage of covered payroll	0.00%	46.58%	46.46%	43.32%	38.82%	41.44%	36.80%	37.68%	36.68%	35.22%

Notes to Required Schedules:

Changes of Benefit Terms

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

Changes in Assumptions

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

Changes in Legislation

2024 – Public Act 23-204 changed the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating in the State’s retirement plans. As a result, the University did not make any contributions or have related covered payroll to report for the fiscal year ended June 30, 2024.

Required Supplementary Information
Teachers' Retirement System (TRS)

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

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the collective NPL	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.03%	0.03%	0.04%	0.04%
Proportionate share of the collective NPL	$ 4,940	$ 6,852	$ 6,173	$ 7,789	$ 6,159	$ 4,748	$ 4,717	$ 4,976	$ 4,430	$ 4,090
University's covered payroll	$ 1,107	$ 1,389	$ 1,326	$ 1,334	$ 1,148	$ 1,196	$ 1,364	$ 1,372	$ 1,214	$ 1,191
Proportionate share of the collective NPL as a percentage of covered payroll	446.25%	493.30%	465.54%	583.88%	536.50%	397.07%	345.82%	362.68%	364.91%	343.41%
Plan fiduciary net position as a percentage of the total pension liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Schedule of University Pension Contributions
($ in thousands)

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ -	$ 421	$ 617	$ 455	$ 419	$ 452	$ 304	$ 135	$ 426	$ 425
Actual University contributions	-	421	617	455	419	452	304	135	426	425
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ -	$ 1,107	$ 1,389	$ 1,326	$ 1,334	$ 1,148	$ 1,196	$ 1,364	$ 1,372	$ 1,214
Actual University contributions as a percentage of covered payroll	0.00%	38.03%	44.42%	34.31%	31.41%	39.37%	25.42%	9.90%	31.05%	35.01%

Notes to Required Schedules:

Changes of Benefit Terms

2023 – Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.

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

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

Changes in Assumptions

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

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

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

Changes in Legislation

2024 – Public Act 23-204 changed the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating in the State's retirement plans. As a result, the University did not make any contributions or have related covered payroll to report for the fiscal year ended June 30, 2024.

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

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

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018
Proportion of the collective NOL	8.56%	8.93%	8.75%	8.87%	9.05%	7.49%	7.39%
Proportionate share of the collective NOL	$ 1,335,953	$ 1,383,285	$ 1,709,176	$ 2,087,164	$ 1,871,032	$ 1,293,696	$ 1,283,941
University's covered payroll	$ 486,426	$ 529,689	$ 492,277	$ 473,100	$ 446,237	$ 448,931	$ 435,196
Proportionate share of the collective NOL as a percentage of covered payroll	274.65%	261.15%	347.20%	441.17%	419.29%	288.17%	295.03%
Plan fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%

Schedule of University OPEB Contributions
($ in thousands)

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018
Contractually required employer contribution	$ -	$ 72,843	$ 75,681	$ 75,979	$ 76,889	$ 68,115	$ 60,089
Actual University contributions	-	72,843	75,681	75,979	76,889	68,115	60,089
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ -	$ 486,426	$ 529,689	$ 492,277	$ 473,100	$ 446,237	$ 448,931
Actual University contributions as a percentage of covered payroll	0.00%	14.98%	14.29%	15.43%	16.25%	15.26%	13.38%

Notes to Required Schedules:

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

Changes in Assumptions

The discount rate was updated in accordance with GASB 75 to 6.90% for contributory members and 3.65% for non-contributory members for the fiscal year 2024. For the fiscal years 2023, 2022, 2021, 2020, 2019, and 2018, the rates were 3.90%, 2.31%, 2.38%, 3.58%, 3.95%, and 3.68%, respectively.

2024 – Per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution rates were adjusted. The Medicare prescription drug trend rates were also updated to reflect an estimate for the impact of the Inflation Reduction Act.

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

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

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

Changes in Legislation

2024 – Public Act 23-204 changed the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating in the State’s retirement plans. As a result, the University did not make any contributions or have related covered payroll to report for the fiscal year ended June 30, 2024.

STATISTICAL SECTION

Statistical Section
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SCHEDULE OF REVENUES BY SOURCE

Last Ten Fiscal Years

($ in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Student tuition and fees, net of scholarship allowances	$ 464,993 (1)	$ 461,624	$ 427,959	$ 397,237	$ 422,519	$ 396,780	$ 386,921	$ 367,351	$ 341,809	$ 308,174
Federal grants and contracts	190,068	168,035	148,970	147,547	125,936	121,593	106,561	100,397	104,725	93,807
State and local grants and contracts	25,880	24,646	17,871	16,364	19,944	17,959	19,441	16,931	21,200	20,823
Nongovernmental grants and contracts	23,777	20,052	23,871	20,012	21,042	23,577	18,386	28,005	19,490	20,535
Sales and services of educational departments	16,906	17,423	22,687	25,355	15,688	22,710	23,708	20,325	20,543	21,028
Sales and services of auxiliary enterprises, net of scholarship allowances	229,660 (1)	195,672	171,753	73,577	169,016	211,036	210,990	209,851	210,455	201,066
Other sources	33,909	32,351	30,745	26,943	31,960	29,750	14,009	11,909	10,758	12,263
Total Operating Revenues	985,193	919,803	843,856	707,035	806,105	823,405	780,016	754,769	728,980	677,696
State appropriation	256,038	420,505	459,788	397,910	376,866	356,898	342,987	374,113	384,747	350,699
State debt service commitment for interest	77,089	78,623	75,947	74,170	78,963	77,333	70,740	64,757	53,092	46,635
Federal and state financial aid	103,976	93,249	134,741	115,892	64,549	42,222	37,986	34,800 (2)	38,968 (2)	35,684 (2)
Gifts	37,427	44,393	33,502	24,715	21,790	28,185	19,732	23,628	25,380	23,828
Investment income	25,056	14,066	1,742	794	7,881	11,957	6,059	2,996	1,448	889
Other nonoperating revenues, net	-	1,950	-	2,594	207	745	-	-	-	-
Total Nonoperating Revenues	499,586	652,786	705,720	616,075	550,256	517,340	477,504	500,294	503,635	457,735
	$ 1,484,779	**$ 1,572,589**	**$ 1,549,576**	**$ 1,323,110**	**$ 1,356,361**	**$ 1,340,745**	**$ 1,257,520**	**$ 1,255,063**	**$ 1,232,615**	**$ 1,135,431**

(% of total revenues)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Student tuition and fees, net of scholarship allowances	31.4% (1)	29.4%	27.6%	30.0%	31.1%	29.6%	30.8%	29.3%	27.7%	27.1%
Federal grants and contracts	12.8%	10.7%	9.6%	11.2%	9.3%	9.1%	8.5%	8.0%	8.5%	8.3%
State and local grants and contracts	1.7%	1.6%	1.2%	1.2%	1.5%	1.3%	1.5%	1.3%	1.6%	1.8%
Nongovernmental grants and contracts	1.6%	1.3%	1.5%	1.5%	1.6%	1.8%	1.4%	2.2%	1.6%	1.8%
Sales and services of educational departments	1.1%	1.1%	1.5%	1.9%	1.2%	1.7%	1.9%	1.6%	1.7%	1.9%
Sales and services of auxiliary enterprises, net of scholarship allowances	15.5% (1)	12.4%	11.1%	5.6%	12.4%	15.7%	16.8%	16.7%	17.1%	17.7%
Other sources	2.3%	2.1%	2.0%	2.0%	2.4%	2.2%	1.1%	0.9%	0.9%	1.1%
Total Operating Revenues	66.4%	58.6%	54.5%	53.4%	59.5%	61.4%	62.0%	60.0%	59.1%	59.7%
State appropriation	17.2%	26.7%	29.7%	30.1%	27.8%	26.6%	27.3%	29.9%	31.2%	30.9%
State debt service commitment for interest	5.2%	5.0%	4.9%	5.6%	5.8%	5.8%	5.6%	5.2%	4.3%	4.1%
Federal and state financial aid	7.0%	5.9%	8.6%	8.7%	4.7%	3.1%	3.0%	2.8%	3.2%	3.1%
Gifts	2.5%	2.8%	2.2%	1.9%	1.6%	2.1%	1.6%	1.9%	2.1%	2.1%
Investment income	1.7%	0.9%	0.1%	0.1%	0.6%	0.9%	0.5%	0.2%	0.1%	0.1%
Other nonoperating revenues, net	0.0%	0.1%	0.0%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Nonoperating Revenues	33.6%	41.4%	45.5%	46.6%	40.5%	38.6%	38.0%	40.0%	40.9%	40.3%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) The reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances, beginning in fiscal year 2024.
(2) Federal and state financial aid prior to fiscal year 2018 were reclassified from operating to nonoperating categories in order to provide comparison among years.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Last Ten Fiscal Years

($ in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Salaries and wages	$ 732,876	$ 685,254	$ 674,458	$ 617,225	$ 602,873	$ 569,872	$ 569,359	$ 556,411	$ 557,497	$ 542,082
Fringe benefits	279,491	247,699	515,739	685,126	597,737	417,689	338,545	349,328	287,553	271,164
Supplies and other expenses	321,055	294,184	248,545	226,404	257,977	279,602	264,456	245,357	245,871	217,413
Utilities	22,639	27,552	22,475	17,295	20,167	21,063	19,655	19,039	19,737	23,212
Depreciation and amortization	144,389	139,628	135,566	122,695	117,870	119,346	108,185	104,807	98,767	95,990
Scholarships and fellowships	23,837 (1)	33,945	50,948	28,866	23,367	11,409	8,870	11,791	12,437	10,713
Total Operating Expenses	1,524,287	1,428,262	1,647,731	1,697,611	1,619,991	1,418,981	1,309,070	1,286,733	1,221,862	1,160,574
Interest expense	71,940	69,286	68,338	66,114	71,102	70,460	64,672	59,129	51,333	46,420
Disposal of capital assets, net	4,479	3,263	2,346	3	1,912	2,345	1,524	1,418	8,486	473
Other nonoperating expenses, net	290	-	5,230	-	-	-	2,475	1,776	3,893	1,540
Total Nonoperating Expenses	76,709	72,549	75,914	66,117	73,014	72,805	68,671	62,323	63,712	48,433
	$ 1,600,996	**$ 1,500,811**	**$ 1,723,645**	**$ 1,763,728**	**$ 1,693,005**	**$ 1,491,786**	**$ 1,377,741**	**$ 1,349,056**	**$ 1,285,574**	**$ 1,209,007**

(% of total expenses)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Salaries and wages	45.8%	45.7%	39.1%	35.0%	35.6%	38.2%	41.3%	41.2%	43.3%	44.8%
Fringe benefits	17.4%	16.5%	29.9%	38.8%	35.3%	28.0%	24.6%	25.9%	22.4%	22.5%
Supplies and other expenses	20.1%	19.6%	14.4%	12.9%	15.2%	18.7%	19.2%	18.2%	19.1%	18.1%
Utilities	1.4%	1.8%	1.3%	1.0%	1.2%	1.4%	1.4%	1.4%	1.5%	1.9%
Depreciation and amortization	9.0%	9.3%	7.9%	7.0%	7.0%	8.0%	7.9%	7.8%	7.7%	7.9%
Scholarships and fellowships	1.5% (1)	2.3%	3.0%	1.6%	1.4%	0.8%	0.6%	0.9%	1.0%	0.9%
Total Operating Expenses	95.2%	95.2%	95.6%	96.3%	95.7%	95.1%	95.0%	95.4%	95.0%	96.1%
Interest expense	4.4%	4.6%	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%	3.8%
Disposal of capital assets, net	0.3%	0.2%	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%	0.0%
Other nonoperating expenses, net	0.1%	0.0%	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%	0.1%
Total Nonoperating Expenses	4.8%	4.8%	4.4%	3.7%	4.3%	4.9%	5.0%	4.6%	5.0%	3.9%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) The reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances, beginning in fiscal year 2024.

SCHEDULE OF EXPENSES BY FUNCTION

Last Ten Fiscal Years

($ in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Instruction	$ 463,772	$ 441,925	$ 532,976	$ 568,509	$ 518,689	$ 438,702	$ 419,691	$ 419,251	$ 390,364	$ 382,256
Research	143,902	121,925	122,049	116,706	102,859	97,258	88,469	80,953	80,070	73,596
Public service	58,488	50,982	58,663	65,942	66,985	56,081	49,417	53,116	53,903	48,884
Academic support	167,582	156,016	185,523	213,169	204,759	170,050	147,264	138,912	139,643	131,914
Student services	55,264	48,125	60,091	63,114	62,243	49,730	44,856	40,087	38,916	36,955
Institutional support	88,542	81,095	100,243	108,742	106,092	90,086	75,357	74,226	66,580	57,330
Operations and maintenance of plant	110,922	114,228	147,428	186,963	178,009	151,589	138,184	137,259	122,034	114,889
Depreciation and amortization	144,389	139,628	135,566	122,695	117,870	119,346	108,185	104,807	98,767	95,990
Scholarships and fellowships	23,007 (1)	32,789	50,548	28,454	23,449	10,979	8,232	10,306	9,748	9,127
Auxiliary enterprises	268,419	241,549	254,644	223,317	239,036	235,160	229,415	227,816	221,837	209,633
Interest expense	71,940	69,286	68,338	66,114	71,102	70,460	64,672	59,129	51,333	46,420
Disposal of capital assets, net	4,479	3,263	2,346	3	1,912	2,345	1,524	1,418	8,486	473
Other nonoperating expenses, net	290	-	5,230	-	-	-	2,475	1,776	3,893	1,540
	$ 1,600,996	**$ 1,500,811**	**$ 1,723,645**	**$ 1,763,728**	**$ 1,693,005**	**$ 1,491,786**	**$ 1,377,741**	**$ 1,349,056**	**$ 1,285,574**	**$ 1,209,007**

(% of total expenses)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Instruction	29.0%	29.5%	30.9%	32.2%	30.5%	29.4%	30.5%	31.1%	30.3%	31.7%
Research	9.0%	8.1%	7.1%	6.6%	6.1%	6.5%	6.4%	6.0%	6.2%	6.1%
Public service	3.6%	3.4%	3.4%	3.7%	4.0%	3.8%	3.6%	3.9%	4.2%	4.0%
Academic support	10.5%	10.4%	10.8%	12.1%	12.1%	11.4%	10.7%	10.2%	10.8%	10.9%
Student services	3.5%	3.2%	3.5%	3.6%	3.7%	3.3%	3.3%	3.0%	3.0%	3.1%
Institutional support	5.5%	5.4%	5.8%	6.2%	6.3%	6.0%	5.5%	5.5%	5.2%	4.7%
Operations and maintenance of plant	6.9%	7.6%	8.5%	10.6%	10.5%	10.2%	10.0%	10.2%	9.5%	9.5%
Depreciation and amortization	9.0%	9.3%	7.9%	7.0%	7.0%	8.0%	7.8%	7.8%	7.7%	7.9%
Scholarships and fellowships	1.4% (1)	2.2%	2.9%	1.6%	1.4%	0.7%	0.6%	0.8%	0.8%	0.8%
Auxiliary enterprises	16.8%	16.1%	14.8%	12.7%	14.1%	15.8%	16.6%	16.9%	17.3%	17.4%
Interest expense	4.5%	4.6%	4.0%	3.7%	4.2%	4.7%	4.7%	4.4%	4.0%	3.8%
Disposal of capital assets, net	0.3%	0.2%	0.1%	0.0%	0.1%	0.2%	0.1%	0.1%	0.7%	0.0%
Other nonoperating expenses, net	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.2%	0.1%	0.3%	0.1%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) The reported amounts were impacted by a change in the accounting estimate for scholarship discounts and allowances, beginning in fiscal year 2024.

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION
Last Ten Fiscal Years

($ in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total revenues	$ 1,484,779	$ 1,572,589	$ 1,549,576	$ 1,323,110	$ 1,356,361	$ 1,340,745	$ 1,257,520	$ 1,255,063	$ 1,232,615	$ 1,135,431
Total expenses	1,600,996	1,500,811	1,723,645	1,763,728	1,693,005	1,491,786	1,377,741	1,349,056	1,285,574	1,209,007
Income (Loss) Before Other Changes in Net Position	(116,217)	71,778	(174,069)	(440,618)	(336,644)	(151,041)	(120,221)	(93,993)	(52,959)	(73,576)
State debt service commitment for principal	209,225	-	214,185	140,295	-	154,405	187,269	281,576	103,400	56,430
Capital allocation	45,000	-	-	-	-	-	-	-	-	131,500
Capital grants and gifts	7,454	3,608	1,976	11,640	2,276	3,907	5,099	1,388	5,071	25,412
Additions to permanent endowments	191	9	1,996	164	171	171	338	1,149	14	66
Athletic conference fee	-	-	-	(3,500)	(16,436)	-	-	-	-	-
Transfer to affiliate	-	-	(228)	(2,000)	-	-	-	-	-	-
Total Changes in Net Position	145,653	75,395	43,860	(294,019)	(350,633)	7,442	72,485	190,120	55,526	139,832
Net position, beginning	(421,787)	(500,218)	(545,792)	(251,773)	98,860	80,228	1,243,245	1,053,125	997,599	1,435,360
Cumulative effect of accounting changes and error corrections	-	3,036 (1)	1,714 (2)	-	-	11,190 (3)	(1,235,502) (4)	-	-	(577,593) (5)
Net Position, Ending	**$ (276,134)**	**$ (421,787)**	**$ (500,218)**	**$ (545,792)**	**$ (251,773)**	**$ 98,860**	**$ 80,228**	**$ 1,243,245**	**$ 1,053,125**	**$ 997,599**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	$ 1,013,195	$ 925,881	$ 877,499	$ 842,048 (6)	$ 804,723 (6)	$ 752,961 (6)	$ 773,104 (6)	$ 682,891 (6)	$ 612,618 (6)	$ 591,992 (6)
Restricted nonexpendable	16,434	16,219	16,187	14,164	15,132	15,005	15,044	14,483	12,593	13,091
Restricted expendable										
Research, instruction, scholarships and other	35,810	30,552	22,316	25,824	16,582	21,716	32,273	34,058	24,455	19,334
Loans	1,882	1,794	1,822	1,981	2,180	2,608	2,566	2,543	2,520	2,533
Capital projects	41,535	2,788	5,622	5,399 (6)	10,434 (6)	17,506 (6)	22,852 (6)	58,816 (6)	111,062 (6)	150,742 (6)
Debt service	1,207,022	1,087,353	1,179,340	1,051,763 (6)	997,489 (6)	1,087,975 (6)	1,020,814 (6)	915,179 (6)	705,947 (6)	672,772 (6)
Unrestricted	(2,592,012)	(2,486,374)	(2,603,004)	(2,486,971)	(2,098,313) (6)	(1,798,911)	(1,786,425)	(464,725) (6)	(416,070) (6)	(452,865) (6)
Total Net Position	**$ (276,134)**	**$ (421,787)**	**$ (500,218)**	**$ (545,792)**	**$ (251,773)**	**$ 98,860**	**$ 80,228**	**$ 1,243,245**	**$ 1,053,125**	**$ 997,599**

(1) Implementation of GASB 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and GASB 96, Subscription-Based Information Technology Arrangements

(2) Implementation of GASB 87, Leases

(3) Correction of an error related to compensated absences

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

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

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

SCHEDULE OF LONG-TERM DEBT

Last Ten Fiscal Years

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General obligation bonds	$ 1,635,145	$ 1,548,375	$ 1,683,350	$ 1,583,660	$ 1,568,905	$ 1,700,180	$ 1,661,785	$ 1,504,995	$ 1,303,870	$ 1,147,985
Revenue bonds	271,540	183,605	194,905	200,915	206,655	233,445	240,980	105,955	112,410	118,625
Self-liquidating bonds	-	-	-	-	-	-	-	-	275	349
Lease and subscription liabilities (1)	152,637	143,298	141,388	66,634	72,749	78,515	84,199	42,818	47,229	51,398
Financed purchase agreements (2)	8,270	13,619	18,847	-	-	-	-	-	-	-
Long-term software commitments (3)	-	-	7,742	9,809	7,355	7,132	-	-	-	-
Installment loans and other	-	-	-	-	-	25	62	117	5,487	671
American Athletic Conference exit fee	3,715	4,900	6,059	7,194	7,194	-	-	-	-	-
	2,071,307	1,893,797	2,052,291	1,868,212	1,862,858	2,019,297	1,987,026	1,653,885	1,469,271	1,319,028
Premiums and discounts	234,182	239,330	265,571	251,536	223,648	244,077	229,155	201,858	172,757	134,213
Total Long-Term Debt, Net	$ 2,305,489	$ 2,133,127	$ 2,317,862	$ 2,119,748	$ 2,086,506	$ 2,263,374	$ 2,216,181	$ 1,855,743	$ 1,642,028	$ 1,453,241
Full-time equivalent students (4)	29,696	29,100	29,215	29,750	29,530	28,646	29,424	29,220	28,832	28,134
Outstanding debt per student (5)	$ 77,636	$ 73,303	$ 79,338	$ 71,252	$ 70,657	$ 79,012	$ 75,319	$ 63,509	$ 56,952	$ 51,654

(1) Starting in fiscal year 2022, the University began reporting leases under GASB 87. This amount also includes subscription liabilities reported under GASB 96 starting in fiscal year 2023.

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

(3) Upon the adoption of GASB 96 in fiscal year 2023, long-term software commitments were reclassified to lease and subscription liabilities.

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

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

SCHEDULE OF DEBT COVERAGE - REVENUE BONDS

Last Ten Fiscal Years

($ in thousands)

	Gross Revenues (1)	Pledged Revenues (2)	Expenses (3)	Net Revenues Available	Total Gross and Net Revenues Available for Debt Service	Debt Service	Coverage Ratio
2024	$ 80,496	$ 199,284	$ (153,255)	$ 46,029	$ 126,525	$ (20,474)	6.18
2023	68,351	186,129	(148,329)	37,800	106,151	(18,355)	5.78
2022	62,620	157,288	(100,868)	56,420	119,040	(15,760)	7.55
2021	48,831	66,917	(85,241)	(18,324)	30,507	(15,772)	1.93
2020	63,018	148,070	(117,763)	30,307	93,325	(37,542)	2.49
2019	53,672	182,891	(136,606)	46,285	99,957	(19,017)	5.26
2018	52,429	176,598	(135,138)	41,460	93,889	(12,432)	7.55
2017	51,486	172,444	(132,742)	39,702	91,188	(11,554)	7.89
2016	50,650	174,991	(134,492)	40,499	91,149	(11,557)	7.89
2015	50,506	168,047	(132,863)	35,184	85,690	(11,552)	7.42

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

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

(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation. Fiscal years 2020, 2021, and 2022 expenses have been reduced by federal Higher Education Emergency Relief Funds of $10.7 million, $21.3 million, and $28.4 million, respectively. These funds have been identified by the University to offset housing and dining revenue losses incurred during the pandemic.

** In fiscal year 2024, the debt coverage calculation for fiscal years 2018 to 2023 was updated to include revenues and expenses related to Stamford housing.*

ADMISSIONS AND ENROLLMENT
Last Ten Fiscal Years

FRESHMAN ADMISSIONS (STORRS ONLY)	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Applications	46,645	40,894	36,753	34,437	35,096	34,886	34,198	35,980	34,978	31,280
Offers of admission	25,164	22,293	20,433	19,316	17,346	17,015	16,360	17,560	18,598	15,629
Percent admitted	54%	55%	56%	56%	49%	49%	48%	49%	53%	50%
Enrolled	4,189	4,069	3,663	3,825	3,603	3,749	3683	3,822	3,774	3,588
Yield (enrolled/offers)	17%	18%	18%	20%	21%	22%	23%	22%	20%	23%
Total average SAT	1,296	1,315	1,318	1,281	1,296	1,306	1294	1,233	1,233	1,234

ENROLLMENT*	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Non-Resident Alien										
Male	2,042	2,063	1,956	2,048	2,232	2,110	2,001	1,890	1,773	1,532
Female	1,528	1,564	1,525	1,711	1,990	1,917	1,847	1,665	1,462	1,277
Black or African American										
Male	1,012	974	1,002	1,023	984	944	885	874	813	756
Female	1,450	1,380	1,386	1,366	1,261	1,211	1,153	1,098	1,053	1,010
American Indian or Alaska Native										
Male	8	9	9	13	14	22	16	19	18	18
Female	19	21	14	18	16	25	27	25	28	27
Asian										
Male	1,757	1,698	1,627	1,581	1,512	1,500	1,497	1,475	1,372	1,315
Female	1,911	1,865	1,823	1,770	1,688	1,606	1,556	1,467	1,419	1,333
Hispanic/Latino										
Male	2,140	2,044	1,952	1,842	1,643	1,568	1,477	1,386	1,293	1,233
Female	2,945	2,772	2,705	2,588	2,202	2,014	1,800	1,616	1,468	1,393
Native Hawaiian or Other Pacific Islander										
Male	7	3	3	5	5	8	10	8	8	10
Female	6	7	7	8	11	11	13	12	13	13
Two or More Races										
Male	601	535	520	487	454	430	394	364	330	301
Female	692	656	595	596	508	476	464	442	412	408
White										
Male	7,243	7,507	7,826	8,224	8,520	8,821	9,089	9,518	9,809	9,916
Female	8,318	8,343	8,543	8,743	8,647	8,983	9,361	9,581	9,789	10,022
Total Head Count	31,679	31,441	31,493	32,023	31,687	31,646	31,590	31,440	31,060	30,564
Percent female	53.2%	52.8%	52.7%	52.5%	51.5%	51.3%	51.3%	50.6%	50.4%	50.7%
Percent minority	39.6%	38.1%	37.0%	35.3%	32.5%	31.0%	29.4%	27.9%	26.5%	25.6%
Percent non-resident alien	11.3%	11.5%	11.1%	11.7%	13.3%	12.7%	12.2%	11.3%	10.4%	9.2%

White includes other/unknown.

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

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

ACADEMIC YEAR TUITION AND MANDATORY FEES (STORRS ONLY)

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Undergraduate resident	$ 20,366	$ 19,434	$ 18,524	$ 17,834	$ 17,226	$ 15,730	$ 14,880	$ 14,066	$ 13,366	$ 12,700
Undergraduate non-resident	$ 43,034	$ 42,102	$ 41,192	$ 40,502	$ 39,894	$ 38,098	$ 36,948	$ 35,858	$ 34,908	$ 32,880
Graduate resident	$ 22,194	$ 21,262	$ 20,325	$ 19,664	$ 19,056	$ 17,660	$ 16,810	$ 15,996	$ 15,296	$ 14,472
Graduate non-resident	$ 44,106	$ 43,174	$ 42,237	$ 41,576	$ 40,968	$ 39,272	$ 38,122	$ 37,032	$ 36,082	$ 33,944

DEGREES CONFERRED

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Associate	20	24	24	33	26	16	21	30	24	20
Bachelor's	5,739	5,534	5,390	5,623	5,731	5,656	5,618	5,530	5,197	5,320
Post-baccalaureate	592	574	548	537	395	369	299	251	229	167
Master's	1,797	1,752	1,703	1,926	1,774	1,895	2,048	1,904	1,750	1,713
Sixth-year education	30	57	49	61	50	54	51	62	66	69
Ph.D.	432	407	352	368	382	418	384	411	379	372
J.D.	153	153	151	138	141	108	89	155	151	156
LL.M.	61	34	33	42	50	53	42	43	44	31
Pharm D.	57	76	82	77	74	92	98	101	99	95
Total	8,881	8,611	8,332	8,805	8,623	8,661	8,650	8,487	7,939	7,943

Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.
Source: University of Connecticut Office of Budget, Planning and Institutional Research

FACULTY AND STAFF
Fall Employment
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FACULTY										
Full-time	1,659	1,584	1,616	1,597	1,537	1,540	1,545	1,518	1,489	1,517
Part-time	61	59	57	45	54	51	53	32	30	33
Total Faculty	1,720	1,643	1,673	1,642	1,591	1,591	1,598	1,550	1,519	1,550
Tenured	857	839	895	908	887	858	854	841	848	877
Percentage tenured	50%	51%	53%	55%	56%	54%	53%	54%	56%	57%
STAFF										
Full-time	3,464	3,290	3,323	3,310	3,297	3,228	3,109	3,198	3,115	3,080
Part-time	130	126	131	147	144	150	150	82	158	186
Total Staff	3,594	3,416	3,454	3,457	3,441	3,378	3,259	3,280	3,273	3,266
Total Faculty and Staff	5,314	5,059	5,127	5,099	5,032	4,969	4,857	4,830	4,792	4,816
Student to faculty ratio*	16 to 1	16 to 1	15 to 1	16 to 1	16 to 1	16 to 1	16 to 1	16 to 1	17 to 1	16 to 1
Full-time and part-time faculty										
Female	47%	47%	45%	44%	43%	42%	41%	41%	41%	39%
Minority	24%	23%	24%	19%	20%	20%	21%	23%	23%	22%
Full-time and part-time staff										
Female	57%	57%	57%	58%	57%	57%	57%	57%	57%	58%
Minority	17%	17%	17%	13%	13%	14%	15%	17%	17%	17%
Staff covered by collective bargaining agreements	92%	92%	92%	92%	90%	90%	90%	90%	90%	91%
Adjunct lecturers	767	768	757	705	749	732	709	690	679	708

**Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.*
Source: University of Connecticut Office of Budget, Planning and Institutional Research

SCHEDULE OF CAPITAL ASSET INFORMATION

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academic buildings										
Net assignable square feet (in thousands)	3,030	3,011	2,892	2,888	2,890	2,876	2,847	2,654	2,753	2,753
Number of buildings	147	146	145	157	158	160	170	168	171	171
Auxiliary and independent operations buildings										
Net assignable square feet (in thousands)	4,584	4,504	4,060	4,069	3,937	3,638	3,859	3,753	3,277	3,336
Number of buildings	172	188	183	177	178	185	190	189	193	209
Administrative and support buildings										
Net assignable square feet (in thousands)	892	907	905	888	883	887	832	852	964	949
Number of buildings	80	81	80	80	81	83	83	88	97	96
Total net assignable square feet (in thousands)	8,505	8,422	7,857	7,845	7,710	7,401	7,538	7,259	6,994	7,038
Total number of buildings	399	415	408	414	417	428	443	445	461	476

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Residential halls*	97	102	100	100	102	101	100	101	115	115
Residential hall occupancy	11,965	11,655	11,184	4,911	12,580	12,712	12,597	12,699	12,723	12,711
Percentage of main campus undergraduates in campus housing	64%	64%	57%	25%	65%	65%	66%	67%	70%	71%

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Last Ten Fiscal Years

	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2024	342,112,700,000	3,625,511	94,363	4.2%
2023	314,865,500,000	3,632,752	86,674	3.9%
2022	307,116,000,000	3,614,683	84,963	5.1%
2021	290,146,700,000	3,544,930	81,848	8.5%
2020	290,641,600,000	3,561,513	81,606	5.1%
2019	284,136,600,000	3,570,160	79,587	3.8%
2018	265,636,709,000	3,588,236	74,030	4.5%
2017	251,389,254,000	3,568,714	70,443	4.8%
2016	252,249,206,000	3,586,640	70,330	5.5%
2015	240,602,679,000	3,591,282	66,996	6.1%

(a) Source: U.S. Department of Commerce
(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

Current Year and Ten Years Ago

NAME	2024 Employees in CT	2024 Percentage of Total CT Employment	2024 Rank	
Yale New Haven Health System	30,896	1.7%	1	
Hartford Healthcare	28,686	1.6%	2	
RTX Corp.	16,600	0.9%	3	(1)
Yale University	16,150	0.9%	4	
General Dynamics Electric Boat	14,152	0.8%	5	
CVS Health Corp. and subsidiaries	8,942	0.5%	6	
Walmart	8,454	0.5%	7	(2)
Sikorsky, a Lockheed Martin Co.	7,900	0.4%	8	(3)
The Travelers Cos. Inc.	7,400	0.4%	9	
Trinity Health of New England	7,379	0.4%	10	(4)
Total	146,559	8.1%		

NAME	2015 Employees in CT	2015 Percentage of Total CT Employment	2015 Rank	
United Technologies Corp.	24,000	1.3%	1	
Yale New Haven Health System	20,071	1.1%	2	
Hartford Healthcare	18,107	1.0%	3	
Yale University	14,787	0.8%	4	(5)
General Dynamics Electric Boat	9,583	0.5%	5	
Wal-Mart Stores Inc.	8,800	0.5%	6	
The Travelers Cos. Inc.	7,300	0.4%	7	
The Hartford Financial Services Group Inc.	7,000	0.4%	8	
Mohegan Sun	6,900	0.4%	9	
Aetna Inc.	6,126	0.3%	10	
Total	122,674	6.7%		

Source: Hartford Business Journal

(1) Raytheon Technologies, established in 2020 with merger of Raytheon Co., based in Waltham, Mass, and Farmington's United Technologies Corp., announced a name change to RTX Corp. in July 2023. It's presence in Connecticut included Collins Aerospace and Pratt & Whitney.

(2) Data is from the Q2 2022 Survey.

(3) Data is from the Q2 2022 Survey. Sikorsky announced layoffs of 179 positions in Connecticut in October 2023. The company declined to respond to the Q4 2023 survey.

(4) Includes St. Francis Hospital and Medical Center, St. Mary's Hospital, Mount Sinai Rehabilitation Hospital and Johnson Memorial Medical Center.

(5) Figure is from Fall 2014.

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UCONN
UNIVERSITY OF CONNECTICUT

ATTACHMENT 2.11

ATTACHMENT 2.11

Annual Comprehensive Financial Report

FOR THE YEAR ENDED JUNE 30, 2024

Included as an Enterprise Fund of the State of Connecticut

UCONN HEALTH

UCONN HEALTH

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center ("UConn Health"). Although governed by a single Board of Trustees, the University and UConn Health maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. The financial statements contained herein represent the transactions and balances of UConn Health only.

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriations, check-writing authority, human resource control, and purchasing authority, and with the advent of UCONN 2000 in 1995, management of capital activities, including projects at UConn Health starting in 2005.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans and operating and capital budgets approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight over all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by state auditors. A key component of external oversight, the Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of UConn Health. They are responsible for auditing its financial operations and their opinion appears in this report.

Established in 1961, with a mission of teaching, research, and patient care. UConn Health is Connecticut's only public academic medical center. It is comprised of UConn School of Medicine, School of Dental Medicine and their associated Education Clinics, a Research Enterprise, John Dempsey Hospital (the Hospital), UConn Medical Group (UMG), and the University of Connecticut Finance Corporation (Finance Corporation) and its subsidiaries (including UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging, LLC (UHI), on the campus in Farmington. There are additional clinical care community locations throughout the State.

UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness and health to the maximum attainable levels. UConn Health consistently pursues excellence and innovation in the education of health professionals; the discovery, dissemination, and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

With approximately 5,300 full-time employees (FTE's), UConn Health is one of Connecticut's largest employers and an important contributor to the local and regional economy. UConn Health's campus in Farmington is situated on 211 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University's main campus is in Storrs, about 30 miles east of Hartford.) UConn Health's campus includes 26 buildings totaling close to 2.8 million total square feet.

Educational Programs

Dedicated to providing broad educational opportunities in the biomedical sciences, UConn Health offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health care professionals. Combined degree programs, such as the M.D./Ph.D., D.M.D./Ph.D., Dental Clinical Specialty/Ph.D., and M.D./M.P.H. are also offered.

UConn Health is the only academic health center in the nation where a medical school was founded concurrently with a dental school, a circumstance which has led to strong links. Medical and dental students share an essentially common curriculum during the first two years of their four-year degree programs and study the basic medical sciences together. This experience provides UConn Health's dental students with an especially solid foundation in the biomedical sciences, reflected in the dental school's decision to award its graduates the D.M.D. (Doctor of Medical Dentistry). School of Dental Medicine students have a long history of outstanding performance on the National Boards.

UConn Health is Connecticut's number one producer of medical and dental professionals. It is the largest single source of new physicians and surgeons for the State and a significant source of trained scientists and public health experts. For more than 50 years we've been training the State's health care workforce, with UConn-educated doctors and trainees continuing to make their mark on the communities they serve; many right here in Connecticut.

Each year at UConn Health, approximately 450 students work toward the medical doctor's degree and 200 toward the doctor of medical dentistry degree. Admission to each school is highly competitive but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 600 newly graduated D.M.D. and M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as the surgical specialties, internal medicine, and primary care. Some of the residency training occurs on UConn Health's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending UConn Health's positive impact on the region.

Research Programs

High-quality research programs are one of the core missions of UConn Health. The strength of UConn Health's research programs allows it to attract high quality students as well as nationally and internationally known researchers with expertise in Neuroscience, Molecular Biology and Biochemistry, Cell Physiology, Biomedical Engineering, Genetics, Immunology and Childhood Development, among other fields. The Alcohol Research Center is one of only twenty-two such federally supported centers in the nation and is the longest-funded center at the National Institute on Alcohol Abuse and Alcoholism (NIAAA). UConn Health is home to one of just fifteen older American Independence Centers, otherwise known as Claude D. Pepper Centers across the country. Areas of growth and opportunity include Psychiatry, Neuroscience, the Center on Aging, Genetics and Genome Sciences, Molecular Biology and Biophysics, Child, and Family Studies, Biomedical Engineering, and the Calhoun Cardiology Center. Awards to UConn Health exceeded $100.0 million in four of the last five years, with awards in FY24 totaling more than $124.4 million.

Health Care Services

Through John Dempsey Hospital (224 certified general acute care beds and 10 bassinets, 233 staffed), UConn Health provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular (interventional cardiology and surgery), cancer, musculoskeletal services, neurosurgical care, stroke services, behavioral mental health services, as well as high-risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region's health in other ways. UConn Medical Group, one of the largest medical practices in Greater Hartford, offers primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to grow volume, the challenges of the healthcare marketplace (recruitment, increased competition, supply chain disruption, malpractice costs, and low reimbursement) are continuing challenges. John Dempsey Hospital's financial health is also directly affected by its size, bed distribution, low reimbursement rate for services provided as part of its public mission, and cost factors resulting from its status as a state entity.

Connecticut Health

UConn Health faculty, staff, residents, and students participate in a variety of joint efforts to address public health and community health needs of citizens throughout our state. Under the umbrella of Connecticut Health, hundreds of projects have been developed in collaboration with other state agencies, city, and town governments, community-based organizations, and the public to serve the under/uninsured by providing better medical care and health education. UConn Health is committed to finding new and effective ways to reach out to the public as part of our ongoing effort to bring a better quality of life to all our citizens.

Pandemic Funding

UConn Health has received aid from a number of governmental and other sources throughout the pandemic. Notably, UConn Health received federal funding via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Relief Fund (CRF), and from the Federal Emergency Management Agency (FEMA). Funding received came from both general and targeted distributions. Targeted distributions were made to physician practices based on, among other metrics, the total number of COVID-19 positive patients treated. Funds received under this program carry reporting and other requirements outlined by the federal government, which began September 30, 2021 and ended September 30, 2024. UConn Health believes it has met these requirements. UConn Health continues to receive funding under the American Rescue Plan Act via the State of Connecticut. These funds are reported on the Statement of Revenues, Expenses, and Changes in Net Position as part of federal grants and contracts. Amounts received under this program are summarized below:

	2024	2023	2022
American Rescue Plan Act (ARPA)	$ 51,500,000	$ 72,700,000	$ 73,000,000

Economic Condition
Connecticut's revenues exceeded expenses at the State level, resulting in a fiscal year 2024 surplus. In June 2023, the State's biennial budget for fiscal years 2024 and 2025 were approved by Public Act 23-204 (HB-6941) and signed into law by the Governor. The approved appropriations for UConn Health were $111.6 for fiscal year 2024 and $118.2 million for fiscal year 2025. In addition to the appropriations, the State allocated "One-Time Carry Forward Funds" of $35.0 million for fiscal year 2024 and $17.5 million for fiscal year 2025. UConn Health also received allocations of "One-Time American Rescue Plan Act Funds" of $51.5 million for fiscal year 2024 and $58.0 million for fiscal year 2025.

UConn Health's approved fiscal 2025 budget contained a projected loss of $1.6 million. The State subsequently reduced total aid to UConn Health by $5.7 million. No assurance can be made that the State will not further change fiscal year 2025 funding prior to the end of the fiscal year. Any State funding cuts are expected to be managed by UConn Health through reduced hiring, reduced operating costs, fewer projects, and/or other deficit mitigation efforts. Any remaining projected deficit will be funded through the use of unrestricted reserves. Changes at the State level may impact State support and UConn Health's overall results. UConn Health remains in constant contact with the State to monitor trends and needs.

UConn Health remains focused on protecting academic excellence, delivering strong student support, providing excellent patient care, and supporting the research mission.

Awards and Acknowledgements
Thanks to the dedication, hard work, and teamwork of UConn Health's over 5,300 employees, it has been another record-breaking year for Connecticut's only public academic medical center as it continues to experience unprecedented growth.

UConn Health now has 22 patient care locations in 11 towns. More and more patients are seeking the state's award-winning academic medical center's care than ever before. As a result, in fiscal year 2025 UConn Health is projected to generate for the first time over $1.0 billion in patient care revenue. In fiscal year 2024, UConn Health clinicians had more than 1.6 million patient encounters, 14,500 hospital discharges, 13,000 surgeries, 56,000 emergency department visits, and 79,500 dental visits.

The Hospital's emergency room is seeing record number of patients many of which go on to be admitted. Our consistently high census has led to the exploration of adding more hospital beds to meet the demands of the growing number of patients seeking UConn Health's high-quality, rapid, and award-winning care.

Our research enterprise also continues to be robust. The School of Medicine was awarded last year over $112.0 million in research funding, including $67.5 million from National Institutes of Health (NIH). In addition, our School of Dental Medicine was awarded over $12.0 million in research funding, including $10.0 million from the NIH and other federal agencies including the Department of Defense.

UConn Health continues to build Connecticut's current and future health care workforce. UConn Health proudly remains Connecticut's number one producer of medical and dental professionals. UConn is the largest single source of new physicians, surgeons, and dentists for the state. We are also a significant source of trained scientists and public health experts. In addition to having the largest medical school in Connecticut and the only public medical school, it also has the only dental school in the state and the only public dental school in New England.

Our more than 800 medical and dental residents train and work in central Connecticut hospitals and support critical workforce needs while attracting $175.0 million in federal funding. We are proud to report that 65% of all practicing dentists in Connecticut were educated and/or trained at the School of Dental Medicine while 25% of practicing physicians in the state were educated and/or trained at the School of Medicine.

This was another robust year in accolades for UConn Health including making the Forbes 'America's Best Employers' list, ranked 5th among the 15 employers headquartered in Connecticut. Our hospital had many repeat wins applauding our ongoing excellence in quality, safety, and patient experience. Some of those wins are listed below:

- Third consecutive year ranked by Newsweek as a World's Best Hospital.
- The only hospital in Connecticut recognized by Newsweek for excellence in patient experience.
- Leapfrog, the national patient safety watchdog group, awarded our seventh consecutive top 'A' patient safety rating.
- The Health Grades' Outstanding Patient Experience Award makes us best among the top 10% of hospitals nationwide.
- Received eight Women's Choice Best Hospital awards.
- The American Heart Association for the eighth consecutive year honored us with Get With The Guidelines® — Stroke Gold Plus designation.
- For the tenth consecutive year awarded the Mission: Lifeline®-STEMI Receiving Center – Gold award for heart attack care excellence.
- The only Connecticut hospital to be most likely recommended by patients receiving the top highest five stars in Connecticut patient recommendations in the latest data of the Centers for Medicare & Medicaid Services (CMS).

UConn Health also offered our patients many care innovations including:

- Teamwork between skilled anesthesiology, neurosurgery, and ear, nose, and throat experts at UConn Health cured a Brazilian man's rare, severe ear pain disease with innovative, high-tech brain surgery by co-directors of the Cranial Nerve and Brainstem Disorder Program.

- UConn Health was the first in Connecticut to offer an innovative new procedure to treat uterine fibroids. The Sonata® procedure offers a state-of-the-art, incisionless, transcervical solution for the treatment of uterine fibroids.

- UConn Health was selected to guide an improved patient experience for those living with dementia. It is the first health system in Connecticut to pilot the national GUIDE Model Program for patients with dementia and their caregivers for the Centers for Medicare & Medicaid Services over the next eight years. The GUIDE Model is designed to improve the quality of life for people living with dementia, while also reducing strain on their caregivers. The pilot will be administered by geriatricians at the UConn Center on Aging.

- Innovations in digital technology at UConn Dental has transformed the way we produce dentures. Now UConn Health clinicians can deliver dentures that are stronger, more biocompatible and better fitting in fewer clinical visits than conventional methods.

UConn Health continues to expand its care and service to Connecticut. In 2024, we successfully opened:

- The new, dedicated home of The Brain and Spine Institute at 5 Munson Road. The Institute provides comprehensive spine care, cranial neurosurgery, and neurology services, along with UConn Health Imaging, a free-standing, nonhospital outpatient imaging facility.

- The nationally recognized UConn Center on Aging unveiled the region's first coordinated, multidisciplinary geriatric and subspecialty care Geriatrics and Healthy Aging Program at 21 South Road in Farmington.

- The new Women's Center for Motion and Performance launched with multidisciplinary, coordinated services in orthopedics, sports medicine, and other specialties keeping women active and moving, whether they are athletes or not.

- UConn Health is home to a specialized outpatient wound care and hyperbaric medicine treatment center. It is one of only a few dedicated wound centers in Connecticut offering critical access to multidisciplinary wound care services and specialists all in one place. Wound Care and Hyperbaric Medicine is led by a multidisciplinary team of UConn Health experts. The wound center's expansive expertise also includes patient access to UConn Health's vascular surgery, limb salvage, infection prevention, plastic surgery, and podiatry services.

Public service is the foundational mission of UConn Health. A few of our major initiatives this past year with a significant community impact include:

- UConn Health is expanding its public service to keep air in Connecticut classrooms safe. $11.5 million in state support was awarded to UConn School of Medicine to deploy effective and inexpensive build-it-yourself air filter technology to every public-school classroom across the state. It is part of the ongoing cross-campus UConn Indoor Air Quality Initiative. The simple, inexpensive purifiers, known as "Corsi-Rosenthal boxes," can be assembled with common hardware store supplies.

- UConn Health students are always giving back to the community. For example, it's now $1.0 million and counting in free community care and education provided by the interprofessional students in the Urban Service Track/AHEC Scholars training program at UConn Health. Since 2007 they have volunteered to provide critical health care access to underserved Connecticut citizens directly in their communities as the students train together to be the next generation of well-rounded primary care and health care professionals.

- UConn Health is leading a consortium with UConn Storrs, Connecticut Children's, The Jackson Laboratory for Genomic Medicine, and Hartford HealthCare to launch an innovative pilot program designed to leverage genomics to identify undiagnosed, early onset diseases in newborns in the Greater Hartford area. The consortium is hoping to improve newborn health in real time, including for underserved populations, by providing families with access to whole genome sequencing.

Our researchers continue their impressive cutting-edge clinical trials, high-impact study publications, and research breakthroughs. A few of the many highlights from this past year include:

- Our promising stroke medicine is one step closer to clinical trial testing. The NIH has awarded UConn School of Medicine $2.0 million more to advance its research for a new medicine healing stroke damage inside the brain. This renewed NIH grant funding will enable UConn Health to further advance its laboratory testing and ultimately apply to the FDA for an Investigational New Drug (IND) application. If approved, it will lead to first-in-human testing. This is important, as for nearly 30 years, there have been no new medicines to treat stroke patients. UConn's testing of its small-molecule drug in its laboratories have been shown to reduce brain damage and restore function after stroke.

- UConn Health has one of the first Tundra cryo-EM microscopes in the nation to be acquired with $1.5 million in NIH-funding. A cryogenically cooled electron microscope called Tundra was installed and is at the forefront of research capabilities. The Tundra instrument, is an essential tool that will help UConn Health and many other New England researchers to produce 3D pictures of molecules using minute quantities of biological material. The new instrument's arrival to UConn Health has closed a critical gap in the New England research corridor and is making the exciting molecular imaging technology more accessible to scientists and students across UConn Health and the region.

UConn Health's faculty, researchers and staff are making extraordinary and innovative breakthroughs in patient care and basic and translational research. Our academic, clinical, research, and public service pursuits are having lasting impacts on academic medicine, our state, our communities, and the lives of our citizens. These are challenging, exciting times at UConn Health and we continue to be optimistic about bringing world class care to the residents of Connecticut and beyond.

Respectfully Submitted,

Jeffrey P. Geoghegan, CPA
Executive Vice President for Finance and Chief Financial Officer
UConn & UConn Health

DIRECTORS AND FINANCIAL OFFICERS
As of June 30, 2024

BOARD OF DIRECTORS

FINANCIAL OFFICERS

Jeffrey P. Geoghegan, CPA, Executive Vice President for Finance and Chief Financial Officer
UConn and UConn Health
Chad A. Bianchi, CPA, Controller UConn Health

UCONN HEALTH

As of September 30, 2024

- **UNIVERSITY BOARD OF TRUSTEES**
  Chairman, Daniel Toscano
  - **UNIVERSITY OF CONNECTICUT**
    President, Dr. Radenka Maric
  - **UCONN HEALTH BOARD OF DIRECTORS**
    Chairman, Sanford Cloud
    - **UNIVERSITY OF CONNECTICUT**
      Provost
      Anne D'Alleva
      - **SCHOOL OF DENTAL MEDICINE**
        Dean, Steven Lepowsky
        - **EDUCATIONAL CLINICS**
          (Includes University Dentists)
          Senior Associate Dean
          Eric Bernstein
      - **SCHOOL OF MEDICINE**
        Dean, Bruce Liang
    - **UCONN HEALTH**
      Chief Executive Officer
      Andrew C. Agwunobi, MD
      - **UConn John Dempsey Hospital**
        - COO & VP Quality & Patient Care Srvs., Chief Nursing Officer
          Caryl Ryan
        - Chief Medical Officer, Chief Quality Officer, Medical Dir. Quality Programs & Pt. Safety Officer, Scott Allen, MD
        - Accreditation & Regulatory Affairs
          Director, Deb Abromaits
      - **UConn Medical Group**
        - Chief Operating Officer & VP Ambulatory Operations
          Anne Horbatuck
        - Medical Director
          Denis Lafreniere, MD
      - **CENTRAL ADMINISTRATION & FINANCE**
        - Executive Vice President for Finance & Chief Financial Officer, Jeffrey Geoghegan
        - Chief of Staff, Andrea Keilty
        - Chief Administrative Officer, Janel Simpson
        - Chief Counsel, Scott Simpson
        - Chief Diversity Officer, Jeffrey Hines, MD
        - Chief Information Officer, Rick McCarthy
        - Chief Compliance & Privacy Officer, Vacant
        - Vice President, Human Resources – Lakeesha Brown
        - Vice President, Business Development – Chris Hyers
        - Vice President, Patient Experience – Vacant
        - Vice President, Campus Facilities & Dev – Eric Kruger
        - Assoc. Vice President, Pharmacy – Kevin Chamberlin
        - Assoc. Vice President, Population Health – Khadija Poitras-Rhea
        - Assistant Vice President, Health Marketing – Kristin Wallace
        - Assistant Vice President, Communications – Lauren Woods
        - Director, Government Relations – Marie Schweitzer
    - **UNIVERSITY OF CONNECTICUT FINANCE CORPORATION**
      Executive Director
      Jeffrey Geoghegan
      - **UCHCFC CIRCLE ROAD CORPORATION**
        Executive Vice President for Finance & Chief Financial Officer
        Jeffrey Geoghegan
      - **UCONN HEALTH PHARMACY SERVICES**
        Chairman, Daniel Toscano
      - **UCONN HEALTH IMAGING, INC.**
        (JOINT VENTURE 75% - FINANCE CORPORATION)

FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN
STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559
CRAIG A. MINER

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

Opinions

We have audited the accompanying financial statements of the business-type activities of the University of Connecticut Health Center (UConn Health), a component unit of the University of Connecticut system, which includes the University of Connecticut, UConn Health and the University of Connecticut Foundation, Inc., which consist of the statement of net position as of June 30, 2024, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of UConn Health, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit:

- The financial statements of John Dempsey Hospital, which represents 40.5% of the assets and 51.4% of the revenues of UConn Health;
- The financial statements of UConn Medical Group, which represents 10.5% of the assets and 10.3% of the revenues of UConn Health; and
- The financial statements of the Finance Corporation, which represents 17.6% of the assets and 10.9% of the revenues of UConn Health.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the John Dempsey Hospital, UConn Medical Group, and the Finance Corporation, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn Health's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UConn Health's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UConn Health's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability and related ratios, the Schedule of UConn Health's Pension Contributions, the Schedule of UConn Health's Proportionate Share of the Net OPEB Liability and related ratios, and the Schedule of UConn Health's OPEB

Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise UConn Health's basic financial statements. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the consolidating financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

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

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

John C. Geragosian
State Auditor

Craig A. Miner
State Auditor

December 12, 2024
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center ("UConn Health") for the fiscal year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education, which includes the University of Connecticut Health Center ("UConn Health').

The financial statements presented here represent the transactions and balances of UConn Health only. UConn Health offers medical and dentistry degrees as well as operating a physician/dentist practice and a teaching and research hospital. UConn Health's component parts are the School of Medicine, the School of Dental Medicine (and its associated Educational Clinics), a Research Enterprise, UConn Medical Group (UMG), the Finance Corporation (and its subsidiaries University of Connecticut Health Finance Corporation Circle Road Corporation (Circle Road Corporation), UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging (UHI) a joint venture, and John Dempsey Hospital ("the Hospital"). UConn Health's enrollment in fiscal year 2024 was 449 students in the School of Medicine, 204 in the School of Dental Medicine, and 312 Graduate students, taught by over 600 faculty members. UConn Health finished fiscal year 2024 with 5,334 full-time employees. Clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic numbers. The Hospital has 224 certified general acute care beds and 10 bassinets (233 staffed). In fiscal year 2024, adjusted patient days (a measure of total hospital volume) were 171,008, a 6.8% increase from the prior year. During 2024, UMG had 914,649 unique patient visits, a 7.6% increase.

The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview, and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of UConn Health for the fiscal year ended June 30, 2024, based on currently known facts, decisions, and conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis and the financial statements. The basic financial statements (statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and notes to the financial statements) present the financial position of UConn Health as of June 30, 2024, and the results of operations and financial activities for the fiscal year then ended. These statements report information about UConn Health using accounting methods similar to those used by private-sector companies. The statement of net position includes all of UConn Health's assets, deferred outflows, liabilities, and deferred inflows. The statement of revenues, expenses and changes in net position reflects the fiscal year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. This statement reports UConn Health's net assets and how they have changed. Net position (the difference between assets and liabilities) is one way to measure financial health or position. The statement of cash flows provides relevant information about each fiscal year's cash receipts and cash payments and classifies them as to operating, investing, noncapital financing, and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data. Included in the statements are supplementary schedules which are not required but help to provide additional information to the reader.

FINANCIAL HIGHLIGHTS

UConn Health's financial position at June 30, 2024, consisted of assets of $1.4 billion and liabilities of $2.8 billion. Net assets, which represent the residual interest in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted, decreased $197.2 million in fiscal year 2024 after non-operating and other changes in net position (including the impact of change in accounting method). The changes were primarily driven by the recording of UConn Health's proportionate share of State pension and OPEB liabilities and were not representative of normal operations. The change in net assets exclusive of these entries was an increase of $33.6 million.

The financial statements contained herein show an operating loss of $433.6 million for the year ending June 30, 2024 (fiscal year 2024). The measure more indicative of normal and recurring activities is net income (loss) before other changes in net position, which includes revenue from State appropriations. Additions to capital assets are, in large part, funded by capital appropriations from the State and issuance of UCONN 2000 bond funds (included in the other changes in net position above), which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income (loss), so a loss under this measurement is expected. UConn Health reported a loss before other changes in net position of $218.9 million in fiscal year 2024.

Some sources of recurring operating and non-operating revenues increased in 2024. Net patient revenues increased from the prior year. Increases were attributed to resuming elective procedures, market shifts and unmet demands from the pandemic. Our focus remains on cautiously returning to full patient care, while assuring patients that it is safe to do so. State support, including state-funded capital appropriations, decreased by $207.5 million in fiscal year 2024. The decrease is primarily attributed to legislative changes effective July 1, 2023. The change resulted in UConn Health no longer contributing for retirement and OPEB. These changes led to a reduction of in-kind fringe recognition. UConn Health received initial appropriation of $118.2 million for fiscal year 2025.

STATEMENTS OF NET POSITION

The summary statements of net position below present the financial position of UConn Health at the end of the fiscal years 2024 and 2023. The statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of UConn Health. Net position represents assets plus deferred outflows, less liabilities, and deferred inflows.

Assets represent what is owned by or what is owed to UConn Health while liabilities represent what is owed by UConn Health. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

Total assets, including the deferred outflows of resources, of UConn Health decreased by $59.3 million, or 2.7%, from the prior year. The decrease was primarily attributable to changes in deferred outflows for OPEB. Deferred outflows of resources decreased $61.3 million. Most of the decrease in deferred inflows was from pension and OPEB based on changes to the respective plans as evaluated in the most recent actuary reports.

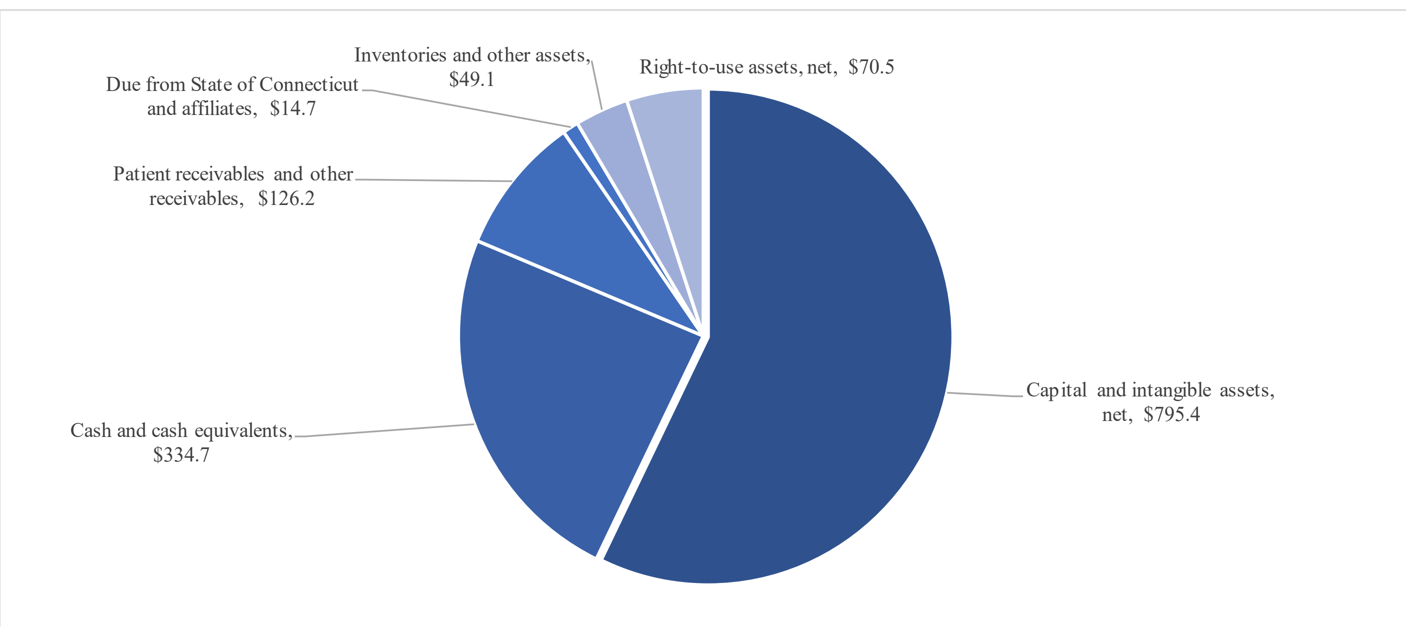
Total liabilities, including the deferred inflow of resources, increased by $137.9 million or 4.0% from 2023. The driver of that was an increase of $169.6 million in pension and OPEB liabilities. Changes in pension and OPEB expenses reflect both UConn Health's changing percentage of overall plan contributions and changes at the state plan level to underlying assumptions such as discount rates.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows, after liabilities and deferred inflows are deducted. The change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

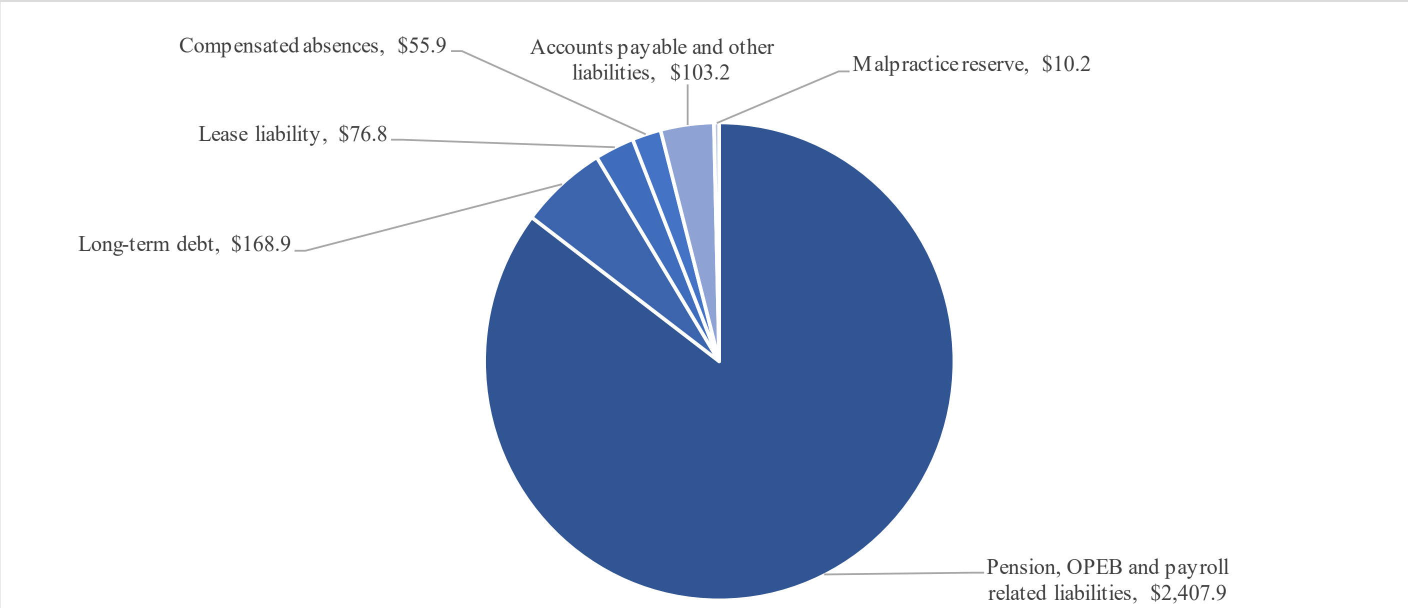
The following table shows a condensed schedule of net position as of June 30, 2024 and 2023:

	2024	2023	$ Change	% Change
		($ in millions)		
Assets:				
Current assets	$ 497.9	$ 464.4	$ 33.5	7.2%
Right-to-use assets, net	70.5	63.0	7.5	11.9%
Capital and intangible assets, net	795.4	791.9	3.5	0.4%
Other noncurrent assets	26.8	69.3	(42.5)	-61.3%
Total assets	$ 1,390.6	$ 1,388.6	$ 2.0	0.1%
Deferred outflows of resources	$ 738.6	$ 799.9	$ (61.3)	-7.7%
Liabilities:				
Current liabilities	$ 194.8	$ 194.1	$ 0.7	0.4%
Noncurrent liabilities	2,628.1	2,388.4	239.7	10.0%
Total liabilities	$ 2,822.9	$ 2,582.5	$ 240.4	9.3%
Deferred inflows of resources	$ 779.1	$ 881.6	$ (102.5)	-11.6%
Net position:				
Net investment in capital assets	$ 620.1	$ 620.8	$ (0.7)	-0.1%
Restricted nonexpendable	0.1	0.1	(0.0)	0.0%
Restricted expendable	16.5	55.0	(38.5)	-70.0%
Unrestricted	(2,110.0)	(1,951.5)	(158.5)	8.1%
Minority interest - Uconn Health Imaging, LLC	0.5	-	0.5	100.0%
Total net position	$ (1,472.8)	$ (1,275.6)	$ (197.2)	15.5%

The following graph shows total assets of $1.4 billion by major category as of June 30, 2024 ($ in millions):



The following graph shows total liabilities of $2.8 billion by major category as of June 30, 2024 ($ in millions):



Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, represents UConn Health's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments on UConn Health's statement of net position. Expendable restricted net position is available for expense by the institution. However, it must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to UConn Health for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic, clinical and research programs, capital programs, and auxiliary enterprise activities. Also included as unrestricted net position is the minority interest represents the twenty-five percent stake in UHI belonging to Finance Corporation's partner. The statement of net position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of UConn Health as of the end of the fiscal year. The statement of net position is a point in time financial statement and is used as a measure of the financial condition of UConn Health. This statement presents a snapshot concerning assets, classified as current (expected to be available for use within one year) and noncurrent (expected to be available after one year), outflows, liabilities, categorized as current (expected to mature and due within one year), and noncurrent (expected to mature and became due after one year), inflows and net position.

Assets represent what is owned by or what is owed to UConn Health, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost net of accumulated depreciation and amortization and inventory which is valued using a mix of valuation measures. Liabilities represent what is owed to others or what has been received from others prior to services being provided by UConn Health. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted. Changes in net position over time are a relative indicator of UConn Health's financial health.

The following table demonstrates the effects of GASB 68 and GASB 75 on UConn Health's net position for the fiscal years ended June 30:

	2024	2023	$ Change	% Change
		($ in millions)		
Net Position				
Net investment in capital assets	$ 620.1	$ 620.8	$ (0.7)	-0.1%
Restricted nonexpendable	0.1	0.1	(0.0)	0.0%
Restricted expendable	16.5	55.0	(38.5)	-70.0%
Unrestricted	(2,110.0)	(1,951.5)	(158.5)	8.1%
Minority interest - UConn Health Imaging, LLC	0.5	-	0.5	100.0%
Total net position	(1,472.8)	(1,275.6)	(197.2)	15.5%
Pension (GASB 68) impact	845.4	756.0	89.4	11.8%
OPEB (GASB 75) impact	1,561.8	1,420.4	141.4	10.0%
Net position, excluding pension and OPEB	$ 934.4	$ 900.8	$ 33.6	3.7%

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents either an increase or decrease in net position based on revenues received, the expenses paid, and any other gains and losses recognized by UConn Health. Revenues and expenses are classified as operating, non-operating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of UConn Health. Operating expenses are incurred in the normal operation of UConn Health and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include the provision for allocated depreciation and amortization of property and equipment. The difference between operating revenues and expenses is the operating income or loss.

By its very nature, a state-funded institution does not receive tuition and fees revenue, research awards or clinical program revenue sufficient to support its operations. Non-operating revenues are revenues received for which goods and services are not exchanged. These revenues are essential to the continued provision of programs and services by UConn Health. Significant recurring sources of non-operating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State), gifts, donations, and investment income.

Other changes in net position are composed of capital appropriations and contributions from minority interest in UHI.

The statements of revenues, expenses, and changes in net position present UConn Health's results of operating and non-operating activities. A summary of UConn Health's revenues, expenses, and changes in net assets for the years ended June 30, 2024 and 2023 is presented below:

Operating revenues:	2024	2023	$ Change	% Change
		($ in millions)		
Student tuition and fees (net of scholarship allowances)	$ 24.8	$ 24.9	$ (0.1)	-0.4%
Patient services and pharmaceutical revenues (net of charity care)	965.3	841.9	123.4	14.7%
Federal grants and contracts	90.1	88.6	1.5	1.7%
Nonfederal grants and contracts	28.6	26.5	2.1	7.9%
Contract and other operating revenues	150.7	173.4	(22.7)	-13.1%
Total operating revenues	1,259.5	1,155.3	104.2	9.0%
Operating expenses:				
Instruction	205.3	143.0	62.3	43.6%
Research	72.7	50.7	22.0	43.4%
Patient services	1,077.1	907.7	169.4	18.7%
Academic support	22.8	14.2	8.6	60.6%
Institutional support	195.2	145.4	49.8	34.3%
Operations and maintenance of plant	30.6	17.8	12.8	71.9%
Depreciation and amortization	89.4	86.4	3.0	3.5%
Student aid	0.0	0.4	(0.4)	-100.0%
Total operating expenses	1,693.1	1,365.6	327.5	24.0%
Operating Loss	(433.6)	(210.3)	(223.3)	106.2%
Nonoperating revenues (expenses):				
State appropriations	151.8	340.3	(188.5)	-55.4%
Gifts	6.4	5.4	1.0	18.5%
COVID-19 relief revenue	51.5	73.0	(21.5)	-29.5%
Loss on disposal	(0.2)	(0.1)	(0.1)	100.0%
Interest income	0.1	0.3	(0.2)	-66.7%
Lease revenue	2.4	2.6	(0.2)	-7.7%
Investment income (net of investment expense)	14.0	10.1	3.9	38.6%
Interest on capital asset - related debt	(11.3)	(10.6)	(0.7)	6.6%
Net nonoperating revenues	214.7	421.0	(206.3)	-49.0%
(Loss)/Income before other changes in net position	(218.9)	210.7	(429.6)	-203.9%
Other changes in net position:				
Capital appropriations	21.0	40.0	(19.0)	-47.5%
Contributions - minority interest UConn Health Imaging, LLC	0.7	-	0.7	100.0%
Net other changes in net position	21.7	40.0	(18.3)	-45.8%
(Decrease)/Increase in net position	(197.2)	250.7	(447.9)	-178.7%
Net position-beginning of year (as previously stated)	(1,275.6)	(1,525.9)	250.3	-16.4%
Cumulative effect of implementing GASB 87	-	(0.4)	0.4	-100.0%
Net position-beginning of year (restated)	(1,275.6)	(1,526.3)	250.7	-16.4%
Net position-end of year	$ (1,472.8)	$ (1,275.6)	$ (197.2)	15.5%

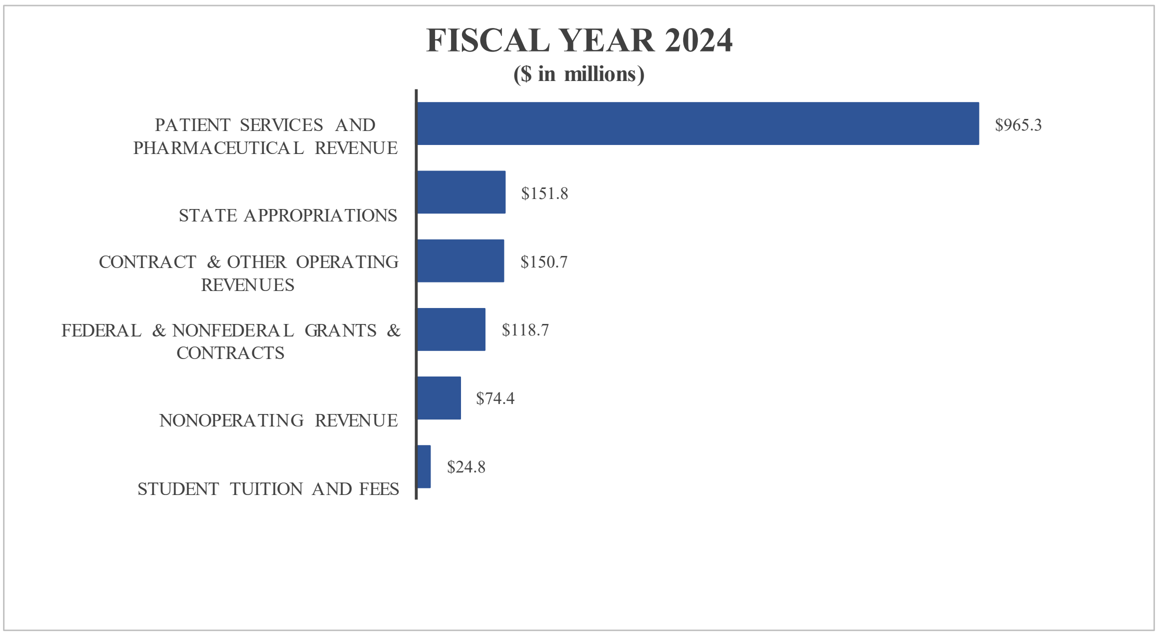
Revenue

Highlights for the year ending June 30, 2024, including operating and non-operating revenues, presented on the statements of revenues, expenses, and changes in net position are as follows:

The largest source of revenue was patient service and pharmaceutical revenue. UConn Health's overall net patient service and pharmaceutical revenue increased $123.4 million or 14.7% from the prior fiscal year. Clinical volumes have rebounded in many areas, some of which have exceeded pre-pandemic numbers. In fiscal year 2024, UHPSI provided pharmaceuticals to patients primarily from various clinics related to UConn Health. That service accounted for approximately $38.5 million of increased net patient service and pharmaceutical revenue.

The State appropriation, which is included in non-operating revenues, totaled $151.8 million.

The following graph shows UConn Health's total operating and nonoperating revenues by category, excluding other changes net position ($ in millions):

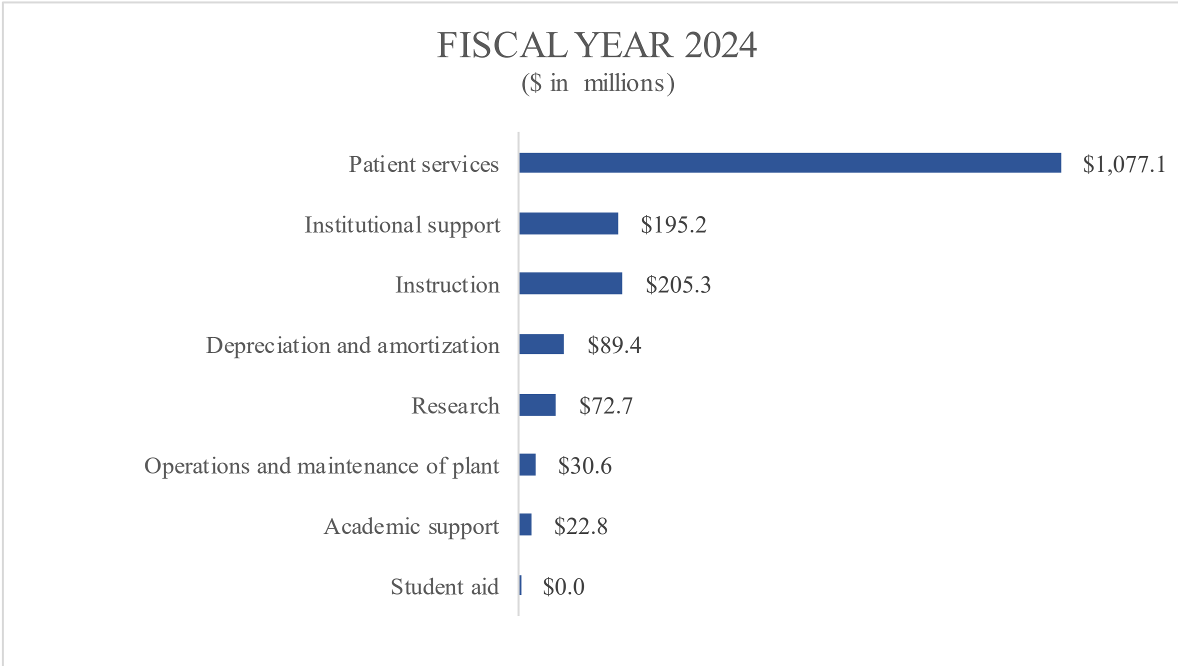


Expenses

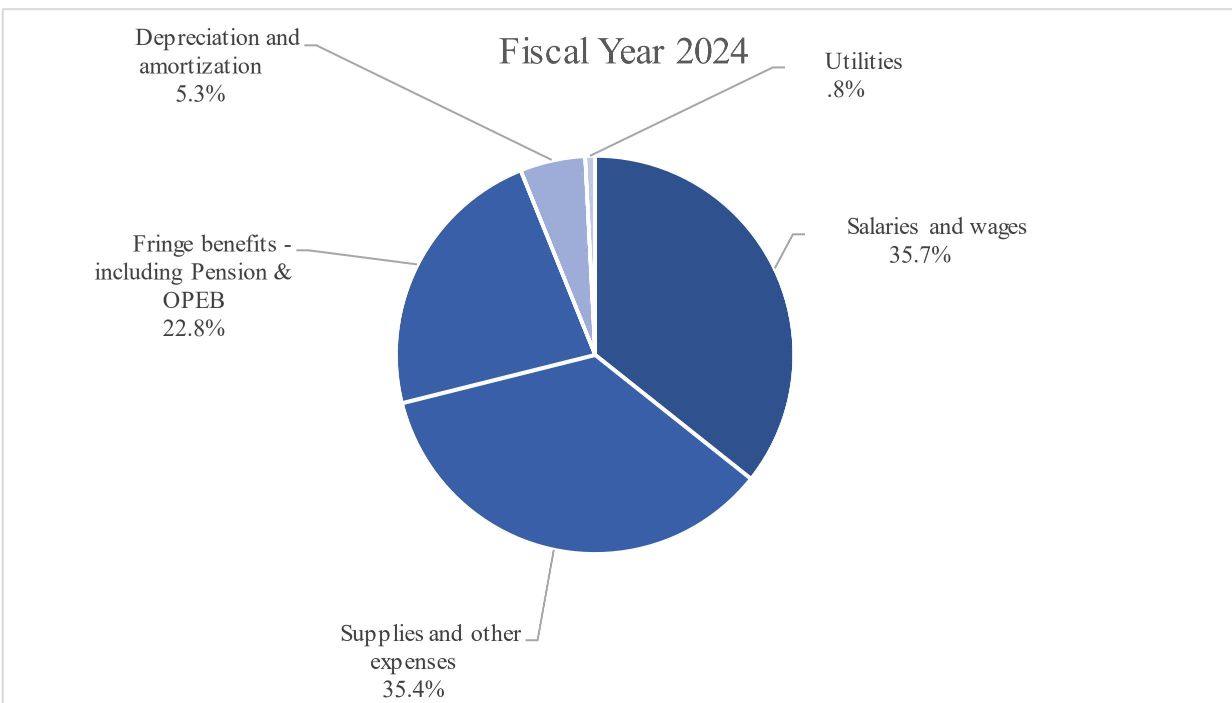
Highlights of expenses including operating and non-operating expenses presented on the statements of revenues, expenses and changes in net position are as follows:

Patient service expense is the largest expense category for UConn Health; accounting for 63.6% of total operating expenses. It increased by $169.4 million or 18.7% from the prior fiscal year. The increase is attributed to the contractually bargained wage increases as well as increases in pharmaceutical/medical supplies needed to support higher clinical volumes.

The following graph shows the functional expenses of UConn Health:



UConn Health's operating expenses by natural classification are as presented below:



STATEMENTS OF CASH FLOWS

The statements of cash flows present detailed information about the cash activity of UConn Health during the fiscal year. The first section of this statement, cash flows from operating activities, will always be different from the operating loss amount on the statement of revenues, expenses, and changes in net position. The difference results from non-cash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the statement of revenues, expenses, and changes in net position. The statements of cash flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statements of Cash Flows has four additional sections. The second section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The third section reflects cash flows from non-capital financing activities including state appropriations, debt transactions, gifts, and other non-operating revenues and expenses. The fourth section shows cash flows from capital and related financing activities. The final section is a reconciliation of the operating loss shown on the statement of revenues, expenses, and changes in net position to net cash used in operating activities.

The statements of cash flows provides additional information about UConn Health's financial results by reporting the major sources and uses of cash. A summary of the statements of cash flows for the fiscal years ended June 30, 2024 and 2023, is as follows:

	2024	2023	$ Change	% Change
		($ in millions)		
Cash received from operations	$ 1,250.9	$ 1,124.9	$ 126.0	11.2%
Cash expended for operations	(1,405.2)	(1,304.5)	(100.7)	7.7%
Net cash used in operating activities	(154.3)	(179.6)	25.3	-14.1%
Net cash provided by investing activities	14.0	10.1	3.9	38.6%
Net cash provided by noncapital financing activities	209.7	227.8	(18.1)	-7.9%
Net cash used in capital and related financing activities	(39.8)	(60.7)	20.9	-34.4%
Net increase/(decrease) increase in cash and cash equivalents	29.6	(2.4)	32.0	-1333.3%
Cash and cash equivalents, beginning of the year	305.1	307.5	(2.4)	-0.8%
Cash and cash equivalents, end of the year	$ 334.7	$ 305.1	$ 29.6	9.7%

CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets along with right-to-use assets, net of accumulated depreciation and amortization, consisted of the following as of June 30, 2024 and 2023:

	2024	2023	$ Change	% Change
		($ in millions)		
Land	$ 13.5	$ 13.5	$ -	0.0%
Construction in progress	38.8	16.4	22.4	136.6%
Fine art	1.3	1.3	-	0.0%
Buildings and building improvements	1,278.3	1,266.7	11.6	0.9%
Equipment	290.8	268.9	21.9	8.1%
Computer software	78.2	76.7	1.5	2.0%
Equipment - financed	0.1	0.1	-	0.0%
Less accumulated depreciation	(905.7)	(851.7)	(54.0)	6.3%
Capital assets, net	$ 795.3	$ 791.9	$ 3.3	0.4%

	2024	2023	$ Change	% Change
		($ in millions)		
Right-to-use assets building	$ 58.3	$ 35.5	$ 22.8	64.2%
Right-to-use assets equipment	33.9	38.7	(4.8)	-12.4%
Right-to-use assets subscriptions	35.4	35.0	0.4	1.1%
Less accumulated amortization	(57.2)	(46.2)	(11.0)	23.8%
Right-to-use assets, net	$ 70.4	$ 63.0	$ 7.4	11.7%

Construction in progress increased approximately $22.3 million driven by continued progress on UCONN 2000 construction initiatives and the network upgrade project discussed in further detail in Notes 10 and 11 of the financial statements.

As mentioned above, the UCONN 2000 program has had a dramatic impact on our campus. This is the third phase of the program also known as 21st Century UCONN, which provides for improvements to facilities at the University and UConn Health. UConn Health has been allotted $850.9 million over the life of this program. UConn Health received $8.0 million in capital appropriations during fiscal year 2024 from UConn 2000 program.

UConn Health received $13.0 million in capital appropriations during fiscal year 2024 from the General Obligation Bonds. The funds are to be used for equipment, library collections and telecommunications UConn Health's campus.

UConn Health's fiscal year 2025 capital funding requests will be presented to the Capital Prioritization Committee for consideration and then presented to the CFO and CEO of UConn Health for final approval on an individual basis.

DEBT ACTIVITIES

UConn Health continued to make scheduled debt payments on existing debt in fiscal year 2024. More detailed information about UConn Health's capital assets and debt activities are presented in Notes 10 and 11 of the financial statements.

FISCAL YEAR 2025 OUTLOOK

As we look forward to fiscal year 2025, UConn Health faces unique challenges as the world continues to move beyond the COVID pandemic. UConn Health continues to see increasing clinical volumes while dealing with staffing scarcity and inflationary pressures. Supply chains though stronger have not yet achieved pre-pandemic reliability. In addition, COVID continues to undulate while other emerging public health threats such as bird flu and monkeypox bear watching. Public sentiment continues to trend towards decreasing healthcare spending at a time when providers remain vulnerable. At the same time, an increasing focus on health equity and minimizing the impacts of health disparities in the general population puts additional focus on our ability to fulfill community need. UConn Health remains diligent in monitoring changing clinical and business models as it navigates changing operational, social, and regulatory landscapes.

UConn Health continues to adapt to changing healthcare environments including labor and supply shortages, funding challenges, and increased demand through continual re-prioritization, forward thinking, teamwork, and creativity. Continued and evolving public health challenges, including a focus on diversity and equity, require new methodologies, partnerships, and treatment options. We remain committed to responding to these needs to serve the people of Connecticut. UConn Health continues to evaluate partnerships with both public and private entities to bring additional tools and options to the public.

Research, education, patient care, and community service remain the cornerstones of UConn Health's mission. These pillars remain as fundamental and relevant as ever. UConn Health is focused on maximizing our efforts in these areas while navigating uncertainty surrounding both State and Federal funding. Federal and State aid are vital in shepherding public institutions through the many current challenges they face. This aid allows us to maintain access to a breadth of services and clinical specialties that might not otherwise be possible. Such aid also allows UConn Health to continue its public mission of protecting and serving the socially or economically disadvantaged. UConn Health benefitted from federal CARES Act support during the pandemic and continues to benefit from the allocation of American Rescue Plan Act (ARPA) funds from the State of Connecticut.

A combination of institution-wide financial initiatives and additional State funding allowed UConn Health to balance its 2024 spending plan. The new year brings its own challenges. As State and Federal governments reduce spending, funding is at the forefront of concerns. Public sentiment towards healthcare and education spending by the State has eroded and the focus has shifted to affordability, tax relief, and government sustainability. UConn Health begins fiscal 2025 with a projected deficit and has developed financial improvement programs to bring the budget into balance.

Clinical volumes have rebounded and greatly exceed pre-pandemic volumes straining delivery mechanisms and demanding increased focus on space, staff, and resource utilization. Volume trends at UConn Health, in almost every aspect, exceed the experience of other region and statewide hospital averages now for three straight periods. The Hospital is working maximize all its operating rooms including opening its second hybrid operating room expanding the total number of OR in the hospital to thirteen. JDH has expanded into the CT Tower to open all of its currently licensed beds, reopening the 7th floor for patient care in early 2024. UMG continues to add and expand existing satellite locations both around the main UConn Health campus and throughout the State. A new home infusion program will open in 2025, while new programs in imaging and wound care, opened at the end of the past year. Adding and replacing skilled labor has become increasingly difficult. Growing the skills of newer workers takes longer in hybrid environments. Competition for doctors, nurses, and other clinical specialties is intense. Wage and general inflation remains an issue as it continues to outpace payment increases. The global supply chain continues to work towards stabilization. Ports, rail transit, and trucking have stabilized during 2024 but are vulnerable to additional disruptions.

A recent study commissioned by the Governor of the State of Connecticut found that UConn Health will need to expand its overall scale to compete in a consolidating healthcare landscape. UConn Health remains committed to strategic growth both organically and through partnerships. We will continue to explore all options over the upcoming year as we seek to bring the best in research, education, and clinical care to the residents of the State of Connecticut.

Management will continue to monitor these and other factors over the upcoming year as it seeks to strengthen UConn Health for the future.

CONTACTING UCONN HEALTH'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of UConn Health's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, UConn Health, Farmington, Connecticut 06030.

FINANCIAL STATEMENTS

UCONN HEALTH
STATEMENT OF NET POSITION
As of June 30, 2024

		2024
		($ in thousands)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$	333,708
Patient receivables, net		78,064
Contract and other receivables		35,649
Funds held in escrow		272
Lease receivable - current portion (Note 5)		2,211
Due from Affiliates (Note 13)		13,692
Due from Department of Correction		906
Inventories		23,775
Prepaid expenses		9,617
Total current assets		497,894
Noncurrent Assets		
Restricted cash and cash equivalents (Note 2)		1,013
Deposits with vendors		24,907
Other assets		463
Due from State of Connecticut		62
Lease receivable - net of current portion (Note 5)		399
Right-to-use assets, net (Note 10)		70,450
Capital and intangible assets, net (Note 10)		795,361
Total noncurrent assets		892,655
Total assets	$	1,390,549
Deferred outflows of resources pension (Note 12)	$	236,125
Deferred outflows of resources OPEB (Note 12)	$	502,480

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

UCONN HEALTH
STATEMENT OF NET POSITION (Continued)
As of June 30, 2024

		2024
		($ in thousands)
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$	70,778
Due to State of Connecticut		8,546
Accrued salaries		30,178
Compensated absences - current portion (Note 11)		25,352
Due to third party payors		21,259
Due to Affiliates (Note 15)		8,917
Unearned revenue		2,281
Malpractice reserve (Note 11)		2,917
Right-to-use liabilities - current portion (Note 11)		14,463
Long-term debt - current portion (Note 11)		10,111
Total current liabilities		194,802
Noncurrent Liabilities		
Malpractice reserve (Note 11)		7,281
Compensated absences - net of current portion (Note 11)		30,539
Pension liability (Note 12)		871,619
OPEB liability (Note 12)		1,497,569
Right-to-use liabilities - net of current portion (Note 11)		62,292
Long-term debt - net of current portion (Note 11)		158,847
Total noncurrent liabilities		2,628,147
Total liabilities	$	2,822,949
Deferred inflows of resources right-to-use assets	$	2,423
Deferred inflows of resources pension (Note 12)	$	209,894
Deferred inflows of resources OPEB (Note 12)	$	566,743
NET POSITION		
Net investment in capital assets	$	620,098
Restricted for		
Nonexpendable		
Scholarships		61
Expendable		
Research		2,090
Loans		391
Capital projects		14,026
Unrestricted		(2,110,033)
Minority interest - Uconn Health Imaging, LLC		512
Total net position	$	(1,472,855)

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

UCONN HEALTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

		2024
		($ in thousands)
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $8,819)	$	24,843
Patient services and pharmaceutical revenues (net of charity care of $10,086) (Notes 4 & 6)		965,244
Federal grants and contracts		90,068
Nonfederal grants and contracts		28,616
Contract and other operating revenues		150,719
Total operating revenues		1,259,490
OPERATING EXPENSES		
Educational and General		
Instruction		205,287
Research		72,677
Patient services		1,077,149
Academic support		22,765
Institutional support		195,205
Operations and maintenance of plant		30,596
Depreciation and amortization (Note 10)		89,388
Student aid		25
Total operating expenses		1,693,092
Operating loss		(433,602)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 15)		151,802
Gifts		6,365
Federal and State aid		51,500
Loss on disposal		(225)
Interest income		145
Lease revenue		2,409
Investment income		14,010
Interest on capital asset - related debt		(11,285)
Net nonoperating revenues		214,721
Income before other changes in net position		(218,881)
OTHER CHANGES IN NET POSITION		
Capital appropriations (Note 13)		21,000
Contributions - minority interest -UConn Health Imaging, LLC		667
Net other changes in net position		21,667
Decrease in net position		(197,214)
NET POSITION		
Net position-beginning of year		(1,275,641)
Net position-end of year	$	(1,472,855)

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

UCONN HEALTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

	2024
	($ in thousands)
Cash flows from operating activities:	
Cash received from patients and third-party payors	$ 955,969
Cash received from tuition and fees	24,843
Cash received from grants, contracts and other revenue	270,073
Cash paid to employees for personnel services and fringe benefits	(344,066)
Cash paid for other than personal services	(1,061,139)
Net cash used in operating activities	(154,320)
Cash flows from investing activities:	
Interest received	14,010
Net cash provided by investing activities	14,010
Cash flows from noncapital financing activities:	
State appropriations	151,802
Federal and State aid	51,500
Gifts	6,365
Net cash provided by noncapital financing activities	209,667
Cash flows from capital and related financing activities:	
Additions to property and equipment	(69,296)
Capital appropriations	61,001
Interest paid	(11,957)
Investment in Subsidiary	625
Interest Income	145
Lease revenue	3,595
Payments on right-to-use liabilities, net	(14,784)
Net borrowing from long-term debt	(9,017)
Net cash used in capital and related financing activities	(39,688)
Net increase in cash and cash equivalents	29,669
Cash and cash equivalents at beginning of year	305,052
Cash and cash equivalents at end of year	$ 334,721

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

UCONN HEALTH
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2024

Reconciliation of operating loss to net cash used in operating activities:

		2024
		($ in thousands)
Operating loss	$	(433,602)
Adjustments to reconcile operating loss to net cash		
Used in operating activities:		
Depreciation and amortization		89,388
Personnel services and fringe benefits in kind from State		5,482
Changes in assets and liabilities:		
Patients receivables, net		(9,480)
Contract and other receivables		366
Due from DOC		(907)
Inventories		(3,127)
Third party payors		1,112
Prepaid expenses		7,450
Due from State of Connecticut		709
Deposits with vendors		(1,774)
Deferred outflows - pension		81,098
Deferred outflows - OPEB		155,249
Accounts payable and accrued liabilities		(6,246)
Due to State of Connecticut		1,119
Due to Affiliates		(7,006)
Accrued salaries		6,769
Compensated absences		3,810
Unearned revenue		305
Deferred inflows - pension		(79,855)
Deferred inflows - OPEB		(179,064)
Pension liability		88,111
OPEB liability		165,282
Malpractice reserve		(39,509)
Net cash used in operating activities	$	(154,320)

Schedule of Non-Cash Financing Transactions

Acquisition of right-to-use lease assets	$	25,319
Acquisition of right-to-use subscription assets	$	5,887
Loss on disposal of capital and intangible assets	$	(225)

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

NOTES TO FINANCIAL STATEMENTS

UCONN HEALTH
Notes to Financial Statements
For the Years Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut Health Center ("UConn Health") is a part of a comprehensive institution of higher education, the University of Connecticut (the "University"). Although governed by a single Board of Trustees, UConn Health and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of UConn Health for the fiscal year ended June 30, 2024, which includes the School of Medicine, School of Dental Medicine, a Research Enterprise, UConn Medical Group (UMG), Finance Corporation and its subsidiaries (including UConn Health Pharmacy Services, Inc. (UHPSI) and UConn Health Imaging (UHI), and Educational Clinics (the "Primary Institution") and John Dempsey Hospital (the "Hospital"). UConn Health offers medical and dentistry degrees as well as Ph.D.'s in the biomedical sciences and operates physician/dentist practices in a teaching and research hospital. There is also an affiliated entity that supports the mission of UConn Health: The University of Connecticut Foundation Inc. (the "Foundation"). The Foundation raises funds to promote, encourage, and assist education, research, and clinical care at the University, including UConn Health.

The financial operations of UConn Health are reported in the State of Connecticut annual comprehensive financial report using the fund structure prescribed by Governmental Accounting Standards Board (GASB). The State includes the transactions and balances of UConn Health within an enterprise fund under the major business-type activities of the government-wide financial statements and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

Basis of Presentation

UConn Health's financial statements are prepared using the economic resources measurement focus and in accordance with all relevant GASB pronouncements.

Proprietary Fund Accounting

UConn Health utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of significant estimates consist primarily of the allowances for uncollectible accounts, contractual allowances, malpractice reserves, right-to-use assets, lease liabilities, subscription liabilities, third-party reimbursement reserves, compensated absences, and pension and OPEB liabilities.

Recently Adopted Accounting Pronouncements

The following GASB accounting pronouncements were adopted during fiscal year 2024: Paragraphs 4 through 10 of GASB Statement No. 99, Omnibus 2022, and GASB Statement No. 100, Accounting Changes and Error Corrections. The adoption of other pronouncements did not have a material impact on the financial statements.

Upcoming Accounting Pronouncement

UConn Health is still evaluating the impact on its financial statements of the following upcoming GASB accounting pronouncements:

> In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model by amending certain previously required disclosures. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after December 15, 2023.
>
> In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for fiscal years beginning after June 15, 2024.
>
> In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for fiscal years beginning after June 15, 2025.

Cash and Cash Equivalent:

UConn Health considers all funds that have not been board or otherwise designated and which are held on its behalf by the State of Connecticut to be cash.

Investments and Investment Income

The State of Connecticut has established various funds to account for the operations of UConn Health. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the UConn Health Malpractice Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Fund accounts for assets set aside annually as part of the Health Center's self-insurance for malpractice claims. The Hospital Fund processes the majority of the cash transactions for the Hospital. The Operating Fund acts as a "General Fund" for UConn Health, accounting for all operations not accounted for elsewhere.

Research Foundation Fund and Malpractice Fund assets in excess of immediate cash needs are invested in the State of Connecticut Short-Term Investment Fund (STIF). Most restricted Research Foundation Fund assets are not invested, though there are certain exceptions including gift accounts and funds invested at the request of sponsoring organizations. Local student activity funds administered by UConn Health are also invested in STIF; these funds are minimal in amount.

The STIF, which was established and is operated under Sections 3-27a through 3-27i of the General Statutes, provides State agencies, funds, political subdivisions, and others with a mechanism for investing at a daily-earned rate with interest from day of deposit to the day of the withdrawal. STIF participants have daily access to their account balances. Underlying investments of the STIF are mainly in money market instruments.

Though Operating Fund participation in STIF is not significant, UConn Health earns interest on Operating Fund cash balances through the State Treasurer's interest credit program. Under this program, the Treasurer pays UConn Health STIF equivalent interest on the average daily cash balance held in the Operating Fund each quarter. Additionally, interest is paid on monies transferred from UConn Health's civil list funds into the direct disbursement account used to process checks issued directly to vendors by UConn Health. Though the balance in this account may include assets of the Operating, Research Fund and Hospital Funds, all interest earned is credited to the Operating Fund. The Hospital Fund does not participate in STIF, the Treasurer's interest credit program, other than described above.

Investment income also includes amounts received from endowments.

Accounts Receivable and Net Patient Services and Pharmaceutical Revenues

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The amount of the allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid healthcare coverage and other collection indicators.

Beginning in fiscal year 2021, UHPSI, a subsidiary of the Finance Corporation, expanded its business operations to include filling patient prescriptions to outpatients primarily from UConn Health related clinics.

A uniform pricing structure is used for billing to Pharmacy Benefit Managers (PBMs) subject to contractual allowances as negotiated by the Pharmacy Services Administrative Organization (PSAO). Contractual allowances will reduce the amount received and will vary based on rates, such as Medicare, Medicaid, and commercial contracts. Pharmaceutical revenues, net of contractual allowances and direct and indirect remuneration (DIR) fees, are recognized on the accrual basis of accounting when prescriptions are filled. Accounts receivable from patients, third-party payers, and others for pharmaceutical purchases represent the net amounts owed to UHPSI for which payment had not been received as of June 30, 2024.

Contract and Other Receivables

Contract and other receivables include services provided to area hospitals under various agreements and certain agreements with outside providers and pharmacies. Revenue is recorded on the accrual basis of accounting in the period the related services are rendered.

Due from/to Affiliate

Due from affiliate includes the unspent portion of general obligation bond proceeds allocated to UConn Health for capital projects that are administered by the University of Connecticut. Due to affiliate includes payables to the University of Connecticut resulting from cost-reimbursement arrangements for shared operating activities. Additional information on these can be found in Notes 13 and 15.

Due from/to State

The amount due from the State primarily consists of unspent State bond funds allocated by the State Bond Commission but not yet received for specific capital projects. Additionally, the State administers employee benefits and retirement plans for University employees. Fringe benefits accrued at the end of the year related to State employees are reported as a liability due to the State.

Leases and SBITA

UConn Health routinely engages in lease agreements to meet operational needs. UConn Health's lease contracts generally relate to buildings and associated facilities, such as parking, machinery, and equipment. For short-term leases with a maximum possible term of twelve months or less at commencement, UConn Health recognizes revenue or expense based on the provisions of the lease contract.

For contracts exceeding twelve months where UConn Health is the lessee, UConn Health recognizes the lease liability and an intangible right-to-use (RTU) lease asset based on the present value of future lease payments over the contracted term of the lease. RTU lease assets are amortized over the term of the lease.

On a more limited basis, UConn Health serves as a lessor providing leases of buildings. The financial statements recognize the lease receivable and a deferred inflow of resources, based on the present value of future lease payments expected to be received during the contracted lease term. The deferred inflow of resources is amortized evenly over the life of the lease.

In addition, UConn Health has entered various subscription-based information technology arrangements (SBITA) to support its services. Information on the types of arrangements entered into and their financial impact on UConn Health can be found in Notes 10 and 11.

UConn Health uses an estimated incremental borrowing rate as the discount rate for leases unless the rate in the contract or agreement is known. The incremental borrowing rate is based on the weighted-average interest rate of capital lease obligations. If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease or SBITA, the present value is remeasured, and corresponding adjustments made. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indexes, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but are recognized as revenue or expenses in the period performed. Residual value guarantees and exercise options are included in the measurement if they are reasonably certain to be paid or exercised.

Inventories

Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others. Pharmacy inventory is valued at market which approximates cost due to high turnover rates for institutional pharmaceuticals. Short-term or minor supplies are expensed as incurred.

Funds held in escrow

In March 2022, UConn Health entered into a lease agreement with NWN Corporation, De Lage Landen Financial Services, Inc and Western Alliance Bank to develop and implement new campus network architecture. This project is expected to span over a period of thirty months. The funds related to this project are held in escrow and will be disbursed based on the progression of the project. Additional information on this can be found in Note 11.

Prepaid Expense

Prepaid expenses include payments to vendors before goods and/or services are received typically for agreements ranging between three months and one year. We expect the benefit for these payments to be realized monthly over the prepaid period.

Deposits with Vendors

Deposits with vendors are required payments based on certain contractual arrangements. Over 95% of the current balance is for deposits held with AmerisourceBergen. This is the primary pharmaceutical vendor used by UConn Health. As part of its contract, UConn Health is required to maintain a deposit with the vendor based on a percentage of the prior quarter's purchases in order to access preferred pricing. These deposits are non-interest bearing and are considered subject to the credit risk of the vendor. We do not expect a return of these funds within the next twelve months.

Capital and Intangible Assets

Property and equipment acquisitions are recorded at cost or, in the case of gifts, at acquisition value. All land is capitalized regardless of cost. Betterments and major improvements are capitalized, and maintenance and repairs are expensed as incurred. Equipment with a value of $5,000 or more and a useful life of more than one year is capitalized.

UConn Health capitalizes fine, non-decorative art at cost. Fine art is not depreciated.

Intangible assets consist of capitalized computer software costs, including software internally developed, that do not meet the definition of SBITA. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they were incurred in the primary project stage, application development state, or post-implementation stage, and the nature of the costs.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets:

Buildings and Building Improvement	3 - 50 years
Equipment	2 - 15 years
Computer software	3 - 15 years

Impairment of Long-Lived Assets

UConn Health records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. During 2024, UConn Health disposed of an ultrasound, servers, a surgical video system, and freezers. The combined value of these assets was $652,500 and the combined loss on disposal was approximately $206,300. UConn Health disposed of smaller items leading to a loss of disposal of $18,800. The total loss was $225,200, none of these items were individually significant.

Medical Malpractice

Healthcare providers and support staff of UConn Health are fully protected by State statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against UConn Health's malpractice self-insurance fund. Effective July 1, 1999, UConn Health developed a methodology by which it could allocate malpractice costs between the Hospital, UMG, and Dental practices. For the fiscal year ended June 30, 2024, these costs are included in the statement of revenues, expenses, and changes in net position.

Compensated Absences

UConn Health's employees earn vacation, personal, compensatory, and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from UConn Health may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. The liability is reported as compensated absences in the accompanying statement of net position and is classified as current and noncurrent based on the amount estimated to be paid to eligible employees based on historical experience. The related expense is included as an operating expense in the accompanying statement of revenues, expenses and changes in net position.

Following the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*, certain fringe benefit costs associated with compensated absences were included in the pension liability and excluded from the compensated absences accrual. All other compensated absences are accrued at 100% of their balance.

Third-Party Payors

Laws governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Each year, as the Office of Inspector General's (OIG) work plan changes, new areas of scrutiny surface. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in any given period.

Pension Liabilities

In accordance with GASB 68, UConn Health records its proportionate share of the collective net pension liability and collective pension expense for each defined-benefit plan offered to its employees. The collective net pension liability for each plan is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefits payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

OPEB Liabilities

In accordance with GASB 75, UConn Health records its proportionate share of the collective liability for Post-Employment Benefits Other than Pension (OPEB). The collective net OPEB liability is measured as the total liability less the amount of the plan's fiduciary net position. The total OPEB liability is the portion of the actuarial present value of projected benefits payments that are attributable to past periods of plan member service. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as the consumption of net assets in one period that are applicable to future periods and will not be recognized as an outflow of resources (expense) until then. These amounts are reported in the statement of net position in a separate section, after total assets. UConn Health has two items that meet this criterion, pension deferrals and OPEB deferrals.

Deferred inflows of resources are defined as an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in the statement of net position in a separate section, after total liabilities. UConn Health has three items that meet this criterion, pension deferrals, OPEB deferrals, and right-to-use deferrals.

UConn Health reports its proportionate share of collective deferred outflows of resources or collective deferred inflows of resources related to its defined-benefit pension and OPEB plans. Differences between expected and actual experience in the measurement of the total pension liability and OPEB liability, changes of assumptions or other inputs, and differences between actual contributions and proportionate share of contributions are classified as either deferred outflows or deferred inflows and are recognized over the average of the expected remaining service lives of employees eligible for pension benefits and OPEB benefits. The net differences between projected and actual earnings on pension and OPEB plan investments are reported as deferred outflows or deferred inflows and are recognized over the average remaining service lives of the plan participants. Historically, contributions to the pension and OPEB plan from UConn Health subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions and OPEB and recognized in the subsequent year. However, due to legislative changes, UConn Health did not make contributions to these plans after June 30, 2023. See Note 12 for details on these changes and how retirement costs are being managed by the State.

UConn Health also has lessor arrangements. The deferred inflow of resources recorded at the initial measurement of the lease receivable is recognized as lease revenue on a straight-line basis over the lease term.

State Funding for Employee Retirement and OPEB Plans

Effective July 1, 2023, the State covers all retirement costs for UConn Health employees enrolled in the State's retirement systems and the Alternate Retirement Plan. Therefore, these costs are no longer charged to UConn Health through a fringe benefit rate assessment. As such, the State did not charge the UConn Health for the contributions it made to the pension and OPEB plans in fiscal year 2024.

Since UConn Health is an enterprise fund of the State and is not a legally separate entity, the retirement costs funded by the State are not reflected as on-behalf revenues or expenses in the accompanying financial statements. UConn Health's proportions of the collective net pension and net OPEB liabilities are based on its share of contributions, relative to total contributions made to the respective defined benefit plans. In accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. These liabilities are reported as of the measurement date of June 30, 2023, which is one year before the reported fiscal year-end of June 30, 2024. Because the State allocated pension and OPEB costs to UConn Health during the measurement period, UConn Health is required to report its proportionate share of the collective net pension and net OPEB liabilities, related deferred outflows and deferred inflows of resources, and related expenses in the accompanying financial statements for fiscal year 2024. Furthermore, the amounts reported do not reflect legislative changes effective after the measurement date of June 30, 2023. See Notes 12, and 15 for additional details.

Net Position

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

- *Net investment in capital assets*: Capital assets and right-to-use, net of accumulated depreciation and amortization, reduced by the outstanding principal balances of notes and leases that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted nonexpendable*: Endowment and similar type assets for which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.
- *Restricted expendable*: Assets reduced by liabilities related to those assets that are expendable but where UConn Health is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.
- *Unrestricted*: The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not otherwise restricted that do not meet the definition of "restricted" or "net investment in capital

and intangible assets." These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. In general, all unrestricted amounts in net position are assigned to support academic, clinical, and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities. Included in the unrestricted section is the twenty-five percent controlling interest in UHI, a subsidiary of the Finance Corporation.

UConn Health's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred is based on a variety of factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, UConn Health's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

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

Revenues and Expenses

UConn Health breaks out revenues and expenses between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. *GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions,* requires recipients of government-mandated and voluntary non-exchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the non-exchange transaction definition is also recognized to the extent expended or, in the case of fixed-price contracts when the contract terms are met or completed.

UConn Health uses the criteria listed below:

- Operating revenues and expenses: Operating revenues consist of tuition and fees, patient services and pharmaceutical revenues, grants, contracts, other operating revenues. Operating expenses include all expense transactions incurred other than those related to investing or financing. These expenses are reported using functional classification. See Note 16 for operating expenses presented by natural classification.
- Non-operating revenues and expenses: All other revenues and expenses for UConn Health are reported as non-operating revenues and expenses including State appropriations, including bonding and capital, noncapital gifts, investment income, lease revenue and COVID-19 relief revenue. Interest expense and loss on disposal of property and equipment, net, are also reported as non-operating.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the difference between the stated charge for goods and services provided by UConn Health and the amount that is ultimately paid by the students or on their behalf. Any aid applied directly to the student accounts in payment of tuition and fees is reflected as a scholarship allowance deducted from UConn Health's operating revenues. Student aid expense in the accompanying statement of revenues, expenses, and changes in net position includes financial aid payments made directly to the students.

University of Connecticut MOUs

The University of Connecticut manages certain operations for UConn Health in exchange for payment. These payments cover operating expenses related to public safety, marketing, library services, technology commercialization and other miscellaneous services. The terms of these arrangements are set forth in formal MOUs that are reviewed and agreed upon by both parties on an annual basis. The expenses from these MOUs are recorded as part of operating expenses in the accompanying statement of revenues, expenses, and changes in net position. See Note 15 for further details.

Regulatory Matters

The Hospital is required to file semi-annual and annual operating information with the State of Connecticut Office of Health Strategy (OHS) and is required to file annual cost reports with Medicare.

Home Office Allocation

The Home Office allocation allocates substantially all central administrative costs to its separate business units. The amount charged to the separate business units may not necessarily result in the net costs that are to be incurred by the business units on a standalone basis. The Home Office expenses are allocated based on several different methodologies depending on cost type. The Home Office allocation amounts are charged to business units each month based on operational results. Allocated expenses are grouped in their functional classification category for financial reporting purposes**.** The natural classification can be found in Note 16.

2. CASH DEPOSITS AND INVESTMENTS

GASB Statement No. 40 requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as it relates to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in UConn Health's name.

UConn Health’s cash and cash equivalents, current and noncurrent, balance was $334,721,560 as of June 30, 2024 and included the following:

		2024
Cash maintained by State of Treasurer	$	283,859,000
Invested in State of Connecticut Short-Term Investment Fund		49,898,536
Deposits with Financial Institutions and Other		960,774
Currency (Change Funds)		3,250
Total cash and cash equivalents		334,721,560
Less: current balance		333,708,175
Total noncurrent balance	$	1,013,385

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut were insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, UConn Health benefits from this protection, though the extent to which the deposits of an individual State agency such as UConn Health are protected cannot be readily determined.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, banker’s acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statements of net position.

UConn Health's cash management investment policy authorizes UConn Health to invest in the State Treasurer’s Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States

Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. The $49,898,536 invested in the State of Connecticut Investment Pool is invested by the State-Treasurer in its Short-Term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2024.

Funds Held by Outside Fiscal Agents

Certain funds are held by outside fiscal agents and are not under the direct control of UConn Health. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was $2,626,738 as of June 30, 2024. Investment income earned on these assets is transferred to UConn Health in accordance with the applicable trust agreement. Income earned from those sources was $173,765 for the year ended June 30, 2024.

Funds Held in Escrow

In fiscal year 2022, UConn Health established an escrow account with Western Alliance Bank and DeLage Landen Financial Services, Inc. The escrow balance was $272,032 as of June 30, 2024. Interest income earned was $409 for the year ended June 30, 2024. Additional information regarding this account can be found in Note 11.

3. HYPOTHECATION

Individual components of UConn Health are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the UConn Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. UConn Medical Group is allowed to borrow at up to 70% of its receivables. As of June 30, 2024, the Hospital and UMG had the following draws and availability under the State statute:

	2024	
	John Dempsey Hospital	UConn Medical Group
Amount drawn under hypothecation	$ -	$ -
Remaining amounts available under hypothecation	$ 56,395,029	$ 13,759,115

4. NET PATIENT SERVICE AND PHARMACEUTICAL REVENUE

UConn Health provides health care services primarily to residents of the region.

Patient service revenues are reported net of allowances and provisions for bad debt. UHPSI also reports pharmaceutical revenue net of DIR fees. DIR refers to the compensation received by Medicare Part D sponsors or their Pharmacy Benefits Manager (PBM) after point-of-sale. Net patient service and pharmaceutical revenue for UConn Health is as follows:

	2024	
John Dempsey Hospital		
Gross patient services revenue	$ 1,983,403,654	
Less contractual allowances and provision for bad debt	1,323,002,217	
		$ 660,401,437
UConn Medical Group		
Gross patient services revenue	323,539,590	
Less contractual allowances and provision for bad debt	179,463,023	
		144,076,567
UHPSI		
Gross pharmaceutical revenue	219,479,860	
Less contractual allowances, Direct and Indirect Remuneration (DIR) fees and provision for bad debt	69,658,263	
		149,821,597
All other		10,944,704
Total net patient services and pharmaceutical revenue		$ 965,244,305

Significant Concentrations

UConn Health has agreements with third-party payers that provide for payments at amounts different from its established rates. The most significant of these arrangements are with Medicare and Medicaid. Concentrations of total net patient revenues and associated year-end receivables for these programs are shown in the table below as of June 30, 2024.

	Medicare	Medicaid
John Dempsey Hospital		
Net revenue	38%	16%
Accounts receivable	29%	6%
UConn Medical Group		
Net revenue	33%	14%
Accounts receivable	23%	6%
UHPSI		
Net revenue	25%	49%
Accounts receivable	22%	49%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. UConn Health believes that it is in compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on UConn Health.

In fiscal year 2024, JDH and UMG recorded $10.5 million and $22.3 million, respectively in supplemental revenue from the Department of Social Services (DSS), which is included in net patient service revenues in the statement of revenues, expenses, and changes in net position.

5. LEASE RECEIVABLE

As described in Note 1, UConn Health leases building space to external parties. Lease receivable is as follows:

	June 30, 2023 Balance	Additions	Reductions	June 30, 2024 Balance	Amounts due within 1 year
Lease receivable	$ 6,205,179	$ 187,472	$ (3,782,798)	$ 2,609,853	$ 2,210,779
Total	$ 6,205,179	$ 187,472	$ (3,782,798)	$ 2,609,853	$ 2,210,779

For the fiscal year ended June 30, 2024, the statement of revenues, expenses, and changes in net position includes lease revenue and interest income of $2,409,102 and $144,727, respectively. In fiscal year 2024, the Jackson Laboratory lease was terminated with 2 years left on the contract. The outstanding receivable balance of $1,244,307 is included in the reductions above.

Future lease payments are summarized in the table below:

	Lease Receivable	
Fiscal Year Ending June 30	Principal	Interest
2025	$ 2,210,779	$ 57,735
2026	9,600	18,982
2027	10,072	18,510
2028	10,568	18,015
2029	11,087	17,495
2030-2034	74,249	77,768
2035-2039	107,243	56,185
2040-2044	150,148	25,546
2045-2049	26,107	526
Total lease receivable	$ 2,609,853	$ 290,762

6. CHARITY CARE

UConn Health's clinical operations provide charity care to eligible patients. UConn Health's individual clinical entities maintain records to identify and monitor the level of charity care provided. These records include the amount of charges forgone for services and supplies furnished under their respective charity care policies, the estimated cost of those services and supplies, and equivalent service statistics. No net patient revenue is recorded for these services, however, expenses associated with these services are included in the statement of revenues, expenses, and changes in net position.

Listed below, by entity, are the significant charity care services provided along with the associated cost for the fiscal year ended June 30, 2024. UHPSI by nature of its business does not engage in significant charity care activity.

	2024	
	Charity Care Services	Cost of Services
John Dempsey Hospital	$ 8,395,629	$ 2,323,071
UConn Medical Group	1,449,507	460,653
Educational Clinics	241,161	224,280
Total	$10,086,297	$ 3,008,004

7. ENDOWMENTS

UConn Health has designated the Foundation as its manager of endowment funds. The Foundation makes spending allocation distributions to UConn Health for each participating endowment. Distributions are spent by UConn Health in accordance with the respective purposes of the endowments and in accordance with the policies and procedures of UConn Health. Additional information is presented in Note 15.

8. RESIDENCY TRAINING PROGRAMS

UConn Health's School of Medicine Residency Training Program provides area hospitals with the services of interns and residents. Participating hospitals remit payments to UConn Health, in accordance with an established rate schedule, for services provided. UConn Health, in turn, funds the Capital Area Health Consortium, Inc., which coordinates the payment of payroll, related fringe benefits and certain program expenses for the interns and residents, under a contractual arrangement. Amounts remitted or owed by participating hospitals for payments made to interns and residents, and amounts paid or due under contract to the Capital Area Health Consortium, Inc., are reflected in the accompanying financial statements.

UConn Health's School of Dental Medicine also operates its Residency Training Program through the Consortium. Dental Residents work in local dental clinics honing their skills while providing services to traditionally underserved populations. Dental Residency costs are funded by the School of Dental Medicine.

9. CONTINGENCIES

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

10. CAPITAL AND INTANGIBLE ASSETS

Capital and intangible assets at June 30, 2024, consisted of the following:

		2024
Land	$	13,537,051
Construction in progress		38,816,708
Fine art		1,348,912
Buildings		1,278,283,815
Equipment		290,799,943
Computer software		78,209,223
Equipment- Financed		71,009
		1,701,066,661
Less accumulated depreciation		905,705,518
Capital and intangible assets, net	$	795,361,143
Right-to-use assets building	$	58,334,464
Right-to-use assets equipment		33,888,580
Right-to-use assets subscriptions		35,410,808
		127,633,852
Less accumulated amortization		57,183,654
Right-to-use assets, net	$	70,450,198

Construction in progress at June 30, 2024, represents accumulated costs for various UConn Health construction projects. UConn Health has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in property and equipment category and depreciation will commence.

Plant and equipment activity and related information on accumulated depreciation for UConn Health for the fiscal year ended June 30, 2024 was as follows:

	2023	Additions	Deletions	2024
Capital assets not being depreciated				
Land	$ 13,537,051	$ -	$ -	$ 13,537,051
Construction in progress	16,522,692	35,704,117	(13,410,101)	38,816,708
Fine art	1,336,762	12,150	-	1,348,912
Total capital assets not being depreciated	31,396,505	35,716,267	(13,410,101)	53,702,671
Depreciable capital assets				
Buildings and building improvements	1,266,663,840	12,617,460	(997,485)	1,278,283,815
Equipment	268,853,514	32,491,636	(10,545,207)	290,799,943
Computer software	76,650,728	1,842,639	(284,144)	78,209,223
Equipment- financed	71,009	-	-	71,009
Total depreciable capital assets	1,612,239,091	46,951,735	(11,826,836)	1,647,363,990
Less accumulated depreciation:				
Buildings and building improvements	587,722,321	42,202,139	(997,485)	628,926,975
Equipment	219,161,340	16,152,609	(10,320,009)	224,993,940
Computer software	44,762,505	7,235,233	(284,144)	51,713,594
Equipment - financed	53,257	17,752	-	71,009
Total accumulated depreciation	851,699,423	65,607,733	(11,601,638)	905,705,518
Depreciable capital assets, net				
Buildings and building improvements	678,941,519	(29,584,679)	-	649,356,840
Equipment	49,692,174	16,339,027	(225,198)	65,806,003
Computer software	31,888,223	(5,392,594)	-	26,495,629
Equipment- financed	17,752	(17,752)	-	-
Total depreciable capital assets, net	760,539,668	(18,655,998)	(225,198)	741,658,472
Capital and intangible assets, net	$ 791,936,173	$ 17,060,269	$ (13,635,299)	$ 795,361,143

	2023	Additions	Deletions	2024
Right-to-use assets				
Right-to-use assets building	$ 35,495,930	$ 24,995,984	$ (2,157,450)	$ 58,334,464
Right-to-use assets equipment	38,680,024	322,903	(5,114,347)	33,888,580
Right-to-use assets subscriptions	35,036,840	5,886,975	(5,513,007)	35,410,808
Total right-to-use assets	109,212,794	31,205,862	(12,784,804)	127,633,852
Right-to-use assets amortization				
Right-to-use assets building	10,170,702	4,724,190	(2,157,450)	12,737,442
Right-to-use assets equipment	13,879,410	5,642,428	(5,114,347)	14,407,491
Right-to-use assets subscriptions	22,193,864	13,414,041	(5,569,184)	30,038,721
Total accumulated amortization	46,243,976	23,780,659	(12,840,981)	57,183,654
Right-to-use assets, net				
Right-to-use building	25,325,228	20,271,794	-	45,597,022
Right-to-use equipment	24,800,614	(5,319,525)	-	19,481,089
Right-to-use SBITA	12,842,976	(7,527,066)	56,177	5,372,087
Right-to-use assets, net	$ 62,968,818	$ 7,425,203	$ 56,177	$ 70,450,198

11. LONG-TERM LIABILITIES, LEASES AND SUBSCRIPTIONS

Activity related to notes payable, leases, subscriptions and other long-term liabilities for the fiscal year ended June 30, 2024, was as follows:

	June 30, 2023 Balance	Additions	Reductions	June 30, 2024 Balance	Amounts due within 1 year
Long-Term Liabilities:					
Right-to-use subscription liabilities	$ 21,670,187	$ 5,629,093	$ (8,652,508)	$ 18,646,772	$ 7,443,202
Right-to-use lease liabilities	34,463,571	29,776,838	(6,131,809)	58,108,600	7,020,285
Total right-to-use liabilities	56,133,758	35,405,931	(14,784,317)	76,755,372	14,463,487
Business-type activities:					
Notes from Direct Borrowings -					
Secured note - Leasing Associated of Barrington, Inc., principal and interest payments began January 2022 and continue until December 2023, with interest at 11.10%	2,917	-	(2,917)	-	-
Secured note - De Lage Landen Financial Services, Inc, principal and interest payments begin August 2022 and continue until August 2028, with interest at 4.42%	14,764,292	-	(2,202,402)	12,561,890	2,299,790
Secured note - Siemens, principal and interest began February 2024 and continues until January 2029 with interest at 6.91%	-	1,565,383	(88,425)	1,476,958	277,793
Secured mortgage - Capital Lease Funding (KeyBank), principal and interest payments began January 2004 and continue until November 2024, with interest at 6.34%	2,722,174	-	(1,896,069)	826,105	826,105
Secured mortgage - TIAA, 25 year, 4.809% coupon. Principal and interest payments began on April 15, 2015 and will continue until March 15, 2040	160,485,841	-	(6,392,771)	154,093,070	6,707,068
Total notes from direct borrowing	177,975,224	1,565,383	(10,582,584)	168,958,023	10,110,756
Other long-term liabilities:					
Malpractice reserve	49,706,800	10,000,000	(49,508,800)	10,198,000	2,917,000
Compensated absences	52,080,623	39,477,721	(35,667,963)	55,890,381	25,351,877
Pension liability	902,327,281	184,386,532	(215,095,258)	871,618,555	-
OPEB liability	1,198,411,551	506,822,525	(207,665,134)	1,497,568,942	-
Total other long-term liabilities	2,202,526,255	740,686,778	(507,937,155)	2,435,275,878	28,268,877
Total long-term liabilities	$ 2,436,635,237	$ 777,658,092	$ (533,304,056)	$ 2,680,989,273	$ 52,843,120

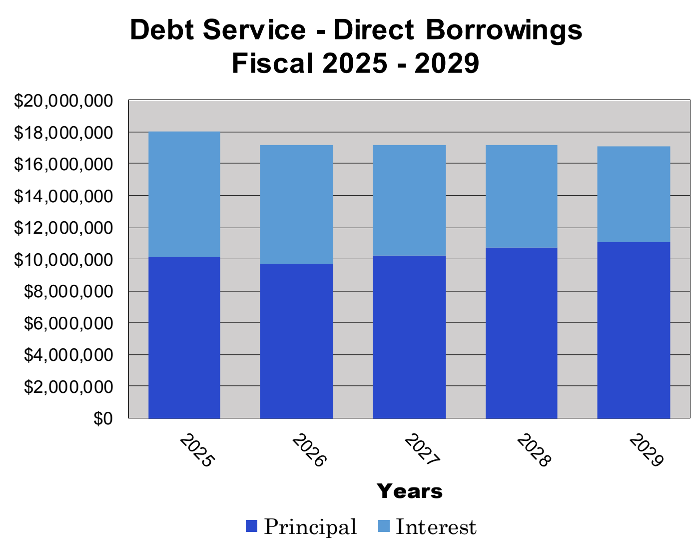
Outstanding notes from direct borrowings related to business-type activities as of June 30, 2024, were $168,958,023. The mortgages, which account for approximately $154.9 million of the debt, are secured by the UConn Musculoskeletal Institute building, the Outpatient Pavilion, the Leasehold (as to Land) and Fee (as to improvements) Mortgage, Security Agreement, Assignment of Lease and Rents and Fixture Filing. Outstanding notes from direct borrowings related to business-type activities contain a provision that in an event of default, outstanding amounts become immediately due if payment has not been made when due.

Additionally, UConn Health has approximately $14.0 million debt secured by equipment. The Finance Corporation entered into a lease agreement with NWN Corporation, De Lage Landen Financial Services Inc., and Western Alliance Bank, on behalf of UConn Health, to develop and implement a new campus network architecture. This project is expected to span over a period of up to 30 months, with software and support services expected to span over seven years. The Finance Corporation through UHI entered into a construction loan with Siemens for installation of equipment located at 5 Munson Road, Farmington, CT. Outstanding notes from direct borrowings related to this business-type activity of $14,038,848 as of June 30, 2024. UConn Health is treating both agreements as a financed purchase over time. Additionally, that portion of the agreements does not fall within the scope of GASB 87 due to the purchase option at the expiration of the agreement, which UConn Health plans to exercise.

In fiscal year 2024, UConn Health recorded interest expense of $7,709,625 related to note borrowings.

Estimated cash basis interest and principal requirements for notes from direct borrowings for the remaining years of the notes as of June 30, 2024 are as follows:

	Notes from Direct Borrowing	
Year Ending June 30,	Principal	Interest
2025	$ 10,110,756	$ 7,925,774
2026	9,735,910	7,461,376
2027	10,209,290	6,987,995
2028	10,705,889	6,491,396
2029	11,102,068	5,971,498
2030-2034	47,033,459	22,820,800
2035-2039	59,789,420	10,064,839
2040-2044	10,271,231	206,907
Total notes from direct borrowing	$ 168,958,023	$ 67,930,585

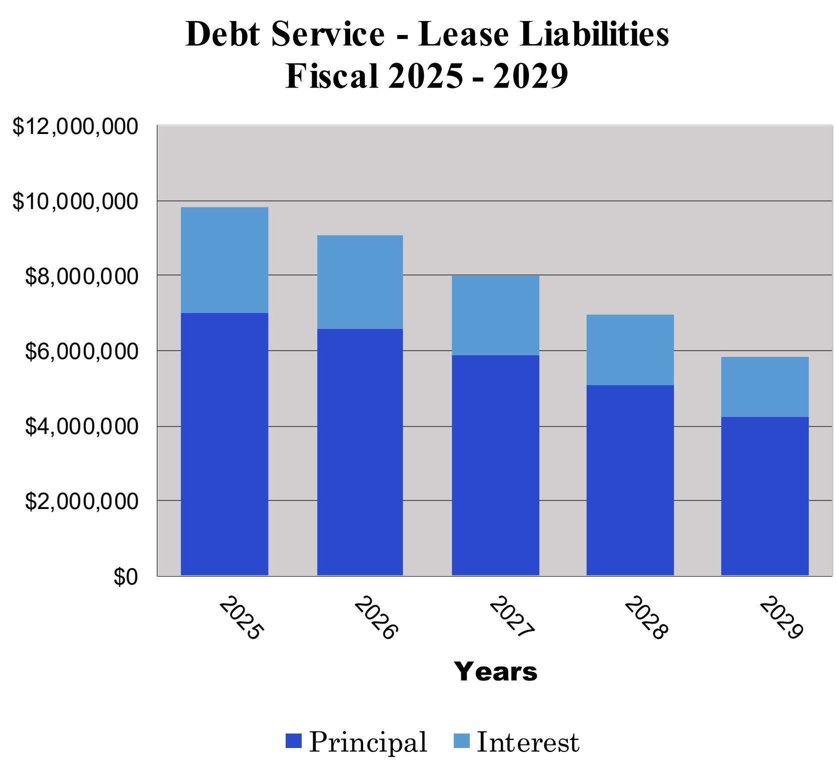


UConn Health routinely leases various facilities and equipment instead of purchasing the assets. The contracts at times, include variable payments, residual value guarantees or termination penalties that are not known or certain to be exercised at the time of the lease liability valuation. These are recognized as expenses in the period that they occur. For the fiscal year ended June 30, 2024, UConn Health recognized expense for lease variable payments related to common area maintenance and property taxes of $496,606 and $205,665 ,respectively. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended June 30, 2024.

In fiscal year 2024, UConn Health recorded interest expense in the statement of revenues, expenses, and net position of $2,528,777 related to lease liabilities.

The following is a schedule by fiscal year future minimum payments due for leases, together with the present value of the net minimum lease payments as of June 30, 2024 are as follows:

	Lease Liabilities	
Year Ending June 30,	Principal	Interest
2025	$ 7,020,285	$ 2,788,632
2026	6,604,666	2,450,196
2027	5,868,058	2,134,279
2028	5,093,390	1,850,015
2029	4,216,452	1,613,811
2030-2034	14,379,246	5,803,590
2035-2039	9,120,323	2,894,230
2040-2044	5,806,180	809,352
Total lease liabilities	$ 58,108,600	$ 20,344,105



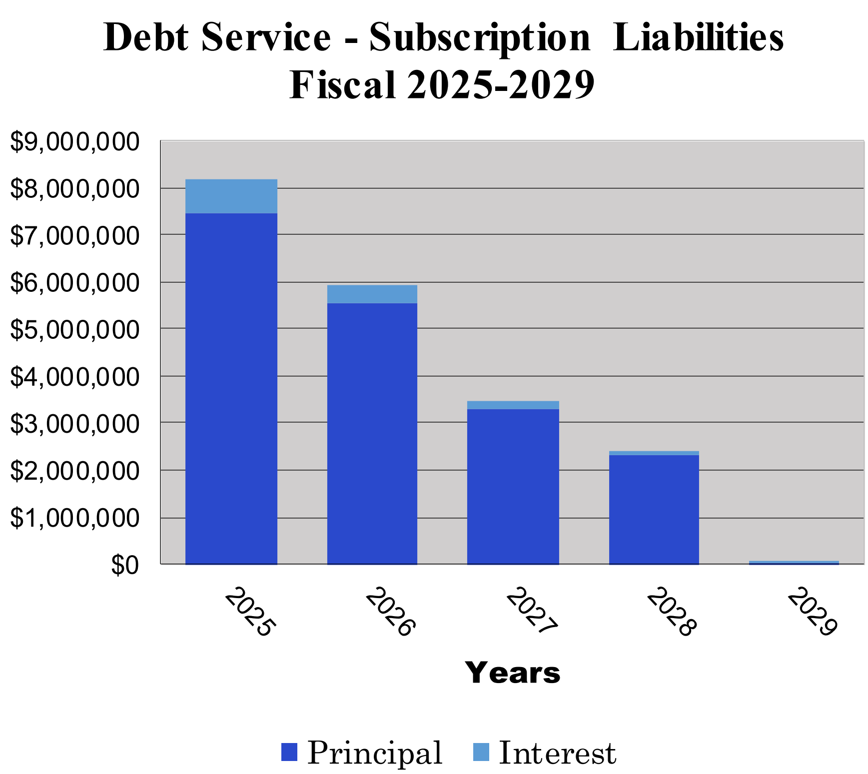
UConn Health has various subscription-based information technology arrangements (SBITAs) to support its services. SBITAs entered into, or in place, during the fiscal year ended June 2024 include:

- Various desktop and server software subscriptions
- Electronic workflow software
- Budgeting, accounting, and information system software
- Performance measurements/benchmarking software
- Document management software
- Payroll and human resources services software
- Information technology security software

In fiscal year 2024, UConn Health recorded interest expense of $1,046,531 related to SBITAs.

The following is a schedule by fiscal year of future minimum SBITA payments due as of June 30, 2024:

	Subscription Liabilities	
Year Ending June 30,	Principal	Interest
2025	$ 7,443,202	$ 722,881
2026	5,530,163	394,779
2027	3,292,640	187,994
2028	2,337,542	47,416
2029	43,225	585
Total subscription liabilities	$ 18,646,772	$ 1,353,655



UConn Health had no other outflow of resources in relation to these subscriptions during the fiscal year June 30, 2024 that were not included in the measurement of the subscription liability.

Medical Malpractice Insurance

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. The scope of UConn Health's assessment for establishing budgets for malpractice costs encompasses physicians, dentists, and all other UConn Health health care providers, and support staff.

UConn Health is involved in litigation claiming a substantial amount of damages arising in the ordinary course of business. Specifically, claims alleging malpractice have been asserted against UConn Health and are currently in various stages of litigation. Costs associated with these known claims, including settlements, as well as any new claims arising during the course of business will be paid from the malpractice fund.

To the extent that claims for cases exceed current year premiums charged by UConn Health, UConn Health may petition the State to make up the difference. Operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program.

At June 30, 2024, UConn Health Malpractice Fund had actuarial reserves of approximately $10.2 million and assets of approximately $20.2 million.

12. RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

State Retirement Systems

UConn Health sponsors two defined benefit plans administered through the State: the State Employees' Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS); and the Alternate Retirement Plan (ARP) which is a defined contribution plan. Through employee participation in one of the above plans, employees are also enrolled in the State of Connecticut State Employee OPEB Plan (SEOPEBP). SERS, TRS and SEOPEBP do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Annual Comprehensive Financial Report (ACFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov. Information for the SERS and OPEB plans, in which UConn Health holds significant liabilities under GASB 68 and GASB 75, respectively, is presented below.

Effective July 1, 2017, the State legislature approved the State Employees' Bargaining Agent Coalition (SEBAC) 2017 agreement, which amended certain provisions under collective bargaining agreements for existing SERS plans by revising certain factors including employee contribution rates, annual cost-of-living adjustments (COLAs) for plan members retiring after July 1, 2022, and disability retirement requirements.

Subsequent to the June 30, 2022 measurement date, new legislation was passed changing UConn Health's funding structure with regard to employer contributions (see Note 15). These changes are expected to affect UConn Health's proportionate share of the collective net pension and OPEB liabilities, deferred inflows and deferred outflows of resources, and related pension and OPEB expenses in subsequent reporting periods. The effects of these changes are still being evaluated as of the reporting date.

State Employees' Retirement System

Pension plan - SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. As of June 30, 2023, SERS consisted of plans in five tiers: Tier I, Tier II, Tier IIA, Tier III, and Tier IV including the (Hybrid Plan). In accordance with GASB 68, UConn Health must report for its participation in SERS as if it were a cost-sharing employer plan.

The percentage of UConn Health's eligible employees participating in SERS was approximately 69.0% in fiscal year 2024. Individuals actively employed and participating in the State Alternate Retirement Program (ARP) on September 22, 2010, were eligible to participate in the SEBAC ARP Grievance (SAG) Award. The SAG Award provided participants in ARP a one-time irrevocable opportunity to elect to transfer to SERS Tier II or Tier IIA (based on hire date) or to remain an ARP member. Accordingly, 439 UConn Health employees transferred to SERS from ARP during fiscal year 2019. The closing date for this one-time election was December 14, 2018.

Benefits provided - SERS was established by the Connecticut General Assembly for the purpose of providing retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula, which takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192 of the State General Statutes.

Deferred Vesting – SERS	
Tier I -	10 years of service
Tier II and IIA -	Effective July 1, 1997, 5 years of actual state service, 10 years of vesting service, or age 70 with 5 years of service
Tier III and IV -	10 years of benefit service

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The State is required to contribute at an actuarially determined rate. Employee contribution rates for the fiscal year ended June 30, 2024 were as follows:

Tier I Hazardous – 6.0% of earnings up to Social Security Taxable Wage Base plus 7.0% of earnings above that level

Tier I Plan B – 4.0% of earnings up to Social Security Taxable Base plus 7.0% of earnings above that level
Tier I Plan C – 7.0% of earnings

Tier II Hazardous – 6.0% of earnings

Tier II (all others) – 2.0% of earnings

Tier IIA and III Hazardous – 7.0 % of earnings

Tier IIA and III (all others) – 4.0% of earnings

Tier IV Hazardous – 8% of earnings

Tier IV (all others) – 5% of earnings

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

Individuals hired on or after July 1, 2011 and before July 1, 2017, who were otherwise eligible for the ARP, were also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III, but requires employee contributions 3% higher than the contribution required from the applicable Tier II, IIA, or III Plan.

UConn Health contributions to SERS during the July 1, 2022 – June 30, 2023 measurement period were determined by applying the fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. In fiscal year 2023, legislation was passed changing UConn Health's State funding structure concerning employer contributions. As a result, contributions for SERS and TRS for the fiscal year ended June 30, 2024 were made by the State of Connecticut. As the actuarial valuation was completed based on fiscal 2023 contributions, UConn Health still maintained an allocation of the overall liability under GASB 68. These allocations will change in subsequent years as the State assumes responsibility for contributions. The full impact of this change has yet to be determined.

In 2018, provisions under collective bargaining agreements were amended for existing SERS plans by revising certain factors including employee contribution rates and COLAs. A Tier IV plan was also placed into effect for employees hired on or after the effective date. These changes were effective July 1, 2017.

Proportionate share of collective Net Pension Liability (NPL) - The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2023. UConn Health's proportion of the collective NPL was based on UConn Health's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, UConn Health's proportion of SERS was 4.18% which was an increase of .11% from its proportion measured as of June 30, 2022.

At June 30, 2024, UConn Health reported liabilities of $866.4 million for its proportionate share of the SERS collective NPL.

SERS Expense - For the year ended June 30, 2024, UConn Health recognized a SERS pension expense of $88.5 million.

Legislative changes effective after the June 30, 2023 measurement date are anticipated to impact UConn Health's proportionate share of the collective net pension liabilities, deferred inflows and deferred outflows of resources, and related pension expenses in future reporting periods. The implications of these changes are still being evaluated as of the reporting date.

Actuarial assumptions - For SERS, the Pub-2010 Mortality Tables projected generationally with scale MP-2020.

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

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

The TPL was based on actuarial study for the period July 1, 2015–June 30, 2020 for SERS using the following key assumptions:

Inflation	2.50%
Salary Increases	3.00% - 11.50%, including inflation
Investment rate of return	6.90%, nte of pension plan investment expense, including inflation

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

The target assets allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2023 measurement date is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	37.00%	6.8%
Public Credit	2.00%	2.9%
Core Fixed Income	13.00%	0.4%
Liquidity Fund	1.00%	-0.4%
Risk Mitigation	5.00%	0.1%
Private Equity	15.00%	11.2%
Private Credit	10.00%	6.1%
Real Estate	10.00%	6.2%
Infrastructure and Natural	7.00%	7.7%
Total	100.00%	

Discount rate - The discount rate used to measure the TPL at June 30, 2023 was the long-term rate of return of 6.9%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected through the year 2126.

Based on those assumptions, SERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL and a municipal bond rate was not used in determining the discount rate.

Sensitivity analysis - The following table presents UConn Health's proportionate share of the collective NPL calculated using the discount rate of 6.9%, as well as what UConn Health's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate (amounts in thousands):

1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
	($ in thousands)	
$ 1,075,313	$ 866,352	$ 692,159

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS pension plan is available in the State's ACFR for the fiscal year ended June 30, 2023.

Connecticut Teachers' Retirement System (TRS)

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

Benefits provided - TRS provides retirement, disability, and death benefits, and annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest three years of paid salaries. Members are 100% vested after 10 or more years of credited service. Further information on TRS plan benefits, COLAs, and other plan provisions are described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions - The contribution requirements are established and may be amended by the State legislature. Plan members are required to contribute 7.0% of their annual salary. According to Section 10-183z of the State General Statutes, a special funding situation requires the State to contribute 100.0% of employer's contributions on behalf of its municipalities at an actuarially determined rate. However, a special funding situation does not apply to UConn Health because it is an agency of the State and is not a separate non-employer contributing entity. In fiscal year 2023, legislation was passed changing UConn Health's funding structure concerning contributions. As a result, the State of Connecticut covered UConn Health's contributions for TRS for the fiscal year ended June 30, 2024.

Proportionate share of collective Net Pension Liability (NPL) - The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2023. UConn Health's proportion of the collective NPL was based on UConn Health's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, UConn Health's proportion of the TRS was .031% at the measurement date of June 30, 2023.

TRS Expense - For the year ended June 30, 2024, UConn Health recognized a TRS pension expense of $810,962.

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

The TPL was based on an actuarial study for the period July 1, 2014 – June 30, 2019 for TRS, using the following key actuarial assumptions:

Inflation	2.50%
Salary Increases	3.00% - 6.50%, including inflation
Investment rate of return	6.90%, nte of pension plan investment expense, including inflation

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2023, measurement date is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	37.00%	6.8%
Public Credit	2.00%	2.9%
Core Fixed Income	13.00%	0.4%
Liquidity Fund	1.00%	-0.4%
Risk Mitigation	5.00%	0.1%
Private Equity	15.00%	11.2%
Private Credit	10.00%	6.1%
Real Estate	10.00%	6.2%
Infrastructure and Natural	7.00%	7.7%
Total	100.00%	

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

Sensitivity analysis - The following presents UConn Health's proportionate share of the collective NPL calculated using the discount rate of 6.9%, as well as what the UConn Health's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate (amounts in thousands):

1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
	($ in thousands)	
$ 6,881	$ 5,267	$ 3,927

Pension plan fiduciary net position - Detailed information about the fiduciary net position of the TRS pension plan is available in the State's ACFR for the fiscal year ended June 30, 2023.

Deferred outflows and deferred inflows of resources related to pensions -At June 30, 2024, UConn Health reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
	($ in thousands)		
Deferred Outflows of Resources			
Changes in assumptions	$ -	$ 383	$ 383
Changes in proportion and differences between UConn Health contributions and proportionate share of contributions	126,469	1,738	128,207
Difference between expected and actual experience	90,573	187	90,760
Net differences between projected and actual earnings on pension plan investments	16,477	214	16,691
Difference between expected and actual contributions	-	84	84
Total Deferred Outflows	$ 233,519	$ 2,606	$ 236,125
Deferred Inflows of Resources			
Changes in proportion and differences between UConn Health contributions and proportionate share of contributions	$ 207,755	$ 1,216	$ 208,971
Changes in assumptions	881	-	881
Difference between expected and actual experience	-	42	42
Total Deferred Inflows	$ 208,636	$ 1,258	$ 209,894

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Fiscal Year	SERS	TRS	Total
	($ in thousands)		
2025	$ 39,705	$ 546	$ 40,251
2026	(3,869)	336	(3,533)
2027	(11,457)	361	(11,096)
2028	(1,783)	56	(1,727)
2029	2,287	41	2,328
Thereafter	-	8	8
Total	$ 24,883	$ 1,348	$ 26,231

Alternate Retirement Plan

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

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP.

ARP contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. The SEBAC 2017 agreement amended certain provisions for ARP by revising employee and employer contribution rates. Participants hired prior to July 1, 2017, must contribute 6% of their eligible compensation, except for participants who elected the one-time option to remain at the previous employee contribution rate of 5%, and their employer must contribute 7% of eligible compensation. Participants hired on or after July 1, 2017, have the option to contribute 6.5% or 5% of their eligible compensation and their employer must contribute 6.5% of eligible compensation. There is no minimum vesting period for ARP. Other ARP provisions are described in Chapter 66 of the State General Statutes, State Employees Retirement Act.

Legislation effective July 1, 2023, changed UConn Health's State funding structure concerning employer contributions (see Note 15). As a result, for the fiscal year ended June 30, 2024, UConn Health did not make contributions or report pension expenses for ARP, as these are funded by the State.

Upon separation from service, retirement, death, or divorce (including alternate payee under a Qualified Domestic Relations Order), if you are age 55 or over and have more than 5 years of plan participation, a participant or designated beneficiary can withdraw a partial or lump cash payment, rollover to another eligible retirement plan or IRA, or receive installment payments or annuity payments. Other ARP provisions are described in Title 5 – State Employees, Chapter 66 – State Employees Retirement Act of the Connecticut General Statutes.

Post-Employment Benefits other than Pension

In addition to the pension benefits, the State provides post-retirement health care and life insurance benefits to UConn Health employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement.

General Information about the SEOPEBP

Plan description - The State's defined benefit OPEB plan, State of Connecticut State Employee OPEB Plan (SEOPEBP), provides OPEB benefits for employees of the State who are receiving benefits from a qualifying State-sponsored retirement system. This plan is administered by the State Comptroller's Healthcare Policy and Benefits Division under the direction of the State Employees Retirement Commission.

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

Employees covered by benefit terms - Demographic data for individual State entities in the OPEB plan are not readily available. At June 30, 2023, SEOPEBP in total covered the following:

Inactive employees or beneficiaries currently receiving benefit payments	85,696
Inactive employees entitled to but not yet receiving benefit payments	470
Active employees	50,078
Total covered employees	136,244

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

Similar to pension, UConn Health's contributions to SEOPEBP during the July 1, 2022 – June 30, 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. However, legislation effective July 1, 2023, changed UConn Health's State funding structure concerning employer contributions (see Note 15). As a result, UConn Health did not contribute to SEOPEBP in fiscal year 2024, as these were funded by the State. Furthermore, no amounts were reported as deferred outflows of resources as of June 30, 2024, for contributions made subsequent to the measurement date.

Proportionate share of collective net OPEB liability (NOL) and collective OPEB expense. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability (TOL) used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The TOL measured since the prior measurement date of June 30, 2023, reflects changes in actuarial assumptions, including an increase in the discount rate. The demographic assumptions (mortality, disability, retirement, withdrawal, and salary scale) were updated to be consistent with the corresponding retirement system assumptions. In addition, per capita health costs, administrative costs, and retiree contributions were updated for recent experience. Healthcare cost trend rates and retiree contribution rates were also adjusted.

At June 30, 2024, UConn Health reported a liability of $1,497.6 million for its proportionate share of the collective net OPEB liability. UConn Health's proportion of the collective NOL was based on UConn Health's share of contributions relative to total contributions made to SEOPEBP. Based on this calculation, UConn Health's proportion was 9.6%, which was an increase of 1.9% from its proportion measured as of June 30, 2022.

Actuarial assumptions and other inputs - The net OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

*Discount rat*e - The discount rate changed from 3.90% as of June 30, 2022, to 6.90% for contributory members and 3.65% for non-contributory members, as of June 30, 2023. The projection of cash flows used in calculating the discount rate included employer contributions actuarially determined in accordance with GASB 75 and employee contributions made in accordance with the current SEBAC agreements. For contributory members, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current contributory plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2023. Since the State funds non-contributory members on a pay-as-you-go basis, the discount rate for non-contributory members is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher, as shown in the Bond Buyer 20-Bond General Obligation Index.

Mortality rates for healthy personnel were based on the Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020 for disabled employees, Pub-2010 General, Disabled Retiree Headcount-weighted Mortality table projected generationally using Scale MP-2020.

The actuarial assumptions used in the June 30, 2023 valuation was based on the results of an actuarial experience study for the period July 1, 2015—June 30, 2020.

Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% – 11.50%
Discount rate	6.90% for contributory members and 3.65% for non-contributory members as of June 30, 2023
Healthcare cost trend rates Medical (non-Medicare)	-0.35%, then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Prescription drug (non-Medicare)	2.35%, then 6.50% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Medical and prescription drug (Medicare)	32.51%, 59.22%, 28.24% then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Dental	2.60%, 4.45%, then an ultimate level of 3.00% per year
Part B	4.50% per year
Administrative expense	1.85%, 3.30% then 3.00% per year

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of UConn Health, as well as what the UConn Health's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current discount rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 5.90%
	($ in thousands)		
Net OPEB Liability	$ 1,741,148	$ 1,497,569	$ 1,298,124

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of UConn Health, as well as what UConn Health's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Valuation	1% Increase
	($ in thousands)		
Net OPEB Liability	$ 1,296,295	$ 1,497,569	$ 1,744,605

OPEB plan fiduciary net position – Detailed information about SEOPEBP's fiduciary net position is available in the State's ACFR for the fiscal year ending June 30, 2023.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2024, UConn Health recognized an OPEB expense of $141.5 million. At June 30, 2024, UConn Health reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	($ in thousands)	
Changes in proportion	$ 349,397	$ 3,637
Changes in assumptions or other inputs	128,046	460,758
Net difference between projected and actual earnings	9,392	-
Changes in expected and actual experience on Total OPEB Liability	15,645	102,348
Total	$ 502,480	$ 566,743

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
	($ in thousands)
2025	$ (19,769)
2026	(70,689)
2027	(22,700)
2028	40,621
2029	8,274
Total	$ (64,263)

Expected rate of return on investments – The target asset allocation and best estimate of arithmetic real rates of return for each major asset class in the SEOPEBP are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Global Equity	37.00%	6.8%
Public Credit	2.00%	2.9%
Core Fixed Income	13.00%	0.4%
Liquidity Fund	1.00%	-0.4%
Risk Mitigation	5.00%	0.1%
Private Equity	15.00%	11.2%
Private Credit	10.00%	6.1%
Real Estate	10.00%	6.2%
Infrastructure and Natural	7.00%	7.7%
Total	100.00%	

13. BOND FINANCED ALLOTMENTS

UConn Health recognizes an asset when an allotment is processed for State general obligation bonds or when bonds are funded from UConn Health resources or issued under the UCONN 2000 program are sold.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted, and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act). The Act authorized additional projects for the University and for the first time UConn Health for what is called Phase III of UCONN 2000. This Act amended PA No. 95-230 and extended the UCONN 2000 financing program.

The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a $25.0 million reallocation from existing UCONN 2000 UConn Health allocations, and a $207.0 million increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018.

During the October 2011 special session, the Connecticut General Assembly adopted Public Act 11-2 which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized $290,685,000 of State general obligation bonds to be issued over a ten-year period and to be deposited in the Connecticut Bioscience Collaboration Fund. The Collaboration will support the establishment of a bioscience cluster anchored by the Jackson Laboratory for Genomic Medicine; a research laboratory located on UConn Health's Farmington campus.

In the June 2015 Special Session, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act 15-01 (June Spec. Sess.), *An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, and Other Purposes*. The bill introduced language effective July 1, 2015, that allows the University to revise, delete or add particular projects to finance the implementation of UConn Health's EMR, thus giving the University the flexibility to reallocate existing UCONN 2000 authorizations to the project in future years. Any additional remaining UCONN 2000 authorizations are included in the unspent portion of bond proceeds held as Due from Affiliates in the statement of net position.

As of June 30, 2024, approved projects receiving bond funding from UConn General Obligation Bonds secured by the State's Debt Service Commitment had an allocated total of $850.9 million. The Act also requires UConn Health to contribute not less than $69.0 million through operations, eligible gifts, or other sources towards new UConn Health construction.

In November 2023, the University issued General Obligation bonds at a face value of $358.0 million. The issuance consisted of $224.5 million in General Obligation 2023 Series A Bonds and $133.5 million in General Obligation 2023 Refunding Series A Bonds. The total bonds were issued at a premium of $26.2 million. The net proceeds realized from the General Obligation 2023 Series A Bonds were $240.0 million after the payment of issuance costs and underwriter fees. Of this amount, $8.0 million was allocated to finance projects at UConn Health.

UConn Health reports revenues from these bonds as Capital Appropriations. As noted above, the current Phase III commitment to fund projects totals $850.9 million for UConn Health. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for UConn Health. A corresponding receivable, Due from Affiliates, is recorded for the unspent portion of the bonds, $13.7 million, at June 30, 2024, in the statement of net position.

In January, 2023, the General Assembly approved legislation under Bill No. 6942 authorizing $43.0 million to UConn Health for fiscal years 2024 and 2025. The Bill outlines how the funds should be spent. The $30.0 million is to be spent on deferred maintenance, code compliance and infrastructure improvements for both fiscal years. The $13.0 million is to be spent on equipment, library collections and telecommunications. As of June 30, 2024, UConn Health was allotted and spent the $13.0 million on equipment, library collections and telecommunications. This amount was recorded as part of the capital appropriation in the accompanying Statement of Revenues, Expenses and Changes in Net Position. Additional information is presented in Note 15.

14. COMMITMENTS

On June 30, 2024, UConn Health had individual outstanding commitments exceeding $300,000 in amount, totaling $14,155,546. Portions of this amount were included in the June 30, 2024, accounts payable and due to related parties. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on UConn Health's behalf. Such obligations are paid directly from proceeds of bond issuances and are included in the University's financial statements.

UConn Health agreed to pay $78,695,692 during the 2024-2025 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll, related fringe benefits, and certain program expenses for interns and residents participating in the School of Medicine and Dental Medicine Residency Training Programs. These costs are to be funded by participating hospitals, which will remit payments to UConn Health, in accordance with an established rate schedule, for services provided. Dental Residency costs will be funded by the School of Dental Medicine.

15. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including UConn Health. UConn Health has an agreement through the University to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse UConn Health for certain services performed and for operating expenses of the Foundation. The following material transactions occurred between UConn Health and the Foundation during the year ended June 30, 2024:

		2024
Amount expensed to University for Foundation services	$	945,000
Amount received from Foundation for personnel services and operating expenses	$	3,403,968
Amount received from Foundation from endowments and gifts	$	1,813,898

In addition, UConn Health directly engages in transactions with the University. The terms of material arrangements are set forth in formal Memorandum of Understanding's (MOU) that are reviewed and agreed upon by both parties on an annual basis. In fiscal year 2024, UConn Health recorded expenses of approximately $19.6 million to the University related to those MOU's. UConn Health also paid the University for other expenses related to grants and contracts, services of educational departments, auxiliary enterprises and for miscellaneous goods and services.

Listed in the table below are the material transactions with the University excluding payments for Foundation services. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 as noted in Note 13.

		2024
Agreements under an MOU		($ in thousands)
University safety	$	11,900
Audit, compliance and privacy		1,961
Library services		1,016
Technology commercialization services		957
Communications (marketing)		892
Information technology		766
Ombudsman and institutional equity		698
Document production		578
Government relations and other		344
Diversity and inclusion		295
Human resources		232
Total MOUs with University of Connecticut ^	$	19,639

^ A portion of this was included in Due to Affiliate in the accompanying statement of net position

UConn Health recorded a payable to the University for $8.9 million related to these agreements.

UConn Health provides pharmaceutical, medical, dental, and psychiatric care to inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Correction (DOC). UConn Health billed and received from DOC $6.2 million in fiscal year 2024 for services. For fiscal year 2024 UConn Health recorded a receivable from DOC for $905,582 related to these services.

Through UConn Health, the State seeks to meet certain unmet needs in the community including the training and development of new doctors and dentists. The State supports UConn Health's mission via State Appropriations. State appropriations represent amounts the State allows UConn Health to charge back directly to the State's General Fund. In-kind fringe benefits take the form of forgone fringe benefit expense reimbursement related to salaries of certain State sponsored research projects.

For the fiscal year ended June 30, 2024, the amounts of the benefits recognized were as follows:

		2024
State of Connecticut appropriations	$	146,566,977
Fringe benefit differential Public Act 2024HB-05523 Section 44		4,500,000
Appropriations from State of Connecticut	$	151,066,977
In-kind fringe benefits from State of Connecticut:	$	734,747
Total appropriations and in-kind fringe benefits received from State of Connecticut	$	151,801,724

In June 2023, the General Assembly enacted and the Governor signed PA 23-204, which includes the State budget for the fiscal years 2024 and 2025 biennium and amendments to the State's funding structure for constituent units of the state system of higher education. Under this legislation, effective July 1, 2023, the State funds all the UConn Health's employee retirement costs related to the State's retirement systems and the Alternate Retirement Plan. UConn Health is responsible for funding all employee non-retirement fringe benefit costs. To achieve a budget-neutral effect, the State has (1) reduced the appropriation to UConn Health, and (2) no longer associates employee salary and fringe benefit expenses with the General Fund appropriation. For the year ended June 30, 2024, the State funded $219.0 million of retirement and other post-employment benefit costs for UConn Health. This amount is inclusive of allocations for the State's unfunded pension and OPEB liabilities as well as administrative expenses. These amounts are not reported as on-behalf revenues or expenses in the accompanying financial statements.

In fiscal year 2024, the State allotted $51.5 million to UConn Health for one-time funding under the American Rescue Plan Act (ARPA) allocation, which was designated for temporary operating support. These amounts were recognized as federal and state aid under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2024, and are excluded from the appropriations detailed above.

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. During fiscal year 2024, the State Bond Commission allocated $13.0 million for equipment, library collections and telecommunications. Additionally, UConn Health received $8.0 million to be used for UConn 2000 projects. These amounts were recorded as part of capital appropriations in the accompanying Statement of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2024. Additional information is presented in Note 13.

16. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATION

The table below details UConn Health's operating expenses by natural and functional classification for the fiscal year ended June 30, 2024 (amounts in thousands).

	Natural Classification					
Functional Classification	Salaries and wages	Fringe benefits	Supplies and other expenses	Utilities	Depreciation and amortization	Total
Instruction	$ 99,665	$ 38,750	$ 65,545	$ 1,327	$ -	$ 205,287
Research	28,708	12,586	27,716	3,667	-	72,677
Patient services	415,319	292,958	363,676	5,196	-	1,077,149
Academic support	11,662	6,060	5,043	-	-	22,765
Institutional support	36,517	26,020	132,668	-	-	195,205
Operations and maintenance of plant	13,223	8,915	5,445	3,013	-	30,596
Depreciation and amortization	-	-	-	-	89,388	89,388
Student aid	-	-	25	-	-	25
Total	$ 605,094	$ 385,289	$ 600,118	$ 13,203	$ 89,388	$ 1,693,092

17. SUBSEQUENT EVENTS

UConn Health has evaluated subsequent events through December 12, 2024, which represents the date the financial statements were available to be issued.

No other subsequent events requiring recognition or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTARY INFORMATION

UCONN HEALTH
Required Supplementary Information
State Employees' Retirement System (SERS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)
Based on a valuation date lagging one year behind the fiscal year

	SERS ($ in thousands)									
Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of collective NPL	4.18%	4.07%	5.59%	5.01%	4.45%	3.62% *	5.50%	5.36%	5.29%	4.99%
Proportionate share of the collective NPL	$ 866,352	$ 896,735	$ 1,188,398	$ 1,188,704	$ 1,014,303	$ 784,023	$ 1,159,362	$ 1,230,753	$ 873,351	$ 799,061
UConn Health's covered payroll	$ 302,495	$ 255,874	$ 237,938	$ 222,553	$ 175,810	$ 150,434	$ 205,188	$ 200,050	$ 184,762	$ 167,523
Proportionate share of the collective NPL as a percentage of covered payroll	286.40%	350.46%	499.46%	534.12%	576.93%	521.17%	565.02%	615.22%	472.69%	476.99%
Plan fiduciary net position as a percentage of the total pension liability	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

* SERS % decline due to discontinuation of CMHC and the transfer of staff to DOC.

Schedule of UConn Health's Pension Contributions
Based on contributions for the Fiscal Year Ended June 30,

	SERS ($ in thousands)									
For the year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ -	$ 136,225	$ 115,854	$ 99,867	$ 80,994	$ 70,177	$ 52,170	$ 84,860	$ 80,493	$ 72,496
Actual UConn Health contribution	-	136,225	115,854	99,867	80,994	70,177	52,170	84,860	80,493	72,496
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
UConn Health's covered payroll	$ 323,041	$ 302,495	$ 255,874	$ 237,938	$ 222,553	$ 175,810	$ 150,434	$ 205,188	$ 200,050	$ 184,762
Actual UConn Health contributions as a percentage of covered payroll	0.00%	45.03%	45.28%	41.97%	36.39%	39.92%	34.68%	41.36%	40.24%	39.24%

NOTES TO REQUIRED SCHEDULES

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

Changes in Assumptions
2022 - Wage inflation assumed rate changed from 3.5% to 3.0%; assumed salary scale changed to reflect experience in wage inflation rates of mortality have been revised to the Pub-2010 above median mortality tables (amount-weighted) projected generationally with MP-2020 improvement scale; assumed rates of withdrawal, disability, and retirement have been adjusted to reflect experience more closely.

Changes in Legislation
Public Act 23-204 changed the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating in the State's retirement plans. As a result, the University did not make any contributions or have related covered payroll to report for the fiscal year ended June 30, 2024.

UCONN HEALTH
Required Supplementary Information
Connecticut Teachers' Retirement System (TRS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)
Based on a valuation date lagging one year behind the fiscal year

	TRS ($ in thousands)									
Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of collective NPL	0.031%	0.031%	0.031%	0.031%	0.026%	0.026%	0.019%	0.019%	0.0009%	0.0009%
Proportionate share of the collective NPL	$ 5,267	$ 5,592	$ 4,657	$ 5,877	$ 4,469	$ 3,447	$ 2,508	$ 2,646	$ 1,042	$ 963
UConn Health's covered payroll	$ 1,439	$ 1,290	$ 1,429	$ 1,138	$ 1,138	$ 1,103	$ 834	$ 762	$ 573	$ 384
Proportionate share of the collective NPL as a percentage of covered payroll	366.02%	433.49%	325.89%	516.43%	392.71%	312.51%	300.72%	347.24%	181.85%	250.78%
Plan fiduciary net position as a percentage of the total pension liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Schedule of UConn Health's Pension Contributions
Based on contributions for the Fiscal Year Ended June 30,

	TRS ($ in thousands)									
For the year ended June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ -	$ 572	$ 574	$ 491	$ 397	$ 448	$ 280	$ 239	$ 181	$ 93
Actual UConn Health contribution	-	572	574	491	397	448	280	239	237	201
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (56)	$ (108)
UConn Health's covered payroll	$ 1,353	$ 1,439	$ 1,290	$ 1,429	$ 1,263	$ 1,138	$ 1,103	$ 834	$ 762	$ 573
Actual UConn Health contributions as a percentage of covered payroll	0.00%	39.75%	44.50%	34.36%	31.43%	39.37%	25.39%	28.66%	31.10%	35.08%

NOTES TO REQUIRED SCHEDULES

Changes in Benefit Terms
2023 - Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019.
2020 – Beginning July 1, 2019, annual interest credited on mandatory contributions is set at 4%. For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the member's beneficiary.

2019 – Beginning January 1, 2018, TRS member contributions increased from 6.0% to 7.0% of salary.

Changes in Assumptions
2021 - Decrease in the annual rate of real wage increase assumption from .75% to .50%; decrease in the payroll growth assumption from 3.25% to 3.0%.
2021, 2017 - Amounts reported reflect adjustments to rates of withdrawal, disability, retirement, mortality and assumed rates of salary to more closely reflect actual and anticipated experience.
2020 – Reduction in the inflation assumption from 2.75% to 2.50%. Reduction to the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. Increase the annual rate of wage increase assumption from .50% to .75%. Phase into a level amortization method for the June 30, 2024 valuation.

Changes in Legislation
Public Act 23-204 changed the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating i the State's retirement plans. As a result, the University did not make any contributions or have related covered payroll to report for the fiscal year ended June 30, 2024.

UCONN HEALTH
Required Supplementary Information

State Employee Other Post-Employment Benefits (OPEB) Plan

SCHEDULE OF UCONN HEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Based on a valuation date lagging one year behind the fiscal year

($ in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
UConn Health's proportion of the net OPEB liability	9.60%	7.73%	7.69%	7.59%	7.31%	6.00%	6.96%	6.67%
UConn Health's proportion of the net OPEB liability	$ 1,497,569	$ 1,198,412	$ 1,502,318	$ 1,786,265	$ 1,511,626	$ 1,036,300	$ 1,208,427	$ 1,149,638
UConn Health's covered payroll	$ 526,044	$ 453,445	$ 425,047	$ 405,433	$ 375,680	$ 366,593	$ 424,734	$ 423,734
UConn Health's proportion share of the net OPEB liability as a percentage of its covered payroll	284.69%	264.29%	353.45%	440.58%	402.37%	282.68%	284.51%	271.31%
Plan fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%	5.47%	4.69%	3.03%	1.94%

SCHEDULE OF UCONN HEALTH'S OPEB CONTRIBUTION

Based on contribution for the Fiscal Year Ended June 30,

($ in Thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ -	$ 81,655	$ 65,567	$ 66,784	$ 65,804	$ 55,031	$ 48,134	$ 46,451
Contributions in relation to the contractually required contribution	$ -	$ 81,655	$ 65,567	$ 66,784	$ 65,804	$ 55,031	$ 48,134	$ 46,451
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
UConn Health's covered payroll	$ 552,751	$ 526,044	$ 453,445	$ 425,047	$ 405,433	$ 375,680	$ 366,593	$ 366,593
Contributions as a percentage of covered payroll	0.00%	15.52%	14.46%	15.71%	16.23%	14.65%	13.13%	12.67%

NOTES TO REQUIRED SCHEDULES

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

2023-2018 – The OPEB contractually required employer contribution and covered payroll did not include CMHC.

Changes of Assumptions

The discount rate was updated in accordance with GASB 75 to 6.90%, 3.90%, 2.31%, 2.38%, 3.58%, 3.95%, and 3.68% for the fiscal reporting years 2024, 2023, 2022, 2021, 2020, 2019, and 2018, respectively.

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

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

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

Changes in Legislation

Public Act 23-204 changed the State's funding structure concerning employer contributions, effective July 1, 2023. Under this legislation, the State covers all retirement-related costs for University employees participating in the State's retirement plans. As a result, the University did not make any contributions or have related covered payroll to report for the fiscal year ended June 30, 2024.

OTHER SUPPLEMENTARY INFORMATION

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION
As of June 30, 2024

	2024			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents (Note 2)	$ 280,696,173	$ 53,012,002	$ -	$ 333,708,175
Patient receivables, net	19,456,473	58,607,322	-	78,063,795
Contract and other receivables	31,601,233	4,053,822	(5,877)	35,649,178
Funds held in escrow	272,032	-	-	272,032
Lease receivable - current portion	39,639	2,171,140		2,210,779
Due from Affiliates (Note 13)	13,691,593	-	-	13,691,593
Due from Primary Institution	-	14,575,294	(14,575,294)	-
Due from Department of Correction	905,582	-	-	905,582
Inventories	6,439,768	17,334,825	-	23,774,593
Prepaid expenses	8,396,220	1,220,761	-	9,616,981
Total current assets	361,498,713	150,975,166	(14,581,171)	497,892,708
Noncurrent Assets				
Restricted cash and cash equivalents (Note 2)	1,013,385	-	-	1,013,385
Deposits with vendors	12,224,963	12,681,647	-	24,906,610
Other assets	346,673	117,543	-	464,216
Due from Primary Institution	-	12,176,334	(12,176,334)	-
Due from State of Connecticut	61,887	-	-	61,887
Lease receivable - net of current portion	399,074	-		399,074
Right-to-use assets, net (Note 10)	54,643,267	78,966,116	(63,159,185)	70,450,198
Capital and intangible assets, net (Note 10)	486,568,468	308,792,675	-	795,361,143
Total noncurrent assets	555,257,717	412,734,315	(75,335,519)	892,656,513
Total assets	$ 916,756,430	$ 563,709,481	$ (89,916,690)	$ 1,390,549,221
Deferred outflows of resources pension (Note 12)	$ 129,086,078	$ 107,038,539	$ -	$ 236,124,617
Deferred outflows of resources OPEB (Note 12)	$ 270,743,581	$ 231,735,981	$ -	$ 502,479,562

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION(Continued)
As of June 30, 2024

	2024			
	Primary Institution	John Dempsey Hospital	Eliminations	Total
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$ 43,289,619	$ 27,488,168	$ -	$ 70,777,787
Due to State of Connecticut	5,346,464	3,200,015	-	8,546,479
Accrued salaries	18,696,550	11,481,665	-	30,178,215
Compensated absences - current portion (Note 11)	15,025,095	10,326,782	-	25,351,877
Due to John Dempsey Hospital	26,751,628	-	(26,751,628)	-
Due to third party payors	(5,254,375)	26,513,543	-	21,259,168
Due to Affiliates (Note 15)	8,916,964	-	-	8,916,964
Unearned revenue	2,277,075	4,419	-	2,281,494
Malpractice reserve (Note 11)	2,917,000	-	-	2,917,000
Right-to-use liabilities - current portion (Note 11)	6,429,348	11,384,025	(3,349,886)	14,463,487
Long-term debt - current portion (Note 11)	10,110,756	-	-	10,110,756
Total current liabilities	134,506,124	90,398,617	(30,101,514)	194,803,227
Noncurrent Liabilities				
Malpractice reserve (Note 11)	7,281,000	-	-	7,281,000
Compensated absences - net of current portion (Note 11)	18,099,013	12,439,491	-	30,538,504
Pension liability (Note 12)	514,783,720	356,834,835	-	871,618,555
OPEB liability (Note 12)	916,990,231	580,578,711	-	1,497,568,942
Right-to-use liabilities - net of current portion (Note 11)	42,619,719	84,545,216	(64,873,050)	62,291,885
Long-term debt - net of current portion (Note 11)	158,847,267	-	-	158,847,267
Total noncurrent liabilities	1,658,620,950	1,034,398,253	(64,873,050)	2,628,146,153
Total liabilities	$ 1,793,127,074	$ 1,124,796,870	$ (94,974,564)	$ 2,822,949,380
Deferred inflows of resources right-to-use assets	$ 391,886	$ 2,030,495	$ -	$ 2,422,381
Deferred inflows of resources pension (Note 12)	$ 140,597,681	$ 69,296,557	$ -	$ 209,894,238
Deferred inflows of resources OPEB (Note 12)	$ 348,437,653	$ 218,305,191	$ -	$ 566,742,844
NET POSITION				
Net investment in capital assets	$ 323,210,521	$ 291,829,550	$ 5,057,874	$ 620,097,945
Restricted for				
Nonexpendable				
Scholarships	61,451	-	-	61,451
Expendable				
Research	2,090,393	-	-	2,090,393
Loans	391,407	-	-	391,407
Capital projects	14,025,512	-	-	14,025,512
Unrestricted	(1,306,258,999)	(803,774,662)	-	(2,110,033,661)
Minority interest - Uconn Health Imaging, LLC	511,510	-	-	511,510
Total net position	$ (965,968,205)	$ (511,945,112)	$ 5,057,874	$ (1,472,855,443)

UCONN HEALTH
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

	2024				
	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $8,819)	$ 24,843,326	$ -	$ 24,843,326	$ -	$ 24,843,326
Patient services and pharmaceutical revenues (net of charity care of $10,086) (Notes 4 & 6)	304,842,868	660,401,437	965,244,305	-	965,244,305
Federal grants and contracts	90,067,753	-	90,067,753	-	90,067,753
Nonfederal grants and contracts	28,616,283	-	28,616,283	-	28,616,283
Contract and other operating revenues	103,939,830	101,327,243	205,267,073	(54,548,166)	150,718,907
Total operating revenues	552,310,060	761,728,680	1,314,038,740	(54,548,166)	1,259,490,574
OPERATING EXPENSES					
Educational and General					
Instruction	235,325,453	-	235,325,453	(30,038,437)	205,287,016
Research	72,677,237	-	72,677,237	-	72,677,237
Patient services	277,816,442	813,822,444	1,091,638,886	(14,489,953)	1,077,148,933
Academic support	22,765,108	-	22,765,108	-	22,765,108
Institutional support	197,887,236	-	197,887,236	(2,682,552)	195,204,684
Operations and maintenance of plant	30,814,215	-	30,814,215	(218,139)	30,596,076
Depreciation and amortization (Note 10)	56,921,469	37,298,552	94,220,021	(4,831,629)	89,388,392
Student aid	24,599	-	24,599	-	24,599
Total operating expenses	894,231,759	851,120,996	1,745,352,755	(52,260,710)	1,693,092,045
Operating loss	(341,921,699)	(89,392,316)	(431,314,015)	(2,287,456)	(433,601,471)
NONOPERATING REVENUES (EXPENSES)					
State appropriations (Note 15)	151,801,724	-	151,801,724	-	151,801,724
Gifts	6,364,921	-	6,364,921	-	6,364,921
Federal and State aid	51,500,000	-	51,500,000	-	51,500,000
Hospital transfer	(14,879,710)	14,879,710	-	-	-
Loss on disposal	(162,572)	(62,626)	(225,198)	-	(225,198)
Interest income	25,757	118,970	144,727	-	144,727
Lease revenue	194,016	2,215,086	2,409,102	-	2,409,102
Investment income, net	14,010,261	-	14,010,261	-	14,010,261
Interest on capital asset - related debt	(9,921,758)	(4,755,591)	(14,677,349)	3,392,416	(11,284,933)
Net nonoperating revenues	198,932,639	12,395,549	211,328,188	3,392,416	214,720,604
Income before other revenues, expenses, gains or losses	(142,989,060)	(76,996,767)	(219,985,827)	1,104,960	(218,880,867)
OTHER CHANGES IN NET POSITION					
Capital appropriations (Note 13)	21,000,000	-	21,000,000	-	21,000,000
Contributions for minority interest - UHI	666,667	-	666,667		666,667
Net other changes in net position	21,666,667	-	21,666,667	-	21,666,667
Decrease in net position	(121,322,393)	(76,996,767)	(198,319,160)	1,104,960	(197,214,200)
NET POSITION					
Net position-beginning of year	(844,645,812)	(434,948,345)	(1,279,594,157)	3,952,914	(1,275,641,243)
Net position-end of year	$ (965,968,205)	$ (511,945,112)	$ (1,477,913,317)	$ 5,057,874	$ (1,472,855,443)

STATISTICAL SECTION

SCHEDULE OF REVENUES BY SOURCE

For the Year Ended June 30, (amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Student tuition and fees (net of scholarship allowances)	$ 24,843	$ 24,934	$ 23,871	$ 23,475	$ 21,636	$ 20,655	$ 18,613	$ 17,499	$ 15,728	$ 16,557
Patient services and pharmaceutical revenues*	965,244	841,853	743,493	628,899	513,608	534,494	580,697	539,777	532,876	512,960
Federal grants and contracts	90,068	88,587	96,326	68,185	58,055	58,196	50,748	58,148	59,529	57,920
Nonfederal grants and contracts	28,616	26,463	26,357	24,977	27,872	30,016	29,337	29,009	27,116	24,407
Contract and other operating revenues	150,719	173,418	158,365	152,990	162,725	159,745	127,188	114,284	108,017	109,324
Total operating revenues	1,259,490	1,155,255	898,526	783,896	803,106	806,583	758,717	743,266	721,168	659,210
State appropriations	151,802	340,328	344,029	330,872	296,520	250,846	279,513	278,211	289,287	280,645
Transfer from/(to) State and outside programs	-	-	20,000	-	-	-	-	-	-	-
Gifts	6,365	5,419	4,417	3,496	6,950	6,146	5,706	4,079	6,865	7,175
COVID-19 relief funding	51,500	72,966	87,428	15,598	22,518	-	-	-	-	-
Interest income	145	279	351	340	-	-	-	-	-	-
Lease revenue	2,409	2,614	2,837	2,249	-	-	-	-	-	-
Investment income (net of investment expense)	14,010	10,055	129	31	600	1,385	654	104	141	176
Net nonoperating revenues	226,231	431,661	352,586	326,588	258,377	285,873	282,394	296,293	287,996	273,532
Total Revenues	**$ 1,485,721**	**$ 1,586,916**	**$ 1,251,112**	**$ 1,110,484**	**$ 1,061,483**	**$ 1,092,456**	**$ 1,041,111**	**$ 1,039,559**	**$1,009,164**	**$ 932,742**

For the Year Ended June 30, (percent of total revenues)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues:										
Student tuition and fees (net of scholarship allowances)	1.7%	1.6%	2.0%	2.1%	2.0%	1.9%	1.8%	1.7%	1.5%	1.8%
Patient services and pharmaceutical revenues*	65.1%	53.1%	59.4%	56.6%	48.4%	49.0%	55.7%	51.9%	52.8%	55.0%
Federal grants and contracts	6.1%	5.6%	7.7%	6.1%	5.5%	5.3%	4.9%	5.6%	5.9%	6.2%
Nonfederal grants and contracts	1.9%	1.7%	2.1%	2.2%	2.6%	2.7%	2.8%	2.8%	2.7%	2.6%
Contract and other operating revenues	10.1%	10.9%	12.7%	13.8%	15.2%	14.6%	12.2%	11.0%	10.8%	11.7%
Total operating revenues	84.9%	72.9%	71.8%	70.5%	75.7%	73.8%	72.9%	71.5%	71.5%	70.7%
State appropriations	10.2%	21.4%	27.5%	29.9%	27.9%	23.0%	26.8%	26.8%	28.7%	30.1%
Transfer from/(to) State and outside programs	0.0%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gifts	0.4%	0.3%	0.4%	0.3%	0.7%	0.6%	0.5%	0.4%	0.7%	0.8%
COVID-19 relief funding	3.5%	4.6%	7.0%	1.4%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lease revenue	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income (net of investment expense)	0.9%	0.6%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Net nonoperating revenues	15.1%	27.1%	28.2%	29.5%	24.3%	26.2%	27.1%	28.5%	28.5%	29.3%
Total Revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

* Pharmaceutical revenues partial year fiscal year 2020 and first complete year in fiscal year 2021

SCHEDULE OF EXPENSES BY FUNCTION

	For the Year Ended June 30, (amounts in thousands)									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Expenses:										
Instruction	$ 205,287	$ 142,971	$ 175,456	$ 178,910	$ 170,526	$ 157,396	$ 179,948	$ 169,130	$ 168,299	$ 163,703
Research	72,677	50,692	77,186	57,554	55,173	52,832	56,102	59,400	58,233	56,961
Patient services	1,077,149	907,678	970,226	964,236	846,526	663,701	747,637	713,342	648,071	607,435
Academic support	22,765	14,193	22,124	24,986	20,087	15,173	19,322	19,186	18,070	22,458
Institutional support	195,205	145,407	141,613	159,055	89,592	126,922	112,126	82,233	80,638	83,260
Operations and maintenance of plant	30,596	17,801	27,616	26,886	25,112	37,659	38,223	37,295	38,714	35,363
Depreciation and amortization	89,388	86,362	81,543	72,487	72,893	72,575	52,637	52,046	41,469	37,830
Student aid	25	404	98	39	25	71	364	194	84	32
Total operating expenses	1,693,092	1,365,508	1,495,862	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578	1,007,042
Transfer to State and outside programs	-	-	-	-	-	1,991	-	-	-	-
Interest on capital asset - related debt	11,285	10,586	9,547	9,424	9,354	9,619	9,909	10,214	10,487	3,820
Total nonoperating expenses	11,285	10,586	9,547	9,424	9,354	11,610	9,909	10,214	10,487	3,820
Total Expenses	**$ 1,704,377**	**$ 1,376,094**	**$ 1,505,409**	**$ 1,493,577**	**$ 1,289,288**	**$ 1,137,939**	**$ 1,216,268**	**$ 1,143,040**	**$1,064,065**	**$1,010,862**

	For the Year Ended June 30, (percent of total expenses)									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Expenses:										
Instruction	12.0%	10.4%	11.7%	12.0%	13.2%	13.8%	14.8%	14.8%	15.8%	16.2%
Research	4.3%	3.7%	5.1%	3.9%	4.3%	4.6%	4.6%	5.2%	5.5%	5.6%
Patient services	63.2%	66.0%	64.5%	64.6%	65.7%	58.3%	61.5%	62.4%	60.9%	60.1%
Academic support	1.3%	1.0%	1.5%	1.7%	1.6%	1.3%	1.6%	1.7%	1.7%	2.2%
Institutional support	11.5%	10.6%	9.4%	10.6%	6.9%	11.2%	9.2%	7.2%	7.6%	8.2%
Operations and maintenance of plant	1.7%	1.2%	1.8%	1.8%	1.9%	3.3%	3.1%	3.3%	3.6%	3.5%
Depreciation and amortization	5.2%	6.3%	5.4%	4.9%	5.7%	6.4%	4.4%	4.6%	3.9%	3.7%
Student aid	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expenses	99.3%	99.2%	99.4%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%	99.6%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Interest expense	0.7%	0.8%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%	0.4%
Total nonoperating expenses	0.7%	0.8%	0.6%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%	0.4%
Total Expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Notes to a not required schedule

In Fiscal Year 2020, UConn Health began a home office allocation. This change impacted how expenses were classified between programs. Please refer to Note 1 in the financial statements for additional details.

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

For the Year Ended June 30, (amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Salaries and wages	$ 605,094	$ 550,183	$ 504,575	$ 465,759	$ 443,132	$ 418,558	$ 438,122	$ 444,948	$ 452,363	$ 430,988
Fringe benefits	385,289	146,527	412,259	509,160	396,019	254,030	369,185	331,533	264,911	239,288
Supplies and other expenses	600,118	568,593	483,364	428,553	353,870	368,279	333,986	291,166	282,218	286,170
Utilities	13,203	13,843	14,121	8,194	14,020	12,887	12,429	13,133	12,617	12,766
Depreciation and amortization	89,388	86,362	81,543	72,487	72,893	72,575	52,637	52,046	41,469	37,830
Total operating expenses	1,693,092	1,365,508	1,495,862	1,484,153	1,279,934	1,126,329	1,206,359	1,132,826	1,053,578	1,007,042
Transfer to State and outside programs	-	-	-	-	-	1,991	-	-	-	-
Interest on capital asset - related debt	11,285	10,586	9,547	9,424	9,354	9,619	9,909	10,214	10,487	3,820
Total nonoperating expenses	11,285	10,586	9,547	9,424	9,354	11,610	9,909	10,214	10,487	3,820
Total Expenses	**$ 1,704,377**	**$ 1,376,094**	**$ 1,505,409**	**$ 1,493,577**	**$ 1,289,288**	**$ 1,137,939**	**$ 1,216,268**	**$ 1,143,040**	**$1,064,065**	**$1,010,862**

For the Year Ended June 30, (percent of total expenses)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Salaries and wages	35.5%	40.0%	33.5%	31.2%	34.4%	36.8%	36.0%	38.9%	42.5%	42.6%
Fringe benefits	22.6%	10.6%	27.4%	34.1%	30.7%	22.3%	30.4%	29.0%	24.9%	23.7%
Supplies and other expenses	35.1%	41.2%	32.1%	28.7%	27.4%	32.4%	27.5%	25.5%	26.5%	28.3%
Utilities	0.8%	1.0%	0.9%	0.5%	1.1%	1.1%	1.0%	1.1%	1.2%	1.3%
Depreciation and amortization	5.2%	6.3%	5.4%	4.9%	5.7%	6.4%	4.3%	4.6%	3.9%	3.7%
Total operating expenses	99.3%	99.2%	99.4%	99.4%	99.3%	99.0%	99.2%	99.1%	99.0%	99.6%
Transfer to State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
Interest on capital asset - related debt	0.7%	0.8%	0.6%	0.6%	0.7%	0.8%	0.8%	0.9%	1.0%	0.4%
Total nonoperating expenses	0.7%	0.8%	0.6%	0.6%	0.7%	1.0%	0.8%	0.9%	1.0%	0.4%
Total Expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

For the Year Ended June 30,
(amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total revenues (from schedule of revenues by source)	$ 1,485,721	$ 1,586,916	$ 1,507,603	$ 1,251,112	$ 1,110,484	$ 1,061,483	$ 1,092,456	$ 1,041,111	$ 1,039,559	$ 1,009,164
Total expenses (from schedule of expenses by natural classification and function)	1,704,377	1,376,094	1,505,409	1,493,577	1,289,288	1,137,939	1,216,268	1,143,040	1,064,065	1,010,862
Income (Loss) before other changes in net position	(218,656)	210,822	2,194	(242,465)	(178,804)	(76,456)	(123,812)	(101,929)	(24,506)	(1,698)
Transfer from affiliate	-	-	228	2,000	-	-	-	-	-	-
Capital appropriations	21,000	40,000	13,000	680	-	13,000	88,806	43,479	175,000	159,810
Contributions - minority interest UConn Health Imaging, LLC	667									
Loss on disposal	(225)	(85)	(779)	(196)	(332)	(1,898)	(3,092)	(989)	(695)	(3,902)
Net other changes in net position	21,442	39,915	12,449	2,484	(332)	11,102	85,714	42,490	174,305	155,908
Total changes in net position	(197,214)	250,737	14,643	(239,981)	(179,136)	(65,354)	(38,098)	(59,439)	149,799	154,210
Net position-beginning of year (as previously stated)	(1,275,641)	(1,525,946)	(1,539,857)	(1,299,314)	(1,120,178)	(1,014,953)	126,332	185,771	35,972	576,794
Cumulative effect of implementing GASB 68 and 71	-	-	-	-	-	-	-	-	-	(695,032)
Cumulative effect of implementing GASB 75	-	-	-	-	-	-	(1,103,187)	-	-	-
Cumulative effect of implementing GASB 87 and 96	-	(432)	(732)	(563)	-	-	-	-	-	-
Cumulative effect of accounting changes and error corrections	-	-	-	-	-	(39,871)	-	-	-	-
Net position-beginning of year as restated	(1,275,641)	(1,526,378)	(1,540,589)	(1,299,877)	(1,120,178)	(1,054,824)	(976,855)	185,771	35,972	(118,238)
Net position, ending	**$ (1,472,855)**	**$ (1,275,641)**	**$ (1,525,946)**	**$ (1,539,858)**	**$(1,299,314)**	**$ (1,120,178)**	**$(1,014,953)**	**$ 126,332**	**$ 185,771**	**$ 35,972**
Net investment in capital assets	$ 620,098	$ 620,796	$ 646,777	$ 690,037	$ 731,730	$ 784,280	$ 867,913	$ 823,325	$ 734,480	$ 579,241
Restricted for										
Nonexpendable										
Scholarships	61	61	61	61	61	61	61	61	61	61
Expendable										
Research	2,090	224	1,093	1,107	1,792	1,588	(127)	(8)	(876)	(139)
Loans	391	333	283	244	283	589	523	31	953	1,348
Capital projects	14,026	54,484	26,185	3,444	4,363	7,881	37,660	37,061	117,466	104,082
Unrestricted	(2,110,033)	(1,951,539)	(2,200,345)	(2,234,751)	(2,037,543)	(1,914,577)	(1,920,983)	(734,138)	(666,313)	(648,621)
Minority interest - UConn Health Imaging, LLC	512	-	-	-	-	-	-	-	-	-
Total net position	**$ (1,472,855)**	**$ (1,275,641)**	**$ (1,525,946)**	**$ (1,539,857)**	**$(1,299,314)**	**$ (1,120,178)**	**$(1,014,953)**	**$ 126,332**	**$ 185,771**	**$ 35,972**

SCHEDULE OF LONG-TERM DEBT

For the Year Ended June 30, (amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Loans payable	$ 14,039	$ 14,767	$ 16,928.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Right-to-use liabilities	76,755	56,134	64,801	42,383	-	-	-	-	-	-
Capital leases	-	-	-	-	4,289	3,275	1,701	2,187	-	-
Mortgage agreement	154,919	163,208	171,081	178,560	185,664	192,412	198,823	204,914	210,700	216,198
Total long-term debt	**$ 245,713**	**$ 234,109**	**$ 252,810**	**$ 220,943**	**$ 189,953**	**$ 195,687**	**$ 200,524**	**$ 207,101**	**$ 210,700**	**$ 216,198**

FACULTY AND STAFF

For the Year Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
BARGAINING UNIT										
Faculty	641.0	607.1	592.7	579.2	566.8	565.6	539.6	529.4	517.6	507.8
University Health Professionals	3,160.4	2,938.1	2,680.2	2,681.0	2,630.0	2,558.9	2,526.6	2,477.0	2,462.8	2,420.4
All other	836.8	798.9	719.3	728.2	747.1	730.7	1,299.0	1,356.0	1,404.6	1,422.1
Total FTE's	4,638.2	4,344.1	3,992.2	3,988.4	3,943.9	3,855.2	4,365.2	4,362.4	4,385.0	4,350.3
EXEMPT										
Faculty	62.5	60.3	60.0	60.0	54.9	54.3	55.2	56.2	56.8	60.6
Managerial	184.4	161.6	143.0	139.0	133.0	131.8	139.1	153.9	160.6	159.3
All other	449.1	438.1	403.6	367.8	350.2	334.9	340.7	335.1	329.3	353.2
Total FTE's	696.0	660.0	606.6	566.8	538.1	521.0	535.0	545.2	546.7	573.1
TOTAL FTE's	5,334.2	5,004.1	4,598.8	4,555.2	4,482.0	4,376.2	4,900.2	4,907.6	4,931.7	4,923.4

The FTE information prior to 2019 includes CMHC

SCHEDULE OF CAPITAL ASSET INFORMATION
DETAIL FOR BUILDINGS ONLY - BY FUNCTION

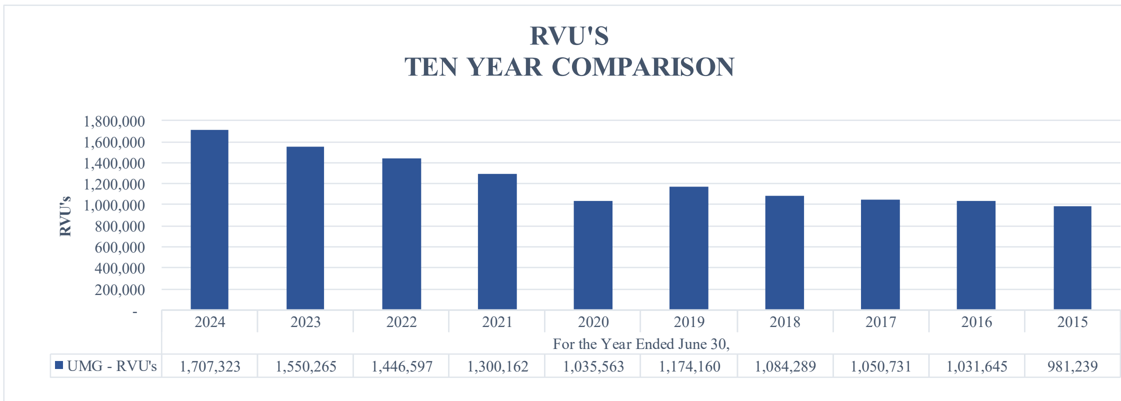
	For the Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academic										
Net assignable square feet (in thousands)	84	84	84	84	84	84	82	82	74	74
Number of buildings/major areas of Main Building*	2	2	2	2	2	2	2	2	1	1
Research buildings										
Net assignable square feet (in thousands)	478	478	478	478	478	478	456	456	456	435
Number of buildings/major areas of Main Building*	7	7	7	7	7	7	6	6	6	6
Patient care buildings										
Net assignable square feet (in thousands)	873	873	873	873	868	868	885	885	885	662
Number of buildings/major areas of Main Building*	6	6	6	6	6	6	6	6	6	6
Administrative and support buildings										
Net assignable square feet (in thousands)	985	985	985	985	985	985	865	865	873	769
Number of buildings/major areas of Main Building*	11	11	11	11	11	11	11	11	12	11
Total net assignable square feet (in thousands)	2420	2420	2420	2420	2415	2415	2288	2288	2288	1940
Number of buildings/major areas of Main Building*	26	26	26	26	26	26	25	25	25	24

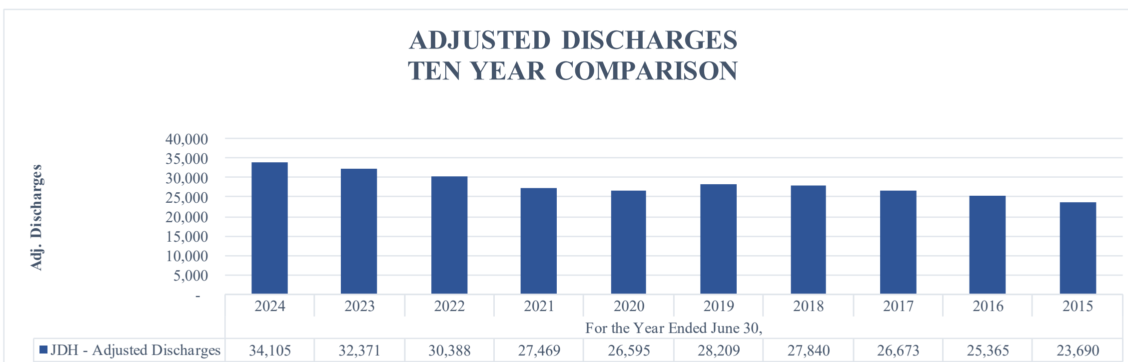
*The Main Building at UConn Health has commonly been understood and tracked by major areas assigned separate names and alphanumeric identifiers. These areas are counted as buildings here.
Many buildings have more than one usage. For the purposes of this schedule, the buildings (or areas of the Main Building) are categorized according to their primary use.
Parking garages are included under administrative and support buildings, and the parking is included in the NASF. Total NASF for G1, G2, and G3 = 818 (in thousands)
Buildings 9 and 28 were incorporated into Building 8 in 2009. For the purposes of this schedule, they are considered to have always been part of Building 8.

RVU'S AND DISCHARGES

	For the Year Ended June 30,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
UMG - RVU's	1,707,323	1,550,265	1,446,597	1,300,162	1,035,563	1,174,160	1,084,289	1,050,731	1,031,645	981,239

	For the Year Ended June 30,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
JDH - Adjusted Discharges	34,105	32,371	30,388	27,469	26,595	28,209	27,840	26,673	25,365	23,690





DEMOGRAPHIC AND ECONOMIC STATISTICS
State of Connecticut
Last Ten Fiscal Years

Year	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2024	$ 342,112,700,000	3,625,511	$ 94,363	4.2%
2023	$ 314,865,500,000	3,632,752	$ 86,674	3.9%
2022	$ 307,116,000,000	3,614,683	$ 84,963	5.1%
2021	$ 290,146,700,000	3,544,930	$ 81,848	8.5%
2020	$ 290,641,600,000	3,561,513	$ 81,606	5.1%
2019	$ 284,136,600,000	3,570,160	$ 79,587	3.8%
2018	$ 265,636,709,000	3,588,236	$ 74,030	4.5%
2017	$ 251,389,254,000	3,568,714	$ 70,443	4.8%
2016	$ 252,249,206,000	3,586,640	$ 70,330	5.5%
2015	$ 240,602,679,000	3,591,282	$ 66,996	6.1%

(a) Source: U.S. Department of Commerce
(b) Source: Connecticut Department of Labor

TOP TEN NONGOVERNMENTAL EMPLOYERS
State of Connecticut
Current Year and Ten Years Ago

	2024			
Name	**Employees in CT**	**Percentage of Total CT Employment**	**Rank**	
Yale New Haven Health System	30,896	1.7%	1	
Hartford Healthcare	28,686	1.6%	2	
RTX Corp.	16,600	0.9%	3	(1)
Yale University	16,150	0.9%	4	
General Dynamics Electric Boat	14,152	0.8%	5	
CVS Health Corp. and subsidiaries	8,942	0.5%	6	
Walmart	8,454	0.5%	7	(2)
Sikorsky, a Lockheed Martin Co.	7,900	0.4%	8	(3)
The Travelers Cos. Inc.	7,400	0.4%	9	
Trinity Health of New England	7,379	0.4%	10	(4)
Total	146,559	8.1%		

	2015			
Name	**Employees in CT**	**Percentage of Total CT Employment**	**Rank**	
United Technologies Corp.	24,000	1.3%	1	
Yale New Haven Health System	20,071	1.1%	2	
Hartford Healthcare	18,107	1.0%	3	
Yale University	14,787	0.8%	4	(5)
General Dynamics Electric Boat	9,583	0.5%	5	
Wal-Mart Stores, Inc.	8,800	0.5%	6	
The Travelers Cos. Inc.	7,300	0.4%	7	
The Hartford Financial Services Group Inc.	7,000	0.4%	8	
Mohegan Sun	6,900	0.4%	9	
Aetna Inc.	6,126	0.3%	10	
Total	122,674	6.7%		

Source: Hartford Business Journal

(1)Raytheon Technologies, established in 2020 with merger of Raytheon Co., based in Waltham, Mass, and Farmington United Technologies Corp., announced a name change to RTX Corp. in July 2023. It's presence in Connecticut includec Collins Aerospace and Pratt & Whitney.

(2)Data from Q2 2022 Survey.

(3)Data from Q2 2022 Survey; announced layoffs of unspecified numbers of salaried workers in March 2023 and plan to cut 179 positions in Connecticut on Oct. 4, 2023. The company declined to respond to the Q4 2023 survey.

(4)Includes St. Francis Hospital and Medical Center, St. Mary's Hospital, Mount Sinai Rehabilitation Hospital and Johnson Memorial Medical Center.

(5)Figure from Fall 2014.

UCONN
HEALTH

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ATTACHMENT 3.1

ATTACHMENT 3.1

Audit Project	Campus	Current Status	Anticipated JACC Meeting			
			Dec 2024	Mar 2025	Jun 2025	Sep 2025
Non-Student Receipts & Receivables	UC	Report	■			
Vendor Management - HuskyBuy	UC	Report	■			
Clinical Engineering - Equipment Management	UH	Fieldwork		■		
Concur Travel - Athletics	UC	Fieldwork		■		
Decentralized IT General Controls – Clinical Laboratory	UH	Fieldwork		■		
Faculty Consulting FY24	UC/UH	Fieldwork		■		
Human Subject Incentive Payments	UC	Fieldwork		■		
Medical Device Security	UH	Fieldwork		■		
New England Sickle Cell Institute	UH	Fieldwork		■		
Special Payroll - UConn	UC	Fieldwork		■		
Special Payroll - UConn Health	UH	Fieldwork		■		
Microsoft Office 365 Security and Configuration	UH	Fieldwork			■	
Time and Effort Reporting - UConn	UC	Planning			■	
Time and Effort Reporting - UConn Health	UH	Planning			■	
UConn Health Surgery Center	UH	Planning			■	
University of Connecticut Foundation FY24	UC/UH	Planning		■		

Special Projects/Consulting	Campus	Current Status	
		In Progress	Project Final
School of Business Travel Review	UC	■	

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ATTACHMENT 3.2

ATTACHMENT 3.2

Status of Audit Observations
Aging of Overdue Management Actions by Functional Area Based on Original Due Date
As of November 30, 2024

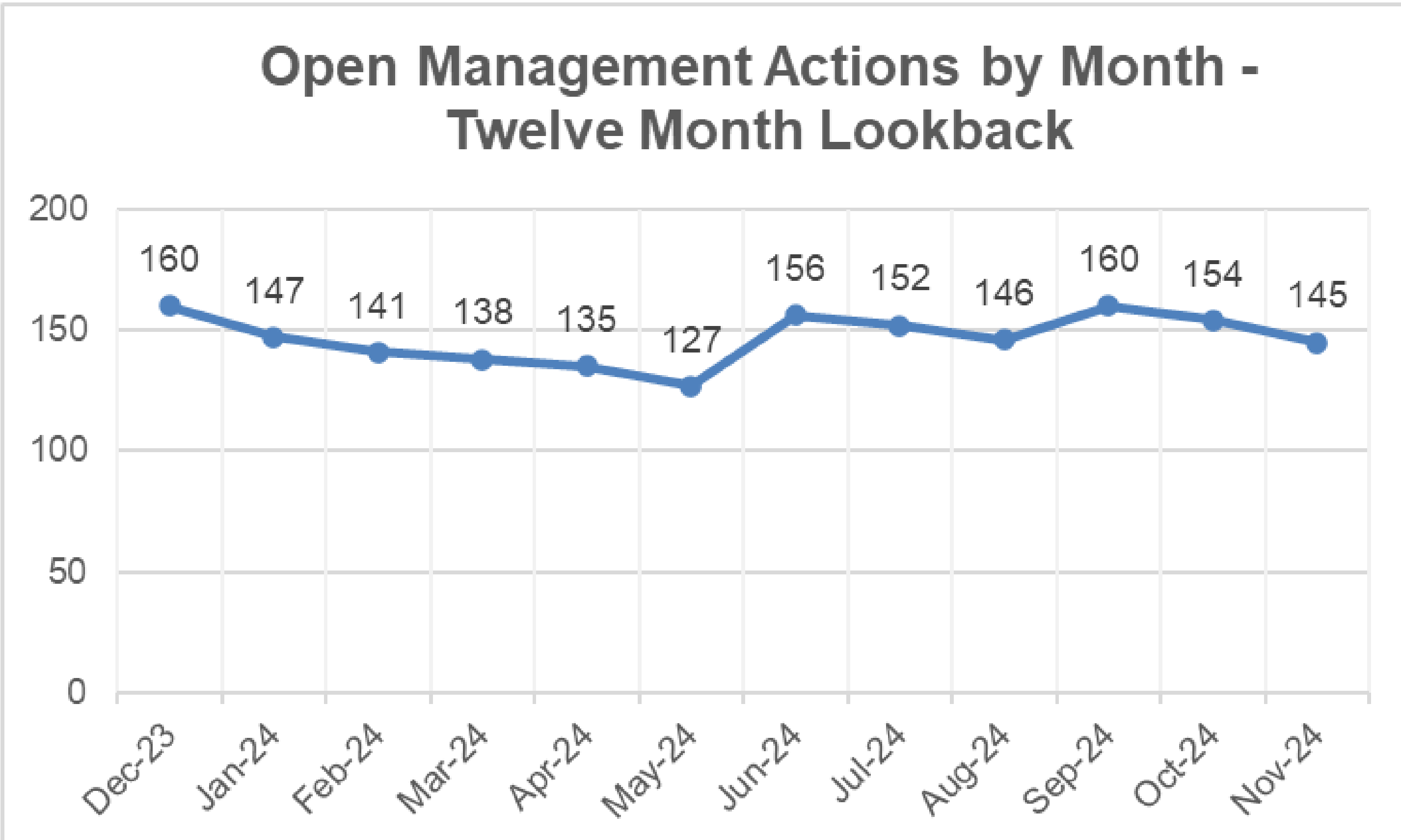
Functional Area	Not Due			0-3 Mos			3-6 Mos			6-12 Mos			1-2 Yrs			2-3 Yrs			> 3 Yrs			Total
	L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	
UConn:																						
UC College of Liberal Arts and Sciences															2							2
UC Controller	2	4	1															1				8
UC Facilities Operations																				7		7
UC Human Resources																	2			1		3
UC Information Technology Services		3	14			4		2	7		2			2								34
UC Office of Global Affairs														1								1
UC Office of the Provost	2	1					1															4
UC Procurement		1																				1
UC Research Compliance Services																2			1			3
UC School of Business												2										2
UConn Total	4	9	15			4	1	2	7		2	2		3	2	2	2	1	1	8		65
UConn Health:																						
UC Office of Institutional Equity																				1		1
UCH Ambulatory Care				2																		2
UCH CEO and EVP for Health Affairs																				2		2
UCH CFO														2								2
UCH Controller					1															1		2
UCH Human Resources																			2			2
UCH Information Technology Services											3	2		2	2				2	7	6	24
UCH JDH Administration	1	4			1			2		2	1		3	2						3		19
UCH JDH and UMG Revenue Cycle Management	1			1	3			6			4									2		17
UCH JDH Quality and Patient Services		1																		1		2
UCH School of Dental Medicine																			2	2		4
UCH School of Medicine																			2			2
UConn Medical Group													1									1
UConn Health Total	2	5		3	5			8		2	8	2	4	6	2				8	19	6	80
UConn & UConn Health Total	6	14	15	3	5	4	1	10	7	2	10	4	4	9	4	2	2	1	9	27	6	145

Note: The net number of management open actions decreased by 1 from 146 to 145 from the prior reported quarter.

Status of Audit Observations
Aging of Overdue Management Actions by Finding Category Based on Original Due Date
As of November 30, 2024

Finding Category	Not Due			0-3 Mos			3-6 Mos			6-12 Mos			1-2 Yrs			2-3 Yrs			> 3 Yrs			Total
	L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	L	M	H	
UConn:																						
Business Process Improvement	3	2	1														1			1		8
Documentation	1							1			1											3
Management Oversight		1																				1
Policy		2					1							1		1	1			1		7
Regulatory Compliance																1		1	1			3
Security		2	14			4			5		1	2		1	2					6		37
Segregation of Duties								1														1
Technology		2																				2
Training														1								1
Use of Resources									2													2
UConn Total	4	9	15			4	1	2	7		2	2		3	2	2	2	1	1	8		65
UConn Health:																						
Business Process Improvement	2			2	1			1					3	1					2	1		13
Documentation								1			1		1	1					3			7
Management Oversight				1	2			4		1	1			1						1		11
Monitoring								2			2	1		1						4		10
Policy					1						1								3	3		8
Regulatory Compliance		4			1						2			1						1		9
Security											1	1			2					5	3	12
Technology														1						2	3	6
Training		1								1												2
Use of Resources																				2		2
UConn Health Total	2	5		3	5			8		2	8	2	4	6	2				8	19	6	80
UConn & UConn Health Total	6	14	15	3	5	4	1	10	7	2	10	4	4	9	4	2	2	1	9	27	6	145

Status of Audit Observations
Trend Analysis of Monthly Balances of Open Management Actions
As of November 30, 2024



Analysis:

The effective collaboration between UConn and UConn Health and AMAS reflects a continued commitment to resolving outstanding open actions, as depicted in the downward trend in the above line graph minus the upticks for new required management actions.

Status of Audit Observations
Management Actions Closed By Functional Areas And Risk Level
For the Period September 1, 2024 to November 30, 2024

Functional Area	Implemented			Recommendation Moved to / Included in Another Audit			Total
	L	M	H	L	M	H	
UConn:							
UC College of Liberal Arts and Sciences		6					6
UConn Total		6					6
UConn Health:							
UC Office of Institutional Equity	1						1
UCH CFO		1					1
UCH Controller		1					1
UCH Information Technology Services			1				1
UCH JDH Administration	1	1					2
UCH JDH and UMG Revenue Cycle Management	2	2			1		5
UCH JDH Inpatient Care	1						1
UCH JDH Quality and Patient Services	1						1
UConn Health Total	6	5	1		1		13
UConn & UConn Health Total	6	11	1		1		19

Status of Audit Observations
Risk Level Descriptions

The description of the risk levels identified in this report is based on the following methodology. Observations are ranked based on an analysis of the likelihood and impact of a control or process failure. Considerable professional judgment is used to determine the risk ratings. Accordingly, others could evaluate the results differently and draw different conclusions. The risk levels provide information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and personnel actions may significantly impact the risk ratings.

Low	Observation has a low probability of occurring. Preventive controls do not exist but detection and mitigating controls exist. Minimal exposure that will not typically lead to a material error and corrective action may lead to improvements in efficiencies and effectiveness. The issues identified may include: • Noncompliance with internal policies • Lack of internal policy that is not mandated by federal and state requirements • Minimal financial losses • Minor operational issues
Moderate	Observation is likely to occur or has occurred. Preventive and detection controls do not exist but mitigating controls exist. Exposure that requires priority attention because the observation has or may result in: • More than minimal financial losses or fraud or theft of resources • Noncompliance with laws and regulations or accreditation standards • Ineffective internal policy or practice • Reputation damage • Negative impact to audit area under review, which includes continuity, security and privacy issues • Safety and health concerns
High	Observation has a high probability of occurring or has occurred at a high rate. Preventive, detection and mitigating controls do not exist. High impact exposure that requires immediate attention because the observation has or may result in: • Substantial financial losses or fraud or theft of resources • Noncompliance with significant laws and regulations • Serious reputation damage • Negative impact to systemwide operations, which includes continuity, security and privacy issues • Significant safety and health concerns

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ATTACHMENT 3.3

ATTACHMENT 3.3

University of Connecticut
Office of the Audit and Management Advisory Services
Charter

Authority

Whereas it is a primary function of the University of Connecticut Board of Trustees and University of Connecticut Health Center Board of Directors (hereinafter referred to collectively as the "Board") to promote effective control of the administration and operations of the University of Connecticut and University of Connecticut Health Center (hereinafter referred to collectively as the "University"), the Joint Audit and Compliance Committee (JACC) of the Board of Trustees mandates the establishment of the Office of Audit and Management Advisory Services (AMAS), which shall report functionally to the Chair of the JACC and administratively to the President.

The functions of AMAS are prerogatives of the Chief Audit Executive (CAE), which may not be infringed upon nor otherwise compromised. AMAS shall be organized at the discretion of the CAE for optimum effectiveness.

AMAS will have uninhibited access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information (except as may be restricted by law).

Purpose and Mission

The purpose of AMAS is to assist the Board, the President and Senior University Administration in the effective discharge of their responsibilities by providing independent, objective, assurance and consulting services designed to add value and improve the University's operations.

The mission of AMAS is to enhance and protect organizational value by providing risk-based assessments, advice and insight. AMAS helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Standards and Independence

AMAS will operate within the guidelines of the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the Global Internal Audit Standards, Topical Requirements and Global Guidance; and other professional guidance as the CAE determines appropriate.

AMAS staff will be members of appropriate professional associations and will participate in continuing education to remain current with best practices and emerging trends in internal auditing.

AMAS staff will be independent in fact and appearance by upholding the principles of integrity, objectivity, confidentiality and competency. Staff will be independent of the activities or operations they review, they will not engage in any activity, which would impair their independence of judgment, and they shall be independent of any other influence or control of any kind. If the CAE determines that independence or objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to the appropriate parties.

The CAE serves as the director of the Construction Assurance Office, as defined under CT general statutes section 10a-109cc, and assists the University Buildings, Grounds & Environment (BGE) Committee of the Board in its review of the University's management of all completed UConn 2000 statutory named projects for their conformance with applicable policies and procedures governing their construction. This work includes assisting the BGE committee in its preparation of biennial summaries of construction performance of UConn 2000 projects.

Scope and Responsibility

In consultation with the JACC, the CAE shall plan, implement, report upon, supervise and be responsible for all internal audit activities, consulting services, and associated personnel within the framework of this Charter.

AMAS will fulfill its responsibility to the Board and the President by:

- Maintaining audit activity plans based on an on-going risk analysis which includes consideration of the University's goals and objectives and the concerns of management and the Board

- Providing audit coverage that consistently meets the needs and expectations of management

- Incorporating the establishment of objectives and scope; assignment of appropriate and adequately supervised resources; and documentation of work programs and testing results in the planning and execution of each audit engagement culminating in the communication of engagement results with applicable conclusions and recommendations to appropriate parties.

- Following up on identified weaknesses, findings and recommendations from previous audit work

- Participating in a program of quality assurance designed to promote the increasing professionalism of AMAS personnel and the work performed

- Performing consulting services including advisory and related service activities, the nature and scope of which are agreed upon and which are intended to add value and improve the University's governance, risk management, and control processes without assuming management responsibility, examples of which include counsel, advice, facilitation, training, and committee service

- Acting as a liaison with the State Auditors of Public Accounts and other external auditors

The scope of audit activities will include all controls, reports and operations of the University.

AMAS may examine and evaluate the following:

- The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report information
- The systems established to ensure compliance with policies, plans, procedures, laws and regulations that could have a significant impact on the University
- The means of safeguarding assets and verifying their existence
- The economy and the efficiency with which resources are employed
- The extent to which the risks related to the achievement of the University's strategic objectives are appropriately identified and managed
- The extent to which the operations and programs of the University are consistent with its objectives, values and goals
- The extent to which information technology governance sustains and supports the University's strategies and objectives
- The ethics objectives and activities of the University
- The potential for fraud and the management of fraud risk

Reporting

The CAE will report periodically to senior management and the JACC regarding:

- AMAS's purpose, authority, independence, scope and responsibility
- AMAS's activity plan and performance relative to its plan
- AMAS's conformance with the IIA's Global Internal Audit Standards, including the principles of Ethics and Professionalism and actions plans to address significant conformance issues
- AMAS's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.
- Significant risk exposures and control issues, including fraud risks, governance issues and other matters requiring the attention of or requested by the JACC
- Results of audit engagements and other activities
- Status of management's corrective actions on reported deficient conditions and the ineffective implementation of significant agreed upon corrective actions

- Resource requirements and the impact of resource limitations, including budget and staffing resources

- Any response to risk by management that may be unacceptable to the University

Approval of Charter

Presented for approval by the Joint Audit and Compliance Committee
Date: December 19, 2024

ATTACHMENT 3.4

ATTACHMENT 3.4

University of Connecticut
Joint Audit and Compliance Committee
Charter

Purpose

The primary function of the University of Connecticut and University of Connecticut Health Center (herein after referred to as the "University") Joint Audit and Compliance Committee (the "Committee") is to assist the University of Connecticut Board of Trustees and the University of Connecticut Health Center Board of Directors (herein after referred to collectively as the "Board") in fulfilling their oversight responsibilities relating to the integrity of the University's financial statements and systems of internal control; the effectiveness of the University's compliance with legal and regulatory requirements; and the performance of the University's Office of Audit and Management Advisory Services and Office of University Compliance. In so doing, the Committee shall maintain free and open communication among the Committee members, management, the internal auditors, external auditors and compliance officers/staff of the University. The Committee shall take all appropriate actions to set the overall University tone for a culture of compliance, accurate and high-quality financial reporting, sound business risk practices, compliance with all applicable policies, laws and regulations, and ethical behavior.

Membership

The Committee shall consist of seven members all of whom are independent of management and the University. Four members will be selected from the University of Connecticut Board of Trustees and three members will be selected from the University of Connecticut Health Center Board of Directors. Members of the Committee shall be considered independent absent the acceptance of any consulting, advisory, or other compensatory fee from the University and are not affiliated persons of the University, its subsidiaries or management.

A majority of Committee members shall be "financially literate" and at least one member shall be a "financial expert." Financial literacy is defined as being able to read and understand fundamental financial statements. Financial expert is defined as a person who has an understanding of generally accepted accounting principles and financial statements, experience applying such principles, experience preparing or auditing financial statements, experience with internal controls, and an understanding of audit committee functions. Cyber knowledge and competency in at least one member is desirable.

Roles and Responsibilities

1. Internal Control

Provide oversight of the University's internal control structure and management practices by considering the effectiveness of the University's internal control system, including information technology security and control.

Assure that management is setting the appropriate tone in communicating the importance of internal control, confirming that all individuals have an understanding of their roles and responsibilities, and verifying that appropriate systems are implemented to promote appropriate compliance with internal control procedures.

Evaluate the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing critical business information in the event of a system's disruption or failure.

Determine whether internal control recommendations made by internal and external auditors have been implemented by management.

Ensure that personnel of the Offices of Audit and Management Advisory Services and University Compliance provide timely information to the Committee regarding fraud, illegal acts, deficiencies in internal control, and other audit and compliance matters.

2. Financial Reporting

General

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the University's financial statements.

Review significant financial reporting risks and exposures and management's plans to minimize such risks.

Annual Financial Statements

Assess the completeness of the annual financial statements and the consistency of the information presented therein with information known to Committee members and assess whether the financial statements reflect appropriate accounting principles.

Review the annual report before its release and consider whether the information is adequate and consistent with members' knowledge about the University and its operations.

3. Compliance with Laws and Regulations

Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disclosure, repayment and disciplinary actions) on any fraudulent acts or other irregularities.

Periodically obtain updates from management and the University's counsel, regarding compliance issues and the overall compliance programs at the University.

Ascertain that all regulatory compliance matters have been considered in the preparation of the financial statements and other required reports.

Review the findings of any significant compliance or audit examinations by regulatory or other outside agencies and the related organizational response.

4. The Offices of Audit and Management Advisory Services, and University Compliance

Review and confirm that the University has the appropriate structure, staffing and capability to effectively carry out the internal audit and compliance responsibilities.

Concur in the appointment, replacement, reassignment, or dismissal of the Chief Audit Executive and the Chief University Compliance Officer.

Review and approve the key action plans of the audit and compliance functions.

5. External Auditors

Appoints, reviews contracts and approves fees of outside auditors.

Establishes policies that advance management and trustee independence of outside auditors, including "revolving door" employment restrictions and prohibiting external auditors from providing management-consulting services.

6. Other Responsibilities

Exercise authority related to the timely receipt, discussion and appropriate action arising from significant audit or compliance findings and recommendations made by internal auditors and compliance staff, external auditors, including the Auditors of Public Accounts, regulators, or other outside agencies.

Review legal matters that could have a significant impact on the University's financial statements with the University's counsel.

Review and update the Committee charter.

Regularly update the Board on Committee activities, any key external audit issues and/or regulatory reviews, with appropriate, accompanying recommendations.

Review and approve the University's standards of conduct and other compliance-related policy guidance.

Resources and Authority

The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the University and the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

Meetings

A majority of the members of the Committee will constitute a quorum for the transaction of business. The Chief Audit Executive and Chief University Compliance Officer shall cause the minutes of all committee meetings to be prepared and will review the minutes with the committee chair and shall provide the minutes of all meetings to all committee members and the Secretary of the Board of Trustees.

The Committee may request any officer, employee, outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

As part of its responsibility to foster open communication, the Committee shall provide sufficient opportunity for the internal auditors, compliance staff, and external auditors, including the Auditors of Public Accounts, to meet privately with the Committee. At least annually, or as needed, the Committee shall meet separately with the Chief Audit Executive and the Chief University Compliance Officer and management.

The Chief Audit Executive and Chief University Compliance Officer shall have complete and direct access to the committee in a matrix reporting relationship.

Adoption of Charter

Presented for approval by the Joint Audit and Compliance Committee on December 19, 2024

ATTACHMENT 4.1

ATTACHMENT 4.1

UNIVERSITY COMPLIANCE

Joint Audit and Compliance Committee
Significant Compliance Activities
September-November2024

7 Elements of an Effective Compliance Program

1 – Standards of Conduct, Policies, Procedures	2 – Leadership and Authority	3 – Education and Development	4 – Monitoring and Auditing	5 – Reporting and Investigations	6 – Response and Prevention	7 – Accountability and Incentives

Significant Compliance Activities – Office of University Compliance (OUC)	Program Element
To date, OUC has received 171 reported concerns in 2024. A more detailed report regarding investigation and Reportline activity is included in the packet for review.	
On November 1, 2024, the University's Minor Protection Program (MPP) was moved into the Office of University Compliance (formerly housed in Human Resources). The Compliance and Youth Protection Coordinator Julie Guild is responsible for the coordination and facilitation of the MPP for UConn and UConn Health.	
Educational email campaigns (18) were developed and disseminated to the UConn and UConn Health communities on topics such as Malign Foreign Talent; Privacy Reminders; Political Activity for State Employees; Export Control Regulations; and Reporting Compliance Concerns. OUC also hosted the annual WebEx event on the Gift Rules.	
University Compliance partnered with Human Resources to launch an electronic Conflict of Interest disclosure form and workflow process through Kuali Build, effective December 1. The new form will streamline processes for disclosure and management of potential conflicts of interest under the State Code of Ethics. OUC also created a resource page relative to the COI form, found here.	
University Compliance developed an interactive tool to assist UConn employees in determining whether outside employment is permissible under the State Code of Ethics.	
OUC launched a three-part manager series designed to assist in operationalizing a culture of compliance. The first event was in partnership with the Ombuds Office on Navigating Difficult Employee Conversations; the second was in partnership with Human Resources on Building an Effective Team Culture; and the third is scheduled for early 2025 in partnership with Audit and Management Advisory Services on Preventing Non-Compliance Through Control Functions.	
The University Compliance and Ethics Committee (UCEC) met in October.	
OUC Launched a targeted training program for UConn Health Policy Manual Owners, providing a 90-minute, highly interactive experience to ensure skill and competency development relative to policy process management. Currently 125 UConn Health employees have completed the training.	

UCONN | UNIVERSITY OF CONNECTICUT
UNIVERSITY COMPLIANCE

Joint Audit and Compliance Committee
Significant Compliance Activities
September-November 2024

7 Elements of an Effective Compliance Program

1 – Standards of Conduct, Policies, Procedures	2 – Leadership and Authority	3 – Education and Development	4 – Monitoring and Auditing	5 – Reporting and Investigations	6 – Response and Prevention	7 – Accountability and Incentives

Significant Compliance Activities – Office of University Compliance (OUC)	Program Element
The Policy Team has launched a pilot project to have forms migrated into Policy Manager in collaboration with Health Information Management (HIM) at UConn Health	1, 2
The Policy Team has assisted multiple UConn Health Units in preparation for accreditation or reaccreditation visits. This included Continuing Medical Education (CME), the Department of Pathology and Laboratory Medicine. Additionally, they provided assistance with a recent visit by the Joint Commission where the team facilitated the review and approval process of 34 policy documents in four days.	1, 2
The Policy Migration Team worked to decommission UConn Health's old policy site, which required decommissioning of 750 media files, removing them from public view and ensuring document version control through Policy Manager.	1

Additional Updates:

- The Compliance Investigator position became vacant in early October and launched a search for a replacement. In November, Claire Murray accepted the position and will begin in OUC on December 13. Claire has worked for the University since June of 2018 and was most recently the Audit Director at UConn Health for AMAS. Welcome, Claire!
- Kim Fearney (AVP/Chief Compliance Officer) and Kim Hill (Director of University Compliance) presented at the National SCCE Higher Education Compliance virtual conference in October of 2024 on *"Using Education and Awareness to Enhance Compliance Program Effectiveness."*

ATTACHMENT 4.2

ATTACHMENT 4.2

UCONN | UNIVERSITY OF CONNECTICUT
UNIVERSITY COMPLIANCE

Reportline and Investigation

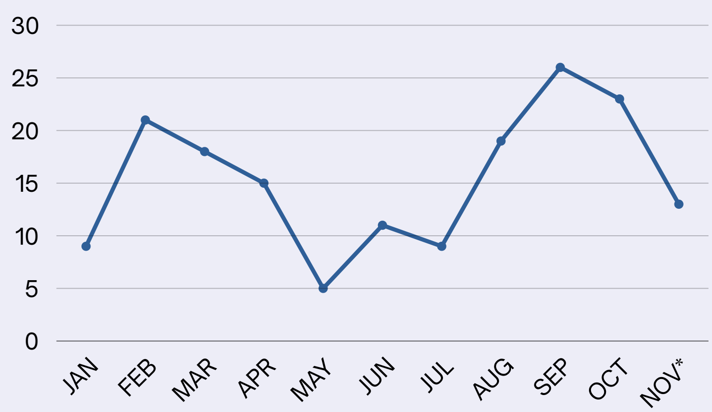
JANUARY - NOVEMBER 2024

Overview

The Office of University Compliance (OUC) saw a record year for the total number of reported concerns it received since the inception of the Compliance Program. This includes a **119% increase** in number of reports received between 2020 and 2024.

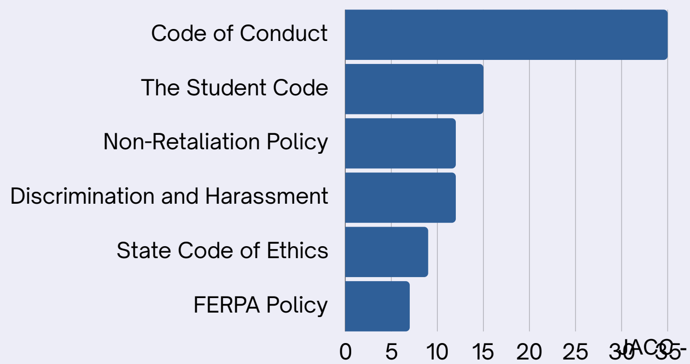
While the types of reports remained generally similar to years past, University Compliance noted an increase in reports related to Privacy and Retaliation. Additionally, an increase of reports related to student behavior was noted.

2024 Reports Submitted by Month



*Total number of reports for November are incomplete

2024 Most Implicated Policies



2024 Reportline Activity to Date

171
Total Reports

113
UConn

57
UCH

64% Anonymously submitted a report

77% Reporters identified as being an employee or student

49% Utilized the Reportline Webform to submit their concern

327
Follow-Up Communications

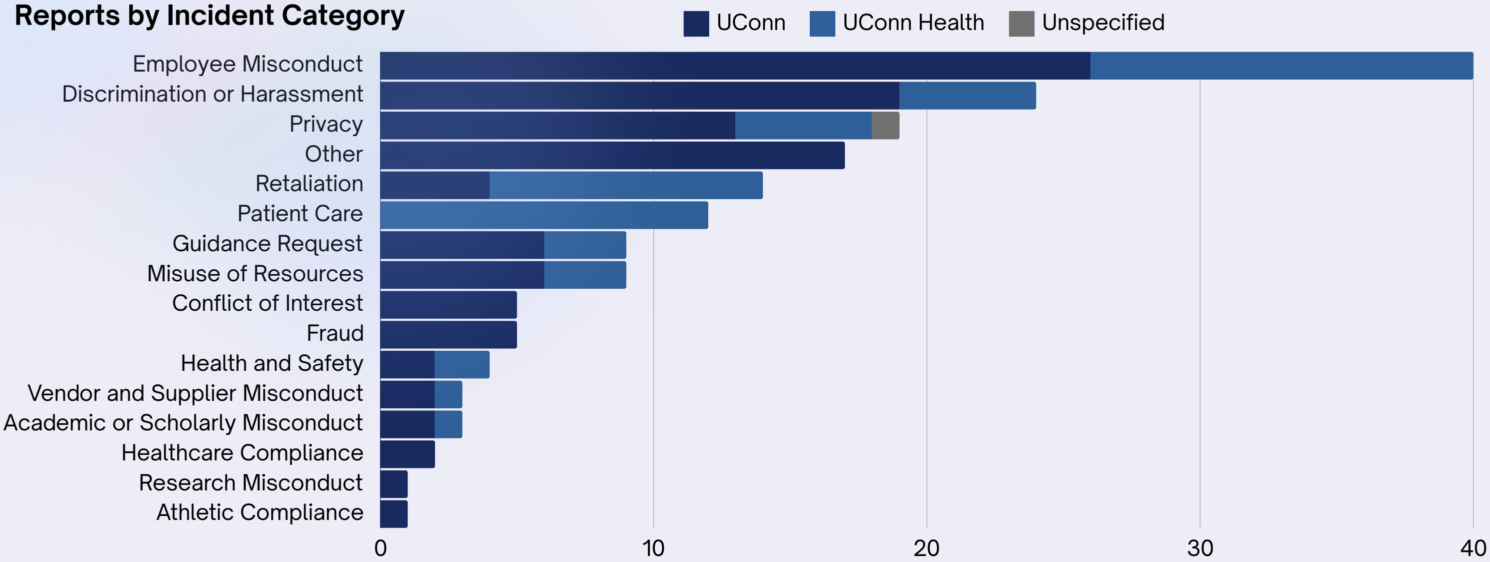
267
(OUC)

60
(Reporter)

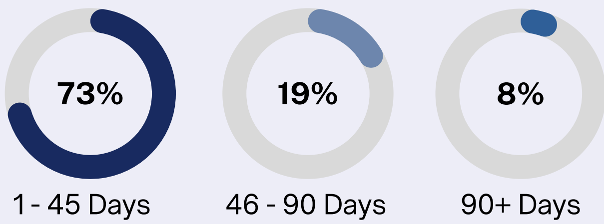
In addition to the 171 initial reports, there have been 327 follow-up communications to date, of which ~18% were from reporters and ~82% were from OUC. This does not include phone calls or emails outside of EthicsPoint

**Data as of 11/25/2024*

Reports by Incident Category



2024 Case Closure Rate

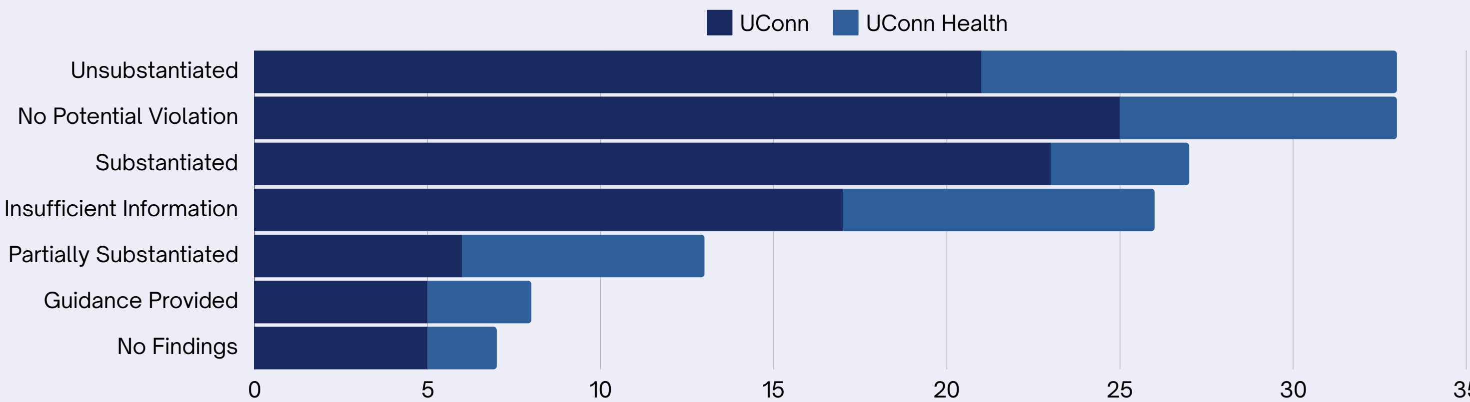


Case closure rate measures the amount of time from when a report is received to when it is closed.

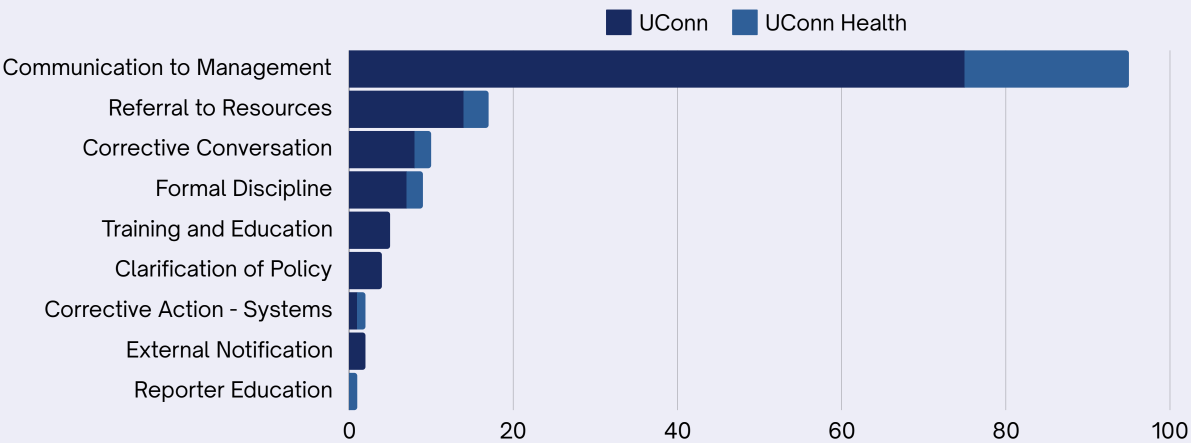
As cases close, these numbers will change.

83% Closed

2024 Investigation Findings



2024 Actions and Recommendations



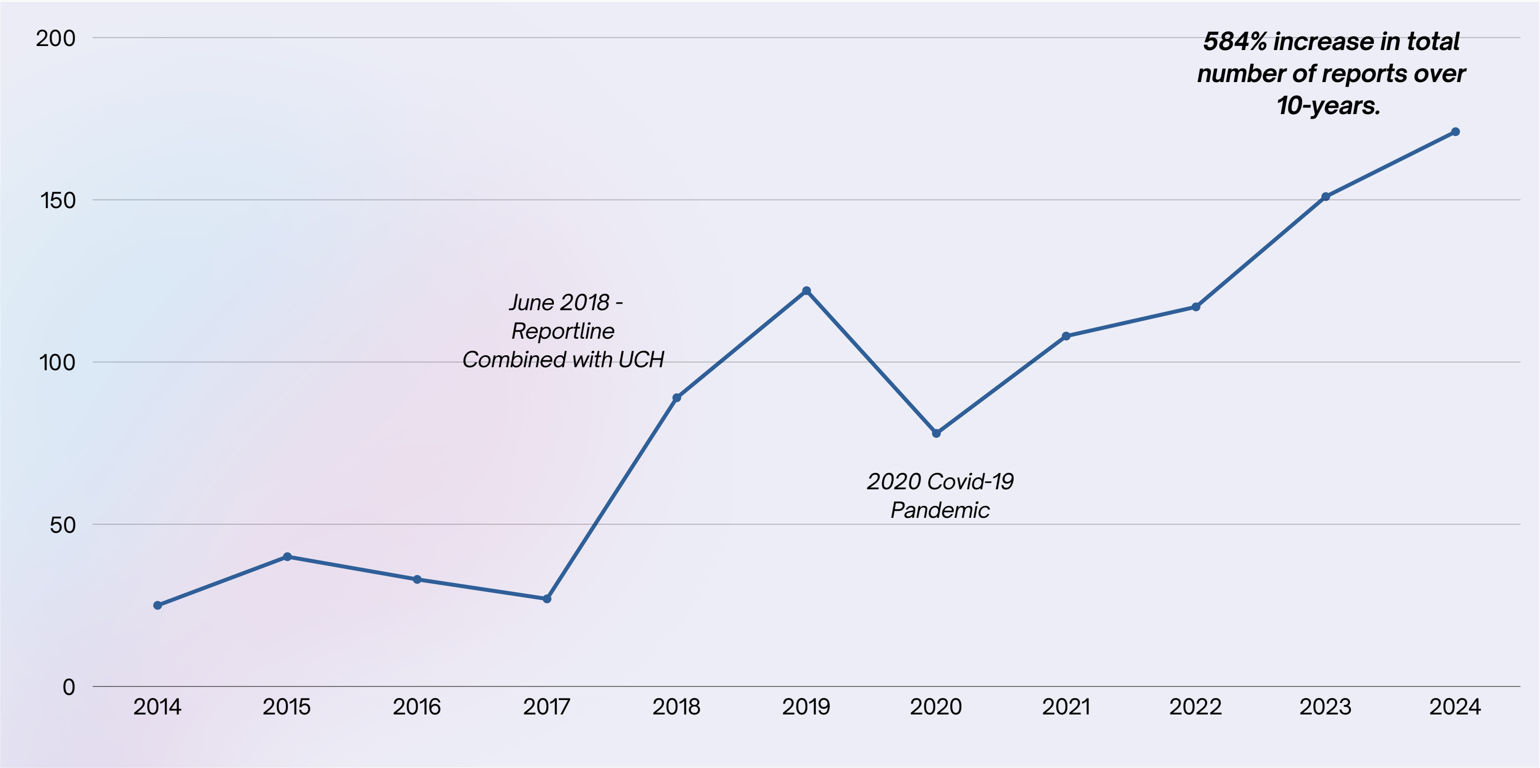
142
Closed Cases

143
Outcomes

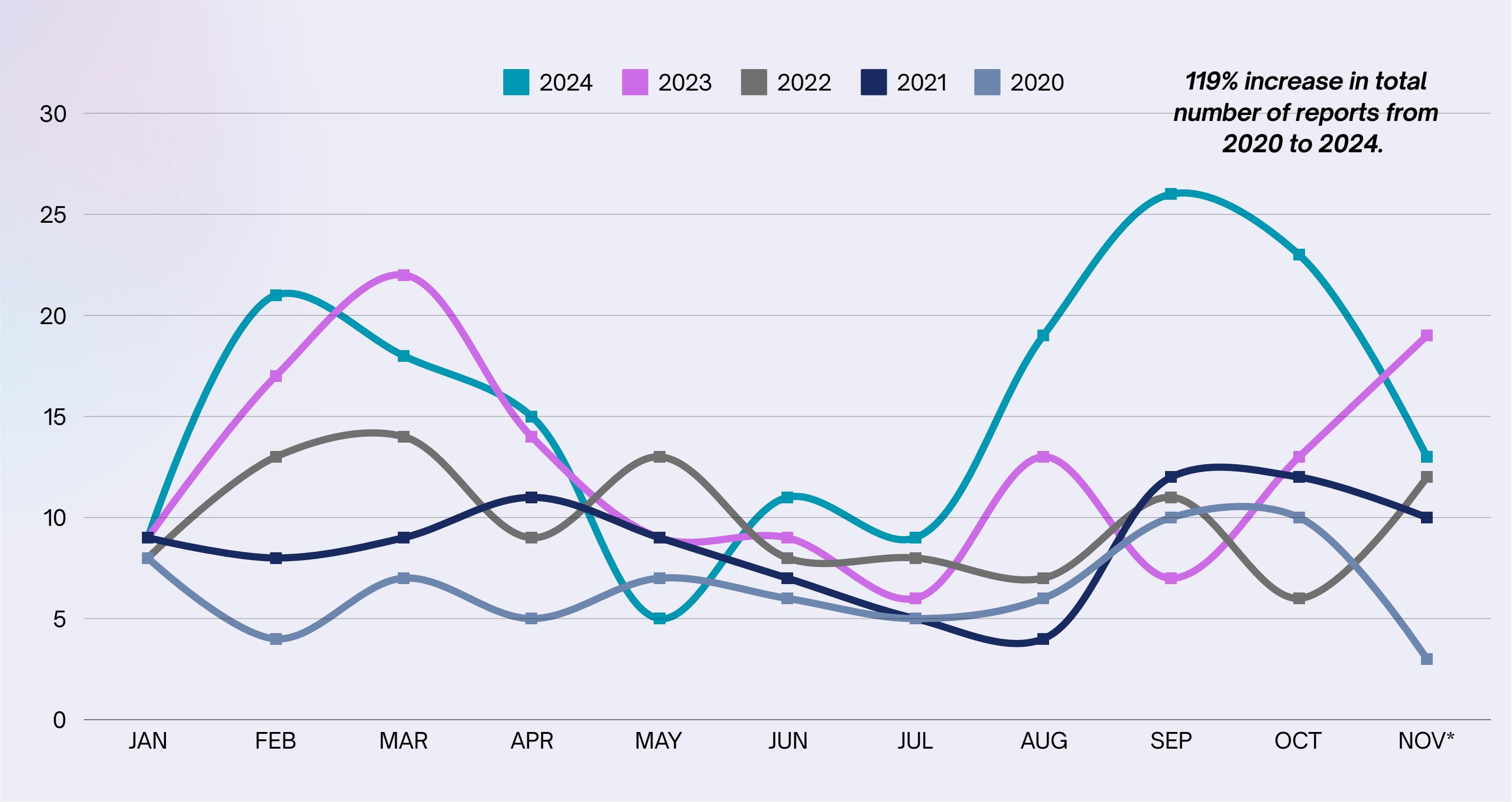
Actions and recommendations are regardless of finding. Additionally, one matter may result in multiple recommendations or none at all.

**Data as of 11/25/2024*

Reported Concerns: Ten Year Comparison (2014-2024*)

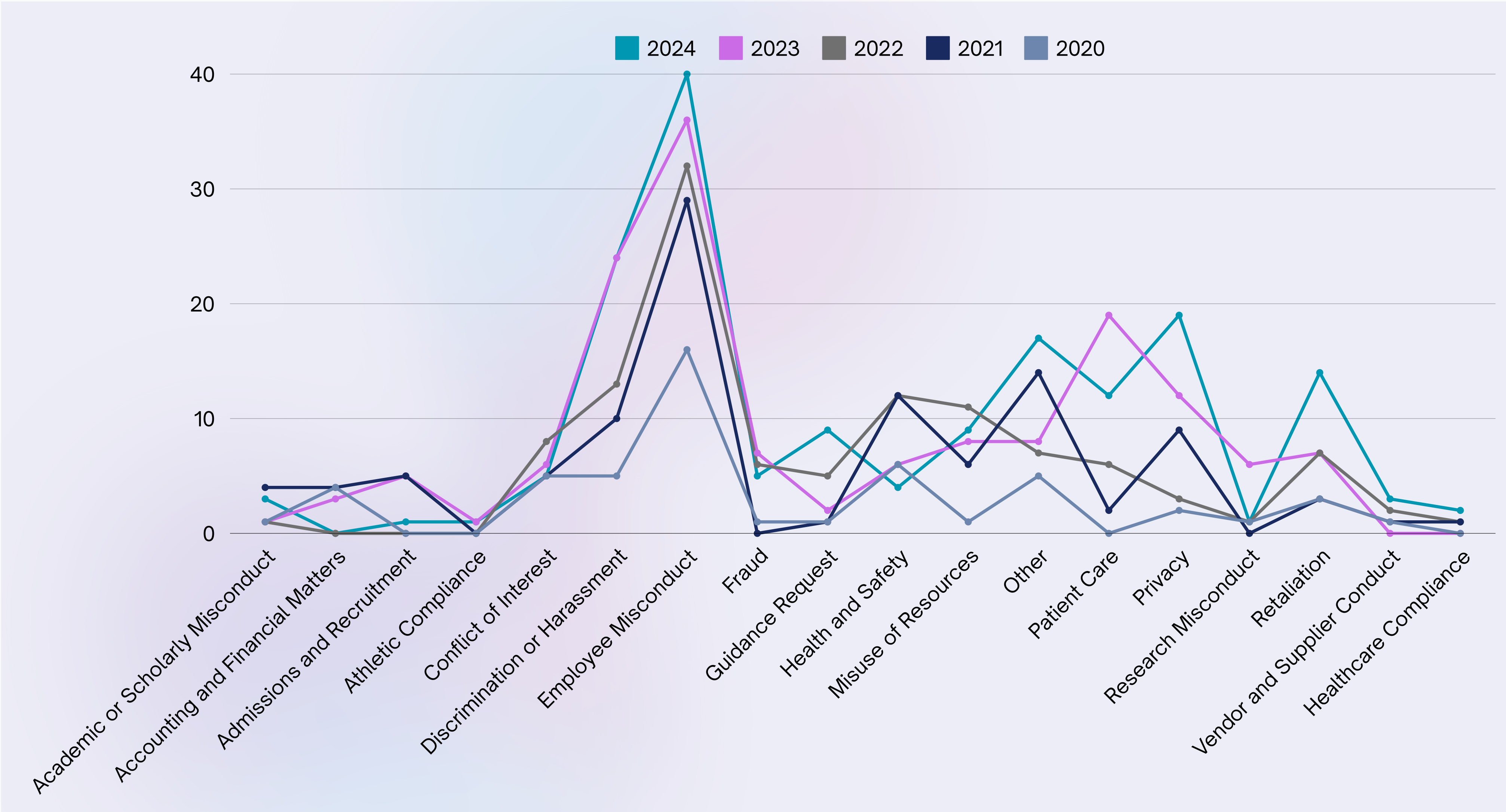


Reported Concerns: Year-Over-Year Comparison by Month (2020-2024*)



*Data as of 11/25/2024

Year-Over-Year Comparison Incident Category (2020-2024*)



**Data as of 11/25/2024*

UCONN | UNIVERSITY OF CONNECTICUT
UNIVERSITY COMPLIANCE

Education and Awareness

2024 ANNUAL JACC REPORT

Annual Graduate Assistant Compliance and Ethics Training

This year's training included a track for new Graduate Assistants and a separate track for returning Graduate Assistants. Training included content on the UConn Code of Conduct, the Guide to the State Code of Ethics, and Key Reminders on the Family Educational Rights and Privacy Act (FERPA), Export Control Regulations, and Accessibility in Online Courses and Communications (new Graduate Assistants only).

LAUNCH: SEPTEMBER 18
DEADLINE: DECEMBER 1

THIS YEAR'S TRAINING WAS OFFERED ONLINE THROUGH LEARNING@WORK.

72%

RATE OF GAS WHO HAVE TRAINING COMPLETE OR IN PROGRESS AS OF NOVEMBER 21.

Annual Graduate Assistant Compliance Training Feedback*

*AS OF NOVEMBER 21

25%
Response Rate

531
Number of Responses

96%

AGREED OR STRONGLY AGREED THAT THEIR KNOWLEDGE AND/OR UNDERSTANDING OF THE CONCEPTS WERE INCREASED BY THE TRAINING.

92%

RATED THE OVERALL EFFECTIVENESS AS EFFECTIVE OR HIGHLY EFFECTIVE.

95%
Agreed or Strongly Agreed that the content was clear and easy to understand.

89%
Agreed or Strongly Agreed that the concepts were presented in an engaging way.

93%
Agreed or Strongly Agreed that the scenarios and examples helped them understand the content.

Annual Graduate Assistant Compliance Training Feedback (Cont.)

What did you enjoy most about the training?

- Audio & Visuals
- Engagement
- Content Clarity
- Real-life Relevance

What did you enjoy least about the training?

- Duration
- Pace of Content Delivery
- Legal and Complex Content

Annual Employee Compliance and Ethics Training

This year's training included content on the UConn Code of Conduct, the Guide to the State Code of Ethics, and Key Reminders on the Family Educational Rights and Privacy Act (FERPA), the Drug-Free Schools and Communities Act (DFSCA), and Accessibility in Online Courses and Communications.

UConn Health

Launch: February 1
Deadline: March 30

This year's training was created in collaboration with the Office of Healthcare Compliance & Privacy and IT Security.

96%

CURRENT UCONN HEALTH TRAINING COMPLETION RATE AS OF NOVEMBER 11.

UConn Storrs and Regional

Launch: January 25
Deadline: May 31

This year's training was offered online through Learning@Work as well as live through WebEx.

99.9%

CURRENT UCONN STORRS/REGIONAL TRAINING COMPLETION RATE AS OF NOVEMBER 25.

Education and Awareness

01 **New Compliance Clips**

- Seven Elements of an Effective Compliance Program
- Creating Accessible Digital Content
- FERPA Tips for Families
- FERPA Tips and Takeaways
- Political Activity as State Employees
- Export Control
- Conflicts of Interest and Contracts with the State
- Hosting Youth Activities at UConn
- What Happens After a Report is Submitted?

02 **New Printable and Interactive Guides**

- Outside Employment Checklist
- Creating Accessible Digital Content
- Outside Activity Disclosures (Faculty Consulting)
- Policy Resources
- How to Report a Compliance Concern
- Accessing Student Information Online
- Inadvertent Disclosure: What to Do When it Happens
- Necessary Expenses/Gifts to the State Flowchart
- Post-State Employment Rules

Education and Awareness (Cont.)

03 **Webinar: UConn Brand Standards**

OUC partnered with University Brand Standards to host a live, virtual educational event on 2/1/24. We had 42 attendees.

04 **New Employee Orientation**

Content and format updated for UConn Health in March.

05 **New University Compliance and Privacy Websites**

compliance.uconn.edu launched in January.

privacy.uconn.edu launched in March and incorporated ferpa.uconn.edu, which has been retired.

06 **Policy Summer Webinar Series**

OUC hosted a three-part lunch and learn webinar series open to all employees in July and August on how to create a new policy (39 participants), reviewing and revising policies (29 participants), and policy-drafting best practices (64 participants; UCH included).

07 **Manager Certificate Program**

OUC hosted a pilot certificate program for managers and supervisors on the Stamford campus called *Leading with Integrity: A Manager's Guide to Compliance and Ethics*. Seven participants earned their certificate. The program will launch in Storrs on a larger scale in the spring.

08 **Manager Webinar Series**

OUC partnered with the University Ombuds, Organization Development (HR) and AMAS to host a three-part webinar series for managers and supervisors. The first session with the University Ombuds on 11/13/24 had 70 participants. The second session with HR will take place 12/3/24, and the third with AMAS is scheduled for 1/15/25.

08 **Conflict-of-Interest Education and Development**

OUC partnered with HR to create a new online conflict of interest disclosure form with a built-in approval workflow.

OUC also created a new educational webpage on managing conflicts of interests, and new interactive educational tools on outside employment and outside activity based on professional experience (faculty consulting).

09 **67 Educational Email Campaigns**

See data below.
See attachment for a sample.

Educational Email Data

46%

Overall Average Email Open Rate

6.09

Average Number of Communications Each Month

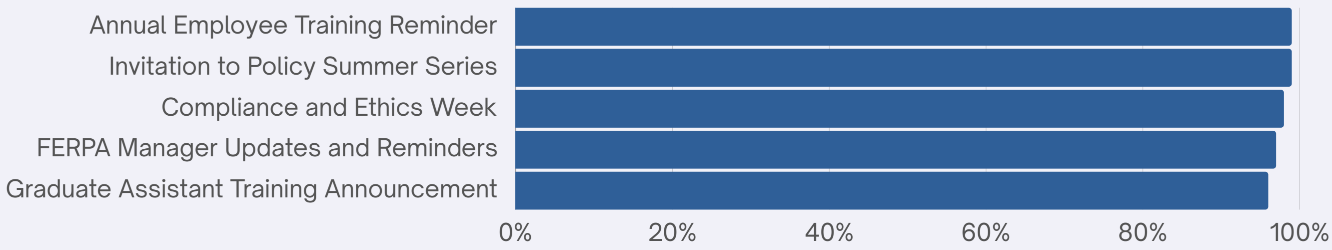
January - December 2023: 36%
Constant Contact National Average: 36%

Educational Email Data (Cont.)

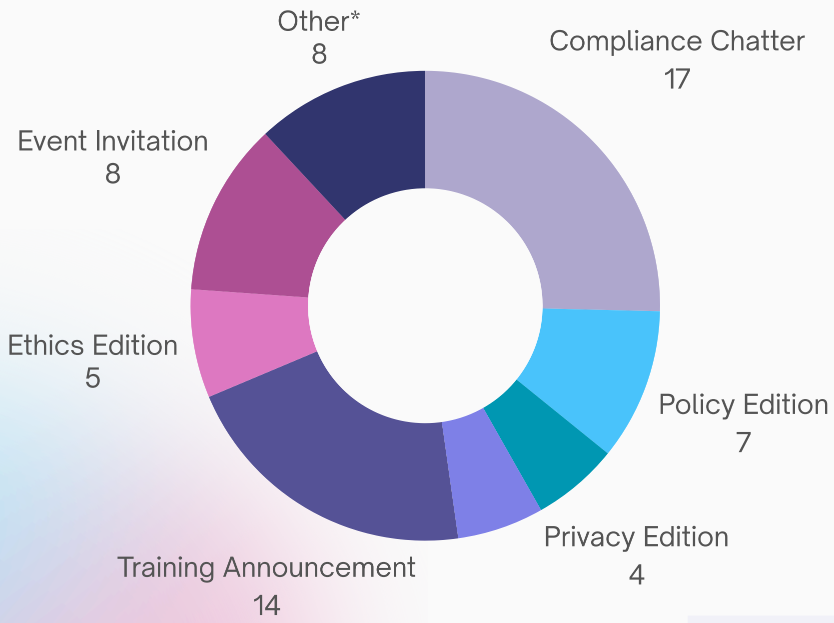
Average Open Rate by Audience

Only UConn Storrs/Reg.	Only UConn Health	All Campuses
53%	35%	43%

Campaigns with Highest Open Rates



Emails Sent by Series



**Other includes a Survey Invitation, SFI Filing Reminders, Event Follow-ups, and information on the new FCOI (research) form.*

UCONN | UNIVERSITY OF CONNECTICUT

UNIVERSITY COMPLIANCE

Policy Management

2024 ANNUAL REPORT

Overview

The Office of University Compliance supports the policy management process at UConn and UConn Health. This occurs in collaboration with senior leadership, policy owners, and the policy migration team at UConn Health.

UConn Health Policy Migration

In 2024, the Policy Team focused on continuing the migration of documents into policy manager and working to define and apply workflows, allowing for automated review cycles and collaborative editing of documents and digital approval signatures.

2649
Total Documents in Policy Manager

2035
Workflow Process Applied

77% Documents with a Workflow

279
Documents Decommissioned

164
Manual Owners Identified

71% Current

29% Outdated

77% of documents in Policy Manager have an applied workflow, with a defined automated review cycle and process.

Documents that were decommissioned decreased by 38% from 2023 to 2024. This is likely due to early efforts to remove duplicative documents.

Manual Owners were identified and to date 118 (72%) have completed training aid with policy management and process maintenance.

The number of outdated documents went up by 2%, likely due to the increase in total number of documents. This number should drop with the application of automated workflows.

UConn Storrs and Regionals

13 Revised

5 New

3 Archived

The current total number of University Policies at UConn is 204. UConn's Senior Policy Council (SPC) met four times in 2024 resulting in 13 revised policies, 5 new policies, and 3 policies were decommissioned and archived. The SPC is slotted to meet in December. A full list of policy updates for Storrs/Regionals can be found on the Recent Policy Updates website.

2024 Initiatives Completed

Training was provided in various formats including a formal Advanced User Training for Manual Owners as well as informal, optional introductory training and task management training. The Policy Team has also had defined drop-in sessions where users can ask questions and get individualized education.

Policy writing events were launched this year with the goal of informing policy owners on the policy management process, enhancing policy writing skills, and growing an understanding of policy best practices.

Policy Manager User Feedback Survey was launched to the UConn Health community. Additional options for user feedback will be hosted on the HUB. The feedback provided so far has been used to inform training and education as well as targeted communication.

Work was done to continue to provide structure to the policy management process at UConn Health including codifying definitions for consistency and developing a policy glossary to house standard definitions and document classifications.

Information as of 11/25/2024

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ATTACHMENT 4.3

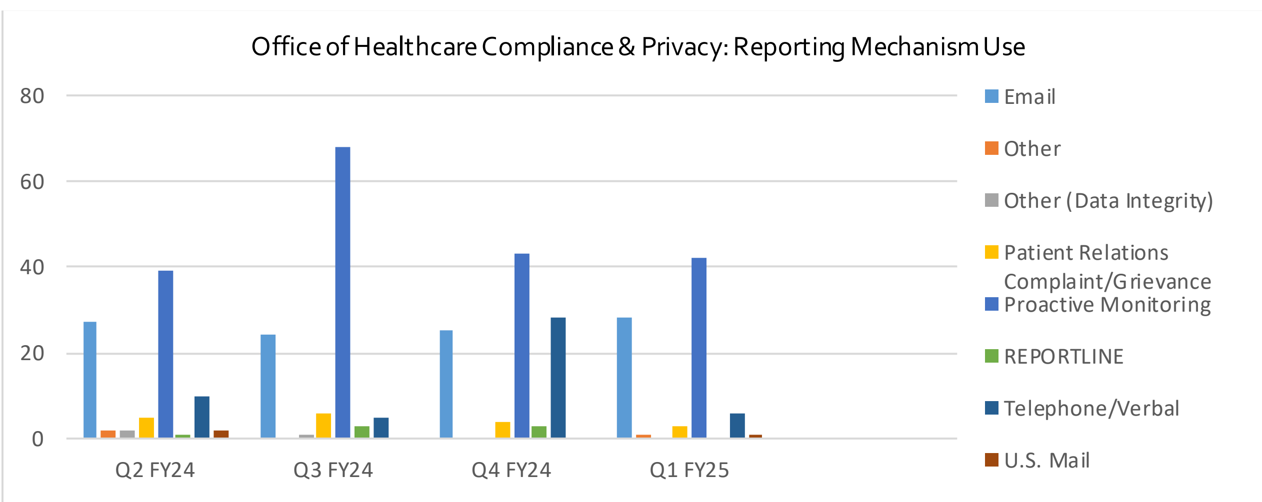
ATTACHMENT 4.3

1. Policies, Procedures, and Standards of Conduct	
Program Policies	Of twenty-six (26) current OHCP policies, nineteen (19) are overdue for approval. Three of those are part of collaborative revision projects and two are expected to be retired this fiscal year. The OHCP recently changed the review cycle for its policies from three (3) years to one (1) year, which caused several policies to become overdue that were not under the previous review cycle. Efforts are underway to bring these policies forward for committee review.

2. Oversight	
Healthcare Compliance & Privacy Committee	First meeting of FY25 is scheduled for February 21, 2025.
Office of Healthcare Compliance & Privacy	**Compliance Specialist (vacancy):** Posting under development as department awaits arrival of new AVP. **AVP, Chief Healthcare Compliance & Privacy Officer:** Michael Dwyer joined the OHCP in this role on December 13, 2024.

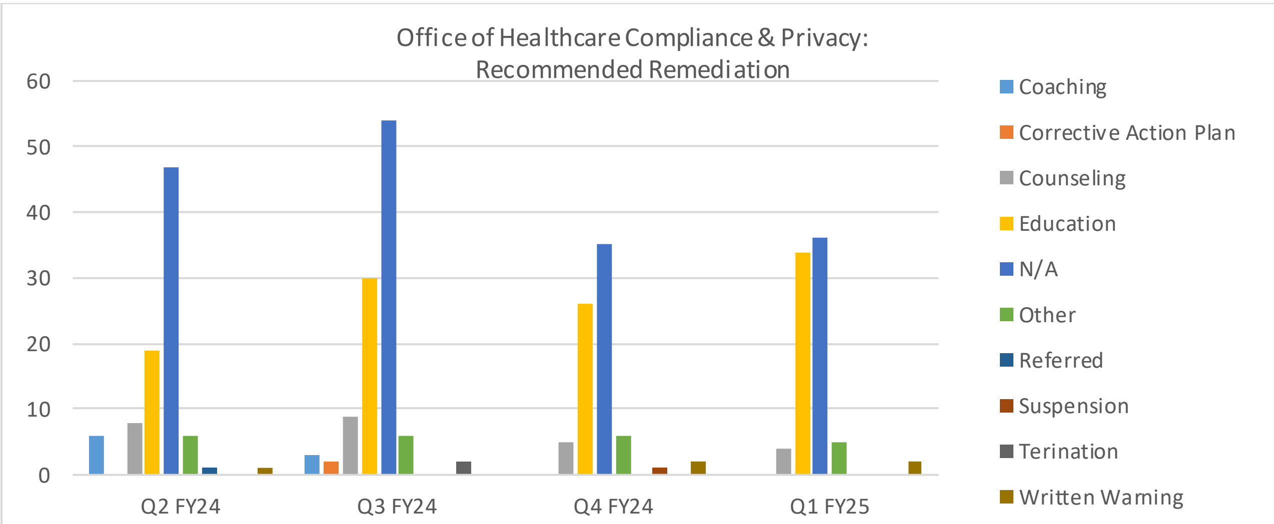
3. Education & Training	
Annual Mandatory Training	The 2025 Annual Training will launch in January 2025. OHCP will launch with IT Security and OUC, but unlike last year each discipline will be its own training.
Privacy Educational Packet	OHCP developed new privacy education on disclosing PHI to law enforcement, sharing PHI with a patient's friends and family, and the use of personal devices and PHI.

4. Reporting & Communication

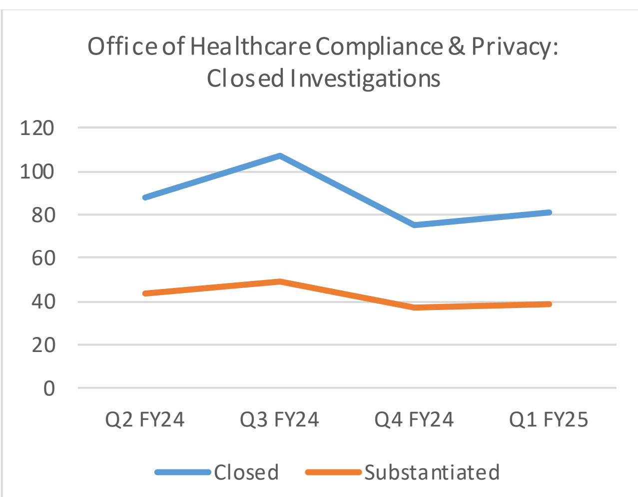


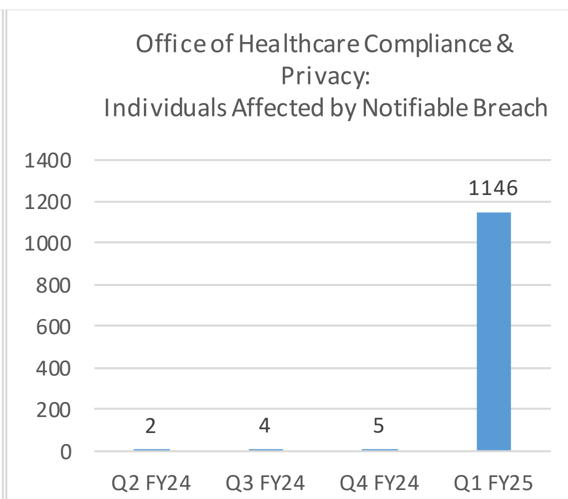
5. Auditing & Monitoring	
Office of Healthcare Compliance & Privacy (OHCP) Work Plan	There are no major discrepancies noted in any assessments.

6. Enforcement & Discipline



7. Response & Prevention	
Compliance & Privacy Risk Assessment and OHCP Work Plan Development	The risk assessment has been developed and is being shared with senior leadership.





ATTACHMENT 4.4

ATTACHMENT 4.4

UCONN
UNIVERSITY COMPLIANCE

Compliance Chatter

Export Control

Export Control laws are federal regulations that impact research, collaborations, and international travel and engagement. Specifically, these laws govern how certain information, technologies, and commodities can be transmitted overseas or to foreign nationals on U.S. soil.

Because so many of us are involved in research and travel, it is important to be familiar with these regulations and to know when to ask for guidance.

Learn More About Export Control at UConn

Did you know?

Traveling with UConn-owned equipment, like a laptop, outside the U.S. may require a license or authorization even if not traveling for research purposes.

LEARN MORE

UConn's Research Integrity & Compliance Unit

within the Office of the Vice President for Research offers support and training to faculty, students and staff on export control regulations.

LEARN MORE

Have an idea for a future Compliance Chatter topic?

SHARE YOUR IDEA WITH US

REPORT A CONCERN

CONTACT US

CONNECT ON LINKEDIN

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COMPLIANCE CHATTER: ETHICS EDITION

Political Activity

Election season is here and UConn values civic and community engagement.

Remember that UConn employees are also state employees, so it is important to understand the guidelines for political activity.

NEW Compliance Clip: Political Activity

Key Takeaways

There are two general rules that UConn employees must follow when it comes to political activity.

1. University resources may not be used for political or campaign purposes such as time, email, phones, or office supplies.
2. The University may not participate in partisan political or campaign activities.

See the ***Guidelines for Political Activity*** for more on permissible and prohibited activities, and FAQs.

Guidelines for Political Activity

Additional Resources

Explore more Compliance education resources.

Compliance Clips and Chatters

Have an idea for a future Compliance Chatter topic?

Share Your Idea With Us

INDIVIDUAL RESPONSIBILITY • INSTITUTIONAL SUCCESS

Report a Concern **Contact Us**

UNIVERSITY COMPLIANCE

COMPLIANCE CHATTER

The Malign Foreign Talent Program Participation Policy

UConn has introduced a new Malign Foreign Talent Program Participation Policy. This policy establishes the framework for researchers to comply with the **CHIPS and Science Act of 2022**, in which the National Science Foundation, Department of Defense, and other federal funding agencies prohibit sponsored research personnel from participating in Malign Foreign Talent Recruitment Programs (MFTRPs).

What is an MFTRP?
A talent program requiring one or more problematic actions and having problematic sponsorship (CHIPS and Science Act of 2022, 42 U.S.C. § 19232). A detailed approach to the definition is available **here**.

What You Need to Know

Why It Matters: This policy is designed to protect the integrity of research by regulating participation in foreign talent programs that could potentially pose security risks.

Who It Affects: Anyone involved in federally-funded international research projects is impacted. The policy refers to these individuals as "covered individuals." See the full definition of a "covered individual" **in the policy text**.

What Steps to Follow: All individuals listed in proposals to Federal Research Agencies must certify they are not involved in **Malign Foreign Talent Recruitment Programs**.

Various offices and individuals are responsible for specific tasks:

Responsible Party	Required Task(s)
Principal Investigator	Ensure all Covered Individuals on the award understand their responsibilities and report any concerns to Research Security Services for review.
Covered Individual	Certify as part of the proposal submission that they are not currently participating in, nor will they participate in, a Malign Foreign Talent Recruitment Program. Such certification must be renewed annually for the duration of the award.
Office of the Vice President for Research (OVPR)	Collect COI reporting forms from Covered Individuals.
Office of the General Counsel	Advise Research Security Services with the review of activities that may be considered Malign Foreign Talent Recruitment Programs.

Faculty Consulting Offices	Review consulting requests for involvement in a Malign Foreign Talent Recruitment Program and will facilitate the review of any requests of activities occurring in or with an entity of a maligned foreign country in coordination with Research Security Services
Research Security Services	Review activities that may be considered Malign Foreign Talent Recruitment Programs in coordination with all relevant offices.
Sponsored Program Services	Collect certifications from Covered Individuals on a per-proposal basis and for funded awards, confirm on an annual basis and will certify to Federal Agencies that this policy exists and, if required, that Covered Individuals are compliant with this policy.

Review the full policy for detailed guidance on compliance and approvals.

Malign Foreign Talent Program Participation Policy

Have questions or need assistance?

Contact the Office of the Vice President for Research (OVPR).

UConn Storrs/Regional OVPR

UConn Health OVPR

Additional Resources

Explore more Compliance education resources.

Compliance Clips and Chatters

Have an idea for a future Compliance Chatter topic?

Share Your Idea With Us

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Report a Concern

Contact Us

Additional artwork provided by flaticon.com

HEALTHCARE COMPLIANCE & PRIVACY AND IT SECURITY MATTERS

Workforce Members Use of Personal Devices and PHI

OHCP offers this resource highlighting UConn Health Policy 2019-01-Acceptable Use and explains what it means for you.

Read More

Keep your data safe!

Keep your data safe by locking your computer when you leave it unattended. To do so, select the "Windows key" + L.

Office of Healthcare Compliance & Privacy
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.6060 **Fax:** 860.679.1016

UCONN HEALTH

HEALTHCARE COMPLIANCE & PRIVACY AND IT SECURITY MATTERS

Celebrate Cybersecurity Month and Compliance Week

IT Security and the Office of Healthcare Compliance & Privacy (OHCP) have joined forces to celebrate Cybersecurity Month and Compliance Week throughout October.

Read More

What to do if you receive a Duo prompt

If you receive a Duo prompt, your username and password have been entered into a UConn system. Only choose **ACCEPT** if you are attempting to login. If it is NOT you, choose **DENY**, change your password, and contact the UConn IT Service Desk!

[Office of Healthcare Compliance & Privacy]
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.6060 **Fax:** 860.679.1016

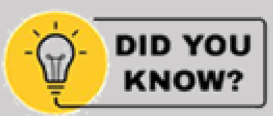
UCONN HEALTH

HEALTHCARE COMPLIANCE & PRIVACY MATTERS

Reporting Compliance and Privacy Concerns/Incidents

Do you know what to do if you observe a possible compliance or privacy concern or incident? All UConn Health workforce members have a responsibility to report compliance and privacy concerns and incidents.

Read More



UConn's Reportline is supported by a third-party vendor and is staffed by professionals. It is available to anyone through phone, by an online web form, or through the mobile website with discrete intake and anonymous reporting options 24 hours a day, 7 days per week.

Office of Healthcare Compliance & Privacy
263 Farmington Avenue, Farmington, CT 06030

Phone: 860.679.6060 **Fax:** 860.679.1016

UCONN HEALTH

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ATTACHMENT 5.1

ATTACHMENT 5.1

University of Connecticut

Joint Audit & Compliance Committee Meeting

Public Session

December 19, 2024

UConn – Information Technology Services

Financials FY2025 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

Budget	$43.4 M
Forecasted Personal Services and Fringe Benefits	$30.0M
Forecasted Operating Expenses	$13.4M
Forecasted Carryforward	$ 0.0M

In FY2025, an additional operating budget of $1.4M was approved for Information Technology Services. This was offset by a rescission of $1.1M, resulting in a net $0.3M increase in the operating budget. The Collective Bargaining Increase amount of $1.1M was centrally funded.

Deferred maintenance funding, previously $1.7M per year, is no longer being provided. This represents a significant capital loss for ITS, which was previously used to manage the ongoing replacement for end-of-life servers and other critical equipment. The wired access layer refresh cabling project and ongoing replacement of wired and wireless equipment was funded at $5.0M.

Information Technology Staffing (as of 11/19/24)

- ITS has three new open positions.
- There have been three new hires since September 26, 2024.
- There have been three new Special Payroll hire since September 26, 2024
- Since September 26, 2024, there have been two separations.
- Since September 26, 2024, there have been no retirements.

Major Outages (as of 11/19/2024)

Outage Taxonomy	# of Issues	Systems Affected
Network Issue - Hardware	0	
Network Issue - Software	0	
Network Issue – Request Flood	0	
System Issue - Hardware	0	
System Issue - Software	0	
Third Party	0	

Total # of Major Outages: 0

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ATTACHMENT 5.2

ATTACHMENT 5.2

Joint Audit & Compliance Committee

December 19, 2024

UConn Health Information Technology Services

Public Session Key Takeaways

- Financials FY2025 Q1: $892,115 over budget.
- Staffing:
  - 5 open positions
  - 0 new positions
- Completed 29 projects between September – November 2024 or roughly 10 per month which is slightly above our rolling monthly average of 9/month.
- Three projects under the IT Infrastructure – Security Program were closed this period.
- Of the 3 active projects listed in the IT Infrastructure – Security Program that remain:
  - 2 Projects are in a Green status and on track
  - 1 Project is Yellow in a Watch status. This is due to continued technical and architecture issues deploying the new network.
- One meeting of IT Governance occurred to approve and prioritize major projects.
- IT Applications focus:
  - Delivery on key projects including:
    - New:
      EPIC Department builds (DEPs), UT Blood Bank (move), OPPV Palliative Care (new), CT 3 Occupational Therapy (move), CT 3 Speech Therapy (move), CT SCI/CBDC – go live estimated by end of Nov, but space won't be ready in Jan,
    - Deployment/Upgrades:
      High sensitivity Troponin, adding enteral nutrition products, L&D/OB Nurse Call System upgrade, Epic version Feb 2024, DOC GI Procedures with Observation Tele-Sitter, Epic's Hello World SMS Texting
  - Priority project work includes:
    - ServiceNow ITSM enhancements, ServiceNow Portfolio Mgmt implementation, Epic/Nuance DAX Ambient Listening pilot, IV Pump integration with Epic, Telestroke, Transfer Center.

Joint Audit & Compliance Committee

December 19, 2024

UConn Health Information Technology Services

Financials FY2025 Q1 Operating

State Appropriation and Tuition Budget and Forecasted Expenditures:

Budget	$13,643,923
Personal Services and Fringe Benefits	$8,682,571
Purchased Services	$5,853,467
FY25 Q1 Actual/Projected	$14,536,038/$13,643,923
Q1 Variance	$(892,115) over budget

Information Technology Staffing (as of 11/27/2024)

Open Positions, New Positions, Positions on Hold, Terminations, and the areas they represent.

1. Open Positions:
   a. 5 Open Technology Positions
2. New Positions:
   a. 0 new positions
3. Hold: none
4. Terminations: none

Outages (9/01/24- 11/27/24)

Outage	# of Issues	Duration	Systems Affected	Remediation
No major outages to report				

ATTACHMENT 6.1

ATTACHMENT 6.1

BOARD OF TRUSTEES

Joint Audit and Compliance Committee

2025 MEETING SCHEDULE

MEETING DATE	MATERIALS DUE DATE	LOCATION	TIME
Thursday March 27, 2025	Thursday March 06, 2025	Virtual	10:00 a.m.
Thursday June 26, 2025	Thursday June 05, 2025	Virtual	10:00 a.m.
Thursday September 25, 2025	Thursday September 04, 2025	Virtual	10:00 a.m.
Thursday December 11, 2025	Thursday November 20, 2025	Virtual	10:00 a.m.