

**FRAMINGHAM STATE
UNIVERSITY**
(an agency of the Commonwealth of Massachusetts)

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2023

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

**Financial Statements
and Supplemental Information**

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Framingham State University:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Framingham State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the year ended June 30, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component unit as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Framingham State University Foundation, Inc. (the "Foundation") which represents 100 percent of the component unit activity for the year ended June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the University adopted new accounting guidance, General Accounting Standards Board ("GASB") Statement Number 96, *Subscription-Based Information Technology Arrangements*. The adoption of this pronouncement required the University to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Other Matter

The financial statements of the University as of and for the year ended June 30, 2022, were audited by O'Connor & Drew, P.C., who joined with WithumSmith+Brown, PC on January 1, 2023 and expressed an unmodified opinion on those statements dated June 30, 2022.

As more fully described in Note 2 to the financial statements, the University has adjusted its 2022 financial statements to retrospectively apply the change in accounting principle to adopt GASB Statement Number 96, *Subscription-Based Information Technology Arrangements*. O'Connor & Drew, P.C. reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2023 financial statements, we also audited the adjustments to the 2022 financial statements to retrospectively adopt the change in accounting principle as described in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the University's 2022 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

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 GAAS 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 audit was conducted for the purpose of forming opinions on the University's basic financial statements. The residence hall fund and residence hall damage fund activity shown on pages 102 to 104, and the statistical section on pages 105-109, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the 2023 financial statements. The residence hall fund and residence hall damage fund activity were derived from and relate directly to the underlying accounting and other records used to prepare the 2023 financial statements. The residence hall fund and residence hall damage fund information and the statistical section have not been subjected to the auditing procedures applied in the audit of the 2023 financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, 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.

Withum Smith + Brown, PC

November 2, 2023



Framingham
State University

FRAMINGHAM STATE UNIVERSITY
FY2023 Financial Statements
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2023, 2022 and 2021
Unaudited

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and results of operations of Framingham State University (the "University" or "FSU") for the years ended June 30, 2023 (Fiscal Year 2023); June 30, 2022 (Fiscal Year 2022); and, June 30, 2021 (Fiscal Year 2021). This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, as separately provided.

These financial statements continue to reflect the significant impact of implementation of Governmental Accounting Standards Board Statement Number 68 (GASB 68) and Number 75 (GASB 75) that requires accounting for pension and other post-employment benefits (OPEB) liabilities on public institutions' financial statements. These liabilities are included in institutions' financial statements even though, in Massachusetts, these payment liabilities are retained by the state and are not ultimately an obligation of the institution where the liability was accrued. The impact of including these liabilities on institutions' financial statements is essentially a reduction in reported Unrestricted Net Position and Total Net Position. As such, this MD&A includes both the Statement of Net Position that includes these liabilities as well as a Statement of Net Position Adjusted for Pension and OPEB obligations as the latter is more a more reflective of the financial condition of the University.

Further, these statements also account for the impact of implementation of Governmental Accounting Standards Board Statement Number 87 (GASB 87) that requires lessees to recognize lease liabilities on their statements as right of use assets. For FSU, these are largely attributable to the use of the residence halls that are owned by the Massachusetts State College Building Authority. The implementation of this standard has a significant impact on both lease liabilities and associated capital asset accounting. This change is reflected in previously restated FY2021 financial statements as well as the FY2022 and FY2023 financial statements. Implementation of GASB 87 does make trend analysis difficult as prior years' statements (FY2020 and before) do not account for this significant adjustment.

In FY 2023, FSU adopted Governmental Accounting Standards Board Statement Number 96, Subscription based Information Technology Arrangements (SBITAs). This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of the subscription liability, principal and interest requirements for the subscription liability, and other essential information. The implementation of GASB 96 on SBITA liabilities and capital asset accounting is similar to GASB 87 requirements. This change is reflected in the restatement of the FY2022 and FY2023 financial statements for comparability.

To assist the reader of the MD&A, key items/context will be noted in text boxes in each section.

SUMMARY

Framingham State University's Fiscal Year 2023 financial statements reflect the lingering impact of the Covid-19 pandemic on enrollment and operations; the impact of relief funding (whose final allocations occurred in FY2023); the impact of bond restructurings; the impact of accounting standards changes; and the impact of annual investments performance over the past three years.

Operations Financial Impact:

- Operating Revenues of \$66.8 million represent an increase of +\$2.4 million from FY2022
- Operating Expenses of \$125.4 million represent a net increase in expenditures of +\$2.1 million from FY2022
- Non-Operating and Capital & Endowment Income of \$68.7 million represent a net increase of +\$19.9 million from FY2022 that included differences in covid relief funding, capital funding, and investments income (representing \$15.1M of the year-over-year difference).
- **Change in FY2023 Net Position was +\$10.1M (versus a restated FY2022 Change in Net Position of -\$10.1M).**

FY2023 FINANCIAL STATEMENTS HIGHLIGHTS

- The University's total assets at the end of Fiscal Year 2023 were \$334.7 million (a decrease of -\$1.4 million, or -0.4% from restated FY2022), liabilities were \$181.4 million (a decrease of -\$14.9M million, or -7.6%, from FY2022) and there were \$25.7 million in net deferred outflow/inflow of resources (primarily associated with booked pension and OPEB obligations).

Net Position (including the impact of accounting standard changes), which represents the residual interest in the University's assets after liabilities and deferred inflows/outflows, increased +\$10.1 million, or +8.6%, from \$117.4 million in Fiscal Year 2022 to \$127.5 million in Fiscal Year 2023.

- **Unrestricted net position total \$46.0 million (an increase of +\$13.7M from FY2022). Restricted net position and net investment in capital assets accounts total \$81.5 million (a decrease of -\$3.5 million from FY2022)** and include: \$76.7 million net investment in capital assets, \$1.4 million in scholarship reserves, and \$3.5 million in other restricted accounts.
- The aggregate impact of the accounting of pension and OPEB liabilities as well as associated deferred outflows/inflows for pension and OPEB obligations totaled \$38.0 million in FY2023; \$43.6 million in FY2022; and \$46.3M in FY2021. This impact is ultimately reflected in a reduction in Unrestricted Net Position. **Adjusted Unrestricted Net Position – backing out pension and OPEB liabilities that are not ultimately the University's future responsibility - was \$84.0 million at the end of FY2023.**

Total Net Position, adjusted for Pension and OPEB liabilities, increased from \$117.4M in FY2022 to \$127.5M in FY2023 (or +\$10.1M).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Framingham State University's basic financial statements. These statements are comprised of two components: 1) the financial statements and 2) the notes to the financial statements. The University's financial report includes four financial statements: the Statement of Net Position, the Statement of Revenues and Expenses, the Statement of Changes in Net Position, and the Statement of Cash Flows.

The Financial Statements. The financial statements are designed to provide readers with a broad overview of the University's finances in a manner similar to a private-sector University.

The *Statement of Net Position* presents information on the University's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the residual balance being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the University is improving.

The *Statement of Revenues and Expenses* presents information showing how the University's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus,

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the accrual for compensated absences).

The *Statement of Changes in Net Position* presents information summarizing how the University's net position changed during the most recent two fiscal years.

The *Statement of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services).

Framingham State University reports its activity as business-type activity under GASB using the full accrual measurement focus and basis of accounting. The University is a department of the Commonwealth of Massachusetts. Therefore, the results of the University's operations, its net position and cash flows are also summarized in the Commonwealth's Annual Comprehensive Report in its government-wide financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the separately attached financial statements.

Other Information. In addition to the financial statements and accompanying notes, supplemental information is also provided. The financial statements and related footnotes are presented separately from this discussion and analysis.

FINANCIAL ANALYSIS

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes 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 condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved during the year. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. A condensed comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023, June 30, 2022 and June 30, 2021 is as follows:

University Accounts

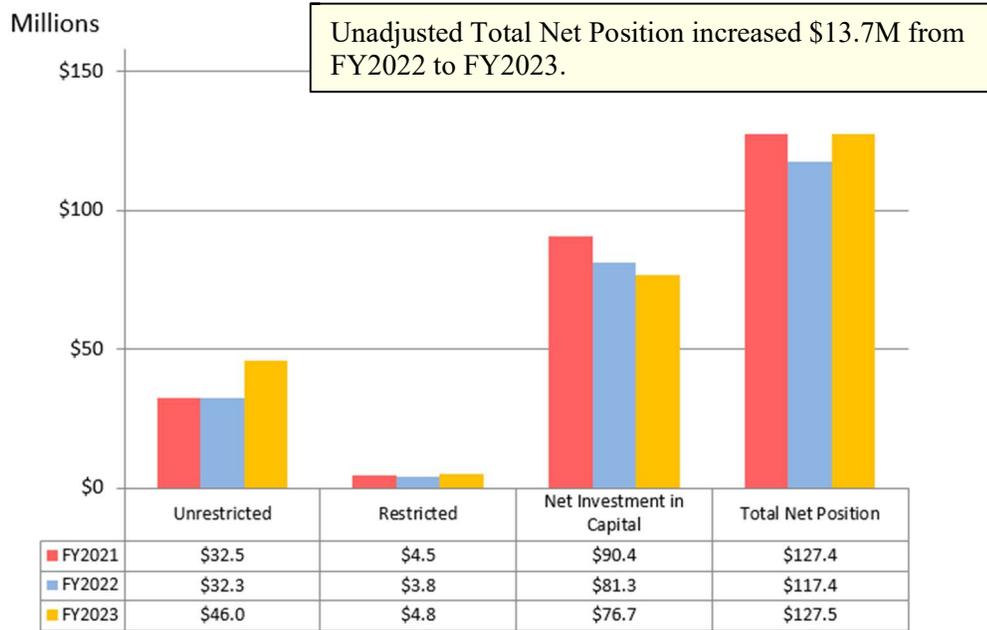
	<i>(In Thousands)</i>	Restated	
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets	\$49,399	\$46,508	\$55,300
Capital Assets	\$222,221	\$235,590	\$244,188
Other Noncurrent Assets	<u>\$63,043</u>	<u>\$53,953</u>	<u>\$49,785</u>
Total Assets	<u>\$334,663</u>	<u>\$336,051</u>	<u>\$349,273</u>
Total Deferred Outflows of Resources	<u>\$4,422</u>	<u>\$7,919</u>	<u>\$13,466</u>
Current Liabilities	\$24,203	\$21,408	\$18,036
Noncurrent Liabilities	<u>\$157,227</u>	<u>\$174,902</u>	<u>\$200,843</u>
Total Liabilities	<u>\$181,431</u>	<u>\$196,310</u>	<u>\$218,879</u>
Total Deferred Inflows of Resources	<u>\$30,167</u>	<u>\$30,312</u>	<u>\$16,429</u>
Net Position:			
Net Investment in Capital Assets	\$76,651	\$81,286	\$90,354
Restricted	\$4,837	\$3,766	\$4,586
Unrestricted	<u>\$46,000</u>	<u>\$32,296</u>	<u>\$32,491</u>
Total Net Position	<u>\$127,488</u>	<u>\$117,348</u>	<u>\$127,431</u>

Changes in Capital Assets reflect the impact of GASB 87 and GASB 96.

FY2023 Unrestricted Net Assets increased \$13.7M while Total Net Position

The University's net position as of June 30, 2023 reflects changes resulting from operations; as well as the impact of bond restructuring savings; Covid-relief funding; changes in GASB accounting standards and associated charges; and, the impact of investments returns.

Trend Analysis: Net Position



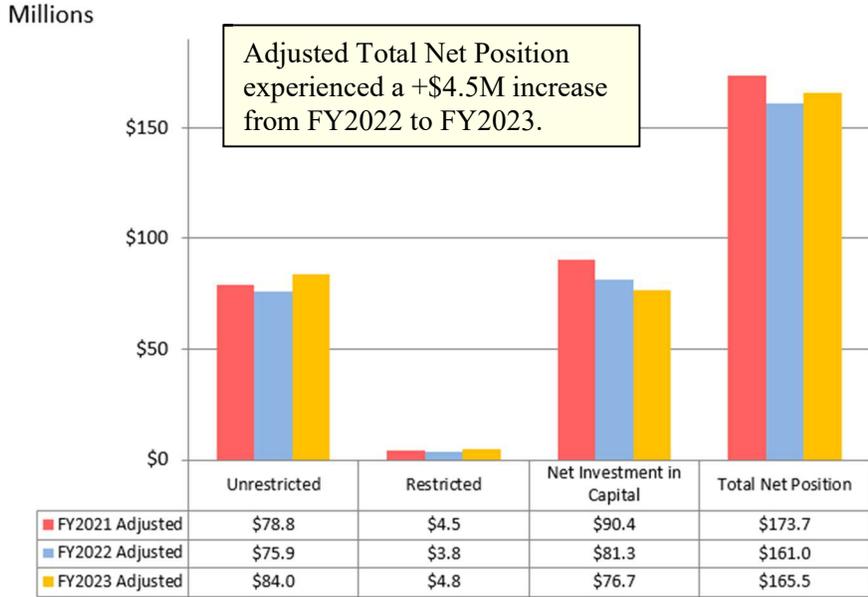
Total Net Position (including Pension/OPEB and Lease assessments impact) increased +\$10.1 million, or +8.6%, from the end of FY2022 to the end of FY2023 while Unrestricted Net Position increased to a total of \$46.0M as of the end of FY2023.

Net Impact of Accounting for Pension and OPEB Obligations

<i>(In Thousands)</i>	<u>FY2023</u>	<u>Restated FY2022</u>	<u>FY2021</u>
Pension and OPEB Liabilities:			
Net Pension Liability	\$6,980	\$8,826	\$19,378
Net OPEB Liability	<u>\$8,784</u>	<u>\$15,497</u>	<u>\$24,934</u>
Allocated Pension/OPEB Liability	\$15,764	\$24,323	\$44,312
Net Deferred Outflows/Inflows:			
Deferred Outflows for Pensions	(\$1,764)	(\$2,920)	(\$5,771)
Deferred Outflows for OPEB	(\$1,724)	(\$4,232)	(\$7,325)
Deferred Inflows for Pensions	\$7,348	\$8,602	\$1,833
Deferred Inflows for OPEB	\$18,425	\$17,821	\$13,251
Net Deferred Outflows/Inflows	<u>\$22,285</u>	<u>\$19,271</u>	<u>\$1,988</u>
Net Impact of Accounting for Pension and OPEB Obligations:	<u>\$38,049</u>	<u>\$43,594</u>	<u>\$46,300</u>
<i>Unrestricted Net Position: Pre-Adjust.</i>	<u>\$46,000</u>	<u>\$32,296</u>	<u>\$32,491</u>
<i>Unrestricted Net Position Adjusted for Pension and OPEB Obligations:</i>	<u>\$84,049</u>	<u>\$75,890</u>	<u>\$78,791</u>
<i>Total Net Position: Pre-Adjustment</i>	<u>\$127,488</u>	<u>\$117,348</u>	<u>\$127,431</u>
<i>Total Net Position Adjusted for Pension and OPEB Obligations:</i>	<u>\$165,537</u>	<u>\$160,942</u>	<u>\$173,731</u>

The impact of the accounting for Pension (GASB 68) and OPEB (GASB 75) obligations on both Unrestricted Net Position and Total Net Position was \$38.0 million in FY2023, \$43.6 million in FY2022, and \$46.3M in FY2021. Adjusted Net Position – backing out the impact of Pension and OPEB obligations – is as follows:

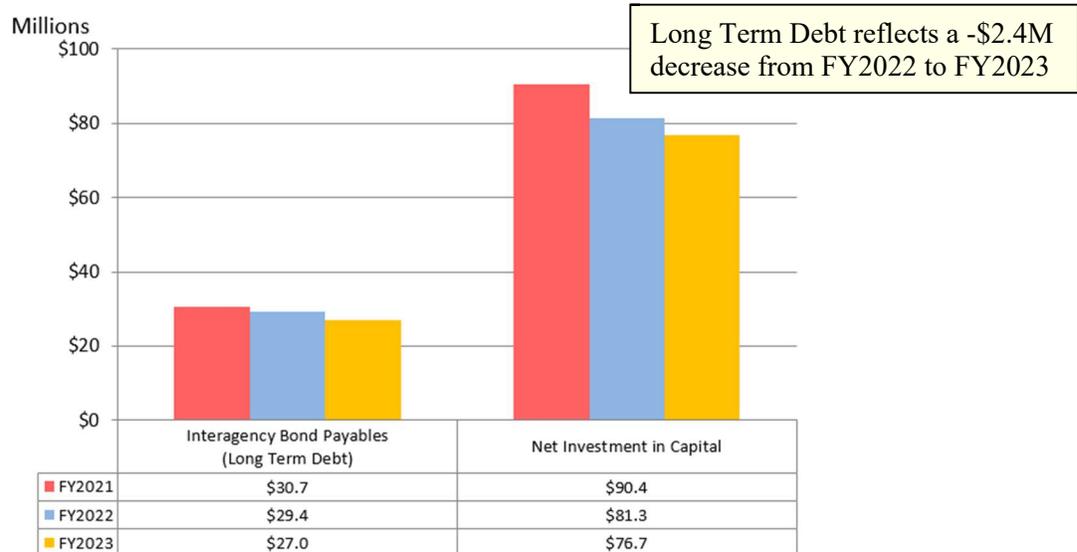
Trend Analysis: Adjusted Net Position
Revised to Net Out impact of Pension (GASB 68) and OPEB (GASB 75) Obligations



Capital Assets and Long-Term Debt

It should be noted that “Net Position: Net Investment in Capital Assets” represents a conservative accounting (cost approach) of the University’s capital assets. This figure is net of related debt and net of accumulated depreciation and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those assets. Capital Assets figures also represent new GASB accounting standards related to leases and software arrangements. **The University has \$27.0 million in aggregate interagency bond payables (predominantly long-term capital debt) as of the close of FY2023 (a decrease of -\$2.4M million over FY2022). Net Investment in Capital Assets was \$76.7 million at the end of FY2023.**

Trend Analysis: Interagency Bond Payables (Long Term Debt); Net Capital Investment

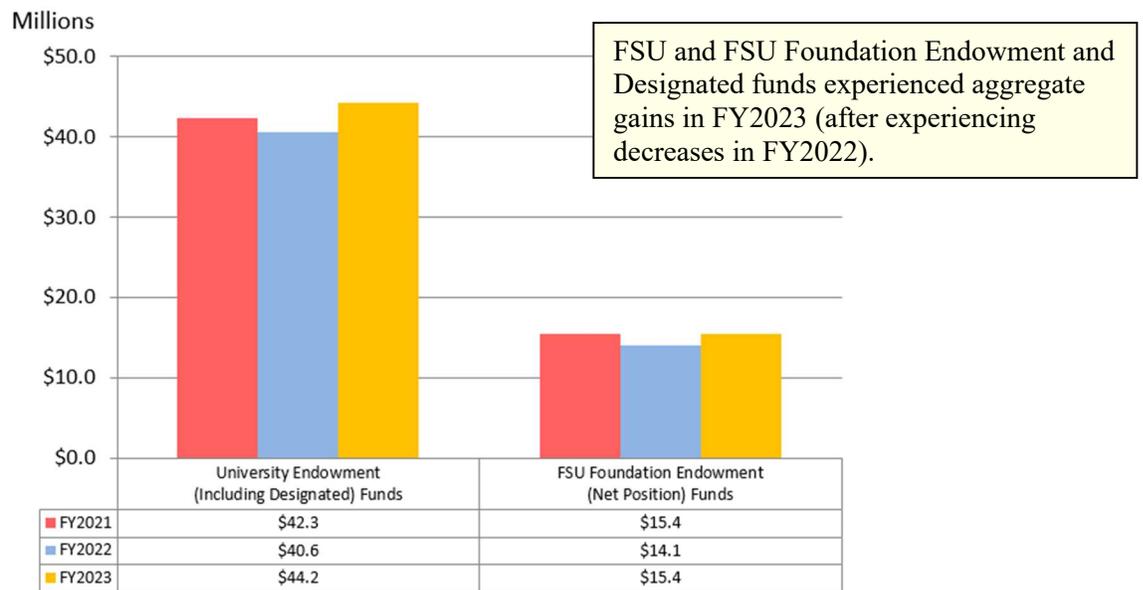


Endowment Funds

A portion of the restricted net position includes endowment funds held by the University. The University itself has a very small designated endowment; \$1.4 million of non-expendable restricted funds. An additional \$1.5 million, at June 30, 2023, in restricted scholarship funds (designated as “expendable” but in practice allocations are limited to proceeds) acts as “quasi-endowment” funds.

Further, the Board of Trustees has designated unrestricted net position with end of FY2023 value of \$41.3 million as quasi-endowment (included in “Core Investment” funds in the University’s annual approval of its Cash Management and Investment Policy). **Aggregate endowment and designated quasi-endowment funds held by the University total \$44.2 million (representing an increase of +\$3.6 million, or +8.9%, from FY2022).** The University invests these assets, along with other cash holdings, in the Massachusetts Municipal Depository Trust (MMDT), the Common Fund, Eaton Vance, Brown Advisory, and Boston Trust. The University budgets 5% of the three-year-rolling-average of contingency and core investment fund balances in support of the University operations.

Trend Analysis: Endowment (Including Designated) Funds



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position represents the University’s results from operations. A condensed summary of the University’s revenues, expenses and changes in net position for the years ended June 30, 2023, June 30, 2022, and June 30, 2021 is as follows:

<i>(In Thousands)</i>	<u>FY2023</u>	<u>Restated FY2022</u>	<u>FY2021</u>
Operating Revenues:			
Tuition and Fees	\$34,286	\$38,360	\$42,508
Less Scholarships	(<u>\$8,335</u>)	(<u>\$10,931</u>)	(<u>\$9,838</u>)
Net Student Tuition & Fees	\$25,951	\$27,429	\$32,670
Federal Grants and Contracts	\$9,203	\$7,477	\$7,253
State and Local Grants & Contracts	\$6,988	\$5,181	\$4,158
Private Grants	\$2,156	\$2,148	\$2,565
Sales and Services	\$726	\$952	\$480
Auxiliary Enterprises	\$19,783	\$19,119	\$9,043
Other Revenues	<u>\$2,019</u>	<u>\$2,071</u>	<u>\$1,296</u>
Total Operating Revenues	\$66,826	\$64,377	\$57,465

Operating Revenues were most significantly impacted by declines in Tuition and Fees Income and increases in Grant income (including relief funding).

	<u>FY2023</u>	<u>Restated FY2022</u>	<u>FY2021</u>
Operating Expenses:			
Instruction	(\$29,510)	(\$31,953)	(\$33,698)
Research	(\$55)	(\$89)	(\$104)
Academic Support	(\$15,397)	(\$14,335)	(\$15,013)
Student Services	(\$14,588)	(\$14,491)	(\$14,004)
Institutional Support	(\$12,652)	(\$12,774)	(\$12,122)
Operation/Maintenance of Plant	(\$19,678)	(\$11,619)	(\$14,180)
Depreciation	(\$14,334)	(\$14,556)	(\$13,718)
Auxiliary Enterprises	(\$12,344)	(\$13,792)	(\$9,039)
Scholarships	(\$6,852)	(\$9,680)	(\$6,827)
Total Operating Expenses	(\$125,410)	(\$123,289)	(\$118,705)
Operating Loss	(\$58,584)	(\$58,912)	(\$61,240)
Net-Operating Revenues/(Expenses):			
State Appropriations (net)	\$54,994	\$50,648	\$45,364
Gifts	\$654	\$587	\$537
Other Income - MSCBA	\$0	\$0	\$0
Net Investment Income	\$8,052	(\$7,075)	\$13,451
State Capital Appropriation/Grants	\$5,572	\$1,289	\$2,130
Interest Expense	(\$7,431)	(\$7,453)	(\$7,413)
Other Non-Operating Revenue	\$3,915	\$951	\$3,113
State and Federal Grants	\$2,968	\$8,857	\$9,412
Transfers (to)/from State Agencies	\$0	\$1,025	\$385
Net Non-Operating Revenues	\$68,723	\$48,829	\$66,979
Change in Net Position	\$10,140	(\$10,083)	\$5,739

Note: Instruction expenditures have been impacted by retroactive payments, reduced personnel levels, adjustments in costs allocations, and OPEB obligation changes. Scholarships expenditures reflects changes in HEERF student aid allocations over time. Auxiliary Enterprises revenues reflect covid-related residence halls occupancy changes. Plant O&M includes directed relief capital funded expenditures.

Due to the nature of public higher education accounting as it pertains to state appropriations, institutions incur a loss from operations before accounting for state support. State appropriations supplement University operations and act as a subsidy for operations not covered by operating revenues. Under GASB, appropriations are considered non-operating revenue. The following schedule illustrates the University's incurred losses from operations as well as change in net position for Fiscal Years ended June 30, 2023, June 30, 2022 and June 30, 2021:

Schedule of Loss from Operations and Change in Net Position

Change in Net Position has been significantly impacted by increases in state funding and differences in annual grant funding and investments performance over the past three years.

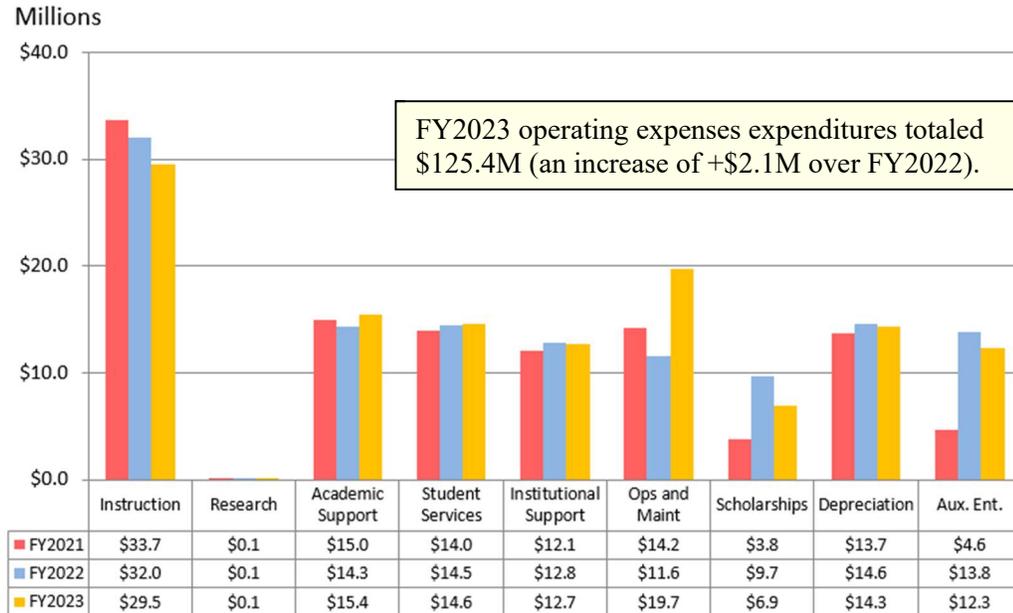
	<u>FY2023</u>	<u>Restated FY2022</u>	<u>FY2021</u>
(In Thousands)			
Tuition and Fees Revenue, Net	\$25,951	\$27,429	\$32,670
Other Operating Revenue	\$40,875	\$36,948	\$24,795
Total Operating Revenue	\$66,826	\$64,377	\$57,465
Operating Expenses	(\$125,410)	(\$123,289)	(\$118,705)
Operating Loss	(\$58,584)	(\$58,912)	(\$61,240)
Net State Appropriations	\$54,994	\$50,648	\$45,364
Net Other Revenue/(Expenses)	\$13,730	(\$1,819)	\$21,615
Change in Net Position	\$10,140	(\$10,083)	\$5,739
Net Position End of Fiscal Year	\$127,488	\$117,348	\$127,431

Net (unadjusted) position at the beginning of Fiscal Year 2023 was \$117.4 million. Net position at the end of Fiscal Year 2023 was \$127.5 million; representing a +\$10.1 million, or +8.6%, increase.

Revenues and Expenditures

Operating expenses by functional category have been impacted by a number of factors including directed relief funding, expenditure reclassifications, and GASB accounting impact. Comparisons during the “covid period” are difficult due to changes in operations, directed funding, and retroactive salary adjustments and payments.

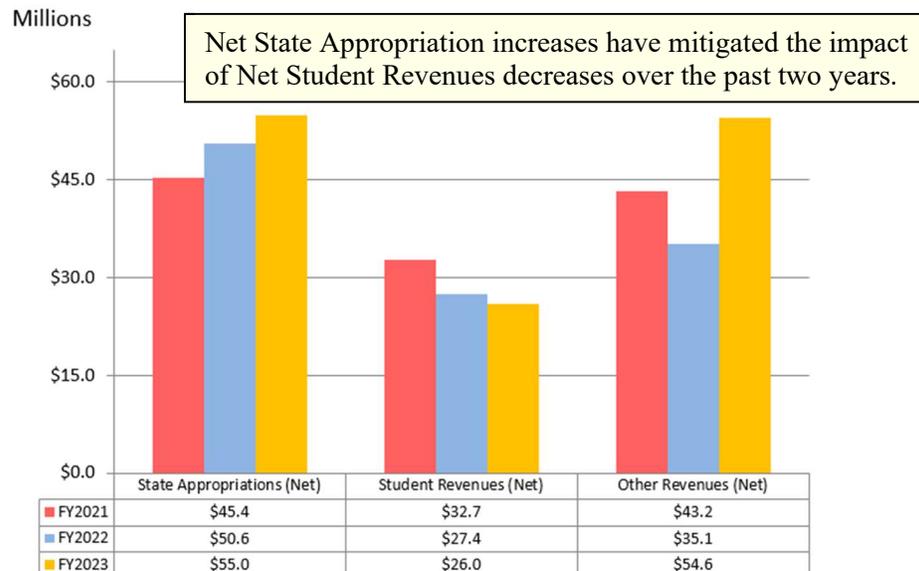
Trend Analysis: Instruction, Support Services, Plant O&M, Aux. Ent. Expenditures



Note: Instruction expenditures are skewed due to retroactive payments and, even more significantly, were impacted in FY2023 by changes in certain expenditures allocations as well as reductions in OPEB obligations. Plant O&M and Scholarships expenditures have been impacted by directed relief funding.

From FY2022 to FY2023, net state appropriations (including state support for increased costs for fringe benefits) increased by +\$4.3 million (+8.6%); student net revenues decreased by -\$1.5 million (-5.4%); and, other net revenues increased a total of +\$19.5 million. FY2023 Other Net Revenues include the impact of year-over-year differences in annual investments net income (+\$15.1M) and capital funding (\$4.3M).

Trend Analysis: State Appropriations, Student and Other Revenues



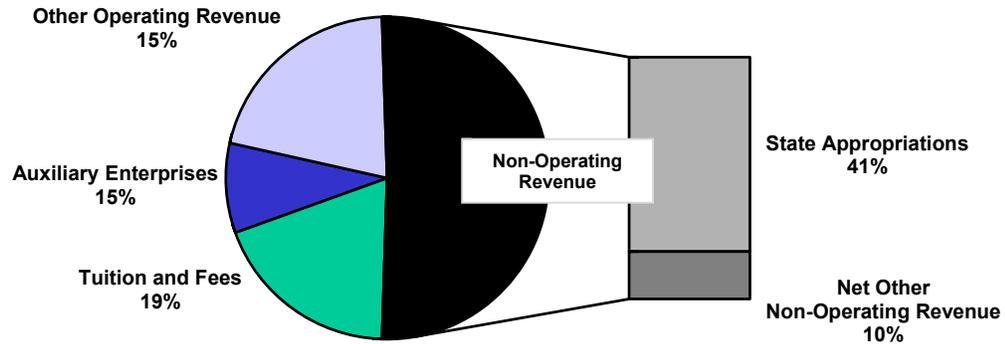
Revenues Illustration

The following is an illustration of revenues by source (both operating and non-operating), which were used to fund the University's activities for the year ended June 30, 2023.

Fiscal Year 2023 Revenues

Total Revenues: \$135.5M

FY2023 Other Revenues (e.g., Covid Relief Funding; Investment Returns; Capital funding) skewed the typical make-up of institutional revenue-by-source-of-funds.



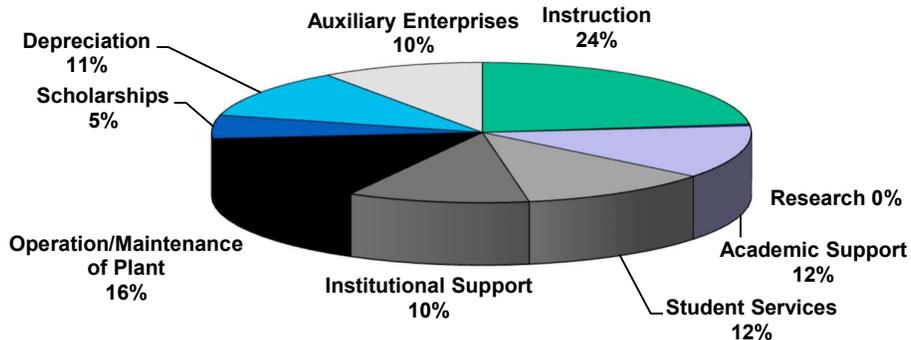
Fiscal Year 2023 Net State Appropriation support as a percent of total revenues (including fringe benefits support) was 41% while Tuition and Fees revenues represented 19% of total revenues and all Other Revenue represented 40% of total revenues.

Expenditures Illustration

A graphic of the University's functional expenditures for FY2023 is as follows:

Total Expenditures: \$125.4M

FY2023 expenditures categories percentages were also skewed due to directed relief funding.



FY2023 functional expenditures as a percent of total expenditures were also impacted by directed relief funding as well as reclassification of expenditures aligned with GASB standards.

Statement of Cash Flows

The Statement of Cash Flows provides information about the University's financial results, by reporting the major sources and uses of cash. A condensed summary of the statement of cash flows for Fiscal Years 2023, 2022 and 2021 is as follows:

Statement of Cash Flows

<i>(In Thousands)</i>	<u>FY2023</u>	<u>Restated FY2022</u>	<u>FY2021</u>
<i>Cash Flows from Operating Activities:</i>			
Cash Received from Operations	\$67,623	\$63,718	\$48,972
Cash Expended for Operations	(<u>\$100,619</u>)	(<u>\$98,876</u>)	(<u>\$82,044</u>)
Net Cash Provided/(Used) by Operating Activities	<u>(\$32,996)</u>	<u>(\$35,158)</u>	<u>(\$33,072)</u>
<i>Cash Flows from Non-Capital Financing Activities:</i>			
State Appropriations	\$40,477	\$37,010	\$33,259
Tuition Remitted to the Commonwealth	(\$135)	(\$127)	(\$100)
Grants and Payments Received	\$2,968	\$8,858	\$9,412
Gifts and Endowment	<u>\$654</u>	<u>\$587</u>	<u>\$537</u>
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$43,964</u>	<u>\$46,328</u>	<u>\$43,108</u>
<i>Cash Flows from Capital & Related Financing Activities:</i>			
State Capital Appropriations	\$5,182	\$875	\$1,716
Perkins Loan Program Net Funds Received	(\$646)	(\$259)	(\$219)
Other Income - MSCBA	\$3,915	\$951	\$0
Fees Paid for Bond Issuance	\$0	(\$37)	\$0
Payments for Capital Assets	(\$965)	(\$1,010)	(\$2,291)
Payments on Lease Liabilities	(\$5,126)	(\$2,200)	(\$3,146)
Payments on SBITA Liabilities	(\$1,252)	(\$1,073)	\$0
Advance on Capital Improvements	\$1,700	\$1,200	\$0
Commission Advance from Tenant	\$0	\$675	\$0
Interagency Bond Principal Payments	(\$2,247)	(\$1,059)	(\$354)
Interest Paid on Interagency Bond Payables	(\$7,540)	(\$7,583)	(\$1,207)
Transfers of Funds To/From State Agencies	<u>\$0</u>	<u>\$1,025</u>	<u>\$385</u>
Net Cash Provided/(Used) by Capital and Related Activities	<u>(\$6,979)</u>	<u>(\$8,495)</u>	<u>(\$5,116)</u>
<i>Cash Flows from Investing Activities:</i>			
Purchase/Sale (Net) of Marketable Securities	(\$665)	(\$4,734)	(\$352)
Earnings on Investments	<u>\$1,981</u>	<u>\$830</u>	<u>\$560</u>
Net Cash Provided/(Used) by Investing Activities	<u>1,316</u>	<u>(3,904)</u>	<u>\$208</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$5,305</u>	<u>(\$1,229)</u>	<u>\$5,128</u>

Cash and cash equivalents at the beginning of Fiscal Year 2023 were \$35.4 million and at the end of the fiscal year were \$40.7 million; reflecting a +\$5.3 million, or +15%, increase.

FACTORS THAT MAY AFFECT THE FUTURE

Framingham State University's current financial condition is strong. The institution has weathered the pandemic period and looks forward to a period of stabilization in enrollments (supported by the recently completed and funded Strategic Enrollment Plan), restored levels of residence halls occupancy (and repositioning of housing stock), continued robust state funding support (bolstered by "Fair Share" funding), and implementation of a new Strategic Plan to be undertaken in AY2024.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Framingham 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 the Executive Vice President, Framingham State University, 100 State Street, P.O. Box 9101, Framingham, MA 01701-9101.

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

Statements of Net Position

June 30, 2023 and 2022

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

Statements of Net Position

June 30,

Assets and Deferred Outflows of Resources

	<u>University</u>		<u>Component Unit</u> <u>Foundation</u>	
	<u>2023</u>	Restated <u>2022</u>	<u>2023</u>	<u>2022</u>
Current Assets:				
Cash and cash equivalents	\$ 16,070,371	\$ 19,251,071	\$ 186,720	\$ 819,390
Restricted cash and cash equivalents	3,157,613	650,350	-	-
Investments in marketable securities	25,156,036	22,056,970	10,222,537	9,279,071
Accounts receivable, net	4,032,822	3,409,714	-	-
Contributions receivable, net	-	-	701,152	340,396
Loans receivable - current portion	45,922	193,476	-	-
Prepaid expenses	<u>935,792</u>	<u>946,109</u>	<u>48,351</u>	<u>22,727</u>
Total Current Assets	<u>49,398,556</u>	<u>46,507,690</u>	<u>11,158,760</u>	<u>10,461,584</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	21,515,044	15,536,130	-	-
Endowment investments	-	-	4,143,338	3,759,052
Investment in marketable securities	41,332,255	37,695,288	-	-
Contributions receivable, net	-	-	103,059	168,300
Loans receivable, net of current portion	196,858	721,520	-	-
Capital assets, net	<u>222,220,595</u>	<u>235,590,034</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>285,264,752</u>	<u>289,542,972</u>	<u>4,246,397</u>	<u>3,927,352</u>
Total Assets	<u>334,663,308</u>	<u>336,050,662</u>	<u>15,405,157</u>	<u>14,388,936</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	1,764,387	2,919,789	-	-
Deferred outflows for OPEB	1,724,028	4,232,100	-	-
Deferred outflow from loss on bond refunding	267,051	284,167	-	-
Deferred outflow from SBITA modifications	<u>667,199</u>	<u>482,861</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>4,422,665</u>	<u>7,918,917</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 339,085,973</u>	<u>\$ 343,969,579</u>	<u>\$ 15,405,157</u>	<u>\$ 14,388,936</u>

See accompanying notes to the financial statements.

Liabilities, Deferred Inflows of Resources, and Net Position

	<u>University</u>		<u>Component Unit Foundation</u>	
	<u>2023</u>	Restated <u>2022</u>	<u>2023</u>	<u>2022</u>
Current Liabilities:				
Bonds payables - current portion	\$ 2,582,574	\$ 2,451,640	\$ -	\$ -
Accounts payable and accrued liabilities	3,921,472	2,833,422	15,015	257,814
Accrued workers' compensation - current portion	125,949	115,388	-	-
Compensated absences - current portion	4,258,390	4,069,026	-	-
Lease liability - current portion	4,938,309	5,126,273	-	-
SBITA liability - current portion	1,068,668	1,205,395	-	-
Faculty payroll accrual	3,874,632	3,976,173	-	-
Revenue received in advance	2,927,246	1,083,283	-	-
Deposits	145,843	249,228	-	-
Other current liabilities	360,234	297,901	-	-
Total Current Liabilities	<u>24,203,317</u>	<u>21,407,729</u>	<u>15,015</u>	<u>257,814</u>
Noncurrent Liabilities:				
Bonds payable, net of current portion	24,402,128	26,984,700	-	-
Accrued workers' compensation, net of current portion	946,193	841,782	-	-
Compensated absences, net of current portion	2,107,707	2,412,363	-	-
Loan payable - federal financial assistance programs	407,764	1,053,252	-	-
Lease liability, net of current portion	111,179,155	116,117,464	-	-
SBITA liability, net of current portion	2,420,049	3,169,958	-	-
Net pension liability	6,980,019	8,826,167	-	-
Net OPEB liability	8,784,288	15,496,701	-	-
Total Noncurrent Liabilities	<u>157,227,303</u>	<u>174,902,387</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>181,430,620</u>	<u>196,310,116</u>	<u>15,015</u>	<u>257,814</u>
Deferred Inflows of Resources:				
Public-private partnerships	3,158,574	2,550,149	-	-
Deferred inflows for pensions	7,348,460	8,602,360	-	-
Deferred inflows for OPEB	18,425,008	17,821,012	-	-
Deferred inflows for leases	1,235,396	1,338,346	-	-
Total Deferred Inflows of Resources	<u>30,167,438</u>	<u>30,311,867</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	76,651,373	81,286,093	-	-
Restricted for:				
Non-expendable:				
Scholarships and academic purposes	1,365,514	1,317,249	4,143,338	3,759,052
Expendable:				
Scholarships	1,544,440	1,590,406	3,860,581	3,654,806
Academic purposes	-	-	-	12,579
Research	1,926,631	857,636	-	-
Unrestricted	45,999,957	32,296,212	7,386,223	6,704,685
Total Net Position	<u>127,487,915</u>	<u>117,347,596</u>	<u>15,390,142</u>	<u>14,131,122</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 339,085,973</u>	<u>\$ 343,969,579</u>	<u>\$ 15,405,157</u>	<u>\$ 14,388,936</u>

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

Statements of Revenues and Expenses

For the Years Ended June 30,

	<u>University</u>		<u>Component Unit Foundation</u>	
	<u>2023</u>	Restated <u>2022</u>	<u>2023</u>	<u>2022</u>
Operating Revenues:				
Student tuition and fees	34,286,586	\$ 38,359,877	\$ -	\$ -
Less: Scholarship allowances	<u>(8,335,449)</u>	<u>(10,930,592)</u>	<u>-</u>	<u>-</u>
Net Student Tuition and Fees	25,951,137	27,429,285	-	-
Federal grants and contracts	9,203,296	7,477,398	-	-
State and local grants and contracts	6,988,290	5,180,829	-	-
Private grants	2,156,496	2,147,757	-	-
Sales and services of educational departments	725,748	951,609	-	-
Gifts and contributions	-	-	586,306	467,663
Auxiliary enterprises:				
Residential life	13,084,010	12,912,073	-	-
Other auxiliary	6,698,468	6,207,246	-	-
Other operating revenues	<u>2,018,531</u>	<u>2,071,043</u>	<u>42,325</u>	<u>59,342</u>
Total Operating Revenues	<u>66,825,976</u>	<u>64,377,240</u>	<u>628,631</u>	<u>527,005</u>
Operating Expenses:				
Educational and general:				
Instruction	29,510,051	31,952,987	-	-
Research	54,641	88,682	-	-
Academic support	15,397,043	14,334,697	-	-
Student services	14,587,916	14,491,626	-	-
Institutional support	12,651,983	12,774,376	287,460	297,621
Operations and maintenance of plant	19,677,954	11,618,718	-	-
Depreciation	14,334,386	14,556,095	-	-
Scholarships	6,851,658	9,679,671	1,525,309	1,256,955
Auxiliary enterprises:				
Residential life	5,359,792	5,349,854	-	-
Other auxiliary	<u>6,984,570</u>	<u>8,442,775</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>125,409,994</u>	<u>123,289,481</u>	<u>1,812,769</u>	<u>1,554,576</u>
Operating Loss	<u>\$ (58,584,018)</u>	<u>\$ (58,912,241)</u>	<u>\$ (1,184,138)</u>	<u>\$ (1,027,571)</u>

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

Statements of Revenues and Expenses - Continued

For the Years Ended June 30,

	<u>University</u>		<u>Component Unit</u> <u>Foundation</u>	
	<u>2023</u>	Restated <u>2022</u>	<u>2023</u>	<u>2022</u>
Non-operating Revenues (Expenses):				
Federal grants	\$ 2,967,937	\$ 8,857,228	\$ -	\$ -
State appropriations, net	54,994,262	50,648,041	-	-
Gifts	653,971	587,007	-	-
Investment income (loss), net of investment expense	8,051,746	(7,074,873)	1,340,534	(1,410,914)
Interest expense	(7,431,018)	(7,453,283)	-	-
Other non-operating revenue	<u>3,915,171</u>	<u>950,795</u>	<u>-</u>	<u>-</u>
Net Non-operating Revenues before Capital and Endowment Additions	<u>63,152,069</u>	<u>46,514,915</u>	<u>1,340,534</u>	<u>(1,410,914)</u>
Increase (Decrease) in Net Position before Capital and Endowment Additions	<u>4,568,051</u>	<u>(12,397,326)</u>	<u>156,396</u>	<u>(2,438,485)</u>
State capital appropriations	5,182,268	875,064	-	-
Transfers from state agencies	-	1,025,000	-	-
Capital grants	390,000	414,000	-	-
Private gifts for endowment purposes	<u>-</u>	<u>-</u>	<u>1,102,624</u>	<u>1,205,670</u>
Total Capital and Endowment Additions	<u>5,572,268</u>	<u>2,314,064</u>	<u>1,102,624</u>	<u>1,205,670</u>
Increase (Decrease) in Net Position	<u>\$ 10,140,319</u>	<u>\$ (10,083,262)</u>	<u>\$ 1,259,020</u>	<u>\$ (1,232,815)</u>

See accompanying notes to the financial statements.

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

Statements of Changes in Net Position

For the Years Ended June 30, 2023 and 2022

	<u>University</u>				
	<u>Net Investment in Capital Assets</u>	<u>Restricted Expendable</u>	<u>Restricted Non-expendable</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
Balance at June 30, 2021	\$ 90,354,146	\$ 3,361,389	\$ 1,224,785	\$ 32,490,538	\$ 127,430,858
Changes in net position	(9,096,788)	(913,347)	92,464	(162,703)	(10,080,374)
Balance at June 30, 2022, as previously reported	\$ 81,257,358	\$ 2,448,042	\$ 1,317,249	\$ 32,327,835	\$ 117,350,484
Change in Accounting Principle - See Note 2	28,735	-	-	(31,623)	(2,888)
Balance at June 30, 2022, as restated	\$ 81,286,093	\$ 2,448,042	\$ 1,317,249	\$ 32,296,212	\$ 117,347,596
Changes in net position	(4,634,720)	1,023,029	48,265	13,703,745	10,140,319
Balance at June 30, 2023	<u>\$ 76,651,373</u>	<u>\$ 3,471,071</u>	<u>\$ 1,365,514</u>	<u>\$ 45,999,957</u>	<u>\$ 127,487,915</u>
	<u>Foundation</u>				
	<u>Net Investment in Capital Assets</u>	<u>Restricted Expendable</u>	<u>Restricted Non-expendable</u>	<u>Unrestricted Net Position</u>	<u>Total</u>
Balance at June 30, 2021	\$ -	\$ 3,299,466	\$ 3,429,993	\$ 8,634,478	\$ 15,363,937
Changes in net position	-	367,919	329,059	(1,929,793)	(1,232,815)
Balance at June 30, 2022	-	3,667,385	3,759,052	6,704,685	14,131,122
Changes in net position	-	193,196	384,286	681,538	1,259,020
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ 3,860,581</u>	<u>\$ 4,143,338</u>	<u>\$ 7,386,223</u>	<u>\$ 15,390,142</u>

See accompanying notes to the financial statements.

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

Statements of Cash Flows

For the Years Ended June 30,

	<u>2023</u>	Restated <u>2022</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 26,777,334	\$ 26,837,995
Research grants and contracts	16,191,586	12,658,227
Private grants	2,156,496	2,147,757
Payments to suppliers	(27,714,632)	(28,782,366)
Payments to utilities	(4,455,885)	(3,682,234)
Payments to employees	(53,933,042)	(54,161,395)
Payments for benefits	(7,663,450)	(2,570,107)
Payments to students	(6,851,658)	(9,679,671)
Collection of loans to students	672,216	186,855
Auxiliary enterprise receipts - residential life	12,382,435	12,912,073
Auxiliary enterprise receipts - other	6,698,468	6,207,246
Receipts from sales and services of educational departments	725,748	696,758
Other receipts	<u>2,018,531</u>	<u>2,071,043</u>
Net Cash Applied to Operating Activities	<u>(32,995,853)</u>	<u>(35,157,819)</u>
Cash Flows from Noncapital Financing Activities:		
Federal grants	2,967,937	8,857,228
State appropriations	40,476,976	37,010,200
Tuition remitted to the Commonwealth of Massachusetts	(134,534)	(126,959)
Gifts from grants for other than capital purposes	<u>653,971</u>	<u>587,007</u>
Net Cash Provided by Noncapital Financing Activities	<u>43,964,350</u>	<u>46,327,476</u>
Cash Flows from Capital and Related Financing Activities:		
State capital appropriations	5,182,268	875,064
Perkins Loan Program funds returned to the federal government	(645,488)	(259,475)
Other income - MSCBA	3,915,171	950,795
Fees paid for bond issuance	-	(36,715)
Principal payments on lease liabilities	(5,126,273)	(2,200,119)
Principal payments on SBITA liabilities	(1,252,142)	(1,072,682)
Payments for capital assets	(964,947)	(1,010,274)
Advance on capital improvements from public-private partnership operator	1,700,000	1,200,000
Commission advance from public-private partnership operator	-	675,000
Bond principal payments	(2,247,412)	(1,059,096)
Interest paid on debt	(7,539,909)	(7,582,598)
Net transfers of funds (to)/from state agencies	<u>-</u>	<u>1,025,000</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(6,978,732)</u>	<u>(8,495,100)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of marketable securities	12,370,084	18,577,453
Purchase of marketable securities	(13,035,417)	(23,311,686)
Earnings on investments	<u>1,981,045</u>	<u>830,203</u>
Net Cash Provided by (Applied to) Investing Activities	<u>1,315,712</u>	<u>(3,904,030)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,305,477	(1,229,473)
Cash and Cash Equivalents, Beginning of Year	<u>35,437,551</u>	<u>36,667,024</u>
Cash and Cash Equivalents, End of Year	\$ <u>40,743,028</u>	\$ <u>35,437,551</u>

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

Statements of Cash Flows - Continued

For the Years Ended June 30,

	<u>2023</u>	Restated <u>2022</u>
Reconciliation of Operating Loss to Net Cash Applied to Operating Activities:		
Operating loss	\$ (58,584,018)	\$ (58,912,241)
Adjustments to reconcile operating loss to net cash applied to operating activities:		
Depreciation	14,334,386	14,556,095
Amortization of deferred inflows of resources	(201,426)	(80,000)
Commission advances recognized as income	(500,149)	(174,851)
Bad debt expense	291,273	265,966
Fringe benefits paid by the Commonwealth of Massachusetts	14,651,820	13,764,800
Change in net pension liability and deferred inflows and outflows for pensions	(1,944,646)	(930,524)
Change in net OPEB liability and deferred inflows and outflows for OPEB	(3,600,345)	(1,774,826)
Changes in assets and liabilities:		
Accounts receivable, net	(914,381)	(192,687)
Loans to students	672,216	186,855
Other current assets	10,317	(35,766)
Accounts payable and accrued liabilities	1,088,050	(2,324,452)
Accrued workers' compensation	114,972	21,358
Compensated absences	(115,292)	402,343
Faculty payroll accrual	(101,541)	522,286
Revenue received in advance	1,843,963	(381,251)
Deposits	(103,385)	(17,352)
Other current liabilities	<u>62,333</u>	<u>(53,572)</u>
Net Cash Applied to Operating Activities	<u>\$ (32,995,853)</u>	<u>\$ (35,157,819)</u>
Reconciliation of Cash and Equivalent Balances:		
Current assets:		
Cash and equivalents	\$ 16,070,371	\$ 19,251,071
Restricted cash and cash equivalents	3,157,613	650,350
Noncurrent assets:		
Restricted cash and cash equivalents	<u>21,515,044</u>	<u>15,536,130</u>
Total Cash and Equivalents	<u>\$ 40,743,028</u>	<u>\$ 35,437,551</u>
Schedule of Noncash Investing, Capital and Financing Activities:		
Acquisition of capital assets	\$ 964,947	\$ 1,010,274
Payments made by MSCBA	<u>-</u>	<u>-</u>
Payments for Capital Assets	<u>\$ 964,947</u>	<u>\$ 1,010,274</u>
Unrealized Gain (Loss) on Marketable Securities	<u>\$ 5,967,453</u>	<u>\$ (10,504,736)</u>
Fringe Benefits paid by the Commonwealth of Massachusetts	<u>\$ 14,651,820</u>	<u>\$ 13,764,800</u>
Deferred outflow from loss on bond refunding	<u>\$ -</u>	<u>\$ 68,034</u>
Noncash change in lease liability	<u>\$ -</u>	<u>\$ (1,372,663)</u>
Capital Grants - Amortization of Deferred Inflows of Resources - Public-Private Partnerships	<u>\$ 591,429</u>	<u>\$ 668,851</u>
Amortization on bond premiums	<u>\$ 204,226</u>	<u>\$ 265,645</u>

See accompanying notes to the financial statements.

FRAMINGHAM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2023 and 2022

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

Organization

Framingham State University (the "University") is a public, state-supported, comprehensive four-year university which offers a quality education leading to baccalaureate and master's degrees in many disciplines. With its campus located in Framingham, Massachusetts, the University provides instruction in a variety of liberal arts, allied health, and business fields of study. The University also offers, through the Division of Continuing Education, credit and non-credit courses. The University is accredited by the New England Commission of Higher Education.

The University is an agency of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"). The accompanying financial statements reflect only the transactions of the University and its discretely presented component unit. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated independently of the State.

Framingham State University Foundation, Inc. (the "Foundation") is a component unit of Framingham State University. The Foundation is a legally separate tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It was organized on November 10, 1981, exclusively for the benefit of Framingham State University, to receive and maintain funds to be used for the development, promotion, and best interests of the University and its students. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

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

Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Organization - continued

Framingham State University Foundation Supporting Organization, Inc. (the "Foundation Supporting Organization") was organized on October 22, 2012 for the exclusive benefit of the Foundation and all of its educational and charitable activities. The Foundation Supporting Organization is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. As of June 30, 2023, the Foundation Supporting Organization has not had any activity. The financial information of the Foundation Supporting Organization is consolidated into the financial statements of the Foundation. The Foundation and Foundation Supporting Organization are collectively referred to hereinafter as the "FSU Foundation".

During the year ended June 30, 2023, the FSU Foundation distributed scholarships in the amount of \$1,525,309 directly to students of the University and incurred an additional \$287,460 in support of its mission in other ways. During the year ended June 30, 2022, the FSU Foundation distributed scholarships, through the University's Financial Aid Office, in the amount of \$1,256,955 directly to students of the University and incurred an additional \$297,621 in support of its mission in other ways. Complete financial statements for the FSU Foundation can be obtained from the office of the Executive Vice President, Administration, Finance and Technology, Framingham State University, 100 State Street, P.O. Box 9101, Framingham, MA 01701-9101.

COVID-19

In response to the pandemic, the Federal government provided to the University Higher Education Emergency Relief Funds ("HEERF") and funds for the Strengthening Institution Program ("SIP") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA"). The HEERF consisted of the student aid award and the institutional award. Each Act requires a minimum amount to be spent on student aid.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

COVID-19 - Continued

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus.

The University has been awarded the following HEERF and SIP funds as of June 30, 2023:

	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	\$ 1,948,876	\$ 1,948,875	\$ -	\$ 3,897,751
CRRSAA	1,948,876	4,407,497	-	6,356,373
ARPA	5,680,487	5,635,244	509,434	11,825,165
Total	\$ 9,578,239	\$ 11,991,616	\$ 509,434	\$ 22,079,289

As of June 30, 2023, the University received \$225,500 in Governor’s Emergency Education Relief Funds (“GEERF”) as a pass through from the State of Massachusetts.

The University has recognized the following funds as non-operating Federal grants for the year ended June 30, 2023, and the cumulative total grants recognized:

	For the Year Ended June 30, 2023				For the Year Ended June 30, 2022			
	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRRSAA	-	-	-	-	-	-	-	-
ARPA	-	2,458,503	509,434	2,967,937	5,680,487	3,176,741	-	8,857,228
Total	\$ -	\$ 2,458,503	\$ 509,434	\$ 2,967,937	\$ 5,680,487	\$ 3,176,741	\$ -	\$ 8,857,228

As of June 30, 2023, the University has spent all the HEERF and SIP funds that it was awarded.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Basis of Presentation

The University's 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"). 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.

FSU Foundation, as a not-for-profit organization, reports under Financial Accounting Standards Board ("FASB") guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of certain items, no modifications have been made to FSU Foundation's financial information in the University's financial reporting entity for these differences.

The University's policy for defining operating activities in the statements of revenues and expenses, and changes in net position 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 in accordance with GASB Statement No. 35. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts, net investment income, gifts, and interest expense.

When both restricted and unrestricted resources are available for use, it is the University's policy to use the restricted resources first, then unrestricted resources as they are needed.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Basis of Presentation - Continued

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- Restricted:
 - Nonexpendable - Component of net position whose net assets are subject to externally imposed stipulations or by law that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.
 - Expendable - Component of net position whose use of net assets by the University is subject to externally imposed stipulations or by law that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- Unrestricted: All other categories of net position. Unrestricted net position may be designated for specific purposes by action of management or the University's Board of Trustees (the "Board of Trustees").

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

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 amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Use of Estimates - Continued

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.

Cash and Equivalents and Investments

The University's cash and equivalents are considered to be cash on hand, cash and equivalents held by the Commonwealth's Treasurer and Receiver-General, Massachusetts Development Finance Agency ("MDFA"), Massachusetts State College Building Authority ("MSCBA") and Division of Capital Asset Management and Maintenance ("DCAMM"), and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the University are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are also reported at fair value. This external investment pool, run by the Commonwealth's Treasurer and Receiver-General, operates in accordance with appropriate laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Investments include cash balances as well as marketable debt and equity securities, which are carried at their readily determinable fair values. Investments also include pooled investment funds with Commonfund (a non-profit asset management firm) which are valued at fair value based upon estimated net asset values provided by the management of Commonfund. These pooled investment funds are invested in marketable debt and equity securities. Realized and unrealized gains and losses are included in non-operating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets.

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

- (i) 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;

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Cash and Equivalents and Investments - Continued

- (ii) as increases in 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 be classified as restricted - expendable; and
- (iii) as increases in unrestricted net position in all other cases.

At June 30, 2023 and 2022, the University had \$68,864 and \$62,557, respectively, in endowment income available by authorization for expenditure, which is included in restricted-expendable net position for scholarships and fellowships.

Massachusetts General Law, Chapter 15 grants authority to the University's Board of Trustees to administer the general business of the University. Inherent in this authority is the authority to invest funds of the University. Chapter 15 further grants the Board of Trustees the authority to delegate, to the president, any said powers or responsibilities. The Board of Trustees of Framingham State University has delegated the authority to make specific investment decisions to the Finance Committee of the Board of Trustees. Endowment funds are in cash and equivalents as well as fixed income, equity, and alternative investments. The primary cash equivalents are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

The University's authorized spending rule provides that all earnings on endowment investments may be expended pursuant to the stipulations placed on those endowments. If a donor has not provided specific instructions, Massachusetts General Law permits the University's Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Cash and Equivalents and Investments - Continued

FSU Foundation's investments include marketable debt and equity securities which are carried at their readily determinable market values and are invested with fund managers selected by the Foundation board. Realized and unrealized gains and losses are included in revenue. Investment income and gains are reported as increases in net assets without donor restriction unless a donor or law restricts their use. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method.

FSU Foundation maintains cash and an investment pool that is available for use by all funds held by the Foundation. Each fund's portion is reflected in the financial statements under cash and cash equivalents and investments. Earnings on cash and investments of net assets without donor restriction net position are reflected in the fund in which the assets are recorded.

Accounts Receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. The University provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the University has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Loans receivable consist, primarily, of the Federal Perkins Loan Program ("Perkins"). The Federal Government provides the majority of the funds to support this program. Loan payments received from students made under the Perkins program provided by the Federal Government are refundable to the Federal Government upon the ending (liquidation) of the University's participation in the program. The amount due to the Federal Government upon liquidation is included as a noncurrent liability in the accompanying financial statements.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Accounts Receivable - continued

The prescribed practices for the Perkins program do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectability and have been accepted (assigned) by the U.S. Department of Education ("DOE"). Management closely monitors outstanding balances and assigns loans to the DOE based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Capital Assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the assets are all owned by the Commonwealth of Massachusetts. Capital assets, which include land, land improvements, buildings, building improvements, equipment and other assets are reported in the statements of net position at cost, or fair market value, if donated. Capital assets are defined by the University as assets with an initial, individual cost of more than \$50,000 in accordance with the Commonwealth's capitalization policy. The University does not hold collections of historical treasures, works of art, or other items not requiring capitalization or depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets, with the exception of land, are depreciated using the straight-line method over estimated useful lives of 40 years for buildings, 20 years for building and land improvements, 5 years for furniture, and 3 to 10 years for equipment. 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 land on which the residence halls stand is leased by the MSCBA from the Commonwealth at a yearly cost of one dollar.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Capital Assets - Continued

The University, in accordance with a management and services agreement between the MSCBA and the Commonwealth of Massachusetts, is charged a semi-annual revenue assessment which is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by the MSCBA to pay principal and interest due on its long-term debt obligations.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. There were no outstanding contract commitments as of June 30, 2023.

In accordance with generally accepted accounting principles, the FSU Foundation has elected to not record its art collection as an asset on the statements of net position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. Donations and acquisitions of collections are not required to be recognized since they are added to collections that are held for public exhibition and education in furtherance of public service rather than financial gain; are protected, kept encumbered, cared for and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collection.

Compensated Absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, each year. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20% of amounts earned by those University employees with 10 or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Student Fees

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

Scholarship allowances consist of various forms of student financial assistance, which do not require repayment. Federal scholarships include Federal Supplemental Educational Opportunity Grants, Federal Pell Grants, and Teacher Education Assistance for College and Higher Education Grants ("TEACH Grants"). University scholarships include a wide variety of University and University department-funded scholarship programs.

Scholarship allowances and expenses for the years ended June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Federal scholarships	\$ 5,384,288	\$11,462,227
State scholarships	5,124,603	4,345,120
Private scholarships	1,033,259	882,575
University scholarships	3,145,640	3,416,982
University scholarships (residential life)	417,167	388,245
University Endowment scholarships	<u>82,150</u>	<u>115,114</u>
Total	<u>\$15,187,107</u>	<u>\$20,610,263</u>

Revenues Received in Advance

Deposits and advance payments received for tuition and fees related to the University's summer programs, and tuition billed for the following fiscal year, are recorded as revenues received in advance. Funds received in advance from various grants and contracts are also included in revenues received in advance.

Bond Premiums

Bond premiums are being amortized on a straight-line basis over the terms of the related debt agreements.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Pension Plan

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 ("MSERS"), and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. 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.

OPEB Plan

For purposes of measuring the net post-employment benefits other than pensions ("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 OPEB Trust Fund and additions to/deductions from the OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund. Investments are reported at fair value.

Fringe Benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and workers' compensation benefits. Workers' compensation coverage is provided by the Commonwealth on a self-insured basis. Health insurance and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation and unemployment insurance costs are assessed separately based on the University's actual experience.

Income Tax Status

The University is an agency of the Commonwealth of Massachusetts and is, therefore, exempt from Federal and State income taxes.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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

Future Governmental Accounting Pronouncements

GASB Statement 99 – *Omnibus 2022* has multiple effective dates. The objective of this statement is to clarify reporting requirements for financial guarantees and derivative investments (which is effective for reporting periods after June 15, 2023).

GASB Statement 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62* is effective for reporting periods beginning after June 15, 2023. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors.

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.

Management has not completed its review of the requirements of these statements and their applicability but will do so when these proposed pronouncements impact future financial statements.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

Note 2 - **Prior Period Adjustment**

Implementation of Newly Effective Accounting Standard

As of July 1, 2022, the University implemented GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB 96 enhances the consistency for SBITA activities and establishes the requirement to recognize a right to use asset and liability for SBITAs.

There was no change to net position as of July 1, 2022, upon the implementation of GASB 96 since the adjustment for the right to use assets - SBITAs of \$4,948,013 was completely offset by the adjustment for the SBITA liability. At June 30, 2021 there were no right of use assets and liability for SBITAs.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 2 - **Prior Period Adjustment - Continued**

Implementation of Newly Effective Accounting Standard - continued

The prior period adjustment for the implementation of GASB 96 for the year ended June 30, 2022 is as follows:

	<u>Previously Reported</u>	<u>Adjustment for SBITAs</u>	<u>Other expense reclassifications</u>	<u>Restated</u>
As of June 30, 2022:				
SBITA asset, net	\$ -	3,921,225	-	\$ 3,921,225
Deferred outflow from SBITA modifications, net	\$ -	482,861	-	\$ 482,861
Other current liabilities	\$ 266,278	31,623	-	\$ 297,901
SBITA liability	\$ -	4,375,353	-	\$ 4,375,353
Net position	\$ 117,350,484	(2,888)	-	\$ 117,347,596
Year Ended June 30, 2022:				
Depreciation expense	\$ 13,529,307	1,026,788	-	\$ 14,556,095
Interest expense on SBITAs liabilities payable	\$ -	54,576	-	\$ 54,576
Supplies and other services expense	\$ 27,345,326	(1,078,476)	10,047,364	\$ 36,314,214

As of July 1, 2020, the University implemented GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP)*. GASB 94 provides accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. The implementation of this standard did not have a material impact on the financial statements.

Note 3 - **Cash and Equivalents, and Investments**

Cash and equivalents - unrestricted and restricted - include the following at June 30, 2023 and 2022:

	<u>2023</u>		
	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Noncurrent Restricted</u>
Cash and money market accounts*	\$ 13,166,030	\$ 3,157,613	\$ 19,262,310
Massachusetts State Treasurer**	2,904,341	-	929,230
Cash and equivalents held by MSCBA***	<u>-</u>	<u>-</u>	<u>1,323,504</u>
Total	<u>\$ 16,070,371</u>	<u>\$ 3,157,613</u>	<u>\$ 21,515,044</u>

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments**

	2022		
	Current Unrestricted	Current Restricted	Noncurrent Restricted
Cash and money market accounts*	\$ 15,097,138	\$ 650,350	\$ 12,931,678
Massachusetts State Treasurer**	4,153,933	-	1,227,036
Cash and equivalents held by MSCBA***	-	-	1,377,416
Total	\$ 19,251,071	\$ 650,350	\$ 15,536,130

* This amount includes cash and equivalents held at Massachusetts Municipal Deposit Trust (“MMDT”) in the amounts of \$26,152,086 and \$17,660,937 at June 30, 2023 and 2022, respectively.

** This amount is held for the benefit of the University by the Massachusetts State Treasurer in the amounts of \$1,888,275 and \$3,640,553 at June 30, 2023 and 2022, respectively, for University funds. In addition, the University has recorded cash held for the benefit of the University by the Massachusetts State Treasurer in the amounts of \$1,945,296 and \$1,740,416 at June 30, 2023 and 2022, respectively, to pay year-end liabilities. The latter balances represent amounts paid from State appropriations subsequent to the fiscal year-end.

*** This amount consists of cash and equivalents which are restricted by the Massachusetts State College Building Authority (“MSCBA”) for the funding of certain construction projects at the University and payments to retire bonds (see Note 11). The University does not have access to these funds except by the authorization of MSCBA. Interest earned on debt service reserve funds is used on a current basis to offset annual debt service payments.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Investments held with the Commonwealth's State Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are reported at amortized cost. The MMDT is an investment pool for political subdivisions in the Commonwealth that was designed as a legal means to safely invest temporarily available cash. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified portfolio of high-quality money market instruments. The MMDT, an instrumentality of the State Treasurer, is not a bank, savings institution, or financial institution, and is not subject to FDIC insurance. MMDT operates as a qualifying external investment pool and is valued by MMDT's management on an amortized cost where the net asset value is \$1 per share.

The University maintains a cash and investment pool that is available for use by all trust funds. Each fund type's portion of this pool is reflected in the financial statements under the caption, cash and cash equivalents and investments. The method of allocating interest earned on pooled cash and investments is to record all interest to the appropriate fund based on that fund's average monthly balance in proportion to the aggregate average monthly balance held by the institution. Interest earnings attributable to each trust fund are included under investment income.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's deposit policy provides for bank balances to be held in interest-bearing checking accounts and, where account activity and balances warrant it, in money market accounts. All bank balances are to be held at financial institutions of high credit quality. The University currently utilizes Bank of America for banking services. The cash balances at each banking institution are insured by the FDIC up to \$250,000. At June 30, 2023 and 2022, the University had uninsured bank balances totaling approximately \$10,278,000 and \$10,741,000, respectively. As of June 30, 2023 and 2022, the University's uninsured bank balances are fully collateralized under an agreement with Bank of America.

The University does not have a formal policy with respect to custodial credit risk. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Custodial Credit Risk - continued

FSU Foundation's cash balances are insured by the FDIC up to \$250,000. At June 30, 2023 did not have any uninsured cash and equivalent balances. At June 30, 2022, FSU Foundation had uninsured cash and cash equivalent balances of \$384,766.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following University investments are held by the counterparty's trust department or agent but not in the University's name and, therefore, are subject to custodial credit risk as follows:

	<u>2023</u>	<u>2022</u>
U.S. Treasury notes and government securities	\$ 5,729,165	\$ 5,633,326
Corporate debt securities	3,338,852	2,875,160
Equity securities	20,290,302	19,774,554
Money market funds	1,172,049	578,687
Mutual funds	14,795,819	12,667,751
Commonfund (pooled investment funds)	<u>21,162,104</u>	<u>18,222,780</u>
	66,488,291	59,752,258
Less: insured amounts	<u>500,000</u>	<u>500,000</u>
Total Subject to Custodial Credit Risk	<u>\$ 65,988,291</u>	<u>\$ 59,252,258</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk

The University is required to comply with the Commonwealth of Massachusetts' deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers' acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record, and repurchase agreements secured by any of these obligations. The University has also adopted its own formal investment policy, the objectives of which are: safety of principal; liquidity for operating needs; return on investment; and diversification of risk. The University's investment policy generally limits the maturities of investments to not more than one year. However, the University may invest in securities with maturities in excess of one year if it is determined to be in the best interest of the University as described in the University's investment policy. The University may also appoint a professional fund manager and invest in equity and bond funds. Eligible investments shall be consistent with those permitted by State statutes.

As of June 30, 2023 and 2022, the fair values of the University's deposits held at the MMDT were \$26,152,086 and \$17,660,937, respectively. At June 30, 2023, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 77% at 30 days or less; 10% at 31-90 days; 8% at 91-180 days; and 4% at 181 days or more. At June 30, 2023 and 2022, 100% of the MMDT's cash portfolio had a First-Tier credit quality rating.

The University's funds held at MSCBA are invested in various cash accounts which are fully collateralized by securities in the name of MSCBA and various marketable securities. The University's MSCBA funds held were \$1,323,504 and \$1,377,416 at June 30, 2023 and 2022, respectively.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

The University's investments in marketable securities are represented by the following at June 30, 2023 and 2022:

	2023		2022	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury notes and government securities	\$ 6,372,655	\$ 5,729,165	\$ 6,104,574	\$ 5,633,326
Corporate debt securities	3,598,752	3,338,852	3,055,839	2,875,160
Equity securities	12,462,837	20,290,302	14,552,622	19,774,554
Money market funds	1,172,049	1,172,049	578,687	578,687
Mutual funds	14,556,210	14,795,819	13,110,380	12,667,751
Commonfund (pooled investment funds):				
Multi-Strategy Bond Fund	1,096,629	1,120,920	1,097,254	1,134,706
Intermediate Term Fund	2,133,723	2,034,513	2,136,750	2,022,139
Equity Index Fund	<u>5,754,531</u>	<u>18,006,671</u>	<u>5,760,895</u>	<u>15,065,935</u>
 Total	 <u>\$ 47,147,386</u>	 <u>\$ 66,488,291</u>	 <u>\$ 46,397,001</u>	 <u>\$ 59,752,258</u>

The University's investment balances as of June 30, 2023 and 2022 include \$41,332,255 and \$37,695,288, respectively, which represent unrestricted net position designated by the Board of Trustees in fiscal year 2006 (see Note 16). These amounts consist of an original designated investment of \$13,500,000 plus accumulated investment income earned thereon. No additional investments were designated in fiscal years 2023 and 2022.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - Cash and Equivalents, and Investments - Continued

Credit Risk - continued

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

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Notes and Government Securities	\$ 5,729,165	\$ 356,976	\$ 541,854	\$ 4,830,334	\$ -
Corporate Debt Securities	<u>3,338,852</u>	<u>306,568</u>	<u>2,066,413</u>	<u>965,872</u>	<u>-</u>
Total	<u>\$ 9,068,017</u>	<u>\$ 663,544</u>	<u>\$ 2,608,267</u>	<u>\$ 5,796,206</u>	<u>\$ -</u>

Investment Type	Fair Value	Credit Rating												
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	NR	
U.S. Treasury Notes and Government Securities	\$5,729,165	\$ -	\$5,729,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Debt Securities	<u>3,338,852</u>	<u>-</u>	<u>191,748</u>	<u>18,059</u>	<u>134,883</u>	<u>614,105</u>	<u>455,957</u>	<u>475,988</u>	<u>1,004,337</u>	<u>384,096</u>	<u>53,766</u>	<u>5,914</u>	<u>-</u>	<u>-</u>
Total	<u>\$9,068,017</u>	<u>\$ -</u>	<u>\$5,920,913</u>	<u>\$ 18,059</u>	<u>\$ 134,883</u>	<u>\$ 614,105</u>	<u>\$ 455,957</u>	<u>\$ 475,988</u>	<u>\$ 1,004,337</u>	<u>\$ 384,096</u>	<u>\$ 53,766</u>	<u>\$ 5,914</u>	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2022, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury Notes and Government Securities	\$ 5,633,326	\$ 429,785	\$ 1,431,645	\$ 3,771,896	\$ -
Corporate Debt Securities	<u>2,875,160</u>	<u>156,505</u>	<u>2,019,265</u>	<u>699,390</u>	<u>-</u>
Total	<u>\$ 8,508,486</u>	<u>\$ 586,290</u>	<u>\$ 3,450,910</u>	<u>\$ 4,471,286</u>	<u>\$ -</u>

Investment Type	Fair Value	Credit Rating												
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	NR	
U.S. Treasury Notes and Government Securities	\$ 5,633,326	\$5,633,326	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Debt Securities	<u>2,875,160</u>	<u>-</u>	<u>219,903</u>	<u>-</u>	<u>112,756</u>	<u>360,987</u>	<u>346,682</u>	<u>522,657</u>	<u>988,691</u>	<u>279,524</u>	<u>43,960</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,508,486</u>	<u>\$5,633,326</u>	<u>\$ 219,903</u>	<u>\$ -</u>	<u>\$ 112,756</u>	<u>\$ 360,987</u>	<u>\$ 346,682</u>	<u>\$ 522,657</u>	<u>\$ 988,691</u>	<u>\$ 279,524</u>	<u>\$ 43,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

FSU Foundation's investment policy is to hold its investments to obtain a ratio of approximately 50-80% equity securities, 20-60% fixed-income securities, and 0% to 20% cash and cash equivalents based on market value. The FSU Foundation strives to make appropriations annually out of the various funds to the University in the form of scholarships and work studies at a 5% spending rate based upon the previous year's net asset balances that have funds available for expenditure.

FSU Foundation's investments are included at their fair values and consist of the following at June 30, 2023 and 2022:

	2023		2022	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes and Government Securities	\$ 1,648,510	\$ 1,459,798	\$ 1,474,924	\$ 1,350,124
Corporate debt securities	654,745	602,969	565,359	530,190
Equity securities	3,399,733	5,904,519	3,760,090	5,508,660
Money market funds	263,365	263,365	326,569	326,569
Mutual funds	<u>5,865,384</u>	<u>6,135,224</u>	<u>5,421,083</u>	<u>5,322,580</u>
Total	<u>\$ 11,831,737</u>	<u>\$ 14,365,875</u>	<u>\$ 11,548,025</u>	<u>\$ 13,038,123</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

FSU Foundation's investments at fair value are presented in the accompanying statements of net position as follows:

	<u>2023</u>	<u>2022</u>
Current Assets:		
Investments	\$10,222,537	\$ 9,279,071
Noncurrent Assets:		
Endowment investments	<u>4,143,338</u>	<u>3,759,052</u>
Total	<u>\$14,365,875</u>	<u>\$13,038,123</u>

At June 30, 2023, the fair value of FSU Foundation's investments in debt securities by contractual maturities is as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>					<u>Credit Rating</u>
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>	
U.S. Treasury Notes and Government Securities	\$1,459,798	\$ -	\$ -	\$1,456,369	\$ 3,429	AAA
Corporate Debt Securities	<u>602,969</u>	<u>-</u>	<u>259,422</u>	<u>343,547</u>	<u>-</u>	Varies
Total	<u>\$2,062,767</u>	<u>\$ -</u>	<u>\$ 259,422</u>	<u>\$1,799,916</u>	<u>\$ 3,429</u>	

At June 30, 2022, the fair value of FSU Foundation's investments in debt securities by contractual maturities is as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>					<u>Credit Rating</u>
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>	
U.S. Treasury Notes and Government Securities	\$ 1,350,124	\$ 73,142	\$ 119,992	\$ 1,152,939	\$ 4,051	AAA
Corporate Debt Securities	<u>530,190</u>	<u>127,520</u>	<u>217,133</u>	<u>185,537</u>	<u>-</u>	Varies
Total	<u>\$ 1,880,314</u>	<u>\$ 200,662</u>	<u>\$ 337,125</u>	<u>\$ 1,338,476</u>	<u>\$ 4,051</u>	

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and that such changes could materially affect the University's and FSU Foundation's investment account balances.

The University's investments have been categorized based upon the fair value hierarchy in accordance with GASB Statement No. 72 below. The FSU Foundation follows similar guidance in accordance with FASB Accounting Standards Codification ASC 820-10, which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

- Level 1 Observable market prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

- Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

- Level 3 Unobservable inputs that are not corroborated by observable market data.

Mutual funds, money market funds, and equity securities are valued at daily closing prices as reported by the fund. These investments are classified as Level 1 and are deemed to be actively traded. Corporate bonds are valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager. Corporate bonds are classified as Level 2. U.S. Treasury notes and government securities are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs and classified as Level 2. The Multi-Strategy Bond Fund, the Intermediate Fund, and the Equity Index Fund are valued at the net asset value ("NAV") of the shares held at fiscal year-end.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

As a practical expedient to estimate the fair value of the University's interests, certain investments in commingled funds are reported at the net asset value ("NAV") determined by the fund managers. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2023 and 2022, the University had no plans or intentions to sell such investments as amounts different from NAV.

The University's investments at fair value measurement are as follows at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by fair value level:				
U.S. Treasury Notes and Government Securities	\$ -	\$ 5,729,165	\$ -	\$ 5,729,165
Corporate Debt Securities	-	3,338,852	-	3,338,852
Equity Securities	20,290,302	-	-	20,290,302
Money Market Funds	1,172,049	-	-	1,172,049
Mutual Funds	<u>14,795,819</u>	<u>-</u>	<u>-</u>	<u>14,795,819</u>
	<u>\$ 36,258,170</u>	<u>\$ 9,068,017</u>	<u>\$ -</u>	<u>45,326,187</u>
Investments measured at the net asset value ("NAV"):				
Multi-Strategy Bond Fund				1,120,919
Intermediate Term Fund				2,034,512
Equity Index Fund				<u>18,006,673</u>
Total Investments Measured at the NAV				<u>21,162,104</u>
Total Investments Measured at Fair Value				<u>\$ 66,488,291</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

The University's investments at fair value measurement are as follows at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by fair value level:				
U.S. Treasury Notes and Government Securities	\$ -	\$ 5,633,326	\$ -	\$ 5,633,326
Corporate Debt Securities	-	2,875,160	-	2,875,160
Equity Securities	19,774,554	-	-	19,774,554
Money Market Funds	578,687	-	-	578,687
Mutual Funds	<u>12,667,751</u>	<u>-</u>	<u>-</u>	<u>12,667,751</u>
	<u>\$ 33,020,992</u>	<u>\$ 8,508,486</u>	<u>\$ -</u>	<u>41,529,478</u>
Investments measured at the net asset value ("NAV"):				
Multi-Strategy Bond Fund				1,134,706
Intermediate Term Fund				2,022,139
Equity Index Fund				<u>15,065,935</u>
Total Investments Measured at the NAV				<u>18,222,780</u>
Total Investments Measured at Fair Value				<u>\$ 59,752,258</u>

The University's investments measured at the net asset value ("NAV") are as follows at June 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Commonfund (pooled investment funds):				
Multi-Strategy Bond Fund	\$ 1,120,920	\$ -	Monthly	5 days
Intermediate Term Fund	2,034,513	-	Monthly	5 days
Equity Index Fund	<u>18,006,671</u>	<u>-</u>	Daily	Daily by 3 p.m. EST
Total Investments Measured at the NAV	<u>\$ 21,162,104</u>	<u>\$ -</u>		

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

The University's investments measured at the net asset value ("NAV") are as follows at June 30, 2022:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible</u>	<u>Redemption Notice Period</u>
Commonfund (pooled investment funds):				
Multi-Strategy Bond Fund	\$ 1,134,706	\$ -	Monthly	5 days
Intermediate Term Fund	2,022,139	-	Monthly	5 days
Equity Index Fund	<u>15,065,935</u>	<u>-</u>	Daily	Daily by 3 p.m. EST
Total Investments Measured at the NAV	<u>\$ 18,222,780</u>	<u>\$ -</u>		

FSU Foundation Credit Risk

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value of the investments, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Mutual funds and money market accounts are valued at the net asset value ("NAV") of the shares held at fiscal year-end, which are traded daily. U.S. Treasury notes and government securities, corporate debt securities, and municipal securities are valued at their quoted prices from the markets in which they are traded. Equity securities are valued at daily closing prices.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 3 - **Cash and Equivalents, and Investments - Continued**

FSU Foundation Credit Risk - continued

FSU Foundation's investments at fair value measurement are as follows at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes and Government Securities	\$ 1,405,671	\$ 54,127	\$ -	\$ 1,459,798
Corporate Debt Securities	-	602,969	-	602,969
Equity Securities	5,904,519	-	-	5,904,519
Money Market Funds	263,365	-	-	263,365
Mutual Funds	<u>-</u>	<u>6,135,224</u>	<u>-</u>	<u>6,135,224</u>
 Total Investments Measured at Fair Value	 <u>\$ 7,573,555</u>	 <u>\$ 6,792,320</u>	 <u>\$ -</u>	 <u>\$ 14,365,875</u>

FSU Foundation's investments at fair value measurement are as follows at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes and Government Securities	\$ 1,297,788	\$ 52,336	\$ -	\$ 1,350,124
Corporate Debt Securities	-	530,190	-	530,190
Equity Securities	5,508,660	-	-	5,508,660
Money Market Funds	326,569	-	-	326,569
Mutual Funds	<u>-</u>	<u>5,322,580</u>	<u>-</u>	<u>5,322,580</u>
 Total Investments Measured at Fair Value	 <u>\$ 7,133,017</u>	 <u>\$ 5,905,106</u>	 <u>\$ -</u>	 <u>\$ 13,038,123</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 4 - **Accounts Receivable**

The University's accounts receivable includes the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Student accounts receivable	4,104,074	\$ 3,913,627
Grants receivable	1,284,124	477,213
Parking fines receivable	284,760	360,071
Due from the FSU Foundation	<u>189,715</u>	<u>177,460</u>
	5,862,673	4,928,371
Less: allowance for doubtful accounts	<u>(1,829,851)</u>	<u>(1,518,657)</u>
 Total	 <u>\$ 4,032,822</u>	 <u>\$ 3,409,714</u>

At June 30, 2023, the University also has an offsetting payable on the books due to the FSU Foundation for \$212,059. This results in a net payable to the FSU Foundation of \$22,344 at June 30, 2023. The FSU Foundation has an offsetting receivable from the University in the amount of \$22,344 at June 30, 2023 recorded within the FSU Foundation's prepaid expenses line on the accompanying Statements of Net Position. The FSU Foundation has an offsetting payable to the University in the amount of \$177,460 at June 30, 2022. This balance is recorded within the FSU Foundation's accounts payable and accrued liabilities line on the accompanying statements of net position.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 5 - **Loans Receivable and Payable**

Loans receivable and payable consist entirely of the Federal Perkins Loan Program (“Perkins”). The Federal Government originally provided the majority of the funds to support these programs. The portion of the Perkins Programs provided by the Federal Government is refundable to the Federal Government upon the ending (“liquidation”) of the University’s participation in the programs. The amounts due to the Federal Government upon liquidation by the University are \$407,764 and \$1,053,252 at June 30, 2023 and 2022, respectively. These amounts are included as a noncurrent liability in the accompanying statements of net position.

The federal law authorizing the disbursement of Perkins loans expired on September 30, 2017. As of October 1, 2017, the University is prohibited from issuing new Perkins loans to undergraduate students. As of October 1, 2017, the University is prohibited from issuing new Perkins loans to graduate students who received them prior to October 1, 2016.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 6 - **Capital Assets**

Capital assets activity of the University for the year ended June 30, 2023 is as follows:

	(Restated)		Reclassification*	
	Totals		and	Totals
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2023</u>
Capital Assets:				
Non-Depreciable Capital Assets:				
Land	\$ 3,201,215	\$ -	\$ -	\$ 3,201,215
Construction in progress	<u>240,312</u>	<u>904,731</u>	<u>(879,782)</u>	<u>265,261</u>
Total Non-Depreciable Assets	<u>3,441,527</u>	<u>904,731</u>	<u>(879,782)</u>	<u>3,466,476</u>
Depreciable Capital Assets:				
Land improvements	11,135,315	-	493,447	11,628,762
Buildings	112,006,448	-	-	112,006,448
Building improvements	89,310,364	-	386,335	89,696,699
Equipment	7,527,006	60,216	-	7,587,222
Software arrangements	4,948,013	-	(363,764)	4,584,249
Leased equipment	126,235	-	-	126,235
Leased real estate	<u>124,670,306</u>	<u>-</u>	<u>-</u>	<u>124,670,306</u>
Total Depreciable Assets	<u>349,723,687</u>	<u>60,216</u>	<u>516,018</u>	<u>350,299,921</u>
Total Capital Assets	<u>353,165,214</u>	<u>964,947</u>	<u>(363,764)</u>	<u>353,766,397</u>
Less: accumulated depreciation				
Land improvements	6,101,253	473,909	-	6,575,162
Buildings	41,863,586	2,182,975	-	44,046,561
Building improvements	48,553,914	4,103,455	-	52,657,369
Equipment	7,256,670	93,158	-	7,349,828
Software arrangements	1,026,788	1,008,613	(363,764)	1,671,637
Leased equipment	72,134	36,067	-	108,201
Leased real estate	<u>12,700,835</u>	<u>6,436,209</u>	<u>-</u>	<u>19,137,044</u>
Total Accumulated Depreciation	<u>117,575,180</u>	<u>14,334,386</u>	<u>(363,764)</u>	<u>131,545,802</u>
Capital Assets, Net	<u>\$235,590,034</u>	<u>\$(13,369,439)</u>	<u>\$ -</u>	<u>\$222,220,595</u>

* At June 30, 2023, construction costs incurred for the University's various facility improvements were included in construction in progress and subsequently transferred to capital asset additions upon completion during the year ended June 30, 2023.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 6 - **Capital Assets - Continued**

Capital assets activity of the University for the year ended June 30, 2022 is as follows:

	(Restated) Totals <u>June 30, 2021</u>	<u>Additions</u>	Reclassification* and <u>Reductions</u>	(Restated) Totals <u>June 30, 2022</u>
Capital Assets:				
Non-Depreciable Capital Assets:				
Land	\$ 3,201,215	\$ -	\$ -	\$ 3,201,215
Construction in progress	<u>309,313</u>	<u>960,259</u>	<u>(1,029,260)</u>	<u>240,312</u>
Total Non-Depreciable Assets	<u>3,510,528</u>	<u>960,259</u>	<u>(1,029,260)</u>	<u>3,441,527</u>
Depreciable Capital Assets:				
Land improvements	11,135,315	-	-	11,135,315
Buildings	112,006,448	-	-	112,006,448
Building improvements	88,281,104	-	1,029,260	89,310,364
Equipment	7,476,991	50,015	-	7,527,006
Software arrangements	4,948,013	-	-	4,948,013
Leased equipment	126,235	-	-	126,235
Leased real estate	<u>124,670,306</u>	<u>-</u>	<u>-</u>	<u>124,670,306</u>
Total Depreciable Assets	<u>348,644,412</u>	<u>50,015</u>	<u>1,029,260</u>	<u>349,723,687</u>
Total Capital Assets	<u>352,154,940</u>	<u>1,010,274</u>	<u>-</u>	<u>353,165,214</u>
Less: accumulated depreciation				
Land improvements	5,618,609	482,644	-	6,101,253
Buildings	39,680,611	2,182,975	-	41,863,586
Building improvements	44,336,109	4,217,805	-	48,553,914
Equipment	7,014,430	242,240	-	7,256,670
Software arrangements	-	1,026,788	-	1,026,788
Leased equipment	36,067	36,067	-	72,134
Leased real estate	<u>6,333,259</u>	<u>6,367,576</u>	<u>-</u>	<u>12,700,835</u>
Total Accumulated Depreciation	<u>103,019,085</u>	<u>14,556,095</u>	<u>-</u>	<u>117,575,180</u>
Capital Assets, Net	<u>\$249,135,855</u>	<u>\$(13,545,821)</u>	<u>\$ -</u>	<u>\$235,590,034</u>

* At June 30, 2022, construction costs incurred for the University's various facility improvements were included in construction in progress and subsequently transferred to capital asset additions upon completion during the year ended June 30, 2022.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 6 - **Capital Assets - Continued**

The University has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the University's financial statements for the years ended June 30, 2023 and 2022.

Note 7 - **Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities include the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accounts payable - trade	\$ 1,917,204	\$ 702,314
Salaries and fringe benefits payable	<u>2,004,268</u>	<u>2,131,110</u>
	<u>\$ 3,921,472</u>	<u>\$ 2,833,424</u>

Note 8 - **Accrued Workers' Compensation**

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth's self-insured workers' compensation program were conducted as of June 30, 2023 and 2022. Based upon the Commonwealth's analyses, \$1,072,142 and \$957,170 of accrued workers' compensation has been recorded as a liability at June 30, 2023 and 2022, respectively.

Note 9 - **Faculty Payroll Accrual**

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth of Massachusetts and Framingham State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2023 of \$3,874,632 will be paid from the University's fiscal 2024 State appropriations. The total amount due at June 30, 2022 of \$3,976,173 was paid from the University's fiscal 2023 State appropriations.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 10 - **Deferred Inflows of Resources from Public-Private Partnerships**

In September 2017, the University entered into a public-private partnership with Sodexo, effective July 1, 2017 for a term of five years through June 30, 2022 with an option to extend the arrangement for five additional one-year periods upon mutual agreement of the parties. The new arrangement supersedes the previous arrangement and has been amended several times thereafter to modify its terms and the additional payments to the University for investments in improvements in or at the University as mutually agreed upon by the parties. Commencing on June 30, 2019, provided that the agreement remains in effect, the arrangement provided for payments to the University totaling \$280,000 to be made in four installments of \$70,000 per year for dining venue enhancements for fiscal years 2019 through 2022. The University received the first payment during the year ended June 30, 2019 and the second payment during the year ended June 30, 2020. Based on amendments to the arrangement in fiscal years 2021 and 2022, the contributions were not made in those years. The latest amendment provides for additional payments to the University totaling \$280,000 to be made in four installments of \$70,000 per year for fiscal years 2024 through 2027. In addition, Sodexo is to pay the University a partnership bonus of \$300,000 in fiscal years 2025, 2026, and 2027 as described in the arrangement.

In addition, Sodexo paid the University a Partnership bonus of \$300,000 in October 2017 that is to be used at the discretion of the University. Sodexo agreed to pay the University a commission based on specified percentages between 2.75% to 10% of specified sales receipts from the food services operation, which amounted to \$19,788 and \$239,162 for the years ended June 30, 2023 and 2022, respectively, and various other contributions totaling \$41,500 per year as more fully described in the arrangement. The commission on sale receipts from the food services operation was eliminated with an amendment to the agreement in March 2023.

As a part of the arrangement, Sodexo provided an investment in two installments in the total amount of \$2,880,000 for improvements to the dining services facility, including the purchase of equipment. The University received the first installment of \$500,000 in October 2017. The University received the second installment of \$2,380,000, which was comprised of \$2,025,000 received in February 2018, and equipment purchased directly by Sodexo in the amount of \$355,000. Sodexo will amortize the investment over a period defined in the arrangement. All improvements and equipment purchased with the payments received from Sodexo shall remain the property of the University. The arrangement may be terminated by either party at any time, without cause, in accordance with the terms of the arrangement and per the Commonwealth of Massachusetts Standard Terms and Conditions.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 10 - **Deferred Inflows of Resources from Public-Private Partnerships -Continued**

The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by Sodexo. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by Sodexo. The amortization schedules assume that all funds will be received from Sodexo. The University does not anticipate that the arrangement will be terminated prior to its expiration date.

Deferred inflows of resources from this public-private partnership amounted to \$540,000 and \$930,000 at June 30, 2023 and 2022, respectively, which consists of the unamortized balances of the public-private partnership with Sodexo. The deferred inflow of resources is being amortized to revenue on a straight-line basis over the term of the arrangement. Amortization in the amount of \$390,000 and \$414,000 has been recognized in capital grant revenue in the accompanying statements of revenues and expenses, and changes in net position for the years ended June 30, 2023 and 2022, respectively.

The University reports the aggregate carrying value of the capital assets relating to the public-private partnerships of approximately \$2,304,000 and \$2,448,000 at June 30, 2023 and 2022, respectively. Depreciation on these capital assets amounted to \$144,000 for the years ended June 30, 2023 and 2022, respectively.

In February 2022, the University entered into a public-private partnership for the Warren Conference Center and Inn with FLIK International Corp. ("FLIK"), effective April 1, 2022 for a term of 15 years through March 31, 2037 with an option to extend the arrangement for an additional one-year period upon mutual agreement of the parties. Commencing on April 1, 2022, the arrangement provided for quarterly commission payments to the University. These payments shall be made to the University by FLIK International Corp. in quarterly installments based on 13% of top line revenue on all sales excluding the clubhouse, plus an additional 1% of top line revenue for clubhouse sales through 2036. In addition, FLIK International Corp. paid the University a first-year commission guarantee of \$675,000 in April 2022. The commission guarantee will be reconciled quarterly against actual commissions due.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 10 - **Deferred Inflows of Resources from Public-Private Partnerships -Continued**

As a part of the arrangement, FLIK will provide a capital investment in four installments in the total amount of \$4,600,000 for improvements to various sections of the Warren Conference Center. The University received the first installment of \$1,200,000 in April 2022, and the second installment of \$1,700,000 in May 2023. The University will receive the third installment of \$1,200,000 in fiscal year 2024, and the final installment of \$500,000 in fiscal year 2033. All improvements and equipment purchased with the payments received from FLIK shall remain the property of the University. The arrangement may be terminated by either party at any time, without cause, in accordance with the terms of the arrangement and per the Commonwealth of Massachusetts Standard Terms and Conditions.

The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by FLIK International Corp. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by FLIK International Corp. The amortization schedules assume that all funds will be received from FLIK International Corp. The University does not anticipate that the arrangement will be terminated prior to its expiration date.

Deferred inflows of resources from this public-private partnership amounts to \$2,618,571 and \$1,620,149 at June 30, 2023 and 2022, respectively. For the year ended June 30, 2023, the balance consists of the unamortized balances of the capital investments with FLIK International Corp. For the year ended June 30, 2022, the balance consisted of the unamortized balances of the capital investments with FLIK International Corp. totaling \$1,120,000, as well as the unused portion of the commission guarantee as of June 30, 2022, which totaled \$500,149. The deferred inflow of resources from the capital investment is being amortized to revenue on a straight-line basis over the term of the arrangement. Amortization in the amount of \$201,429 and \$80,000 has been recognized in capital grant revenue in the accompanying statements of revenues and expenses for the years ended June 30, 2023 and 2022, respectively. The deferred inflow of resources from the commission guarantee is being recognized quarterly based on sales. Under the arrangement, the University recognized commission income of \$500,149 and \$174,851 during the years ended June 30, 2023 and 2022, respectively.

FRAMINGHAM STATE UNIVERSITY

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - Bonds Payables

The University, in association with the Massachusetts State College Building Authority ("MSCBA"), the Massachusetts Development Finance Agency ("MDFA"), and the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM"), has entered into financing and construction agreements for various campus projects.

The following table summarizes the University's Bonds payable as of June 30, 2023:

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rates (%)</u>	<u>Due Date</u>	<u>Effective Interest Rates (%)*</u>	<u>Interagency Payable Balance</u>	<u>Unamortized Bond Premiums</u>	<u>Total Interagency Payable</u>
MSCBA Series 2010B	12/17/2010	\$ 11,095,000	4.89-6.54	5/1/2035	6.48	\$ 10,665,000	\$ -	\$ 10,665,000
DCAMM CEIP Funds-Phase I	7/1/2011	373,537	4.50	1/1/2032	4.69	208,732	-	208,732
DCAMM CEIP Funds-Phase II	7/1/2011	3,711,166	4.00	1/1/2027	4.41	1,211,614	-	1,211,614
MSCBA Series 2011A	5/25/2011	447,000	2.00-5.00	5/1/2025	6.02	160,426	9,628	170,054
MSCBA Series 2014A	1/1/2014	3,185,000	2.00-5.00	5/1/2025	5.94	335,000	10,927	345,927
MSCBA Series 2014C	12/1/2014	680,000	3.00-5.00	5/1/2034	5.15	475,000	52,782	527,782
MSCBA Series 2016A	2/25/2016	5,311,000	4.00-5.00	5/1/2029	4.28	2,969,635	263,748	3,233,383
MSCBA Series 2019A	1/15/2019	1,225,000	3.00-5.00	5/1/2039	3.93	1,065,000	58,156	1,123,156
MSCBA Series 2019C	1/15/2019	8,683,000	3.00-5.00	5/1/2033	2.44	3,037,113	-	3,037,113
MSCBA Series 2020A	7/1/2020	4,162,277	3.00-5.00	5/1/2039	2.05	4,162,277	-	4,162,277
MSCBA Series 2022A	7/1/2021	<u>2,073,320</u>	5.00	5/1/2032	6.26	<u>1,938,320</u>	<u>361,344</u>	<u>2,299,664</u>
		<u>\$ 40,946,300</u>				<u>\$ 26,228,117</u>	<u>\$ 756,585</u>	<u>\$ 26,984,702</u>

*Effective Interest Rates ("EIR") are calculated by dividing total interest paid during the year by the average outstanding balance of bonds payable.

The following table summarizes the University's Bonds payable as of June 30, 2022:

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rates (%)</u>	<u>Due Date</u>	<u>Effective Interest Rates (%)*</u>	<u>Bonds Payable Balance</u>	<u>Unamortized Bond Premiums</u>	<u>Total Bonds Payable</u>
MSCBA Series 2010B	12/17/2010	\$ 11,095,000	4.89-6.54	5/1/2035	6.35	\$ 11,095,000	\$ -	\$ 11,095,000
DCAMM CEIP Funds-Phase I	7/1/2011	373,537	4.50	1/1/2032	4.67	227,223	-	227,223
DCAMM CEIP Funds-Phase II	7/1/2011	3,711,166	4.00	1/1/2027	4.33	1,485,962	-	1,485,962
MSCBA Series 2011A	5/25/2011	447,000	2.00-5.00	5/1/2025	5.37	242,784	19,251	262,035
MSCBA Series 2014A	1/1/2014	3,185,000	2.00-5.00	5/1/2025	5.36	490,000	21,530	511,530
MSCBA Series 2014C	12/1/2014	680,000	3.00-5.00	5/1/2034	5.07	505,000	61,464	566,464
MSCBA Series 2016A	2/25/2016	5,311,000	4.00-5.00	5/1/2029	4.12	3,408,839	348,730	3,757,569
MSCBA Series 2019A	1/15/2019	1,225,000	3.00-5.00	5/1/2039	3.91	1,110,000	65,405	1,175,405
MSCBA Series 2019C	1/15/2019	8,683,000	3.00-5.00	5/1/2033	2.24	3,675,124	-	3,675,124
MSCBA Series 2020A	7/1/2020	4,162,277	3.00-5.00	5/1/2039	2.05	4,162,277	-	4,162,277
MSCBA Series 2022A	7/1/2021	<u>2,073,320</u>	5.00	5/1/2032	0.00	<u>2,073,320</u>	<u>444,431</u>	<u>2,517,751</u>
		<u>\$ 40,946,300</u>				<u>\$ 28,475,529</u>	<u>\$ 960,811</u>	<u>\$ 29,436,340</u>

*EIR are calculated by dividing total interest paid during the year by the average outstanding balance of bonds payable.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

MSCBA 2022A Bond Issuance

On July 1, 2021, the University's MSCBA Series 2012C bonds were refunded as part of the MSCBA's Refunding Revenue Bonds Series 2022A. The purpose of the issuance was to provide budgetary relief to the University. This was non-cash producing transaction to restructure the University's debt schedule and interest payments and resulted in an economic loss of \$409,745 and deferred gain on refunding of \$68,034. Through its agreement with MSCBA, the University repays this debt in semi-annual installments, starting on November 1, 2022 and ending on May 1, 2032, at an annual variable rate of 5.00%. A debt service fund is not required under this financing arrangement.

MSCBA 2020A Bond Issuance

On July 1, 2020, the University's MSCBA Series 2019A, 2019C, 2016A, 2014C, 2014A, 2012B, 2012C, and 2011A bonds were partially refunded as part of the MSCBA's Refunding Revenue Bonds Series 2020A. The purpose of the issuance was to provide budgetary relief for fiscal years 2021 and 2022 to the University. This was non-cash transaction to restructure the University's debt schedule and interest payments for several existing bond series resulting in an economic loss of \$1,244,120 and deferred loss on refunding of \$389,835. Through its agreement with MSCBA, the University repays this debt in semi-annual installments, starting on November 1, 2020 and ending on May 1, 2039, at an annual variable rate ranging from 1.044% to 2.972%. A debt service fund is not required under this financing arrangement.

MSCBA Series 2010B Bond Issuance

During December 2010, the University signed a financing agreement to receive \$11,095,000 from a MSBCA bond issuance. These funds, net of bond issue costs and a debt service reserve fund, are being used for the renovation of Hemenway Science Center, including the relocation of the Planetarium to O'Connor Hall. This obligation will be repaid solely by the University through University operations.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

As of June 30, 2023 and 2022, MSCBA held debt service reserve funds in the amount of \$715,805, which are included in the accompanying statements of net position at June 30, 2023 and 2022, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

The University is required to make annual principal payments on this debt each May 1, which commenced on May 1, 2023. The final principal payment is due on May 1, 2035. Interest on the debt is payable on May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 5.788% to 6.540% over the term of the debt to maturity. MSCBA is receiving a federal interest subsidy associated with this bond issue and is billing the University for interest net of the subsidy.

DCAMM Clean Energy Investment Program

In July 2011, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM") to undertake a Comprehensive Energy Performance Contracting Project - Phase 1 (the "Project"). Further, in March 2012, the University entered into a second Memorandum of Agreement with DCAMM related to the same project but known as Phase 2. The second agreement provided for, among other items, an increase in the total project cost and a change in the performance term from 20 years to 5 years. The Project's goal is to upgrade boilers, replace the chiller, lighting, EMS improvements, VAV boxes, and various energy conservation measures.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

The total project cost for Phase 1 was \$451,537, including capitalized interest of \$12,551. Phase 1 was funded with Clean Energy Investment Program Funds ("CEIP Funds") in the amount of \$373,537, which are being repaid over 20 years at 4.5% interest and \$78,000 of University operating funds. Annual payments of principal and interest for Phase 1 in the amount of \$28,716 commenced on January 1, 2013. The total project cost for Phase 2 was approximately \$6,650,000. The cost of the Project was funded from CEIP Funds in the amount of \$3,711,166, capital grants of \$2,700,000, energy incentives from the contractor in the amount of \$45,600, and University operating funds of approximately \$193,000. CEIP Funds for Phase 2 are being repaid over 15 years at 4.0% interest. Annual payments of principal and interest for Phase 2 in the amount of \$333,786 commenced in 2013. Additionally, both agreements provide for the University to fund annual maintenance costs to be paid over the first five years of the Project totaling approximately \$100,800, of which approximately \$6,900 relates to Phase 1 and \$93,900 relates to Phase 2. These maintenance costs are expected to be offset by energy savings as a result of the Project.

MSCBA 2011A Bond Issuance

During May 2011, the refunding series 2011A Bonds refunded portions of the University's Series 2003A Bonds. The original funds from the 2003A Bonds, net of bond issue costs, were used during fiscal year 2004 for improvements to athletic fields and a new parking lot. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting on May 1, 2011 and ending on May 1, 2025, at an annual variable rate ranging from 2.00% to 5.00%. A debt service fund is not required under this financing arrangement.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

MSCBA 2012B Bond Issuance

During March 2012, the refunding series 2012B Bonds refunded portions of the University's Series 2003A, 2005A, and 2006A Bonds. The original funds from the 2003A Bonds, net of bond issue costs and debt service reserve funds, were used during fiscal year 2004 for improvements to athletic fields and a new parking lot. The original funds from the 2005A Bonds and the 2006A Bonds, net of bond issue costs, reoffering premiums, and debt service reserve funds, were used in prior fiscal years for the renovation of the McCarthy Center (the "Project") at the University. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting on May 1, 2012 and ending on May 1, 2022, at an annual variable rate ranging from 2.00% to 5.00%. The University repaid this bond in full during fiscal year 2022.

As of June 30, 2023 and 2022, MSCBA held debt service reserve funds in the amount of \$199,284, which are included in the accompanying statements of net position at June 30, 2023 and 2022, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

MSCBA 2014A Bond Issuance

During January 2014, the University signed a financing agreement to receive \$3,185,000. These bonds, net of a bond issue premium, bond issue costs, and a debt service reserve fund, are being used for the renovation of the University's Maple Street athletic fields and the Salem End Road parking project. This obligation will be repaid solely by the University through University operations. The University also executed a management agreement with MSCBA, whereby MSCBA provided management services to the University for the project.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

As of June 30, 2023 and 2022, the MSCBA held debt service reserve funds in the amount of \$144,063. The final principal payment is due on May 1, 2025. The University is required to make annual principal payments on the debt each May 1, commencing on May 1, 2015. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 2.00% to 5.00% over the term of the debt to maturity.

The amounts held by MSCBA are included in the accompanying statements of net position at June 30, 2023 and 2022, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

MSCBA 2014C Bond Issuance

During December 2014, the University signed a financing agreement to receive \$680,000. These bonds, net of a bond issue premium, bond issue costs, and a debt service reserve fund, are being used for the renovation of the University's Maple Street athletic fields. This obligation will be repaid solely by the University through University operations. The University also executed a management agreement with MSCBA, whereby MSCBA will provide management services to the University for the Project.

As of June 30, 2023 and 2022, the MSCBA held debt service reserve funds in the amount of \$33,198, which are included in the accompanying statements of net position at June 30, 2023 and 2022, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

The University is required to make annual principal payments on the debt each May 1, commencing on May 1, 2016. The final principal payment is due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.00% to 5.00% over the term of the debt to maturity.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

MSCBA 2016A Bond Issuance

During February 2016, the refunding series 2016A Bonds refunded portions of the University's Series 2008A and 2009A Bonds. The original funds from the 2008A Bonds were used for the renovation of the McCarthy Center. The original funds from the 2009A Bonds were used for a parking facility at the University and for a new roof on O'Connor Hall. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting on May 1, 2016 and ending on May 1, 2029, at an annual variable rate ranging from 4.00% to 5.00%.

As of June 30, 2023 and 2022, MSCBA held debt service reserve funds in the amount of \$230,456, which are included in the accompanying statements of net position at June 30, 2023 and 2022, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

MSCBA 2019A Bond Issuance

During December 2018, the University signed a financing agreement to receive \$1,225,000. These bonds, net of a bond issue premium and bond issue costs, are being used for improvements to the University's Athletic fields and McCarthy Center. This obligation will be repaid solely by the University through University operations. The University also executed a management agreement with MSCBA, whereby MSCBA will provide management services to the University for the Project.

MSCBA 2019C Bond Issuance

During January 2019, the refunding series 2019C Bonds refunded portions of the University's Series 2012B Bonds. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting on May 1, 2019 and ending on May 1, 2033, at an annual variable rate ranging from 3.00% to 5.00%. A debt service fund is not required under this financing arrangement.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

Aggregate principal and interest payments due to maturity consist of the following:

Years Ending <u>June 30,</u>	<u>Principal</u>	Amortization of <u>Bond Premium</u>	<u>Total Principal</u>	Estimated <u>Interest</u>	<u>Total</u>
2024	\$ 2,415,762	\$ 166,812	\$ 2,582,574	\$ 1,197,785	\$ 3,780,359
2025	2,570,351	143,669	2,714,020	1,099,912	3,813,932
2026	3,171,657	118,197	3,289,854	993,364	4,283,218
2027	2,865,043	98,891	2,963,934	846,109	3,810,043
2028	2,026,133	79,779	2,105,912	715,612	2,821,524
2029-2033	10,626,671	139,059	10,765,730	1,946,249	12,711,979
2034-2038	2,380,000	9,690	2,389,690	212,688	2,602,378
2039	<u>172,500</u>	<u>487</u>	<u>172,987</u>	<u>5,469</u>	<u>178,456</u>
Total	<u>\$ 26,228,117</u>	<u>\$ 756,584</u>	<u>\$ 26,984,701</u>	<u>\$ 7,017,188</u>	<u>\$ 34,001,889</u>

Other Interagency Activity

The oversight of various capital projects on campus is provided by MSCBA. To fund these projects, the University provides equity contributions by advancing funds to the MSCBA, which are then held by MSCBA until used for the payment of the capital project costs. As of June 30, 2023 and 2022, amounts held by MSCBA representing the unexpended portion of the University's contributions totaled \$698 and \$54,610, respectively, all of which is included in noncurrent restricted cash and equivalents in the accompanying 2023 and 2022 statements of net position.

As of June 30, 2023 and 2022, construction costs funded during the year by the University's equity contributions and bond issuance funds amounted to \$598,373 and \$161,017, respectively.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 11 - **Bonds Payables - Continued**

<u>Project Number</u>	<u>Project Name</u>	<u>Amount Paid in</u> <u>2023</u>	<u>Amount Paid in</u> <u>2022</u>
Various	Warren Conference Center	\$ 493,448	\$ -
FRC1959	May Hall Stairs	15,603	-
FRC2364	EIC Accessibility	22,596	-
FRC2226	Pierce Hall	66,726	15,359
FRC2163	May Hall	-	41,651
FRC2255	Boiler Replacement	-	69,161
FRC2257	May Hall	-	33,060
Various Miscellaneous Projects		-	1,786
		<u>\$ 598,373</u>	<u>\$ 161,017</u>

Note 12 - **Line of Credit**

On May 1, 2018, the University entered into an unsecured revolving line of credit agreement with Mutual One Bank which permits the University to borrow up to \$150,000 for a term of five years. During May 2023, the line of credit agreement expired and was permanently closed. Prior to expiration, the line of credit provided for interest at the floating rate of *The Wall Street Journal* Prime Rate plus 0.25% (25 basis points) for the life of the loan. At June 30, 2022, the interest rate was 4.25%. Interest-only payments were required on any line of credit balances outstanding. As of June 30, 2022, no amounts had been drawn on the line of credit.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 13 - **Leases**

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

<u>Description</u>	<u>Issue Date</u>	<u>Expiration Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>2023 Lease Liability</u>	<u>2022 Lease Liability</u>
MSCBA - Residence Halls	Various	Various	6-22 years	\$37 - \$4,468,929	2.09 - 30.70%	\$ 116,099,243	\$ 121,189,263
Equipment lease	12/1/2018	12/1/2023	18 months	\$3,043	0.69%	<u>18,221</u>	<u>54,474</u>
						<u>\$ 116,117,464</u>	<u>\$ 121,243,737</u>

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 their 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 related to them incurred by MSCBA.

The lease terms are completed when the final bond payments are made, which are scheduled between 2028 and 2044. The lease liabilities were calculated based upon the discounting of the future bond service payments using average interest rates ranging between 2.09% and 30.70%. If MSCBA refunds the bonds, any cost savings are passed through to the University. For the year ended June 30, 2022, \$2.6 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, 2023, debt service payments and operating costs paid by the University were \$10,300,744 and \$1,553,748, respectively. For the year ended June 30, 2022, debt service payments and operating costs paid by the University were \$9,253,600 and \$1,548,640, respectively.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 13 - **Leases - Continued**

In December 2018, the University entered into a five-year lease agreement for two copiers. The lease can be renewed at the end of the term, but management does not anticipate renewing the lease for an additional term. Payments of \$3,043 are due monthly. The University's incremental borrowing rate 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. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2023 and 2022.

At June 30, 2023 and 2022, the total right-of-use assets were \$124,796,541. At June 30, 2023 and 2022, the total accumulated amortization for right-of-use assets was \$19,245,245 and \$12,772,969, respectively.

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2023 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,938,309	\$ 5,952,481	\$ 10,890,790
2025	5,089,549	5,687,231	10,776,780
2026	4,967,757	5,389,341	10,357,098
2027	5,627,966	5,045,550	10,673,516
2028	7,369,688	4,607,433	11,977,121
2029-2033	30,626,533	16,486,248	47,112,781
2034-2038	31,602,715	9,182,450	40,785,165
2039-2043	22,495,988	2,467,681	24,963,669
2044	<u>3,398,959</u>	<u>90,029</u>	<u>3,488,988</u>
Total	<u>\$ 116,117,464</u>	<u>\$ 54,908,444</u>	<u>\$ 171,025,908</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

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 2023. These agreements have expiration dates ranging from June 2023 to June 2028 and have annual payments ranging from \$826 to \$447,030. An IBR of 1% 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, 2023 and 2022, total SBITA right of use assets were \$4,584,249 and \$4,948,013, respectively. At June 30, 2023 and 2022, total SBITA accumulated amortization was \$1,671,638 and \$1,026,788, respectively.

A summary of the University’s SBITAs is as follows at June 30,:

<u>Description</u>	<u>Expiration Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>2023 SBITA Liability</u>	<u>2022 SBITA Liability</u>
EAB Global	6/30/2026	60 months	\$25,000 - \$101,250	1.00%	\$ 289,860	284,664
Ellucian	6/30/2027	72 months	\$36,000 - \$447,030	1.00%	1,650,623	2,062,381
Evisions	6/30/2025	43 months	\$36,635 - \$38,116	1.00%	74,357	110,347
GovConnections	8/31/2025	50 months	\$34,200 - \$39,206	1.00%	77,246	-
Instructure	6/30/2028	78 months	\$65,268 - \$180,644	1.00%	800,608	944,424
Microsoft/SHI	6/30/2023	24 months	\$182,103 - \$183,473	1.00%	-	180,291
Team Dynamix	8/31/2024	38 months	\$826 - \$138,908	1.00%	138,134	117,874
Touchnet	3/31/2027	69 months	\$58,150 - \$171,486	1.00%	392,526	549,035
Transact	9/30/2024	39 months	\$58,594 - \$66,020	1.00%	65,363	126,337
					<u>\$ 3,488,717</u>	<u>\$ 4,375,353</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 14 - Subscription-Based Information Technology Arrangements – Continued

Annual requirements to amortize the SBITA liability and related interest subsequent to June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,068,668	\$ 17,231	\$ 1,085,899
2025	882,857	24,128	906,985
2026	740,246	15,092	755,338
2027	618,079	4,849	622,928
2028	178,867	1,797	180,664
Total	<u>\$ 3,488,717</u>	<u>\$ 63,097</u>	<u>\$ 3,551,814</u>

Note 15 - Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2023 included the following:

	(Restated) Totals <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Totals June 30, 2023</u>	
				<u>Ending Balance</u>	<u>Current Portion</u>
Bonds payables and lease liability:					
Bonds payables	\$ 29,436,340	\$ -	\$ 2,451,638	\$ 26,984,702	\$ 2,582,574
Lease liability	121,243,737	-	5,126,273	116,117,464	4,938,309
SBITAs liability	<u>4,375,353</u>	<u>365,506</u>	<u>1,252,142</u>	<u>3,488,717</u>	<u>1,068,668</u>
Total bonds payable SBITAs and lease liabilities:	<u>155,055,430</u>	<u>365,506</u>	<u>8,830,053</u>	<u>146,590,883</u>	<u>8,589,551</u>
Other Liabilities:					
Compensated absences	6,481,389	-	115,292	6,366,097	4,258,390
Workers' compensation	957,170	114,972	-	1,072,142	125,949
Loan payable - federal financial assistance	1,053,252	-	645,488	407,764	-
Net pension liability	8,826,167	-	1,846,148	6,980,019	-
Net OPEB liability	<u>15,496,701</u>	<u>-</u>	<u>6,712,413</u>	<u>8,784,288</u>	<u>-</u>
Total Other Liabilities	<u>32,814,679</u>	<u>114,972</u>	<u>9,319,341</u>	<u>23,610,310</u>	<u>4,384,339</u>
Long-Term Obligations	<u>\$ 187,870,109</u>	<u>\$ 480,478</u>	<u>\$ 18,149,394</u>	<u>\$ 170,201,193</u>	<u>\$ 12,973,890</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 15 - **Long-Term Liabilities - Continued**

Long-term liabilities activity for the year ended June 30, 2022 included the following:

				Totals June 30, 2022	
	(Restated) Totals <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	(Restated) Ending <u>Balance</u>	(Restated) Current <u>Portion</u>
Bonds payables and lease liability:					
Bonds payables	\$ 30,761,081	\$ -	\$ 1,324,741	\$ 29,436,340	\$ 2,451,640
Lease liability	124,816,519	-	3,572,782	121,243,737	5,126,273
SBITAs liability	<u>4,948,013</u>	<u>500,022</u>	<u>1,072,682</u>	<u>4,375,353</u>	<u>1,205,395</u>
Total bonds payable SBITAs and lease liability:	<u>160,525,613</u>	<u>500,022</u>	<u>5,970,205</u>	<u>155,055,430</u>	<u>8,783,308</u>
Other Liabilities:					
Compensated absences	6,079,046	402,343	-	6,481,389	4,069,026
Workers' compensation	935,812	21,358	-	957,170	115,388
Loan payable - federal financial assistance	1,312,727	-	259,475	1,053,252	-
Net pension liability	19,377,541	-	10,551,374	8,826,167	-
Net OPEB liability	<u>24,934,354</u>	<u>-</u>	<u>9,437,653</u>	<u>15,496,701</u>	<u>-</u>
Total Other Liabilities	<u>52,639,480</u>	<u>423,701</u>	<u>20,248,502</u>	<u>32,814,679</u>	<u>4,184,414</u>
Long-Term Obligations	<u>\$ 213,165,093</u>	<u>\$ 923,723</u>	<u>\$ 26,218,707</u>	<u>\$ 187,870,109</u>	<u>\$ 12,967,722</u>

Note 16 - **Net Position**

Unrestricted net position is comprised of net assets that are not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net position 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. Certain unrestricted net position are internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Net position designated as unrestricted was \$58,580,214 and \$39,801,383 at June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, of the total designated unrestricted net position, \$41,332,255 and \$37,695,288, respectively, was designated by a vote of the Board of Trustees during fiscal 2006 as a quasi-endowment and the remainder has been designated by action of management for the purposes described above. Undesignated unrestricted net deficiency was \$(12,580,257) and \$(7,505,170) at June 30, 2023 and 2022, respectively.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 16 - **Net Position - Continued**

The University's net investment in capital assets consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Non-depreciable capital assets	\$ 3,466,476	\$ 3,441,527
Depreciable capital assets	<u>218,754,119</u>	<u>232,148,507</u>
Total capital assets, net	222,220,595	235,590,034
Long-term debt related to capital assets		
Bonds payables	(24,402,128)	(26,984,700)
Lease liabilities	(111,179,155)	(116,117,464)
SBITAs liabilities	(2,420,049)	(3,169,958)
Current debt related to capital assets		
Bonds payables	(2,582,574)	(2,451,640)
Lease liabilities	(4,938,309)	(5,126,273)
SBITAs liabilities	(1,068,668)	(1,205,395)
Other:		
Debt service reserve	1,322,807	1,322,807
Deferred outflow for loss on bond refunding	267,051	284,167
Deferred inflows for leases	(1,235,396)	(1,338,346)
Deferred outflows for SBITAs	<u>667,199</u>	<u>482,861</u>
Total Investment in Capital Assets	<u>\$ 76,651,373</u>	<u>\$ 81,286,093</u>

Note 17 - **Net Assets Restricted by Donor**

FSU Foundation's statements of net position as of June 30, 2023 and 2022 reflect a net position with donor restrictions of \$8,003,919 and \$7,426,437, respectively. Of these amounts, no balances are restricted by enabling legislation for the State Matching Funds Program in fiscal year 2023 and \$12,579 is restricted in fiscal year 2022.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 18 - **Operating Expenses**

The University's operating expenses for the years ended June 30, 2023 and 2022, on a natural classification basis, are comprised of the following:

	<u>2023</u>	Restated <u>2022</u>
Salaries:		
Faculty	\$ 22,753,467	\$ 23,908,670
Exempt wages	22,206,091	21,460,058
Non-exempt wages	8,871,943	9,314,953
Benefits	16,769,959	14,053,258
Utilities	4,455,885	3,682,233
Supplies and other services	36,018,263	36,314,214
Depreciation	<u>14,334,386</u>	<u>14,556,095</u>
 Total Operating Expenses	 <u>\$125,409,994</u>	 <u>\$123,289,481</u>

Note 19 - **State Controlled Accounts**

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled, and reported by the Commonwealth through non-University line items in the Commonwealth's budget. Under generally accepted accounting principles, such transactions must be recorded in the financial statements of the University. These transactions include payments by the Commonwealth for the employer's share of funding the Massachusetts State Employees' Retirement System (see Note 20) and for the employer's share of health care premiums.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan**

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 ("SERS") - 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.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

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.

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

<u>Hire Date</u>	<u>Percent of Compensation</u>
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 \$6,194,567, \$5,919,676, and \$4,904,398 for the years ended June 30, 2023, 2022 and 2021, 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 16.70%, 16.11%, and 14.66% of annual covered payroll for the fiscal years ended June 30, 2023, 2022 and 2021, respectively. The University contributed \$629,872, \$706,282, and \$1,006,045 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively, equal to 100% of the required contributions for each year.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

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

At June 30, 2023 and 2022, the University reported a liability of \$6,980,019 and \$8,826,167, respectively, for its proportionate share of the net pension liability related to its participation in SERS. 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 net pension liability as of June 30, 2022, the reporting date, was measured as of June 30, 2021, 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, 2021 rolled forward to June 30, 2021.

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 2023 and 2022. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2023 and 2022 relative to total contributions of all participating employers for the fiscal year. At June 30, 2023 and 2022, the University's proportion was 0.050% and 0.085%, respectively.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

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

For the years ended June 30, 2023 and 2022, the University recognized pension benefit of \$1,314,776 and \$224,242, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	2023	2022
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 629,872	\$ 706,282
Differences between expected and actual experience	173,631	304,556
Changes in proportion from Commonwealth	477	3,528
Changes in plan actuarial assumptions	192,171	601,715
Changes in proportion due to internal allocation	768,236	1,303,708
Total deferred outflows related to pension	\$ 1,764,387	\$ 2,919,789
	2023	2022
<u>Deferred Inflows of Resources Related to Pension</u>		
Differences between projected and actual investments earnings	\$ 37,212	\$ 3,460,369
Differences between expected and actual experience	272,432	639,008
Changes in proportion from Commonwealth	18,881	27,886
Changes in proportion due to internal allocation	7,019,935	4,475,097
Total deferred inflows related to pension	\$ 7,348,460	\$ 8,602,360

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

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

The University's contributions of \$629,872 and \$706,282 made during the fiscal years ending 2023 and 2022, 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:

Years Ended <u>June 30,</u>	
2024	\$ (1,416,619)
2025	(1,538,290)
2026	(1,757,663)
2027	(1,063,922)
2028	<u>(437,451)</u>
	<u>\$ (6,213,945)</u>

Actuarial Assumptions

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

	2023	2022
Measurement date	June 30, 2022	June 30, 2021
Inflation on the first \$13,000 of allowance	3.00%	3.00%
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%

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

Actuarial Assumptions - Continued

For measurement dates June 30, 2022 and 2021, 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 RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 set forward 1 year

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. The 2022 pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 2021 and rolled forward to June 30, 2021.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

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 weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund’s target asset allocation as of June 30, are summarized in the following table:

<u>Asset Class</u>	<u>2023</u>		<u>2022</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	38.0%	4.2%	39.0%	4.8%
Core Fixed Income	15.0%	0.5%	15.0%	0.3%
Private Equity	15.0%	7.3%	13.0%	7.8%
Portfolio Completion Strategies	10.0%	2.7%	11.0%	2.9%
Real Estate	10.0%	3.3%	10.0%	3.7%
Value Added Fixed Income	8.0%	3.7%	8.0%	3.9%
Timberland/Natural Resources	4.0%	3.9%	4.0%	4.3%
	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at both June 30, 2023 and 2022. 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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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 20 - **Retirement Plan - Continued**

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 1-percentage-point lower or 1-percentage-point higher than the current rate at June 30,:

	<u>2023</u>	<u>Current</u>	<u>2023</u>
	<u>1.00% Decrease</u>	<u>Discount Rate</u>	<u>1.00% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension liability	\$ 9,627,035	\$ 6,980,019	\$ 4,740,259

	<u>2022</u>	<u>Current</u>	<u>2022</u>
	<u>1.00% Decrease</u>	<u>Discount Rate</u>	<u>1.00% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension liability	\$ 13,509,753	\$ 8,826,167	\$ 4,976,625

Note 21 - **Other Post-Employment Benefits ("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 healthcare 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.

FRAMINGHAM STATE UNIVERSITY
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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

Plan Description - Continued

Management of the SRBT is vested with the Board of 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.

Benefits Provided

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain healthcare 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 healthcare / 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, 2023 and 2022, and as of the valuation date (January 1, 2022 and 2021), participants contributed 10% of premium costs, depending on the date of hire and whether the participant's 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.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

Contributions - Continued

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 7.28% and 7.65% of annual covered payroll for the fiscal years ended June 30, 2023 and 2022, respectively. The University contributed \$274,492 and \$335,422 for the fiscal years ended June 30, 2023 and 2022, respectively, equal to 100% of the required contribution for each year.

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

At June 30, 2023 and 2022, the University reported a liability of \$8,784,288 and \$15,496,701, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2022 and 2021, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 and 2021, respectively. 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 2022 and 2021. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2022 and 2021 relative to total contributions of all participating employers for the fiscal year. At June 30, 2023 and 2022, the University's proportion was 0.066% and 0.097%, respectively.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

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

For the years ended June 30, 2023 and 2022, the University recognized OPEB benefit of \$3,221,207 and \$1,414,355, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	2023	2022
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 274,492	\$ 335,422
Differences between expected and actual experience	161,707	395,583
Changes in OPEB plan actuarial assumptions	646,992	1,301,471
Differences between projected and actual earnings on OPEB plan investments	13,353	-
Changes in proportion from Commonwealth	4,036	17,375
Changes in proportion due to internal allocation	<u>623,448</u>	<u>2,182,249</u>
Total deferred outflows related to OPEB	<u>\$ 1,724,028</u>	<u>\$ 4,232,100</u>
	2023	2022
<u>Deferred Inflows of Resources Related to OPEB</u>		
Differences between projected and actual earnings on OPEB plan investments	\$ -	\$ 188,319
Differences between expected and actual experience	1,454,334	2,727,914
Changes in OPEB plan actuarial assumptions	3,179,220	3,048,436
Changes in proportion from Commonwealth	43,381	67,307
Changes in proportion due to internal allocation	<u>13,748,073</u>	<u>11,789,036</u>
Total deferred inflows related to OPEB	<u>\$ 18,425,008</u>	<u>\$ 17,821,012</u>

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

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

The University's contributions of \$274,492 and \$335,422 made during the fiscal year 2023 and 2022, respectively, 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 Ended	
<u>June 30,</u>	
2024	\$ (3,993,520)
2025	(3,980,160)
2026	(3,929,472)
2027	(3,870,264)
2028	<u>(1,202,056)</u>
	<u>\$ (16,975,472)</u>

Actuarial Assumptions

The total OPEB liability for 2023 and 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	June 30, 2022	June 30, 2021
Measurement date	June 30, 2022	June 30, 2021
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 SOA-Getzen trend rate model, version 2022_f4. Medicare and non-medicare benefits range from 3.94% to 9.11%	Developed based on the most recent published SOA-Getzen trend rate model, version 2021_b. Medicare and non-medicare benefits range from 4.04% to 7.30%

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

Actuarial Assumptions - Continued

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2020 from the central year, with females set forward one year for both measurement dates June 30, 2022 and 2021.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have healthcare coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 85% of current and future contingent eligible participants will elect healthcare benefits at age 55, or current age if later, for the measurement date June 30, 2022.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age		Retirement Age		
	2023		2022		
	Under 65	Age 65+	Under 65	Age 65+	
Indemnity	28.0%	96.0%	Indemnity	28.0%	96.0%
POS/PPC	62.0%	0.0%	POS/PPC	60.0%	0.0%
HMO	12.0%	4.0%	HMO	12.0%	4.0%

The actuarial assumptions used in the January 1, 2022 and 2021 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2020 and 2019 through December 31, 2021 and 2020, depending upon the criteria being evaluated.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

Actuarial Assumptions - Continued

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, 2023 and 2022 are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2023 and 2022 was 4.30% and 2.77%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.54% and 2.16%) as of the measurement date and the expected rate 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. The projected "depletion date", when projected benefits are not covered by projected assets, is 2042 and 2041 for the fiscal years 2023 and 2022, respectively. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% for both years, per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

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:

2023		
1.00% Decrease	Current Discount Rate	1.00% Increase
3.30%	4.30%	5.30%
\$ 10,247,820	\$ 8,784,288	\$ 7,582,103
2022		
1.00% Decrease	Current Discount Rate	1.00% Increase
1.77%	2.77%	3.77%
\$ 18,409,959	\$ 15,496,701	\$ 13,150,130

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 21 - **Other Post-Employment Benefits ("OPEB") - Continued**

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:

2023		
<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
\$ 7,363,748	\$ 8,784,288	\$ 10,582,521
2022		
<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
\$ 12,688,612	\$ 15,496,701	\$ 19,156,584

Note 22 - **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") using 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. The amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 22 - **Management Accounting and Reporting System - Continued**

State Appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Gross State general appropriations	\$ 40,476,976	\$ 37,010,199
Gross State capital appropriations	5,182,268	875,064
Add: Fringe benefits for benefited employees on the Commonwealth payroll	14,651,820	13,764,800
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	<u>(134,534)</u>	<u>(126,958)</u>
Net State Appropriations	<u>\$ 60,176,530</u>	<u>\$ 51,523,105</u>

A reconciliation between the University and MMARS as of June 30, 2023 is as follows (unaudited):

Revenue per MMARS	\$ 120,150,061
Revenue per College	<u>120,334,826</u>
Difference	\$ <u>184,765</u>

A timing difference occurred where \$184,765 was reported in MMARS in fiscal year 2024 and was reported by the college in fiscal year 2023.

\$54,994,262 and \$50,648,041 represent appropriations for maintenance and payroll during 2023 and 2022, respectively. \$5,182,268 and \$875,064 represent appropriations for capital improvements during 2023 and 2022, respectively. This amount is presented separately in the accompanying statements of revenues and expenses, and changes in net position.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 23 - **Risk Management, 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. In addition, the University maintains commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the University consist of Educator's Legal Liability, commercial crime, general liability, automobile liability, excess liability, and a foreign package policy. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded policy coverages in any of the past three years.

The University also participates in the Commonwealth's self-insured programs for employees' workers' compensation, healthcare and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 8). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of healthcare insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 19).

Massachusetts General Laws limit the risk assumed by the Commonwealth for claims of personal injury or property damages to \$100,000 per occurrence, in most circumstances.

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any legal actions at this date will not result in a material loss to the University since most of any obligation is expected to be paid from State-appropriated funds.

The University receives significant financial assistance from Federal and State agencies in the form of grants. Expenditure of funds under these programs requires compliance with the grant agreements and are subject to audit by representatives of these Federal and State agencies. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the University.

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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 23 - **Risk Management, Commitments and Contingencies - Continued**

The University participates in the Massachusetts University Savings Prepaid Tuition Program (the "Program"). This Program allows participants to pay in advance (against a bond) for future tuition at the cost of tuition at the time of the bond purchase, 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 this Program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University has various capital projects that are currently in progress as of the date of the financial statements. These projects will be paid from funds appropriated and under the control of the DCAMM. The projects consist of renovations and improvements and have been recorded in the respective accounts.

Note 24 - **Massachusetts State College Building Authority ("MSCBA")**

The 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 residence halls are leased from the MSCBA for various terms.

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 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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Notes to the Financial Statements - Continued

June 30, 2023 and 2022

Note 24 - **Massachusetts State College Building Authority (“MSCBA”) - Continued**

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 years ended June 30, 2023 and 2022 were \$11,854,492 and \$10,802,240, respectively. 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 to a lease liability.

REQUIRED SUPPLEMENTARY INFORMATION

FRAMINGHAM STATE UNIVERSITY
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Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	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, 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, 2022	January 1, 2021	January 1, 2020	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	0.050%	0.085%	0.113%	0.100%	0.122%	0.117%	0.105%	0.112%	0.084%
Proportionate share of the collective net pension liability	\$ 6,980,019	\$ 8,826,167	\$ 19,377,541	\$ 14,703,180	\$ 16,139,945	\$ 14,961,538	\$ 14,519,987	\$ 12,702,384	\$ 6,196,704
University's covered payroll	\$ 4,384,122	\$ 6,862,517	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289	\$ 9,166,553	\$ 8,001,513	\$ 6,724,042	\$ 6,191,363
University's proportionate share of the net pension liability as a percentage of its covered payroll	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.47%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

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>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	\$ 629,872	\$ 706,282	\$ 1,006,045	\$ 1,220,464	\$ 1,000,513	\$ 1,115,600	\$ 912,072	\$ 756,143	\$ 698,628
Contributions in relation to the statutorily required contribution	<u>(629,872)</u>	<u>(706,282)</u>	<u>(1,006,045)</u>	<u>(1,220,464)</u>	<u>(1,000,513)</u>	<u>(1,115,600)</u>	<u>(912,072)</u>	<u>(756,143)</u>	<u>(698,628)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 3,771,689	\$ 4,384,122	\$ 6,862,517	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289	\$ 9,166,553	\$ 8,001,513	\$ 6,724,042
Contribution as a percentage of covered payroll	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

Notes:

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.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

FRAMINGHAM STATE UNIVERSITY
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Notes to Required Supplementary Pension Information

June 30, 2023

Note 1 - **Changes in Pension Plan Benefit Terms and Assumptions**

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

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

Notes to Required Supplementary Pension Information - Continued

June 30, 2023

Note 1 - **Changes in Pension Plan Benefit Terms and Assumptions- - Continued**

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.

FRAMINGHAM STATE UNIVERSITY
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Notes to Required Supplementary Pension Information - Continued

June 30, 2023

Note 1 - **Changes in Pension Plan Benefit Terms and Assumptions- - Continued**

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)

Note 2 - **Other Information**

This schedule is intended to present 10 years of data. Additional years will be presented when available.

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

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	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	0.066%	0.097%	0.121%	0.152%	0.190%	0.166%
Proportionate share of the collective net OPEB liability	\$ 8,784,288	\$ 15,496,701	\$ 24,934,354	\$ 27,718,004	\$ 35,317,275	\$ 29,100,266
University's covered payroll	\$ 4,384,122	\$ 6,862,517	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289	\$ 9,166,553
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	200.37%	225.82%	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	13.00%	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.

FRAMINGHAM STATE UNIVERSITY
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Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Year Ended June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 274,492	\$ 335,422	\$ 528,286	\$ 632,231	\$ 729,569	\$ 844,642
Contributions in relation to the statutorily required contribution	<u>(274,492)</u>	<u>(335,422)</u>	<u>(528,286)</u>	<u>(632,231)</u>	<u>(729,569)</u>	<u>(844,642)</u>
Contribution (excess)/deficit	<u>\$ -</u>					
University's covered payroll	\$ 3,771,689	\$ 4,384,122	\$ 6,862,517	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289
Contribution as a percentage of covered payroll	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.

FRAMINGHAM STATE UNIVERSITY
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Notes to Required Supplementary OPEB Information

June 30, 2023

Note 1 - **Changes in OPEB Plan Benefit Terms and Assumptions**

Measurement date – June 30, 2022

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 4.00% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Measurement date – June 30, 2021

Change in per Capita Claims Costs

Per capita claims costs were updated to 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%.

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.

FRAMINGHAM STATE UNIVERSITY
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Notes to Required Supplementary OPEB Information - Continued

June 30, 2023

Note 1 - **Changes in OPEB Plan Benefit Terms and Assumptions - Continued**

Measurement date – June 30, 2020

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 2020_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.

Measurement date – June 30, 2019

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

FRAMINGHAM STATE UNIVERSITY
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Notes to Required Supplementary OPEB Information - Continued

June 30, 2023

Note 1 - **Changes in OPEB Plan Benefit Terms and Assumptions - Continued**

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.

Measurement date – June 30, 2018

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.5% to 8.0%, which impacts 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.

Measurement date – June 30, 2017

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%.

Note 2 - **Other Information**

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Detailed information about the OPEB plan's changes in net OPEB liability and changes in the plan's fiduciary net position are not available to the University and, accordingly, are not presented in the schedule. This information is available in the Commonwealth of Massachusetts' financial statements.

SUPPLEMENTAL INFORMATION

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

Residence Hall Fund and Residence Hall Damage Fund (Unaudited)

Schedules of Net Position

June 30, 2023

	<u>Assets</u>	
	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Assets:		
Cash	\$ 14,255,998	\$ 599,172
Accounts receivable	<u>800,728</u>	<u>37,297</u>
Total Assets	<u>\$ 15,056,726</u>	<u>\$ 636,469</u>
	<u>Liabilities and Net Position</u>	
Liabilities:		
Accounts payable	\$ 24,948	\$ 12,771
Salaries and fringe benefits	71,719	-
Deferred revenue	85,100	-
Deposits	<u>56,305</u>	<u>-</u>
Total Liabilities	<u>238,072</u>	<u>12,771</u>
Net Position	<u>14,818,654</u>	<u>623,698</u>
Total Liabilities and Net Position	<u>\$ 15,056,726</u>	<u>\$ 636,469</u>

See Independent Auditor's Report.

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

Residence Hall Fund and Residence Hall Damage Fund (Unaudited)

Schedules of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Operating Revenues:		
Student tuition and fees	\$ 12,745,896	\$ 65,328
Interest	91,778	-
Commissions	35,869	-
Lease	206,250	-
Auxiliary service fees and other revenue	<u>28,482</u>	<u>-</u>
Total Operating Revenues	<u>13,108,275</u>	<u>65,328</u>
Operating Transfer in (external)	<u>530,685</u>	<u>-</u>
Operating Expenses:		
Regular employee compensation	1,328,621	-
Regular employee related expenses	4,582	-
Special employee/contract services	1,146,818	-
Pension and insurance	521,043	-
Administrative expenses	85,897	-
Facility operating supplies and related expenses	131,228	-
Consultant services	7,240	-
Operational services	12,464	-
Equipment purchases	1,126	-
Equipment lease - purchase, lease, rent, repair	21,909	-
Purchased client service and programs	980	-
Buildings improvements	543,459	38,352
Information technology	74,234	-
Scholarships	417,167	-
Loans and special payments	<u>1,441,832</u>	<u>-</u>
Total Operating Expenses	<u>\$ 5,738,600</u>	<u>\$ 38,352</u>

See Independent Auditor's Report.

FRAMINGHAM STATE UNIVERSITY
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Residence Hall Fund and Residence Hall Damage Fund (Unaudited)

Schedules of Revenues, Expenses and Changes in Net Position - Continued

For the Year Ended June 30, 2023

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Operating Transfers Out (External):		
Electricity	\$ 1,813,831	\$ -
Health services reimbursement	70,000	-
Laundry and cleaning	50,000	-
General expenses	<u>200</u>	<u>-</u>
Total Operating Transfers Out (External)	<u>1,934,031</u>	<u>-</u>
Increase in Net Position	5,966,329	26,976
Net Position, Beginning of Year	<u>8,852,325</u>	<u>596,722</u>
Net Position, End of Year	<u>\$ 14,818,654</u>	<u>\$ 623,698</u>

The above Statements of Revenues, Expenses and Changes in Net Position do not include an allocation of the current year charge for workers' compensation as estimated by the Commonwealth's actuarial review. It is not practical to allocate any such amount to any specific trust fund.

The above Statements of Revenues, Expenses and Changes in Net Position do not include loans and special payments of \$6,490,898, which were reversed in fiscal year 2023 as part of GASB 87 - *Leases*. If these loans and special payments were included in this trust fund, net position at June 30, 2023 would have been \$1,622,834.

See Independent Auditor's Report.

FRAMINGHAM STATE UNIVERSITY
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Supplemental Statistical Information (Unaudited)

Schedule of Net Position by Category

	2015	2016	2017 (4)	2018	2019 (4)	2020	(Restated) 2021	(Restated) 2022	2023
Net investment in capital assets	\$ 84,138,157	\$ 97,567,357	\$ 104,693,789	\$ 107,501,952	\$ 105,089,533	\$ 102,215,570	\$ 90,354,146	\$ 81,286,093	\$ 76,651,373
Restricted - expendable	2,516,075	2,562,269	3,118,277	2,820,618	2,933,947	3,414,473	3,361,389	2,448,042	3,471,071
Restricted - nonexpendable	1,996,750	2,045,582	2,088,572	2,158,255	2,200,614	2,224,885	1,224,785	1,317,249	1,365,514
Unrestricted	<u>37,341,806</u>	<u>39,648,488</u>	<u>44,752,560</u>	<u>10,328,068</u>	<u>14,704,333</u>	<u>13,836,874</u>	<u>32,490,538</u>	<u>32,296,212</u>	<u>45,999,957</u>
Total Net Position	<u>\$ 125,992,788</u>	<u>\$ 141,823,696</u>	<u>\$ 154,653,198</u>	<u>\$ 122,808,893</u>	<u>\$ 124,928,427</u>	<u>\$ 121,691,802</u>	<u>\$ 127,430,858</u>	<u>\$ 117,347,596</u>	<u>\$ 127,487,915</u>

Note: This schedule does not include the component unit, the Framingham State University Foundation, Inc.

Sources and Uses of Funds

	2015	2016	2017	2018	2019	2020	(Restated) 2021	(Restated) 2022	2023
Source of Revenue:									
Student charges (net of scholarships)	\$ 33,644,723	\$ 34,315,628	\$ 35,394,918	\$ 35,227,444	\$ 36,297,978	\$ 35,385,907	\$ 32,670,122	\$ 27,429,285	\$ 25,951,137
Grants and contracts	9,933,830	12,284,096	9,882,318	8,030,560	10,270,352	11,538,029	13,975,252	14,805,984	18,348,082
Auxiliary enterprises	14,208,692	14,706,516	15,630,123	16,001,360	15,891,185	13,064,000	9,042,676	19,119,319	19,782,478
Other operating revenue	1,689,136	2,038,867	3,116,759	3,661,029	3,635,456	3,060,758	1,776,599	3,022,652	2,744,279
Total Operating Revenue	<u>59,476,381</u>	<u>63,345,107</u>	<u>64,024,118</u>	<u>62,920,393</u>	<u>66,094,971</u>	<u>63,048,694</u>	<u>57,464,649</u>	<u>64,377,240</u>	<u>66,825,976</u>
State support	32,664,050	35,477,537	37,022,123	37,753,236	47,110,146	44,175,391	45,364,246	50,648,041	54,994,262
Other non-operating revenue	<u>36,483,195</u>	<u>21,925,262</u>	<u>16,882,314</u>	<u>5,397,172</u>	<u>5,598,549</u>	<u>5,139,665</u>	<u>29,028,693</u>	<u>12,709,094</u>	<u>21,161,093</u>
Total Non-operating Revenue	<u>69,147,245</u>	<u>57,402,799</u>	<u>53,904,437</u>	<u>43,150,408</u>	<u>52,708,695</u>	<u>49,315,056</u>	<u>74,392,939</u>	<u>63,357,135</u>	<u>76,155,355</u>
Total Revenue	<u>\$ 128,623,626</u>	<u>\$ 120,747,906</u>	<u>\$ 117,928,555</u>	<u>\$ 106,070,801</u>	<u>\$ 118,803,666</u>	<u>\$ 112,363,750</u>	<u>\$ 131,857,588</u>	<u>\$ 127,734,375</u>	<u>\$ 142,981,331</u>
Functional Expense:									
Instruction	\$ 29,049,792	\$ 31,336,705	\$ 33,811,638	\$ 34,241,502	\$ 35,740,317	\$ 35,228,475	\$ 33,697,546	\$ 31,952,987	\$ 29,510,051
Research	1,508,571	1,630,714	1,732,248	112,467	109,407	107,840	103,921	88,682	54,641
Academic support	9,998,548	11,852,251	12,835,835	13,869,676	15,805,174	15,578,827	15,012,665	14,334,697	15,397,043
Student services	11,158,061	11,911,904	13,214,323	13,682,206	14,742,661	14,531,530	14,003,429	14,491,626	14,587,916
Institutional support	9,009,850	10,815,126	10,555,230	11,690,341	12,258,734	12,083,175	12,122,064	12,774,376	12,651,983
Operations and maintenance of plant	11,167,239	11,440,601	12,352,552	12,790,568	14,928,884	14,715,084	14,180,312	11,618,718	19,677,954
Scholarships	-	-	-	-	312,480	740,302	6,826,590	9,679,671	6,851,658
Sub-total	<u>71,892,061</u>	<u>78,987,301</u>	<u>84,501,826</u>	<u>86,386,760</u>	<u>93,897,657</u>	<u>92,985,233</u>	<u>95,946,527</u>	<u>94,940,757</u>	<u>98,731,246</u>
Depreciation enterprises	-	-	-	-	-	-	-	-	-
Auxiliary enterprises	<u>12,099,652</u>	<u>10,395,641</u>	<u>13,601,357</u>	<u>13,866,466</u>	<u>13,834,073</u>	<u>13,918,270</u>	<u>9,039,472</u>	<u>13,792,629</u>	<u>12,344,362</u>
Total Operating Expense	<u>83,991,713</u>	<u>89,382,942</u>	<u>98,103,183</u>	<u>100,253,226</u>	<u>107,731,730</u>	<u>106,903,503</u>	<u>104,985,999</u>	<u>108,733,386</u>	<u>111,075,608</u>
Other Non-operating Expense	<u>2,072,255</u>	<u>10,798,765</u>	<u>36,759,135</u>	<u>11,827,494</u>	<u>8,952,402</u>	<u>8,696,872</u>	<u>21,132,533</u>	<u>29,084,251</u>	<u>21,765,404</u>
Total Non-operating Expense	<u>2,072,255</u>	<u>10,798,765</u>	<u>36,759,135</u>	<u>11,827,494</u>	<u>8,952,402</u>	<u>8,696,872</u>	<u>21,132,533</u>	<u>29,084,251</u>	<u>21,765,404</u>
Total Expense	<u>\$ 86,063,968</u>	<u>\$ 100,181,707</u>	<u>\$ 134,862,318</u>	<u>\$ 112,080,720</u>	<u>\$ 116,684,132</u>	<u>\$ 115,600,375</u>	<u>\$ 126,118,532</u>	<u>\$ 137,817,637</u>	<u>\$ 132,841,012</u>

(1) These schedules do not include the component unit, Framingham State University Foundation, Inc.; total operating expense does not include depreciation.

(4) FY17 has been restated to reflect the incorporation of GASB 75 post-employment benefits (OPEB).

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

Supplemental Statistical Information (Unaudited)

Schedule of Capital Asset Information

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Land (acreage) (1)(7)(9)	53.00	54.00	143.18	143.18	145.16	145.16	145.16	145.16	135.87	135.87
Buildings (square feet):										
100 Instruction /classroom (6)	49,482	49,482	49,482	53,467	53,467	53,467	53,467	53,467	53,467	53,467
200 Labs (4)(7)	69,875	69,875	124,875	124,875	132,875	132,875	132,875	132,875	132,875	132,875
300 Administrative (6)	83,857	94,325	94,325	119,262	119,262	119,262	119,262	119,262	119,262	119,262
400 Study facilities (6)	54,565	54,565	54,565	58,862	58,862	58,862	58,862	58,862	58,862	58,862
52x Athletic	49,709	53,449	53,449	53,449	53,449	53,449	53,449	53,449	53,449	53,449
5xx Other Special Use (1)(6)(7)(8)	31,706	31,706	114,106	122,506	138,506	138,506	139,601	139,601	139,601	139,601
600 General Use (6)	56,311	56,311	56,311	76,023	76,023	76,023	76,023	76,023	76,023	76,023
700 Support facilities (2)(6)(9)	138,165	138,165	154,425	156,785	156,785	156,785	156,785	156,785	129,835	129,835
000 Unclassified	-	-	-	-	-	-	-	-	-	-
Unassigned/unassignable (6)	154,688	154,688	154,688	164,397	164,397	164,397	164,397	164,397	164,397	164,397
Total Square Feet	688,358	702,566	856,226	929,626	953,626	953,626	954,721	954,721	927,771	927,771
Residence Halls (5)(6)(8)	539,045	539,045	545,795	562,728	562,728	562,728	561,633	561,633	561,633	561,633
Rental space (10)	6,613	6,613	6,613	-	-	-	-	-	-	-
Dormitories - # of residents (3)	<u>2014</u> 1,940	<u>2015</u> 1,940	<u>2016</u> 1,933	<u>2017</u> 1,916	<u>2018</u> 1,920	<u>2019</u> 1,829	<u>2020</u> 1,803	<u>2021</u> 726	<u>2022</u> 1,305	<u>2023</u> 1,315

Note: Classification of facilities space is consistent with Facilities Inventory and Classification Code guide.

- (1) FY16 Added the Warren Conference Center
- (2) FY16 Added 2 Perini Buildings
- (3) Residence Hall # of residents is based upon the average of the Spring and Fall occupancy the calendar year, e.g. 2017 = Spring 2017 + Fall 2017.
- (4) FY16 Added Hemenway Labs
- (5) FY17 Add West Hall/move O'Connor
- (6) FY17 Add O'Connor
- (7) FY18 Add Maynard Building, 14 Vernon Street
- (8) FY20 Adjusted by 1,095 sf for Egaming facility -from Dorm to Special Use
- (9) Sold Mt. Wayte lot , Sold Mayhew & Mt. Wayte
- (10) Lease Mt. Wayte - storage

See Independent Auditor's Report.

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

Supplemental Statistical Information (Unaudited)

Schedule of Tuition and Mandatory Fees

	Academic Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<i>Resident Undergraduate</i>										
Tuition	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970
Mandatory Fees	7,110	7,350	7,730	8,370	8,950	9,550	10,130	10,410	10,410	10,410
<i>Total</i>	\$ 8,080	\$ 8,320	\$ 8,700	\$ 9,340	\$ 9,920	\$ 10,520	\$ 11,100	\$ 11,380	\$ 11,380	\$ 11,380
<i>Non-Resident Undergraduate</i>										
Tuition	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050
Mandatory Fees	7,110	7,350	7,730	8,370	8,950	9,550	10,130	10,410	10,410	10,410
<i>Total</i>	\$ 14,160	\$ 14,400	\$ 14,780	\$ 15,420	\$ 16,000	\$ 16,600	\$ 17,180	\$ 17,460	\$ 17,460	\$ 17,460
<i>Resident Graduate</i>										
Tuition	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
Mandatory Fees	7,110	7,350	7,730	8,370	8,950	9,550	10,130	10,410	10,410	10,410
<i>Total</i>	\$ 8,785	\$ 9,025	\$ 9,405	\$ 10,045	\$ 10,625	\$ 11,230	\$ 11,805	\$ 12,090	\$ 12,090	\$ 12,090

Note: Tuition and fee amounts are for a full-time student per academic year. These amounts exclude residence hall room and board.

See Independent Auditor's Report.

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

Supplemental Statistical Information (Unaudited)

Schedule of Admissions, Enrollment, and Degrees

Admissions-Freshman (1):	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Applications	6,902	6,665	6,189	7,525	7,438	6,879	6,882	6,400	5,738	5,138
Applications accepted	3,903	4,110	4,239	4,866	4,946	4,874	5,030	5,059	4,737	4,349
Accepted as a percentage of applications	57%	62%	68%	65%	66%	71%	73%	79%	83%	85%
Students enrolled (2)	1,341	1,338	1,358	1,242	1,289	1,137	1,156	888	813	698
Enrolled as a percentage of accepted	34%	33%	32%	26%	26%	23%	23%	18%	17%	16%

(1) Includes all undergraduate admissions including transfer students.

(2) Includes only students who were accepted and enrolled. Enrolled alone would include students who were not accepted but enrolled as non-degree seeking students.

Enrollment:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Full-time equivalent	4,942	4,996	4,881	4,732	4,537	4,405	4,333	3,983	3,598	3,220
Unduplicated credit headcount	6,429	6,499	6,398	5,977	5,691	5,565	5,463	4,876	4,495	4,111
Percent undergraduate (3)	71%	71%	70%	73%	73%	71%	71%	72%	71%	72%
Percent graduate	29%	29%	30%	27%	27%	29%	29%	28%	29%	28%

(3) Percent undergraduate/graduate based on Fall semester registration, unduplicated headcount.

Student Population Demographics (4):	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Percentage of men	32%	32%	33%	35%	35%	36%	37%	37%	38%	39%
Percentage of women	68%	68%	67%	65%	65%	64%	63%	63%	62%	61%
Percentage of African-American	6%	6%	7%	8%	9%	9%	11%	12%	12%	14%
Percentage of White	83%	82%	77%	74%	71%	69%	66%	64%	63%	58%
Percentage of Latino	8%	9%	10%	10%	12%	14%	14%	15%	17%	19%
Percentage of Other (5)	3%	3%	7%	8%	8%	8%	9%	9%	8%	8%
<20	21%	20%	24%	25%	24%	24%	25%	21%	25%	23%
20 to 30	54%	55%	51%	52%	53%	52%	51%	56%	52%	55%
31 to 40	11%	12%	12%	11%	11%	12%	12%	12%	12%	11%
41 and Over	14%	14%	13%	12%	12%	12%	12%	12%	11%	12%

(4) Percentages within category are based on population of students who reported this information (gender, race/ethnicity, and age).

(5) Other includes Asian or Pacific Islander, American Indian, Alaskan Native, and Cape Verdean.

Degrees Granted:	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Bachelor's	795	908	968	1,012	914	850	824	777	718	622
Master's	538	414	496	453	469	445	477	435	500	420

See Independent Auditor's Report.

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

Supplemental Statistical Information (Unaudited)

Schedule of Employment

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Faculty - Primary Instruction ^{/1/2}	257	261	312	318	366	529	530	536	519	471	481	459	425
Part-time	96	97	136	136	174	143	140	143	133	129	126	128	118
Part-time CE Instructors	-	-	-	-	-	182	185	187	177	135	158	144	134
Full-time	161	164	176	182	192	204	205	206	209	207	197	187	173
Staff and Administrators	276	293	310	315	314	322	334	340	346	351	351	334	346
Part-time	7	7	9	9	10	8	8	9	9	9	9	6	9
Full-time	269	286	301	306	304	314	326	331	337	342	342	328	337
Total Employees	533	554	622	633	680	851	864	876	865	822	842	793	771
Part-time	103	104	145	145	184	333	333	339	319	273	293	278	261
Full-time	430	450	477	488	496	518	531	537	546	549	549	515	510

^{/1} Includes Instruction, Research and Public Service

^{/2} As of 2015, Part-time Faculty also includes all Continuing Education part-time instructors.

Note: This schedule reflects personnel as of November 1 and includes employees paid from both State appropriation and local trust funds.

See Independent Auditor's Report.

FRAMINGHAM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

**INDEPENDENT AUDITOR'S REPORTS AS REQUIRED
BY THE UNIFORM GUIDANCE AND *GOVERNMENT*
AUDITING STANDARDS AND RELATED
INFORMATION**

JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Framingham State University:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Framingham State University's (the "University") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University, as of and for the year ended June 30, 2023. We issued our report thereon dated November 2, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

November 2, 2023

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

To the Board of Trustees of
Framingham 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 Framingham State University (the "University"), which comprise the statement of net position as of June 30, 2023, the related statements of revenues and expenses, changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 2, 2023.

Our report includes a reference to other auditors who audited the financials statements of Framingham State University Foundation, Inc. (the "Foundation") as described in our report on Framingham State University's financial statements. This report does not include the results of the other Auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report of 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.

Withum Smith + Brown, PC

November 2, 2023

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

	Assistance Listing Number	University Internal Fund Number	Pass-through Entity	Pass-through Entity Award Number	Federal Expenditures	Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER						
U.S. Department of Education:						
Direct Awards:						
Federal Supplemental Educational Opportunity Grant	84.007	S03003	N/A	N/A	\$ 149,100	\$ -
Federal Work-Study Program	84.033	S03004	N/A	N/A	108,730	-
Federal Direct Student Loans	84.268	Y05001	N/A	N/A	14,293,032	-
Federal Perkins Loan Program (beginning of year)	84.038	L01002	N/A	N/A	914,996	-
Federal Perkins Loan Program (current year expenditure)	84.038	L01002	N/A	N/A	-	-
Federal Pell Grant Program	84.063	S03000	N/A	N/A	5,235,188	-
Total Student Financial Assistance Cluster					<u>20,701,046</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER						
U.S. Department of Agriculture:						
Direct Awards:						
Agriculture Research - Basic and Applied Research (USDA Test/Phenolic Quorum Compounds)	10.001	G01518	N/A	N/A	21,148	-
National Science Foundation:						
Direct Awards:						
STEM Education (AGEP MA State University System Equity - Minded Model)	47.076	G01546	N/A	N/A	293,837	-
Total Research and Development Cluster					<u>314,985</u>	<u>-</u>
AGING CLUSTER						
Department of Health and Human Services:						
Pass-through Awards:						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	G01525	BayPath Elder Services (from Executive Office of Elder Affairs)	3B-21-01	8,126	-
NON-CLUSTER						
U.S. Department of Agriculture:						
Pass-through Awards:						
Farm to School State Formula Grant (John Stalker Institute Farm to School Grant)	10.645	G01552	Massachusetts Department of Education	F222112003	10,000	-
State Administrative Expenses for Child Nutrition (John Stalker Institute of Food and Nutrition)	10.560	G01521	Massachusetts Department of Education	F2121N2533	707,023	-
Team Nutrition Grants (John Stalker Prof. Live Set Training)	10.574	G01528	Massachusetts Department of Education	F1918N3503	324,121	-
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools (John Stalker Institute - Train the Trainer)	93.981	G01522	Massachusetts Department of Education	F8DP006432	5,920	-
Subtotal - Pass-through Awards					<u>1,047,064</u>	<u>-</u>
U.S. Department of Education:						
Direct Awards:						
Open Textbooks Pilot Program	84.116T	G01538	N/A	N/A	232,234	-
Congressionally Directed Awards (MetroWest Scholars Early Start)	84.116Z	G01550	N/A	N/A	140,611	-
Subtotal - Higher Education Emergency Relief Fund					<u>372,845</u>	<u>-</u>
English Language Acquisition State Grants (PROPELL: Producing Reading and Oral proficiency in ELLs)	84.365Z	G01517	N/A	N/A	147,572	-
COVID-19: Higher Education Emergency Relief Fund - Strengthening Institutions Program (SIP)	84.425M	G01543	N/A	N/A	509,434	-
COVID-19: Higher Education Emergency Relief Fund - Institutional portion	84.425F	G01530	N/A	N/A	2,458,503	-
Subtotal - Higher Education Emergency Relief Fund					<u>2,967,937</u>	<u>-</u>
Subtotal - Direct Awards					<u>3,488,354</u>	<u>-</u>
Pass-through Awards:						
Student Support and Academic Enrichment Program	84.424	G01551	Massachusetts Department of Education	FS424A2122	6,111	-

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

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2023

	Assistance Listing Number	University Internal Fund Number	Pass-through Entity	Pass-through Entity Award Number	Federal Expenditures	Through to Subrecipients
NON-CLUSTER - CONTINUED						
National Endowment for the Humanities:						
Direct Awards:						
Digital Humanities Fellowships	45.169	G01544	N/A	N/A	\$ 126,259	\$ -
Investigating Race Through Digital Humanities Approaches	45.162	G01545	N/A	N/A	46,750	-
Museums for America	45.301	G01532	N/A	N/A	22,795	-
Subtotal - Direct Awards					195,804	-
U.S. Corporation for National and Community Service:						
Pass-through Awards:						
AmeriCorps State and National - Teacher Residency	94.006	G01542	Massachusetts Service Alliance	A-22-FP-043154529	31,533	-
AmeriCorps State and National - Teacher Residency	94.006	G01548	Massachusetts Service Alliance	A-23-F-043157086	390,618	-
Subtotal - Pass-through Awards					422,151	-
Federal Emergency Management Agency:						
Pass-through Awards:						
COVID-19 - Disaster Grants - Public Assistance	97.036	G01547	Massachusetts Emergency Management Agency (Blizzard 2013)	PW-00593(0)	39,652	-
COVID-19 - Disaster Grants - Public Assistance	97.036	G01547	Massachusetts Emergency Management Agency (COVID - 2)	PW-01303(0)	111,225	-
COVID-19 - Disaster Grants - Public Assistance	97.036	G01547	Massachusetts Emergency Management Agency (COVID - 1)	PW-00996(0)	903,198	-
Subtotal - Pass-through Awards					1,054,075	-
Total Non-Cluster					6,213,559	-
Total Federal Funds					\$ 27,237,716	\$ -

See accompanying notes to the Schedule of Expenditure of Federal awards.

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

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the University under programs of the Federal Government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - **Indirect Cost Rate**

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Student Loan Programs**

Perkins Loan Program

The Federal Perkins Loan Program (“Perkins”) is administered directly by the University and balances and transactions relating to this program are included in the University’s basic financial statements. During the year ended June 30, 2023, there were no loans advanced under the Perkins program. During the year ended June 30, 2023, \$1,162 of administrative costs were incurred. As of June 30, 2023, gross loan balances receivable under Perkins were \$242,780.

There was no federal capital contribution or match by the University during the current year.

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

Notes to the Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2023

Note 4 - **Federal Student Loan Programs - Continued**

Direct Student Loan Program

The University disbursed \$14,293,032 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the University under the program as of June 30, 2023. The University is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I – Summary of Auditor’s Results:

Financial Statements

Type of Auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Noncompliance material to the financial statements noted? yes no

Federal Awards

Type of Auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes no

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2023

Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Non-Cluster:	
Disaster Grants – Public Assistance	97.036
Education Stabilization Fund:	
COVID-19: Higher Education Emergency Relief Fund - Institutional portion	84.425F
COVID-19: Higher Education Emergency Relief Fund - Strengthening Institutions Program (SIP)	84.425M

Dollar threshold used to distinguish between
type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 x yes no

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2023

Section II – Financial Statement Findings:

None noted.

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2023-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.063 and 84.268
Award year: 2023

Criteria

According to 34 CFR 685.309(b)(2):

Unless [the institution] it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that –

- (i) A loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (ii) A student who is enrolled at the school and who received a loan under title IV of the Act has changed his or her permanent address.

The Dear Colleague Letter GEN-12-6 issued by the U.S. Department of Education (“ED”) on March 30, 2012 states that in addition to student loan borrowers, Enrollment Reporting files will include two additional groups of students: Pell Grant and Perkins Loan recipients.

According to 2 CFR Part 200, Appendix XI Compliance Supplement updated June 2020:

Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System (“NSLDS”). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

FRAMINGHAM STATE UNIVERSITY
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2023

Condition

The Federal Government requires the University to report student enrollment changes to the National Student Loan Data System (“NSLDS”) within 60 days. During our testing, we noted 2 students, out of a sample of 40, who were reported to NSLDS beyond the required timeframe. Both students were administrative withdrawals processed in spring 2023.

Cause

The University did not have adequate procedures in place to ensure that students with status changes were reported to NSLDS within the required timeframe.

The University's Registrar's office sent the roster including the Spring 2023 withdrawals to the National Student Clearinghouse, the service entity that processes their uploads to NSLDS, within the acceptable 60 day timeframe. The National Student Clearinghouse took longer than anticipated to upload the status updates to NSLDS and did so beyond the 60 day timeframe.

Effect

The University did not report the students’ status changes to NSLDS within the required timeframe, which may impact the students’ loan grace periods.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the 40 students selected for testing, 2 students, or 5% of our sample, had status changes that were not reported to NSLDS within the required timeframe.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendation

The University should provide training to employees responsible for processing information for the NSLDS and ensure that they have adequate knowledge in the related rules and regulations. This training should include an explanation of the University’s date of determination of withdrawal, the importance of reporting the timely and the consequences of late reporting. The University should also discuss the required processing lead times with the National Student Clearinghouse to ensure a timely upload to NSLDS. Additionally, submission of additional rosters may reduce the likelihood of the finding in the future.

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2023

View of Responsible Officials

The University agrees with the finding.



Framingham
State University

Management's Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Section IV – Management’s Summary Schedule of Prior Audit Findings:

The University had a Single Audit performed on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2022. There were no audit finding reported within the Single Audit report.



Management's Corrective Action Plan

Finding number: 2023-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.063 and 84.268
Award year: 2023

Corrective Action Plan:

The University has a previously established detailed policy and procedure in place to process and to accurately report status changes timely via the National Student Clearinghouse (NSC) to NSLDS. The reporting of the Initial Submission along with the Subsequent Submissions occurs approximately 5 business days prior to the month for which the report is due. This then ensures that NSC has the opportunity to transmit the data to NSLDS within 14 days of the 1st of the month. Submission of additional rosters would not change anything as NSC only submits once per month to NSLDS.

The University will continue to submit on time to NSC and will continue to monitor when NSC transmit to NSLDS.

Timeline for Implementation of Corrective Action Plan:

The corrective action plan was implemented as of October 2023.

Contact Person

Mark Powers, Registrar