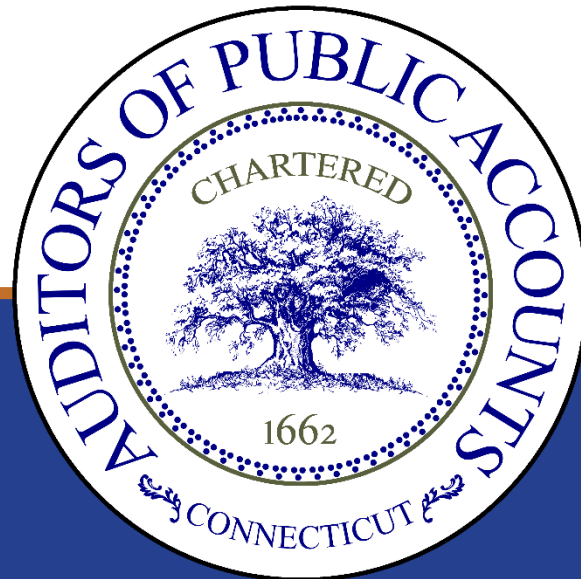


# AUDITORS' REPORT

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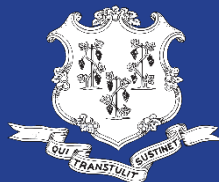
## **Charter Oak State College**

FISCAL YEARS ENDED JUNE 30, 2021 AND 2022



**STATE OF CONNECTICUT**  
Auditors of Public Accounts

**JOHN C. GERAGOSIAN**  
State Auditor



**CRAIG A. MINER**  
State Auditor

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

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CRAIG A. MINER

February 27, 2024

INTRODUCTION

We are pleased to submit this audit of Charter Oak State College for the fiscal years ended June 30, 2021 and 2022 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, or policies.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of Charter Oak State College during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Jamie Drozdowski  
Antonio Furtado  
Kaitlyn Lucas

A handwritten signature in black ink that reads "Jamie Drozdowski".

Jamie Drozdowski  
Principal Auditor

Approved:

A handwritten signature in black ink, appearing to be "John C. Geragosian".

John C. Geragosian  
State Auditor

# STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of Charter Oak State College disclosed the following five recommendations, of which two have been repeated from the previous audit:

## Finding 1

### Asset Management

#### Criteria

The State Property Control Manual and the Connecticut State Colleges and Universities Capital & Controllable Asset Manual require the college to use the Core-CT asset management module to record all capital and controllable property in the college's custody. Colleges must conduct a physical inventory each fiscal year and keep their Core-CT inventory records current. Colleges can only remove state-owned property from its assigned location with prior written permission from the appropriate agency head.

#### Condition

Our review of the college's assets disclosed the following:

- We reviewed the college's fiscal year 2022 physical inventory results and asset listing. The college identified three items, with costs totaling \$6,167, as disposed during the physical inventory process but did not properly update them as disposed in Core-CT.
- We reviewed all assets on the college's 2022 inventory listing. We found six assets with incomplete or incorrect asset categorization or asset costs in Core-CT. In five instances, the college did not list the asset categorization or asset cost in Core-CT. In one instance, the college listed an inaccurate asset categorization in Core-CT.
- Our review of the asset listing disclosed that the college purchased one controllable in July 2020 for \$499 that it never recorded in Core-CT, assigned a tag number, or tagged with a State ID.
- We reviewed 17 newly acquired controllable assets. The college did not promptly place six assets, with costs totaling \$4,074, into service. The college purchased these items using a purchasing card in October 2020 and did not place them into service until June 2021.

- We reviewed 15 assets on loan to employees. In one instance, the college permitted an employee to remove a scanner from the college without properly documented approval.

|                            |  |
|----------------------------|--|
| <b>Context</b>             | The college has approximately 223 in-service assets, including capital and controllable items, with asset costs totaling \$584,134. They purchased 107 controllable assets during the audit period, totaling \$155,470. There were 102 assets reported as on loan to employees as of fiscal year end 2022. We judgmentally selected 17 newly acquired assets, 15 assets on loan to employees, and the fiscal year 2022 physical inventory process and asset list for testing.  |
| <b>Effect</b>              | There is an increased risk of inaccurate reporting and loss of state property.   |
| <b>Cause</b>               | A lack of management oversight contributed to this condition.  |
| <b>Prior Audit Finding</b> | Similar findings have been previously reported in the last two audit reports covering the fiscal years ended June 30, 2017 through 2020.   |
| <b>Recommendation</b>      | Charter Oak State College should strengthen its internal asset management controls. The college should maintain complete and accurate inventory records, tag equipment in accordance with the State Property Control Manual and the Connecticut State Colleges and Universities Capital & Controllable Asset Manual. The college should also document the approval of equipment on loan to employees.  |
| <b>Agency Response</b>     | “Charter Oak State College agrees with this finding in part. Finance and technology personnel previously holding responsibilities for the recordkeeping of assets had their duties shifted to lead the College’s response to the pandemic. Charter Oak agrees with the exceptions identified in the records and believes them to be immaterial to the College’s operations as whole. The College believes the conditions exist because the College’s limited resources were allocated to higher priority operational matters.” |

## Finding 2

# Untimely Purchase Orders

|                            |   |
|----------------------------|---|
| <b>Criteria</b>            | Section 4-98(a) of the General Statutes states that no budgeted agency may incur any obligation except by the issuance of a purchase order transmitted to the State Comptroller to commit the agency's appropriations to ensure that funds are available for the purchase.  |
| <b>Condition</b>           | We reviewed 20 vouchers related to 19 purchase orders, totaling \$1,670,006 and noted funds were not committed timely for eleven, totaling \$915,781. The college delayed committing the funds between one and 25 days. We also noted an additional 18 vouchers, totaling \$2,717,082, charged to the same purchase orders without sufficient funds available.          |
| <b>Context</b>             | Charter Oak State College made \$22,962,609 in expenditures in fiscal years 2021 and 2022. We judgmentally selected 20 vouchers related to 19 purchase orders totaling \$1,670,006 for review.  |
| <b>Effect</b>              | Incurring an obligation without properly committing funds circumvents budgetary controls and increases the risk that funding may not be available at the time of payment.   |
| <b>Cause</b>               | Charter Oak State College's internal controls were insufficient to ensure that it completed and approved all purchase orders prior to ordering goods and services.  |
| <b>Prior Audit Finding</b> | This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2019 through 2020.  |
| <b>Recommendation</b>      | Charter Oak State College should strengthen internal controls to ensure it issues purchase orders in compliance with Section 4-98 of the General Statutes.  |
| <b>Agency Response</b>     | "Charter Oak State College agrees with this finding. The College performs a monthly cash analysis and monitors budgets to ensure adequate funds are available for the payment of obligations. The College agrees that timely purchased orders should be recorded within the corresponding ledger system and will continue to tailor and train employees in this topic." |

## Finding 3

# Inadequately Documented Non-Competitive Purchase Explanation

|                            |   |
|----------------------------|---|
| <b>Criteria</b>            | Section 2.2 of the Connecticut State Colleges and Universities Procurement Manual states that if the Purchasing Department determines that the nature of the purchase precludes solicitation of competitive prices, the institution may authorize a non-competitive purchase. The college must maintain a record of its non-competitive purchase determinations. The college must also include an explanation of the reason for its non-competitive purchase when it is not self-evident. |
| <b>Condition</b>           | We reviewed 20 vouchers across 16 agreements during the audited period and noted the college did not properly document its explanation for a non-competitive purchase for one of the agreements. The college spent \$16,005 for this agreement during the audited period.   |
| <b>Context</b>             | Charter Oak State College spent \$22,962,609 in fiscal years 2021 and 2022. We judgmentally selected 20 vouchers, totaling \$1,670,006, for review.   |
| <b>Effect</b>              | The college's failure to explain the reasons for non-competitive purchases increases the risk that it may not obtain goods and services at the lowest price.  |
| <b>Cause</b>               | Management believes that this particular vendor is the industry leader for these required services making the reason for the non-competitive purchase self-evident.   |
| <b>Prior Audit Finding</b> | This finding has not been previously reported.  |
| <b>Recommendation</b>      | Charter Oak State College should include written explanations of its decisions to engage in non-competitive purchases. The college should maintain this documentation in its files.   |
| <b>Agency Response</b>     | "Charter Oak State College agrees with this finding. The College procures ad space in several industry specific marketing channels that are often self-evident. While an explanation is not required for self-evident non-competitive purchases, the College did not mark the expenditure as non-competitive in the College's procurement file."  |

## Finding 4

# Disaster Recovery Plan

|                            |  |
|----------------------------|--|
| <b>Criteria</b>            | The National Institute of Standards and Technology (NIST) recommends within Special Publication 800-53 that agencies maintain contingency plans, including a disaster recovery plan. An updated disaster recovery plan helps minimize the risks of negative business impacts in the event of an interruption to information technology services. The plan should be properly distributed and regularly tested. |
| <b>Condition</b>           | Charter Oak State College does not have a current disaster recovery plan.  |
| <b>Context</b>             | The college's most recent disaster recovery plan was prepared in 2018 and is no longer relevant due to recent changes in its information technology systems and procedures.  |
| <b>Effect</b>              | Failure to maintain a current disaster recovery plan reduces assurance that the college could adequately minimize negative business impacts in the event of an interruption to information technology services.  |
| <b>Cause</b>               | The college believes that its move to cloud-based enterprise resource planning systems and physical presence at the Connecticut State Colleges and Universities facilities minimizes the risk.   |
| <b>Prior Audit Finding</b> | This finding has not been previously reported.   |
| <b>Recommendation</b>      | Charter Oak State College should update its disaster recovery plan. The college should ensure that it properly distributes and regularly tests its plan.   |
| <b>Agency Response</b>     | "Charter Oak State College agrees with this finding. During the audit period it was planned to decommission two of the College's physical buildings to relocate and consolidate the College into a single new location. As a result, disaster recovery plans were not updated. The College successfully relocated in fiscal year 2024 and is updating its disaster recovery plan accordingly."                 |








## Finding 5

# Student Activity Fund Financial Statements

|                            |  |
|----------------------------|--|
| <b>Criteria</b>            | The State Accounting Manual for Activity and Welfare Funds requires the college to file financial statements with the Board of Regents for Higher Education by September 30th of each year. The college president or a designee must approve the statements to document management's monitoring of financial transactions and records.   |
| <b>Condition</b>           | The college president or designee did not approve student activity fund financial statements for fiscal years 2021 and 2022.   |
| <b>Context</b>             | We requested copies of student activity fund financial statements for 2021 and 2022, including documentation of approvals and submission.  |
| <b>Effect</b>              | The failure to monitor and approve student activity fund records increases the risk of inaccurate or incomplete financial statements.  |
| <b>Cause</b>               | Charter Oak State College management was unaware of the monitoring requirement.  |
| <b>Prior Audit Finding</b> | This finding has not been previously reported.   |
| <b>Recommendation</b>      | Charter Oak State College should document approval of its student activity fund financial statements to ensure proper monitoring for completeness and accuracy.  |
| <b>Agency Response</b>     | "Charter Oak State College agrees with this finding. The financial statements of the student activity fund were previously submitted to the Board of Regents directly by the College's Controller's Office. Going forward, the College President will designate the Controller's Office as their designee in the matter as permitted in the respective State Accounting Manual." |

# STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our [prior audit report](#) on Charter Oak State College contained seven recommendations. Four have been implemented or otherwise resolved and three have been repeated or restated with modifications during the current audit.

| Prior Recommendation  | Current Status  |
|---|---|
| Charter Oak State College should improve controls over procurement and contracting to ensure the Office of the Attorney General approves contracts when necessary. The college should amend contracts if payments exceed their maximum value and adhere to state competitive bidding requirements.  |                        |
| Charter Oak State College should strengthen its internal controls over purchasing to ensure the execution of purchase orders and commitment of funds prior to ordering goods and services.  | <br>Recommendation 2   |
| Charter Oak State College should not pay for goods or services until it properly identifies the approved existing contract it used for a purchase and verifies that the invoice reflects contracted pricing and discount terms.   |                      |
| Charter Oak State College should ensure that it completes and retains all property disposal documentation in accordance with the Connecticut State Colleges and Universities Capital & Controllable Asset Manual.   |                      |
| Charter Oak State College should maintain complete inventory records and tag equipment in accordance with the State Property Control Manual and the Connecticut State Colleges and Universities Capital & Controllable Asset Manual. Charter Oak State College should create a written controllable property policy and consistently classify assets as controllable. | <br>Recommendation 1 |
| Charter Oak State College should complete CO-1079 - Record of Equipment on Loan forms when lending information technology equipment to employees.   | <br>Recommendation 1 |
| Charter Oak State College should obtain more detailed information that its vendor (MBS Direct) used to calculate commissions on the sale and rental of course materials. The college should take reasonable steps to verify it is receiving the correct commission amounts.   |                      |

# OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of Charter Oak State College in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2021 and 2022. The objectives of our audit were to evaluate the:

1. College's internal controls over significant management and financial functions;
2. College's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. Our testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. This information was obtained from various available sources including, but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we:

1. Identified deficiencies in internal controls;
2. Identified apparent non-compliance with laws, regulations, contracts and grant agreements, policies, or procedures; and
3. Did not identify a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of Charter Oak State College.

# ABOUT THE AGENCY

## Overview

The Board of Regents for Higher Education governs the Connecticut State Colleges and Universities (CSCU), which encompasses the Connecticut Community College System, the Connecticut State University System, and [Charter Oak State College](#). The board of regents operates under the provisions of Chapter 185 and 185b of the Connecticut General Statutes. Charter Oak State College, a constituent unit of CSCU, operates under the provisions of Chapter 185b, Part IV, of the Connecticut General Statutes.

Charter Oak State College was established in 1973 by the Connecticut General Assembly and is accredited by the New England Commission of Higher Education and the Connecticut Board of Governors for Higher Education. The college offers credit via examinations, assessment of experiential and extra collegiate learning, and online courses. In accordance with Section 10a-143 of the General Statutes, the board of regents grants undergraduate and graduate credits and degrees through Charter Oak State College. Edward Klonoski served as president during the audited period.

## Enrollment Statistics

Published enrollment statistics for Charter Oak State College for the audited period and prior fiscal year are as follows:

|                         | Fall<br>2019 | Spring<br>2020 | Fall<br>2020 | Spring<br>2021 | Fall<br>2021 | Spring<br>2022 |
|-------------------------|--------------|----------------|--------------|----------------|--------------|----------------|
| Part-Time Undergraduate | 1,160        | 1,252          | 1,137        | 1,138          | 1,149        | 1,193          |
| Full-Time Undergraduate | 387          | 372            | 410          | 420            | 377          | 373            |
| Part-Time Graduate      | 63           | 83             | 87           | 88             | 86           | 84             |
| Full-Time Graduate      | 1            | 1              | 9            | 11             | 6            | 7              |
| <b>Total Enrollment</b> | <b>1,611</b> | <b>1,708</b>   | <b>1,634</b> | <b>1,657</b>   | <b>1,618</b> | <b>1,657</b>   |

Overall, enrollment decreased 0.6% and 0.8% during the fiscal years ended June 30, 2021 and -2022, respectively. The college primarily attributed these decreases to residual impacts from the pandemic and inflationary issues.

The following table illustrates the Integrated Postsecondary Education Data System (IPEDS) unduplicated headcount and full-time equivalent (FTE) student attendance at Charter Oak State College for the audited period and prior three fiscal years. According to the IPEDS website, FTE is a single value that provides a meaningful combination of full-time and part-time students at a college.

|                        | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Unduplicated Headcount | 2,270     | 2,337     | 2,350     | 2,312     | 2,286     |
| % Change               | -4.8%     | 3.0%      | 0.6%      | -1.6%     | -1.1%     |
| Full-Time Equivalent   | 878       | 912       | 977       | 982       | 950       |
| % Change               | -5.2%     | 3.9%      | 7.1%      | 0.5%      | -3.3%     |

## Significant Legislation

**Public Act 21-132**, effective July 1, 2021, prohibited assessing or charging a graduation fee to students at public higher education institutions including Charter Oak State College.

## Financial Information

During the audited period, appropriations from the state's General Fund and tuition and fees credited to the Charter Oak State College Operating Fund were the primary sources of funding for the college. Section 10a-143 of the General Statutes established the college's operating fund as a restricted account.

General Fund appropriations are not made to the college directly, but rather to the entire CSCU System Office, which periodically calculates and transfers allocations to the college's operating fund.

Operating Fund receipts primarily consisted of student tuition payments to the college. Under the provisions of Section 10a-99(a) of the General Statutes, tuition and fee rates are set by the board of regents. The following presents tuition charges on a per credit basis during the audited period and prior fiscal year:

|                | 2019-2020 |              | 2020-2021 |              | 2021-2022 |              |
|----------------|-----------|--------------|-----------|--------------|-----------|--------------|
|                | In-State  | Out-of-State | In-State  | Out-of-State | In-State  | Out-of-State |
| Tuition Rates: |           |              |           |              |           |              |
| Undergraduate  | \$ 319    | \$ 419       | \$ 319    | \$ 419       | \$ 319    | \$ 419       |
| Graduate       | \$ 516    | \$ 540       | \$ 516    | \$ 540       | \$ 516    | \$ 540       |

Besides tuition, the college charges its students various fees, including Student Services and Technology fees. The following presents the fee schedules, per semester, during the audited period and prior fiscal year:

|                      | 2019-2020 |              | 2020-2021 |              | 2021-2022 |              |
|----------------------|-----------|--------------|-----------|--------------|-----------|--------------|
|                      | In-State  | Out-of-State | In-State  | Out-of-State | In-State  | Out-of-State |
| Student Service Fee: |           |              |           |              |           |              |
| Undergraduate*       | \$ 224    | \$ 295       | \$ 224    | \$ 295       | \$ 224    | \$ 295       |
| Graduate             | \$ 333    | \$ 354       | \$ 333    | \$ 354       | \$ 333    | \$ 354       |
| Technology Fee:      |           |              |           |              |           |              |
| Undergraduate        | \$ 75     | \$ 75        | \$ 75     | \$ 75        | \$ 75     | \$ 75        |
| Graduate             | \$ 75     | \$ 75        | \$ 75     | \$ 75        | \$ 75     | \$ 75        |

\*Beginning in FY 2020, the third installment of the Student Service Fee only applies to graduate students who are enrolled for the summer term.

The college charges other common and significant fees related to credit for prior learning, in which the college awards credit for prior learning or experiences. The college also charges general credit registry fees, for a credit evaluation and recordkeeping service for people who wish to accumulate credits on a transcript for professional certification. The following presents other significant fees during the audited period and prior fiscal year:

|  | 2019-2020 | 2020-2021 | 2021-2022 |
|--|-----------|-----------|-----------|
| Connecticut Credit Assessment Program: |           |           |           |
| Nonprofit Review                       | \$ 2,500  | \$ 2,500  | \$ 2,500  |
| For-profit Review                      | \$ 5,000  | \$ 5,000  | \$ 5,000  |
| General Credit Registry Fees:          |           |           |           |
| Resident per Year                      | \$ 475    | \$ 475    | \$ 475    |
| Non-resident per Year                  | \$ 850    | \$ 850    | \$ 850    |
| Reactive Registry                      | \$ 150    | \$ 150    | \$ 150    |

## Operating Revenues

The college derives operating revenues from the sale or exchange of goods and services related to its educational and public service activities. Major sources of operating revenues include tuition, fees, and federal and state grants. The following is a summary of operating revenues, as presented in the college's audited financial statements, for the audited period and prior fiscal year:

|  | 2019-2020           | 2020-2021           | 2021-2022           |
|--|---------------------|---------------------|---------------------|
| Tuition and Fees (Net of Scholarship Allowances) | \$ 9,032,460        | \$ 8,807,874        | \$ 7,637,989        |
| Federal Grants and Contracts                     | 341,830             | 373,687             | 374,980             |
| State and Local Grants and Contracts             | 220,938             | 177,583             | 263,840             |
| Other Operating Revenues                         | 244,828             | 148,404             | 113,842             |
| <b>Total Operating Revenues</b>                  | <b>\$ 9,840,056</b> | <b>\$ 9,507,548</b> | <b>\$ 8,390,651</b> |

Operating revenues totaled \$9.51 million and \$8.39 million during the fiscal years ended June 30, 2021 and 2022, respectively. The 3.4% reduction in operating revenues in fiscal year 2021 and 11.8% in fiscal year 2022 were mainly due to the decreases in tuition and fee revenues. Tuition and fee revenues decreased \$0.22 and \$1.17 million in fiscal year 2021 and 2022, respectively, due to the reduction in enrollment and increases in institutional aid. The decreases in other operating revenues in both fiscal years 2021 and 2022 can be attributed to the pandemic and changes in activities under various partnerships with institutional entities.

## Operating Expenses

Operating expenses generally result from payments for goods and services to achieve the college's instruction and public service mission. Operating expenses include employee compensation and benefits, professional services, supplies, and depreciation. The following is a summary of operating expenses, as presented in the college's audited financial statements, for the audited period and prior fiscal year:

|                                    | 2019-2020            | 2020-2021            | 2021-2022            |
|------------------------------------|----------------------|----------------------|----------------------|
| Personnel Services and Fees        | \$ 17,806,624        | \$ 19,659,078        | \$ 17,602,636        |
| Professional Services and Fees     | 295,367              | 232,556              | 179,931              |
| Travel Expenses                    | 74,792               | 8,142                | 91,350               |
| Operation and Maintenance of Plant | 282,380              | 238,140              | 269,561              |
| Student Aid                        | 402,225              | 697,464              | 854,543              |
| Other Operating Expenses           | 1,864,556            | 2,185,585            | 2,036,487            |
| Depreciation Expense               | 534,882              | 235,500              | 292,042              |
| <b>Total Operating Expenses</b>    | <b>\$ 21,260,826</b> | <b>\$ 23,256,465</b> | <b>\$ 21,326,548</b> |

Operating expenses totaled \$23.26 million and \$21.33 million during the fiscal years ended June 30, 2021 and 2022, respectively. The 9.39% increase in operating expenses in fiscal year 2021 was mainly due to the \$1.85 million growth in personnel services and fees. The 8.30% decrease in operating expenses in fiscal year 2022 was due to the \$2.06 million reduction in personnel services and fees. The fluctuations in personnel services and fees in fiscal year 2021 was the result of changes in employee salary fringe benefit, and pension costs, while fiscal year 2022 was primarily the result of changes in fringe benefit and pension costs allocated to Charter Oak State college by the State of Connecticut.

## Nonoperating Revenues

Nonoperating revenues are receipts not derived from the sale or exchange of goods or services related to the college's primary functions of instruction, academic support, and student services. Nonoperating revenues include items such as the state's General Fund appropriations, Pell grants, and investment income. The following is a summary of nonoperating revenues, as presented in the college's audited financial statements, for the audited period and prior fiscal year:

|   | <b>2019-2020</b>    | <b>2020-2021</b>    | <b>2021-2022</b>     |
|---|---------------------|---------------------|----------------------|
| State Appropriations                      | \$ 6,083,358        | \$ 6,492,505        | \$ 8,586,013         |
| Investment Income                         | 104,471             | 7,425               | 30,412               |
| Gain (Loss) on Disposal of Capital Assets | -                   | -                   | -                    |
| Other Nonoperating Revenues/Expenses      | 3,390               | 938                 | 3,642                |
| Federal Emergency Grant Revenue           | -                   | 564,469             | 702,401              |
| Pell Grants                               | 2,377,062           | 2,460,199           | 2,265,607            |
| <b>Total Nonoperating Revenues</b>        | <b>\$ 8,568,281</b> | <b>\$ 9,525,536</b> | <b>\$ 11,588,075</b> |

Nonoperating revenues totaled \$9.53 million and \$11.59 million during the fiscal years ended June 30, 2021 and 2022, respectively. The 11.17% increase in nonoperating revenues in fiscal year 2021 was mainly due to an additional \$0.41 million in state General Fund appropriations and the introduction of \$0.56 million in federal emergency grant revenue. The 21.65% increase in nonoperating revenues in fiscal year 2022 was due to an additional \$2.09 million in state General Fund appropriations.

In addition to the operating and nonoperating revenues presented above, the college's financial statements reported revenues classified as state appropriations restricted for capital purposes totaling \$413,615, \$0, and \$270,174, for the fiscal years ended June 30, 2020, 2021, and 2022, respectively.

## Charter Oak State College Foundation, Inc.

The Charter Oak State College Foundation, Inc. is a private, nonstock corporation established to secure contributions from private sources for the purposes of promoting interest in, and support of, open learning and credentialing in higher education. The foundation supports activities of Charter Oak State College and furnishes assistance to enrollees in the external degree program.

Sections 4-37e through 4-37k of the General Statutes define and set requirements for such state organizations. The requirements address the annual filing of an updated list of board members with the state agency for which the foundation was set up, financial record keeping and reporting in accordance with generally accepted accounting principles, financial statement and audit report criteria, written agreements concerning the use of facilities and resources, compensation of state officers or employees, and the state agency's responsibilities with respect to affiliated foundations.

Our office performed an audit of the foundation, consistent with requirements of Section 4-37f(8) of the General Statutes, for each of the fiscal years ended June 30, 2021 and June 30, 2022. These audits concluded that the foundation complied in all material respects with Sections 4-37e through 4-37k of the General Statutes.