

# **FRAMINGHAM STATE UNIVERSITY**

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## **FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**JUNE 30, 2020**

# FRAMINGHAM STATE UNIVERSITY

## Financial Statements and Supplemental Information

June 30, 2020 and 2019

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Framingham State University  
Framingham, Massachusetts

### **Report on the Financial Statements**

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 years ending June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Framingham State University Foundation, Inc. (the "Foundation") as discussed in Note 1. 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. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Framingham State University and its discretely presented component unit as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the University restated prior balances with regards to the University's Other Post-Employment Benefits liability and the related deferred inflows and outflows. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

### **Supplemental Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The residence hall fund and residence hall damage fund activity shown on pages 97 to 99, and the statistical section on pages 100-104, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the 2020 financial statements. The residence hall fund and residence hall damage fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2020 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 2020 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 October 26, 2020, 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 University's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "O'Connor + Drew, P.C."

**Certified Public Accountants  
Braintree, Massachusetts**

October 26, 2020

**FRAMINGHAM STATE UNIVERSITY**  
**FY2020 Financial Statements**  
**Management's Discussion and Analysis**  
For the Fiscal Years Ended June 30, 2020, 2019, and 2018  
Unaudited

## **INTRODUCTION**

The following discussion and analysis provides an overview of the financial position and results of operations of Framingham State University (the "University") for the years ended June 30, 2020 (Fiscal Year 2020), June 30, 2019 (Fiscal Year 2019), and June 30, 2018 (Fiscal Year 2018). 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.

The impact of the coronavirus situation certainly affected FY2020 financial results as the University transitioned to remote delivery of instruction and essentially vacated resident halls and suspended various programming and some services as of mid-March. These actions impacted both revenues and expenditures in FY2020 along with changes in future years' financial projections.

## **FY2020 FINANCIAL STATEMENTS HIGHLIGHTS**

- This year's 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 post-employment benefits liabilities on public institutions' financial statements (although the payment liability is retained by the state). **The implementation of GASB 68 and GASB 75 relating to the accounting of pension and post-employment benefits liabilities is reflected in the presentation of FY2020, restated FY2019, and FY2018 financial statements.**
- The University's total assets at the end of Fiscal Year 2020 were \$218.6 million (a decrease of -\$0.7 million, or -0.3%, from FY2019), liabilities were \$93.3 million (a decrease of -\$8.4M million, or -8.3%, from FY2019) and there were \$11.5 million in deferred outflow of resources (associated with booked pension and OPEB obligations) and \$15.0 million of deferred inflow of resources (\$1.8 million associated with the food service contract and \$13.2 million associated with pension and OPEB obligations). **Net Position, which represents the residual interest in the University's assets after liabilities and deferred inflows/outflows, decreased -\$3.2 million, or -2.6%, from \$124.9 million in Fiscal Year 2019 (restated) to \$121.7 million in Fiscal Year 2020.**
  - **Restricted net position and net investment in capital assets accounts total \$107.9 million (a decrease of -\$2.4 million from FY2019)** and include: \$102.2 million net investment in capital assets, \$2.2 million in scholarship reserves, and \$3.4 million in other restricted accounts.
  - **Aggregate accumulated unrestricted net position (accounting for pension and OPEB liabilities that results in a direct accounting reduction to unrestricted assets) was \$13.8 million (a decrease of \$0.9 million) at the end of FY2020.**
  - **The aggregate impact of the accounting of pension and OPEB liabilities as well as associated deferred outflows/inflows for pension and OPEB obligations totaled \$44.2 million in FY2020 and \$41.9 million in FY2019; this impact is ultimately reflected in a reduction in noted Unrestricted Net Position.**

- **A significant portion of the year-over-year (FY2020 versus FY2019) decrease in net position (after accounting for GASB pension and post-employment benefits adjustments) can be largely attributed to the decrease in FY2020 auxiliary enterprises revenues (residence halls of -\$2.4 million and dining of -\$0.4 million) and increase in college-funded scholarship expenses (+\$0.9 million).**

## **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 a 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 Comprehensive Annual Financial 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, 2020; June 30, 2019; and June 30, 2018 is as follows:

**University Accounts**

	<i>(In Thousands)</i>	<i>Restated</i>	
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Current Assets	\$44,997	\$39,910	\$32,362
Capital Assets	\$130,785	\$135,157	\$137,879
Other Noncurrent Assets	<u>\$42,768</u>	<u>\$44,215</u>	<u>\$43,487</u>
<b>Total Assets</b>	<b><u>\$218,550</u></b>	<b><u>\$219,282</u></b>	<b><u>\$213,728</u></b>
Total Deferred Outflows of Resources	<b><u>\$11,497</u></b>	<b><u>\$13,811</u></b>	<b><u>\$11,067</u></b>
Current Liabilities	\$17,680	\$15,202	\$15,517
Noncurrent Liabilities	<u>\$75,628</u>	<u>\$86,504</u>	<u>\$79,598</u>
<b>Total Liabilities</b>	<b><u>\$93,308</u></b>	<b><u>\$101,706</u></b>	<b><u>\$95,115</u></b>
Total Deferred Inflows of Resources	<b><u>\$15,047</u></b>	<b><u>\$6,459</u></b>	<b><u>\$6,871</u></b>
Net Position:			
Net Investment in Capital Assets	\$102,216	\$105,090	\$107,502
Restricted	\$5,639	\$5,134	\$4,979
Unrestricted	<u>\$13,837</u>	<u>\$14,704</u>	<u>\$10,328</u>
<b>Total Net Position</b>	<b><u>\$121,692</u></b>	<b><u>\$124,928</u></b>	<b><u>\$122,809</u></b>

The University's net position as of June 30, 2020 reflects changes resulting from operations as well as the impact of accounting for pension and OPEB liabilities.

**Trend Analysis: Net Position**



**Net Position (including Pension and OPEB impact) decreased -\$3.2 million, or -2.6%, from the end of FY2019 to the end of FY2020.**

**Net Impact of Accounting for Pension and OPEB Obligations**

<i>(In Thousands)</i>	<u>FY2020</u>	<i>Restated</i> <u>FY2019</u>	<u>FY2018</u>
<b>Pension and OPEB Liabilities:</b>			
Net Pension Liability	\$14,703	\$16,140	\$14,962
Net OPEB Liability	<u>\$27,718</u>	<u>\$35,317</u>	<u>\$29,100</u>
Allocated Pension/OPEB Liability	\$42,421	\$51,457	\$44,062
<b>Net Deferred Outflows/Inflows:</b>			
Deferred Outflows for Pensions	(\$3,955)	(\$5,140)	(\$5,495)
Deferred Outflows for OPEB	(\$7,542)	(\$8,671)	(\$5,572)
Deferred Inflows for Pensions	\$2,694	\$1,177	\$993
Deferred Inflows for OPEB	\$10,594	\$3,111	\$3,416
Net Deferred Outflows/Inflows	<u>\$1,791</u>	<u>(\$9,523)</u>	<u>(\$6,658)</u>
<b>Net Impact of Accounting for Pension and OPEB Obligations:</b>	<b>\$44,212</b>	<b>\$41,934</b>	<b>\$37,404</b>
<i>Unrestricted Net Position Adjusted for Pension and OPEB Obligations:</i>	<i>\$58,049</i>	<i>\$56,638</i>	<i>\$47,732</i>
<i>Total Net Position Adjusted for Pension and OPEB Obligations:</i>	<i>\$165,904</i>	<i>\$166,862</i>	<i>\$160,213</i>

**The impact of the accounting for Pension (GASB 68) and OPEB (GASB 75) obligations on both Unrestricted Net Position and Total Net Position was \$44.2 million in FY2020; \$41.9 million in FY2019; and \$37.4 million in FY2018. Adjusted Net Position trends – backing out the impact of Pension and OPEB obligations – are as follows:**

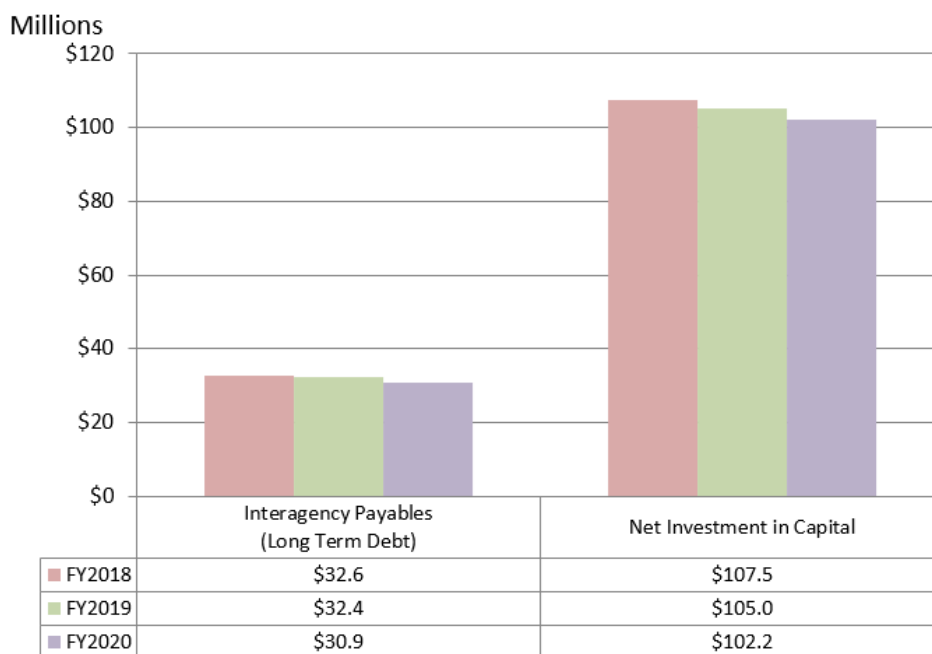
**Trend Analysis: Net Position  
Revised to Net Out impact of Pension (GASB 68) and OPEB (GASB 75) Obligations**



## 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 also do not include residence halls since they are recorded on the financial statements of the Massachusetts State College Building Authority. **The University has \$30.9 million in aggregate interagency payables (predominantly long-term capital debt) as of the close of FY2020 (a decrease of -\$1.5M million over FY2019). Net Investment in Capital Assets was \$102.2 million at the end of FY2020.**

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



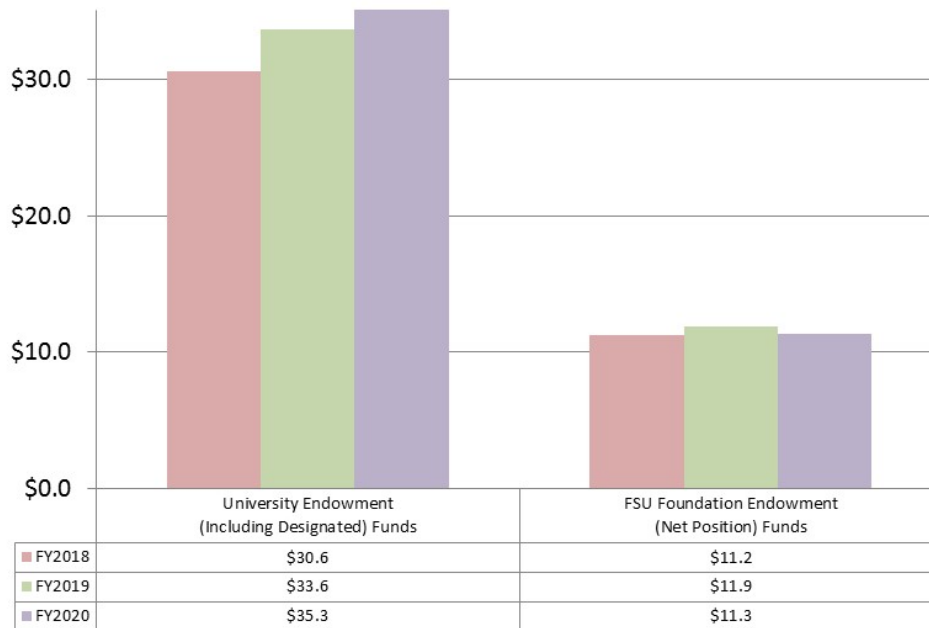
## Endowment Funds

A portion of the restricted net position includes endowment funds held by the University. The University itself has a very small designated endowment; \$2.2 million of non-expendable restricted funds. An additional \$3.4 million, at June 30, 2020, 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 FY2020 value of \$30.6 million as quasi-endowment (noted as “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 \$35.3 million (representing an increase of \$1.7 million or 5.1% from FY2019).** 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.

## Trend Analysis: Endowment (Including Designated) Funds

Millions



## 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, 2020, June 30, 2019, and June 30, 2018 is as follows:

<i>(In Thousands)</i>	<b><u>FY2020</u></b>	<b><i>Restated</i> <u>FY2019</u></b>	<b><u>FY2018</u></b>
<b>Operating Revenues:</b>			
Tuition and Fees	\$45,306	\$45,695	\$44,796
Less Scholarships	(\$9,920)	(\$9,397)	(\$9,281)
<b>Net Student Tuition &amp; Fees</b>	<b>\$35,386</b>	<b>\$36,298</b>	<b>\$35,515</b>
Federal Grants and Contracts	\$7,911	\$7,840	\$7,390
State and Local Grants & Contracts	\$821	\$711	\$327
Private Grants	\$2,807	\$1,720	\$314
Sales and Services	\$1,719	\$1,772	\$1,243
Auxiliary Enterprises	\$13,064	\$15,891	\$16,001
Other Revenues	<u>\$1,341</u>	<u>\$1,863</u>	<u>\$2,418</u>
<b>Total Operating Revenues</b>	<b>\$63,049</b>	<b>\$66,095</b>	<b>\$63,208</b>
<b>Operating Expenses:</b>			
Instruction	(\$35,228)	(\$35,740)	(\$34,241)
Research	(\$108)	(\$110)	(\$112)
Academic Support	(\$15,579)	(\$15,805)	(\$13,870)
Student Services	(\$14,532)	(\$14,743)	(\$13,682)
Institutional Support	(\$12,083)	(\$12,259)	(\$11,690)
Operation/Maintenance of Plant	(\$14,715)	(\$14,929)	(\$12,791)
Depreciation	(\$7,446)	(\$7,495)	(\$7,328)
Scholarships	(\$741)	(\$312)	(\$288)
Auxiliary Enterprises	<u>(\$13,918)</u>	<u>(\$13,834)</u>	<u>(\$13,866)</u>
<b>Total Operating Expenses</b>	<b>(\$114,350)</b>	<b>(\$115,227)</b>	<b>(\$107,868)</b>

<b>Operating Loss</b>	<b><u>(\$51,301)</u></b>	<b><u>(\$49,132)</u></b>	<b><u>(\$44,660)</u></b>
<b>Net-Operating Revenues/(Expenses):</b>			
State Appropriations (net)	\$44,146	\$42,833	\$37,753
Gifts	\$454	\$745	\$871
Other Income - MSCBA	\$589	\$0	\$0
Net Investment Income	\$2,814	\$4,564	\$3,815
State Capital Appropriation/Grants	\$29	\$4,278	\$173
Interest/Issuance Costs on Debt	(\$1,251)	(\$1,242)	(\$1,353)
State and Federal Grants	\$1,257	\$290	\$538
Transfers (to)/from State Agencies	\$27	(\$216)	(\$3,147)
<b>Net Non-Operating Revenues</b>	<b><u>\$48,065</u></b>	<b><u>\$51,252</u></b>	<b><u>\$38,650</u></b>
<b>Change in Net Position</b>	<b><u>(\$3,236)</u></b>	<b><u>\$2,120</u></b>	<b><u>(\$6,010)</u></b>

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, 2020, June 30, 2019, and June 30, 2018:

#### **Schedule of Loss from Operations and Change in Net Position**

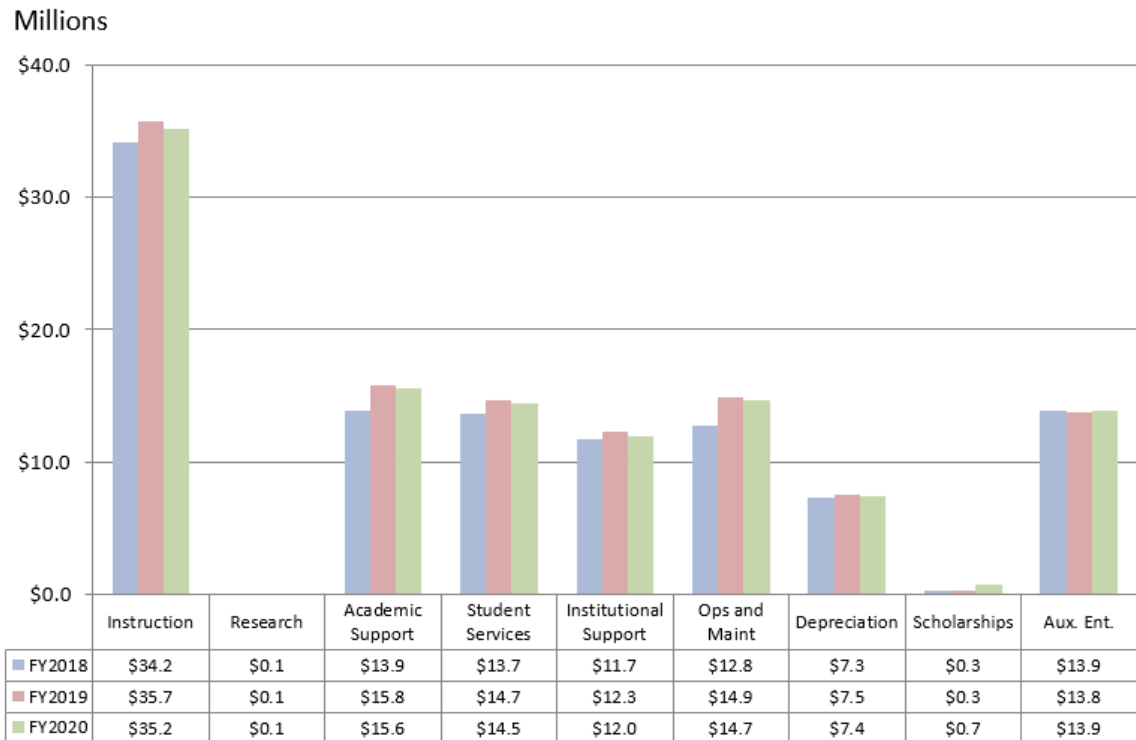
(In Thousands)	<b><u>FY2020</u></b>	<i>Restated</i> <b><u>FY2019</u></b>	<b><u>FY2018</u></b>
Tuition and Fees Revenue, Net	\$35,386	\$35,298	\$35,515
Other Operating Revenue	<u>\$27,663</u>	<u>\$29,797</u>	<u>\$27,693</u>
Total Operating Revenue	\$63,049	\$66,095	\$63,208
Operating Expenses	<u>(\$114,350)</u>	<u>(\$115,227)</u>	<u>(\$107,868)</u>
<b>Operating Loss</b>	<b><u>(\$51,301)</u></b>	<b><u>(\$49,132)</u></b>	<b><u>(\$44,660)</u></b>
Net State Appropriations	\$44,146	\$42,833	\$37,753
Net Other Revenue/(Expenses)	\$3,919	<u>\$8,419</u>	<u>\$897</u>
<b>Change in Net Position</b>	<b><u>(\$3,236)</u></b>	<b><u>\$2,120</u></b>	<b><u>(\$6,010)</u></b>
<b>Net Position End of Fiscal Year</b>	<b>\$121,692</b>	<b>\$124,928</b>	<b>\$122,809</b>

**Net position at the beginning of Fiscal Year 2020 was \$124.9 million. Net position at the end of Fiscal Year 2020 was \$121.7 million; representing a -\$3.2 million (-2.6%) decrease in net position.**

#### **Revenues and Expenditures**

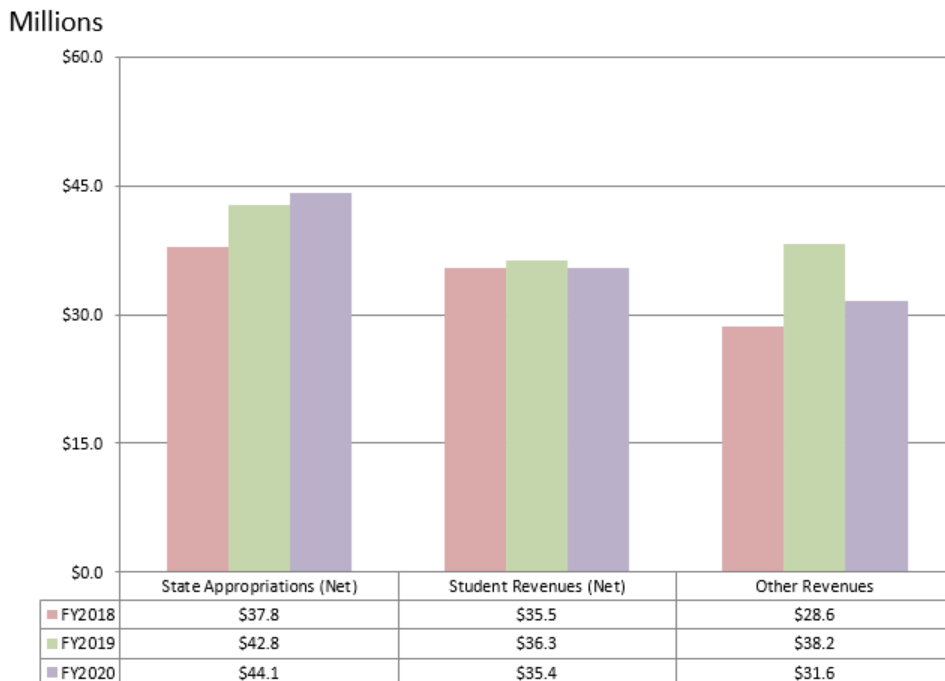
**From FY2019 to FY2020, all Education and General expenditure categories saw decreases while Auxiliary Enterprises (i.e. Residence Halls) had a modest increase in expenditures. Aggregate FY2020 Operating Expenses decreased a total of -\$0.9 million, or -0.8%, from FY2019.**

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



From FY2019 to FY2020, net state appropriations (including state support for fringe benefits) increased by \$1.3 million (+3.1%), student net revenues decreased by -\$0.9 million (-2.5%), and other net revenues decreased a total of -\$6.6 million (-17.4%); changes in other net revenues include a decrease in state capital appropriations of -\$4.2 million compared to FY2019.

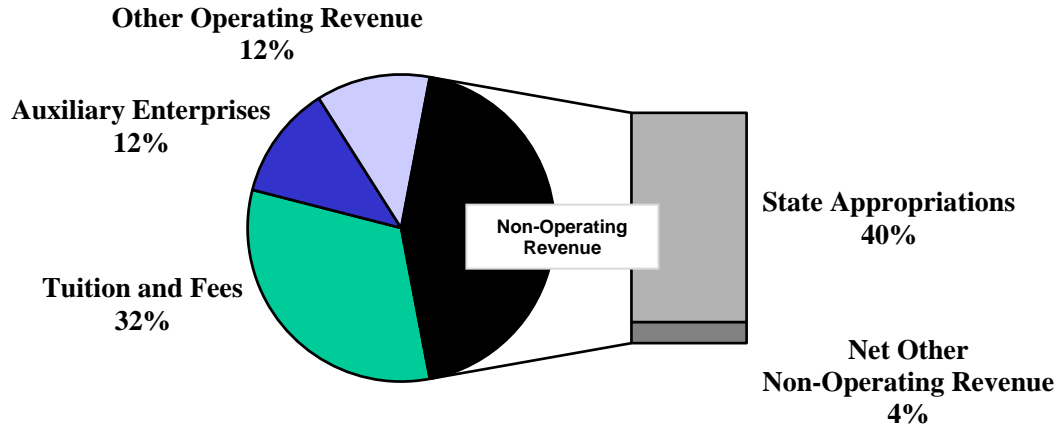
### Trend Analysis: State Appropriations, Student and Other Revenues



## 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, 2020.

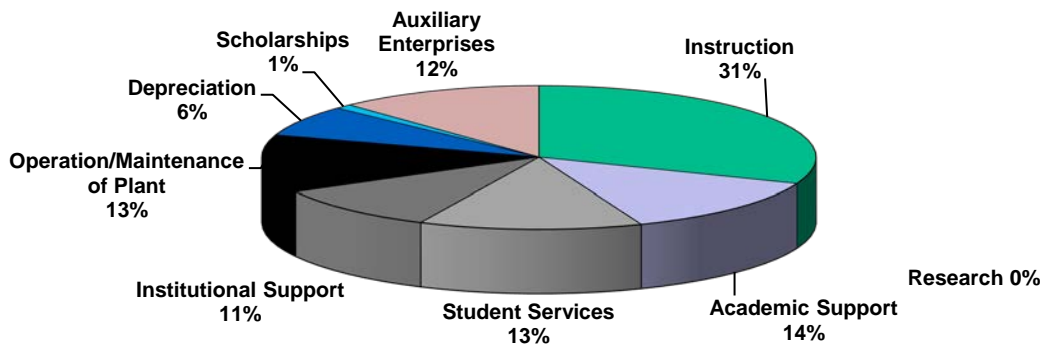
### Fiscal Year 2020 Revenues



State appropriations, along with student tuition and fees, are the primary sources of funding for the University. Fiscal Year 2020 net state appropriation support as a percent of total revenues (including fringe benefits support) was 40% while tuition and fees revenues represented 32% of total revenues and other revenue (including Auxiliary Enterprises) represented 28% of total revenues.

## Expenditures Illustration

A graphic of the University's functional expenditures for FY2020 is as follows:



**Expenditures on Instruction and Academic Support made up approximately 45% of total expenditures in FY2020.**

## 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 2020, 2019, and 2018 is as follows:

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### Statement of Cash Flows

<i>(In Thousands)</i>	<b><u>FY2020</u></b>	<b><u>Restated FY2019</u></b>	<b><u>FY2018</u></b>
<i>Cash Flows from Operating Activities:</i>			
Cash Received from Operations	\$64,063	\$63,699	\$64,259
Cash Expended for Operations	<u>(\$91,945)</u>	<u>(\$89,448)</u>	<u>(\$86,966)</u>
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b><u>(\$27,882)</u></b>	<b><u>(\$25,749)</u></b>	<b><u>(\$22,707)</u></b>
<i>Cash Flows from Non-Capital Financing Activities:</i>			
State Appropriations	\$32,610	\$31,028	\$28,224
Tuition Remitted to the Commonwealth	(\$123)	(\$151)	(\$386)
Grants and Payments Received	1,432	\$0	\$0
Gifts and Endowment	<u>\$453</u>	<u>\$745</u>	<u>\$899</u>
<b>Net Cash Provided/(Used) by Non-Capital Financing Activities</b>	<b><u>\$34,372</u></b>	<b><u>\$31,622</u></b>	<b><u>\$28,737</u></b>
<i>Cash Flows from Capital &amp; Related Financing Activities:</i>			
State Capital Appropriations	\$29	\$0	\$173
Perkins Loan Program Net Funds Received	(\$388)	\$16	\$9
Payments for Capital Assets	(\$3,238)	(\$1,207)	(\$2,977)
Interagency Payable Proceeds Received	\$0	\$1,300	\$0
Interagency Principal Payments	(\$1,413)	(\$1,523)	(\$4,812)
Interest Paid on Interagency Payables	(\$1,251)	(\$1,246)	(\$1,494)
Transfers of Funds To/From State Agencies	<u>\$27</u>	<u>(\$215)</u>	<u>(\$3,147)</u>
<b>Net Cash Provided/(Used) by Capital and Related Activities</b>	<b><u>(\$6,234)</u></b>	<b><u>(\$2,875)</u></b>	<b><u>(\$12,248)</u></b>
<i>Cash Flows from Investing Activities:</i>			
Purchase/Sale (Net) of Marketable Securities	(\$222)	(\$280)	(\$2,298)
Earnings on Investments	<u>\$578</u>	<u>\$598</u>	<u>\$2,803</u>
<b>Net Cash Provided/(Used) by Investing Activities</b>	<b><u>\$356</u></b>	<b><u>\$318</u></b>	<b><u>\$505</u></b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b><u>\$612</u></b>	<b><u>\$3,316</u></b>	<b><u>(\$5,713)</u></b>

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**Cash and cash equivalents at the beginning of Fiscal Year 2020 were \$30.9 million and at the end of the fiscal year were \$31.5 million; reflecting a \$0.6 million, or +1.9%, increase.**

## **FACTORS THAT MAY AFFECT THE FUTURE**

While Framingham State University's current financial condition is strong, the institution has entered into a transition period where – after a sustained period of substantial enrollment growth – the university has experienced decreases in new and aggregate student enrollment for the past four years.

As significant as future enrollment changes will be on University operations, so will be the level of future state appropriation support. When state funding support does not cover incremental costs for personnel, the University incurs additional local trust funds costs (funded by student fees) in order to cover salary as well as additional fringe benefits costs.



Looking forward, progress in implementation of the university's strategic plan will require the prudent use of state support; recognition that increases in net student revenues will likely be minimal; and, further diversification of funding including private gifts and grant funding, as well as utilization of investment returns. These actions, in conjunction with continuing cost containment as well as selected expenditures reduction measures including the need to better align personnel levels with changes in enrollment, will be necessary as the University responds to this new operating environment.

### **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, 2020 and 2019**

**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>	
	(Restated)			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 19,917,723	16,111,573	\$ 70,333	\$ 715,698
Restricted cash and cash equivalents	892,782	1,625,748		
Investments in marketable securities	19,073,778	17,954,576	8,967,430	8,562,033
Accounts receivable, net	3,927,156	3,337,397	-	-
Contributions receivable, net	-	-	102,717	53,699
Loans receivable - current portion	1,514	1,686	-	-
Other current assets	<u>1,183,631</u>	<u>879,091</u>	<u>25,433</u>	<u>27,665</u>
<b>Total Current Assets</b>	<u>44,996,584</u>	<u>39,910,071</u>	<u>9,165,913</u>	<u>9,359,095</u>
<b>Noncurrent Assets:</b>				
Restricted cash and cash equivalents	10,728,809	13,190,489	-	-
Endowment investments	-	-	2,901,264	2,732,310
Investment in marketable securities	30,605,974	29,267,498	-	-
Contributions receivable, net	-	-	50,148	49,642
Loans receivable, net of current portion	1,433,169	1,757,704	-	-
Capital assets, net	<u>130,784,838</u>	<u>135,156,642</u>	<u>-</u>	<u>-</u>
<b>Total Noncurrent Assets</b>	<u>173,552,790</u>	<u>179,372,333</u>	<u>2,951,412</u>	<u>2,781,952</u>
<b>Total Assets</b>	<u>218,549,374</u>	<u>219,282,404</u>	<u>12,117,325</u>	<u>12,141,047</u>
<b>Deferred Outflows of Resources:</b>				
Deferred outflows for pensions	3,954,936	5,140,050	-	-
Deferred outflows for OPEB	<u>7,541,787</u>	<u>8,671,237</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Outflows of Resources</b>	<u>11,496,723</u>	<u>13,811,287</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 230,046,097</u>	<u>\$ 233,093,691</u>	<u>\$ 12,117,325</u>	<u>\$ 12,141,047</u>

See Notes to the Financial Statements.

**Liabilities, Deferred Outflows of Resources, and Net Position**

	<u>University</u>		<u>Component Unit</u> <u>Foundation</u>	
	(Restated)			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current Liabilities:</b>				
Interagency payables - current portion	\$ 1,820,590	1,683,860	\$ -	\$ -
Accounts payable and accrued liabilities	4,280,680	3,327,558	62,549	202,484
Accrued workers' compensation - current portion	77,478	163,464	-	-
Compensated absences - current portion	4,086,126	3,838,899	-	-
Faculty payroll accrual	3,868,872	4,190,350	-	-
Revenue received in advance	2,892,087	1,131,779	-	-
Deposits	322,526	450,704	-	-
Other current liabilities	<u>331,432</u>	<u>415,602</u>	<u>-</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>17,679,791</u>	<u>15,202,216</u>	<u>62,549</u>	<u>202,484</u>
<b>Noncurrent Liabilities:</b>				
Interagency payables, net of current portion	29,064,802	30,674,300	-	-
Accrued workers' compensation, net of current portion	348,225	331,371	-	-
Compensated absences, net of current portion	2,261,452	2,120,361	-	-
Loan payable - federal financial assistance programs	1,531,991	1,920,240	-	-
Net pension liability	14,703,180	16,139,945	-	-
Net OPEB liability	<u>27,718,004</u>	<u>35,317,275</u>	<u>-</u>	<u>-</u>
<b>Total Noncurrent Liabilities</b>	<u>75,627,654</u>	<u>86,503,492</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>93,307,445</u>	<u>101,705,708</u>	<u>62,549</u>	<u>202,484</u>
<b>Deferred Inflows of Resources:</b>				
Service concession arrangement	1,758,000	2,172,000	-	-
Deferred inflows for pensions	2,694,400	1,176,878	-	-
Deferred inflows for OPEB	<u>10,594,450</u>	<u>3,110,678</u>	<u>-</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>15,046,850</u>	<u>6,459,556</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	102,215,570	105,089,533	-	-
Restricted for:				
Non-expendable:				
Scholarships and academic purposes	2,224,885	2,200,614	2,901,264	2,732,309
Expendable:				
Scholarships	2,469,501	2,125,556	2,006,183	1,993,740
Academic purposes	-	-	410,425	487,969
Research	695,036	409,120	-	-
Loans	249,936	399,271	-	-
Unrestricted	<u>13,836,874</u>	<u>14,704,333</u>	<u>6,736,904</u>	<u>6,724,545</u>
<b>Total Net Position</b>	<u>121,691,802</u>	<u>124,928,427</u>	<u>12,054,776</u>	<u>11,938,563</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 230,046,097</u>	<u>\$ 233,093,691</u>	<u>\$ 12,117,325</u>	<u>\$ 12,141,047</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</u> <u>Foundation</u>	
	(Restated)			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Operating Revenues:</b>				
Student tuition and fees	\$ 45,306,315	\$ 45,694,570	\$ -	\$ -
Less: Scholarship allowances	<u>(9,920,408)</u>	<u>(9,396,592)</u>	<u>-</u>	<u>-</u>
Net Student Tuition and Fees	<b>35,385,907</b>	36,297,978	-	-
Federal grants and contracts	7,910,707	7,840,194	-	-
State and local grants and contracts	820,851	710,409	-	-
Private grants	2,806,471	1,719,749	-	-
Sales and services of educational departments	1,719,321	1,772,256	-	-
Gifts and contributions	-	-	233,048	265,534
Auxiliary enterprises				
Residential life	13,064,000	15,891,185	-	-
Other operating revenues	<u>1,341,437</u>	<u>1,863,200</u>	<u>48,415</u>	<u>51,673</u>
<b>Total Operating Revenues</b>	<b><u>63,048,694</u></b>	<b><u>66,094,971</u></b>	<b><u>281,463</u></b>	<b><u>317,207</u></b>
<b>Operating Expenses:</b>				
Educational and general:				
Instruction	35,228,475	35,740,317	-	-
Research	107,840	109,407	-	-
Academic support	15,578,827	15,805,174	-	-
Student services	14,531,530	14,742,661	-	-
Institutional support	12,083,175	12,258,734	275,739	278,256
Operations and maintenance of plant	14,715,084	14,928,884	-	-
Depreciation	7,446,044	7,494,865	-	-
Scholarships	740,302	312,480	828,271	820,098
Auxiliary enterprises:				
Residential life	<u>13,918,270</u>	<u>13,834,073</u>	<u>-</u>	<u>-</u>
<b>Total Operating Expenses</b>	<b><u>114,349,547</u></b>	<b><u>115,226,595</u></b>	<b><u>1,104,010</u></b>	<b><u>1,098,354</u></b>
<b>Operating Income (Loss)</b>	<b><u>\$ (51,300,853)</u></b>	<b><u>\$ (49,131,624)</u></b>	<b><u>\$ (822,547)</u></b>	<b><u>\$ (781,147)</u></b>

**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>	
	(Restated)			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Non-operating Revenues (Expenses):</b>				
Federal grants	\$ 842,400	\$ -	\$ -	\$ -
State appropriations, net	44,146,319	42,832,614	-	-
Gifts	453,458	744,881	-	-
Other income - MSCBA	588,527	-	-	-
Investment income, net of investment expense	2,813,935	4,563,668	518,056	906,990
Interest expense on interagency payables and capital asset related debt	<u>(1,250,828)</u>	<u>(1,242,129)</u>	<u>-</u>	<u>-</u>
Net Non-operating Revenues before Capital and Endowment Additions	<u>47,593,811</u>	<u>46,899,034</u>	<u>518,056</u>	<u>906,990</u>
<b>Increase (Decrease) in Net Position before Capital and Endowment Additions</b>	<u>(3,707,042)</u>	<u>(2,232,590)</u>	<u>(304,491)</u>	<u>125,843</u>
State capital appropriations	29,072	4,277,532	-	-
Transfers (to)/from state agencies	27,345	(215,408)	-	-
Capital grants	414,000	290,000	-	-
Private gifts for endowment purposes	<u>-</u>	<u>-</u>	<u>420,704</u>	<u>599,548</u>
<b>Total Capital and Endowment Additions</b>	<u>470,417</u>	<u>4,352,124</u>	<u>420,704</u>	<u>599,548</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ (3,236,625)</u>	<u>\$ 2,119,534</u>	<u>\$ 116,213</u>	<u>\$ 725,391</u>

See 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, 2020 and 2019**

	<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>
<b>Balance at June 30, 2018</b>	\$ 107,501,952	\$ 2,820,618	\$ 2,158,255	\$ 10,328,068	\$ 122,808,893
Changes in net position, as previously reported	(2,412,419)	113,329	42,359	5,579,722	3,322,991
<b>Balance at June 30, 2019, as previously reported</b>	<b>105,089,533</b>	<b>2,933,947</b>	<b>2,200,614</b>	<b>15,907,790</b>	<b>126,131,884</b>
Prior period adjustment - See Note 2	-	-	-	(1,203,457)	(1,203,457)
<b>Balance at June 30, 2019, as restated</b>	<b>105,089,533</b>	<b>2,933,947</b>	<b>2,200,614</b>	<b>14,704,333</b>	<b>124,928,427</b>
Changes in net position	(2,873,963)	480,526	24,271	(867,459)	(3,236,625)
<b>Balance at June 30, 2020</b>	<b>\$ 102,215,570</b>	<b>\$ 3,414,473</b>	<b>\$ 2,224,885</b>	<b>\$ 13,836,874</b>	<b>\$ 121,691,802</b>

	<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>
<b>Balance at June 30, 2018</b>	\$ -	\$ 2,695,575	\$ 2,261,794	\$ 6,255,803	\$ 11,213,172
Changes in net position	-	(213,866)	470,515	468,742	725,391
<b>Balance at June 30, 2019</b>	<b>-</b>	<b>2,481,709</b>	<b>2,732,309</b>	<b>6,724,545</b>	<b>11,938,563</b>
Changes in net position	-	(65,101)	168,955	12,359	116,213
<b>Balance at June 30, 2020</b>	<b>\$ -</b>	<b>\$ 2,416,608</b>	<b>\$ 2,901,264</b>	<b>\$ 6,736,904</b>	<b>\$ 12,054,776</b>

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>2020</u>	(Restated) <u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Tuition and fees	\$ 36,075,287	\$ 33,554,507
Research grants and contracts	8,731,558	8,550,603
Private grants	2,806,471	1,719,749
Payments to suppliers	(29,079,083)	(28,655,145)
Payments to utilities	(3,414,194)	(3,715,567)
Payments to employees	(55,160,343)	(52,948,412)
Payments for benefits	(3,551,183)	(3,816,341)
Payments to students	(740,302)	(312,480)
Collection of loans to students	324,707	347,738
Auxiliary enterprise receipts - residential life	13,064,000	15,897,282
Receipts from sales and services of educational departments	1,719,321	1,766,159
Other receipts	<u>1,341,437</u>	<u>1,863,200</u>
Net Cash Applied to Operating Activities	<u>(27,882,324)</u>	<u>(25,748,707)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Federal grants	842,400	-
Payments received from MSCBA	588,527	-
State appropriations	32,610,087	31,028,386
Tuition remitted to the Commonwealth of Massachusetts	(123,502)	(151,166)
Gifts from grants for other than capital purposes	<u>453,458</u>	<u>744,881</u>
Net Cash Provided by Noncapital Financing Activities	<u>34,370,970</u>	<u>31,622,101</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
State capital appropriations	29,072	-
Perkins Loan Program net funds received (sent back)	(388,249)	16,254
Proceeds from interagency payable	-	1,300,000
Payments for capital assets	(3,237,665)	(1,206,534)
Interagency principal payments	(1,413,074)	(1,523,527)
Interest paid on interagency payables	(1,250,828)	(1,245,879)
Net transfers of funds (to)/from state agencies	<u>27,345</u>	<u>(215,408)</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(6,233,399)</u>	<u>(2,875,094)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of marketable securities	17,243,108	6,201,833
Purchase of marketable securities	(17,465,105)	(6,481,991)
Earnings on investments	<u>578,254</u>	<u>598,194</u>
Net Cash Provided by Investing Activities	<u>356,257</u>	<u>318,036</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>611,504</b>	<b>3,316,336</b>
Cash and Cash Equivalents, Beginning of Year	<u>30,927,810</u>	<u>27,611,474</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 31,539,314</u></b>	<b><u>\$ 30,927,810</u></b>



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

**Statements of Cash Flows - Continued**

**For the Years Ended June 30,**

	<u>2020</u>	(Restated) <u>2019</u>
<b>Reconciliation of Operating Loss to Net Cash Applied to Operating Activities:</b>		
Operating loss	\$ (51,300,853)	\$ (49,131,624)
Adjustments to reconcile operating loss to net cash applied to operating activities:		
Depreciation	7,446,044	7,494,865
Amortization of bond premiums	(59,694)	(55,944)
Write-off of aged library materials	230,100	1,445,080
Bad debt expense	352,990	113,335
Fringe benefits paid by the Commonwealth of Massachusetts	11,593,058	11,221,707
Change in net pension liability and deferred inflows and outflows for pensions	1,265,871	1,717,274
Change in net OPEB liability and deferred inflows and outflows for OPEB	1,013,951	2,812,563
Changes in assets and liabilities:		
Accounts receivable, net	(942,749)	(1,573,208)
Loans to students	324,707	347,738
Other current assets	(304,540)	(254,615)
Accounts payable and accrued liabilities	953,122	(97,466)
Accrued workers' compensation	(69,132)	46,126
Compensated absences	388,318	174,572
Faculty payroll accrual	(321,478)	879,109
Revenue received in advance	1,760,308	(861,068)
Deposits	(128,178)	3,286
Other current liabilities	<u>(84,169)</u>	<u>(30,437)</u>
Net Cash Applied to Operating Activities	<u>\$ (27,882,324)</u>	<u>\$ (25,748,707)</u>
<b>Reconciliation of Cash and Equivalent Balances:</b>		
Current assets:		
Cash and equivalents	\$ 19,917,723	\$ 16,111,573
Restricted cash and equivalents	892,782	1,625,748
Noncurrent assets:		
Restricted cash and equivalents	<u>10,728,809</u>	<u>13,190,489</u>
<b>Total Cash and Equivalents</b>	<u>\$ 31,539,314</u>	<u>\$ 30,927,810</u>
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>		
Acquisition of capital assets	3,304,340	\$ 6,217,751
Payments made by DCAMM	-	(3,049,773)
Payments made by MSCBA	<u>(66,675)</u>	<u>(1,961,444)</u>
Payments for Capital Assets	<u>\$ 3,237,665</u>	<u>\$ 1,206,534</u>
Unrealized Gain on Marketable Securities	<u>\$ 1,889,853</u>	<u>\$ 3,339,710</u>
Fringe Benefits paid by the Commonwealth of Massachusetts	<u>\$ 11,593,058</u>	<u>\$ 11,221,707</u>
Capital Grants - Amortization of Deferred Inflows of Resources - Service Concession Arrangement	<u>\$ 414,000</u>	<u>\$ 290,000</u>

See Notes to the Financial Statements.

# **FRAMINGHAM STATE UNIVERSITY**

**(an agency of the Commonwealth of Massachusetts)**

## **Notes to the Financial Statements**

**June 30, 2020 and 2019**

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, 2020 and 2019**

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, 2020, 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, 2020, the FSU Foundation distributed scholarships in the amount of \$828,271 directly to students of the University and incurred an additional \$275,739 in support of its mission in other ways. During the year ended June 30, 2019, the FSU Foundation distributed scholarships in the amount of \$820,098 directly to students of the University and incurred an additional \$278,256 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.

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. On March 30, 2020, the University transitioned students to a distance learning environment for the completion of the 2020 spring semester, and the 2020 summer semester was taught online.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law. As part of the law, the CARES Act created the Higher Education Emergency Relief Fund (HEERF). The University was awarded \$3,897,751 of which 50% (or half) is required to be distributed to students affected by the COVID-19 crisis as emergency grants and the other half is eligible for the University to cover costs associated with changes in operations due to the COVID-19 crisis. According to the terms of HEERF, an institution can only spend costs associated with changes in operations due to the COVID-19 crisis up to the amount provided to students as emergency grants.

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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Organization - continued*

As of June 30, 2020, the University recognized expenses of \$421,200 for emergency grants to students and \$421,200 for institutional costs from the HEERF funds. The University incurred additional eligible institutional costs during fiscal year 2020 but was unable to recognize such costs as they exceeded the allowable threshold based on the prerequisite distributions to students.

*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 consolidated 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 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, 2020 and 2019**

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 those components of net position.
  
- Restricted:
  - Nonexpendable - Component of net position whose net assets are subject to externally imposed stipulations 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 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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*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. 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 marketable debt and equity securities which are carried at their readily determinable fair values. Investments also include pooled investment funds with Commonfund 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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Cash and Equivalents and Investments - continued*

Dividends, interest and net gains or losses on investments are reported in the statements of revenues and expenses. 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;
- (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, 2020 and 2019, the University had \$80,209 and \$79,889, 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 have delegated the authority to make specific investment decisions to the Finance Committee of the Board of Trustees. Endowment funds are in cash and equivalents. 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, 2020 and 2019**

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. 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. 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 is 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, 2020 and 2019**

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 ("ED"). Management closely monitors outstanding balances and assigns loans to the ED 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.

The land on which the residence halls stand is leased by the MSCBA from the Commonwealth at a yearly cost of one dollar.

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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Capital Assets - continued*

These obligations may include the costs of periodic renovations and improvements to the residence halls. The revenue assessment amounts for the years ended June 30, 2020 and 2019 were \$14,166,744 and \$13,826,253, respectively, and are included in the Residential life auxiliary enterprises in the accompanying statements of revenues and expenses. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine the specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately \$719,929 at June 30, 2020.

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 (see Note 9).

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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 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, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Federal scholarships	\$ 6,721,266	\$ 6,694,842
University scholarships	3,509,461	2,614,457
University scholarships (residential life)	321,907	312,480
Endowment scholarships	<u>108,076</u>	<u>87,293</u>
 Total	 <u>\$ 10,660,710</u>	 <u>\$ 9,709,072</u>

*Revenue 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, 2020 and 2019**

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

*Interest Expense and Capitalization*

The University follows the policy of capitalizing interest expense as a component of the cost of capital assets constructed for its own use. During 2020 and 2019, total interest costs incurred were accounted for as follows:

	<u>2020</u>	<u>2019</u>
Total interest costs incurred	\$ <b>1,310,522</b>	\$ 1,301,917
Bond premium amortization	<u>(59,694)</u>	<u>(59,788)</u>
Interest Expense	<u>\$ <b>1,250,828</b></u>	<u>\$ 1,242,129</u>

*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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

Tax Status

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

Adoption of New Governmental Accounting Pronouncement

The University adopted GASB Statement 84 – *Fiduciary Activities*. The objective of this statement is to establish the criteria for identifying and reporting fiduciary activities. The implementation of this statement did not have a material effect on the financial statements.

New Governmental Accounting Pronouncements

GASB Statement 87 – *Leases* is effective for periods beginning after December 15, 2021. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Standard. Management is in the process of evaluating this standard and has not yet determined its impact, if any, on the financial statements.

GASB Statement 89 – *Accounting for Interest Costs Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management is in the process of evaluating this standard and has not yet determined its impact, if any, on the financial statements.

New Governmental Accounting Pronouncements - Continued

GASB Statement 90 – *Majority Equity Interests, an amendment of GASB Statements 14 and 61* is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve the consistency of reporting a government's majority equity interest in a legally separate organization. A majority equity interest should be recognized using the equity method if the government's holding of the equity interest represents an investment.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

GASB Statement 91 – *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to improve the consistency of reporting conduit debt. This Statement requires government entities that issue conduit debt, but are not the obligor, not to recognize the liability unless it is more likely than not that the government issuer will service the debt. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 92 – *Omnibus 2020* is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide 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. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 96 – *Subscription-Based Information Technology Arrangements (SBITA)* is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use-asset and a corresponding liability would be recognized for SBITAs. Management has not completed its review of the requirements of this standard and its applicability.

**Reclassifications**

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 2 - **Prior Period Adjustment**

Management of the University was notified of an error in the calculation of OPEB for the year ended June 30, 2019. The error did not have an effect on the calculation of OPEB as of June 30, 2018.

The table below presents the effects of the corrections made to the previously issued financial statements. The table includes a reclass of prior year scholarship allowances. This reclassification had no effect on net position:

	As Previously Reported at June 30, 2019	Reclassification of balances	Correction of the Error	As Restated at June 30, 2019
Statements of Net Position:				
Deferred outflows of resources related to OPEB	\$ 8,637,410	\$ -	\$ 33,827	\$ 8,671,237
Deferred inflows of resources related to OPEB	8,841,409	-	(5,730,731)	3,110,678
Net OPEB liability	28,349,260	-	6,968,015	35,317,275
Unrestricted net position	15,907,790	-	(1,203,457)	14,704,333
Statements of Revenues and Expenses:				
Scholarship allowances	9,709,072	(312,480)	-	9,396,592
Operating expenses	113,710,658	312,480	1,203,457	115,226,595

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

Cash and equivalents - unrestricted and restricted - include the following at June 30, 2020 and 2019:

	<b>2020</b>		
	<b><u>Current Unrestricted</u></b>	<b><u>Current Restricted</u></b>	<b><u>Noncurrent Restricted</u></b>
Cash and money market accounts*	\$ 17,043,683	\$ 892,782	\$ 7,478,411
Massachusetts State Treasurer**	2,874,040	-	1,188,515
Century Bancorp, Inc.	-	-	18,305
Cash and equivalents held by MSCBA***	-	-	2,043,578
Total	<b><u>\$ 19,917,723</u></b>	<b><u>\$ 892,782</u></b>	<b><u>\$ 10,728,809</u></b>

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

	2019		
	Current <u>Unrestricted</u>	Current <u>Restricted</u>	Noncurrent <u>Restricted</u>
Cash and money market accounts*	\$ 12,779,303	\$ 1,625,748	\$ 7,772,035
Massachusetts State Treasurer**	3,332,270	-	2,904,369
Century Bancorp, Inc.	-	-	18,281
Cash and equivalents held by MSCBA***	-	-	2,495,804
Total	\$ 16,111,573	\$ 1,625,748	\$ 13,190,489

\* This amount includes cash and equivalents held at MMDT in the amounts of \$13,957,645 and \$7,603,174 at June 30, 2020 and 2019, respectively.

\*\* This amount is held for the benefit of the University by the Massachusetts State Treasurer in the amounts of \$2,569,513 and \$4,358,277 at June 30, 2020 and 2019, 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 \$1,493,042 and \$1,878,362 at June 30, 2020 and 2019, 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 12). 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, 2020 and 2019**

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. 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 cash balances at each banking institution are insured by the FDIC up to \$250,000. At June 30, 2020 and 2019, the University had uninsured bank balances totaling approximately \$11,186,600 and \$14,297,600, respectively. As of June 30, 2020 and 2019, the University's uninsured bank balances of \$11,186,600 and \$14,297,600, respectively, 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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2019, FSU Foundation's uninsured cash and cash equivalent balances, amounted to approximately \$437,000. At June 30, 2020, FSU Foundation did not have any uninsured cash and cash equivalent balances.

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>2020</u>	<u>2019</u>
U.S. Treasury notes and government securities	\$ <b>6,789,488</b>	\$ 5,333,428
Corporate debt securities	<b>2,662,938</b>	1,656,980
Equity securities	<b>17,071,843</b>	17,484,267
Money market funds	<b>832,495</b>	885,836
Mutual funds	<b>7,004,981</b>	7,512,641
Commonfund (pooled investment funds)	<u><b>15,318,007</b></u>	<u>14,348,922</u>
	<b>49,679,752</b>	47,222,074
Less: insured amounts	<u><b>500,000</b></u>	<u>500,000</u>
 Total Subject to Custodial Credit Risk	 <u><b>\$ 49,179,752</b></u>	 <u>\$ 46,722,074</u>

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2020 and 2019, the fair values of the University's deposits held at the MMDT were \$13,957,645 and \$7,603,174, respectively. At June 30, 2020, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 55% at 30 days or less; 23% at 31-90 days; 17% at 91-180 days; and 5% at 181 days or more. At June 30, 2020 and 2019, 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 \$2,043,578 and \$2,495,804 at June 30, 2020 and 2019, respectively.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2020 and 2019:

	2020		2019	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes and Government Securities	\$ 6,363,498	\$ 6,789,488	\$ 5,217,001	\$ 5,333,428
Corporate debt securities	2,533,546	2,662,938	1,859,099	1,656,980
Equity securities	9,979,451	17,071,843	10,884,674	17,484,267
Money market funds	832,495	832,495	817,665	885,836
Mutual funds	6,594,964	7,004,981	6,530,126	7,512,641
Commonfund (pooled investment funds)				
Multi-Strategy Bond Fund	1,104,729	1,233,573	1,094,751	1,161,497
Intermediate Term Fund	2,143,010	2,084,868	2,109,881	2,005,325
Equity Index Fund	5,773,864	11,999,566	5,763,876	11,182,100
<b>Total</b>	<b>\$ 35,325,557</b>	<b>\$ 49,679,752</b>	<b>\$ 34,277,073</b>	<b>\$ 47,222,074</b>

The University's investment balances as of June 30, 2020 and 2019 include \$30,605,974 and \$29,267,498, respectively, which represent unrestricted net position designated by the Board of Trustees (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 2020 and 2019.

At June 30, 2020, 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:

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Credit Risk - continued*

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	\$ 6,789,488	\$ 571,968	\$ 3,084,189	\$ 3,133,331	\$ -						
Corporate Debt Securities	<u>2,662,938</u>	<u>263,202</u>	<u>1,155,814</u>	<u>945,632</u>	<u>298,290</u>						
<b>Total</b>	<b>\$ 9,452,426</b>	<b>\$ 835,170</b>	<b>\$ 4,240,003</b>	<b>\$ 4,078,963</b>	<b>\$ 298,290</b>						

Investment Type	Credit Rating											
	Fair Value	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	NR
U.S. Treasury Notes and Government Securities	\$ 6,789,488	\$ 6,789,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Debt Securities	<u>2,662,938</u>	<u>40,676</u>	<u>25,159</u>	<u>116,037</u>	<u>243,550</u>	<u>252,608</u>	<u>594,650</u>	<u>472,597</u>	<u>455,166</u>	<u>247,270</u>	<u>151,748</u>	<u>63,477</u>
<b>Total</b>	<b>\$ 9,452,426</b>	<b>\$ 6,830,164</b>	<b>\$ 25,159</b>	<b>\$ 116,037</b>	<b>\$ 243,550</b>	<b>\$ 252,608</b>	<b>\$ 594,650</b>	<b>\$ 472,597</b>	<b>\$ 455,166</b>	<b>\$ 247,270</b>	<b>\$ 151,748</b>	<b>\$ 63,477</b>

At June 30, 2019, 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	\$ 5,333,428	\$ 311,301	\$ 4,135,309	\$ 796,428	\$ 90,390						
Corporate Debt Securities	<u>1,656,980</u>	<u>24,965</u>	<u>946,987</u>	<u>653,863</u>	<u>31,165</u>						
<b>Total</b>	<b>\$ 6,990,408</b>	<b>\$ 336,266</b>	<b>\$ 5,082,296</b>	<b>\$ 1,450,291</b>	<b>\$ 121,555</b>						

Investment Type	Credit Rating										
	Fair Value	AAA	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	NR
U.S. Treasury Notes and Government Securities	\$ 5,333,428	\$ 5,333,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Debt Securities	<u>1,656,980</u>	<u>30,781</u>	<u>102,195</u>	<u>10,245</u>	<u>236,553</u>	<u>558,373</u>	<u>136,245</u>	<u>201,887</u>	<u>271,524</u>	<u>86,807</u>	<u>22,370</u>
<b>Total</b>	<b>\$ 6,990,408</b>	<b>\$ 5,364,209</b>	<b>\$ 102,195</b>	<b>\$ 10,245</b>	<b>\$ 236,553</b>	<b>\$ 558,373</b>	<b>\$ 136,245</b>	<b>\$ 201,887</b>	<b>\$ 271,524</b>	<b>\$ 86,807</b>	<b>\$ 22,370</b>

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Credit Risk - continued*

The following is a summary of the funds included within cash and equivalents and investments:

Type of Cash Equivalent or Investment	Fund Name	Investment Value		Investment Description	Investment Objective	Weighted Average Maturity		Effective Duration		Average Credit Quality Rating	
		2020	2019			2020	2019	2020	2019	2020	2019
Money market funds	State Street Institutional U.S. Government Money Market	\$ 166,312	\$ 136,891	Invests in U.S. Government securities and securities issued by the Government National Mortgage Association ("GNMA")	Maximize current income consistent with the preservation of capital and liquidity, and the maintenance of a stable \$1.00 per share net asset value	37 days	33 days	N/A	N/A	AAAm	AAAm
Money market funds	First American Government Obligation Fund	\$ 666,183	\$ 748,945	Invests primarily in U.S. Government securities and repurchase agreements collateralized by such obligations	Maximize current income and daily liquidity	44 days	27 days	N/A	N/A	AAAm	AAAm
Mutual funds	MMDT Short Term Bond Portfolio	\$ 2,309,423	\$ 2,186,629	Invests in a diversified portfolio of investment-grade, short-term, fixed-income securities	Generate long-term performance exceeding the Barclays 1-5 Year Government/Credit Bond Index	2.8 years	2.8 years	2.7 years	2.6 years	AAA	AAA
Pooled investment funds	Commonfund Intermediate Term Fund	\$ 2,084,868	\$ 2,005,325	Invests in high-quality fixed-income securities with maturities generally ranging from 1-3 years. The fund may, however, invest in high-quality fixed-income securities with maturities ranging from one day to 30 years.	Exceed the performance of the Merrill Lynch 1-3 Year Treasury Index	2.4 years	2.3 years	1.9 years	1.4 years	AA	AA
Pooled investment funds	Commonfund Multi-Strategy Bond Fund	\$ 1,233,573	\$ 1,161,497	Invests in debt securities across strategies in proportions that are considered to be optimal for a fully diversified fixed-income portfolio. The majority of the fund's assets are invested in traditional core strategies with diversification achieved through exposure to global bonds, inflation-indexed bonds, high yield bonds, private debt and other credit-oriented strategies and relative value/absolute return strategies.	Exceed the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index	N/A	N/A	5.4 years	4.6 years	A	A-
Pooled investment funds	Commonfund Equity Fund	\$11,999,566	\$11,182,100	Invests in equity securities across strategies in proportions that are considered to be optimal for a fully diversified equity portfolio.	Replicate the returns of the S&P 500 Index	N/A	N/A	N/A	N/A	N/A	N/A

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2020 and 2019:

	<b>2020</b>		<b>2019</b>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes and Government Securities	\$ 1,433,605	\$ 1,548,297	\$ 1,344,650	\$ 1,370,063
Corporate debt securities	887,877	939,324	724,567	736,382
Municipal debt securities	20,104	16,047	45,567	40,808
Equity securities	2,307,248	4,049,981	3,032,408	5,137,589
Money market funds	851,065	851,065	744,181	744,181
Mutual funds	3,995,950	4,439,432	2,860,162	3,265,320
Private equity	<u>25,662</u>	<u>24,548</u>	-	-
Total	<u>\$ 9,521,511</u>	<u>\$ 11,868,694</u>	<u>\$ 8,751,535</u>	<u>\$ 11,294,343</u>

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

	<u>2020</u>	<u>2019</u>
Current Assets:		
Investments	\$ 8,967,430	\$ 8,562,033
Noncurrent Assets:		
Endowment investments	<u>2,901,264</u>	<u>2,732,310</u>
Total	<u>\$ 11,868,694</u>	<u>\$ 11,294,343</u>

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Credit Risk - continued*

At June 30, 2020, 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	\$ 1,548,298	\$ 85,139	\$ 244,074	\$ 1,210,112	\$ 8,973	AAA
Corporate Debt Securities	939,323	50,386	660,812	146,246	81,879	Varies
Municipal Debt Securities	<u>16,047</u>	<u>-</u>	<u>16,047</u>	<u>-</u>	<u>-</u>	Varies
Total	<u>\$ 2,503,668</u>	<u>\$ 135,525</u>	<u>\$ 920,933</u>	<u>\$ 1,356,358</u>	<u>\$ 90,852</u>	

At June 30, 2019, 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	\$ 1,370,063	\$ 74,770	\$ 1,006,848	\$ 277,862	\$ 10,583	AAA
Corporate Debt Securities	736,382	65,790	436,507	218,764	15,321	Varies
Municipal Debt Securities	<u>40,808</u>	<u>-</u>	<u>20,269</u>	<u>10,168</u>	<u>10,371</u>	Varies
Total	<u>\$ 2,147,253</u>	<u>\$ 140,560</u>	<u>\$ 1,463,624</u>	<u>\$ 506,794</u>	<u>\$ 36,275</u>	

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 Foundations' 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.



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Credit Risk - continued*

- 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.

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, 2020 and 2019, 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, 2020:

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Credit Risk - continued*

	<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	\$ -	\$ 6,789,488	\$ -	\$ 6,789,488
Corporate Debt Securities	-	2,662,938	-	2,662,938
Equity Securities	17,071,843	-	-	17,071,843
Money Market Funds	832,495	-	-	832,495
Mutual Funds	<u>7,004,981</u>	<u>-</u>	<u>-</u>	<u>7,004,981</u>
	<u>\$ 24,909,319</u>	<u>\$ 9,452,426</u>	<u>\$ -</u>	<u>34,361,745</u>
Investments measured at the net asset value ("NAV"):				
Multi-Strategy Bond Fund				1,233,573
Intermediate Term Fund				2,084,868
Equity Index Fund				<u>11,999,566</u>
Total Investments Measured at the NAV				<u>15,318,007</u>
Total Investments Measured at Fair Value				<u>\$ 49,679,752</u>

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2019:

	<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	\$ -	\$ 5,333,428	\$ -	\$ 5,333,428
Corporate Debt Securities	-	1,656,980	-	1,656,980
Equity Securities	17,484,267	-	-	17,484,267
Money Market Funds	885,836	-	-	885,836
Mutual Funds	<u>7,512,641</u>	<u>-</u>	<u>-</u>	<u>7,512,641</u>
	<u>\$ 25,882,744</u>	<u>\$ 6,990,408</u>	<u>\$ -</u>	<u>32,873,152</u>
Investments measured at the net asset value ("NAV"):				
Multi-Strategy Bond Fund				1,161,497
Intermediate Term Fund				2,005,325
Equity Index Fund				<u>11,182,100</u>
Total Investments Measured at the NAV				<u>14,348,922</u>
Total Investments Measured at Fair Value				<u>\$ 47,222,074</u>

The University's investments measured at the net asset value ("NAV") are as follows at June 30, 2020:

	<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	\$ 1,233,573	\$ -	Monthly	5 days
Intermediate Term Fund	2,084,868	-	Monthly	5 days
Equity Index Fund	<u>11,999,566</u>	<u>-</u>	Daily	Daily by 3 p.m. EST
Total Investments Measured at the NAV	<u>\$ 15,318,007</u>			

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2019:

	<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	\$ 1,161,497	\$ -	Monthly	5 days
Intermediate Term Fund	2,005,325	-	Monthly	5 days
Equity Index Fund	<u>11,182,100</u>	<u>-</u>	Daily	Daily by 3 p.m. EST
Total Investments Measured at the NAV	<u>\$ 14,348,922</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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes and Government Securities	\$ 1,003,948	\$ 544,349	\$ -	\$ 1,548,297
Corporate Debt Securities	-	939,324	-	939,324
Municipal Debt Securities	-	16,047	-	16,047
Equity Securities	4,074,529	-	-	4,074,529
Money Market Funds	851,065	-	-	851,065
Mutual Funds	<u>-</u>	<u>4,439,432</u>	<u>-</u>	<u>4,439,432</u>
 Total Investments Measured at Fair Value	 <u>\$ 5,929,542</u>	 <u>\$ 5,939,152</u>	 <u>\$ -</u>	 <u>\$ 11,868,694</u>

FSU Foundation's investments at fair value measurement are as follows at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes and Government Securities	\$ 576,602	\$ 793,461	\$ -	\$ 1,370,063
Corporate Debt Securities	-	736,382	-	736,382
Municipal Debt Securities	-	40,808	-	40,808
Equity Securities	5,137,589	-	-	5,137,589
Money Market Funds	744,181	-	-	744,181
Mutual Funds	<u>-</u>	<u>3,265,320</u>	<u>-</u>	<u>3,265,320</u>
 Total Investments Measured at Fair Value	 <u>\$ 6,458,372</u>	 <u>\$ 4,835,971</u>	 <u>\$ -</u>	 <u>\$ 11,294,343</u>

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 4 - **Accounts Receivable**

The University's accounts receivable includes the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Student accounts receivable	\$ 5,227,085	\$ 4,171,469
Grants receivable	437,834	211,091
Parking fines receivable	349,396	317,816
Commissions receivable	3,742	54,327
Due from Warren Center	-	157,225
Due from the FSU Foundation	<u>21,341</u>	<u>186,852</u>
	<b>6,039,398</b>	5,098,780
Less: allowance for doubtful accounts	<u>(2,112,242)</u>	<u>(1,761,383)</u>
 Total	 <u><b>\$ 3,927,156</b></u>	 <u><b>\$ 3,337,397</b></u>

The FSU Foundation has an offsetting payable to the University in the amount of \$21,341 and \$186,852 at June 30, 2020 and 2019, respectively. This balance is recorded within the FSU Foundation's accounts payable and accrued liabilities line on the accompanying Statements of Net Position.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 5 - **Loans Receivable and Payable**

Loans receivable include the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Perkins loans receivable	\$ 1,433,169	\$ 1,757,704
Emergency student loans receivable	<u>1,514</u>	<u>1,686</u>
	<u>\$ 1,434,683</u>	<u>\$ 1,759,390</u>

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 \$1,531,991 and \$1,920,240 at June 30, 2020 and 2019, 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, 2020 and 2019**

Note 6 - **Capital Assets**

Capital assets activity of the University for the year ended June 30, 2020 is as follows:

	<u>Totals</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reclassification*</u> <u>and</u> <u>Reductions</u>	<u>Totals</u> <u>June 30, 2020</u>
Capital Assets:				
Non-Depreciable Capital Assets:				
Land	\$ 3,201,215	\$ -	\$ -	\$ 3,201,215
Construction in progress	<u>4,039,908</u>	<u>2,920,864</u>	<u>(4,402,128)</u>	<u>2,558,644</u>
Total Non-Depreciable Assets	<u>7,241,123</u>	<u>2,920,864</u>	<u>(4,402,128)</u>	<u>5,759,859</u>
Depreciable Capital Assets:				
Land improvements	9,948,517	-	1,186,798	11,135,315
Buildings	112,006,448	-	-	112,006,448
Building improvements	80,487,420	74,000	3,144,992	83,706,412
Equipment	7,097,177	309,476	70,338	7,476,991
Library materials	<u>230,100</u>	<u>-</u>	<u>(230,100)</u>	<u>-</u>
Total Depreciable Assets	<u>209,769,662</u>	<u>383,476</u>	<u>4,172,028</u>	<u>214,325,166</u>
Total Capital Assets	<u>217,010,785</u>	<u>3,304,340</u>	<u>(230,100)</u>	<u>220,085,025</u>
Less: accumulated depreciation				
Land improvements	4,634,282	490,740	-	5,125,022
Buildings	35,314,661	2,182,975	-	37,497,636
Building improvements	35,955,170	4,209,986	-	40,165,156
Equipment	<u>5,950,030</u>	<u>562,343</u>	<u>-</u>	<u>6,512,373</u>
Total Accumulated Depreciation	<u>81,854,143</u>	<u>7,446,044</u>	<u>-</u>	<u>89,300,187</u>
Capital Assets, Net	<u>\$ 135,156,642</u>	<u>\$ (4,141,704)</u>	<u>\$ (230,100)</u>	<u>\$ 130,784,838</u>

\* At June 30, 2020, the University wrote off \$230,100 of aged library materials. Also, construction costs incurred for the University's McCarthy chiller, Maple Street fields track and turf improvements, and other facility improvements were included in construction in progress and subsequently transferred to capital asset additions upon completion during the year ended June 30, 2020.



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 6 - **Capital Assets - Continued**

Capital assets activity of the University for the year ended June 30, 2019 is as follows:

	<b>Totals</b>		<b>Reclassification*</b>	
	<b><u>June 30, 2018</u></b>	<b><u>Additions</u></b>	<b><u>and</u></b>	<b><u>Totals</u></b>
			<b><u>Reductions</u></b>	<b><u>June 30, 2019</u></b>
Capital Assets:				
Non-Depreciable Capital Assets:				
Land	\$ 3,201,215	\$ -	\$ -	\$ 3,201,215
Construction in progress	<u>4,818,305</u>	<u>6,181,049</u>	<u>(6,959,446)</u>	<u>4,039,908</u>
Total Non-Depreciable Assets	<u>8,019,520</u>	<u>6,181,049</u>	<u>(6,959,446)</u>	<u>7,241,123</u>
Depreciable Capital Assets:				
Land improvements	9,948,517	-	-	9,948,517
Buildings	112,006,448	-	-	112,006,448
Building improvements	73,527,974	-	6,959,446	80,487,420
Equipment	7,097,177	-	-	7,097,177
Library materials	<u>2,021,944</u>	<u>36,702</u>	<u>(1,828,546)</u>	<u>230,100</u>
Total Depreciable Assets	<u>204,602,060</u>	<u>36,702</u>	<u>5,130,900</u>	<u>209,769,662</u>
Total Capital Assets	<u>212,621,580</u>	<u>6,217,751</u>	<u>(1,828,546)</u>	<u>217,010,785</u>
Less: accumulated depreciation				
Land improvements	4,153,649	480,633		4,634,282
Buildings	33,131,686	2,182,975		35,314,661
Building improvements	32,072,529	3,882,641		35,955,170
Equipment	5,384,880	565,150		5,950,030
Library materials	<u>-</u>	<u>383,466</u>	<u>(383,466)</u>	<u>-</u>
Total Accumulated Depreciation	<u>74,742,744</u>	<u>7,494,865</u>	<u>(383,466)</u>	<u>81,854,143</u>
Capital Assets, Net	<u>\$ 137,878,836</u>	<u>\$ (1,277,114)</u>	<u>\$ (1,445,080)</u>	<u>\$ 135,156,642</u>

\* At June 30, 2019, the University wrote off \$1,445,080 of aged library materials. Also, construction costs incurred for the University's McCarthy Dining Hall improvements, the Utility Tunnel improvements, and other facility improvements were included in construction in progress and subsequently transferred to capital asset additions upon completion during the year ended June 30, 2019.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2020 and 2019.

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

Accounts payable and accrued liabilities include the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accounts payable - trade	\$ 2,228,461	\$ 1,123,556
Salaries and fringe benefits payable	<u>2,052,219</u>	<u>2,204,002</u>
	<u>\$ 4,280,680</u>	<u>\$ 3,327,558</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, 2020 and 2019. Based upon the Commonwealth's analyses, \$425,703 and \$494,835 of accrued workers' compensation has been recorded as a liability at June 30, 2020 and 2019, respectively.

Note 9 - **Accrued Compensated Absences**

Accrued compensated absences are comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Vacation time payable	\$ 3,523,120	\$ 3,236,863
Sick time payable	<u>2,824,458</u>	<u>2,722,397</u>
	<u>\$ 6,347,578</u>	<u>\$ 5,959,260</u>

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 10 - **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, 2020 of \$3,868,872 will be paid from the University's fiscal 2021 State appropriations. The total amount due at June 30, 2019 of \$4,190,350 was paid from the University's fiscal 2020 State appropriations.

Note 11 - **Deferred Inflows of Resources from Service Concession Arrangement**

In September 2017, the University entered into a service concession arrangement 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 provides for payments to the University totaling \$280,000. These payments shall be made to the University by Sodexo in four installments of \$70,000 per year for fiscal years 2019 through 2022. The University received the first payment during the year ended June 30, 2019. If the agreement is extended in FY22, there will be additional payments due to the University. 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 specified percentages of 2.75% to 10% of specified sales receipts from the food services operation and various other contributions totaling \$41,500 per year as more fully described in the arrangement.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 11 - **Deferred Inflows of Resources from Service Concession Arrangement - Continued**

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.

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 the service concession arrangement amounted to \$1,758,000 and \$2,172,000 at June 30, 2020 and 2019, respectively, which consists of the unamortized balances of the service concession arrangement 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 \$414,000 and \$290,000 has been recognized in capital grant revenue in the accompanying statement of revenues and expenses for the years ended June 30, 2020 and 2019, respectively.

The University reports the carrying value of the capital assets relating to the service concession arrangements of approximately \$2,736,000 and \$2,880,000 at June 30, 2020 and 2019, respectively. Depreciation on these capital assets amounted to \$144,000 during the year ended June 30, 2020. There was no depreciation on these capital assets during the year ended June 30, 2019.

Note 12 - **Interagency 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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

The following table summarizes the University's Interagency payables as of June 30, 2020:

	<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 2003A	3/1/2003	2,275,000	2.00-5.25	5/1/2033	3.97	\$ 1,488,419	\$ -	\$ 1,488,419
MSCBA Series 2005A	3/1/2005	7,835,000	3.50-5.00	5/1/2026	3.99	3,143,693	-	3,143,693
MSCBA Series 2006A	3/1/2006	1,545,000	3.50-5.00	5/1/2026	4.44	637,123	-	637,123
MSCBA Series 2008A	3/1/2008	870,000	3.00-5.00	5/1/2028	4.19	426,390	14,013	440,403
MSCBA Series 2009A	1/1/2009	5,899,009	3.00-5.30	5/1/2029	4.84	3,409,423	37,667	3,447,090
MSCBA Series 2009 Land	10/1/2009	685,000	3.00-5.30	5/1/2029	5.04	402,060	9,372	411,432
MDF A Series 2010A-5	6/1/2010	177,705	3.50	5/1/2027	3.61	83,626	-	83,626
MSCBA Series 2010B	12/1/2010	11,095,000	5.79-6.54	5/1/2035	3.64	11,095,000	-	11,095,000
DCAMM CEIP Funds-Phase I	7/1/2011	373,537	4.50	1/1/2032	4.54	261,851	-	261,851
DCAMM CEIP Funds-Phase I	7/1/2011	3,711,166	4.00	1/1/2027	4.06	2,003,408	-	2,003,408
MSCBA Series 2012C	12/1/2012	4,155,000	2.00-5.00	5/1/2032	3.27	2,980,000	224,954	3,204,954
MSCBA Series 2014A	1/1/2014	3,185,000	2.00-5.00	5/1/2033	4.83	2,505,000	249,484	2,754,484
MSCBA Series 2014C	12/1/2014	680,000	3.00-5.00	5/1/2034	4.92	565,000	86,409	651,409
MSCBA Series 2019A	1/23/2019	<u>1,225,000</u>	3.00-5.00	5/1/2039	3.61	<u>1,195,000</u>	<u>67,500</u>	<u>1,262,500</u>
		<u>\$ 43,711,417</u>				<u>\$ 30,195,993</u>	<u>\$ 689,399</u>	<u>\$ 30,885,392</u>

\*Effective Interest Rates 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 Interagency payables as of June 30, 2019:

	<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 2003A	3/1/2003	2,275,000	2.00-5.25	5/1/2033	3.97	\$ 1,560,000	\$ -	\$ 1,560,000
MSCBA Series 2005A	3/1/2005	7,835,000	3.50-5.00	5/1/2026	3.99	3,470,000	-	3,470,000
MSCBA Series 2006A	3/1/2006	1,545,000	3.50-5.00	5/1/2026	4.44	700,000	28,948	728,948
MSCBA Series 2008A	3/1/2008	870,000	3.00-5.00	5/1/2028	4.19	490,000	15,802	505,802
MSCBA Series 2009A	1/1/2009	5,899,009	3.00-5.30	5/1/2029	4.84	3,595,368	41,932	3,637,300
MSCBA Series 2009 Land	10/1/2009	685,000	3.00-5.30	5/1/2029	5.04	425,000	10,386	435,386
MDF A Series 2010A-5	6/1/2010	177,705	3.50	5/1/2027	3.61	83,626	-	83,626
MSCBA Series 2010B	12/1/2010	11,095,000	5.79-6.54	5/1/2035	3.64	11,095,000	-	11,095,000
DCAMM CEIP Funds-Phase I	7/1/2011	373,537	4.50	1/1/2032	4.54	278,054	-	278,054
DCAMM CEIP Funds-Phase I	7/1/2011	3,711,166	4.00	1/1/2027	4.06	2,247,301	-	2,247,301
MSCBA Series 2012C	12/1/2012	4,155,000	2.00-5.00	5/1/2032	3.27	3,180,000	243,906	3,423,906
MSCBA Series 2014A	1/1/2014	3,185,000	2.00-5.00	5/1/2033	4.83	2,640,000	268,929	2,908,929
MSCBA Series 2014C	12/1/2014	680,000	3.00-5.00	5/1/2034	4.92	595,000	92,658	687,658
MSCBA Series 2019A	1/23/2019	<u>1,225,000</u>	3.00-5.00	5/1/2039	3.61	<u>1,225,000</u>	<u>71,250</u>	<u>1,296,250</u>
		<u>\$ 43,711,417</u>				<u>\$ 31,584,349</u>	<u>\$ 773,811</u>	<u>\$ 32,358,160</u>

\*Effective Interest Rates 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, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MSCBA Series 2003A Bond Issuance**

On March 1, 2003, the University signed a financing agreement in an original amount of \$2,275,000 from a MSCBA bond issuance. These funds, 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. This obligation will be repaid solely by the University.

As of June 30, 2020 and 2019, MSCBA held debt service funds in the amount of \$160,187 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and cash equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

In fiscal year 2020 this bond was refinanced with the Series 2019C bonds resulting in an economic gain of \$248,030 and an immaterial deferred gain. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting May 1, 2020 and ending May 1, 2033, at an annual variable coupon rate ranging from 1.69% to 2.89%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2020 and 2019, the balance on these bonds was \$1,488,419 and \$1,560,000, respectively.

**MSCBA Series 2005A Bond Issuance**

During March 2005, the University signed a financing agreement to receive \$7,835,000 from a MSCBA bond issuance. These funds, 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. This obligation will be repaid solely by the University through University operations.

In fiscal year 2020 this bond was refinanced with the Series 2019C bonds resulting in an economic gain of \$230,163 and an immaterial deferred loss. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting May 1, 2020 and ending May 1, 2026, at an annual variable coupon rate ranging from 1.69% to 2.26%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2020 and 2019, the balance on these bonds was \$3,143,693 and \$3,470,000, respectively.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MSCBA Series 2006A Bond Issuance**

During March 2006, the University signed a financing agreement to receive \$1,545,000 from a MSCBA bond issuance. These funds were used for the renovation of the McCarthy Center (the "Project") at the University. This obligation will be repaid solely by the University through University operations.

As of June 30, 2020 and 2019, MSCBA held debt service reserve funds in the amount of \$108,631 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

In fiscal year 2020 this bond was refinanced with the Series 2019C bonds resulting in an economic gain of \$38,156 and an immaterial deferred loss. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting May 1, 2020 and ending May 1, 2026, at an annual variable coupon rate ranging from 1.69% to 2.26%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2020 and 2019, the balance on these bonds was \$637,123 and \$700,000, respectively.

**MSCBA Series 2008A Bond Issuance**

During March 2008, the University signed a financing agreement to receive \$870,000 from a MSCBA bond issuance. These funds were used for the renovation of the McCarthy Center (the "Project") at the University. This obligation will be repaid solely by the University through University operations.

As of June 30, 2020 and 2019, MSCBA held debt service reserve funds in the amount of \$89,285 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MSCBA Series 2008A Bond Issuance - Continued**

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2028. 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.

**MSCBA Series 2009A Bond Issuance**

During January 2009, the University signed a financing agreement to receive \$5,899,009 from a MSCBA bond issuance. These funds have been used for a parking facility (the "Project") at the University and for a new roof on O'Connor Hall. This obligation will be repaid solely by the University through University operations.

As of June 30, 2020 and 2019, MSCBA held debt service reserve funds in the amount of \$212,056 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. 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. The final principal payment is due on May 1, 2029. 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 5.30% over the term of the debt to maturity. The effective interest rate at June 30, 2020 and 2019, respectively, reflects interest savings as a result of a bond refunding.



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MSCBA Series 2009A Bond Issuance**

During October 2009, the MSCBA transferred land (the "Project") acquired with bond proceeds and the associated debt in the amount of \$685,000 to the University pursuant to a financing agreement. This obligation will be repaid solely by the University through University operations.

As of June 30, 2020 and 2019, MSCBA held debt service reserve funds in the amount of \$9,526 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. 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. The final principal payment is due on May 1, 2029. 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 5.30% over the term of the debt to maturity. The effective interest rate at June 30, 2020 and 2019, respectively, reflects interest savings as a result of a bond refunding.

**MDFA CREBS Bond Issuance**

During June 2010, the University signed a financing agreement to receive \$177,705 from a MDFA New Clean Renewable Energy Bonds ("CREBS") issuance. These funds are being used for the installation of solar photovoltaic panels on the Student Center and Athletic Center. This obligation will be repaid solely by the University through University operations.

As of June 30, 2020 and 2019, unexpended debt proceeds held by Century Bancorp, Inc. related to the debt issue and the Project are \$18,305 and \$18,281, respectively, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MDFA CREBS Bond Issuance - Continued**

The University is required to make annual principal payments on the CREBS debt each May 1. The final principal payment is due on May 1, 2027. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule using a 3.50% interest rate over the term of the debt to maturity.

**MSCBA Series 2010B Bond Issuance**

During December 2010, the University signed a financing agreement to receive \$11,095,000 from a MSCBA 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.

As of June 30, 2020 and 2019, MSCBA held debt service reserve funds in the amount of \$965,564 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. 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, commencing 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.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**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.

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 2012C Bond Issuance**

During December 2012, the University signed financing agreements to receive an aggregate amount of \$4,155,000 from a MSCBA bond issuance (in the separate amounts of \$1,890,000 and \$2,265,000). The \$1,890,000 bond, net of a bond issue premium, bond issue costs, and a debt service reserve fund, is being used for the renovation of the Hemenway Science Center, including the relocation of the Planetarium to O'Connor Hall. The \$2,265,000 bond, net of a bond issue premium, bond issue costs, and a debt service reserve fund, is being used for the expansion of the McCarthy Center. These obligations will be repaid solely by the University through University operations.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MSCBA 2012C Bond Issuance - Continued**

As of June 30, 2020 and 2019, MSCBA held debt service reserve funds related to the 2012C bond in the amount of \$69,848 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

In accordance with an amended funding agreement among MSCBA, DCAMM and the University, the University transferred \$270,000 to DCAMM in July 2013 in association with the Hemenway Science Center project. As of June 30, 2018, DCAMM had expended the remaining funds.

The University is required to make annual principal payments on the debt each May 1, commencing on May 1, 2014. The final principal payments are due on May 1, 2032. 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.

**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.

As of June 30, 2020 and 2019, the MSCBA held debt service reserve funds in the amount of \$194,330 each year. The final principal payment is due on May 1, 2039. The University is required to make annual principal payments on the debt each May 1, commencing on May 1, 2015. The final principal payment is due on May 1, 2033. 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.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**MSCBA 2014A Bond Issuance - Continued**

The amounts held by MSCBA are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. 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, 2020 and 2019, the MSCBA held debt service reserve funds in the amount of \$44,781 each year, which are included in the accompanying statements of net position at June 30, 2020 and 2019, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. 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.

**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, bond issue costs, and a debt service reserve fund, 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.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency 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>
2021	\$ 1,765,132	\$ 55,458	\$ 1,820,590	\$ 1,018,303	\$ 2,838,893
2022	1,848,208	55,458	1,903,666	958,276	2,861,942
2023	2,347,867	55,458	2,403,325	889,931	3,293,256
2024	2,531,215	55,458	2,586,673	828,491	3,415,164
2025	2,650,805	55,458	2,706,263	760,269	3,466,532
2026-2030	12,747,333	267,662	13,014,995	2,498,880	15,513,875
2031-2035	5,985,433	133,203	6,118,636	630,810	6,749,446
2036-2039	320,000	11,244	331,244	26,820	358,064
	<u>30,195,993</u>	<u>689,399</u>	<u>30,885,392</u>	<u>7,611,780</u>	<u>38,497,172</u>
Total	<u>\$ 30,195,993</u>	<u>\$ 689,399</u>	<u>\$ 30,885,392</u>	<u>\$ 7,611,780</u>	<u>\$ 38,497,172</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, 2020 and 2019, amounts held by MSCBA representing the unexpended portion of the University's contributions, totaled \$189,370 and \$641,594, respectively, all of which is included in noncurrent restricted cash and equivalents in the accompanying 2020 and 2019 statements of net position.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 12 - **Interagency Payables - Continued**

**Other Interagency Activity - Continued**

As of June 30, 2020 and 2019, construction costs funded during the year by the University's equity contributions and bond issuance funds amounted to \$323,638 and \$819,700, respectively.

<u>Project Number</u>	<u>Project Name</u>	<u>Amount Paid in</u> <u>2020</u>	<u>Amount Paid in</u> <u>2019</u>
FRC1957	Crocker Hall	\$ 125,736	\$ 112,961
FRC1958	Campus Electrical Improvements	72,062	15,092
FRC1950	Hemenway Hall	44,311	15,400
FRC1959	May Hall	41,862	-
CO1953	Athletic Fields	-	339,950
CO1951	Dwight Hall	-	171,035
FRA0802-17	Chiller Plant	-	144,056
Various Miscellaneous Projects		<u>39,667</u>	<u>21,206</u>
		<u>\$ 323,638</u>	<u>\$ 819,700</u>

Note 13 - **Line of Credit**

On May 1, 2018, the University entered into an unsecured revolving line of credit agreement with MutualOne Bank which permits the University to borrow up to \$150,000 for a term of five years. The line of credit provides 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, 2020 and 2019, the interest rates were 3.50% and 5.75%, respectively. Interest-only payments are required on any line of credit balances outstanding. As of June 30, 2020, no amounts have been drawn on the line of credit.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 14 - **Long-Term Liabilities**

Long-term liabilities activity for the year ended June 30, 2020 included the following:

	(Restated)			<u>Totals June 30, 2020</u>	
	Totals			Ending	Current
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>
Interagency payables	\$ 32,358,160	\$ -	\$ 1,472,768	\$ 30,885,392	\$ 1,820,590
Other Liabilities:					
Compensated absences	5,959,260	388,318	-	6,347,578	4,086,126
Workers' compensation	494,835	-	69,132	425,703	77,478
Loan payable - federal					
financial assistance	1,920,240	39,567	427,816	1,531,991	-
Net pension liability	16,139,945	-	1,436,765	14,703,180	-
Net OPEB liability	<u>35,317,275</u>	<u>-</u>	<u>7,599,271</u>	<u>27,718,004</u>	<u>-</u>
Total Other Liabilities	<u>59,831,555</u>	<u>427,885</u>	<u>9,532,984</u>	<u>50,726,456</u>	<u>4,163,604</u>
Long-Term Obligations	<u>\$ 92,189,715</u>	<u>\$ 427,885</u>	<u>\$ 11,005,752</u>	<u>\$ 81,611,848</u>	<u>\$ 5,984,194</u>



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 14 - **Long-Term Liabilities - Continued**

Long-term liabilities activity for the year ended June 30, 2019 included the following:

	Totals			Totals June 30, 2019	
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	(Restated) <u>Ending</u>	<u>Current</u>
				<u>Balance</u>	<u>Portion</u>
Interagency payables	\$ 32,641,381	\$ 1,300,000	\$ 1,583,221	\$ 32,358,160	\$ 1,683,860
Other Liabilities:					
Compensated absences	5,784,688	174,572	-	5,959,260	3,838,899
Workers' compensation	448,709	46,126	-	494,835	163,464
Loan payable - federal financial assistance	1,903,986	42,412	26,158	1,920,240	-
Net pension liability	14,961,538	1,178,407	-	16,139,945	-
Net OPEB liability	<u>29,100,266</u>	<u>6,217,009</u>	<u>-</u>	<u>35,317,275</u>	<u>-</u>
Total Other Liabilities	<u>52,199,187</u>	<u>7,658,526</u>	<u>26,158</u>	<u>59,831,555</u>	<u>4,002,363</u>
Long-Term Obligations	<u>\$ 84,840,568</u>	<u>\$ 8,958,526</u>	<u>\$ 1,609,379</u>	<u>\$ 92,189,715</u>	<u>\$ 5,686,223</u>

The DCAMM CEIP debt issuances in the total amount of \$2,265,259 and \$2,525,355 at June 30, 2020 and 2019, respectively, are due in 2032 (see Note 12). Required annual principal payments are expected to be paid each January 1.

Note 15 - **Operating Lease Commitments**

Pursuant to a management and service agreement (the "Agreement") between the University and MSCBA, the University is leasing a parcel of land from MSCBA for student parking and is obligated to make payments for the portion of a debt issuance attributable to the cost of the land. Lease payments are payable May 1 and November 1 each year and continue through May 1, 2019. Rent expense during 2019 related to this lease amounted to \$5,016. There was no rent expense related to this lease during 2020. The University received \$164,825 in parking fees from students during 2019 to offset these lease payments.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **Operating Lease Commitments - Continued**

According to the terms of the Agreement, the University is required to pay annually their portion of fees and expenses attributable to the management and administration of the bond issuance as well as applicable insurance and maintenance costs of the land. The University designated approximately \$63,000 as a pledge for payment under this financial arrangement. A portion of the fees earned by the University from student parking charges is designated for the sole purpose of being applied to the lease payments as they become due. In addition, annual State appropriations or other spending authorizations in the Commonwealth's annual operating budget available on behalf of the University are additionally pledged to secure payment.

On July 2, 2012, the Commonwealth of Massachusetts, acting by and through its Division of Capital Asset Management and Maintenance ("DCAMM") on behalf of the University, entered into a lease agreement with the Town of Framingham for new office space located in Framingham, Massachusetts. The leased space is approximately 6,600 square feet. The lease provided for a one-time payment of \$200,000 for the initial three-year term of the lease agreement. The \$200,000 payment was paid in October 2012 and the University occupied the building on August 30, 2012. The lease was for an initial term of three years and expired on the third anniversary of the Date of Occupancy. The original lease allowed for an extension for a term not to exceed five years in the aggregate pursuant to mutually agreed upon provisions by the landlord and the University. The Town of Framingham sold the property to the Danforth Museum Corporation. On September 1, 2015, the lease was extended with the Danforth Museum Corporation effective September 15, 2015 for a term of three years, expiring in September 2018, pursuant to mutually agreed upon provisions by the landlord and the University. The lease provided for a minimum annual base rent of \$72,000 for the initial year of the lease agreement and increases to \$74,520 for year two and \$77,128 for year three of the lease agreement.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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 \$19,692,683 and \$15,240,977 at June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, of the total designated unrestricted net position, \$30,605,974 and \$29,267,498, 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 (see Note 2). Undesignated unrestricted net position (deficiency) was \$(5,855,809) and \$666,813 at June 30, 2020 and 2019, respectively.

The University's net investment in capital assets consists of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Non-depreciable capital assets	\$ 5,759,859	\$ 7,241,123
Depreciable capital assets	<u>125,024,979</u>	<u>127,915,519</u>
Total capital assets, net	<b>130,784,838</b>	135,156,642
Long-term debt related to capital assets		
Interagency payables	<b>(29,064,825)</b>	(30,674,300)
Current debt related to capital assets		
Interagency payables	<b>(1,820,590)</b>	(1,683,860)
Other:		
Unspent proceeds on debt related to capital assets	<b>91,913</b>	49,173
Debt service reserve	<b>1,854,208</b>	1,854,208
Debt used to pay bond issuance costs	<u>370,026</u>	<u>387,670</u>
Total Investment in Capital Assets	<b><u>\$ 102,215,570</u></b>	<b><u>\$ 105,089,533</u></b>

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

FSU Foundation's statements of net position as of June 30, 2020 and 2019, reflect a net position with donor restrictions of \$5,317,872 and \$5,214,018, respectively. Of these amounts, \$410,425 and \$487,969 in fiscal years 2020 and 2019, respectively, are restricted by enabling legislation for the State Matching Funds Program.

Note 18 - **Operating Expenses**

The University's operating expenses for the years ended June 30, 2020 and 2019, on a natural classification basis, are comprised of the following:

	<u>2020</u>	(Restated) <u>2019</u>
Salaries:		
Faculty	\$ 24,547,622	\$ 23,634,429
Exempt wages	21,390,930	21,326,489
Non-exempt wages	8,900,313	8,866,603
Benefits	17,743,250	19,788,583
Utilities	3,414,194	3,717,210
Supplies and other services	30,907,194	30,398,416
Depreciation	<u>7,446,044</u>	<u>7,494,865</u>
Total Operating Expenses	<u>\$ 114,349,547</u>	<u>\$ 115,226,595</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, 2020 and 2019**

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

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

*Benefit Provisions*

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

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

*Contributions*

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

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 20 - **Retirement Plan - Continued**

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
1979 to present	An additional 2% of regular compensation in excess of \$30,000

The Commonwealth does not require the University to contribute funding from its local trust funds for employee 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 \$4,600,624, \$3,878,870, and \$3,404,869, for the years ended June 30, 2020, 2019 and 2018, 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 14.08%, 12.06%, and 11.78% of annual covered payroll for the fiscal years ended June 30, 2020, 2019 and 2018, respectively. The University contributed \$1,220,464, \$1,000,513, and \$1,115,600 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2020 and 2019, the University reported a liability of \$14,703,180 and \$16,139,945, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2020, the reporting date, was measured as of June 30, 2019, 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, 2019 rolled forward to June 30, 2019. The net pension liability as of June 30, 2019, the reporting date, was measured as of June 30, 2018, 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, 2018 rolled forward to June 30, 2018.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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 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 2020 and 2019. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2020 and 2019, the University's proportion was 0.100 and 0.122%, respectively.

For the years ended June 30, 2020 and 2019, the University recognized pension expense of \$2,486,337 and \$2,714,975, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	<u>2020</u>	<u>2019</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 1,220,464	\$ 1,000,513
Differences between expected and actual experience	488,296	511,822
Changes in proportion from Commonwealth	25,959	43,529
Changes in plan actuarial assumptions	1,089,864	1,635,683
Changes in proportion due to internal allocation	<u>1,130,353</u>	<u>1,948,503</u>
Total deferred outflows related to pension	<u>\$ 3,954,936</u>	<u>\$ 5,140,050</u>

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 20 - **Retirement Plan - Continued**

	<b>2020</b>	<b>2019</b>
<u>Deferred Inflows of Resources Related to Pension</u>		
Differences between projected and actual investments earnings	\$ <b>219,318</b>	\$ 561,008
Differences between expected and actual experience	<b>191,222</b>	328,933
Changes in proportion from Commonwealth	<b>747</b>	3,068
Changes in proportion due to internal allocation	<u><b>2,283,113</b></u>	<u>283,869</u>
Total deferred inflows related to pension	<u><b>\$ 2,694,400</b></u>	<u>\$ 1,176,878</u>

The University's contributions of \$1,220,464 and \$1,000,513 made during the fiscal years ending 2020 and 2019, 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>	
2021	\$ 336,775
2022	(237,107)
2023	(19,284)
2024	9,873
2025	<u>(50,185)</u>
	<u><b>\$ 40,072</b></u>



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 20 - **Retirement Plan - Continued**

*Actuarial Assumptions*

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

	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2019	June 30, 2018
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	7.25%	7.35%
Interest rate credited to annuity savings fund	3.50%	3.50%

For measurement dates June 30, 2019 and 2018, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females
- Disability - reflects RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct)

The 2020 pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 2019 and rolled forward to June 30, 2019. The 2019 pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 2018 and rolled forward to June 30, 2018.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39.0%	5.0%	39.0%	5.0%
Core Fixed Income	15.0%	0.9%	13.0%	3.7%
Private Equity	13.0%	6.6%	12.0%	0.9%
Portfolio Completion Strategies	11.0%	3.7%	12.0%	6.6%
Real Estate	10.0%	3.8%	10.0%	3.8%
Value Added Fixed Income	8.0%	3.8%	10.0%	3.8%
Timberland/Natural Resources	4.0%	3.4%	4.0%	3.4%
	100.0%		100.0%	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25% and 7.35% at June 30, 2020 and 2019, respectively. 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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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>2020</u> Current		
	<b>1.00% Decrease</b>	<b>Discount Rate</b>	<b>1.00% Increase</b>	
	<b>6.25%</b>	<b>7.25%</b>	<b>8.25%</b>	
Net Pension liability	\$ 19,570,409	\$ 14,703,180	\$ 10,544,366	

		<u>2019</u> Current		
	1.00% Decrease	Discount Rate	1.00% Increase	
	6.35%	7.35%	8.35%	
Net Pension liability	\$ 21,753,948	\$ 16,139,945	\$ 11,342,996	

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

*Plan Description*

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

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

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 21 - **Other Post-Employment Benefits ("OPEB") (Restated) - 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 health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

*Contributions*

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2020 and 2019, and as of the valuation date (January 1, 2019 and 2018), participants contributed 0% to 20%, respectively, 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, 2020 and 2019**

Note 21 - **Other Post-Employment Benefits ("OPEB") (Restated) - 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 7.29% and 8.79% of annual covered payroll for the fiscal years ended June 30, 2020 and 2019, respectively. The University contributed \$632,231 and \$729,569 for the fiscal years ended June 30, 2020 and 2019, 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, 2020 and 2019, the University reported a liability of \$27,718,004 and \$35,317,275, 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, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 and 2018, 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 2019 and 2018. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2019 and 2018 relative to total contributions of all participating employers for the fiscal year. At June 30, 2020 and 2019, the University's proportion was 0.159% and 0.190%, respectively.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

For the years ended June 30, 2020 and 2019, the University recognized OPEB expense of \$1,826,193 and \$3,727,661, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	<b>2020</b>	<b>2019</b>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ <b>632,231</b>	\$ 729,569
Differences between expected and actual experience	<b>1,111,621</b>	344,327
Changes in OPEB plan actuarial assumptions	<b>21,328</b>	33,827
Changes in proportion from Commonwealth	<b>67,585</b>	91,106
Changes in proportion due to internal allocation	<b>5,709,022</b>	7,472,408
Total deferred outflows related to OPEB	<b>\$ 7,541,787</b>	\$ 8,671,237
	<b>2020</b>	<b>2019</b>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Differences between projected and actual earnings on OPEB plan investments	\$ <b>12,748</b>	\$ 70,789
Differences between expected and actual experience	<b>35,495</b>	60,510
Changes in OPEB plan actuarial assumptions	<b>4,168,077</b>	2,979,379
Changes in proportion due to internal allocation	<b>6,378,130</b>	-
Total deferred inflows related to OPEB	<b>\$ 10,594,450</b>	\$ 3,110,678

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

The University's contributions of \$632,231 and \$729,569 made during the fiscal year 2020 and 2019, 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>	
2021	\$(1,049,208)
2022	(1,049,208)
2023	(902,869)
2024	(406,148)
2025	<u>(277,459)</u>
	<u><u>\$ (3,684,892)</u></u>

Actuarial Assumptions

The total OPEB liability for 2020 and 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2019	June 30, 2018
Inflation	2.50%	3.00%
Salary increases	4.0% per year	4.0% per year
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation	7.35%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	7.5%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 & 2024 then decreasing 0.50% each year to an ultimate rate of 4.5% in 2026 for Medical; 5.0% for EGWP through 2025, then 4.5% in 2026; 4.5% for administrative costs	8.0%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 then decreasing 0.25% each year to an ultimate rate of 5.0% in 2025 for Medical; 5.0% for EGWP; 5.0% for administrative costs

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care 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.
- 80% of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	<u>Retirement Age</u>	
	<u>Under 65</u>	<u>Age 65+</u>
Indemnity	25.0%	85.0%
POS/PPO	60.0%	0.0%
HMO	15.0%	15.0%

The actuarial assumptions used in the January 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2017 and 2016 through December 31, 2018 and 2017, depending upon the criteria being evaluated.



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2018 and 2017 actuarial valuations to more closely reflect actual experience as a result of the recent experience study completed by the Public Employee Retirement Administration Commission ("PERAC").

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, 2020 and 2019, are the same as discussed in the pension footnote.

**Discount Rate**

The discount rate used to measure the total OPEB liability for 2020 and 2019 was 3.63% and 3.95%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.51% and 3.87%) 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 2029 and 2025 for the fiscal years 2020 and 2019, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.25% and 7.35%, respectively, 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, 2020 and 2019**

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

<b>2020</b>			
	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.63%	3.63%	4.63%
Net OPEB liability	\$ 33,086,339	\$ 27,718,004	\$ 23,473,524
<b>2019</b>			
	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.92%	3.92%	4.92%
Net OPEB liability	\$ 41,981,013	\$ 35,317,275	\$ 30,030,921

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

2020		
1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ 22,843,137	\$ 27,718,004	\$ 34,149,870
2019		
1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ 29,875,391	\$ 35,317,275	\$ 42,196,717

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, 2020 and 2019**

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Gross State appropriations	\$ 32,705,835	\$ 36,039,605
Add: Fringe benefits for benefited employees on the Commonwealth payroll	11,593,058	11,221,707
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	<u>(123,502)</u>	<u>(151,166)</u>
Net State Appropriations	<u>\$ 44,175,391</u>	<u>\$ 47,110,146</u>

\$44,146,319 and \$42,832,614 represent appropriations for maintenance and payroll during 2020 and 2019, respectively. \$29,072 and \$4,277,532 represent appropriations for capital improvements during 2020 and 2019, respectively. This amount is presented separately in the accompanying statements of revenues and expenses.

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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

The University also participates in the Commonwealth's self-insured programs for employees' workers' compensation, health care 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 7). 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 health care 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 21).

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.

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.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

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.

The vast majority of higher educational institutions transitioned to distance learning during the 2020 spring semester due to the COVID-19 crisis. Many higher educational institutions have been served with a class action lawsuit due to this decision. The plaintiffs' claim that they have suffered academic harm after the 2020 spring semester transitioned to distance learning. Since the lawsuits are in the early stages, there have been no settlements or court decisions on this matter. The University has not been served with a lawsuit related to COVID-19. Management believes that any potential future adverse outcome is possible, but unlikely, and, would not be material to the University.

Note 24 - **Danforth Art Center**

On September 25, 2017, the University, the FSU Foundation, and the Danforth Museum Corporation entered into a Founding Agreement, as amended on October 13, 2017, to create the Danforth Art Center at Framingham State University (the "Art Center"). Under the terms of the agreement, the FSU Foundation acquired the Danforth art collection in the form of a contribution. In exchange, the FSU Foundation, together with the University, have assumed responsibility for the collection, including but not limited to its care, maintenance, storage, protection, preservation, display, management, cataloging, and insurance. The Collection includes approximately 3,000 paintings, sculptures, prints, multimedia, and other works of art. The Danforth Museum building completed its renovations in April 2019. The University began operations in April 2019 and is using the building as a space for art classes, museum galleries for display of the art collection or special exhibitions, and space for administrative and support offices for the Art Center.

Note 25 - **Subsequent Events**

The COVID-19 crisis has created volatility in the financial markets and a significant decrease in the overall economy. The full adverse impact and duration of COVID-19 on the University's finances and operations cannot be determined.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 25 - **Subsequent Events - Continued**

Subsequent to June 30, 2020, the University announced that approximately 75% of its courses in the 2020 fall semester will be taught online, and the maximum capacity of students in the dormitories has been curtailed to meet social distancing guidelines. As a result of the crisis, enrollment and the number of students living in the dormitories for the 2020 fall semester decreased from the 2019 fall semester.

On July 1, 2020 the MSCBA closed on Refunding Revenue Bonds Series 2020A for the purpose of providing budgetary relief to the University. The refunding included several of the University's bonds which will result in no principal payments due for fiscal year 2021 and an additional reduction in principal payments for fiscal year 2022. It is also anticipated the refunding will reduce fiscal year 2021's assessment due to the MSCBA for the University's use of the dormitories.

On July 28, 2020, the University's bond liabilities were reduced by approximately \$2.4 million due to a sale of MSCBA owned property to the Commonwealth of Massachusetts through the Division of Capital Asset Management and Maintenance. Framingham State University has entered into an agreement for continued use of a portion of the property for use of the same number of parking spaces.

**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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	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	0.100%	0.122%	0.117%	0.105%	0.112%	0.084%
Proportionate share of the collective net pension liability	14,703,180	16,139,945	14,961,538	\$ 14,519,987	\$ 12,702,384	\$ 6,196,704
University's covered payroll	\$ 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	177.23%	170.43%	163.22%	181.47%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	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.*

**FRAMINGHAM STATE UNIVERSITY**  
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**Schedule of Contributions - Pension (Unaudited)**

**Massachusetts State Employees' Retirement System**

**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$1,220,464	\$ 1,000,513	\$ 1,115,600	\$ 912,072	\$ 756,143	\$ 698,628
Contributions in relation to the statutorily required contribution	<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>
University's covered payroll	\$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	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, 2020**

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

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

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.

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to Required Supplementary Pension Information - Continued**

**June 30, 2020**

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

Measurement date – June 30, 2015

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

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

The mortality rates were changed as follows:

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

Note 2 - **Other Information**

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

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

**Schedule of Proportionate Share of Net OPEB Liability (Unaudited)**

**Massachusetts State Retirees' Benefit Trust**

Year ended	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.159%	0.190%	0.166%
Proportionate share of the collective net OPEB liability	\$ 27,718,004	\$ 35,317,275	\$ 29,100,266
University's covered payroll	\$ 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	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 632,231	\$ 729,569	\$ 844,642
Contributions in relation to the statutorily required contribution	<u>(632,231)</u>	<u>(729,569)</u>	<u>(844,642)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289
Contribution as a percentage of covered payroll	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, 2020**

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

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.

*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 impact the high cost excise tax.

*Change in Mortality Rates*

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

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

*Change in Discount Rate*

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

**FRAMINGHAM STATE UNIVERSITY**  
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**Notes to Required Supplementary OPEB Information - Continued**

**June 30, 2020**

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

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.

Detained 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**  
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**Residence Hall Fund and Residence Hall Damage Fund (Unaudited)**

**Schedules of Net Position**

**June 30, 2020**

	<b>Assets</b>	
	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
<b>Assets:</b>		
Cash	\$ 2,958,622	\$ 512,725
Accounts Receivable	<u>508,689</u>	<u>25,259</u>
<b>Total Assets</b>	<u><u>\$ 3,467,311</u></u>	<u><u>\$ 537,984</u></u>
	<b>Liabilities and Net Position</b>	
<b>Liabilities:</b>		
Accounts payable	\$ 27,331	\$ -
Salaries and fringe benefits	88,096	-
Compensated absences	-	-
Deferred revenue	1,548,342	-
Deposits	73,500	<u>-</u>
<b>Total Liabilities</b>	<u>1,737,269</u>	<u>-</u>
<b>Net Position</b>	<u>1,730,042</u>	<u>537,984</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 3,467,311</u></u>	<u><u>\$ 537,984</u></u>

*See Independent Auditors' 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**

**For the year ended June 30, 2020**

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
<b>Operating Revenue:</b>		
Student tuition and fees	\$ 12,787,832	\$ 34,025
Less: Scholarship allowances	<u>                  -</u>	<u>                  -</u>
Net Student Tuition and Fees	12,787,832	34,025
Interest	1,190	-
Commissions	38,116	-
Rentals	195,841	-
Auxiliary service fees and other revenue	<u>          7,000</u>	<u>                  -</u>
<b>Total Operating Revenues</b>	<u>13,029,979</u>	<u>34,025</u>
<b>Operating Transfer in (external)</b>	<u>109,688</u>	<u>                  -</u>
<b>Operating Expenses:</b>		
Regular employee compensation	1,452,526	-
Regular employee related expenses	3,865	-
Special employee/contract services	963,956	-
Pension and insurance	546,627	-
Administrative expenses	222,720	-
Facility operating supplies and related expenses	138,201	-
Consultant services	7,266	-
Operational services	18,194	-
Equipment purchases	3,805	-
Equipment lease - purchase, lease, rent, repair	12,284	28,551
Purchased client service and programs	1,346	-
Buildings improvements	469,918	-
Information technology	40,439	-
Scholarships	321,907	-
Loans and special payments	<u>10,008,575</u>	<u>                  -</u>
<b>Total Operating Expenses</b>	<u>\$ 14,211,629</u>	<u>\$ 28,551</u>

*See Independent Auditors' 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, 2020**

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
<b>Operating Transfers Out (External)</b>		
Electricity	\$ 1,663,831	\$ -
Health services reimbursement	70,000	-
Laundry and cleaning	50,000	-
General expenses	<u>3,000</u>	<u>-</u>
<b>Total Operating Transfers Out (External)</b>	<u>1,786,831</u>	<u>-</u>
<b>Non-operating revenues</b>		
Other income - MSCBA	588,530	-
CARES Act funds	<u>421,200</u>	<u>-</u>
<b>Total Non-operating Revenues</b>	<u>1,009,730</u>	<u>-</u>
<b>Increase (Decrease) in Net Position</b>	(1,849,063)	5,474
Net Position, Beginning of Year	<u>3,579,105</u>	<u>532,510</u>
<b>Net Position, End of Year</b>	<u>\$ 1,730,042</u>	<u>\$ 537,984</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.

*See Independent Auditors' Report*

**FRAMINGHAM STATE UNIVERSITY**  
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**Supplemental Statistical Information (Unaudited)**

**Schedule of Net Position by Category**

	<u>2013 (2)</u>	<u>2014 (3)</u>	<u>2015</u>	<u>2016</u>	<u>2017(4)</u>	<u>2018</u>	(Restated)	<u>2019</u>	<u>2020</u>
Net investment in capital assets	\$ 41,448,701	\$ 52,034,054	\$ 84,138,157	\$ 97,567,357	\$ 104,693,789	\$ 107,501,952	\$	105,089,533	\$ 102,215,570
Restricted - expendable	3,805,464	3,905,599	2,516,075	2,562,269	3,118,277	2,820,618		2,933,947	3,414,473
Restricted - nonexpendable	1,925,721	1,970,057	1,996,750	2,045,582	2,088,572	2,158,255		2,200,614	2,224,885
Unrestricted	<u>31,978,129</u>	<u>36,838,098</u>	<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>
<b>Total Net Position</b>	<b>\$ 79,158,015</b>	<b>\$ 94,747,808</b>	<b>\$ 125,992,788</b>	<b>\$ 141,823,696</b>	<b>\$ 154,653,198</b>	<b>\$ 122,808,893</b>		<b>\$ 124,928,427</b>	<b>\$ 121,691,802</b>

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

**Sources and Uses of Funds**

	<u>2013 (2)</u>	<u>2014 (3)</u>	<u>2015</u>	<u>2016</u>	<u>2017(4)</u>	<u>2018</u>	(Restated)	<u>2019</u>	<u>2020</u>
<b>Source of Revenue:</b>									
Student charges (net of scholarships) (3)	\$ 33,283,040	\$ 33,486,009	\$ 33,644,723	\$ 34,315,628	\$ 35,394,918	\$ 35,227,444	\$	36,297,978	\$ 35,385,907
Grants and contracts	6,706,251	7,480,144	9,933,830	12,284,096	9,882,318	8,030,560		10,270,352	11,538,029
Auxiliary enterprises	13,106,652	13,739,521	14,208,692	14,706,516	15,630,123	16,001,360		15,897,282	13,064,000
Other operating revenue	<u>2,224,319</u>	<u>2,087,533</u>	<u>1,689,136</u>	<u>2,038,867</u>	<u>3,116,759</u>	<u>3,661,029</u>		<u>3,629,359</u>	<u>3,060,758</u>
<b>Total Operating Revenue</b>	<b><u>55,320,262</u></b>	<b><u>56,793,207</u></b>	<b><u>59,476,381</u></b>	<b><u>63,345,107</u></b>	<b><u>64,024,118</u></b>	<b><u>62,920,393</u></b>		<b><u>66,094,971</u></b>	<b><u>63,048,694</u></b>
State support	27,584,390	30,676,068	32,664,050	35,477,537	37,022,123	37,753,236		42,832,614	44,146,319
Other non-operating revenue	<u>4,296,226</u>	<u>12,202,066</u>	<u>36,483,195</u>	<u>21,925,262</u>	<u>16,882,314</u>	<u>5,397,172</u>		<u>9,876,081</u>	<u>5,168,737</u>
<b>Total Non-operating Revenue</b>	<b><u>31,880,616</u></b>	<b><u>42,878,134</u></b>	<b><u>69,147,245</u></b>	<b><u>57,402,799</u></b>	<b><u>53,904,437</u></b>	<b><u>43,150,408</u></b>		<b><u>52,708,695</u></b>	<b><u>49,315,056</u></b>
<b>Total Revenue</b>	<b>\$ 87,200,878</b>	<b>\$ 99,671,341</b>	<b>\$ 128,623,626</b>	<b>\$ 120,747,906</b>	<b>\$ 117,928,555</b>	<b>\$ 106,070,801</b>		<b>\$ 118,803,666</b>	<b>\$ 112,363,750</b>
<b>Functional Expense:</b>									
Instruction	\$ 26,225,721	\$ 27,347,169	\$ 29,049,792	\$ 31,336,705	\$ 33,811,638	\$ 32,241,502	\$	35,740,317	\$ 35,228,475
Research	18,537	90,386	1,508,571	1,630,714	1,732,248	112,467		109,407	107,840
Academic support	9,343,322	9,974,585	9,998,548	11,852,251	12,835,835	13,869,676		15,805,174	15,578,827
Student services	9,516,596	10,513,003	11,158,061	11,911,904	13,214,323	13,682,206		14,742,661	14,531,530
Institutional support	7,828,181	7,858,572	9,009,850	10,815,126	10,555,230	11,690,341		12,258,734	12,083,175
Operations and maintenance of plant	11,149,462	11,087,924	11,167,239	11,440,601	12,352,552	12,790,568		14,928,884	14,715,084
Scholarships (3)	-	-	-	-	-	-		312,480	740,302
<b>Sub-total</b>	<b><u>64,081,819</u></b>	<b><u>66,871,639</u></b>	<b><u>71,892,061</u></b>	<b><u>78,987,301</u></b>	<b><u>84,501,826</u></b>	<b><u>86,386,760</u></b>		<b><u>93,897,657</u></b>	<b><u>92,985,233</u></b>
Auxiliary enterprises	<u>10,982,802</u>	<u>11,907,599</u>	<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>
<b>Total Operating Expense</b>	<b><u>75,064,621</u></b>	<b><u>78,779,238</u></b>	<b><u>83,991,713</u></b>	<b><u>89,382,942</u></b>	<b><u>98,103,183</u></b>	<b><u>100,253,226</u></b>		<b><u>107,731,730</u></b>	<b><u>106,903,503</u></b>
Other Non-operating Expense	<u>778,700</u>	<u>1,315,343</u>	<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>
<b>Total Non-operating Expense</b>	<b><u>778,700</u></b>	<b><u>1,315,343</u></b>	<b><u>2,072,255</u></b>	<b><u>10,798,765</u></b>	<b><u>36,759,135</u></b>	<b><u>11,827,494</u></b>		<b><u>8,952,402</u></b>	<b><u>8,696,872</u></b>
<b>Total Expense</b>	<b>\$ 75,843,321</b>	<b>\$ 80,094,581</b>	<b>\$ 86,063,968</b>	<b>\$ 100,181,707</b>	<b>\$ 134,862,318</b>	<b>\$ 112,080,720</b>		<b>\$ 116,684,132</b>	<b>\$ 115,600,375</b>

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

(2) FY14 has been restated based upon the new IPEDS allocation methodology deployed for FYE15.

(3) In FY18, endowment scholarship expenses were reclassified and included in the Net Student Charges Revenue line; FY14-FY17 amounts have been restated above but will not agree with the published financial statement for these years.

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

**FRAMINGHAM STATE UNIVERSITY**  
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**Supplemental Statistical Information (Unaudited)**

**Schedule of Capital Asset Information**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Land (acreage) (1)(7)	51.28	53.00	54.00	143.18	143.18	145.16	145.16	145.16
Buildings (square feet):								
100 Instruction classrooms (6)	49,482	49,482	49,482	49,482	53,467	53,467	53,467	53,467
200 Labs (4)(7)	69,875	69,875	69,875	124,875	124,875	132,875	132,875	132,875
300 Administrative (6)	83,857	83,857	94,325	94,325	119,262	119,262	119,262	119,262
400 Study facilities (6)	54,565	54,565	54,565	54,565	58,862	58,862	58,862	58,862
52x Athletic	49,709	49,709	53,449	53,449	53,449	53,449	53,449	53,449
5xx Other Special Use (1)(6)(7)	8,852	31,706	31,706	114,106	122,506	138,506	138,506	138,506
600 General Use (6)	56,311	56,311	56,311	56,311	76,023	76,023	76,023	76,023
700 Support facilities (2)(6)	138,165	138,165	138,165	154,425	156,785	156,785	156,785	156,785
000 Unclassified	-	-	-	-	-	-	-	-
Unassigned/unassignable (6)	154,688	154,688	154,688	154,688	164,397	164,397	164,397	164,397
<b>Total Square Feet</b>	<b>665,504</b>	<b>688,358</b>	<b>702,566</b>	<b>856,226</b>	<b>929,626</b>	<b>953,626</b>	<b>953,626</b>	<b>953,626</b>
Residence Halls (3)(5)	469,645	539,045	539,045	545,795	562,728	562,728	562,728	562,728
Rental space	6,613	6,613	6,613	6,613	-	-	-	-
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Dormitories - # of residents (1)	1,946	1,940	1,890	1,876	1,875	1,838	1,803	726

*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

**FRAMINGHAM STATE UNIVERSITY**  
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**Supplemental Statistical Information (Unaudited)**

**Schedule of Tuition and Mandatory Fees**

	Academic Year									
	<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>
<b><i>Resident Undergraduate</i></b>										
Tuition	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970
Mandatory Fees	6,095	6,610	7,110	7,110	7,350	7,730	8,370	8,950	9,550	10,130
<b><i>Total</i></b>	<b>\$ 7,065</b>	<b>\$ 7,580</b>	<b>\$ 8,080</b>	<b>\$ 8,080</b>	<b>\$ 8,320</b>	<b>\$ 8,700</b>	<b>\$ 9,340</b>	<b>\$ 9,920</b>	<b>\$ 10,520</b>	<b>\$ 11,100</b>
<b><i>Non-Resident Undergraduate</i></b>										
Tuition	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050
Mandatory Fees	6,095	6,610	7,110	7,110	7,350	7,730	8,370	8,950	9,550	10,130
<b><i>Total</i></b>	<b>\$ 13,145</b>	<b>\$ 13,660</b>	<b>\$ 14,160</b>	<b>\$ 14,160</b>	<b>\$ 14,400</b>	<b>\$ 14,780</b>	<b>\$ 15,420</b>	<b>\$ 16,000</b>	<b>\$ 16,600</b>	<b>\$ 17,180</b>
<b><i>Resident Graduate</i></b>										
Tuition	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675	\$ 1,675
Mandatory Fees	6,095	6,610	7,110	7,110	7,350	7,730	8,370	8,950	9,550	10,130
<b><i>Total</i></b>	<b>\$ 7,770</b>	<b>\$ 8,285</b>	<b>\$ 8,785</b>	<b>\$ 8,785</b>	<b>\$ 9,025</b>	<b>\$ 9,405</b>	<b>\$ 10,045</b>	<b>\$ 10,625</b>	<b>\$ 11,225</b>	<b>\$ 11,805</b>

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

**FRAMINGHAM STATE UNIVERSITY**  
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**Supplemental Statistical Information (Unaudited)**

**Schedule of Admissions, Enrollment, and Degrees**

**Admissions-Freshman (1):**

	<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>
Applications	4,542	6,254	6,985	6,902	6,665	6,189	7,525	7,438	6,879	6,882
Applications accepted	3,016	3,668	3,733	3,903	4,110	4,239	4,866	4,946	4,874	5,030
Accepted as a percentage of applications	66%	59%	53%	57%	62%	68%	65%	66%	71%	73%
Students enrolled (2)	1,237	1,442	1,407	1,341	1,338	1,358	1,242	1,289	1,137	1,156
Enrolled as a percentage of accepted	41%	39%	38%	34%	33%	32%	26%	26%	23%	23%

(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>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>
Full-time equivalent	4,288	4,710	4,909	4,942	4,996	4,881	4,732	4,537	4,405	4,333
Unduplicated credit headcount	5,953	6,415	6,506	6,429	6,499	6,398	5,977	5,691	5,565	5,463
Percent undergraduate (3)	65%	67%	69%	71%	71%	70%	73%	73%	71%	71%
Percent graduate	35%	33%	31%	29%	29%	30%	27%	27%	29%	29%

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

**Student Population Demographics (4):**

	<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>
Percentage of men	30%	31%	32%	32%	32%	33%	35%	35%	36%	37%
Percentage of women	70%	69%	68%	68%	68%	67%	65%	65%	64%	63%
Percentage of African-American	5%	6%	6%	6%	6%	7%	8%	9%	9%	11%
Percentage of White	86%	84%	82%	83%	82%	77%	74%	71%	69%	66%
Percentage of Latino	5%	6%	8%	8%	9%	10%	10%	12%	14%	14%
Percentage of Other (5)	4%	4%	4%	3%	3%	7%	8%	8%	8%	9%
<20	20%	22%	21%	21%	20%	24%	25%	24%	24%	25%
20 to 30	51%	50%	53%	54%	55%	51%	52%	53%	52%	51%
31 to 40	13%	12%	12%	11%	12%	12%	11%	11%	12%	12%
41 & Over	16%	16%	14%	14%	14%	13%	12%	12%	12%	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>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Bachelor's	728	703	735	795	908	968	1,012	914	850	824
Master's	430	546	426	538	414	496	453	469	445	477

*See Independent Auditors' 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>
<b>Faculty - Primary Instruction</b> <sup>/1/2</sup>	<b>257</b>	<b>261</b>	<b>312</b>	<b>318</b>	<b>366</b>	<b>529</b>	<b>530</b>	<b>536</b>	<b>519</b>	<b>471</b>
Part-time	96	97	136	136	174	143	140	143	133	129
Part-time CE Instructors	-	-	-	-	-	182	185	187	177	135
Full-time	161	164	176	182	192	204	205	206	209	207
<b>Staff and Administrators</b>	<b>276</b>	<b>293</b>	<b>310</b>	<b>315</b>	<b>314</b>	<b>322</b>	<b>334</b>	<b>340</b>	<b>346</b>	<b>351</b>
Part-time	7	7	9	9	10	8	8	9	9	9
Full-time	269	286	301	306	304	314	326	331	337	342
<b>Total Employees</b>	<b>533</b>	<b>554</b>	<b>622</b>	<b>633</b>	<b>680</b>	<b>851</b>	<b>864</b>	<b>876</b>	<b>865</b>	<b>822</b>
Part-time	103	104	145	145	184	333	333	339	319	273
Full-time	430	450	477	488	496	518	531	537	546	549

<sup>/1</sup> Includes Instruction, Research and Public Service

<sup>/2</sup> 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 Auditors' Report*

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



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

To the Board of Education  
Commonwealth of Massachusetts  
Braintree, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Framingham State University (the "University"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 26, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing 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 may exist that have not been identified.

### **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.

Handwritten signature in cursive script that reads "O'Connor + Drew, P.C."

Certified Public Accountants  
Braintree, Massachusetts

October 26, 2020