

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024 AND 2023

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Westfield State University:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, Westfield State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the University'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 statements of the University and its discretely presented component unit as of June 30, 2024 and 2023, and the respective changes in financial 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, 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 University'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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'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'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

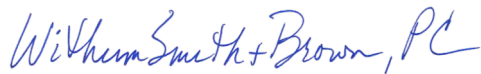
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility 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 and *Government Auditing Standards*, 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 audits were conducted for the purpose of forming opinions on the University's basic financial statements. The supplemental schedules listed in the accompanying table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024, on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

October 24, 2024

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Introduction

The following discussion and analysis provides an overview of the financial position and results of operations of Westfield State University (the "University") for the fiscal year ended June 30, 2024 with comparative information for the year ended June 30, 2023. This discussion has been prepared by management along with the financial statements and footnotes. Since this analysis is designed to focus on current activities, resulting changes and currently known facts, it should be read in conjunction with the basic financial statements and notes thereto. The financial statements, footnotes and this discussion are the responsibility of management.

Westfield State University is a comprehensive public institution of higher learning with approximately 4,000 full time equivalent combined day and evening students. The campus is located in Westfield, Massachusetts and offers undergraduate majors in both the traditional arts and sciences and in professional fields with multiple options for discipline-specific or interdisciplinary minors and concentrations. The University also offers several graduate-level degree and certificate programs. This broad range of graduate programs and undergraduate majors, minors, and concentrations reflect the commitment of Westfield State University to providing quality educational programs.

Financial Highlights

- The University's financial position increased significantly during the fiscal year ended June 30, 2024, with a \$20.0 million or 23.4% increase in total net position. Net position, which represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows of resources are deducted, increased to \$105.1 million from \$85.1 million in 2023. The increase was largely related to two factors; the recognition of state capital appropriation revenue in the amount of \$8.3 million for the Parenzo renovation project and \$12.7 million in pension and OPEB expense reductions. **If not for these two factors, the University would have incurred a net loss of \$1.0 million.**
- Expenses incurred during fiscal year 2024 totaled \$130.6 million. Revenues from tuition and fees, state capital support and appropriations, grants, and other sources totaled \$150.6 million resulting in an increase in net position of \$20.0 million.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, established standards for how governmental employers (and other entities) that contribute to state and local pension plans report liabilities and plan details on their financial statements. GASB 68 and its required disclosures were implemented in fiscal year 2015. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The tables below show the financial statement impact of GASB 68 and GASB 75 in fiscal years 2024 and 2023:

	2024		
	Pension	OPEB	Total
Statement of Net Position (Balance Sheet)			
Deferred outflows (like an Asset)	\$ 3,989,316	\$ 3,004,548	\$ 6,993,864
Net liability (Non-Current Liability)	(20,731,627)	(22,049,796)	(42,781,423)
Deferred inflows (like a Liability)	(9,630,948)	(31,814,846)	(41,445,794)
Net position	<u>\$ (26,373,259)</u>	<u>\$ (50,860,094)</u>	<u>\$ (77,233,353)</u>
Statement of Revenues and Expenses			
Pension expense, net of subsequent contributions	\$ (3,559,994)	\$ -	\$ (3,559,994)
OPEB expense, net of subsequent contributions	-	(9,124,385)	(9,124,385)
Total	<u>\$ (3,559,994)</u>	<u>\$ (9,124,385)</u>	<u>\$ (12,684,379)</u>

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Continued

	2023		
	Pension	OPEB	Total
Statement of Net Position (Balance Sheet)			
Deferred outflows (like an Asset)	\$ 3,507,319	\$ 5,079,631	\$ 8,586,950
Net liability (Non-Current Liability)	(22,479,727)	(28,290,524)	(50,770,251)
Deferred inflows (like a Liability)	(10,960,845)	(36,773,586)	(47,734,431)
Net position	<u>\$ (29,933,253)</u>	<u>\$ (59,984,479)</u>	<u>\$ (89,917,732)</u>
Statement of Revenues and Expenses			
Pension expense, net of subsequent contributions	\$ (2,896,521)	\$ -	\$ (2,896,521)
OPEB expense, net of subsequent contributions	-	(5,903,572)	(5,903,572)
Total	<u>\$ (2,896,521)</u>	<u>\$ (5,903,572)</u>	<u>\$ (8,800,093)</u>

The required reporting of the pension and OPEB liability on the financial statements of the University reduced the unrestricted net position as follows:

Effect of GASB 68 and GASB 75 on Unrestricted Net Position

	Without Pension/OPEB	Pension/ OPEB Adjustment	With Pension/OPEB
Unrestricted net position, June 30, 2022	\$ 72,865,390	\$ (98,717,825)	\$ (25,852,435)
Change in unrestricted net position for 2023	<u>(11,440,984)</u>	<u>8,800,093</u>	<u>(2,640,891)</u>
Unrestricted net position, June 30, 2023	\$ 61,424,406	\$ (89,917,732)	\$ (28,493,326)
Change in unrestricted net position for 2024	<u>3,085,926</u>	<u>12,684,379</u>	<u>15,770,305</u>
Unrestricted net position, June 30, 2024	<u>\$ 64,510,332</u>	<u>\$ (77,233,353)</u>	<u>\$ (12,723,021)</u>

The combined impact of the pension and OPEB liabilities for fiscal year 2024 and 2023 is a reduction in unrestricted net position of \$77.2 million and \$89.9 million, respectively.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements. Westfield State University's basic financial statements are comprised of two components: 1) the financial statements and 2) the notes to the financial statements.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of Westfield State University's finances in a manner similar to a private-sector university. The University's financial report includes three financial statements: the *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position* and the *Statements of Cash Flows*.

These statements have been prepared in accordance with Government Accounting Standards Board (GASB) principles. These principles establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the institution. A description of the financials is as follows:

The Westfield State Foundation, Inc. (the 'Foundation'), a component unit of the University, is an independent not-for-profit corporation operated exclusively for charitable, scientific, and educational purposes for the benefit of the University. The financial information of the Foundation has been discretely presented and included within these financial statements because of the nature and significance of its relationship with the University. Complete financial statements for the Foundation can be obtained from its administrative office in Westfield, Massachusetts.

The *Statements of Net Position* presents the financial position of the University at the end of the fiscal year and include all assets and deferred outflows of resources less liabilities and deferred inflows of resources of the University. The difference between these amounts, net position, is one indicator of the current financial position of the University, while the change in net position serves as a useful indicator of whether the financial position of the University is improving or deteriorating.

The *Statements of Revenues, Expenses & Changes in Net Position* presents the University's results of operations and other non-operating revenues, and how the University's net position changed during the most recent fiscal year.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Overview of the Financial Statements - Continued

The *Statements of Cash Flows* provides additional information about the University's financial results by reporting the major sources and uses of cash. Government Accounting Standards Board (GASB) Statements 34 and 35 require that the direct method be used to prepare this statement. The direct method of cash flow reporting portrays the net cash flow from operations by major categories of operating receipts and disbursements.

The financial statements can be found on pages 21-25 of this financial report.

Notes to the Financial Statements

The footnotes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 26-59 of this financial report.

Other Information

In addition to the financial statements and accompanying footnotes, this financial report also contains certain required supplementary information concerning the University's Building Authority trust fund. This supplementary information can be found on pages 69-70 of this financial report.

Financial Analysis of the University

The University's total net position increased by \$20.0 million or 23.4% in fiscal year 2024 and increased by \$22.2 million or 35.3% in fiscal year 2023. A summary of the University's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, is presented below:

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Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

Financial Analysis of the University – Continued

<u>Assets</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>
Current Assets	\$ 91,852,045	\$ 82,218,821	\$ 90,956,152
Capital Assets, net	238,220,426	236,148,647	218,664,968
Other Non-current assets	531,636	4,802,668	5,454,399
Total Assets	<u>330,604,107</u>	<u>323,170,136</u>	<u>315,075,519</u>
Deferred Outflows of Resources	8,426,470	10,699,369	18,100,939
Total Assets and Deferred Outflows	<u>\$ 339,030,577</u>	<u>\$ 333,869,505</u>	<u>\$ 333,176,458</u>
<u>Liabilities</u>			
Current Liabilities	\$ 29,373,569	\$ 25,945,437	\$ 24,710,995
Non-current Liabilities	157,129,883	174,519,017	190,359,602
Total Liabilities	<u>186,503,452</u>	<u>200,464,454</u>	<u>215,070,597</u>
Deferred Inflows of Resources	47,449,882	48,283,616	55,170,277
<u>Net Position</u>			
Investment in Capital Assets, net	115,993,423	110,809,699	87,635,910
Restricted: Expendable	1,806,841	2,805,062	1,152,109
Unrestricted	(12,723,021)	(28,493,326)	(25,852,435)
Total Net Position	<u>105,077,243</u>	<u>85,121,435</u>	<u>62,935,584</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 339,030,577</u>	<u>\$ 333,869,505</u>	<u>\$ 333,176,458</u>

** The assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net assets for the year ended June 30, 2022 do not reflect the implementation of GASB 96, Subscription-Based Information Technology Arrangements (SBITAs), which was adopted as of July 1, 2022.*

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University – Continued

Total assets in fiscal year 2024 increased by \$7.4 million or 2.3% over the prior year due to a decrease in accounts receivable (\$1.3 million), a decrease in cash and equivalents (\$6.6 million) and a decrease in other assets (\$0.2 million). Offsetting these decreases was an increase in investments (\$13.4 million), and an increase in capital assets (\$2.1 million). During fiscal year 2024, the university transferred \$10.0 million in cash and equivalents to investments.

Total liabilities in fiscal year 2024 decreased by \$14.0 million or 7.0% over the prior year due to a decrease in net pension and OPEB liabilities (\$8.0 million), a decrease in lease liability as a result of the Massachusetts State College Building Authority ("MSCBA") debt refunding (\$8.2 million), and a decrease in bonds payable (\$1.4 million) offset by increases in accrued salaries, workers' compensation and compensated absences (\$1.8 million), unearned revenue (\$1.5 million) and other current liabilities (\$0.3 million). Deferred outflows of resources decreased by \$2.3 million as a result of pension and OPEB activity (\$1.6 million) and a decrease in bond-related outflows (\$0.7 million). Deferred inflows of resources decreased by \$0.8 million due to the adjustments related to the fiscal year 2024 pension and OPEB activity (\$6.3 million) offset by an increase in bond-related inflows (\$5.5 million) due to the MSCBA debt refunding.

Total assets in fiscal year 2023 increased by \$8.1 million or 2.6% over the prior year due to an increase in capital assets (\$17.5 million) and investments (\$2.5 million) offset by decreases in cash and equivalents (\$11.7 million) and other assets (\$0.2 million).

Total liabilities in fiscal year 2023 decreased by \$14.6 million or 6.8% over the prior year due to a decrease in net pension and net OPEB liabilities (\$9.3 million), net decreases in notes and bonds payable and lease liabilities (\$6.7 million) offset by an increase in other liabilities of \$0.6 million and an increases in SBITA (GASB 96) liability of \$0.8 million. The \$7.4 million decrease in deferred outflows of resources and the \$6.9 million decrease in deferred inflows of resources was mainly due to the adjustments related to the fiscal year 2023 pension and OPEB activity.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University – Continued

A condensed summary of the Statements of Revenues and Expenses for the years ended June 30 is as follows:

<u>Operating Revenues</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>
Tuition and fees	\$ 48,620,207	\$ 49,258,184	\$ 49,972,964
Residence and dining fees	22,817,978	23,811,504	21,508,596
Less: scholarships and fellowships	(18,402,400)	(12,706,931)	(10,975,319)
Federal, state, and private grants	24,806,059	17,080,596	13,299,863
Other sources	2,575,082	2,314,064	1,808,703
Total Operating Revenues	<u>80,416,926</u>	<u>79,757,417</u>	<u>75,614,807</u>
<u>Operating Expenses</u>			
Compensation and benefits	92,375,575	80,303,871	80,820,501
Supplies and services	27,824,836	27,021,456	23,531,943
Depreciation	12,206,825	12,013,067	11,208,763
Scholarships	5,116,597	4,799,701	10,875,532
GASB 68 pension expense, net of subsequent contributions	(3,559,994)	(2,896,521)	(2,055,384)
GASB 75 OPEB expense, net of subsequent contributions	(9,124,385)	(5,903,572)	(2,839,986)
Total Operating Expenses	<u>124,839,454</u>	<u>115,338,002</u>	<u>121,541,369</u>
<u>Non-Operating Revenues (Expenses):</u>			
State appropriations, net	\$ 55,470,355	\$ 48,107,868	\$ 46,984,608
Federal grants	-	377,637	15,049,297
Other revenue - MSCBA	169,648	2,119,553	610,518
Net investment income	5,390,449	2,227,388	(2,718,759)
Loss on disposal of assets	(36,814)	(9,033)	(10,275)
Interest expense	(5,781,649)	(6,075,873)	(6,184,496)
Total Net Non-Operating Revenues	<u>55,211,989</u>	<u>46,747,540</u>	<u>53,730,893</u>
State capital appropriations	<u>9,166,347</u>	<u>11,018,896</u>	<u>4,552,867</u>
Increase in net position	<u>\$ 19,955,808</u>	<u>\$ 22,185,851</u>	<u>\$ 12,357,198</u>

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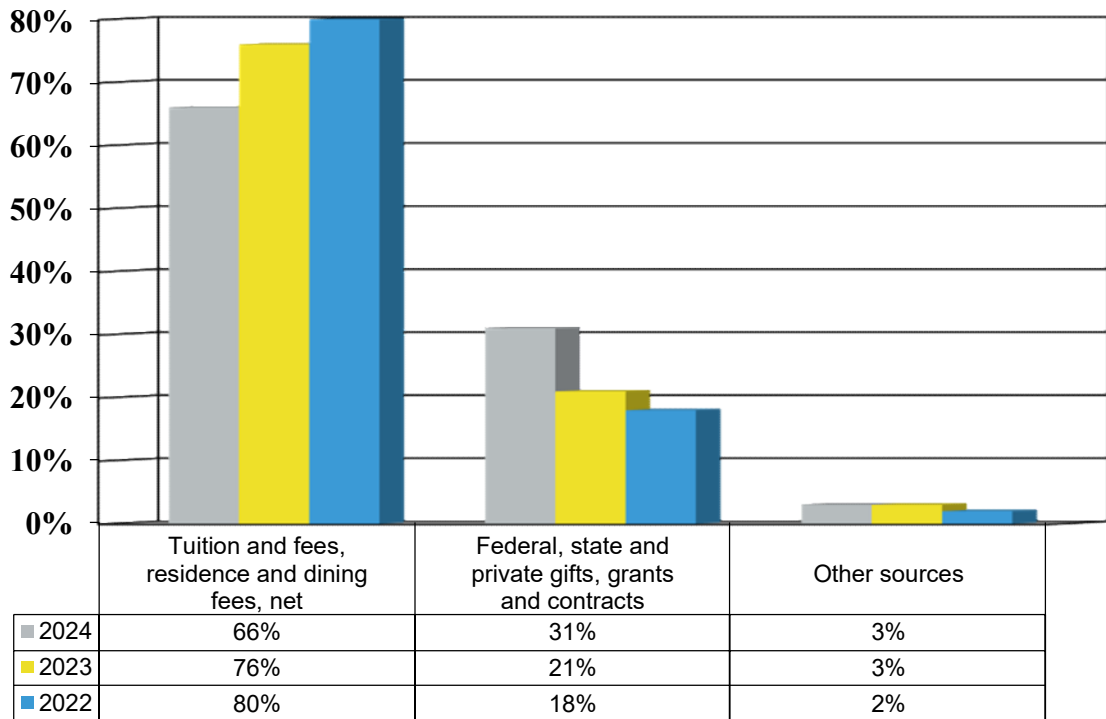
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University - Continued

The following is a graphic illustration of operating revenues by source, as a percent of total operating revenue, which were used to fund the University's operating activities for the years ended June 30, 2024, 2023 and 2022.

Operating Revenues by Source



The University's operating revenues consist primarily of tuition and fee revenues and residence and dining fee revenues. Tuition and fees revenue decreased \$0.6 million or 1.3% during the fiscal year ended June 30, 2024 and decreased \$0.7 million or 1.4% during the fiscal year ended June 30, 2023. The decrease in fiscal year 2024 was due to an enrollment decline of 122 students (\$1.4 million impact) offset by an increase in graduate and continuing education tuition and fees (\$0.3 million), an increase in fee revenue generated from mandatory fee increases (\$1.1 million) and a decrease in out of state tuition of \$0.6 million. The decrease in fiscal year 2023 was due to an enrollment decline of 233 students (\$2.5 million impact) offset by an increase in graduate and continuing education tuition and fees (\$0.4 million), an increase in other fee revenue (\$0.3 million) and an increase in fee revenue generated from mandatory fee increases (\$1.1 million).

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University – Continued

Residence and dining fee revenue generated by the auxiliary operations of the University's food service and building authority trust funds was \$22.8 million, \$23.8 million and \$21.5 million, for the years ended June 30, 2024, 2023 and 2022, respectively. The \$1.0 million or 4.2% decrease in revenues for the year ended June 30, 2024 was the result of a decrease in resident students (approximately 127) and dining participants (approximately 150), a \$1.7 million impact, offset by revenues generated from residence and dining fee increases of \$0.7 million. At June 30, 2023, residence and dining fee revenue increased \$2.3 million or 10.7% as a result of the yearly increase in residence and dining fees.

The significant increase in federal, state and private grants of \$7.7 million or 45.2% during the fiscal year ended June 30, 2024 was due to an increase in state and federal student financial aid of \$5.7 million and an increase in non-financial aid grants of \$2.0 million.

Tuition and fees received by the University include the following at June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tuition	\$ 16,090,073	\$ 16,435,145	\$ 16,147,861
Student Fees:			
General fees	28,384,970	28,458,857	29,649,610
Student activity fees	1,362,498	1,387,919	1,019,677
Capital improvement fees	286,070	298,290	321,620
Technology fees	2,278,481	2,379,164	2,550,116
Miscellaneous fees	218,115	298,809	284,080
Total	<u>\$ 48,620,207</u>	<u>\$ 49,258,184</u>	<u>\$ 49,972,964</u>

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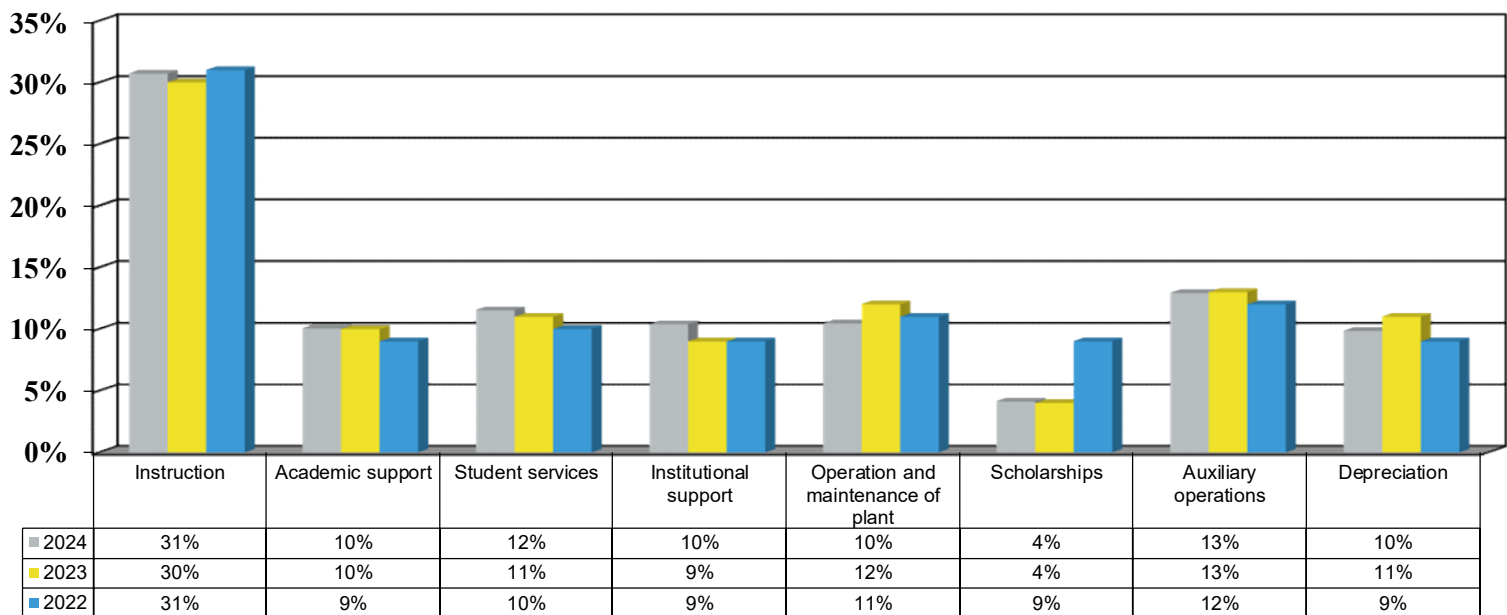
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University - Continued

The following is a graphic illustration of operating expenses by function, shown as a percent of total operating expense, for the years ended June 30, 2024, 2023 and 2022.

Operating Expenses by Function



A summary of the University's expenses by functional classification for the years ended June 30, 2024, 2023 and 2022 is as follows:

	2024	2023	2022*
Instruction	\$ 38,076,249	\$ 34,868,104	\$ 37,241,933
Public service	849,659	542,662	314,857
Academic support	12,446,029	11,152,822	10,664,859
Student services	14,284,541	12,792,533	12,754,482
Institutional support	12,889,464	10,665,658	10,327,307
Operation and maintenance of plant	12,962,945	13,164,934	13,609,893
Scholarships and fellowships	5,116,597	4,799,701	10,875,532
Auxiliary operations	16,007,145	15,338,521	14,543,743
Depreciation and amortization	12,206,825	12,013,067	11,208,763
Total	<u>\$ 124,839,454</u>	<u>\$ 115,338,002</u>	<u>\$ 121,541,369</u>

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University - Continued

The University's total operating expenses increased by \$9.5 million or 8.2% as compared to a \$6.2 million or 5.1% decrease for the fiscal year ended June 30, 2023. The increase in fiscal year 2024 is primarily a result of compensation and fringe expense increases of \$10.8 million due to collective bargaining increases (\$3.4 million), increased fringe costs due to collective bargaining and an increase in the fringe rate (\$4.5 million), filling of vacant positions, adjunct cost increases and other compensation expenses, offset by a decrease in OPEB and pension expense of \$3.9 million. Other factors contributing to the increase are; an increase in grant expenses of \$0.8 million, consulting expenses of \$0.8 million, strategic investments related to advertising costs of \$0.5 million, an increase in other operating costs of \$0.3 million and an increase in depreciation expense of \$0.2 million.

The decrease in fiscal year 2023 is attributable to several factors, the most significant of which are: a scholarship expense decrease of \$6.1 million mostly from Federal HEERF funds which were not available in fiscal year 2023, compensation and fringe net decrease of \$0.5 million and an OPEB and pension expense decrease of \$3.9 million, offset by an increase in depreciation and amortization expense of \$0.8 million, a \$0.3 million increase in utilities, a \$0.6 million increase in food and beverage costs from dining operations, an increase in grant expenses of \$2.0 million and a \$0.6 million increase in other operating expenses.

A condensed summary of the Statements of Cash Flows for years ended June 30, is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash received from operating activities	\$ 80,897,863	\$ 80,467,968	\$ 72,121,799
Cash expenses for operating activities	<u>(106,589,948)</u>	<u>(99,509,387)</u>	<u>(99,660,108)</u>
Net cash applied to operating activities	(25,692,085)	(19,041,419)	(27,538,309)
Net cash provided by non-capital financing activities	38,705,664	35,652,808	52,868,725
Net cash applied to capital financing activities	(11,582,740)	(28,109,060)	(12,884,565)
Net cash (applied to) provided by investing activities	(7,995,086)	<u>(237,807)</u>	<u>109,350</u>
Net (decrease) increase in cash and equivalents	(6,564,247)	(11,735,478)	12,555,201
Cash and equivalents - beginning of year	60,398,102	72,133,580	59,578,379
Cash and equivalents - end of year	<u>\$ 53,833,855</u>	<u>\$ 60,398,102</u>	<u>\$ 72,133,580</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Financial Analysis of the University - Continued

The University's liquidity decreased during the year ended June 30, 2024 with a \$6.6 million decrease in cash and equivalents. The following discussion further amplifies the overview of cash flows presented above.

During the year ended June 30, 2024, the University's net cash applied to operating activities increased by \$6.7 million over the prior year. This was due to an increase in cash received of \$0.4 million offset by an increase in payments made of \$7.1 million. The increase in payments made was mostly related to compensation and fringe expenses. Net cash provided by non-capital financing activities increased by \$3.0 million due to a net increase in state appropriation of \$3.9 million and a decrease in federal FEMA grant funding of \$0.9 million. Net cash applied to capital financing activities decreased by \$16.5 million due to a decrease in purchases of capital assets of \$13.5 million, an increase in state capital appropriation of \$2.0 million, and a decrease in debt payments of \$1.0 million. The \$7.8 million increase in net cash applied to investing activities was due to an increase in the net change in proceeds and purchases of investments of \$9.4 million offset by an increase in interest income of \$1.6 million. In December 2023, the University transferred \$10.0 million from cash into an investment account.

The University's liquidity decreased during the year ended June 30, 2023 with an \$11.7 million decrease in cash and equivalents. The following discussion further amplifies the overview of cash flows presented above.

During the year ended June 30, 2023, the University's net cash applied to operating activities decreased by \$8.5 million over the prior year. This was due to an increase in cash received of \$8.3 million and a decrease in payments made of \$0.2 million. Net cash provided by non-capital financing activities decreased by \$17.2 million due to a decrease in federal grant funding (HEERF and FEMA) of \$17.5 million and an increase in state appropriation of \$0.3 million. Net cash applied to capital financing activities increased by \$15.2 million due to an increase in purchases of capital assets of \$12.2 million (the University's fiscal year 2023 payment for Parenzo Hall was \$15.5 million), a decrease in state capital appropriation of \$0.4 million, a decrease in proceeds from sale of bonds of \$1.4 million and an increase in debt payments of \$1.2 million. The \$0.3 million decrease in net cash provided by investing activities was due to an increase in purchase of investments of \$2.4 million offset by an increase in proceeds from the sales of investments of \$1.8 million and an increase in interest income of \$0.3 million.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Loss from Operations

The following table presents the University's incurred losses from operations and its net non-operating revenues for the fiscal years ended June 30, 2024, 2023, and 2022.

	2024	2023	2022*
Operating revenues, net	\$ 80,416,926	\$ 79,757,417	\$ 75,614,807
Operating expenses	<u>(124,839,454)</u>	<u>(115,338,002)</u>	<u>(121,541,369)</u>
Operating loss	<u>(44,422,528)</u>	<u>(35,580,585)</u>	<u>(45,926,562)</u>
Commonwealth direct appropriation, fringe benefits for Commonwealth employees, net of tuition remitted to the Commonwealth	55,470,355	48,107,868	46,984,608
Net investment income	5,390,449	2,227,388	(2,718,759)
Loss on disposal of assets	(36,814)	(9,033)	(10,275)
Other revenues	169,648	2,497,190	15,659,815
Other expenses	(5,781,649)	(6,075,873)	(6,184,496)
Capital appropriations	9,166,347	11,018,896	4,552,867
Net non-operating revenues	<u>64,378,336</u>	<u>57,766,436</u>	<u>58,283,760</u>
Increase in net position	<u>\$ 19,955,808</u>	<u>\$ 22,185,851</u>	<u>\$ 12,357,198</u>

Due to the nature of accounting for appropriations as non-operating revenues in accordance with GASB principles, the University incurred a loss from operations. The Commonwealth's Department of Higher Education establishes tuition rates while the University sets fees and other charges. The University, with the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to mitigate losses after Commonwealth appropriations.

The \$6.6 million increase in net non-operating revenues during fiscal year 2024 is attributable to an increase in net investment income of \$3.2 million combined with an increase in net state appropriation of \$7.4 million offset by a decrease in state capital appropriation of \$1.9 million, and a combined decrease in other revenues and other expenses of \$2.1 million.

The \$0.5 million decrease in net non-operating revenues during fiscal year 2023 is attributable to an increase in net investment income of \$5.0 million combined with an increase in net state appropriation of \$1.1 million and an increase in state capital appropriation of \$6.5 million offset by a decrease in other revenues of \$13.2 million (mainly HEERF funding) and a decrease in other expenses of \$0.1 million.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Capital Assets

A summarized comparison of the University's capital asset categories at June 30, 2024, 2023 and 2022 is as follows:

	2024	2023	2022 (Restated)
Land and improvements	\$ 7,982,420	\$ 7,982,420	\$ 7,982,420
Construction-in-progress	46,221,187	35,604,547	22,926,166
Building and improvements	153,874,358	151,208,698	147,234,241
Infrastructure improvements	11,552,831	11,552,831	-
Software arrangements	1,882,152	1,155,428	756,767
Equipment and furnishings	22,933,032	23,986,325	24,801,954
Library books	7,526,921	7,500,672	7,472,985
Vehicles	902,334	1,085,396	1,085,396
Leased equipment	1,096,451	1,096,451	1,096,451
Leased real estate	112,402,898	112,402,898	112,402,898
Total	366,374,584	353,575,666	325,759,278
Less: accumulated depreciation	(128,154,158)	(117,427,019)	(106,337,543)
Capital assets, net	<u>\$ 238,220,426</u>	<u>\$ 236,148,647</u>	<u>\$ 219,421,735</u>

As of June 30, 2024, 2023 and 2022, the University's investment in capital assets, net of accumulated depreciation and amortization, was \$238.2 million, \$236.1 million and \$219.4 million, respectively. Investment in capital assets includes land, land improvements, buildings and improvements, infrastructure improvements, furnishings and equipment, construction in progress, library books, software arrangements, and right of use leased equipment and real estate. Net capital assets increased by \$2.1 million or 0.9% during fiscal year ended June 30, 2024 and increased by \$16.7 million or 7.6% during fiscal year ended June 30, 2023. The increase in fiscal years 2024 and 2023 was the result of capital additions outpacing depreciation expense.

Capital additions during fiscal year ended June 30, 2024 amounted to \$14.3 million as compared to \$28.7 million for the year ended June 30, 2023.

Major additions during fiscal year 2024 include \$9.5 million in construction in progress for the renovation of Parenzo Hall, \$0.9 million for upgrades in the dining commons and \$0.7 million for other construction projects, \$1.7 million for hot water tanks and circulation pumps in Ely Hall, \$0.7 million in GASB96 software arrangement assets, \$0.5 million in other building upgrades, and \$0.3 million in capitalized equipment purchases.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Capital Assets – Continued

Major additions during fiscal year 2023 include \$25.3 million in construction in progress for the renovation of Parenzo Hall and the installation of sprinklers in Wilson Hall of \$1.6 million. Other additions include \$0.6 million for replacement of the dishwasher in the dining commons, \$0.6 million in other building upgrades, \$0.3 million in HVAC upgrades and \$0.3 million in GASB96 software arrangement assets.

Looking Ahead

The President has carried forward the major goals in the current campus strategic plan and reports on progress regularly with the Board of Trustees at each quarterly meeting. The University is also moving forward with new initiatives to support revenue growth and to foster new ideas and strategies to move the campus forward. The development of the next strategic plan (FY25-29) is underway and should be completed in FY25.

Institutional priorities for FY25 are Culture/Belonging, Enrollment and Fiscal Sustainability. Enrollment remains an ongoing challenge at the University and the ability to adapt to changing enrollment patterns will be critical for Westfield's success. Preliminary fall 2024 enrollment indicates an increase in the entering class over prior year. It is expected that new investments in recruitment and marketing will be made to support various enrollment and retention initiatives moving forward.

Campus facilities master planning process will begin in fall 2024 to chart out a blueprint aligning facilities to academic program needs. Deferred maintenance remains a significant challenge in partnership with DCAMM and MSCBA. Average age of campus buildings is 47 years and many building systems are beyond their useful life. Significant state support is needed to begin to close the gap on deferred maintenance. DCAMM is also moving forward with a statewide decarbonization plan as required by executive order to be carbon neutral by 2050 and linking all state capital funding to this initiative.

The 10-year accreditation process is completed with a final report from NECHE received last year successfully extending Westfield's accreditation for another 10 years.

WESTFIELD STATE UNIVERSITY
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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024 and 2023

Requests for Information

This financial report is designed to provide a general overview of Westfield State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Vice President of Administration and Finance, 333 Western Avenue, Westfield, Massachusetts 01085.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2024

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2024 and 2023

Assets and Deferred Outflow of Resources

	Westfield State University		Component Unit	
	2024 University	2023 University	2024 Foundation	2023 Foundation
Current Assets:				
Cash and equivalents	\$ 47,180,506	\$ 54,124,627	\$ 3,034,268	\$ 2,252,897
Cash held by State Treasurer	4,663,117	2,958,043	-	-
Deposits held by State Treasurer	1,990,232	2,685,015	-	-
Deposits held by MSCBA	-	630,417	-	-
Short-term investments	36,779,713	19,263,540	-	-
Accounts receivable, net	1,124,526	2,394,510	264,270	150,134
Perkins loans receivable, net	35,177	51,273	-	-
Other current assets	78,774	111,396	12,065	32,542
Total Current Assets	91,852,045	82,218,821	3,310,603	2,435,573
Non-Current Assets:				
Debt service reserve	468,904	602,055	-	-
Investments	-	4,130,638	18,108,003	15,860,334
Perkins loans receivable, net	62,732	69,975	-	-
Capital assets, net	238,220,426	236,148,647	387,912	397,666
Total Non-Current Assets	238,752,062	240,951,315	18,495,915	16,258,000
Total Assets	330,604,107	323,170,136	21,806,518	18,693,573
Deferred Outflows of Resources:				
Loss on bond refunding	1,432,606	2,112,419	-	-
Pension related	3,989,316	3,507,319	-	-
OPEB related	3,004,548	5,079,631	-	-
Total Deferred Outflows of Resources	8,426,470	10,699,369	-	-
Total Assets and Deferred Outflows of Resources	\$ 339,030,577	\$ 333,869,505	\$ 21,806,518	\$ 18,693,573

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

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2024 and 2023

Liabilities, Deferred Inflows of Resources and Net Position

	Westfield State University		Component Unit	
	2024 University	2023 University	2024 Foundation	2023 Foundation
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 3,424,349	\$ 3,143,603	\$ 7,767	\$ 1,882
Accrued salaries, wages and benefits	6,835,752	5,734,033	-	-
Compensated absences	5,076,180	4,765,008	-	-
Accrued workers' compensation	230,518	202,412	-	-
Student deposits and unearned revenue	5,369,246	3,826,503	27,765	25,545
Current portion of notes payable	88,098	85,300	-	-
Current portion of bonds payable	1,326,565	1,345,795	-	-
Current portion of SBITA liability	517,569	385,965	-	-
Current portion of lease liability	5,470,920	5,588,663	-	-
Other liabilities	1,034,372	868,155	279,328	298,791
Total Current Liabilities	29,373,569	25,945,437	314,860	326,218
Non-Current Liabilities:				
Compensated absences, net of current portion	2,463,250	2,175,962	-	-
Accrued workers' compensation, net of current portion	1,623,603	1,520,618	-	-
Grants refundable	133,397	171,489	-	-
Notes payable, net of current portion	-	88,098	-	-
Bonds payable, net of current portion	18,549,673	19,927,320	-	-
SBITA liability, net of current portion	398,265	449,039	-	-
Lease liability, net of current portion	91,180,272	99,416,240	-	-
Net pension liability	20,731,627	22,479,727	-	-
Net OPEB liability	22,049,796	28,290,524	-	-
Total Non-Current Liabilities	157,129,883	174,519,017	-	-
Total Liabilities	186,503,452	200,464,454	314,860	326,218
Deferred Inflows of Resources:				
Gain on bond refunding	578,474	195,326	-	-
Gain on lease modification	5,425,614	353,859	-	-
Pension related	9,630,948	10,960,845	-	-
OPEB related	31,814,846	36,773,586	-	-
Total Deferred Inflows of Resources	47,449,882	48,283,616	-	-
Net Position:				
Net investment in capital assets	115,993,423	110,809,699	387,912	397,666
Restricted for:				
Expendable	1,806,841	2,805,062	12,778,095	9,787,857
Non-expendable	-	-	8,018,284	7,970,867
Unrestricted	(12,723,021)	(28,493,326)	307,367	210,965
Total Net Position	105,077,243	85,121,435	21,491,658	18,367,355
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 339,030,577	\$ 333,869,505	\$ 21,806,518	\$ 18,693,573

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

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2024 and 2023

	2024 Westfield State University	2023 Westfield State University	2024 Component Unit Foundation	2023 Component Unit Foundation
Operating Revenues:				
Tuition and fees	\$ 48,620,207	\$ 49,258,184	\$ -	\$ -
Residence and dining fees	22,817,978	23,811,504	-	-
Less: scholarships and fellowships	<u>(18,402,400)</u>	<u>(12,706,931)</u>	<u>-</u>	<u>-</u>
Net tuition and fees	53,035,785	60,362,757	-	-
Federal grants and contracts	8,913,464	8,183,422	-	-
State grants and contracts	13,931,201	7,740,921	-	-
Private grants and contracts	1,961,394	1,156,253	2,748,270	2,200,302
Public service	976,345	562,076	-	-
Other sources	<u>1,598,737</u>	<u>1,751,988</u>	<u>14,500</u>	<u>55,782</u>
Total Operating Revenues	<u>80,416,926</u>	<u>79,757,417</u>	<u>2,762,770</u>	<u>2,256,084</u>
Operating Expenses:				
Instruction	38,076,249	34,868,104	-	-
Public service	849,659	542,662	-	-
Academic support	12,446,029	11,152,822	62,652	36,068
Student services	14,284,541	12,792,533	-	-
Institutional support	12,889,464	10,665,658	920,182	727,987
Operation and maintenance of plant	12,962,945	13,164,934	-	-
Scholarships and fellowships	5,116,597	4,799,701	948,517	844,365
Auxiliary operations	16,007,145	15,338,521	-	-
Depreciation and amortization	<u>12,206,825</u>	<u>12,013,067</u>	<u>9,754</u>	<u>9,755</u>
Total Operating Expenses	<u>124,839,454</u>	<u>115,338,002</u>	<u>1,941,105</u>	<u>1,618,175</u>
Operating (Loss) Income	<u>(44,422,528)</u>	<u>(35,580,585)</u>	<u>821,665</u>	<u>637,909</u>
Non-Operating Revenues (Expenses):				
State appropriations, net	55,470,355	48,107,868	-	-
Federal grants	-	377,637	-	-
Other revenue - MSCBA	169,648	2,119,553	-	-
Loss on disposal of capital assets	(36,814)	(9,033)	-	-
Investment income, net of expenses	5,390,449	2,227,388	2,302,638	1,616,644
Interest expense	<u>(5,781,649)</u>	<u>(6,075,873)</u>	<u>-</u>	<u>-</u>
Net Non-Operating Revenues	<u>55,211,989</u>	<u>46,747,540</u>	<u>2,302,638</u>	<u>1,616,644</u>
Increase in Net Position Before Other Revenues	<u>10,789,461</u>	<u>11,166,955</u>	<u>3,124,303</u>	<u>2,254,553</u>
Capital appropriations	<u>9,166,347</u>	<u>11,018,896</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>19,955,808</u>	<u>22,185,851</u>	<u>3,124,303</u>	<u>2,254,553</u>
Net Position, at Beginning of Year	<u>85,121,435</u>	<u>62,935,584</u>	<u>18,367,355</u>	<u>16,112,802</u>
Net Position, at End of Year	<u>\$ 105,077,243</u>	<u>\$ 85,121,435</u>	<u>\$ 21,491,658</u>	<u>\$ 18,367,355</u>

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

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	Westfield State University	
	2024	2023
Cash Flows from Operating Activities:		
Tuition and fees	\$ 36,784,014	\$ 41,753,600
Residence and dining fees	16,441,786	19,181,913
Grants and contracts	24,795,427	17,398,179
Payments to suppliers	(28,461,959)	(28,400,133)
Payments to employees	(73,011,392)	(66,309,553)
Payments to students	(5,116,597)	(4,799,701)
Collections of loans to students	35,178	51,274
Other receipts	<u>2,841,458</u>	<u>2,083,002</u>
Net Cash Applied to Operating Activities	<u>(25,692,085)</u>	<u>(19,041,419)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriation	39,637,534	35,424,405
Tuition remitted to state	(1,309,507)	(1,040,829)
Federal grants	<u>377,637</u>	<u>1,269,232</u>
Net Cash Provided by Non-Capital Financing Activities	<u>38,705,664</u>	<u>35,652,808</u>
Cash Flows from Capital Financing Activities:		
Capital appropriations	2,831,890	843,835
Purchases of capital assets	(4,588,714)	(18,136,418)
Principal paid on notes payable	(85,300)	(82,590)
Interest paid on notes payable	(5,689)	(8,398)
Principal paid on SBITA liability	(645,894)	(320,424)
Interest paid on SBITA liability	(19,966)	(34,846)
Principal paid on bonds payable and lease liability	(3,262,727)	(4,408,348)
Interest paid on bonds payable and lease liability	(5,939,491)	(6,081,692)
Receipts from debt service reserve	<u>133,151</u>	<u>119,821</u>
Net Cash Applied to Capital Financing Activities	<u>(11,582,740)</u>	<u>(28,109,060)</u>
Cash Flows from Investing Activity:		
Proceeds from sales of investments	58,796,562	8,049,223
Purchase of investments	(69,313,138)	(9,190,857)
Interest income	<u>2,521,490</u>	<u>903,827</u>
Net Cash Applied to Investing Activities	<u>(7,995,086)</u>	<u>(237,807)</u>
Net Decrease in Cash and Equivalents	(6,564,247)	(11,735,478)
Cash and Equivalents, Beginning of Year	<u>60,398,102</u>	<u>72,133,580</u>
Cash and Equivalents, End of Year	\$ <u>53,833,855</u>	\$ <u>60,398,102</u>

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

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued

For the Years Ended June 30, 2024 and 2023

	Westfield State University	
	2024	2023
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Operating loss	\$ (44,422,528)	\$ (35,580,585)
Adjustments to Reconcile Net Operating Loss to Net Cash Applied to Operating Activities:		
Depreciation	12,206,825	12,013,067
Fringe benefits provided by the State	17,142,328	13,724,292
Bad debts (recoveries)	(25,163)	26,710
Changes in Assets and Liabilities:		
Accounts receivable	902,628	(949,599)
Perkins loans receivable	38,221	88,069
Other current assets	32,622	(57,817)
Accounts payable and accrued liabilities	(312,317)	(1,151,914)
Accrued salaries, wages and benefits	1,101,719	(353,241)
Compensated absences	598,460	403,369
Accrued workers' compensation	131,091	(412)
Student deposits and unearned revenue	(529,717)	1,564,698
Grants refundable	(38,092)	(95,906)
Other liabilities	166,217	127,943
Net pension activity	(3,559,994)	(2,896,521)
Net OPEB activity	<u>(9,124,385)</u>	<u>(5,903,572)</u>
Net Cash Applied to Operating Activities	<u>\$ (25,692,085)</u>	<u>\$ (19,041,419)</u>
Non-Cash Transactions:		
Fringe benefits paid by State	<u>\$ 17,142,328</u>	<u>\$ 13,724,292</u>
Capital improvements provided by capital appropriations	<u>\$ 8,406,917</u>	<u>\$ 9,365,699</u>
Capital additions acquired through SBITAs	<u>\$ 726,724</u>	<u>\$ 398,661</u>
Construction in progress included in accounts payable and accrued liabilities	<u>\$ 593,063</u>	<u>\$ 848,234</u>
Change in deferred revenue related to capital appropriations	<u>\$ (2,072,460)</u>	<u>\$ 809,362</u>
MSCBA lease payments paid through grants	<u>\$ 169,648</u>	<u>\$ 2,119,553</u>
Bond refunding	<u>\$ 481,595</u>	<u>\$ -</u>
Investment income from amortization of deferred inflows of lease modification	<u>\$ 5,071,755</u>	<u>\$ (36,924)</u>
Cash and Equivalents, End of Year:		
Cash and equivalents	\$ 47,180,506	\$ 54,124,627
Cash held by State Treasurer	4,663,117	2,958,043
Deposits held by State Treasurer	1,990,232	2,685,015
Deposits held by MSCBA	<u>-</u>	<u>630,417</u>
Total	<u>\$ 53,833,855</u>	<u>\$ 60,398,102</u>

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

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Note 1 - **Summary of Significant Accounting Policies**

Organization

Westfield State University (the "University") is a public, state-supported university located in Westfield, Massachusetts and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and post-graduate degrees in education, business, and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Commission of Higher Education.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the *Governmental Accounting Standards Board* ("GASB").

Westfield State Foundation, Inc. (the "Foundation") is a related tax-exempt organization founded to foster and promote the growth, progress and general welfare of the University. The Foundation is included in the University's financial statements and is reported in a separate column from the University to emphasize that it is a Massachusetts not-for-profit organization legally separate from the University. Because of the significance of its financial relationship with the University, the Foundation is included in the University's financial statements. Complete financial statements can be obtained from the Foundation's administrative office in Westfield, Massachusetts.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The University's policy for defining operating activities in the statement of revenues, expenses are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts (the "Commonwealth"), net investment income, gifts and interest expense.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues and expenses, changes in net position, and cash flows on a combined University-wide basis.

Net Position

Resources are classified for accounting purposes into the following four net asset categories:

Net Investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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Restricted - nonexpendable: Net position subject to externally imposed conditions or by law such that the University must maintain the funds in perpetuity.

Restricted - expendable: Net position whose use is subject to externally imposed conditions or by law that can be fulfilled by the actions of the University or the passage of time.

Unrestricted: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosures of contingencies at the dates of the financial statements and revenues and expenses recognized during the reporting periods. The University's significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, net pension and OPEB liabilities, the allowance for doubtful accounts, and the useful lives of capital assets. Actual results could differ from those estimates.

Trust Funds

In accordance with the requirements of the Commonwealth of Massachusetts, the University's operations are accounted for in several trust funds. All trust funds have been consolidated and are included in the accompanying financial statements.

Cash and Equivalents

The University's cash and equivalents are cash on hand, cash and deposits held with the Commonwealth's Treasurer and Massachusetts State College Building Authority ("MSCBA"), which are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

Accounts and pledges receivable are periodically evaluated for collectability. Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral and current economic conditions.

Investments

Investments in marketable securities are stated at fair value.

Dividends, interest, and net gains or losses on investments of endowments and similar funds are reported in the statements of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

- A) as increases in restricted – nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

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- B) as increases in temporarily restricted – expendable net position if the terms of the gift or the University's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The University has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should generally be classified as restricted - expendable; and
- C) as increases in unrestricted net position in all other cases.

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment, and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the state's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Library materials are generally expenses during the year. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. Leased and subscription-based information technology arrangement assets are amortized over the shorter of the lease/subscription term or useful life of the underlying asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Amortization of leasehold improvements and leased assets is included within depreciation expense.

Restricted Gifts

The University recognizes restricted gifts as revenues or receivables when all applicable eligibility requirements, including time requirements, are met.

Grants and Contracts

The University receives monies from the federal and state government and other private agencies under grants and contracts. The costs, both direct and indirect, charged to these grants and contracts are subject to audit by the granting agency. The University administration believes that any audit adjustments would not have a material adverse effect on the University's financial position, its revenues, expenses and changes in net position, or its cash flows.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave or when using compensatory time. Accrued vacation and compensatory time is the amount earned by all eligible employees through June 30, 2024 and 2023. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more years of state service at June 30, 2024 and 2023. Upon retirement, those employees are entitled to receive payment for this accrued balance. Funding of these amounts is anticipated to be part of the future annual appropriation process from the Commonwealth of Massachusetts.

Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenue are recorded as revenue when earned.

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Deposits Held by State Treasurer

Deposits held represents funds accessible by the University held by the Commonwealth of Massachusetts for payments on payroll.

Deposits Held by MSCBA

Deposits held represents funds accessible by the Massachusetts State College Building Authority for specific projects.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the 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 terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the University's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust ("SRBT") and additions to/deductions from SRBT's fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Student Fees

Student tuition and other fees are presented net of scholarships and fellowships applied to students' accounts. Certain other scholarship amounts paid directly to, or refunded to, the student are generally reflected as expenses.

Fringe Benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and workers' compensation benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation costs are assessed separately based on the University's actual experience. The Commonwealth requires the University to record, as a liability, its portion of the future estimated workers' compensation benefits to be paid.

Income Tax Status

The University is a component unit of the Commonwealth of Massachusetts and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. The Foundation is also exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

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Future Governmental Accounting Pronouncements

GASB Statement 101 – Compensated Absences is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences.

GASB Statement 102 – Certain Risk Disclosures is effective for reporting periods beginning after June 15, 2024. The objective of this statement is to update the required disclosures for risks that could negatively impact state and local governments.

GASB Statement 103 – Financial Reporting Model Improvements is effective for reporting periods beginning after June 15, 2025. The objective of this statement is to improve the financial reporting model to enhance decision making by the organization and assessing a government's accountability.

Management has not completed its review of the requirements of these standards and their applicability.

Note 2 - **Implementation of Newly Effective Accounting Standard**

As of July 1, 2022, the College implemented GASB Statement 100 – Accounting Changes and Error Corrections, an amendment of GASB 62. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors. The adoption of this statement did not have a material impact to the financial statements.

Note 3 - **Cash and Equivalents**

The carrying amount of the University's bank deposits and deposits in trust depositories is \$47,180,506 and \$54,124,627 as compared to bank balances of \$47,729,122 and \$55,256,191 at June 30, 2024 and 2023, respectively. The differences between the carrying amount and the bank balances were attributed to deposits in transit and outstanding checks.

In addition to Federal Deposit Insurance Corporation insurance, the University has deposits insured through collateralization in a pool of eligible securities held by Berkshire Bank's Asset Management/Trust Group as custodian totaling \$10,126,302 and \$41,473,406 at June 30, 2024 and 2023, respectively. Amounts remaining that are exposed to custodial risk at June 30, 2024 and 2023 were \$36,852,820 and \$13,032,785, respectively.

Note 4 - **Cash and Deposits Held by the State Treasurer**

Accounts payable, accrued salaries, wages and withholdings to be funded from state-appropriated funds totaled \$4,663,117 and \$2,958,043 at June 30, 2024 and 2023, respectively. The University has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the University, which was subsequently used to pay for such liabilities.

Cash forwarded by the University and held by the State Treasurer for payment of so called "non-appropriated" liabilities through Massachusetts Management Accounting Reporting System ("MMARS") totaled \$1,990,232 and \$2,685,015 at June 30, 2024 and 2023, respectively.

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Note 5 - **Investments**

University

Short-term investments are categorized according to the level of risk assumed by the University. At June 30, 2024 and 2023, the entire balance of investments are held in trust depository accounts in the name of the University and are uninsured. At June 30, 2024 and 2023, the investments are stated at fair value.

The fair value of the University's investments in debt securities by contractual maturities as of June 30, is as follows:

June 30, 2024 Investment Maturity in Years

Investment Type:	Fair Value	Less than 1	1-5
Mutual funds			
Short-term U.S. Treasuries	\$ 2,226,575	\$ 2,226,575	\$ -
Short-term bonds	15,402,337	15,402,337	-
U.S. Treasuries	200,000	200,000	-
Total	17,828,912	\$ 17,828,912	\$ -
Mutual funds and exchange traded funds	18,950,801		
Total investments	\$ 36,779,713		

June 30, 2023 Investment Maturity in Years

Investment Type:	Fair Value	Less than 1	1-5
Corporate bonds	\$ 4,483,185	\$ 1,225,532	\$ 3,257,653
U.S. Treasuries	1,948,126	1,075,142	872,984
Short-term bonds	176,544	176,544	-
Total fixed income	6,607,855	\$ 2,477,218	\$ 4,130,638
Equity securities	16,786,323		
Total investments	\$ 23,394,178		

At June 30, 2024, the University's Short-term U.S. Treasury and Short-term bonds credit quality ratings are as follows:

	Quality Ratings								
	Fair Value	Below B	B	BB	BBB	A	AA	AAA	Not Rated
Mutual Funds:									
Short-term U.S. Treasuries	\$ 2,226,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,226,575	\$ -
Short-term bonds	15,402,337	9,103	13,685	232,983	658,083	442,257	317,561	13,186,842	541,823
U.S. Treasuries	200,000	-	-	-	-	-	-	200,000	-
Totals	\$ 17,828,912	\$ 9,103	\$ 13,685	\$ 232,983	\$ 658,083	\$ 442,257	\$ 317,561	\$ 15,613,417	\$ 541,823

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At June 30, 2023, the University's U.S. Treasury Notes and Government Securities and corporate debt securities credit quality ratings are as follows:

	Quality Ratings							
	Fair Value	BBB-	BBB	BBB+	A-	A	A+	AAA
Corporate bonds	\$ 4,483,185	\$ 185,963	\$ 1,267,173	\$ 1,351,879	\$ 946,941	\$ 498,778	\$ 232,452	\$ -
U.S. Treasuries	1,948,126	-	-	-	-	-	-	1,948,126
Government Agencies	176,544	-	-	-	-	-	-	176,544
Totals	\$ 6,607,855	\$ 185,963	\$ 1,267,173	\$ 1,351,879	\$ 946,941	\$ 498,778	\$ 232,452	\$ 2,124,670

Fair Value Hierarchy

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. If the fair value is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority input level that is significant to the entire measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Mutual funds, exchange traded funds, and common stock are valued at daily closing prices as reported by the fund and are deemed to be actively traded. U.S. Treasuries and U.S. Government obligations are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs. These securities are classified as Level 1.

Corporate bonds are valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager. These securities are classified as level 2.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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June 30, 2024

	Level 1	Level 2	Level 3	Total
Mutual funds				
International equities	\$ 4,112,087	\$ -	\$ -	\$ 4,112,087
U.S. equities	13,169,508	-	-	13,169,508
Short-term bonds	15,402,337	-	-	15,402,337
Short-term U.S. treasuries	2,226,575	-	-	2,226,575
Diversified emerging markets	1,669,206	-	-	1,669,206
Total mutual funds	36,579,713	-	-	36,579,713
U.S. Treasuries	-	200,000	-	200,000
Total investments	\$ 36,579,713	\$ 200,000	\$ -	\$ 36,779,713

Foundation

Investments of the Foundation are categorized as Level 1 investments and are valued at quoted prices of the shares held in an active market at June 30:

	<u>2024</u>	<u>2023</u>
Stock market index fund	7,771,020	7,348,176.00
Bond market index fund	5,384,732	4,341,270
International stock market index fund	4,952,251	4,170,888
	<u>\$ 18,108,003</u>	<u>\$ 15,860,334</u>

Note 6 - **Accounts Receivable**

The composition of the University's accounts receivable at June 30, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Student accounts receivable	\$ 2,589,868	\$ 2,674,875
Grants receivable	518,750	1,515,528
Other receivables	<u>128,686</u>	<u>327,166</u>
	3,237,304	4,517,569
Less: allowance for doubtful accounts	<u>(2,112,778)</u>	<u>(2,123,059)</u>
	<u>\$ 1,124,526</u>	<u>\$ 2,394,510</u>

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Note 7 - **Perkins Loans Receivable and Grants Refundable**

Loans receivable consist of the Federal Perkins Loan Program ("Perkins"). The Federal Government provides the majority of the funds to support this program. The portion of the Perkins program provided by the Federal Government, identified as grants refundable on the statements of net position, is refundable to the Federal Government upon the termination of the University's participation in the program.

Loans receivable include the following at June 30:

	<u>2024</u>	<u>2023</u>
Perkins loans receivable	\$ 104,143	\$ 142,364
Less: allowance for doubtful accounts	<u>(6,234)</u>	<u>(21,116)</u>
Total loans receivable, net	97,909	121,248
Less: amount due in one year	<u>(35,177)</u>	<u>(51,273)</u>
Long term loans receivable	<u>\$ 62,732</u>	<u>\$ 69,975</u>

The Federal Perkins Loan Program Extension Act of 2015 (the "Extension Act"), enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. No further extensions were granted for the program as of the date of issuance of these financial statements.

Note 8 - **Related Party Transactions**

University

The University provides certain personnel and payroll services to the Foundation at no charge.

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Note 9 - **Capital Assets**

The University's capital asset activity for the year ended June 30, 2024 is summarized as follows:

	June 30, 2024					
	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciable:						
Land	-	\$ 1,223,862	\$ -	\$ -	\$ -	\$ 1,223,862
Construction-in-progress	-	35,604,547	11,075,180	-	(458,540)	46,221,187
Total		<u>36,828,409</u>	<u>11,075,180</u>	<u>-</u>	<u>(458,540)</u>	<u>47,445,049</u>
Depreciable:						
Buildings, including improvements	20-40	150,937,615	2,207,120	-	458,540	153,603,275
Infrastructure improvements	40	11,552,831	-	-	-	11,552,831
Land improvements	20	6,758,558	-	-	-	6,758,558
Leasehold improvements	5	271,083	-	-	-	271,083
Equipment and furnishings	3-10	23,986,325	280,145	1,333,438	-	22,933,032
Library books	5	7,500,672	26,249	-	-	7,526,921
Vehicles	5	1,085,396	-	183,062	-	902,334
Software arrangements	3-5	1,155,428	726,724	-	-	1,882,152
Leased equipment	5-7	1,096,451	-	-	-	1,096,451
Leased real estate	8-24	<u>112,402,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,402,898</u>
Total		<u>316,747,257</u>	<u>3,240,238</u>	<u>1,516,500</u>	<u>458,540</u>	<u>318,929,535</u>
Less accumulated depreciation:						
Buildings, including improvements		73,371,656	4,344,167	-	-	77,715,823
Infrastructure improvements		288,821	288,821	-	-	577,642
Land improvements		2,671,885	224,976	-	-	2,896,861
Leasehold improvements		271,083	-	-	-	271,083
Equipment and furnishings		19,950,203	708,615	1,290,458	-	19,368,360
Library books		7,454,365	25,694	-	-	7,480,059
Vehicles		1,082,375	9,187	189,228	-	902,334
Software arrangements		298,382	570,113	-	-	868,495
Leased equipment		329,325	219,290	-	-	548,615
Leased real estate		<u>11,708,924</u>	<u>5,815,962</u>	<u>-</u>	<u>-</u>	<u>17,524,886</u>
Total accumulated depreciation		<u>117,427,019</u>	<u>12,206,825</u>	<u>1,479,686</u>	<u>-</u>	<u>128,154,158</u>
Capital Assets, Net		<u>\$ 236,148,647</u>	<u>\$ 2,108,593</u>	<u>\$ 36,814</u>	<u>\$ -</u>	<u>\$ 238,220,426</u>

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The University's capital asset activity for the year ended June 30, 2023 is summarized as follows:

June 30, 2023						
	Estimated lives (in years)	(Restated) Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciable:						
Land	-	\$ 1,223,862	\$ -	\$ -	\$ -	\$ 1,223,862
Construction-in-progress	-	22,926,166	26,099,836	-	(13,421,455)	35,604,547
Total		<u>24,150,028</u>	<u>26,099,836</u>	<u>-</u>	<u>(13,421,455)</u>	<u>36,828,409</u>
Depreciable:						
Buildings, including improvements	20-40	146,963,158	2,058,115	-	1,916,342	150,937,615
Infrastructure improvements	40	-	47,718	-	11,505,113	11,552,831
Land improvements	20	6,758,558	-	-	-	6,758,558
Leasehold improvements	5	271,083	-	-	-	271,083
Equipment and furnishings	3-10	24,801,954	116,995	932,624	-	23,986,325
Library books	5	7,472,985	27,687	-	-	7,500,672
Vehicles	5	1,085,396	-	-	-	1,085,396
Software arrangements	3-5	756,767	398,661	-	-	1,155,428
Leased equipment	5-7	1,096,451	-	-	-	1,096,451
Leased real estate	8-24	<u>112,402,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,402,898</u>
Total		<u>301,609,250</u>	<u>2,649,176</u>	<u>932,624</u>	<u>13,421,455</u>	<u>316,747,257</u>
Less accumulated depreciation:						
Buildings, including improvements		69,160,773	4,210,883	-	-	73,371,656
Infrastructure improvements		-	288,821	-	-	288,821
Land improvements		2,389,337	282,548	-	-	2,671,885
Leasehold improvements		271,083	-	-	-	271,083
Equipment and furnishings		20,066,592	807,202	923,591	-	19,950,203
Library books		7,423,705	30,660	-	-	7,454,365
Vehicles		1,061,556	20,819	-	-	1,082,375
Software arrangements		-	298,382	-	-	298,382
Leased equipment		110,035	219,290	-	-	329,325
Leased real estate		<u>5,854,462</u>	<u>5,854,462</u>	<u>-</u>	<u>-</u>	<u>11,708,924</u>
Total accumulated depreciation		<u>106,337,543</u>	<u>12,013,067</u>	<u>923,591</u>	<u>-</u>	<u>117,427,019</u>
Capital Assets, Net		<u>\$ 219,421,735</u>	<u>\$ 16,735,945</u>	<u>\$ 9,033</u>	<u>\$ -</u>	<u>\$ 236,148,647</u>

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Note 10 - **Student Deposits and Unearned Revenue**

Student deposits and unearned revenue includes tuition received in advance from students for summer courses commencing after June 30, the subsequent fall semester, state capital appropriations, and grant funds received in advance. Student deposits and unearned revenue of the University include the following as of June 30:

	<u>2024</u>	<u>2023</u>
Tuition and fees	\$ 1,982,050	\$ 1,881,994
State capital appropriations	2,448,061	375,601
Grants	<u>939,135</u>	<u>1,568,908</u>
Total student deposits and unearned revenue	<u>\$ 5,369,246</u>	<u>\$ 3,826,503</u>

Note 11 - **Line of Credit**

The Foundation has a demand line of credit allowing maximum borrowings of \$500,000. Interest on the note is charged at the prime rate minus 0.5% (8.00% at June 30, 2024 and 7.75% at June 30, 2023, respectively). There were no borrowings outstanding on the line of credit at June 30, 2024 and 2023.

Note 12 - **Long-Term Liabilities**

Leases, SBITA, notes and bond payables at June 30, 2024 consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Leases notes and bonds payable:					
Notes payable	\$ 173,398	\$ -	\$ 85,300	\$ 88,098	\$ 88,098
SBITA liability	835,004	726,724	645,894	915,834	517,569
Lease liability	105,004,903	-	8,353,711	96,651,192	5,470,920
Bonds payable	20,963,855	4,609,439	6,287,795	19,285,499	1,251,995
Bonds premium	<u>309,260</u>	<u>449,938</u>	<u>168,459</u>	<u>590,739</u>	<u>74,570</u>
Total leases notes and bonds payable	<u>127,286,420</u>	<u>5,786,101</u>	<u>15,541,159</u>	<u>117,531,362</u>	<u>7,403,152</u>
Other long-term liabilities:					
Compensated absences	6,940,970	598,460	-	7,539,430	5,076,180
Workers' compensation	1,723,030	131,091	-	1,854,121	230,518
Grants refundable	171,489	-	38,092	133,397	-
Net pension liability	22,479,727	-	1,748,100	20,731,627	-
Net OPEB liability	<u>28,290,524</u>	<u>-</u>	<u>6,240,728</u>	<u>22,049,796</u>	<u>-</u>
Total other long-term liabilities	<u>59,605,740</u>	<u>729,551</u>	<u>8,026,920</u>	<u>52,308,371</u>	<u>5,306,698</u>
Total	<u>\$ 186,892,160</u>	<u>\$ 6,515,652</u>	<u>\$ 23,568,079</u>	<u>\$ 169,839,733</u>	<u>\$ 12,709,850</u>

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Leases, SBITA, notes and bond payables at June 30, 2023 consist of:

	(Restated) Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases notes and bonds payable:					
Notes payable	\$ 255,988	\$ -	\$ 82,590	\$ 173,398	\$ 85,300
SBITA liability	756,767	398,661	320,424	835,004	385,965
Lease liability	110,464,139	-	5,459,236	105,004,903	5,588,663
Bonds payable	22,032,520	-	1,068,665	20,963,855	1,272,170
Bonds premium	400,286	-	91,026	309,260	73,625
Total leases notes and bonds payable	133,909,700	398,661	7,021,941	127,286,420	7,405,723
Other long-term liabilities:					
Compensated absences	6,537,601	403,369	-	6,940,970	4,765,008
Workers' compensation	1,723,442	-	412	1,723,030	202,412
Grants refundable	267,395	-	95,906	171,489	-
Net pension liability	21,788,225	691,502	-	22,479,727	-
Net OPEB liability	38,255,065	-	9,964,541	28,290,524	-
Total other long-term liabilities	68,571,728	1,094,871	10,060,859	59,605,740	4,967,420
Total	\$ 202,481,428	\$ 1,493,532	\$ 17,082,800	\$ 186,892,160	\$ 12,373,143

MSCBA Bonds Payable

On February 1, 2024, the University's MSCBA Series 2014A, 2014C, and 2020A were refunded, and Series 2019C bonds were partially refunded as part of the MSCBA's Refunding Revenue Bonds Series 2024A. The purpose of the issuance was to provide budgetary relief to the University. This was a non-cash producing transaction to restructure the University's debt schedule and interest payments and resulted in an economic benefit of approximately \$900,000 and deferred gain on refunding of approximately \$450,000. Through its agreement with the MSCBA, the University repays this debt in semi-annual installments, starting on May 1, 2024 and ending at various dates through 2044, at an annual variable rate of 5%. A debt service fund is not required under this financing agreement. At June 30, 2024 and 2023 the outstanding amounts related to all MSCBA bond series was \$19,836,344 and \$21,219,923, respectively and is included in the project related bond payable amounts described below.

Science Center Building:

In December 2014, the University entered into a financing agreement with the MSCBA for partial funding of a new Science Center building. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2014B and 2020A). Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting November 1, 2015 and ending May 1, 2044, at an annual variable coupon rate averaging 5.0%. MSCBA requires that the University maintain a debt service reserve which totaled \$374,210 and \$499,440 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the balance on these bonds related to this project was \$11,702,029 and \$12,255,977, respectively.

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Ely Hall:

In November 2011, the University entered into a financing agreement with the MSCBA for an expansion of the wellness center, and the relocation of the food services and other student areas in Ely Hall. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2012A, 2019C, 2020A, and 2024A). In fiscal year 2020 the 2012A bond was partially refunded with the Series 2019C bonds resulting in an economic gain of \$414,303 and a deferred gain of \$260,434. As disclosed above, in July 2020 both the Series 2012A and 2019C bonds were partially refunded with the Series 2020A bonds. Through its agreements with MSCBA, the University is to repay this debt in semi-annual installments, starting May 1, 2020 and ending May 1, 2044, at an annual variable coupon rate averaging 2.2%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2024 and 2023, the balance on these bonds related to this project was \$4,653,738 and \$5,055,888, respectively.

Dining Facility:

In December 2010, the University entered into a financing agreement with the MSCBA for an expansion of a dining facility. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2010A, 2010B, 2020A, and 2024A). As disclosed above, in July 2020 the Series 2010A and 2010B bonds were partially refunded with the Series 2020A bonds. Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting May 1, 2011 and ending May 1, 2044, at an annual variable coupon rate averaging 5.5%. MSCBA requires that the University maintain a debt service reserve which totaled \$94,694 and \$102,615 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the balance on these bonds was \$2,324,742 and \$2,616,163, respectively.

Dining Facility Equipment Replacement and Installation:

In February 2022, the University entered into a financing agreement with the MSCBA for the replacement of equipment in the dining facility. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2022A and 2024A). Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting November 1, 2022 and ending May 1, 2032, at an annual coupon rate of 5.0%. MSCBA does not require that the University maintain a debt service reserve. At June 30, 2024 and 2023, the balance on these bonds was \$1,155,835 and \$1,291,895, respectively.

Other Bonds Payable

During November 2010, the University borrowed \$226,065 in clean renewable energy bonds issue Series 2010A-14 with the Massachusetts Development Finance Agency ("MDFA"). The Series 2010A-14 bonds are payable in annual principal installments of \$13,298 through fiscal year 2027. Interest is payable semiannually at a fixed interest rate of 3.5%. MDFA requires no debt reserve. At June 30, 2024 and 2023, the balance on these bonds was \$39,894 and \$53,192, respectively.

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Future Maturities of Bonds Payable

Maturities of the bonds payable subsequent to June 30, 2024 are as follows:

Years Ended June 30,	Principal	Amortization of Bond Premium	Total Principal	Interest	Total
2025	\$ 1,251,995	\$ 74,570	\$ 1,326,565	\$ 675,423	\$ 2,001,988
2026	1,313,890	71,090	1,384,980	276,153	1,661,133
2027	1,377,280	67,437	1,444,717	592,619	2,037,336
2028	1,218,926	63,600	1,282,526	211,924	1,494,450
2029	1,476,382	57,314	1,533,696	477,409	2,011,105
2030-2034	5,515,802	176,221	5,692,023	891,472	6,583,495
2035-2039	3,718,034	68,743	3,786,777	873,507	4,660,284
2040-2044	3,413,190	11,764	3,424,954	440,078	3,865,032
2045-2049	-	-	-	518,607	518,607
2050-2053	-	-	-	253,500	253,500
	<u>\$ 19,285,499</u>	<u>\$ 590,739</u>	<u>\$ 19,876,238</u>	<u>\$ 5,210,692</u>	<u>\$ 25,086,930</u>

Future Maturities of Notes Payable

The following schedule summarizes future minimum annual payments under non-cancelable notes payable as of June 30, 2024:

Years Ended June 30,	Principal	Interest	Total
2025	<u>\$ 88,098</u>	<u>\$ 2,890</u>	<u>\$ 90,988</u>

The University entered into finance purchase agreements for equipment. The notes payable require annual payments ranging from \$20,737 to \$70,250 with interest rates ranging from 3.19% to 3.53%

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Note 13 - **Lease Liability**

A summary of the University's leases at June 30, 2024 is as follows:

<u>Description</u>	<u>Expiration Date</u>	<u>Payment Amount</u>	<u>Rate Type</u>	<u>Interest Rate</u>	<u>Lease Liability</u>
Equipment Leases	Various	\$5,112 - \$10,337	IBR	5.00%	\$ 581,467
MSCBA-04A-New Hall	5/1/2043	Varies	Implicit Rate	3.55%	26,696,051
MSCBA-04A-Renewal	5/1/2041	Varies	Implicit Rate	2.63%	359,147
MSCBA-06A-Renewal (2006)	11/1/2040	Varies	Implicit Rate	4.40%	805,711
MSCBA-06A-Renewal (2007)	5/1/2033	Varies	Implicit Rate	3.47%	1,800,082
MSCBA-08A-Renewal (20)	5/1/2042	Varies	Implicit Rate	3.81%	370,460
MSCBA-08A-Renewal (30)	5/1/2042	Varies	Implicit Rate	3.34%	2,109,648
MSCBA-09A-Renewal	5/1/2042	Varies	Implicit Rate	3.89%	1,061,311
MSCBA-09C-Renewal	5/1/2041	Varies	Implicit Rate	4.99%	2,252,309
MSCBA-10B-Renewal	5/1/2041	Varies	Implicit Rate	5.20%	1,108,761
MSCBA-12A-Renewal	5/1/2041	Varies	Implicit Rate	3.73%	1,277,234
MSCBA-12A-University Hall	5/1/2044	Varies	Implicit Rate	4.18%	45,533,639
MSCBA-12C-Renewal	11/1/2034	Varies	Implicit Rate	4.22%	2,214,710
MSCBA-14A-Davis	5/1/2043	Varies	Implicit Rate	3.26%	1,503,810
MSCBA-14C-Dickinson	11/1/2042	Varies	Implicit Rate	4.70%	3,169,750
MSCBA-15A-Davis	5/1/2036	Varies	Implicit Rate	4.78%	4,144,744
MSCBA-99A-Pooled Debt Service	5/1/2028	Varies	Implicit Rate	73.65%	1,662,358
					<u><u>\$ 96,651,192</u></u>

A summary of the University's leases at June 30, 2023 is as follows:

<u>Description</u>	<u>Expiration Date</u>	<u>Payment Amount</u>	<u>Rate Type</u>	<u>Interest Rate</u>	<u>Lease Liability</u>
Equipment Leases	Various	\$5,112 - \$10,337	IBR	5.00%	\$ 794,866
MSCBA-04A-New Hall	5/1/2043	Varies	Implicit Rate	3.11%	28,498,199
MSCBA-04A-Renewal	5/1/2041	Varies	Implicit Rate	2.86%	366,418
MSCBA-06A-Renewal (2006)	5/1/2033	Varies	Implicit Rate	2.10%	888,406
MSCBA-06A-Renewal (2007)	5/1/2033	Varies	Implicit Rate	2.21%	1,894,575
MSCBA-08A-Renewal (20)	5/1/2042	Varies	Implicit Rate	3.64%	442,032
MSCBA-08A-Renewal (30)	5/1/2042	Varies	Implicit Rate	3.10%	2,314,283
MSCBA-09A-Renewal	5/1/2042	Varies	Implicit Rate	3.71%	1,230,691
MSCBA-09C-Renewal	5/1/2041	Varies	Implicit Rate	5.01%	2,530,247
MSCBA-10B-Renewal	5/1/2041	Varies	Implicit Rate	5.22%	1,239,975
MSCBA-12A-Renewal	5/1/2041	Varies	Implicit Rate	2.49%	1,349,653
MSCBA-12A-University Hall	5/1/2044	Varies	Implicit Rate	4.01%	46,863,645
MSCBA-12C-Renewal	5/1/2032	Varies	Implicit Rate	4.25%	2,379,028
MSCBA-14A-Davis	5/1/2043	Varies	Implicit Rate	3.17%	1,546,787
MSCBA-14C-Dickinson	5/1/2039	Varies	Implicit Rate	4.75%	4,880,420
MSCBA-15A-Davis	5/1/2036	Varies	Implicit Rate	4.46%	4,441,949
MSCBA-99A-Pooled Debt Service	5/1/2028	Varies	Implicit Rate	35.61%	3,343,729
					<u><u>\$ 105,004,903</u></u>

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Equipment Leases

In July 2019, the University entered into a seven-year lease agreement for equipment. Payments of \$5,243 are due monthly. There are no options to renew the lease or purchase the leased equipment. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2024 and 2023.

In January 2022, the University entered into a five-year lease agreement for equipment. Payments of \$5,112 are due monthly. There are no options to renew the lease or purchase the leased equipment. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2024 and 2023.

In April 2022, the University entered into a five-year lease agreement for equipment. Payments of \$10,337 are due monthly. There are no options to renew the lease or purchase the leased equipment. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2024 and 2023.

The University's incremental borrowing rate ("IBR") for a transaction with similar attributes was used to discount the lease payments to recognize the intangible right to use this asset and the associated lease liability.

MSCBA

The land on which the residence hall resides is leased by the Massachusetts State College Building Authority ("MSCBA") from the Commonwealth of Massachusetts. MSCBA has issued bonds to construct and refurbish the University's residence halls. The residence halls and the associated liabilities are reflected on the financial statements of MSCBA. MSCBA leases the residence halls to the University.

According to an agreement between the Commonwealth of Massachusetts and the University, the University is responsible for reimbursing MSCBA for debt service payments of the bonds that MSCBA has issued for the residence halls and operating costs for the residence halls incurred by MSCBA.

The lease terms are completed when the final bond payment is made. Final payment for all bonds is scheduled for May 2044. If MSCBA refunds the bonds, any cost savings are passed through to the University. During the year ended June 30, 2024, \$5.7 million of the bonds were refunded. The difference in the lease liability due to the refunding was recognized as deferred outflow of resources.

Payments to MSCBA are due in semi-annual installments that coincide with the fall and spring academic semesters. For the year ended June 30, 2024 and 2023, debt service payments related to leases paid by the University was \$7,742,167 and \$10,654,685, respectively, and other payments of \$1,733,085 and \$1,591,106, respectively.

The total amount of the right of use lease assets was \$113,499,349 as of June 30, 2024 and 2023. Total amount of the accumulated amortization for leases were \$18,073,501 and \$12,038,249 as of June 30, 2024 and 2023, respectively.

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Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2024 are as follows:

Years Ended June 30,	Principal	Interest	Total
2025	\$ 5,470,920	\$ 5,272,449	\$ 10,743,369
2026	5,729,719	4,997,062	10,726,781
2027	5,923,395	4,654,106	10,577,501
2028	6,466,833	4,113,713	10,580,546
2029	5,673,644	2,873,055	8,546,699
2030-2034	26,307,457	10,956,190	37,263,647
2035-2039	24,855,336	6,037,221	30,892,557
2040-2044	16,223,888	1,271,993	17,495,881
	<u>\$ 96,651,192</u>	<u>\$ 40,175,789</u>	<u>\$ 136,826,981</u>

Note 14 - Subscription-Based Information Technology Arrangements

The University has entered into subscription-based information technology arrangements (SBITAs) for various software products which were initiated in fiscal years ended ranging from June 30, 2021 to 2024. These agreements have expiration dates ranging from June 2025 to March 2028 and have annual payments ranging from \$17,847 to \$127,270. An IBR of 5% was used to discount all SBITA arrangement payments to recognize the intangible right to use this asset and the associated SBITA liability. There were no payments made for additional services not included in the annual SBITA payments. The University has no options to renew these agreements and there is no option to purchase the software products.

At June 30, 2024 and 2023, the total amount of the SBITA right of use assets was \$1,882,152 and \$1,155,428, respectively and at June 30, 2024 and 2023, accumulated amortization for SBITAs was \$868,495 and \$298,382, respectively.

Annual requirements to amortize the SBITA liability and related interest subsequent to June 30, 2024 are as follows:

Years Ended June 30,	Principal	Interest	Total
2025	\$ 517,569	\$ 45,183	\$ 562,752
2026	333,413	23,557	356,970
2027	64,852	3,318	68,170
	<u>\$ 915,834</u>	<u>\$ 72,058</u>	<u>\$ 987,892</u>

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Note 15 - **Pension**

Defined Benefit Plan Description

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit pension plan - the Massachusetts State Employees' Retirement System - administered by the Massachusetts State Board of Retirement (the "Board"), which is a public employee retirement system ("PERS"). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees' Retirement System does not issue stand-alone financial statements. Additional information regarding the Plan is contained in the Commonwealth's financial statements, which is available on-line from the Office of State Comptroller's website.

Benefit Provisions

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the "Legislature").

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 are not eligible for retirement until they have reached age 60.

Contributions

The SERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

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Member contributions for SERS vary depending on the most recent date of membership:

Hire Date	Percent of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police which is 12% of regular compensation
7/1/2001 to present	11% of regular compensation (for teacher hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000

The Commonwealth does not require the University to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to approximately \$6,623,000, \$5,802,000 and \$5,556,000 for the years ended June 30, 2024, 2023 and 2022, respectively.

For employees covered by SERS but not paid from state appropriations, the University is required to contribute at an actuarially determined rate. The rate was 16.69%, 16.70% and 16.11% of annual covered payroll for the years ended June 30, 2024, 2023 and 2022, respectively. The University contributed \$2,270,182, \$2,086,906 and \$ 2,274,638 for the years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year. Annual covered payroll was approximately 88%, 91% and 89% of total related payroll for the years ended 2024, 2023 and 2022, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024 and 2023, the University reported a liability of \$20,731,627 and \$22,479,727, respectively for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2024, the reporting date, was measured as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The net pension liability as of June 30, 2023, the reporting date, was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022.

The University's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the University for the fiscal years 2024 and 2023. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the University's proportion was 0.142% and 0.162%, respectively.

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For the years ended June 30, 2024 and 2023, the University recognized a pension benefit of \$1,289,812 and \$809,615, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2024</u>	<u>2023</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 2,270,182	\$ 2,086,906
Differences between expected and actual experience	736,449	559,192
Changes in proportion from Commonwealth	171	1,538
Change in plan actuarial assumptions	348,430	618,903
Changes in proportion due to internal allocation	76,134	240,780
Differences between projected and actual earnings on pension plan investments	<u>557,950</u>	<u>-</u>
Total	<u>\$ 3,989,316</u>	<u>\$ 3,507,319</u>
<u>Deferred Inflows of Resources Related to Pension</u>		
Changes in proportion due to internal allocation	\$ 8,960,292	\$ 9,902,806
Changes in proportion from Commonwealth	158,380	60,807
Differences between expected and actual experience	512,276	877,391
Differences between projected and actual earnings on pension plan investments	<u>-</u>	<u>119,841</u>
Total	<u>\$ 9,630,948</u>	<u>\$ 10,960,845</u>

The University's contributions of \$2,270,182 and \$2,086,906 made during the years ended June 30, 2024 and 2023, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

<u>Years Ending</u>	
<u>June 30,</u>	
2025	\$ (379,343)
2026	3,950,836
2027	(9,742,827)
2028	<u>(1,740,480)</u>
	<u>\$ (7,911,814)</u>

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Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Measurement date	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Interest rate credited to annuity savings fund	3.50%	3.50%
Cost of living increase	3.00%	3.00%

For measurement date June 30, 2023, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females.
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

For measurement date June 30, 2022, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 set forward 1 year for females.
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

Experience studies were performed as follows:

- Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

The 2024 pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 and rolled forward to June 30, 2023.

The 2023 pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 and rolled forward to June 30, 2022.

Investment assets of SERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage.

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Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation are summarized in the following table:

Asset Class	2024		2023	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	4.9%	38.0%	4.2%
Portfolio Completion Strategies	10.0%	3.8%	10.0%	2.7%
Core Fixed Income	15.0%	1.9%	15.0%	0.5%
Private Equity	16.0%	7.4%	15.0%	7.3%
Real Estate	10.0%	3.0%	10.0%	3.3%
Value Added Fixed Income	8.0%	5.1%	8.0%	3.7%
Timber/Natural Resources	4.0%	4.3%	4.0%	3.9%
Total	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the 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.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

June 30, 2024		
1.00% Decrease	Current	1.00% Increase
(6.00%)	Discount Rate	(8.00)%
(6.00%)	(7.00%)	(8.00)%
\$ 28,492,826	\$ 20,731,627	\$ 14,163,614

June 30, 2023		
1.00% Decrease	Current	1.00% Increase
(6.00%)	Discount Rate	(8.00)%
(6.00%)	(7.00%)	(8.00)%
\$ 31,004,661	\$ 22,479,727	\$ 15,266,394

Note 16 - **OPEB**

Plan Description

As an agency of the Commonwealth, certain employees of the University participate in the Commonwealth's single-employer defined benefit-OPEB plan - the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

Management of the SRBT is vested with the Trustees, which consists of seven members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor, and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board.

The SRBT does not issue stand-alone audited financial statements but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

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Benefits Provided

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2024 and 2023 and as of the valuation date (January 1, 2023 and 2022), participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participants' status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs. The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). The University is required to contribute based on Massachusetts General Laws; the rate was 7.83% and 7.28% of annual covered payroll for the fiscal years ended June 30, 2024 and 2023, respectively.

The University contributed \$1,064,969 and \$909,454 for the fiscal years ended June 30, 2024 and 2023, respectively, equal to 100% of the required contribution for the year.

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

At June 30, 2024 and 2023, the University reported a liability of \$22,049,796 and \$28,290,524, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability as of June 30, 2024, was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023. The net OPEB liability as of June 30, 2023, was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022. The University's proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the University's share of total covered payroll for the fiscal years 2023 and 2022. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2023 and 2022 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the University's proportion was 0.157% and 0.212%, respectively.

For the years ended June 30, 2024 and 2023, the University recognized an OPEB benefit of \$8,059,416 and \$4,657,096, respectively.

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The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	<u>2024</u>	<u>2023</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 1,064,969	\$ 909,454
Changes in proportion from Commonwealth	2,020	12,998
Differences between expected and actual experience	896,828	520,792
Changes of assumptions	968,660	2,083,690
Changes in proportion due to internal allocation	-	1,509,692
Net differences between projected and actual earnings on OPEB plan investments	<u>72,071</u>	<u>43,005</u>
Total deferred outflows related to OPEB	<u>\$ 3,004,548</u>	<u>\$ 5,079,631</u>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Differences between expected and actual experience	\$ 2,476,740	\$ 4,683,803
Changes in proportion from Commonwealth	210,993	139,713
Changes in proportion due to internal allocation	23,439,677	21,711,130
Changes in OPEB plan actuarial assumptions	<u>5,687,436</u>	<u>10,238,940</u>
Total deferred inflows related to OPEB	<u>\$ 31,814,846</u>	<u>\$ 36,773,586</u>

The University's contributions of \$1,064,969 and \$909,454 made during the fiscal years ending 2024 and 2023, respectively, reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

Years Ending <u>June 30,</u>	
2025	\$ (7,543,422)
2026	(7,423,810)
2027	(7,284,099)
2028	(6,044,674)
2029	<u>(1,579,262)</u>
	<u>\$ (29,875,267)</u>

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Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Salary increases	4.0% per year	4.0% per year
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published GAO-Getzen trend rate model, version 2023_1f. Medicare and non-medicare benefits range from 3.94% to 8.59%	Developed based on the most recent published GAO-Getzen trend rate model, version 2022_f4. Medicare and non-medicare benefits range from 3.94% to 9.11%

For measurement date June 30, 2023, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 with females set forward one year. For measurement date June 30, 2022, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2020 with females set forward one year.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage are assumed to elect coverage at retirement.
- Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
- 85% of current and future vested terminated participants will elect health care benefits at age 55, or current age if later.
- 100% of spouses are assumed to elect to continue coverage after the retiree's death.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

<u>2024</u>				<u>2023</u>		
Retirement Age				Retirement Age		
	<u>Under 65</u>		<u>Age 65+</u>		<u>Under 65</u>	<u>Age 65+</u>
Indemnity	27.0%	Medicare Supplement	96.0%	Indemnity	28.0%	96.0%
POS/PPO	63.0%	Medicare Advantage	4.0%	POS/PPO	62.0%	0.0%
HMO	10.0%			HMO	10.0%	4.0%

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The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2021 and 2020 through December 31, 2022 and 2021, depending upon the criteria being evaluated.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2024 and 2023 are the same as discussed in the pension footnote, and are summarized as follows:

Asset Class	2024		2023	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	4.9%	38.0%	4.2%
Portfolio Completion Strategies	10.0%	3.8%	10.0%	2.7%
Core Fixed Income	15.0%	1.9%	15.0%	0.5%
Private Equity	16.0%	7.4%	15.0%	7.3%
Real Estate	10.0%	3.0%	10.0%	3.3%
Value Added Fixed Income	8.0%	5.1%	8.0%	3.7%
Timber/Natural Resources	4.0%	4.3%	4.0%	3.9%
Total	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total OPEB liability for 2024 and 2023 was 4.34% and 4.30%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.65% at June 30, 2023 and 3.54% as of June 30, 2022) as of the measurement date and the expected rates of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% was applied to projected benefit payments through year 2042 and the municipal bond rate was applied to all remaining future years to determine the total OPEB liability.

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Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	June 30, 2024		
	1.00% Decrease	Current	1.00% Increase
	3.34%	Discount Rate	5.34%
		4.34%	
Net OPEB Liability	\$ 25,763,022	\$ 22,049,796	\$ 19,002,881

	June 30, 2023		
	1.00% Decrease	Current	1.00% Increase
	3.30%	Discount Rate	5.30%
		4.30%	
Net OPEB Liability	\$ 33,003,949	\$ 28,290,524	\$ 24,418,789

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Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the 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:

<u>June 30, 2024</u>		
	Current Healthcare	
1.00% Decrease	Cost Trend Rate	1.00% Increase
(B)	(A)	(C)
\$ 18,476,055	\$ 22,049,796	\$ 26,570,358

<u>June 30, 2023</u>		
	Current Healthcare	
1.00% Decrease	Cost Trend Rate	1.00% Increase
(B)	(A)	(C)
\$ 23,715,557	\$ 28,290,524	\$ 34,081,883

(A) - Current healthcare cost trend rate, as disclosed in the actuarial assumptions

(B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed in the actuarial assumptions

(C) - 1-percentage increase in current healthcare cost trend rate, as disclosed in the actuarial assumptions

Note 17 - Net Position

Restricted Net Position

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Restricted - expendable:		
Scholarships and fellowships	\$ 868,810	\$ 988,612
Loans	15,095	15,095
Capital projects	118,870	118,870
Grants	<u>804,066</u>	<u>1,682,485</u>
	<u>\$ 1,806,841</u>	<u>\$ 2,805,062</u>

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The Foundation's restricted - nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support as of June 30, 2024 and 2023.

Note 18 - Operating Expenses

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30:

	<u>2024</u>	<u>2023</u>
Compensation and benefits	\$ 79,691,196	\$ 71,503,778
Supplies and services	27,824,836	27,021,456
Depreciation and amortization	12,206,825	12,013,067
Scholarships and fellowships	<u>5,116,597</u>	<u>4,799,701</u>
	<u>\$ 124,839,454</u>	<u>\$ 115,338,002</u>

Note 19 - Other Fringe Benefits

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and postemployment health insurance, unemployment, pension and workers' compensation benefits. Health insurance for active employees and retirees is paid through a fringe benefit rate charged to the University by the Commonwealth.

Group Insurance Commission

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors.

GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns, and a small number of municipalities as an agent multiple-employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

The GIC is a quasi-independent state agency governed by an eleven-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2024 and 2023, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

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Other Retirement Plans

The employees of the University can elect to participate in two defined contribution plans offered and administered by the Massachusetts Department of Higher Education – an IRC 403(b) Tax-Deferred Annuity Plan and an IRC 457 Deferred Compensation SMART Plan. Employees can contribute by payroll deduction a portion of before-tax salary into these plans up to certain limits. The University has no obligation to contribute to these plans and no obligation for any future payout.

Note 20 - **Commitments and Contingencies**

The University is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Commonwealth is self-insured.

Various lawsuits are pending or threatened against the University, which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending or threatened that would materially affect the University's financial position.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits become a liability of the University. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for the future tuition, at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this Program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of the Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The University participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, and workers' compensation. The Commonwealth is self-insured for employees' workers' compensation, casualty, theft, tort claims, and other losses. Such losses, including estimates of amounts incurred but not reported, are obligations of the Commonwealth. For workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances.

Note 21 - **Massachusetts Management Accounting and Reporting System**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System, ("MMARS") on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. Management believes the

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amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

The University's state appropriations are composed of the following at June 30:

	<u>2024</u>	<u>2023</u>
Direct unrestricted appropriations	\$ 39,637,534	\$ 35,424,405
Add: Fringe benefits for benefited employees on the state payroll	17,142,328	13,724,292
Less: Day school tuition remitted to the state and included in tuition and fee revenue	<u>(1,309,507)</u>	<u>(1,040,829)</u>
Total unrestricted appropriations	55,470,355	48,107,868
Capital appropriations	<u>9,166,347</u>	<u>11,018,896</u>
Total appropriations	<u>\$ 64,636,702</u>	<u>\$ 59,126,764</u>

No timing differences occurred where the University had additional revenue that was reported to MMARS for the years ended June 30, 2024 and 2023 (unaudited).

Note 22 - **Pass-Through Grants**

The University distributed \$23,912,551 and \$25,151,702 as of June 30, 2024 and 2023, respectively for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues, or as cash disbursements and cash receipts in the accompanying financial statements.

Note 23 - **Massachusetts State College Building Authority**

MSCBA was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and other facilities for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued by MSCBA for dormitory and other major construction projects for the University. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations and certain MSCBA operating costs.

These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair.

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The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for building leases mainly for residence halls, related maintenance, insurance, other costs, historical pooled obligations and other major renovations and improvements for the University for the year ended June 30, 2024 and 2023 was \$9,475,252 and \$10,503,483, respectively net of release of debt service reserve funds of \$1,742,308 in fiscal year 2023. The debt portion of these payments for building leases are accounted for under GASB 87 and are included within these financial statements within capital assets as right to use assets, net of amortization and offset by a lease liability.

REQUIRED SUPPLEMENTARY INFORMATION

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Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	0.142%	0.162%	0.209%	0.257%	0.256%	0.265%	0.249%	0.240%	0.289%	0.218%
Proportionate share of the collective net pension liability	\$ 20,731,627	\$ 22,479,727	\$ 21,788,225	\$ 44,175,215	\$ 37,463,840	\$ 35,031,695	\$ 31,945,217	\$ 30,460,744	\$ 30,111,590	\$ 16,195,411
University's covered payroll	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020	\$ 16,780,213	\$ 15,939,654	\$ 16,181,450
University's proportionate share of the net pension liability as a percentage of its covered payroll	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.53%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	71.05%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

See accompanying notes to the required supplementary information.

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Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,270,182	\$ 2,086,906	\$ 2,274,638	\$ 2,483,517	\$ 2,782,307	\$ 2,549,316	\$ 2,421,406	\$ 1,947,416	\$ 1,586,274	\$ 1,656,130
Contributions in relation to the statutorily required contribution	<u>(2,270,182)</u>	<u>(2,086,906)</u>	<u>(2,274,638)</u>	<u>(2,483,517)</u>	<u>(2,782,307)</u>	<u>(2,549,316)</u>	<u>(2,421,406)</u>	<u>(1,947,416)</u>	<u>(1,586,274)</u>	<u>(1,656,130)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 13,602,049	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020	\$ 16,780,213	\$ 15,939,654
Contribution as a percentage of covered payroll	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

Note:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

See accompanying notes to the required supplementary information.

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Notes to the Required Supplementary Information - Pension (Unaudited)
June 30, 2024 and 2023

Note 1 - **Change in Plan Actuarial and Assumptions**

Measurement date – June 30, 2023

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date – June 30, 2022

The inflation rate of return changed from 3.00% to 2.50%.

Measurement date – June 30, 2021

The investment rate of return changed from 7.15% to 7.00%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement Date – June 30, 2020

The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement Date – June 30, 2019

The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018

The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

- Disabled members – the amount reflects the same assumptions as for superannuation retirees, but with an age set forward of one year

WESTFIELD STATE UNIVERSITY
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Notes to the Required Supplementary Information - Pension (Unaudited) - Continued
June 30, 2023 and 2024

Measurement date – June 30, 2017

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Disability – did not change

Measurement date – June 30, 2016

The assumption for salary increases changed from a range of 3.5% to 9.0% depending on group and length of service to a range of 4.0% to 9.0% depending on group and length of service.

Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan (“ORP”) to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately 400 million as of June 30, 2016.

Measurement date – June 30, 2015

The discount rate to calculate the pension liability decreased from 8.0% to 7.5%

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive (“ERI”) for certain members of SERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability of SERS increased by approximately \$230 million as of June 30, 2015.

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability – was changed from RP-2000 table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct)

WESTFIELD STATE UNIVERSITY
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Schedule of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.157%	0.212%	0.239%	0.275%	0.404%	0.433%	0.373%
Proportionate share of the collective net OPEB liability	\$ 22,049,796	\$ 28,290,524	\$ 38,255,065	\$ 56,843,150	\$ 70,625,670	\$ 76,656,042	\$ 62,133,611
University's covered payroll	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	176.45%	200.37%	225.82%	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	13.80%	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
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Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,064,969	\$ 909,454	\$ 1,080,253	\$ 1,304,124	\$ 1,441,304	\$ 1,858,947	\$ 1,833,293
Contributions in relation to the statutorily required contribution	<u>(1,064,969)</u>	<u>(909,454)</u>	<u>(1,080,253)</u>	<u>(1,304,124)</u>	<u>(1,441,304)</u>	<u>(1,858,947)</u>	<u>(1,833,293)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 13,602,049	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,240
Contribution as a percentage of covered payroll	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

Notes:

Employers participating in the Massachusetts State Retirees' Benefit Trust are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
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Notes to the Required Supplementary Information – OPEB (Unaudited)
June 30, 2024 and 2023

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2024

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2023_1f. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.34% (based upon a blend of the Bond Buyer Index rate (3.65%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2023

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2022_f4. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.30% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2022

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2021_b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Investment Rate

The investment rate of return decreased from 7.15% to 7.00%.

WESTFIELD STATE UNIVERSITY
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Notes to the Required Supplementary Information - OPEB (Unaudited) - Continued
June 30, 2024 and 2023

Change in Mortality Rates

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in Discount Rate

The discount rate was increased to 2.77% (based upon a blend of the Bond Buyer Index rate (2.16%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 20920_b, the impact of the discontinuation of the ACA Health Insurer Fee and Excise Tax.

Change in Investment Rate

The investment rate of return decreased from 7.25% to 7.15%.

Change in Salary Scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classification, consistent with SERS.

Change in Discount Rate

The discount rate was decreased to 2.28% (based upon a blend of the Bond Buyer Index rate (2.21%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2020

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

The investment rate of return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.0% to 7.5%, which affects the high-cost excise tax.

Change in Discount Rate

The discount rate was decreased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.51%) as of the measurement date as required by GASB Statement 74.

WESTFIELD STATE UNIVERSITY
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Notes to the Required Supplementary Information - OPEB (Unaudited) - Continued
June 30, 2024 and 2023

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The original healthcare trend rate decreased from 8.5% to 8.0%, which impact the high cost excise tax.

Change in Mortality Rates

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members – would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year

Change in Discount Rate

The discount rate was increased to 3.95% (based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2018

Assumptions:

Change in Discount Rate

The discount rate was increased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

SUPPLEMENTARY INFORMATION

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Net Position
Dormitory Trust Fund Report (Unaudited)

As of June 30, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and equivalents	\$ 8,255,731	\$ 5,419,444
Accounts receivable, net	28,454	17,269
Deposits held by State Treasurer	246,649	265,640
Other current assets	<u>270</u>	<u>624</u>
Total Assets	<u>\$ 8,531,104</u>	<u>\$ 5,702,977</u>

Liabilities and Net Position

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 487,692	\$ 174,216
Accrued employee compensation and benefits	409,184	364,051
Deposits held for others	<u>-</u>	<u>1,851</u>
Total Current Liabilities	<u>896,876</u>	<u>540,118</u>
Noncurrent Liability:		
Accrued liability for employee compensation and benefits	<u>40,287</u>	<u>36,104</u>
Total Liabilities	<u>937,163</u>	<u>576,222</u>
Net Position:		
Unrestricted	<u>7,593,941</u>	<u>5,126,755</u>
Total Liabilities and Net Position	<u>\$ 8,531,104</u>	<u>\$ 5,702,977</u>

See Independent Auditor's Report.

WESTFIELD STATE UNIVERSITY
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**Schedules of Revenues, Expenses and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)**

For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Room rent	\$ 14,375,603	\$ 15,136,469
Less: Resident Assistant room waivers	(456,171)	(415,000)
Other sources	50,254	38,730
Deposits forfeited	48,580	72,800
Commissions - vending	<u>18,611</u>	<u>22,032</u>
Total Operating Revenues	<u>14,036,877</u>	<u>14,855,031</u>
Operating Expenses:		
Employee compensation	2,284,652	1,957,145
Energy costs	1,962,248	1,906,512
Pension and insurance	960,031	774,773
Special employees	153,237	55,292
Operational services	412,933	414,775
Scholarships and Resident Assistant board waivers	761,835	722,905
Repairs and maintenance	52,916	11,454
Facility operations supplies	230,730	203,503
Administrative	82,337	87,286
Equipment purchase	111,755	44,426
Equipment lease, rental and maintenance	144,323	154,229
Consultant services	24,948	6,079
Employee related	7,725	5,812
Information technology expenses	355,680	136,391
Annual payment to the Massachusetts State College Building Authority, net of debt service reserve applied of \$1,742,308 in 2023	<u>9,475,252</u>	<u>10,503,483</u>
Total Operating Expenses	<u>17,020,602</u>	<u>16,984,065</u>
Excess of Expenses over Revenues Before Transfers	<u>(2,983,725)</u>	<u>(2,129,034)</u>
Operating Transfers In:		
University support	<u>5,450,911</u>	<u>2,129,034</u>
Increase in Net Position	2,467,186	-
Net Position, Beginning of Year	<u>5,126,755</u>	<u>5,126,755</u>
Net Position, End of Year	<u>\$ 7,593,941</u>	<u>\$ 5,126,755</u>

See Independent Auditor's Report.

**INDEPENDENT AUDITOR'S 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***

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

To the Board of Trustees of
Westfield State University:

We have audited, in accordance with 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 business-type activities of Westfield State University (the "University"), and its discretely presented major component unit, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University'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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'. The signature is written in a cursive, flowing style.

October 24, 2024