



**FRAMINGHAM
STATE
UNIVERSITY**

To: Framingham State University Board of Trustees
From: Robert L. Totino, Vice President – Finance, Technology, & Administration/CFO
Date: October 9, 2025
Re: FY2025 Financial Statements Transmittal Letter

Please find attached the Framingham State University (FSU) Fiscal Year 2025 Financial Statements and Independent Auditor's Reports. FSU's auditors have noted that Government Accounting Standards Board (GASB) standards limit the Management's Discussion and Analysis (MD&A) to the fiscal years presented in the audited financial statements. While FSU's MD&A narratives historically have included multi-year trends, this information is no longer included in the annual financial statements per GASB standards; however, this data can be found in the Supplemental Information section of annual financial statements' appendices. The following transmittal letter highlights various long-term financial metrics and operational matters trends as supplemental information to the accompanying financial statements and MD&A.

FINANCIAL ANALYSIS

Framingham State University's Fiscal Year 2025 financial statements continue to be significantly impacted by implementation of Government Accounting Standards Board (GASB) Statement Number 75 (GASB 75) that requires accounting for post-employment benefits liabilities (OPEB) as of FY2017. This is in addition to the impact of GASB 68, first incorporated in FY2015, which requires accounting for pension liabilities on public institutions' financial statements. While these liabilities are now included in institutions' financial statements, in Massachusetts, *these liabilities are ultimately paid by the Commonwealth of Massachusetts and not by the institutions*. The noted accounting requirements have resulted in the need for accounting of pension and OPEB liabilities beginning in FY2017. As such, some of the long-term trend analysis presented will reflect adjustments resulting from these noted accounting changes in order to provide comparable data.

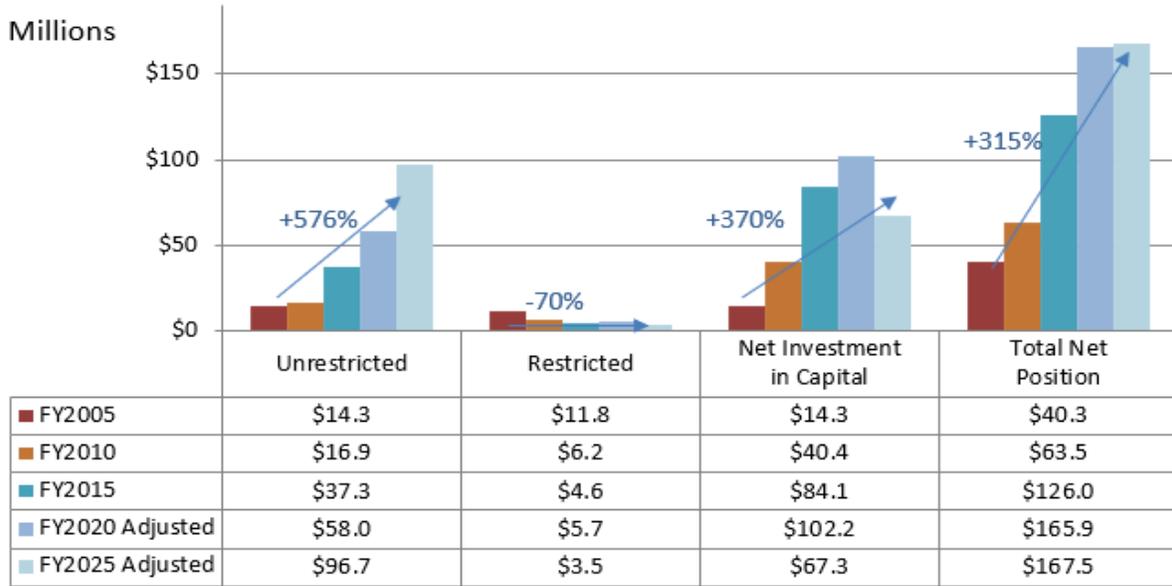
Further, as of FY2022, FSU financial statements also account for GASB 87 that requires lessees to recognize lease liabilities on their statements as right-of-use assets. For FSU, these are largely attributable to the use of the residence halls that are owned by the Massachusetts State College Building Authority (MSCBA). The implementation of this standard has a significant impact on both lease liabilities and associated capital asset accounting. This change is reflected in FY2025 financial statements presented data. Implementation of GASB 87 does make trend analysis less informative as prior years' statements do not account for this significant adjustment that impacts (reduces amounts) reported for Net Investment in Capital.

Net Position

A review of the University's Net Position shows significant financial position improvement over time. {To account for GASB 68 and GASB 75 accounting changes, the FY2025 data reflect accounting adjustments to net out those standards impact.}

Depiction of Adjusted (for GASB 68 and GASB 75) Net Position trends is as follows:

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

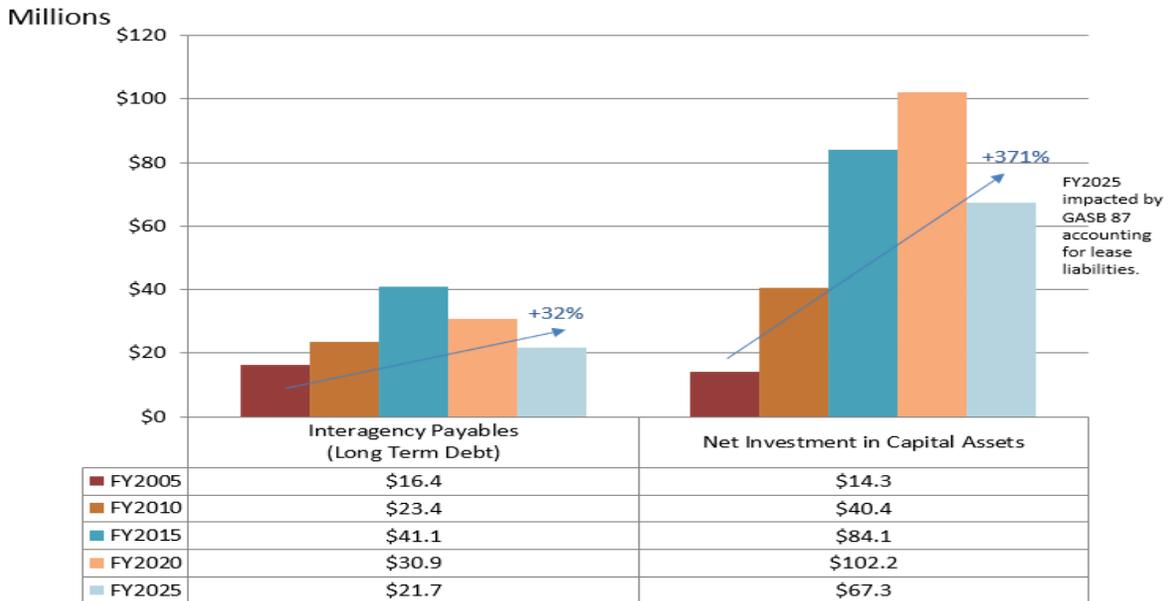


This multi-year reporting depicts significant improvement in financial position over the past twenty years; particularly in adjusted FSU Unrestricted Assets and Total Net Position. Adjusted Net Position over the past five years, that include the pandemic period, has essentially been level.

Capital Assets and Long-Term Debt

The University experienced significant increases in interagency payables liabilities (for capital projects) between FY2005 and FY2015 while reducing these liabilities over the last decade.

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



Note: "Net Position: Net Investment in Capital Assets" represents a conservative accounting (cost approach) of the University's capital assets.

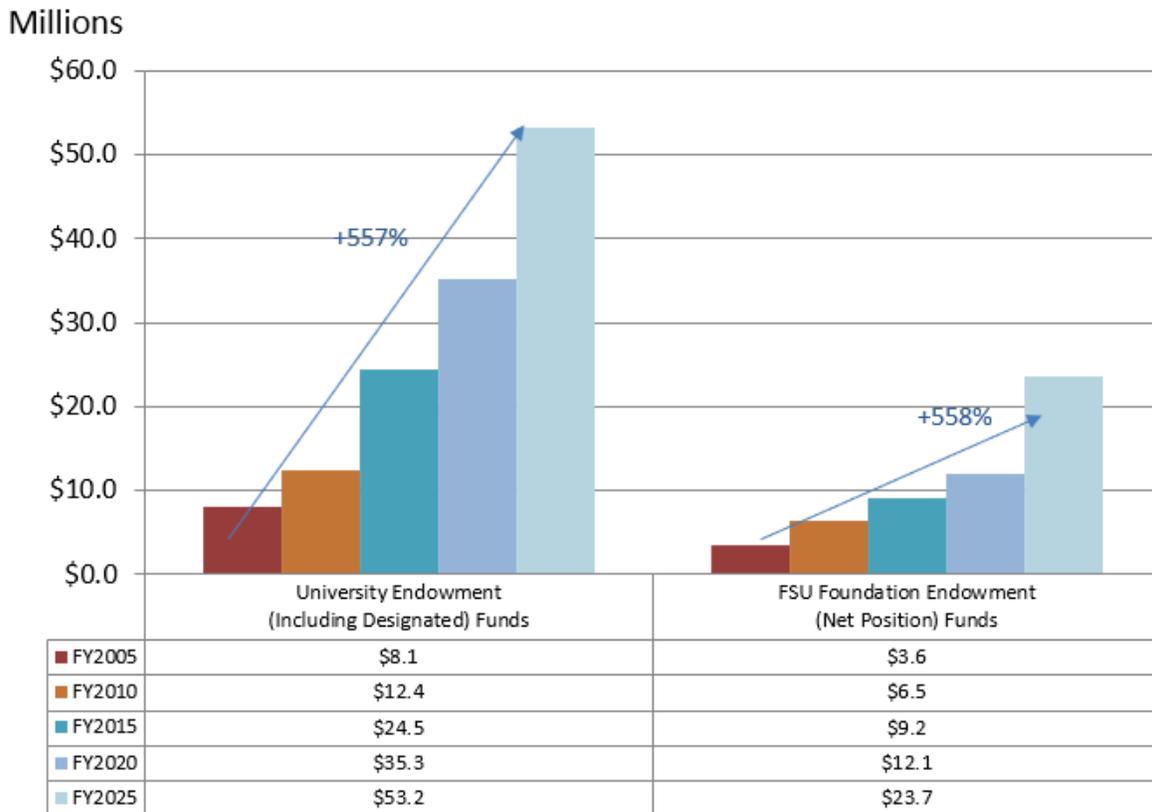
Endowment Funds

A portion of restricted net position includes endowment funds held by the University; further, reported endowment funds includes FSU Board of Trustees-designated “quasi-endowment” funds.

Aggregate endowment and designated quasi-endowment funds held by the University have increased significantly over the past twenty years.

The Framingham State University Foundation, Inc., a separate 501(c) (3) corporation, whose purpose is to support the University, is the primary University-affiliated recipient of gifts. **FSU foundation net position has also increased significantly over the past twenty years (representing investments growth and new gifts - net of annual student financial aid and development initiatives allocations).**

Trend Analysis: Endowment (Including Designated) Funds

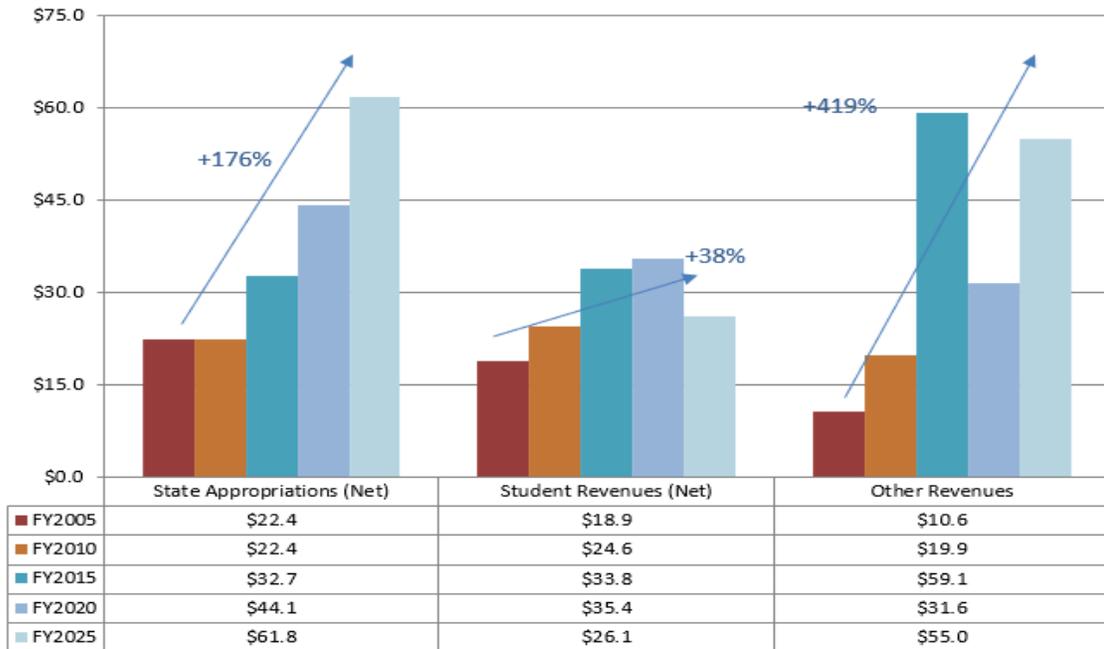


Revenues Trends

Annual revenues from State, Student, and Other sources vary over time. *On average and in aggregate*, over the past twenty-year period (19 year-over-year changes), significant revenue growth averaging 9.26% annually on average has been experienced in net State Appropriations support while Other Revenue growth has averaged 22.1% annually. Student Revenue (impacted by tuition and fee rates and enrollment) has increased, on average, 2.0% annually.

Trend Analysis: State Appropriations, Student and Other Revenues

Millions

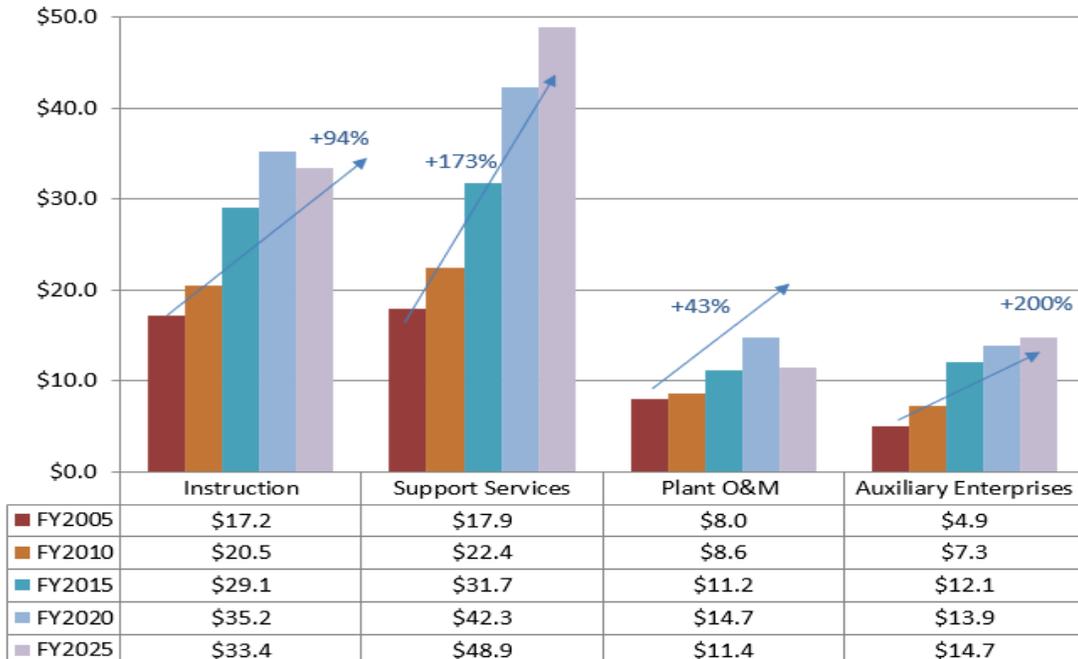


Expenditures Trends

Expenditures also vary over time. *On average and in aggregate*, over a twenty-year period (19 year-over-year changes), Instructional expenditures (most closely correlated with changes in enrollment) have increased 5.0% annually, Support Services expenditures have increased 9.1% annually, Plant Operations and Maintenance expenditures have increased 2.2% annually, and Auxiliary Enterprises expenditures have increased 10.5% annually.

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

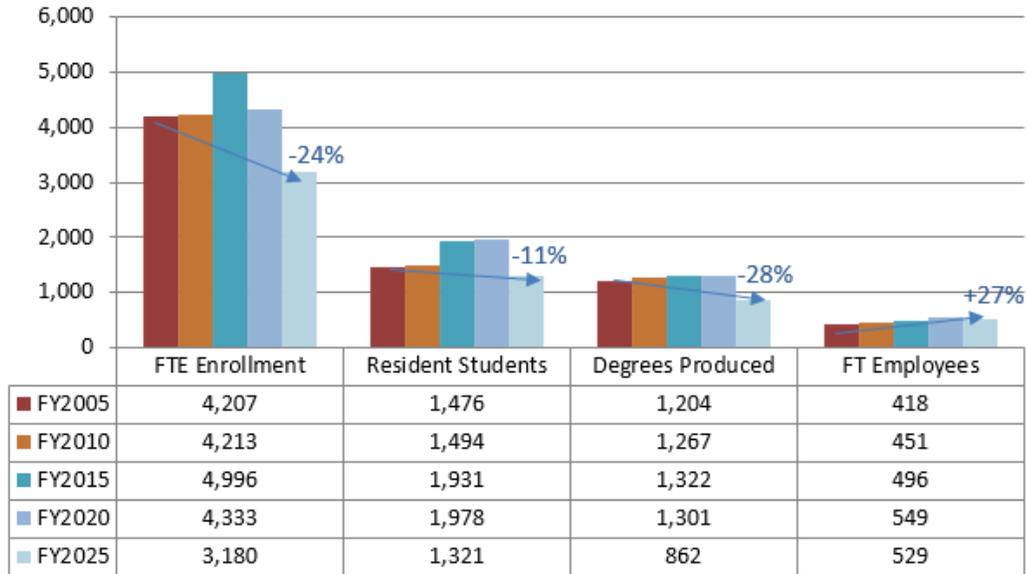
Millions



Context for Financial Performance and Revenues & Expenditures Trends.

Over the past twenty years, FSU has experienced an aggregate decrease in student enrollment (peaking in FY2015) of -24%; percentage decreases have also been experienced in the number of resident students (-11%) and annual degrees awarded (-28%); full time employees over the past twenty years have increased by +27%.

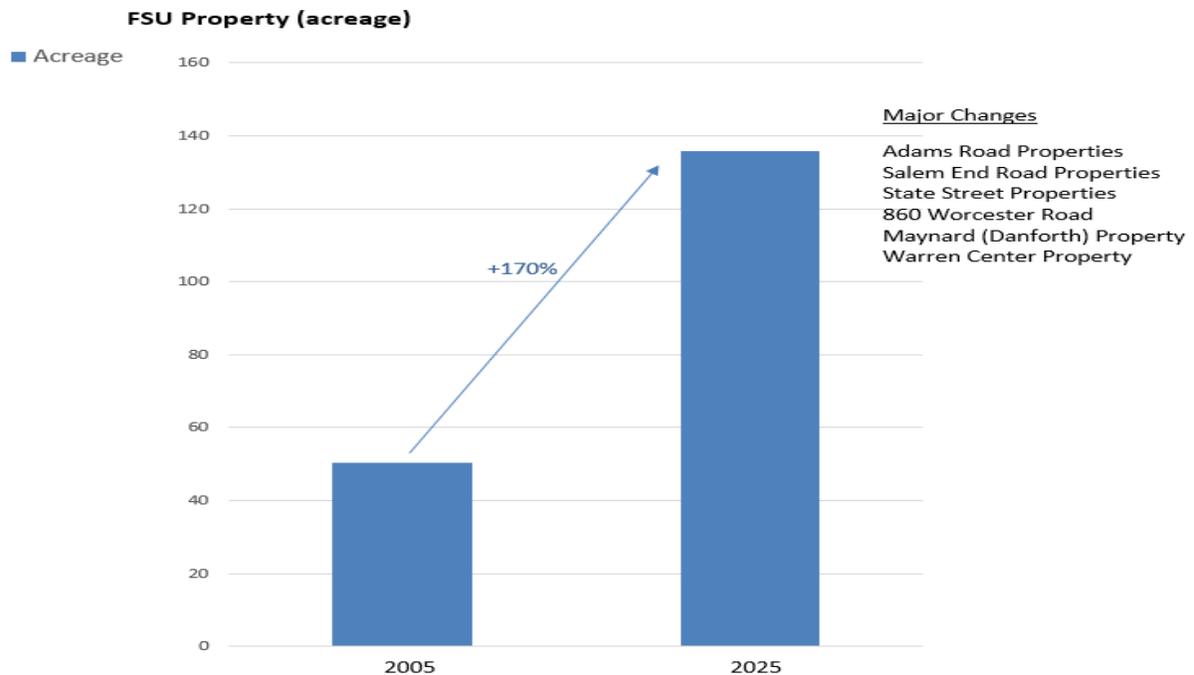
Trend Analysis: FTE Enrollment; Resident Students; Degrees Produced; Full Time Employees



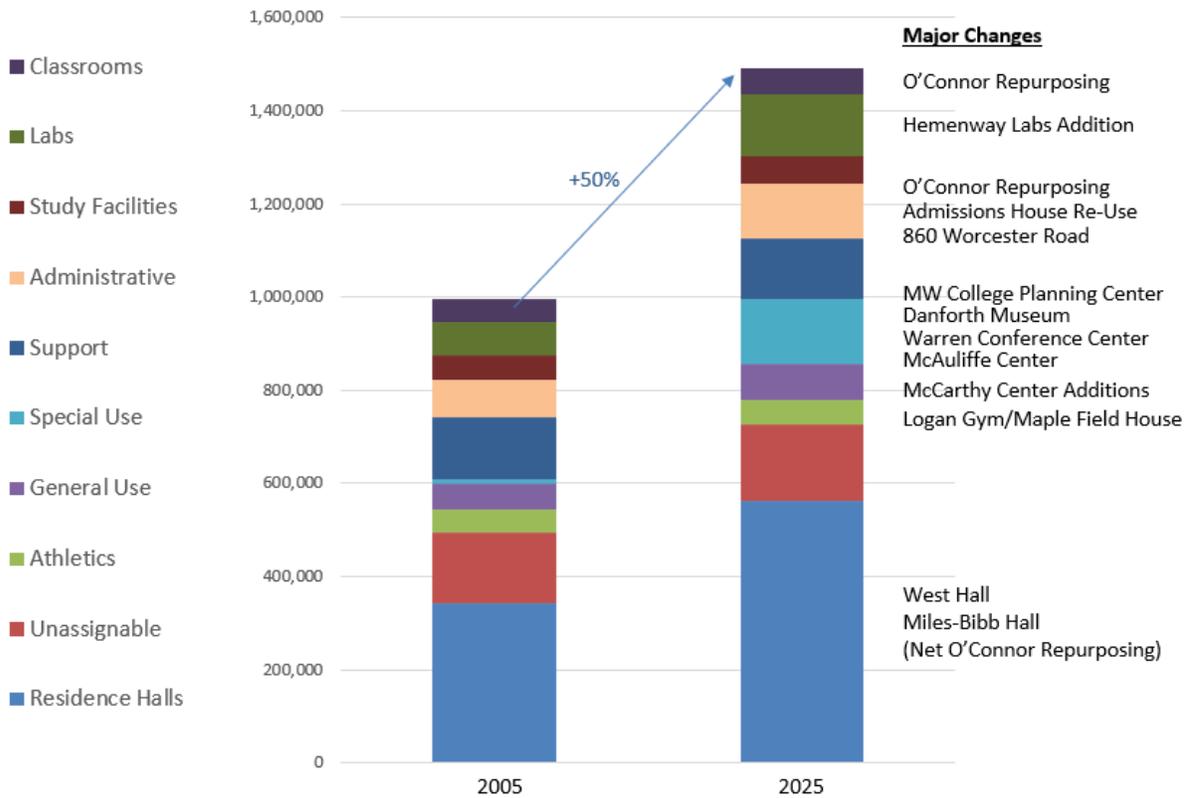
Note: "FT Employees" represent a point-in-time snapshot and does not account for vacant positions

FSU Property and Facilities Trends

Over the past twenty years FSU acreage has increased by 170% while FSU-managed facilities gross square footage has increased by 50%.



FSU Facilities Gross Square Feet



In aggregate, FSU has experienced significant improvement in financial position and institutional capacity over the past twenty years.

REQUEST FOR INFORMATION

This transmittal letter to the audited financial statements is designed to provide information on longer-term trends of Framingham State University’s key financial metrics and operational matters. Questions concerning any of the information provided in this letter or the accompanying financial statements should be addressed to the Vice President for Finance, Technology, & Administration, Framingham State University, 100 State Street, P.O. Box 9101, Framingham, MA 01701-9101.