

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

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2021

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

**Financial Statements
and Supplemental Information**

June 30, 2021 and 2020

C O N T E N T S

Independent Auditors' Report	1-3
Management's Discussion and Analysis (Unaudited)	4-15
Financial Statements:	
Statements of Net Position	16
Statements of Revenues, Expenses, and Changes in Net Position	17-18
Statements of Cash Flows	19-20
Notes to the Financial Statements	21-86
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability (Unaudited)	87
Schedule of Contributions - Pension (Unaudited)	88
Notes to Required Supplemental Pension Information	89-90
Schedule of Proportionate Share of Net OPEB Liability (Unaudited)	91
Schedule of Contributions - OPEB (Unaudited)	92
Notes to Required Supplemental OPEB Information	93-94
Supplemental Information (Unaudited):	
Residence Hall Fund and Residence Hall Damage Fund Schedules	95-97
Supplemental Statistical Information - Schedule of Net Position by Category	98

Supplemental Statistical Information - Schedule of Capital Asset Information	99
Supplemental Statistical Information - Schedule of Tuition and Mandatory Fees	100
Supplemental Statistical Information - Schedule of Admissions, Enrollment, and Degrees	101
Supplemental Statistical Information - Schedule of Employment	102
Independent Auditors Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	103-105
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 <i>Government Auditing Standards</i>	106-107
Information Required by Uniform Guidance:	
Schedule of Expenditures of Federal Awards	108-109
Notes to the Schedule of Expenditures of Federal Awards	110-111
Schedule of Findings and Questioned Costs	112-118
Management's Summary Schedule of Prior Year Findings	119-120
Management's Corrective Action Plan	121-122



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, 2021 and 2020, 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, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 95 to 97, and the statistical section on pages 98-102, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the 2021 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 2021 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 2021 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 6, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

O'Connor + Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

October 6, 2021



FRAMINGHAM STATE UNIVERSITY
FY2021 Financial Statements
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021, 2020, and 2019
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, 2021 (Fiscal Year 2021), June 30, 2020 (Fiscal Year 2020), and June 30, 2019 (Fiscal Year 2019). 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.

Framingham State University's Fiscal Year 2021 financial statements reflect the significant impact of the Covid-19 pandemic on institutional operations as well as associated institutional responses:

Operations Financial Impact:

- Operating Revenues of \$50.4 million represents a decrease of -\$12.6 million from FY2020
- Operating Expenses of (\$107.5 million) represents a net reduction in expenditures of -\$6.9 million from FY2020 that accounts for both selected expenditure reductions as well as Covid-associated expenditure increases
- Non-Operating Revenues (Net State Appropriations; Gifts; and, Net Interest) and Capital & Endowment Income of \$70.1 million represents an increase of +\$22.0 million from FY2020 including state and federal covid relief funding and investments income.
- **Change in Net Position of +\$13.1M**

Pandemic-Associated Responses Impact & Accounting for Other Non-Operating Additions:

- Federal grants support (including Covid relief funding) of \$9.4 million
- State Capital funding (including Covid relief funding program) of \$2.1 million
- **Impact of pandemic-associated supplemental revenue responses totaling \$11.5 million; Change in Net Position net of these responses would have been \$1.5 million**
- Net Investment Income of \$13.5 million
- **Change in Net Position net of noted supplemental revenue responses and investment income would have been (\$11.9M)**
- In addition, **Bonds restructuring Cash Flow Savings of \$6.5 million** on FY2021 debt service obligations (representing a 46% savings) impacted Balance Sheet (Statement of Net Position) cash assets

This activity is reflected in the following FY2021 Statement of Revenues and Expenditures Summary arranged to illustrate: the impact of the pandemic on operations; the impact of various Covid-associated responses; and, the impact of historic investment returns:

FY2021 Statement of Revenues and Expenditures Impact-Arranged Summary

with **highlighted** Covid-associated major response and investment returns items

	FY2021
Operations Results	
Total Operating Revenues	\$50,427,934
Total Operating Expenses	<u>(\$107,483,998)</u>
Operating Loss	(\$57,056,064)
Non-Operating Revenues: Net State Appropriations; Gifts; Net Interest Expense	\$67,629,716
Capital and Endowment Additions	<u>\$2,515,453</u>
Change in Net Position	\$13,089,105
Additional Key Responses Impacting Operations Results	
Bonds Restructuring - Impact on Cash Flow/Balance Sheet (see below)	
Federal Grants - Including Covid-Relief Funding	(\$9,411,724)
State Capital Appropriations and Grants	<u>(\$2,130,087)</u>
Impact of Responses	(\$11,541,811)
Net Income - Net of Responses	\$1,547,294
Impact of Investments Income	(\$13,451,042)
Net Income - Net of Responses and Net of Investment Income	(\$11,903,748)
Response Item Impacting Cash Flow/Balance Sheet	
Cash Flow Savings from Bonds Restructuring	\$6,463,103

In short, the financial statements note FY2021 Net Income of +\$13.1 million; without accounting for Covid-associated responses and investment returns, FY2021 Net Loss would have been (\$11.9 million) In addition, bond restructuring resulted in FY2021 cash flow savings of \$6.5 million.

FY2021 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 FY2021, FY2020, and restated FY2019 financial statements.
- The University's total assets at the end of Fiscal Year 2021 were \$230.8 million (an increase of \$12.3 million, or 5.6%, from FY2020), liabilities were \$93.1 million (a decrease of -\$0.2M million, or -0.2%, from FY2020) and there were \$13.5 million in deferred outflow of resources (primarily associated with booked pension and OPEB obligations) and \$16.4 million of deferred inflow of resources (\$1.3 million associated with the food service contract and \$15.1 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, increased \$13.1 million, or 10.8%, from \$121.7 million in Fiscal Year 2020 to \$134.8 million in Fiscal Year 2021.**
 - **Unrestricted net position total \$33.1 million (an increase of +\$19.2M from FY2020). Restricted net position and net investment in capital assets accounts total \$101.7 million (a decrease of -\$6.2 million from FY2020) and include: \$97.1 million net investment in capital assets, \$1.2 million in scholarship reserves, and \$3.4 million in other restricted accounts.**

- The aggregate impact of the accounting of pension and OPEB liabilities as well as associated deferred outflows/inflows for pension and OPEB obligations totaled \$46.3 million in FY2021 and \$44.2 million in FY2020; this impact is ultimately reflected in a reduction in noted Unrestricted Net Position. **Aggregate accumulated Unrestricted Net Position – backing out pension and OPEB liabilities that are not ultimately the university’s future responsibility - was \$79.4 million (an increase of +\$21.3 million) at the end of FY2021.**

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 three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements 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 *Statements of Net Position* present 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 *Statements of Revenues, Expenses, and Net Position* present 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 *Statements of Cash Flows* are 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

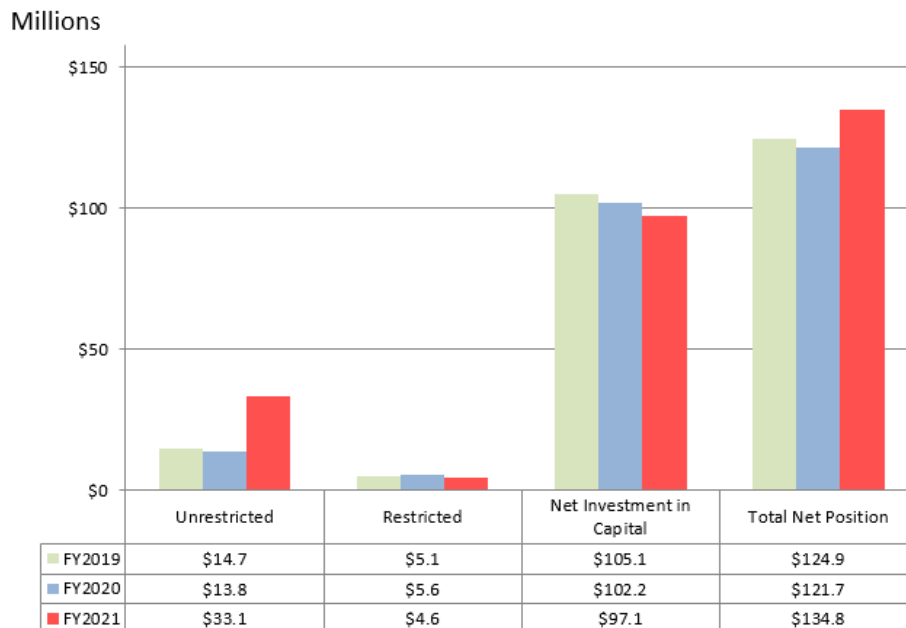
whether the overall financial condition has improved during the year. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. A condensed comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021; June 30, 2020; and June 30, 2019 is as follows:

University Accounts

	<i>(In Thousands)</i>		<i>Restated</i>
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current Assets	\$55,300	\$44,997	\$39,910
Capital Assets	\$125,761	\$130,785	\$135,157
Other Noncurrent Assets	\$49,785	\$42,768	\$44,215
Total Assets	<u>\$230,846</u>	<u>\$218,550</u>	<u>\$219,282</u>
Total Deferred Outflows of Resources	<u>\$13,466</u>	<u>\$11,497</u>	<u>\$13,811</u>
Current Liabilities	\$15,286	\$17,680	\$15,202
Noncurrent Liabilities	\$77,816	\$75,628	86,504
Total Liabilities	<u>\$93,102</u>	<u>\$93,308</u>	<u>\$101,706</u>
Total Deferred Inflows of Resources	<u>\$16,429</u>	<u>\$15,047</u>	<u>\$6,459</u>
Net Position:			
Net Investment in Capital Assets	\$97,112	\$102,216	\$105,090
Restricted	\$4,586	\$5,639	\$5,134
Unrestricted	<u>\$33,083</u>	<u>\$13,837</u>	<u>\$14,704</u>
Total Net Position	<u>\$134,781</u>	<u>\$121,692</u>	<u>\$124,928</u>

The University's net position as of June 30, 2021 reflects changes resulting from operations as well as the impact of bond restructuring savings; Covid-relief funding; and, the impact of historic rates of investments returns.

Trend Analysis: Net Position



Net Position (including Pension and OPEB impact) increased +\$13.1 million, or +10.8%, from the end of FY2020 to the end of FY2021.

Net Impact of Accounting for Pension and OPEB Obligations

<i>(In Thousands)</i>	<u>FY2021</u>	<u>FY2020</u>	<u>Restated FY2019</u>
Pension and OPEB Liabilities:			
Net Pension Liability	\$19,378	\$14,703	\$16,140
Net OPEB Liability	<u>\$24,934</u>	<u>\$27,718</u>	<u>\$35,317</u>
Allocated Pension/OPEB Liability	\$44,312	\$42,421	\$51,457
Net Deferred Outflows/Inflows:			
Deferred Outflows for Pensions	(\$5,771)	(\$3,955)	(\$5,140)
Deferred Outflows for OPEB	(\$7,325)	(\$7,542)	(\$8,671)
Deferred Inflows for Pensions	\$1,833	\$2,694	\$1,177
Deferred Inflows for OPEB	\$13,251	\$10,594	\$3,111
Net Deferred Outflows/Inflows	<u>\$1,988</u>	<u>\$1,791</u>	<u>(\$9,523)</u>
Net Impact of Accounting for Pension and OPEB Obligations:			
	\$46,300	\$44,212	\$41,934
<i>Unrestricted Net Position: Pre-Adj.</i>	<u>\$33,083</u>	<u>\$13,837</u>	<u>\$14,704</u>
Unrestricted Net Position Adjusted for Pension and OPEB Obligations:	\$79,383	\$58,049	\$56,638
<i>Total Net Position: Pre-Adjustment</i>	<u>\$134,781</u>	<u>\$121,692</u>	<u>\$124,928</u>
Total Net Position Adjusted for Pension and OPEB Obligations:	\$181,081	\$165,904	\$166,862

The impact of the accounting for Pension (GASB 68) and OPEB (GASB 75) obligations on both Unrestricted Net Position and Total Net Position was \$46.3 million in FY2021; \$44.2 million in FY2020; and \$41.9 million in FY2019. Adjusted Net Position trends – backing out the impact of Pension and OPEB obligations – are as follows:

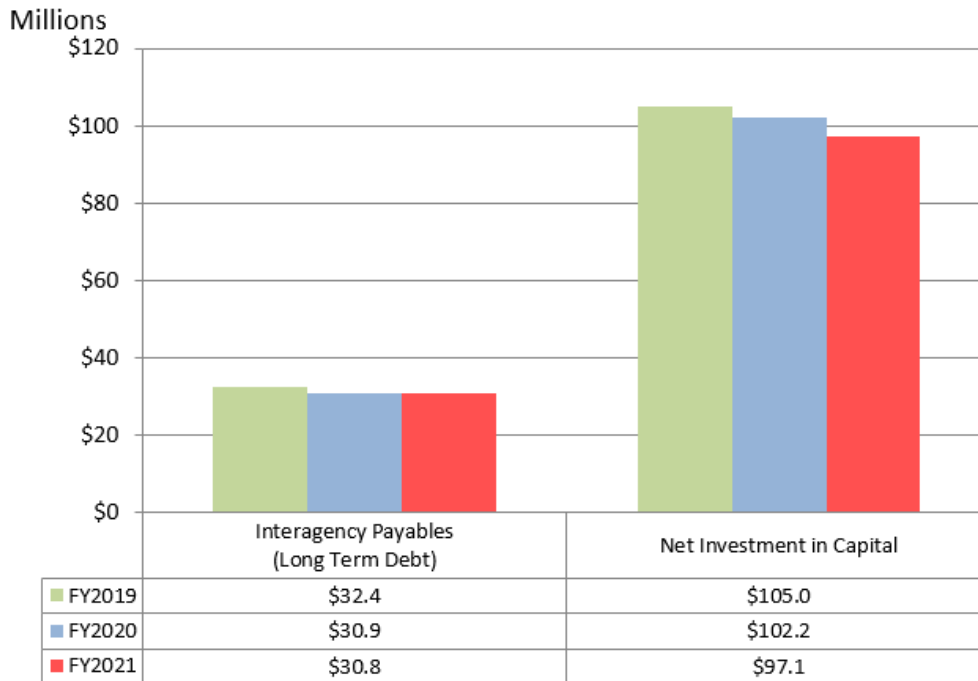
**Trend Analysis: Net Position
Revised to Net Out impact of Pension (GASB 68) and OPEB (GASB 75) Obligations**



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 \$30.8 million in aggregate interagency payables (predominantly long-term capital debt) as of the close of FY2021 (a decrease of -\$0.1M million from FY2020). Net Position: Net Investment in Capital Assets was \$97.1 million at the end of FY2021.**

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

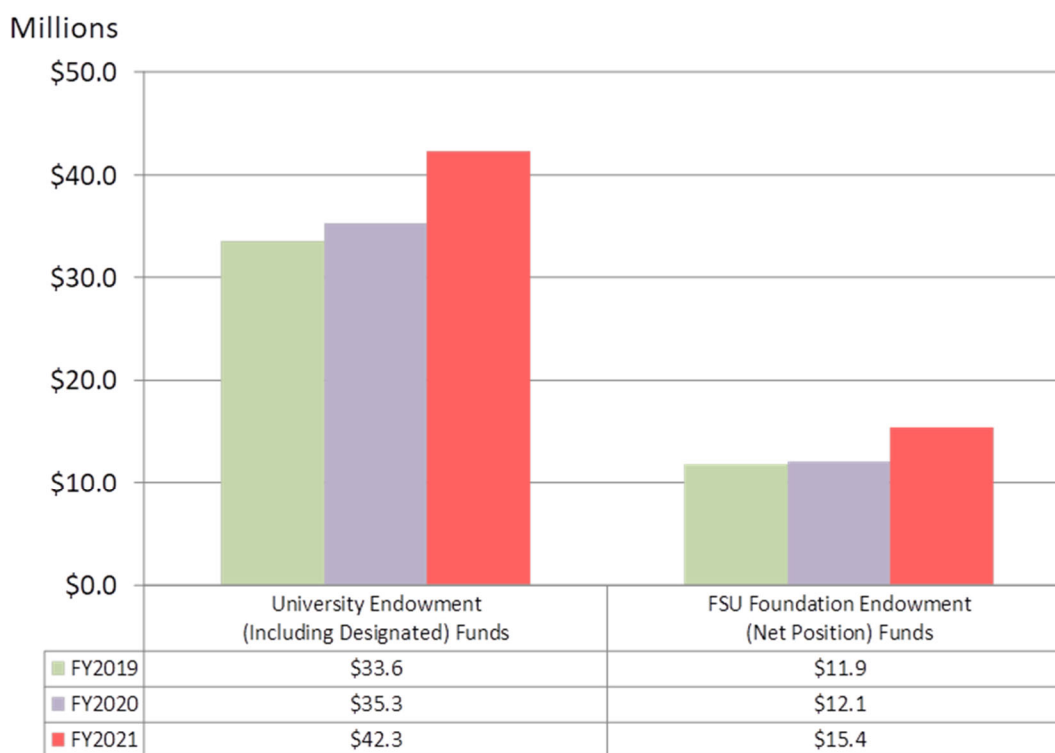


Endowment Funds

A portion of the restricted net position includes endowment funds held by the University. The University itself has a very small designated endowment; \$1.2 million of non-expendable restricted funds. An additional \$2.5 million, at June 30, 2021, 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 FY2021 value of \$38.5 million as quasi-endowment (included in “Core Investment” funds in the University’s annual approval of its Cash Management and Investment Policy). **Aggregate endowment and designated quasi-endowment funds held by the University and consisting of the \$38.5 million of quasi-endowment funds, \$1.22 million of non-expendable scholarships, and \$2.53 million of expendable scholarships total \$42.2 million (representing an increase of \$7.9 million, or +19.5%, from FY2020).** The University invests these assets, along with other cash holdings, in the Massachusetts Municipal Depository Trust (MMDT), the Common Fund, Eaton Vance, Brown Advisory, and Boston Trust. The University budgets 5% of the three-year-rolling-average of investment fund balances in support of university operations.

Trend Analysis: Endowment (Including Designated) Funds



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position represents the University's results from operations. A condensed summary of the University's revenues, expenses and changes in net position for the years ended June 30, 2021, June 30, 2020, and June 30, 2019 is as follows:

<i>(In Thousands)</i>	<u>FY2021</u>	<u>FY2020</u>	<u>Restated FY2019</u>
Operating Revenues:			
Tuition and Fees	\$41,927	\$45,306	\$45,695
Less Scholarships	(\$8,800)	(\$9,920)	(\$9,397)
Net Student Tuition & Fees	\$33,127	\$35,386	\$36,298
Federal Grants and Contracts	\$7,253	\$7,911	\$7,840
State and Local Grants & Contracts	\$770	\$821	\$711
Private Grants	\$1,085	\$2,807	\$1,720
Sales and Services	\$480	\$1,719	\$1,772
Auxiliary Enterprises	\$6,417	\$13,064	\$15,891
Other Revenues	<u>\$1,296</u>	<u>\$1,341</u>	<u>\$1,863</u>
Total Operating Revenues	\$50,428	\$63,049	\$66,095
Operating Expenses:			
Instruction	(\$33,948)	(\$35,228)	(\$35,740)
Research	(\$104)	(\$108)	(\$110)
Academic Support	(\$15,013)	(\$15,579)	(\$15,805)
Student Services	(\$14,003)	(\$14,532)	(\$14,743)
Institutional Support	(\$11,644)	(\$12,083)	(\$12,259)
Operation/Maintenance of Plant	(\$14,180)	(\$14,715)	(\$14,929)
Depreciation	(\$7,350)	(\$7,446)	(\$7,495)

Auxiliary Enterprises	(\$7,473)	(\$13,918)	(\$13,834)
Scholarships	<u>(\$3,769)</u>	<u>(\$741)</u>	<u>(\$312)</u>
Total Operating Expenses	(\$107,484)	(\$114,350)	(\$115,227)
Operating Loss	<u>(\$57,056)</u>	<u>(\$51,301)</u>	<u>(\$49,132)</u>
Net-Operating Revenues/(Expenses):			
State Appropriations (net)	\$45,364	\$44,146	\$42,833
Gifts	\$537	\$454	\$745
Other Income - MSCBA	\$0	\$589	\$0
Net Investment Income	\$13,451	\$2,814	\$4,564
State Capital Appropriation/Grants	\$1,716	\$29	\$4,278
Interest/Issuance Costs on Debt	(\$1,134)	(\$1,251)	(\$1,242)
State and Federal Grants	\$9,826	\$1,257	\$290
Transfers (to)/from State Agencies	\$385	\$27	(\$216)
Net Non-Operating Revenues	<u>\$70,145</u>	<u>\$48,065</u>	<u>\$51,252</u>
Change in Net Position	\$13,089	(\$3,236)	(\$2,120)

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, 2021, June 30, 2010, and June 30, 2019:

Schedule of Loss from Operations and Change in Net Position

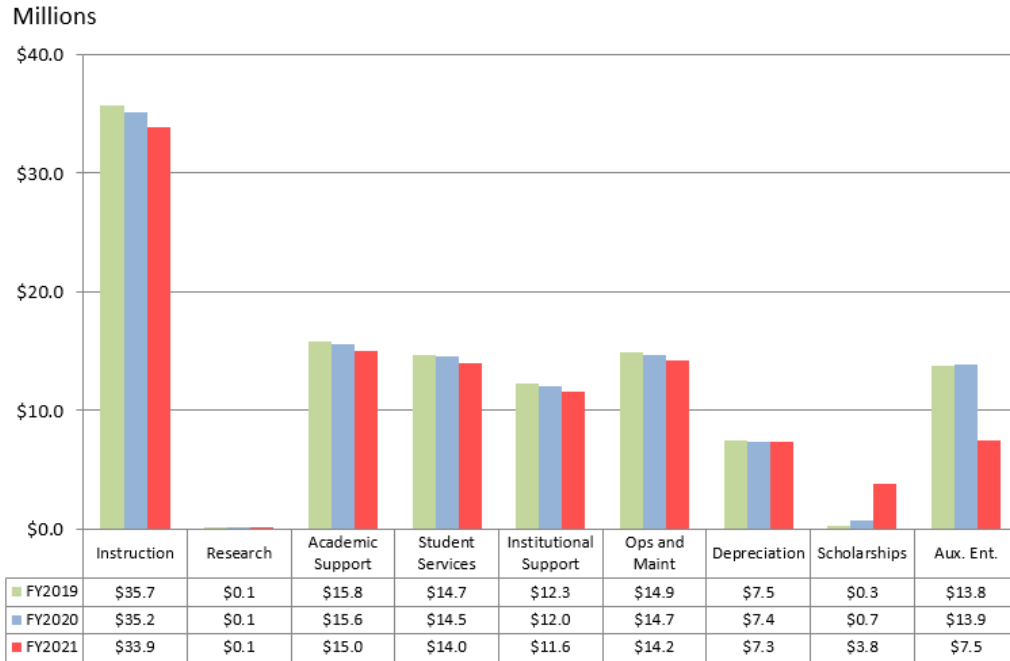
(In Thousands)	<u>FY2021</u>	<u>FY2020</u>	<i>Restated</i> <u>FY2019</u>
Tuition and Fees Revenue, Net	\$33,127	\$35,386	\$35,298
Other Operating Revenue	<u>\$17,301</u>	<u>\$27,663</u>	<u>\$29,797</u>
Total Operating Revenue	\$50,428	\$63,049	\$66,095
Operating Expenses	<u>(\$107,484)</u>	<u>(\$114,350)</u>	<u>(\$115,227)</u>
Operating Loss	(\$57,056)	(\$51,301)	(\$49,132)
Net State Appropriations	\$45,364	\$44,146	\$42,833
Net Other Revenue/(Expenses)	<u>\$24,781</u>	<u>\$3,919</u>	<u>\$8,419</u>
Change in Net Position	<u>\$13,089</u>	<u>(\$3,236)</u>	<u>\$2,120</u>
Net Position End of Fiscal	\$134,781	\$121,692	\$124,928

Net position at the beginning of Fiscal Year 2021 was \$121.7 million. Net position at the end of Fiscal Year 2021 was \$134.8 million; representing a \$13.1 million, or +10.8%, increase in net position.

Revenues and Expenditures

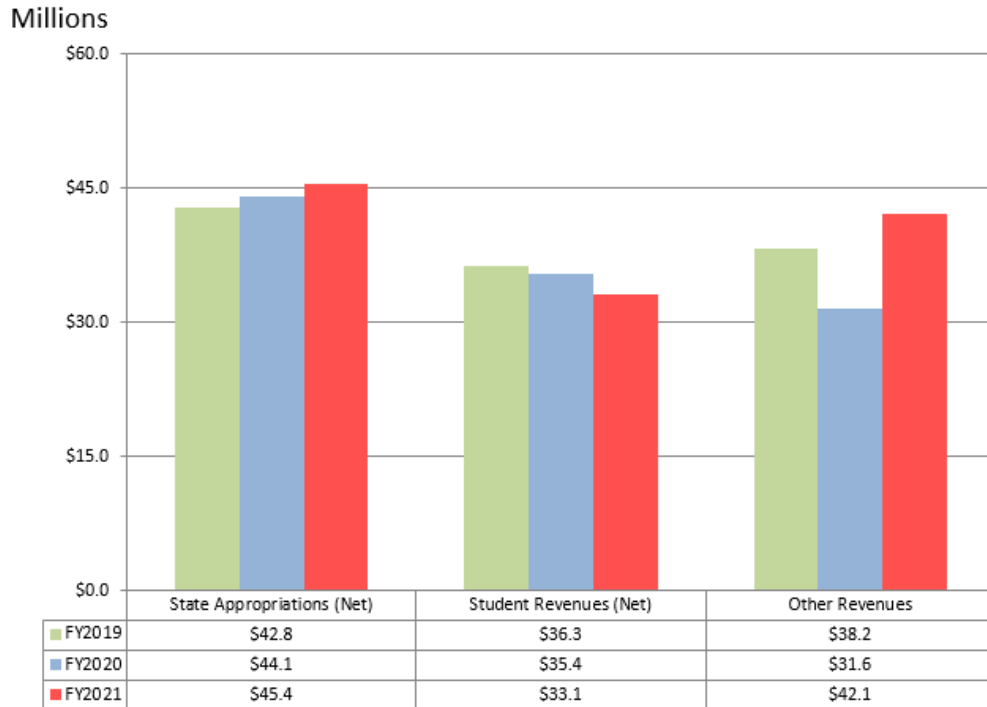
From FY2020 to FY2021, all Education and General Expenditure categories saw decreases while Auxiliary Enterprises (i.e. Residence Halls) had a significant decrease in expenditures of \$6.4M due to the bond restructuring savings. Aggregate FY2021 Operating Expenses decreased a total of -\$6.9 million, or -6.0%, from FY2020.

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



From FY2020 to FY2021, net state appropriations (including state support for fringe benefits) increased by \$1.2 million (+2.8%), student net revenues decreased by -\$2.3 million (-6.4%), and other net revenues increased a total of \$10.5 million (+33.7%); changes in other net revenues include an increase in state capital appropriations of \$1.7 million and an increase in federal grants of \$8.6 million compared to FY2020.

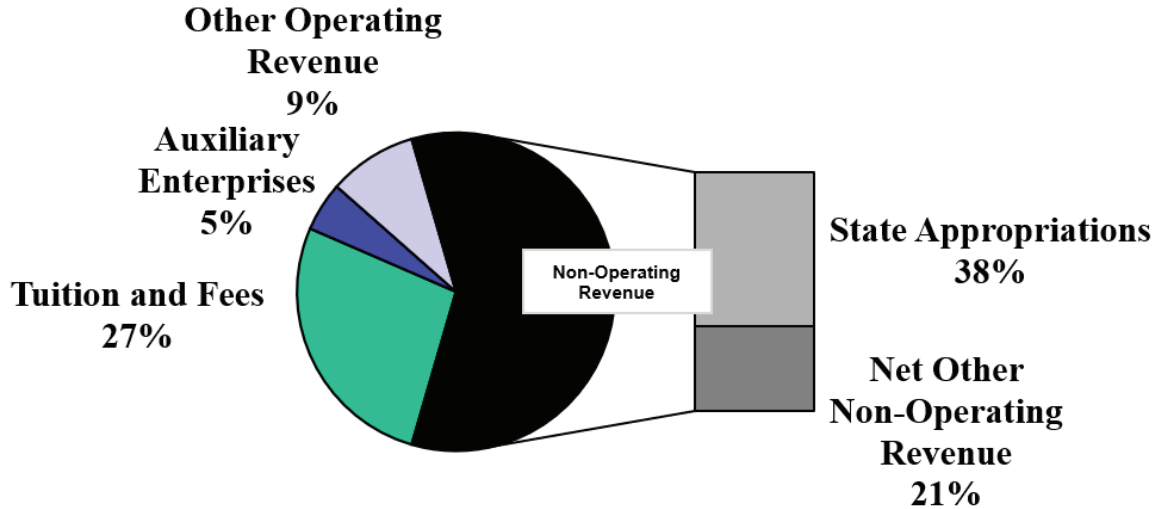
Trend Analysis: State Appropriations, Student and Other Revenues



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, 2021.

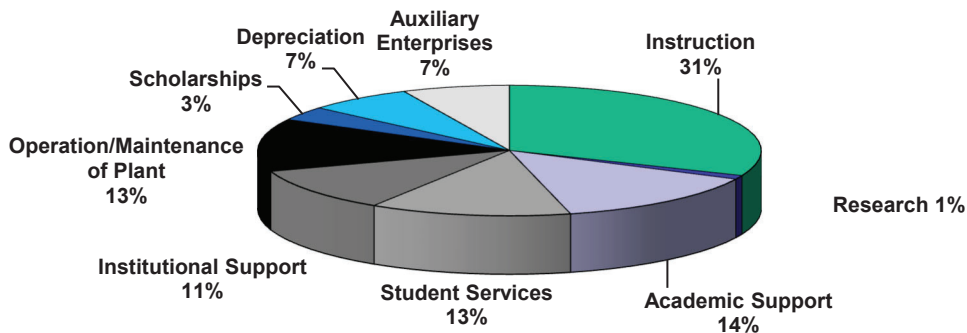
Fiscal Year 2021 Revenues



Fiscal Year 2021 Net State Appropriation support as a percent of total revenues (including fringe benefits support) was 38% while Tuition and Fees revenues represented 27% of total revenues and Other Revenue represented 35% of total revenues. Non-Operating Revenue represented 59% of Total Revenue; a very unusual situation due to the inclusion of state and federal relief funding.

Expenditures Illustration

A graphic of the University's functional expenditures for FY2021 is as follows:



Expenditures on Instruction and Academic Support made up approximately 45% of total expenditures in FY2021; the same percentage as 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 2021, 2020, and 2019 is as follows:

Statement of Cash Flows

<i>(In Thousands)</i>	<u>FY2021</u>	<u>FY2020</u>	<u>Restated FY2019</u>
<i>Cash Flows from Operating Activities:</i>			
Cash Received from Operations	\$48,971	\$64,063	\$63,699
Cash Expended for Operations	<u>(\$85,189)</u>	<u>(\$91,885)</u>	<u>(\$89,448)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(\$36,218)</u>	<u>(\$27,822)</u>	<u>(\$25,749)</u>
<i>Cash Flows from Non-Capital Financing Activities:</i>			
State Appropriations	\$33,259	\$32,610	\$31,028
Tuition Remitted to the Commonwealth	(\$100)	(\$123)	(\$151)
Grants and Payments Received	\$9,412	\$1,432	\$0
Gifts and Endowment	<u>\$537</u>	<u>\$453</u>	<u>\$745</u>
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>\$43,108</u>	<u>\$34,372</u>	<u>\$31,622</u>
<i>Cash Flows from Capital & Related Financing Activities:</i>			
State Capital Appropriations	\$1,716	\$29	\$0
Perkins Loan Program Net Funds Received	(\$219)	(\$388)	\$16
Payments for Capital Assets	<u>(\$2,291)</u>	<u>(\$3,238)</u>	<u>(\$1,207)</u>
Interagency Payable Proceeds Received	\$0	\$0	\$1,300
Interagency Principal Payments	(\$354)	(\$1,413)	(\$1,523)
Interest Paid on Interagency Payables	<u>(\$1,207)</u>	<u>(\$1,311)</u>	<u>(\$1,246)</u>
Transfers of Funds To/From State Agencies	<u>\$385</u>	<u>\$27</u>	<u>(\$215)</u>
Net Cash Provided/(Used) by Capital and Related Activities	<u>(\$1,970)</u>	<u>(\$6,294)</u>	<u>(\$2,875)</u>
<i>Cash Flows from Investing Activities:</i>			
Purchase/Sale (Net) of Marketable Securities	(\$352)	(\$222)	(\$280)
Earnings on Investments	<u>\$560</u>	<u>\$578</u>	<u>\$598</u>
Net Cash Provided/(Used) by Investing Activities	<u>\$208</u>	<u>\$356</u>	<u>\$318</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$5,128</u>	<u>\$612</u>	<u>\$3,316</u>

Cash and cash equivalents at the beginning of Fiscal Year 2021 were \$31.5 million and at the end of the fiscal year were \$36.7 million; reflecting a \$5.2 million, or +16.5%, increase. Of note: the Framingham State University Board of Trustees have discussed allocating up to \$5.0 million of cash reserves over the next few years, as necessary, to address anticipated future operating deficits and provide time to adjust operations in line with revised enrollment levels.

FACTORS THAT MAY AFFECT THE FUTURE

While Framingham State University's current financial condition is strong, the institution has experienced a decline in enrollment over the past few years, which has been exacerbated by the COVID-19 pandemic. Undergraduate enrollment is now approximately one third lower than peak enrollment levels. This has had, and will continue to have, significant revenue

implications. The pandemic has also impacted operations in every department of the university and has increased the challenge of filling vacated positions. The difficulty in refilling positions, coupled with selective personnel reductions, changing work environments, and other hardships brought on by the pandemic, have impacted the institution's faculty and staff in various ways. The university is concerned about the well-being of its employees and the potential for increased future turnover, in addition to some key leadership transitions that are already scheduled to occur over the next year. All of these factors will require careful planning in the near and long term, as the University responds to its changing 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, 2021 and 2020

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 Foundation</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current Assets:				
Cash and cash equivalents	\$ 25,538,024	\$ 19,917,723	\$ 871,330	\$ 582,311
Restricted cash and cash equivalents	982,335	892,782	-	-
Investments in marketable securities	24,384,588	19,073,778	10,964,829	8,455,452
Accounts receivable, net	3,482,993	3,927,156	-	-
Contributions receivable, net	-	-	53,138	31,260
Loans receivable - current portion	1,368	1,514	-	-
Other current assets	<u>910,343</u>	<u>1,183,631</u>	<u>21,251</u>	<u>39,191</u>
Total Current Assets	<u>55,299,651</u>	<u>44,996,584</u>	<u>11,910,548</u>	<u>9,108,214</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	10,146,665	10,728,809	-	-
Endowment investments	-	-	3,429,993	2,901,264
Investment in marketable securities	38,538,513	30,605,974	-	-
Contributions receivable, net	-	-	29,116	50,148
Loans receivable, net of current portion	1,100,483	1,433,169	-	-
Capital assets, net	<u>125,760,627</u>	<u>130,784,838</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>175,546,288</u>	<u>173,552,790</u>	<u>3,459,109</u>	<u>2,951,412</u>
Total Assets	<u>230,845,939</u>	<u>218,549,374</u>	<u>15,369,657</u>	<u>12,059,626</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	5,771,559	3,954,936	-	-
Deferred outflows for OPEB	7,325,332	7,541,787	-	-
Deferred outflow from loss on bond refunding	<u>369,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>13,466,208</u>	<u>11,496,723</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 244,312,147</u>	<u>\$ 230,046,097</u>	<u>\$ 15,369,657</u>	<u>\$ 12,059,626</u>

See accompanying notes to the financial statements.

Liabilities, Deferred Outflows of Resources, and Net Position

	<u>University</u>		<u>Component Unit Foundation</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current Liabilities:				
Interagency payables - current portion	\$ 1,219,991	\$ 1,820,590	\$ -	\$ -
Accounts payable and accrued liabilities	5,157,876	4,280,680	5,720	4,850
Accrued workers' compensation - current portion	78,742	77,478	-	-
Compensated absences - current portion	3,807,357	4,086,126	-	-
Faculty payroll accrual	3,453,887	3,868,872	-	-
Revenue received in advance	981,801	2,892,087	-	-
Deposits	266,580	322,526	-	-
Other current liabilities	<u>319,850</u>	<u>331,432</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>15,286,084</u>	<u>17,679,791</u>	<u>5,720</u>	<u>4,850</u>
Noncurrent Liabilities:				
Interagency payables, net of current portion	29,541,090	29,064,802	-	-
Accrued workers' compensation, net of current portion	379,058	348,225	-	-
Compensated absences, net of current portion	2,271,689	2,261,452	-	-
Loan payable - federal financial assistance programs	1,312,727	1,531,991	-	-
Net pension liability	19,377,541	14,703,180	-	-
Net OPEB liability	<u>24,934,354</u>	<u>27,718,004</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>77,816,459</u>	<u>75,627,654</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>93,102,543</u>	<u>93,307,445</u>	<u>5,720</u>	<u>4,850</u>
Deferred Inflows of Resources:				
Service concession arrangement	1,344,000	1,758,000	-	-
Deferred inflows for pensions	1,833,280	2,694,400	-	-
Deferred inflows for OPEB	<u>13,251,417</u>	<u>10,594,450</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>16,428,697</u>	<u>15,046,850</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	97,111,986	102,215,570	-	-
Restricted for:				
Non-expendable:				
Scholarships and academic purposes	1,224,785	2,224,885	3,429,993	2,901,264
Expendable:				
Scholarships	2,533,143	2,469,501	3,069,497	2,006,183
Academic purposes	-	-	229,969	410,425
Research	658,123	695,036	-	-
Loans	170,123	249,936	-	-
Unrestricted	<u>33,082,747</u>	<u>13,836,874</u>	<u>8,634,478</u>	<u>6,736,904</u>
Total Net Position	<u>134,780,907</u>	<u>121,691,802</u>	<u>15,363,937</u>	<u>12,054,776</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 244,312,147</u>	<u>\$ 230,046,097</u>	<u>\$ 15,369,657</u>	<u>\$ 12,059,626</u>

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

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30,

	<u>University</u>		<u>Component Unit Foundation</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating Revenues:				
Student tuition and fees	\$ 41,927,145	\$ 45,306,315	\$ -	\$ -
Less: Scholarship allowances	<u>(8,800,319)</u>	<u>(9,920,408)</u>	<u>-</u>	<u>-</u>
Net Student Tuition and Fees	33,126,826	35,385,907	-	-
Federal grants and contracts	7,252,762	7,910,707	-	-
State and local grants and contracts	770,481	820,851	-	-
Private grants	1,084,638	2,806,471	-	-
Sales and services of educational departments	480,154	1,719,321	-	-
Gifts and contributions	-	-	296,990	233,048
Auxiliary enterprises:				
Residential life	6,416,628	13,064,000	-	-
Other operating revenues	<u>1,296,445</u>	<u>1,341,437</u>	<u>91,693</u>	<u>48,415</u>
Total Operating Revenues	<u>50,427,934</u>	<u>63,048,694</u>	<u>388,683</u>	<u>281,463</u>
Operating Expenses:				
Educational and general:				
Instruction	33,948,212	35,228,475	-	-
Research	103,921	107,840	-	-
Academic support	15,012,665	15,578,827	-	-
Student services	14,003,429	14,531,530	-	-
Institutional support	11,644,052	12,083,175	266,801	275,739
Operations and maintenance of plant	14,180,312	14,715,084	-	-
Depreciation	7,349,572	7,446,044	-	-
Scholarships	3,769,231	740,302	932,495	828,271
Auxiliary enterprises:				
Residential life	<u>7,472,604</u>	<u>13,918,270</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>107,483,998</u>	<u>114,349,547</u>	<u>1,199,296</u>	<u>1,104,010</u>
Operating Income (Loss)	<u>\$ (57,056,064)</u>	<u>\$ (51,300,853)</u>	<u>\$ (810,613)</u>	<u>\$ (822,547)</u>

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

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30,

	<u>University</u>		<u>Component Unit Foundation</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-operating Revenues (Expenses):				
Federal grants	\$ 9,411,724	\$ 842,400	\$ -	\$ -
State appropriations, net	45,364,246	44,146,319	-	-
Gifts	537,187	453,458	-	-
Other income - MSCBA	-	588,527	-	-
Investment income, net of investment expense	13,451,042	2,813,935	3,096,480	518,056
Interest expense on interagency payables and capital asset related debt	<u>(1,134,483)</u>	<u>(1,250,828)</u>	<u>-</u>	<u>-</u>
Net Non-operating Revenues before Capital and Endowment Additions	<u>67,629,716</u>	<u>47,593,811</u>	<u>3,096,480</u>	<u>518,056</u>
Increase (Decrease) in Net Position before Capital and Endowment Additions	<u>10,573,652</u>	<u>(3,707,042)</u>	<u>2,285,867</u>	<u>(304,491)</u>
State capital appropriations	1,716,087	29,072	-	-
Transfers (to)/from state agencies	385,366	27,345	-	-
Capital grants	414,000	414,000	-	-
Private gifts for endowment purposes	<u>-</u>	<u>-</u>	<u>1,023,294</u>	<u>420,704</u>
Total Capital and Endowment Additions	<u>2,515,453</u>	<u>470,417</u>	<u>1,023,294</u>	<u>420,704</u>
Increase (Decrease) in Net Position	\$ 13,089,105	\$ (3,236,625)	\$ 3,309,161	\$ 116,213
Net Position, Beginning of Year	<u>121,691,802</u>	<u>124,928,427</u>	<u>12,054,776</u>	<u>11,938,563</u>
Net Position, End of Year	<u>\$ 134,780,907</u>	<u>\$ 121,691,802</u>	<u>\$ 15,363,937</u>	<u>\$ 12,054,776</u>

See accompanying notes to the financial statements.

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

Statements of Cash Flows

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 31,337,693	\$ 36,075,287
Research grants and contracts	8,023,243	8,731,558
Private grants	1,084,638	2,806,471
Payments to suppliers	(20,061,218)	(29,019,389)
Payments to utilities	(3,225,072)	(3,414,194)
Payments to employees	(53,901,280)	(55,160,343)
Payments for benefits	(4,232,570)	(3,551,183)
Payments to students	(3,769,231)	(740,302)
Collection of loans to students	332,832	324,707
Auxiliary enterprise receipts - residential life	6,416,628	13,064,000
Receipts from sales and services of educational departments	480,154	1,719,321
Other receipts	<u>1,296,445</u>	<u>1,341,437</u>
Net Cash Applied to Operating Activities	<u>(36,217,738)</u>	<u>(27,822,630)</u>
Cash Flows from Noncapital Financing Activities:		
Federal grants	9,411,724	842,400
Payments received from MSCBA	-	588,527
State appropriations	33,259,191	32,610,087
Tuition remitted to the Commonwealth of Massachusetts	(100,039)	(123,502)
Gifts from grants for other than capital purposes	<u>537,187</u>	<u>453,458</u>
Net Cash Provided by Noncapital Financing Activities	<u>43,108,063</u>	<u>34,370,970</u>
Cash Flows from Capital and Related Financing Activities:		
State capital appropriations	1,716,087	29,072
Perkins Loan Program funds returned to the federal government	(219,264)	(388,249)
Payments for capital assets	(2,290,925)	(3,237,665)
Interagency principal payments	(354,209)	(1,413,074)
Interest paid on interagency payables	(1,207,361)	(1,310,522)
Net transfers of funds (to)/from state agencies	<u>385,364</u>	<u>27,345</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(1,970,308)</u>	<u>(6,293,093)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of marketable securities	18,885,574	17,243,108
Purchase of marketable securities	(19,237,410)	(17,465,105)
Earnings on investments	<u>559,529</u>	<u>578,254</u>
Net Cash Provided by Investing Activities	<u>207,693</u>	<u>356,257</u>
Net Increase in Cash and Cash Equivalents	5,127,710	611,504
Cash and Cash Equivalents, Beginning of Year	<u>31,539,314</u>	<u>30,927,810</u>
Cash and Cash Equivalents, End of Year	\$ <u>36,667,024</u>	\$ <u>31,539,314</u>

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

Statements of Cash Flows - Continued

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Loss to Net Cash Applied to Operating Activities:		
Operating loss	\$ (57,056,064)	\$ (51,300,853)
Adjustments to reconcile operating loss to net cash applied to operating activities:		
Depreciation	7,349,572	7,446,044
Write-off of aged library materials	-	230,100
Bad debt expense	267,063	352,990
Fringe benefits paid by the Commonwealth of Massachusetts	12,170,659	11,593,058
Change in net pension liability and deferred inflows and outflows for pensions	1,996,618	1,265,871
Change in net OPEB liability and deferred inflows and outflows for OPEB	89,772	1,013,951
Changes in assets and liabilities:		
Accounts receivable, net	177,100	(942,749)
Loans to students	332,832	324,707
Other current assets	273,288	(304,540)
Accounts payable and accrued liabilities	810,655	953,122
Accrued workers' compensation	32,097	(69,132)
Compensated absences	(268,532)	388,318
Faculty payroll accrual	(414,985)	(321,478)
Revenue received in advance	(1,910,286)	1,760,308
Deposits	(55,946)	(128,178)
Other current liabilities	<u>(11,581)</u>	<u>(84,169)</u>
 Net Cash Applied to Operating Activities	 <u>\$ (36,217,738)</u>	 <u>\$ (27,822,630)</u>
Reconciliation of Cash and Equivalent Balances:		
Current assets:		
Cash and equivalents	\$ 25,538,024	\$ 19,917,723
Restricted cash and equivalents	982,335	892,782
Noncurrent assets:		
Restricted cash and equivalents	<u>10,146,665</u>	<u>10,728,809</u>
 Total Cash and Equivalents	 <u>\$ 36,667,024</u>	 <u>\$ 31,539,314</u>
Schedule of Noncash Investing, Capital and Financing Activities:		
Acquisition of capital assets	\$ 2,325,361	\$ 3,304,340
Payments made by DCAMM	-	-
Payments made by MSCBA	<u>(34,436)</u>	<u>(66,675)</u>
 Payments for Capital Assets	 <u>\$ 2,290,925</u>	 <u>\$ 3,237,665</u>
Unrealized Gain on Marketable Securities	<u>\$ 12,806,547</u>	<u>\$ 1,889,853</u>
Fringe Benefits paid by the Commonwealth of Massachusetts	<u>\$ 12,170,659</u>	<u>\$ 11,593,058</u>
Deferred outflow from loss on bond refunding	<u>\$ 389,835</u>	<u>\$ -</u>
Capital Grants - Amortization of Deferred Inflows of Resources - Service Concession Arrangement	<u>\$ 414,000</u>	<u>\$ 414,000</u>

See accompanying notes to the financial statements.

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

Notes to the Financial Statements

June 30, 2021 and 2020

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, 2021 and 2020

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, 2021, 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, 2021, the FSU Foundation distributed scholarships in the amount of \$932,495 directly to students of the University and incurred an additional \$266,801 in support of its mission in other ways. 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. Complete financial statements for the FSU Foundation can be obtained from the office of the Executive Vice President, Administration, Finance and Technology, Framingham State University, 100 State Street, P.O. Box 9101, Framingham, MA 01701-9101.

COVID-19

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus ("COVID-19") as a pandemic. During the year ended June 30, 2021, COVID-19 had a significant effect on the University's operations in response to government requirements and observing safety measures. As a result, the University's housing's maximum capacity decreased by approximately 40% for the 2020-2021 academic year.

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

COVID-19 - Continued

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Unless an extension is approved by the Department of Education, the student aid award and the institutional award must be spent by May 24, 2022.

The University has been awarded the following HEERF funds as of June 30, 2021:

	Student Aid Award	Institutional Award	Total
CARES	\$ 1,948,876	\$ 1,948,875	\$ 3,897,751
CRRSAA	1,948,876	4,407,497	6,356,373
ARPA	5,680,487	5,635,244	11,315,731
Total	\$ 9,578,239	\$ 11,991,616	\$ 21,569,855

The University has recognized the following funds as non-operating Federal grants for the year ended June 30, 2021, and the cumulative total grants recognized:

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020			
	Student Aid Award	Institutional Award	Total		Student Aid Award	Institutional Award	Total
CARES	\$ 1,527,676	\$ 1,527,675	\$ 3,055,351	CARES	\$ 421,200	\$ 421,200	\$ 842,400
CRRSAA	1,948,876	4,407,497	6,356,373	CRRSAA	-	-	-
ARPA	-	-	-	ARPA	-	-	-
Total	\$ 3,476,552	\$ 5,935,172	\$ 9,411,724	Total	\$ 421,200	\$ 421,200	\$ 842,400

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Basis of Presentation

The University's financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

FSU Foundation, as a not-for-profit organization, reports under Financial Accounting Standards Board ("FASB") guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of certain items, no modifications have been made to FSU Foundation's 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, expenses, and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts, net investment income, gifts, and interest expense.

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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.

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Use of Estimates - Continued

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.

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

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Cash and Equivalents and Investments - Continued

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

At June 30, 2021 and 2020, the University had \$59,292 and \$80,209, 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.

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Cash and Equivalents and Investments - Continued

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.

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

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.

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, 2021 and 2020 were \$4,435,820 and \$14,166,744, respectively, and are included in the Residential life auxiliary enterprises in the accompanying statements of revenues, expenses, and changes in net position. The Fall 2020 assessment payment was deferred until a later date due to COVID-19 and the assessment for the year ended June 30, 2021 only includes an assessment for Spring 2021. 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Capital Assets - Continued

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. There were no outstanding contract commitments as of June 30, 2021.

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 8).

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

Student Fees - Continued

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, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Federal scholarships	\$ 6,114,051	\$ 6,721,266
University scholarships	6,085,102	3,509,461
University scholarships (residential life)	274,555	321,907
Endowment scholarships	<u>95,842</u>	<u>108,076</u>
 Total	 <u>\$ 12,569,550</u>	 <u>\$ 10,660,710</u>

Revenues Received in Advance

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

Bond Premiums

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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 2021 and 2020, total interest costs incurred were accounted for as follows:

	<u>2021</u>	<u>2020</u>
Total interest costs incurred	\$ 1,207,361	\$ 1,310,522
Amortization of deferred loss from 2020 bond refinancing	20,518	-
Bond premium amortization	<u>(93,396)</u>	<u>(59,694)</u>
 Interest Expense	 <u>\$ 1,134,483</u>	 <u>\$ 1,250,828</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
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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.

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.

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.

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.

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

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

New Governmental Accounting Pronouncements - Continued

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.

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.

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.

GASB Statement 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*, is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absence of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit’s governing board.

Management is in the process of evaluating these standards and has not yet determined their impact, if any, on the financial statements.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments**

Cash and equivalents - unrestricted and restricted - include the following at June 30, 2021 and 2020:

	2021		
	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Noncurrent Restricted</u>
Cash and money market accounts*	\$ 22,552,719	\$ 982,335	\$ 7,372,161
Massachusetts State Treasurer**	2,985,305	-	1,320,566
Cash and equivalents held by MSCBA***	<u>-</u>	<u>-</u>	<u>1,453,938</u>
Total	<u>\$ 25,538,024</u>	<u>\$ 982,335</u>	<u>\$ 10,146,665</u>
	2020		
	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Noncurrent Restricted</u>
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***	<u>-</u>	<u>-</u>	<u>2,043,578</u>
Total	<u>\$ 19,917,723</u>	<u>\$ 892,782</u>	<u>\$ 10,728,809</u>

* This amount includes cash and equivalents held at MMDT in the amounts of \$17,849,555 and \$13,957,645 at June 30, 2021 and 2020, respectively.

** This amount is held for the benefit of the University by the Massachusetts State Treasurer in the amounts of \$2,241,668 and \$2,569,513 at June 30, 2021 and 2020, 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 \$2,064,203 and \$1,493,042 at June 30, 2021 and 2020, respectively, to pay year-end liabilities. The latter balances represent amounts paid from State appropriations subsequent to the fiscal year-end.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

*** This amount consists of cash and equivalents which are restricted by the Massachusetts State College Building Authority (“MSCBA”) for the funding of certain construction projects at the University and payments to retire bonds (see Note 11). The University does not have access to these funds except by the authorization of MSCBA. In fiscal year 2021, a portion of the funds were used by MSCBA as debt service due to the ongoing COVID-19 pandemic. Interest earned on debt service reserve funds is used on a current basis to offset annual debt service payments.

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, 2021 and 2020, the University had uninsured bank balances totaling approximately \$12,787,000 and

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Custodial Credit Risk - Continued

\$11,186,600, respectively. As of June 30, 2021 and 2020, the University's uninsured bank balances of \$12,787,000 and \$11,186,600, 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.

FSU Foundation's cash balances are insured by the FDIC up to \$250,000. At June 30, 2021 and 2020, FSU Foundation had uninsured cash and cash equivalent balances of \$162,232 and \$261,978, respectively.

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>2021</u>	<u>2020</u>
U.S. Treasury notes and government securities	\$ 4,794,756	\$ 6,789,488
Corporate debt securities	2,694,998	2,662,938
Equity securities	25,066,558	17,071,843
Money market funds	717,055	832,495
Mutual funds	9,400,722	7,004,981
Commonfund (pooled investment funds)	<u>20,249,012</u>	<u>15,318,007</u>
	62,923,101	49,679,752
Less: insured amounts	<u>500,000</u>	<u>500,000</u>
Total Subject to Custodial Credit Risk	<u>\$ 62,423,101</u>	<u>\$ 49,179,752</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **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, 2021 and 2020, the fair values of the University's deposits held at the MMDT were \$17,849,555 and \$13,957,645, respectively. At June 30, 2021, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 60% at 30 days or less; 28% at 31-90 days; 6% at 91-180 days; and 6% at 181 days or more. At June 30, 2021 and 2020, 100% of the MMDT's cash portfolio had a First-Tier credit quality rating.

The University's funds held at MSCBA are invested in various cash accounts which are fully collateralized by securities in the name of MSCBA and various marketable securities. The University's MSCBA funds held were \$1,453,938 and \$2,043,578 at June 30, 2021 and 2020, respectively.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

The University's investments in marketable securities are represented by the following at June 30, 2021 and 2020:

	2021		2020	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes and Government Securities	\$ 4,695,245	\$ 4,794,756	\$ 6,363,498	\$ 6,789,488
Corporate debt securities	2,628,097	2,694,998	2,533,546	2,662,938
Equity securities	13,900,681	25,066,558	9,979,451	17,071,843
Money market funds	717,055	717,055	832,495	832,495
Mutual funds	8,077,932	9,400,722	6,594,964	7,004,981
Commonfund (pooled investment funds):				
Multi-Strategy Bond Fund	1,100,949	1,270,602	1,104,729	1,233,573
Intermediate Term Fund	2,139,868	2,101,003	2,143,010	2,084,868
Equity Index Fund	<u>5,767,889</u>	<u>16,877,407</u>	<u>5,773,864</u>	<u>11,999,566</u>
Total	<u>\$ 39,027,716</u>	<u>\$ 62,923,101</u>	<u>\$ 35,325,557</u>	<u>\$ 49,679,752</u>

The University's investment balances as of June 30, 2021 and 2020 include \$38,538,513 and \$30,605,974, respectively, which represent unrestricted net position designated by the Board of Trustees (see Note 15). 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 2021 and 2020.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

At June 30, 2021, 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	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	Greater than 10	
U.S. Treasury Notes and Government Securities	\$ 4,794,756	\$ 253,160	\$ 1,336,404	\$ 3,205,192	\$ -	
Corporate Debt Securities	<u>2,694,998</u>	<u>-</u>	<u>1,663,348</u>	<u>1,031,650</u>	<u>-</u>	
Total	\$ 7,489,754	\$ 253,160	\$ 2,999,752	\$ 4,236,842	\$ -	

Investment Type	Fair Value	Credit Rating											
		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	NR	
U.S. Treasury Notes and Government Securities	\$ 4,794,756	\$ 4,794,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Debt Securities	<u>2,694,998</u>	<u>-</u>	<u>210,842</u>	<u>-</u>	<u>140,176</u>	<u>233,030</u>	<u>192,297</u>	<u>997,831</u>	<u>627,508</u>	<u>261,546</u>	<u>31,768</u>	<u>-</u>	<u>-</u>
Total	\$ 7,489,754	\$ 4,794,756	\$ 210,842	\$ -	\$ 140,176	\$ 233,030	\$ 192,297	\$ 997,831	\$ 627,508	\$ 261,546	\$ 31,768	\$ -	\$ -

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:

Investment Type	Fair Value	Investment Maturities (in Years)				
		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>	
Total	\$ 9,452,426	\$ 835,170	\$ 4,240,003	\$ 4,078,963	\$ 298,290	

Investment Type	Fair Value	Credit Rating											
		AAA	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>	<u>-</u>
Total	\$ 9,452,426	\$ 6,830,164	\$ 25,159	\$ 116,037	\$ 243,550	\$ 252,608	\$ 594,650	\$ 472,597	\$ 455,166	\$ 247,270	\$ 151,748	\$ 63,477	\$ -

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - 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	
		2021	2020			2021	2020	2021	2020	2021	2020
Money market funds	State Street Institutional U.S. Government Money Market	\$ 484,477	\$ 166,312	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	23 days	37 days	N/A	N/A	AAAm	AAAm
Money market funds	First American Government Obligation Fund	\$ 232,578	\$ 666,183	Invests primarily in U.S. Government securities and repurchase agreements collateralized by such obligations	Maximize current income and daily liquidity	18 days	44 days	N/A	N/A	AAAm	AAAm
Mutual funds	MMDT Short Term Bond Portfolio	\$ 2,269,876	\$ 2,309,423	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	2.6 years	2.8 years	2.3 years	2.7 years	AAA	AAA
Pooled investment funds	Commonfund Intermediate Term Fund	\$ 2,101,003	\$ 2,084,868	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	2.1 years	2.4 years	1.5 years	1.9 years	AA	AA
Pooled investment funds	Commonfund Multi-Strategy Bond Fund	\$ 1,270,602	\$ 1,233,573	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	6.4 years	5.4 years	A+	A
Pooled investment funds	Commonfund Equity Fund	\$ 16,877,407	\$ 11,999,566	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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **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, 2021 and 2020:

	2021		2020	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Notes and Government Securities	\$ 1,148,961	\$ 1,167,832	\$ 1,433,605	\$ 1,548,297
Corporate debt securities	490,695	513,341	887,877	939,324
Municipal debt securities	-	-	20,104	16,047
Equity securities	2,673,013	5,381,211	2,307,248	4,049,981
Money market funds	168,324	168,323	339,087	339,087
Mutual funds	5,441,578	6,809,589	3,995,950	4,439,432
Real estate investment trust	250,000	263,147	-	-
Private equity	44,842	91,379	25,662	24,548
	<u>\$ 10,217,413</u>	<u>\$ 14,394,822</u>	<u>\$ 9,009,533</u>	<u>\$ 11,356,716</u>
Total				

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

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

	<u>2021</u>	<u>2020</u>
Current Assets:		
Investments	\$ 10,964,829	\$ 8,455,452
Noncurrent Assets:		
Endowment investments	<u>3,429,993</u>	<u>2,901,264</u>
Total	<u>\$ 14,394,822</u>	<u>\$ 11,356,716</u>

At June 30, 2021, 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	\$ 1,167,832	\$ -	\$ 152,750	\$ 1,008,918	\$ 6,164	AAA
Corporate Debt Securities	513,341	-	267,169	246,172	-	Varies
Municipal Debt Securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Varies
Total	<u>\$ 1,681,173</u>	<u>\$ -</u>	<u>\$ 419,919</u>	<u>\$ 1,255,090</u>	<u>\$ 6,164</u>	

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>	

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

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

- 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

As a practical expedient to estimate the fair value of the University's interests, certain investments in commingled funds are reported at the net asset value ("NAV") determined by the fund managers. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2021 and 2020, 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, 2021:

	<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	\$ -	\$ 4,794,756	\$ -	\$ 4,794,756
Corporate Debt Securities	-	2,694,998	-	2,694,998
Equity Securities	25,066,558	-	-	25,066,558
Money Market Funds	717,055	-	-	717,055
Mutual Funds	<u>9,400,722</u>	<u>-</u>	<u>-</u>	<u>9,400,722</u>
	<u>\$ 35,184,335</u>	<u>\$ 7,489,754</u>	<u>\$ -</u>	<u>42,674,089</u>
Investments measured at the net asset value ("NAV"):				
Multi-Strategy Bond Fund				1,270,602
Intermediate Term Fund				2,101,003
Equity Index Fund				<u>16,877,407</u>
Total Investments Measured at the NAV				<u>20,249,012</u>
Total Investments Measured at Fair Value				<u>\$ 62,923,101</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents, and Investments - Continued**

Credit Risk - continued

The University'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>
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>

The University's investments measured at the net asset value ("NAV") are as follows at June 30, 2021:

	<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	\$ 1,270,602	\$ -	Monthly	5 days
Intermediate Term Fund	2,101,003	-	Monthly	5 days
Equity Index Fund	<u>16,877,407</u>	<u>-</u>	Daily	Daily by 3 p.m. EST
Total Investments Measured at the NAV	<u>\$ 20,249,012</u>	<u>\$ -</u>		

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **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, 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>	<u>\$ -</u>		

FSU Foundation Credit Risk

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

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes and Government Securities	\$ 1,112,944	\$ 54,888	\$ -	\$ 1,167,832
Corporate Debt Securities	-	513,341	-	513,341
Municipal Debt Securities	-	-	-	-
Equity Securities	5,735,737	-	-	5,735,737
Money Market Funds	168,323	-	-	168,323
Mutual Funds	<u>-</u>	<u>6,809,589</u>	<u>-</u>	<u>6,809,589</u>
 Total Investments Measured at Fair Value	 <u>\$ 7,017,004</u>	 <u>\$ 7,377,818</u>	 <u>\$ -</u>	 <u>\$ 14,394,822</u>

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	339,087	-	-	339,087
Mutual Funds	<u>-</u>	<u>4,439,432</u>	<u>-</u>	<u>4,439,432</u>
 Total Investments Measured at Fair Value	 <u>\$ 5,417,564</u>	 <u>\$ 5,939,152</u>	 <u>\$ -</u>	 <u>\$ 11,356,716</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 3 - **Accounts Receivable**

The University's accounts receivable includes the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Student accounts receivable	\$ 5,413,752	\$ 5,227,087
Grants receivable	105,790	437,834
Parking fines receivable	322,196	349,396
Commissions receivable	8,192	3,742
Due from Warren Center	6,489	-
Due from the FSU Foundation	<u>5,879</u>	<u>21,341</u>
	5,862,298	6,039,400
Less: allowance for doubtful accounts	<u>(2,379,305)</u>	<u>(2,112,244)</u>
 Total	 <u>\$ 3,482,993</u>	 <u>\$ 3,927,156</u>

The FSU Foundation has an offsetting payable to the University in the amount of \$5,879 and \$21,341 at June 30, 2021 and 2020, 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
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Loans Receivable and Payable**

Loans receivable include the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Perkins loans receivable	\$ 1,100,483	\$ 1,433,169
Emergency student loans receivable	<u>1,368</u>	<u>1,514</u>
	<u>\$ 1,101,851</u>	<u>\$ 1,434,683</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 \$1,312,727 and \$1,531,991 at June 30, 2021 and 2020, 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 5 - **Capital Assets**

Capital assets activity of the University for the year ended June 30, 2021 is as follows:

	<u>Totals</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Reclassification*</u> <u>and</u> <u>Reductions</u>	<u>Totals</u> <u>June 30, 2021</u>
Capital Assets:				
Non-Depreciable Capital Assets:				
Land	\$ 3,201,215	\$ -	\$ -	\$ 3,201,215
Construction in progress	<u>2,558,644</u>	<u>2,325,361</u>	<u>(4,574,692)</u>	<u>309,313</u>
Total Non-Depreciable Assets	<u>5,759,859</u>	<u>2,325,361</u>	<u>(4,574,692)</u>	<u>3,510,528</u>
Depreciable Capital Assets:				
Land improvements	11,135,315	-	-	11,135,315
Buildings	112,006,448	-	-	112,006,448
Building improvements	83,706,412	-	4,574,692	88,281,104
Equipment	<u>7,476,991</u>	<u>-</u>	<u>-</u>	<u>7,476,991</u>
Total Depreciable Assets	<u>214,325,166</u>	<u>-</u>	<u>4,574,692</u>	<u>218,899,858</u>
Total Capital Assets	<u>220,085,025</u>	<u>2,325,361</u>	<u>-</u>	<u>222,410,386</u>
Less: accumulated depreciation				
Land improvements	5,125,022	493,587	-	5,618,609
Buildings	37,497,636	2,182,975	-	39,680,611
Building improvements	40,165,156	4,170,953	-	44,336,109
Equipment	<u>6,512,373</u>	<u>502,057</u>	<u>-</u>	<u>7,014,430</u>
Total Accumulated Depreciation	<u>89,300,187</u>	<u>7,349,572</u>	<u>-</u>	<u>96,649,759</u>
Capital Assets, Net	<u>\$ 130,784,838</u>	<u>\$ (5,024,211)</u>	<u>\$ -</u>	<u>\$ 125,760,627</u>

* At June 30, 2021, construction costs incurred for the University's various facility improvements were included in construction in progress and subsequently transferred to capital asset additions upon completion during the year ended June 30, 2021.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 5 - **Capital Assets - Continued**

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 5 - **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, 2021 and 2020.

Note 6 - **Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities include the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Accounts payable - trade	\$ 1,432,507	\$ 2,228,461
Salaries and fringe benefits payable	<u>3,725,369</u>	<u>2,052,219</u>
	<u>\$ 5,157,876</u>	<u>\$ 4,280,680</u>

Note 7 - **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, 2021 and 2020. Based upon the Commonwealth's analyses, \$457,800 and \$425,703 of accrued workers' compensation has been recorded as a liability at June 30, 2021 and 2020, respectively.

Note 8 - **Accrued Compensated Absences**

Accrued compensated absences are comprised of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Vacation time payable	\$ 3,430,472	\$ 3,523,120
Sick time payable	<u>2,648,574</u>	<u>2,824,457</u>
	<u>\$ 6,079,046</u>	<u>\$ 6,347,578</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 9 - **Faculty Payroll Accrual**

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth of Massachusetts and Framingham State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2021 of \$3,453,887 will be paid from the University's fiscal 2021 State appropriations. The total amount due at June 30, 2020 of \$3,868,872 was paid from the University's fiscal 2021 State appropriations.

Note 10 - **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
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 10 - **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 \$1,344,000 and \$1,758,000 at June 30, 2021 and 2020, 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 has been recognized in capital grant revenue in the accompanying statements of revenues, expenses, and changes in net position for the years ended June 30, 2021 and 2020.

The University reports the carrying value of the capital assets relating to the service concession arrangements of approximately \$2,592,000 and \$2,736,000 at June 30, 2021 and 2020, respectively. Depreciation on these capital assets amounted to \$144,000 for the years ended June 30, 2021 and 2020.

Note 11 - **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
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

The following table summarizes the University's Interagency payables as of June 30, 2021:

	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rates (%)</u>	<u>Due Date</u>	<u>Effective Interest Rates (%)*</u>	<u>Interagency Payable Balance</u>	<u>Unamortized Bond Premiums</u>	<u>Total Interagency Payable</u>
MSCBA Series 2010B	12/17/2010	11,095,000	4.89-6.54	5/1/2035	6.35	11,095,000	-	11,095,000
DCAMM CEIP Funds-Phase I	7/1/2011	373,537	4.50	1/1/2032	4.81	244,918	-	244,918
DCAMM CEIP Funds-Phase II	7/1/2011	3,711,166	4.00	1/1/2027	4.58	1,749,758	-	1,749,758
MSCBA Series 2011A	5/25/2011	447,000	2.00-5.00	5/1/2025	5.00	281,252	30,399	311,651
MSCBA Series 2012B	3/1/2012	725,000	3.00-5.00	5/1/2022	5.00	275,504	18,676	294,180
MSCBA Series 2012C	12/1/2012	4,155,000	2.00-5.00	5/1/2032	2.88	2,664,905	79,715	2,744,620
MSCBA Series 2014A	1/1/2014	3,185,000	2.00-5.00	5/1/2033	5.00	565,000	33,755	598,755
MSCBA Series 2014C	12/1/2014	680,000	3.00-5.00	5/1/2034	5.00	519,831	70,401	590,232
MSCBA Series 2016A	2/25/2016	5,311,000	4.00-5.00	5/1/2029	4.00	3,620,358	438,985	4,059,343
MSCBA Series 2019A	1/15/2019	1,225,000	3.00-5.00	5/1/2039	3.87	1,132,500	72,845	1,205,345
MSCBA Series 2019C	1/15/2019	8,683,000	3.00-5.00	5/1/2039	1.47	3,705,002	-	3,705,002
MSCBA Series 2020A	7/1/2020	<u>4,162,277</u>	3.00-5.00	5/1/2039	1.71	<u>4,162,277</u>	-	<u>4,162,277</u>
		<u>\$ 43,752,980</u>				<u>\$ 30,016,305</u>	<u>\$ 744,776</u>	<u>\$ 30,761,081</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, 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>
MDFA 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 II	7/1/2011	3,711,166	4.00	1/1/2027	4.06	2,003,408	-	2,003,408
MSCBA Series 2011A	5/25/2011	447,000	2.00-5.00	5/1/2025	5.00	392,105	-	392,105
MSCBA Series 2012B	3/1/2012	725,000	3.00-5.00	5/1/2022	5.00	1,083,280	-	1,083,280
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 2016A	2/25/2016	5,311,000	4.00-5.00	5/1/2029	4.00	4,237,873	61,052	4,298,925
MSCBA Series 2019A	1/15/2019	1,225,000	3.00-5.00	5/1/2039	3.61	1,195,000	67,500	1,262,500
MSCBA Series 2019C	1/15/2019	<u>8,683,000</u>	3.00-5.00	5/1/2039	1.47	<u>3,793,850</u>	-	<u>3,793,850</u>
		<u>\$ 39,768,408</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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

MSCBA 2020A Bond Issuance

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

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, unexpended debt proceeds held by Century Bancorp, Inc. related to the debt issue and the Project was \$18,305, which was included in the accompanying statements of net position at June 30, 2020, as noncurrent restricted cash and equivalents. There was no unexpended debt proceeds held by Century Bancorp, Inc. related to the debt issue at June 30, 2021.

The University was required to make annual principal payments on the CREBS debt each May 1. Interest on the debt was payable May 1 and November 1 each year. Interest payments were based on an amortization schedule using a 3.50% interest rate over the term of the debt to maturity. The University repaid this bond in full during fiscal year 2021.

MSCBA Series 2010B Bond Issuance

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of \$715,805 and \$965,564, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. During fiscal year 2021, MSCBA used a portion of the debt service reserve funds to cover the fall assessment.

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.

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

University operating funds of approximately \$193,000. CEIP Funds for Phase 2 are being repaid over 15 years at 4.0% interest. Annual payments of principal and interest for Phase 2 in the amount of \$333,786 commenced in 2013. Additionally, both agreements provide for the University to fund annual maintenance costs to be paid over the first five years of the Project totaling approximately \$100,800, of which approximately \$6,900 relates to Phase 1 and \$93,900 relates to Phase 2. These maintenance costs are expected to be offset by energy savings as a result of the Project.

MSCBA 2011A Bond Issuance

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

MSCBA 2012B Bond Issuance

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

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of \$199,284 and \$268,818, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. During fiscal year 2021, MSCBA used a portion of the debt service reserve funds to cover the fall assessment.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

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.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds related to the 2012C bond in the amount of \$51,781 and \$69,848, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. During fiscal year 2021, MSCBA used a portion of the debt service reserve funds to cover the fall assessment.

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

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, 2021 and 2020, the MSCBA held debt service reserve funds in the amount of \$144,063 and \$194,330, respectively. 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.

The amounts held by MSCBA are included in the accompanying statements of net position at June 30, 2021 and 2020, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. During fiscal year 2021, MSCBA used a portion of the debt service reserve funds to cover the fall assessment.

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

As of June 30, 2021 and 2020, the MSCBA held debt service reserve funds in the amount of \$33,198 and \$44,781, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. During fiscal year 2021, MSCBA used a portion of the debt service reserve funds to cover the fall assessment.

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 2016A Bond Issuance

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

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of \$230,456 and \$310,867, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020, as noncurrent restricted cash and equivalents. Funds from the debt service reserve fund are scheduled to be released periodically in future years to assist with assessment payments. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. During fiscal year 2021, MSCBA used a portion of the debt service reserve funds to cover the fall assessment.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

MSCBA 2019A Bond Issuance

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

MSCBA 2019C Bond Issuance

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

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

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Amortization of Bond Premium</u>	<u>Total Principal</u>	<u>Estimated Interest</u>	<u>Total</u>
2022	\$ 1,059,095	\$ 160,896	\$ 1,219,991	\$ 1,301,349	\$ 2,521,340
2023	2,337,412	132,654	2,470,066	1,255,271	3,725,337
2024	2,520,762	113,115	2,633,877	1,166,531	3,800,408
2025	2,640,351	93,012	2,733,363	1,068,008	3,801,371
2026	3,236,657	72,406	3,309,063	965,161	4,274,224
2027	2,963,777	58,181	3,021,958	821,393	3,843,351
2028-2032	10,772,446	99,617	10,872,063	2,393,188	13,265,251
2033-2037	4,233,304	13,480	4,246,784	395,362	4,642,146
2038-2039	252,501	1,415	253,916	13,538	267,454
Total	<u>\$ 30,016,305</u>	<u>\$ 744,776</u>	<u>\$ 30,761,081</u>	<u>\$ 9,379,801</u>	<u>\$ 40,140,882</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Interagency Payables - Continued**

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, 2021 and 2020, amounts held by MSCBA representing the unexpended portion of the University's contributions totaled \$79,351 and \$189,370 respectively, all of which is included in noncurrent restricted cash and equivalents in the accompanying 2021 and 2020 statements of net position.

As of June 30, 2021 and 2020, construction costs funded during the year by the University's equity contributions and bond issuance funds amounted to \$486,327 and \$323,638, respectively.

<u>Project Number</u>	<u>Project Name</u>	Amount Paid in <u>2021</u>	Amount Paid in <u>2020</u>
FRC1957	Crocker Hall	\$ 243,958	\$ 125,736
FRC1958	Campus Electrical Improvements	175,289	72,062
FRC1950	Hemenway Hall	-	44,311
FRC1959	May Hall	63,564	41,862
	Various Miscellaneous Projects	<u>3,516</u>	<u>39,667</u>
		<u>\$ 486,327</u>	<u>\$ 323,638</u>

Note 12 - **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, 2021 and 2020, the interest rate was 3.50%. Interest-only payments are required on any line of credit balances outstanding. As of June 30, 2021, no amounts have been drawn on the line of credit.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **Long-Term Liabilities**

Long-term liabilities activity for the year ended June 30, 2021 included the following:

				<u>Totals June 30, 2021</u>	
	<u>Totals</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Current</u>
	<u>June 30, 2020</u>			<u>Balance</u>	<u>Portion</u>
Interagency payables	\$ 30,885,392	\$ 389,835	\$ 514,146	\$ 30,761,081	\$ 1,219,991
Other Liabilities:					
Compensated absences	6,347,578	-	268,532	6,079,046	3,807,357
Workers' compensation	425,703	32,097	-	457,800	78,742
Loan payable - federal					
financial assistance	1,531,991	-	219,264	1,312,727	-
Net pension liability	14,703,180	4,674,361	-	19,377,541	-
Net OPEB liability	<u>27,718,004</u>	<u>-</u>	<u>2,783,650</u>	<u>24,934,354</u>	<u>-</u>
Total Other Liabilities	<u>50,726,456</u>	<u>4,706,458</u>	<u>3,271,446</u>	<u>52,161,468</u>	<u>3,886,099</u>
Long-Term Obligations	<u>\$ 81,611,848</u>	<u>\$ 5,096,293</u>	<u>\$ 3,785,592</u>	<u>\$ 82,922,549</u>	<u>\$ 5,106,090</u>

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

				<u>Totals June 30, 2020</u>	
	(Restated)			<u>Ending</u>	<u>Current</u>
	<u>Totals</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>
	<u>June 30, 2019</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>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **Long-Term Liabilities**

The DCAMM CEIP debt issuances in the total amount of \$1,994,676 and \$2,265,259 at June 30, 2021 and 2020, respectively, are due in 2032 (see Note 12). Required annual principal payments are expected to be paid each January 1.

Note 14 - **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 \$38,088,654 and \$19,692,683 at June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, of the total designated unrestricted net position, \$38,538,513 and \$30,605,974, respectively, was designated by a vote of the Board of Trustees during fiscal 2006 as a quasi-endowment and the remainder has been designated by action of management for the purposes described above. Undesignated unrestricted net deficiency was \$(5,005,907) and \$(5,855,809) at June 30, 2021 and 2020, respectively.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 14 - **Net Position - Continued**

The University's net investment in capital assets consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Non-depreciable capital assets	\$ 3,510,528	\$ 5,759,859
Depreciable capital assets	<u>122,250,099</u>	<u>125,024,979</u>
Total capital assets, net	125,760,627	130,784,838
Long-term debt related to capital assets		
Interagency payables	(29,541,090)	(29,064,825)
Current debt related to capital assets		
Interagency payables	(1,219,991)	(1,820,590)
Other:		
Unspent proceeds on debt related to capital assets	-	91,913
Debt service reserve	1,374,587	1,854,208
Debt used to pay bond issuance costs	368,536	370,026
Deferred outflow for loss on bond refunding	<u>369,317</u>	<u>-</u>
Total Investment in Capital Assets	<u>\$ 97,111,986</u>	<u>\$ 102,215,570</u>

Note 15 - **Net Assets Restricted by Donor**

FSU Foundation's statements of net position as of June 30, 2021 and 2020 reflect a net position with donor restrictions of \$6,729,459 and \$5,317,872, respectively. Of these amounts, \$229,969 and \$410,425 in fiscal years 2021 and 2020, respectively, are restricted by enabling legislation for the State Matching Funds Program.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 16 - **Operating Expenses**

The University's operating expenses for the years ended June 30, 2021 and 2020, on a natural classification basis, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Salaries:		
Faculty	\$ 23,211,673	\$ 24,547,622
Exempt wages	20,840,316	21,390,930
Non-exempt wages	9,434,306	8,900,313
Benefits	18,253,183	17,743,250
Utilities	3,225,072	3,414,194
Supplies and other services	25,169,876	30,907,194
Depreciation	<u>7,349,572</u>	<u>7,446,044</u>
Total Operating Expenses	<u>\$ 107,483,998</u>	<u>\$ 114,349,547</u>

Note 17 - **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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **Retirement Plan**

Defined Benefit Plan Description

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

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

Benefit Provisions

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

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

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **Retirement Plan - Continued**

Contributions - 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 employees paid by State appropriations. Pension funding for employees paid from State appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to \$4,904,398, \$4,600,624, and \$3,878,870 for the years ended June 30, 2021, 2020 and 2019, 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 14.66%, 14.08%, and 12.06% of annual covered payroll for the fiscal years ended June 30, 2021, 2020 and 2019, respectively. The University contributed \$1,006,045, \$1,220,464, and \$1,000,513 for the fiscal years ended June 30, 2021, 2020 and 2019, 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, 2021 and 2020, the University reported a liability of \$19,377,541 and \$14,703,180, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2021, the reporting date, was measured as of June 30, 2020, 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, 2020. 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **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 2021 and 2020. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2021 and 2020 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the University's proportion was 0.113% and 0.100%, respectively.

For the years ended June 30, 2021 and 2020, the University recognized pension expense of \$3,002,664 and \$2,486,337, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	<u>2021</u>	<u>2020</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 1,006,045	\$ 1,220,464
Differences between projected and actual investments earnings	1,065,192	-
Differences between expected and actual experience	616,565	488,296
Changes in proportion from Commonwealth	14,634	25,959
Changes in plan actuarial assumptions	1,098,678	1,089,864
Changes in proportion due to internal allocation	<u>1,970,445</u>	<u>1,130,353</u>
Total deferred outflows related to pension	<u>\$ 5,771,559</u>	<u>\$ 3,954,936</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **Retirement Plan - Continued**

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

	2021	2020
<u>Deferred Inflows of Resources Related to Pension</u>		
Differences between projected and actual investments earnings	\$ -	\$ 219,318
Differences between expected and actual experience	125,387	191,222
Changes in proportion from Commonwealth	47,230	747
Changes in proportion due to internal allocation	<u>1,660,663</u>	<u>2,283,113</u>
Total deferred inflows related to pension	<u>\$ 1,833,280</u>	<u>\$ 2,694,400</u>

The University's contributions of \$1,006,045 and \$1,220,464 made during the fiscal years ending 2021 and 2020, 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>	
2022	\$ 588,208
2023	833,058
2024	865,833
2025	591,995
2026	<u>53,140</u>
	<u>\$ 2,932,234</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **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>2021</u>	<u>2020</u>
Measurement date	June 30, 2020	June 30, 2019
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	7.15%	7.25%
Interest rate credited to annuity savings fund	3.50%	3.50%

For measurement dates June 30, 2020 and 2019, 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-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year

The 2021 pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 and rolled forward to June 30, 2020. 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **Retirement Plan - Continued**

Actuarial Assumptions - 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>2021</u>		<u>2020</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%	4.8%	39.0%	4.9%
Core Fixed Income	15.0%	0.7%	15.0%	1.3%
Private Equity	13.0%	8.2%	13.0%	8.2%
Portfolio Completion Strategies	11.0%	3.2%	11.0%	3.6%
Real Estate	10.0%	3.5%	10.0%	4.7%
Value Added Fixed Income	8.0%	4.2%	8.0%	3.9%
Timberland/Natural Resources	4.0%	4.1%	4.0%	4.1%
	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and 7.25% at June 30, 2021 and 2020, 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
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **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>2021</u>		
	1.00% Decrease	Current	Discount Rate	1.00% Increase
	6.15%		7.15%	8.15%
Net Pension liability	\$ 25,531,109		\$ 19,377,541	\$ 14,319,789

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

Note 19 - **Other Post-Employment Benefits ("OPEB")**

Plan Description

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

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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

Plan Description - Continued

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

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

Benefits Provided

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

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2021 and 2020, and as of the valuation date (January 1, 2020 and 2019), participants contributed 10% 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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

Contributions - Continued

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). The University is required to contribute based on Massachusetts General Laws; the rate was 7.70% and 7.29% of annual covered payroll for the fiscal years ended June 30, 2021 and 2020, respectively. The University contributed \$528,286 and \$632,231 for the fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020, the University reported a liability of \$24,934,354 and \$27,718,004, 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, 2020 and 2019, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 and 2019, 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 2020 and 2019. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the University's proportion was 0.121% and 0.152%, respectively.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

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

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of \$647,179 and \$1,826,193, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	2021	2020
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 528,286	\$ 632,231
Differences between expected and actual experience	688,140	1,111,621
Changes in OPEB plan actuarial assumptions	2,053,386	21,328
Differences between projected and actual earnings on OPEB plan investments	72,095	-
Changes in proportion from Commonwealth	37,789	67,585
Changes in proportion due to internal allocation	<u>3,945,636</u>	<u>5,709,022</u>
Total deferred outflows related to OPEB	<u>\$ 7,325,332</u>	<u>\$ 7,541,787</u>
	2021	2020
<u>Deferred Inflows of Resources Related to OPEB</u>		
Differences between projected and actual earnings on OPEB plan investments	\$ -	\$ 12,748
Differences between expected and actual experience	615,464	35,495
Changes in OPEB plan actuarial assumptions	2,409,819	4,168,077
Changes in proportion from Commonwealth	84,681	-
Changes in proportion due to internal allocation	<u>10,141,453</u>	<u>6,378,130</u>
Total deferred inflows related to OPEB	<u>\$ 13,251,417</u>	<u>\$ 10,594,450</u>

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

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

The University's contributions of \$528,286 and \$632,231 made during the fiscal year 2021 and 2020, 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>	
2022	\$ (1,852,630)
2023	(1,736,241)
2024	(1,341,183)
2025	(1,316,711)
2026	<u>(207,606)</u>
	<u>\$ (6,454,371)</u>

Actuarial Assumptions

The total OPEB liability for 2021 and 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	June 30, 2020	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Inflation	2.50%	2.50%
Salary increases	4.0% per year	4.0% per year
Investment rate of return	7.25%, net of OPEB plan investment expense, including inflation	7.25%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published GAO-Getzen trend rate model, version 2020_b. Medicare and non-medicare benefits range from 4.04% to 6.70%	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

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

Actuarial Assumptions - Continued

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year for both measurement dates June 30, 2020 and 2019.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have healthcare coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage for measurement date June 30, 2020.
- 80% of current and future contingent eligible participants will elect healthcare benefits at age 55, or current age if later, for the measurement date June 30, 2019.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age		Retirement Age		
	2021		2020		
	Under 65	Age 65+	Under 65	Age 65+	
Indemnity	28.0%	96.0%	Indemnity	25.0%	85.0%
POS/PPO	60.0%	0.0%	POS/PPO	60.0%	0.0%
HMO	12.0%	4.0%	HMO	15.0%	15.0%

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

Actuarial Assumptions - Continued

The actuarial assumptions used in the January 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2018 and 2017 through December 31, 2019 and 2018, depending upon the criteria being evaluated.

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2019 and 2018 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, 2021 and 2020 are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2021 and 2020 was 2.28% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rate (2.21% and 3.51%) 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 2028 and 2029 for the fiscal years 2021 and 2020, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.15% and 7.25%, respectively, per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

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

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

2021		
1.00% Decrease	Current Discount Rate	1.00% Increase
1.28%	2.28%	3.28%
\$ 29,964,127	\$ 24,934,354	\$ 20,960,222
2020		
1.00% Decrease	Current Discount Rate	1.00% Increase
2.63%	3.63%	4.63%
\$ 33,086,339	\$ 27,718,004	\$ 23,473,524

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Other Post-Employment Benefits ("OPEB") - Continued**

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

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

2021		
<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
\$ 20,252,469	\$ 24,934,354	\$ 31,154,648
2020		
<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
\$ 22,843,137	\$ 27,718,004	\$ 34,149,870

Note 20 - **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*.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 20 - **Management Accounting and Reporting System - Continued**

State Appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Gross State appropriations	\$ 35,009,713	\$ 32,705,835
Add: Fringe benefits for benefited employees on the Commonwealth payroll	12,170,659	11,593,058
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	<u>(100,039)</u>	<u>(123,502)</u>
Net State Appropriations	<u>\$ 47,080,333</u>	<u>\$ 44,175,391</u>

\$45,364,246 and \$44,146,319 represent appropriations for maintenance and payroll during 2021 and 2020, respectively. \$1,716,087 and \$29,072 represent appropriations for capital improvements during 2021 and 2020, respectively. This amount is presented separately in the accompanying statements of revenues, expenses, and changes in net position.

Note 21 - **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
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 21 - **Risk Management, Commitments and Contingencies - Continued**

The University also participates in the Commonwealth's self-insured programs for employees' workers' compensation, healthcare and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 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 healthcare insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 20).

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.

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

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 21 - **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 and beyond 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 22 - **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.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2020	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, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	0.113%	0.100%	0.122%	0.117%	0.105%	0.112%	0.084%
Proportionate share of the collective net pension liability	\$ 19,377,541	\$ 14,703,180	\$ 16,139,945	\$ 14,961,538	\$ 14,519,987	\$ 12,702,384	\$ 6,196,704
University's covered payroll	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289	\$ 9,166,553	\$ 8,001,513	\$ 6,724,042	\$ 6,191,363
University's proportionate share of the net pension liability as a percentage of its covered payroll	223.55%	177.23%	170.43%	163.22%	181.47%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

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

See accompanying notes to the required supplementary information.

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

Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 1,006,045	\$ 1,220,464	\$ 1,000,513	\$ 1,115,600	\$ 912,072	\$ 756,143	\$ 698,628
Contributions in relation to the statutorily required contribution	<u>(1,006,045)</u>	<u>(1,220,464)</u>	<u>(1,000,513)</u>	<u>(1,115,600)</u>	<u>(912,072)</u>	<u>(756,143)</u>	<u>(698,628)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 6,862,517	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289	\$ 9,166,553	\$ 8,001,513	\$ 6,724,042
Contribution as a percentage of covered payroll	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

Notes:

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

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

See accompanying notes to the required supplementary information.

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

Notes to Required Supplementary Pension Information

June 30, 2021

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

Measurement date – June 30, 2020

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

Measurement date – June 30, 2019

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

Measurement date – June 30, 2018

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

The mortality rate assumptions were changed as follows:

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

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.

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

Notes to Required Supplementary Pension Information - Continued

June 30, 2021

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

Measurement date – June 30, 2015

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

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

The mortality rates were changed as follows:

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

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, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.121%	0.152%	0.190%	0.166%
Proportionate share of the collective net OPEB liability	\$ 24,934,354	\$ 27,718,004	\$ 35,317,275	\$ 29,100,266
University's covered payroll	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289	\$ 9,166,553
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	6.40%	6.96%	6.01%	5.39%

Notes:

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

See accompanying notes to the required supplementary information.

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

Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Year Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 528,286	\$ 632,231	\$ 729,569	\$ 844,642
Contributions in relation to the statutorily required contribution	<u>(528,286)</u>	<u>(632,231)</u>	<u>(729,569)</u>	<u>(844,642)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 6,862,517	\$ 8,668,068	\$ 8,296,128	\$ 9,470,289
Contribution as a percentage of covered payroll	7.70%	7.29%	8.79%	8.92%

Notes:

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

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

See accompanying notes to the required supplementary information.

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

Notes to Required Supplementary OPEB Information

June 30, 2021

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

Measurement date – June 30, 2020

Change in per capita claims costs

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

Change in medical trend rates

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

Change in Investment Rate

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

Change in Salary Scale

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

Change in Discount Rate

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

Measurement date – June 30, 2019

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

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

Change in Trend on Future Costs

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

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

Notes to Required Supplementary OPEB Information - Continued

June 30, 2021

Change in Discount Rate

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

Measurement date – June 30, 2018

Change in Trend on Future Costs

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

Change in Mortality Rates

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

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

Change in Discount Rate

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

Measurement date – June 30, 2017

Change in Discount Rate

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

Note 2 - **Other Information**

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

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
(an agency of the Commonwealth of Massachusetts)

Residence Hall Fund and Residence Hall Damage Fund (Unaudited)

Schedules of Net Position

June 30, 2021

	Assets	
	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Assets:		
Cash	\$ 2,530,332	\$ 531,715
Accounts Receivable	<u>542,573</u>	<u>28,653</u>
Total Assets	<u><u>\$ 3,072,905</u></u>	<u><u>\$ 560,368</u></u>
	Liabilities and Net Position	
Liabilities:		
Accounts payable	\$ 44,939	\$ 421
Salaries and fringe benefits	164,382	-
Deferred revenue	28,296	516
Deposits	<u>60,500</u>	<u>-</u>
Total Liabilities	<u>298,117</u>	<u>937</u>
Net Position	<u>2,774,788</u>	<u>559,431</u>
Total Liabilities and Net Position	<u><u>\$ 3,072,905</u></u>	<u><u>\$ 560,368</u></u>

See Independent Auditors' Report.

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

Residence Hall Fund and Residence Hall Damage Fund (Unaudited)

Schedules of Revenues, Expenses and Changes in Net Position

For the Year ended June 30, 2021

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Operating Revenues:		
Student tuition and fees	\$ 6,246,298	\$ 38,008
Interest	137	-
Commissions	17,628	-
Rentals	97,783	-
Auxiliary service fees and other revenue	<u>16,777</u>	<u>-</u>
Total Operating Revenues	<u>6,378,623</u>	<u>38,008</u>
Operating Transfer in (external)	<u>129,633</u>	<u>-</u>
Operating Expenses:		
Regular employee compensation	1,573,022	-
Regular employee related expenses	2,979	-
Special employee/contract services	832,668	-
Pension and insurance	560,760	-
Administrative expenses	81,689	-
Facility operating supplies and related expenses	126,412	-
Consultant services	5,676	-
Operational services	70,118	-
Equipment purchases	7,260	-
Equipment lease - purchase, lease, rent, repair	13,926	16,561
Purchased client service and programs	5,146	-
Buildings improvements	558,803	-
Information technology	57,057	-
Scholarships	274,555	-
Loans and special payments	<u>3,673,527</u>	<u>-</u>
Total Operating Expenses	<u>\$ 7,843,598</u>	<u>\$ 16,561</u>

See Independent Auditors' Report.

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

Residence Hall Fund and Residence Hall Damage Fund (Unaudited)

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

For the Year ended June 30, 2021

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Operating Transfers Out (External):		
Electricity	\$ 1,713,831	\$ -
Health services reimbursement	70,000	-
Laundry and cleaning	<u>50,000</u>	<u>-</u>
Total Operating Transfers Out (External)	<u>1,833,831</u>	<u>-</u>
Non-operating Revenues:		
HEERF funds	<u>4,213,920</u>	<u>-</u>
Increase (Decrease) in Net Position	1,044,747	21,447
Net Position, Beginning of Year	<u>1,730,041</u>	<u>537,984</u>
Net Position, End of Year	<u>\$ 2,774,788</u>	<u>\$ 559,431</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
(an agency of the Commonwealth of Massachusetts)

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>	<u>(Restated)</u> <u>2019</u>	<u>2020</u>	<u>2021</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	\$ 97,111,986
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	3,361,389
Restricted - non-expendable	1,925,721	1,970,057	1,996,750	2,045,582	2,088,572	2,158,255	2,200,614	2,224,885	1,224,785
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>13,836,874</u>	<u>13,836,874</u>	<u>33,082,747</u>
Total Net Position	\$ 79,158,015	\$ 94,747,808	\$ 125,992,788	\$ 141,823,696	\$ 154,653,198	\$ 122,808,893	\$ 124,060,968	\$ 121,691,802	\$ 134,780,907

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>	<u>(Restated)</u> <u>2019</u>	<u>2020</u>	<u>2021</u>
Source of Revenue:									
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	\$ 33,126,826
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	9,107,881
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	6,416,628
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>	<u>1,776,599</u>
Total Operating Revenue	<u>55,320,262</u>	<u>56,793,207</u>	<u>59,476,381</u>	<u>63,345,107</u>	<u>64,024,118</u>	<u>62,920,393</u>	<u>66,094,971</u>	<u>63,048,694</u>	<u>50,427,934</u>
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	45,364,246
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>	<u>25,915,406</u>
Total Non-operating Revenue	<u>31,880,616</u>	<u>42,878,134</u>	<u>69,147,245</u>	<u>57,402,799</u>	<u>53,904,437</u>	<u>43,150,408</u>	<u>52,708,695</u>	<u>49,315,056</u>	<u>71,279,652</u>
Total Revenue	\$ 87,200,878	\$ 99,671,341	\$ 128,623,626	\$ 120,747,906	\$ 117,928,555	\$ 106,070,801	\$ 118,803,666	\$ 112,363,750	\$ 121,707,586
Functional Expense:									
Instruction	\$ 26,225,721	\$ 27,347,169	\$ 29,049,792	\$ 31,336,705	\$ 33,811,638	\$ 32,241,502	\$ 35,228,475	\$ 35,228,475	\$ 33,948,212
Research	18,537	90,386	1,508,571	1,630,714	1,732,248	112,467	107,840	107,840	103,921
Academic support	9,343,322	9,974,585	9,998,548	11,852,251	12,835,835	13,869,676	15,578,827	15,578,827	15,012,665
Student services	9,516,596	10,513,003	11,158,061	11,911,904	13,214,323	13,682,206	14,531,530	14,531,530	14,003,429
Institutional support	7,828,181	7,858,572	9,009,850	10,815,126	10,555,230	11,690,341	12,083,175	12,083,175	11,644,052
Operations and maintenance of plant	11,149,462	11,087,924	11,167,239	11,440,601	12,352,552	12,790,568	14,715,084	14,715,084	14,180,312
Scholarships (3)	-	-	-	-	-	-	740,302	740,302	3,769,231
Sub-total	<u>64,081,819</u>	<u>66,871,639</u>	<u>71,892,061</u>	<u>78,987,301</u>	<u>84,501,826</u>	<u>84,386,760</u>	<u>92,985,233</u>	<u>92,985,233</u>	<u>92,661,822</u>
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>13,918,270</u>	<u>13,918,270</u>	<u>7,472,604</u>
Total Operating Expense	<u>75,064,621</u>	<u>78,779,238</u>	<u>83,991,713</u>	<u>89,382,942</u>	<u>98,103,183</u>	<u>98,253,226</u>	<u>106,903,503</u>	<u>106,903,503</u>	<u>100,134,426</u>
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>	<u>8,484,055</u>
Total 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>	<u>8,484,055</u>
Total Expense	\$ 75,843,321	\$ 80,094,581	\$ 86,063,968	\$ 100,181,707	\$ 134,862,318	\$ 110,080,720	\$ 115,855,905	\$ 115,600,375	\$ 108,618,481

(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
(an agency of the Commonwealth of Massachusetts)

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>	<u>2021</u>
Land (acreage) (1)(7)	51.28	53.00	54.00	143.18	143.18	145.16	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	53,467
200 Labs (4)(7)	69,875	69,875	69,875	124,875	124,875	132,875	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	119,262
400 Study facilities (6)	54,565	54,565	54,565	54,565	58,862	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	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	138,506
600 General Use (6)	56,311	56,311	56,311	56,311	76,023	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	156,785
000 Unclassified	-	-	-	-	-	-	-	-	-
Unassigned/unassignable (6)	154,688	154,688	154,688	154,688	164,397	164,397	164,397	164,397	164,397
Total Square Feet	665,504	688,358	702,566	856,226	929,626	953,626	953,626	953,626	953,626
Residence Halls (3)(5)	469,645	539,045	539,045	545,795	562,728	562,728	562,728	562,728	562,728
Rental space	6,613	6,613	6,613	6,613	-	-	-	-	-
Dormitories - # of residents (1)	<u>2013</u> 1,946	<u>2014</u> 1,940	<u>2015</u> 1,890	<u>2016</u> 1,876	<u>2017</u> 1,875	<u>2018</u> 1,838	<u>2019</u> 1,803	<u>2020</u> 726	<u>2020</u> 1,305

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
(an agency of the Commonwealth of Massachusetts)

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>	<u>2021</u>	
<i>Resident Undergraduate</i>												
Tuition	\$ 970	\$ 970	\$ 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	10,130	
<i>Total</i>	\$ 7,065	\$ 7,580	\$ 8,080	\$ 8,080	\$ 8,320	\$ 8,700	\$ 9,340	\$ 9,920	\$ 10,520	\$ 11,100	\$ 11,100	
<i>Non-Resident Undergraduate</i>												
Tuition	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 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	10,130	
<i>Total</i>	\$ 13,145	\$ 13,660	\$ 14,160	\$ 14,160	\$ 14,400	\$ 14,780	\$ 15,420	\$ 16,000	\$ 16,600	\$ 17,180	\$ 17,180	
<i>Resident Graduate</i>												
Tuition	\$ 1,675	\$ 1,675	\$ 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	10,130	
<i>Total</i>	\$ 7,770	\$ 8,285	\$ 8,785	\$ 8,785	\$ 9,025	\$ 9,405	\$ 10,045	\$ 10,625	\$ 11,225	\$ 11,805	\$ 11,805	

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

See Independent Auditors' Report.

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

Supplemental Statistical Information (Unaudited)

Schedule of Admissions, Enrollment, and Degrees

Admissions-Freshman (1):

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Applications	4,542	6,254	6,985	6,902	6,665	6,189	7,525	7,438	6,879	6,882	6,400
Applications accepted	3,016	3,668	3,733	3,903	4,110	4,239	4,866	4,946	4,874	5,030	5,059
Accepted as a percentage of applications	66%	59%	53%	57%	62%	68%	65%	66%	71%	73%	79%
Students enrolled (2)	1,237	1,442	1,407	1,341	1,338	1,358	1,242	1,289	1,137	1,156	888
Enrolled as a percentage of accepted	41%	39%	38%	34%	33%	32%	26%	26%	23%	23%	18%

(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>	<u>2020</u>
Full-time equivalent	4,288	4,710	4,909	4,942	4,996	4,881	4,732	4,537	4,405	4,333	3,983
Unduplicated credit headcount	5,953	6,415	6,506	6,429	6,499	6,398	5,977	5,691	5,565	5,463	4,876
Percent undergraduate (3)	65%	67%	69%	71%	71%	70%	73%	73%	71%	71%	72%
Percent graduate	35%	33%	31%	29%	29%	30%	27%	27%	29%	29%	28%

(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>	<u>2020</u>
Percentage of men	30%	31%	32%	32%	32%	33%	35%	35%	36%	37%	37%
Percentage of women	70%	69%	68%	68%	68%	67%	65%	65%	64%	63%	63%
Percentage of African-American	5%	6%	6%	6%	6%	7%	8%	9%	9%	11%	12%
Percentage of White	86%	84%	82%	83%	82%	77%	74%	71%	69%	66%	64%
Percentage of Latino	5%	6%	8%	8%	9%	10%	10%	12%	14%	14%	15%
Percentage of Other (5)	4%	4%	4%	3%	3%	7%	8%	8%	8%	9%	9%
<20	20%	22%	21%	21%	20%	24%	25%	24%	24%	25%	21%
20 to 30	51%	50%	53%	54%	55%	51%	52%	53%	52%	51%	56%
31 to 40	13%	12%	12%	11%	12%	12%	11%	11%	12%	12%	12%
41 and Over	16%	16%	14%	14%	14%	13%	12%	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>	<u>FY21</u>
Bachelor's	728	703	735	795	908	968	1,012	914	850	824	777
Master's	430	546	426	538	414	496	453	469	445	477	435

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

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

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

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

See Independent Auditors' Report.

**FRAMINGHAM STATE
UNIVERSITY**

(an agency of the Commonwealth of Massachusetts)

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

JUNE 30, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited Framingham State University's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2021-001 and 2021-002 that we consider to be significant deficiencies.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University, as of and for the year ended June 30, 2021. We issued our report thereon dated October 6, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

O'Connor + Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

October 6, 2021



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 Trustees of
Framingham State University
Framingham, 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 Framingham State University (the "University"), which comprise the statement of net position as of June 30, 2021, the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 6, 2021.

Internal Control Over Financial Reporting

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

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

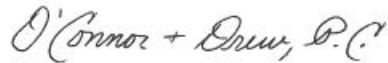
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



**Certified Public Accountants
Braintree, Massachusetts**

October 6, 2021

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

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

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

	CFDA Number	University Internal Fund Number	Pass-through Entity	Pass-through Entity Award Number	Federal Expenditures	Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER						
U.S. Department of Education:						
Direct Awards:						
Federal Supplemental Educational Opportunity Grant	84.007	S03003	N/A	N/A	\$ 132,349	\$ -
Federal Work-Study Program	84.033	S03004	N/A	N/A	63,821	-
Federal Direct Student Loans	84.268	Y05001	N/A	N/A	16,402,094	-
Federal Perkins Loan Program (beginning of year)	84.038	L01002	N/A	N/A	1,434,683	-
Federal Perkins Loan Program (current year expenditure)	84.038	L01002	N/A	N/A	28,856	-
Federal Pell Grant Program	84.063	S03000	N/A	N/A	5,917,880	-
Total Student Financial Assistance Cluster					<u>23,979,683</u>	<u>-</u>
RESEARCH AND DEVELOPMENT CLUSTER						
U.S. Department of Agriculture:						
Direct Awards:						
Agriculture Research - Basic and Applied Research (USDA Test/Phenolic Quorum Compounds)	10.001	G01518	N/A	N/A	28,734	-
U.S. Department of Defense:						
Direct Awards:						
Basic Scientific Research - Natick Labs Botanical Extraction	12.431	G01520	N/A	N/A	38,296	-
National Aeronautics and Space Administration:						
Pass-through Awards:						
Integrated Astrophysics STEM Learning & Literacy Program	43.001	G01515	Smithsonian Astrophysical Observatory	SV6-86013	66,083	-
National Science Foundation:						
Pass-through Awards:						
Education and Human Resources	47.076	G01524	The Regents of the University of California	00009879	7,245	-
Total Research and Development Cluster					<u>140,358</u>	<u>-</u>
AGING CLUSTER						
Department of Health and Human Services:						
Pass-through Awards:						
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	G01525	BayPath Elder Services (from Executive Office of Elder Affairs)	3B-21-01	8,077	-
NON-CLUSTER						
U.S. Department of Agriculture:						
Pass-through Awards:						
State Administrative Expenses for Child Nutrition (John Stalker Institute of Food and Nutrition)	10.560	G01521	Massachusetts Department of Education	F2121N2533	656,111	-
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools (John Stalker Institute - Train the Trainer)	93.981	G01522	Massachusetts Department of Education	F8DP006432	4,404	-
Subtotal - Pass-through Awards					<u>660,515</u>	<u>-</u>
U.S. Department of Education:						
Direct Awards:						
English Language Acquisition State Grants (PROPELL: Producing Reading and Oral proficiency in ELLs)	84.365Z	G01517	N/A	N/A	230,364	-
COVID-19: Higher Education Emergency Relief Fund - Student portion*	84.425E	G01531	N/A	N/A	1,948,876	-
COVID-19: Higher Education Emergency Relief Fund - Institutional portion*	84.425F	G01530	N/A	N/A	5,935,173	-
Subtotal - Higher Education Emergency Relief Fund					<u>7,884,049</u>	<u>-</u>
Subtotal - Direct Awards					<u>8,114,413</u>	<u>-</u>

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

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

	<u>CFDA Number</u>	<u>University Internal Fund Number</u>	<u>Pass-through Entity</u>	<u>Pass-through Entity Award Number</u>	<u>Federal Expenditures</u>	<u>Through to Subrecipients</u>
NON-CLUSTER - CONTINUED						
U.S. Department of Education:						
Pass-through Awards:						
COVID-19: Higher Education Emergency Relief Fund - Governor's Emergency Education Relief Fund (GEER)*	84.425C	G01096	Massachusetts Department of Education	FS425C2005	<u>255,500</u>	<u>-</u>
National Endowment for the Humanities:						
Direct Awards:						
Museums for America	45.301	G01532	N/A	N/A	<u>11,805</u>	<u>-</u>
Total Non-Cluster					<u>9,042,233</u>	<u>-</u>
Total Federal Funds					<u>\$ 33,170,351</u>	<u>\$ -</u>

*Subtotal of CFDA 84.425 programs is \$8,139,549.

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

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

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the University under programs of the Federal Government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

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

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

Note 3 - **Indirect Cost Rate**

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

Note 4 - **Federal Student Loan Programs**

Perkins Loan Program

The Federal Perkins Loan Program (“Perkins”) is administered directly by the University and balances and transactions relating to this program are included in the University’s basic financial statements. During the year ended June 30, 2021, there were no loans advanced under the Perkins program. During the year ended June 30, 2021, \$28,856 of administrative costs were incurred. As of June 30, 2021, gross loan balances receivable under Perkins were \$1,101,851.

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

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

Notes to the Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

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

Direct Student Loan Program

The University disbursed \$16,402,094 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the University under the program as of June 30, 2021. The University is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements.

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted? yes no

Federal Awards

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

Internal control over major programs:

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

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

FRAMINGHAM STATE UNIVERSITY
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Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2021

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Non-Cluster:	
Education Stabilization Fund:	
COVID-19: Higher Education Emergency Relief Fund - Governor's Emergency Education Relief Fund (GEER)	84.425C
COVID-19: Higher Education Emergency Relief Fund - Student portion	84.425E
COVID-19: Higher Education Emergency Relief Fund - Institutional portion	84.425F

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

\$995,111

Auditee qualified as a low-risk auditee?

 x yes no

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2021

Section II – Financial Statement Findings:

None noted.

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2021

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2021-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.268
Award year: 2021

Criteria

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

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

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

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

According to 2 CFR Part 200, Appendix XI Compliance Supplement updated April 2018:

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

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2021

Condition

The Federal Government requires the College to report student enrollment changes to the National Student Loan Data System (“NSLDS”) within 60 days. During our testing, we noted 1 student, out of a sample of 40, whose status change was never reported to NSLDS.

Cause

There was a delay in processing the student's withdrawal by the University's Registrar's Office and the student was not properly included on the University's subsequent roster file submitted to the National Student Clearinghouse. There were not adequate procedures in place to ensure the status change was included on the next roster file submission.

Effect

The University did not report the student’s correct status change to NSLDS, which may impact enrollment reporting statistics collected by the Department of Education.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the 40 students selected for testing, 1 student, or 2.5% of our sample, had incorrect status changes reported to NSLDS.

Identification as a Repeat Finding, if applicable

See finding 2020-001 included in the summary schedule of prior year findings.

Recommendation

The University should provide training to employees responsible for processing information for the NSLDS and ensure that they have adequate knowledge of the related rules and regulations. This training should include an explanation of the status changes, the importance of reporting the correct status changes and the consequences of incorrect reporting. Additionally, the University should implement reconciliation procedures between enrollment records and NSLDS to ensure that information is properly maintained.

View of Responsible Officials

The University agrees with the finding.

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2021

Finding number: 2021-002
Federal agency: U.S. Department of Education
Programs: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2021

Criteria

According to 34 CFR 690.83(b):

(1) An institution shall report to the Secretary any change for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment Data reporting any to the Secretary by the reporting deadlines published by the Secretary in the Federal Register.

(2) An institution shall submit, in accordance with the deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

According to the Federal Register (Volume 83, Number 233):

An institution must submit Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan, and TEACH Grant disbursement records to COD, no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement. In accordance with 34 CFR 668.164(a), title IV, Higher Education Act ("HEA") program funds are disbursed on the date that the institution:

- (a) Credits those funds to a student's account in the institution's general ledger or any subledger of the general ledger; or
- (b) pays those funds to a student directly.

Title IV, HEA program funds are disbursed even if an institution uses its own funds in advance of receiving program funds from the Department.

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

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2021

Condition

Federal regulations require the University to report Direct Loan disbursements made to students to the Federal Government's Common Origination and Disbursement System ("COD") within 15 days of the funds being disbursed to the student with an accurate disbursement date. During our testing, we noted 1 student, out of a sample of 40, was reported with an incorrect disbursement date to COD.

Cause

The University has policies and procedures in place to report the disbursement records to the Department of Education through the COD system within the required fifteen calendar days; however, in this case the procedures were not completed properly.

During the disbursement process for the student, the scheduled disbursement date was input into the financial aid software in anticipation of a disbursement. The actual disbursement did not occur until a later date. When the disbursement date was reported to COD, the original, scheduled disbursement date was still locked into the University's system and went unnoticed. This resulted in an incorrect disbursement date being reported to COD.

Effect

The University did not report a Direct Student Loan disbursement to COD with an accurate disbursement date.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the 40 students selected for testing, 1 student, or 2.5% of our sample, was determined to be reported with an incorrect disbursement date to the COD.

Identification as a Repeat Finding, if applicable

See finding 2020-002 included in the summary schedule of prior year findings.

Recommendation

We recommend that management of the University review, and if necessary, update the policies and procedures to ensure all Direct Student Loan funds are reported accurately and within the required timeframe.

View of Responsible Officials

The University agrees with the finding.



Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Finding number: 2020-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.063 and 84.268
Award year: 2020

Condition

The Federal Government requires the College to report student enrollment changes to the National Student Loan Data System (“NSLDS”) within 60 days.

Award Year 2020: During our testing, we noted 7 students, out of a sample of 40, that were reported one day beyond the required timeframe.

Current Year Status:

While corrective action was identified and implemented, these actions did not prevent this repeated finding, see current year finding 2021-001.



Management's Summary Schedule of Prior Audit Findings - Continued

Year Ended June 30, 2021

Finding number: 2020-002
Federal agency: U.S. Department of Education
Programs: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2020

Condition

Federal regulations require the University to report Federal Direct Loan disbursements made to students to the Federal Government's Common Origination and Disbursement System ("COD") within 15 days of the funds being disbursed to the student with an accurate disbursement date.

Award Year 2020: During our testing, we noted 3 students, out of a sample of 40, were reported with an incorrect disbursement date to COD.

Current Year Status:

While corrective action was identified and implemented, these actions did not prevent this repeated finding, see current year finding 2021-002.



Framingham State University

September 30, 2021

Management's Views and Corrective Action Plans

2021-001

Student Financial Assistance Cluster (84.063 and 84.268)

Finding:	Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System ("NSLDS"). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. During FY2021 a student's withdrawal was not correctly reported to NSLDS, which may impact enrollment reporting statistics collected by the Department of Education.
Questioned Costs:	N/A
Status:	Corrective actions have been completed as of September 1, 2021
Corrective Action:	The Senior Data Clerk in the Registrar's office retired May 14th. Training for the new employee, once hired, will include directions that any students on the "Matriculated Students to WX" report are reviewed and acted upon within one business day of the report being generated. The "Matriculated Students to WX" report is also now sent to both the Assistant Registrar and Registrar as back-up to ensure the Unofficial Withdrawals are reviewed and processed within one business day of the occurrence.
Completion:	9/1/2021
Contact Person:	Dr. Dale M. Hamel, Chief Financial Officer / Executive Vice President, Administration, Finance, & Technology Dr. Ellen Zimmermann, Interim Provost / Vice President of Academic Affairs Mark Powers, University Registrar

Sincerely,

Mark R. Powers 10/01/2021

 Mark Powers, University Registrar

Ellen Zimmermann 10/1/2021

 Dr. Ellen Zimmerman, Interim Provost / Vice President of Academic Affairs

Dale Hamel 10/01/21' 

 Dr. Dale M Hamel, Chief Financial Officer / Executive Vice President, Administration, Finance, & Technology

FINANCIAL AID OFFICE

100 State Street PO Box 9101 Framingham, MA 01701-9101 • T 508-626-4534 F 508-626-4598 • www.framingham.edu



September 28, 2021

**Management's Views and Corrective Action Plans
action plans**

2021-002

Federal Direct Student Loans (84.268)

Finding:	Federal regulations require the University to report Federal Direct Loan disbursements made to students as well as any related changes to these disbursement dates to the Federal Government's Common Origination and Disbursement System ("COD") within 15 days of the funds being disbursed to the student. During FY2021 a student loan disbursement was reported with the incorrect disbursement date and was not corrected within 15 days.
Questioned Costs:	N/A
Status:	Corrective actions are being implemented
Corrective Action:	The Director has emphasized with the Assistant Direct (who handles loan processing) the importance of reporting disbursements to COD and to the Student Accounts office on the same day. When this cannot happen due to technical issues or other factors, it is important to remember to make the correction to the disbursement date as soon as possible, but within 15 days. We have been running a new report since Spring of 2020 to find reporting mismatches between the financial aid system, the student accounts system, and COD. The Director of Financial Aid will learn to run this report as a backup and to assist the Assistant Director in finding and correcting errors quickly. We will also spot check students to make sure that the report is working as expected, as we experienced some problems with it in 2020-2021. We will work with our technical staff to correct the report if errors are not being picked up.
Completion:	Corrective actions have already begun and will be completed by October 15
Contact Person:	Dr. Dale M. Hamel, Chief Financial Officer / Executive Vice President, Administration, Finance, & Technology Dr. Lorretta Holloway, Vice President of Enrollment Management and Student Development Carla Minchello, Director of Financial Aid

Sincerely,

Carla Minchello, Director of Financial Aid

Dr. Lorretta Holloway, Vice President of Enrollment Management and Student Development

Dr. Dale M. Hamel, Chief Financial Officer / Executive Vice President, Administration, Finance, & Technology

FINANCIAL AID OFFICE

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