

The seal of Fitchburg State College, Massachusetts, is circular with the text "FITCHBURG STATE COLLEGE" at the top and "PERSEVERANTIA 1894" at the bottom. The center features a shield with a sun, a book, and a scale.

# FITCHBURG STATE COLLEGE



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Included in the State College Fund, an Enterprise Fund  
of The Commonwealth of Massachusetts

*For the Year Ended June 30, 2010*





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PREPARED BY THE OFFICE OF FINANCIAL SERVICES  
FITCHBURG STATE COLLEGE  
160 PEARL STREET, FITCHBURG, MA 01420



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*FITCHBURG STATE COLLEGE*  
COMPREHENSIVE ANNUAL FINANCIAL REPORT



**INTRODUCTORY SECTION (UNAUDITED)**



ROBERT V. ANTONUCCI  
PRESIDENT

FITCHBURG STATE COLLEGE

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December 17, 2010

**Dear Friends of Fitchburg State College,**

As this Comprehensive Annual Financial Report to the Government Finance Officers Association shows, fiscal year 2010 was a time for Fitchburg State to celebrate some remarkable achievements. As in the past, this year was another challenging and productive one with much accomplished due to the collective efforts of the staff, faculty, and students. We continued to make substantial progress in such critical areas as academic programs, capital needs, student development, alumni relations, fundraising initiatives and state-related collaborative projects.



Colleges have not been spared the economic strains that have impacted corporations, nations and individuals worldwide. Nonetheless I am pleased to report that our campus community has risen to the occasion, always keeping sight of our fundamental goals: providing students a high quality education, inspiring them, and preparing them to become outstanding local and global citizens. As a result, our accomplishments easily outpaced any setbacks or sacrifices that were made.

Facing a deficit of \$4 million as we worked to develop our fiscal year 2011 budget, another fee increase was reluctantly proposed. This trend conflicts with our historical mission of access, but we must face the reality that we are now state-supported rather than state-funded.

Among the year's significant accomplishments include the following:

- Our campus is bustling with the largest student enrollment in decades;
- Marketing and admission efforts remained successful;
- A revised mission statement and strategic plan were crafted;
- Our ambitious \$10 million capital campaign neared completion with a \$1million gift from Sterilite Corporation, a \$50,000 grant from the Nypro Foundation, and the \$60,000 from our annual golf tournament;
- Students proved their mettle by competing at a high level in several regional and national academic competitions;



- Faculty continued to collaborate with students on research projects and community action to include the College's first Undergraduate Conference on Research and Reflective Practice;
- Final design work was completed on our new science center;
- The Regional Economic Development Institute (REDI) and the Crocker Center for Civic Engagement Institute were established, thanks to generous contributions from friends of the College;
- A Center for Conflict Studies was established, with programs on conflict resolution and mediation, genocide studies and interpersonal conflict and communication;
- Internet bandwidth was again increased, the wireless system expanded, and additional security cameras added;
- The College, Foundation, and Supporting Organization earned flawless audits;
- A total of \$2,080,377 was saved by utilizing a group purchasing consortium;
- Additional properties in the College neighborhood were purchased, expanding further the campus footprint;
- Collaborations on a variety of initiatives continued at the state and regional levels;
- Throughout campus, offices, classrooms, and exterior space were upgraded or relocated to reflect the excellence of our academic endeavor to include groundbreaking for a new Exercise and Sport Science office and classroom building and the completion of the move of our enrollment services operations to one central location.

Additionally, throughout the spring and summer, we worked with the other state colleges (all renamed universities, effective October 26, 2010) on a sustained lobbying effort to secure passage of the long-sought University Name Change legislation. As the fiscal year neared a close, the bill moved rapidly to the floor of the State House and Senate and was finally approved and signed into law by the governor in July. The name change, became official on October 26, 2010, and will allow Fitchburg and the other state colleges in Massachusetts to better compete with their peers, access new opportunities, and provide our students with a competitive advantage.

For the upcoming year, it is my intention to not only sustain but exceed the growth and excellence achieved to date. Doing such will be somewhat dependent on the goals I have established for the coming year:

- Begin the self study for the New England Association of Schools and Colleges (NEASC) accreditation process with the goal to achieve another full 10-year approval.
- Oversee the construction and modernization of the Condike Science Center which will transform the sciences, catapult us into the 21<sup>st</sup> century, and dovetail with our new university designation.
- Re-energize the University's focus on customer service for internal and external audiences where we must infuse the classroom, the athletic field, and every office on campus.
- Develop and implement a process and plan to address the university name change legislation which transitions Fitchburg State College to Fitchburg State University and to instill within our various constituencies the importance and value of this change.

- Lead the University in an effective and efficient manner and administer the daily operations of the institution with an unwavering focus on excellence and quality to include fund raising, capital needs, Foundation and trustee boards, collective bargaining, professional development, sustainability, public relationships, alumni affairs, and community outreach.

The University's accomplishments and ambitions have been supported by our Board of Trustees who provides solid leadership in charting the mission driven direction for the University. As we continue to move forward, we must be prepared to adjust our approach, redouble our efforts, and seize opportunities. We are here because we believe that our institution is number one and the best in its class. We need to demonstrate this through action and results, not words. I believe in this University, in what it does, and its limitless future.

Sincerely,

A handwritten signature in black ink that reads "Robert V. Antonucci". The signature is written in a cursive style with a large initial 'R'.

Robert V. Antonucci  
President



SHEILA R. SYKES  
VICE PRESIDENT FOR  
FINANCE AND ADMINISTRATION



December 17, 2010

### Introductory Letter of Transmittal

To: President Antonucci, Members of the Board of Trustees, Friends of Fitchburg State College, and Citizens of the Commonwealth of Massachusetts:

### Introduction

On behalf of Fitchburg State College, I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the College for the year ended June 30, 2010. This CAFR has been prepared in accordance with the financial reporting standards applicable to governmental entities set forth by the Government Accounting Standards Board (GASB) in its authoritative pronouncements, as well as by the financial reporting standards of the Government Finance Officers Association (GFOA). This report includes our financial statements as well as other useful information that helps ensure the College's accountability to the public.

This report, prepared by the Financial Services staff, with assistance from key campus professionals, provides financial information about the College's operations during the year and describes its financial position at the end of the year. The responsibility for accuracy of the data and the completeness and fairness of the information presented, as well as all accompanying disclosures, rests with the College. We believe the report is accurate and complete in all material respects, includes all funds and financial transactions, and is organized in a manner designed to fairly represent the financial position and results of College operations for the year ended June 30, 2010. We believe our system of internal controls is sound and sufficient to disclose material deficiencies in controls to the auditors, the audit committee and the Board of Trustees. Readers are encouraged to use this transmittal letter in conjunction with Management's Discussion and Analysis (MD & A), found on pages 29 - 39 at the beginning of the audited financial statements, to more fully understand the details that impacted fiscal year 2010 operations.

## **Profile of the College**

Established in 1894 by an act of the Massachusetts Legislature, the State Normal School in Fitchburg opened in temporary quarters in the old high school building on Academy Street. Principal John G. Thompson, aided by a teaching staff of three, implemented a two-year teacher training program for women that had 46 participants. In December 1896, the school expanded into a new building, known as Thompson Hall, and set up the State School of Observation and Practice in city buildings on Day Street and Highland Avenue.

In the next decade, the school was a trendsetter for programs in education. The Edgerly School opened, originally as an eighth-grade model and practice school. In 1910, it became one of the first junior high schools in the United States. The following year, the school initiated the first practical arts teacher training course, in the country, for men.

In 1930, the State Normal School was authorized to offer a bachelor's degree in practical arts, and in 1932, when it became the State Teachers College at Fitchburg; four-year degrees were offered in all areas of education.

Under the auspices of the State Division of University Extension, summer courses were first offered in 1915, marking the beginning of the College's commitment to Continuing Education programs. In 1935, the College was also authorized to establish graduate programs and, in 1954, the first evening courses were offered.

In 1960, the College changed its name and expanded its mission. The State College at Fitchburg diversified its programs to include degrees in disciplines other than education. In 1965, its name was changed to Fitchburg State College. In 2010, Fitchburg underwent another name change, when Governor Patrick signed a bill to this effect which granted a name change to the nine state colleges in the system. The six comprehensive institutions are now called universities. The other three, although among the newly designated university system campuses, kept their current names due to their specialty missions.

Today, the College offers more than 49 undergraduate degrees in 18 academic departments, 20 master's degree programs, and several Certificate of Advanced Graduate Study programs, and nine graduate certificate programs. Enrollment is up to 3,800 full-time and 4,000 part-time students, which include 1,300 matriculated graduate students. The campus has expanded from a single structure on High Street to 33 buildings on 90 acres, becoming the educational center for the North Central Massachusetts region. The University proudly offers traditional and non-traditional programs to serve the education needs of its undergraduate, graduate, and continuing education students.

Fitchburg State is one of the six comprehensive state colleges in Massachusetts. These colleges, along with the other five comprehensive state colleges in Massachusetts, as well as the three specialized colleges, integrate liberal arts and sciences programs with professional education, place a special emphasis on teaching and lifelong learning, and promote a campus life that fosters intellectual, social and ethical development. Committed to excellence in instruction and to providing responsive, innovative, and educational programs of high quality, they seek to develop each student's critical thinking, quantitative, technological, oral and written communications skills and practical appreciation of the arts, sciences and humanities as they affect good citizenship and an improved quality of life. The state colleges in Massachusetts provide a campus environment where the ideas, values, perspectives and contributions of all students are respected.

Massachusetts state colleges are strategically located to facilitate access to baccalaureate and master's degree programs for Commonwealth residents who meet their high standards for admission. In recognition of their responsibilities to Massachusetts taxpayers to manage their resources efficiently and to maintain tuition and fees at a level as low as possible, each college has a distinctive academic focus based upon its established strengths and regional and state needs. Each college is a leader and resource for the community and contributes to the region's cultural, environmental and economic development.

Fitchburg State College is a state-supported, co-educational institution of higher learning governed by an 11-member Board of Trustees. The Board of Trustees provides policy direction and sets goals for the College consistent with the College's vision, mission, and values. The Board of Trustees is also responsible for appointing the President, evaluating the President, and adopting the budget for the ensuing fiscal year.

### **Explanation of CAFR Sections**

**Introductory Section:** This section contains a letter from the College president, this transmittal letter, a list of the individuals and departments involved in preparing this report, a list of the Board of Trustees, and the College's organizational chart. This section also includes the *Certificate of Achievement for Excellence in Financial Reporting* presented to Fitchburg State College for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This section is intended to introduce the reader to the College, its structure, and overall function.

**Financial Section:** This section includes Management's Discussion and Analysis (MD&A), the basic financial statements, and supplementary data, which, when read in conjunction with the financial statements and accompanying notes, provides a holistic picture of the financial health of the College. Additionally, this section includes the report from the College's independent auditors, Ercolini & Company LLP, Certified Public Accountants. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and this letter of transmittal, designed to complement that, should be read in conjunction with it.

**Statistical Section:** This section contains selected historical, financial, statistical, and demographic information and, in whole, presents an overview of trends affecting the College.

## **Economic Conditions and Outlook**

### **Background Information on the Commonwealth of Massachusetts**

The Commonwealth of Massachusetts is a state in the New England region of the northeastern United States. It is bordered by Rhode Island, Connecticut, New York, Vermont, and New Hampshire. Most of its 6.6 million people live in the Boston metropolitan area. The state consists of urban, suburban, and rural areas and is the most populous of the six New England states and ranks third among US states in gross domestic product per capita. Originally dependent on fishing, agriculture, and trade with Europe, Massachusetts was transformed into a manufacturing center during the industrial revolution and has now shifted from manufacturing to services. Today, the state is a leader in higher education, health care technology, high technology, and financial services. The United States Bureau of Economic Analysis estimates that the state's gross state product at \$365 billion with the per capital personal income of just over \$50 thousand, ranking Massachusetts the third highest state in the nation.

The government of Massachusetts is divided into three branches: executive, legislative, and judicial. The governor heads the executive branch and his duties include signing or vetoing legislation, filling judicial and agency appointments, granting pardons, preparing an annual budget, and commanding the Massachusetts National Guard.

Massachusetts is home to 121 institutions of higher education. Harvard University and the Massachusetts Institute of Technology, both located in Cambridge, consistently rank among the world's best universities. There are more than 40 colleges located in the greater Boston area and over 10 located in Worcester.

**Massachusetts State Budget Process:** The Massachusetts state budget funds all aspects of state government, from the courts to the legislature, to dozens of boards and authorities. The budget recommends funding levels for a fiscal year, beginning on July 1 and ending on June 30. Budget cycle steps include the governor's budget recommendation which is filed in January and followed by various steps (which occur throughout the spring and early summer) of review, amendments, and vetoes within and among the legislature branches until the final budget is released by the governor, by June 30 and called the General Appropriations Act (GAA).

**Statewide Economic Conditions:** As stated in the Commonwealth's Statutory Basis Financial Report of Massachusetts for the fiscal year ended June 30, 2010, the Commonwealth had a budgeted fund balance of approximately \$900 million and completed the fiscal year with a consolidated net surplus sufficient to meet statutory requirements. This fund balance reflects the

state's ambition to reduce the budgeted withdrawal from the Rainy Day Fund and to restore the withdrawal made in fiscal year 2010 of \$50 million. This fund balance represents a budgetary loss of approximately \$113.6 million, a decline from the previous fiscal year due to the amount of prior year revenues used to support current year expenditures. The Commonwealth also used the \$1.9 billion in funds it received from the federal American Recovery and Reinvestment Act (ARRA) and will receive approximately \$809 million of ARRA funds in fiscal year 2011.

During fiscal year 2010, budgeted tax revenues increased from fiscal year 2009 by 2.3%, income taxes declined by 4.5% due to the continuing effects of the national recessions. Sales and use taxes increased because the sales tax rate went from 5% in fiscal year 2009 to 6.25% in fiscal year 2010.

As the Commonwealth emerged from recession, employment began to grow. On a seasonally adjusted basis, Massachusetts employment grew by .6% compared to an employment decline of .2% for the United States as a whole. In June, 2010, the state's unemployment rate was 9% compared to the 9.5% nationally.

Although the Commonwealth reduced its reliance on one time budget solutions in fiscal year 2010 by \$632 million, from \$3.2 billion in fiscal year 2009 to \$2.5 billion, one time solutions were still used to balance the budget. Such solutions included drawing from the Stabilization Fund, using federal stimulus funds, using one time tax settlement revenues, and suspending budgeted tax revenues into the stabilization fund.

The General Appropriations Act for fiscal year 2011 was based on a budgeted revenue estimate of approximately \$30 billion, \$17.7 billion of which represents taxes available for budget. As of September 30, 2010, fiscal year 2011 tax collections were \$205 million above the year-to-date benchmark and on October 15, 2010, the Executive Office for Administration and Finance reaffirmed the \$17.7 billion fiscal year 2011 estimate. At least for now, revenues are looking more solid than in recent prior years.

Given all this, and according to the Massachusetts Taxpayers Foundation (MTF), the state faces a structural deficit of approximately \$3 billion in fiscal year 2011 because any increase in revenue will be more than offset by the one-time sources used in fiscal year 2010. If there are further uses of one-time sources (e.g. ARRA funds) in 2010, the \$3 billion deficit will grow leaving less money available to close the looming deficit. The MTF predicts a modest revenue growth in 2011, which factors in a full year of the sales tax and an estimated 3% growth in baseline revenues and state tax collections. Expenses will grow, however, due to non-discretionary items such as Medicaid, pensions, education aid, debt service, health insurance, human services caseloads, and collective bargaining wage increases for state employees.

With limited revenue growth and reserves nearly exhausted, the state will need to depend heavily on further spending reductions to balance the fiscal year 2011 and 2012 budgets. The consequences of these cuts will be more serious in 2011 than the last 3 years, because for many

programs, this reduction will be the third, fourth, or fifth round of cuts since the onset of the fiscal crisis.

**Summary of the Commonwealth’s Budget Process for Fitchburg State College:** Fitchburg State, along with 28 other public higher education institutions in Massachusetts, works with the Department of Higher Education (DHE), a statutorily created Massachusetts agency responsible for defining the mission of and coordinating the Commonwealth’s system of public higher education. The Board works to create and maintain a system of public higher education which provides Massachusetts citizens with the opportunity to participate in academic and education programs for their personal betterment and growth; to contribute to the area’s existing base of research and knowledge; and to contribute to the Commonwealth’s future economic growth and development.

One dimension of the work that the colleges address with DHE is an annual funding need which is driven by a standardized budget formula. These funds generate into a budget allocation which is submitted into an annual request which goes to the Massachusetts legislature and ultimately the governor. For the most part, recent year state appropriated dollars to the 29 campuses have amounted to approximately 40% of each college’s operating budget making the public higher education institutions in Massachusetts one of the most poorly funded nationwide.

Each year, due to the state economic conditions described above, the campuses experience a greater and greater diminishment of their allocated dollars resulting in the need to pass on additional fee increases to students. Per statute, student fee revenue is retained by each campus and is used to offset the reduction in state appropriated dollars. Although state education spending, according to the Massachusetts Budget and Policy Center, has not yet returned to the spending levels of fiscal year 2002 as a percent of personal income, of the decreased dollars available to public education (pre-school, K-12, and higher education), higher education has been particularly hard hit with more focus and funds going to the other education sectors. Education is the second largest state expenditure in the Commonwealth with healthcare being number one.

## **Local Conditions**

### **Background Information on the City of Fitchburg, MA and Fitchburg State College’s Economic Impact on the City of Fitchburg**

**Background on the City of Fitchburg:** Fitchburg is the third largest city in Worcester County, with a population that hovers around 40,000. It is the location of Fitchburg State College as well as 17 public and private elementary and high schools. Fitchburg was a 19<sup>th</sup> century industrial center and is noted for its architecture, particularly Victorian style, and throughout the early 20<sup>th</sup> century was known for its paper industry. As a consequence of this early development, much of



the City's infrastructure, is inadequate and in poor condition. Its labor market has a higher than average unemployment and has been particularly impacted during the recent economic decline. Its industrial base remains heavily committed to the plastic and paper industries which account for a significant share of manufacturing employment, but which have been in decline for many years. Efforts to attract new investment have been significantly impaired by limited highway access.

**Fitchburg State College's Economic Impact on the City of Fitchburg:** The College is a steady and strong contributor to the community in which we live. While the state invests about \$22 million in us, the College gives five times that amount back to the community in economic activity. More than 500 people work here full-time, making us the fourth largest employer in the region. Hundreds more work part-time. Our annual operating budget has risen to over \$77 million. We have secured over \$3 million in grant funds which we have used to improve schools, neighborhoods, and programs. We are a key player in workforce development consistently providing a host of study options for all seeking their training or education here. Our students, who take classes here, go out into the surrounding cities and towns to be leaders in business, industry, education, health care, technology, and public service. As graduates, our students become community activists, complete projects, volunteer time, serve as interns, sponsor programs, and establish meaningful connections. Fitchburg State College strives to transform our students and to sustain our efforts to be a major community contributor.

In spite of the less than favorable economic conditions in Massachusetts, Fitchburg State College has survived and been an economic force, a community cornerstone, and resourceful partner. We are part of the reason that what happens in Massachusetts and the City of Fitchburg works. This is evidenced in our expanded services, programs, and activities and the influence we continue to have locally and throughout the state. Fitchburg State College is a strong and viable organization and, through our prudent planning, we will withstand uncertain times and continue to bring quality educational programs and services to our students and our community.

### **Major Initiatives**

**Strategic Plan:** The College has completed a re-examination of its strategic plan and the outcomes of this process included: a modified mission and vision statement and core values. Our core values of accessibility, affordability, community, enrichment, and excellence guide the objectives and activities which include: preparing students for a global society; achieving academic excellence; employing innovative uses of technology; increasing student, faculty, and staff diversity; building collaborative partnerships within our community; and building and maintaining a high quality college.

**University Name Change:** A process and a plan, to address the College's name change, from Fitchburg State College to Fitchburg State University, are underway. As the institution takes on its fifth name since 1894, we will be working to instill within our various constituencies, the

importance and value of this change. The College is a complex organization with a \$77 million budget and more than 500 employees. Among its many focal points are fund raising, capital needs, Foundation and trustee boards, collective bargaining, professional development, sustainability, public relationships, alumni affairs, and community outreach, including, for example, Central Links, the Commissioner's Vision Project, the NCAA, and the Council of Presidents.

**Capital Improvement Plan:** The implementation of a comprehensive capital improvement plan continues and has transformed the campus over the last six years into a focal point within the City of Fitchburg. This plan has included over \$50 million spent on key projects that have renewed old and outdated spaces into new, modernized spaces to include: the co-location of all Enrollment Services Offices into a new one-stop service center for students; a new campus police station; faculty office modernizations; updated dining facilities; a new athletic field; a newly constructed space for the Exercise, Sports Science Program, and the purchase of approximately 20 properties through our Foundation, leading to campus expansion and additional green space. Couple this with the upcoming construction of the College's first major academic building in decades valued at \$57 million. These funds will be used to build a new 55,000 square foot state of the art science building as well as to completely modernize an adjoining general purpose science building. When completed, this building will transform the sciences, catapult us into the 21<sup>st</sup> century, and dovetail with our new university designation besides significantly impacting the operation of the College, including parking, space use and traffic.

**Technology Improvement Plan:** Emphasis also continues with the improvement of our technological environment. Major initiatives in this area include the completed installation of a new wireless system to include expansion to our residence halls and common outdoor areas, a transition to a new student e-mail system, the installation of new collaboration tools to support learning, an upgrade to IP-based phones which will ready the campus for Microsoft Exchange voicemail system integration, and replacement of the Banner Advancement module with Raiser's Edge software. Additionally, a resubmission of our annual Payment Card Industry Data Security Standards (PCIDSS) audit which positions us to a number one ranking compared to public colleges and universities in Massachusetts, was completed. These efforts continue to complement our core mission of teaching and learning as well as to add key supports to the entire campus for enhancing business transactions and practices.

**Sustainability Measures:** Efforts also continue to address the American College and University Presidents Climate Commitment (ACUPCC). This national initiative, along with the Massachusetts Governor's Office Leading by Example program, is aimed at improving campus sustainability in order to reduce energy consumption, encourage energy conservation, explore renewable and alternative energy options, and seek Leadership in Energy and Environmental Design (LEED) certification for our recently constructed residence hall and our soon to be constructed science building.

**Institutional Effectiveness:** About five years ago, the College hired a full-time professional to more intensely address its work on assessing, verifying, and enhancing the fulfillment of its mission and purpose. This new intensified effort better assures that the College is undertaking short and long-term planning, including realistic analyses of internal and external opportunities and constraints. The focus of our current work rests squarely with our academic programs where a system of assessment and evaluation has been put into place to provide realistic and trustworthy information to support academic program improvement.

**New England Association of Schools and Colleges Accreditation Study:** Efforts such as these and others will be highlighted as part of the College's upcoming New England Association of Schools and Colleges accreditation study. Accreditation is a non-governmental, non-profit, self-regulatory, peer review process based on rigorous standards. Colleges and universities are evaluated on how well they meet the eleven non-prescriptive standards which recognize the diversity of the institution while enabling it to be creative, innovative, and collaborative in engaging in self-examination to assure quality and institutional improvement. Through College wide participation, the campus will engage in a comprehensive and candid self-study of its strengths and weaknesses. Our goal is to achieve another full 10-year approval as a result of the upcoming 2012 accreditation team visit and review of the institution.

**Summary:** These major strategic initiatives are taking place in spite of the worsening economic climate. This College is determined to remain prominent and competitive and has taken strong measures to do so. We are committed to our new mission, vision, core values, and strategic plan and know that our work will realize benefits for students and their learning outcomes.

### **Long-Term Financial Planning**

The College's strategic plan provides the roadmap for how we will address our long-term financial plan and continues to be driven by at least the following documents, which serve as its underpinnings: Second Stage Academic Plan; Facilities Master Plan; Americans with Disabilities Act Assessment; Security Needs Analysis; Space Utilization Analysis; academic institutional effectiveness reviews; the New England Association of Schools and Colleges accreditation procedures; the Board of Higher Education Performance Measures; and annual budget processes. In sum, the College will continue to invest in its human resources, programs and activities, its infrastructure, and its facilities.

Furthermore, and in spite of the declining state fiscal condition, which is not likely to improve in fiscal year 2012 or 2013, the College will forge forward with its progressive plans. This will be partially possible due to increased enrollments, available cash reserves, and our efforts to preserve resources, contain costs, and build new partnerships and collaborations.

## Financial Policies

**Internal Controls:** Management establishes and maintains the College's internal control policies and procedures which provide the Board of Trustees and other outside federal and state agencies with reasonable assurance that the College is efficiently and effectively meeting the goals and objectives outlined in the strategic plan. Additionally, the plan identifies and summarizes department-wide risks and associated controls to mitigate those risks which can be broadly defined in four categories: academic quality; student life; capital assets/facilities and safety; and financial resources.

**Independent Audit:** As a recipient of federal, state, and local financial assistance, the College is responsible for ensuring that adequate internal controls are in place to comply with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management and the independent auditors of the College. As part of the independent audit, conducted by Ercolini & Company LLP, tests are made to determine the adequacy of the internal control, including that portion related to federal and state grants, as well as to determine that the College has complied with applicable laws and regulations. The results of the College's independent audit, for the fiscal year ended June 30, 2010, provided no instances of material weaknesses in internal controls.

**Budgeting Controls:** A strong multiple year budget process, driven by the strategic plan, is used to ensure the thoughtful use of limited resources. Additionally, effective monitoring and oversight guarantee that revenue projections are adequate and that funds are spent in accordance with applicable laws, regulations and guidelines. The annual budget is presented for approval to the Board of Trustees. Quarterly reports are also presented to the Board and provide year to date comparisons.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Fitchburg State College for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the first year that Fitchburg State College submitted a comprehensive annual financial report to the GFOA and is proud that the institution achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, we wish to acknowledge the Board of Trustees for their continued commitment to the fiscal management and health of the College. We also want to thank the Financial Services staff, in concert with the Offices of the President, Academic Affairs, External Affairs, Institutional Research, Student Accounts and Financial Aid, Capital Planning and Administration, and Print Services, for assisting with the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sheila R. Sykes", with a large, sweeping flourish at the end.

Sheila R. Sykes  
Vice President of Finance and Administration

**REPORT PREPARED BY:**

---

**Sheila R. Sykes**  
*Vice President of Finance & Administration*

**Cathleen M. Daggett, CPA**  
*Director of Financial Reporting*

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**WITH THE ASSISTANCE OF:**

**Office of the President**

**Office of Academic Affairs**

**Office of Capital Planning & Administration**

**Office of External Affairs**

**Office of Financial Services**

**Office of Institutional Research**

**Office of Print Services**

**Office of Student Accounts and Financial Aid**

**BOARD OF TRUSTEES**  
**Fitchburg State College**  
*As of June 30, 2010*

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Appointment: 5/19/2006

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Appointment: 8/1/2007

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Appointment: 8/1/2002, 3/16/2006

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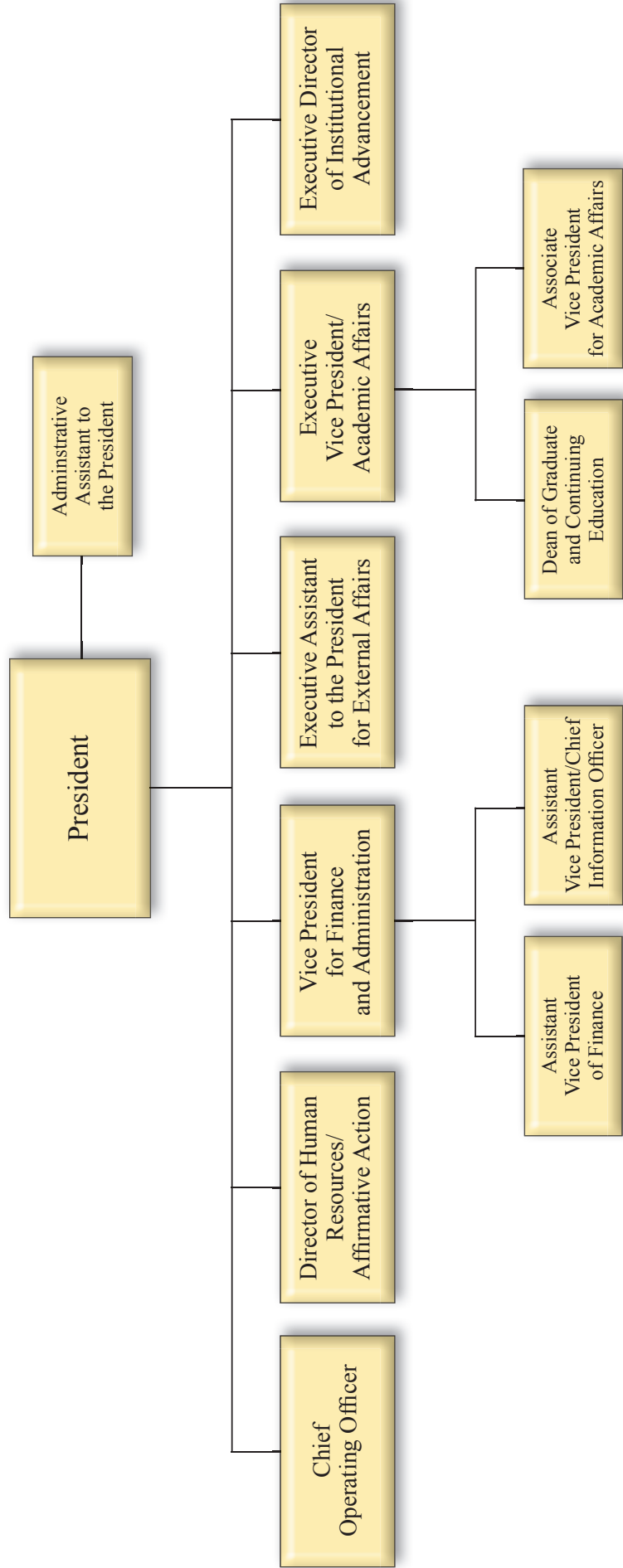
**Mr. Eric Gregoire, *Student Trustee***  
Appointment: 7/01/2009

**Ms. Gladys Rodriguez-Parker**  
Appointment: 06/03/09

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Appointment: 06/03/09

# FITCHBURG STATE COLLEGE

## PRESIDENT'S DIVISION ORGANIZATIONAL CHART





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fitchburg State College  
Massachusetts

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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President

Executive Director



*FITCHBURG STATE COLLEGE*  
COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FINANCIAL SECTION**

## FINANCIAL SECTION

The Financial Section of the Fitchburg State College Comprehensive Annual Financial Report includes the audited financial statements for the years ended June 30, 2010 and 2009.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Fitchburg State College  
Fitchburg, Massachusetts

We have audited the accompanying financial statements of the business-type activities of Fitchburg State College (a department of the Commonwealth of Massachusetts) as of and for the years ended June 30, 2010 and 2009, and the discretely presented component unit as of and for the years ended June 30, 2010 and 2009, which collectively comprise Fitchburg State College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fitchburg State College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Fitchburg State College and its discretely presented component unit are intended to present the respective financial position, results of operations and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Massachusetts that is attributable to the transactions of Fitchburg State College and its discretely presented component unit. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Massachusetts as of June 30, 2010 and 2009, the change in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Fitchburg State College as of June 30, 2010 and 2009, and the respective results of operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 19, 2010 on our consideration of Fitchburg State College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters for the year ended June 30, 2010. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our 2010 audit.

The Management's Discussion and Analysis (MD&A) as listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, residence hall fund and residence hall damage fund activity, and the statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic 2010 financial statements. The residence hall fund and residence hall damage fund activity have been subjected to the auditing procedures applied in the audit of the basic 2010 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2010 financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic 2010 financial statements and accordingly, we express no opinion on them.

*Ercolini & Company LLP*

October 19, 2010

**FITCHBURG STATE COLLEGE**  
(a department of the Commonwealth of Massachusetts)  
Management's Discussion and Analysis  
**UNAUDITED**

***Introduction***

The following discussion and analysis are intended to provide an overview of the financial position and results of operations of Fitchburg State College (the "College") for the fiscal years ended June 30, 2010, 2009 and 2008. This discussion is provided by the management of the College and should be read in conjunction with the financial statements and notes thereto. The purpose of this document is to give some background to the financial statements, and foster an understanding of how these statements relate to the mission and activities of the College.

The College, located in North Central Massachusetts, is one of the nine comprehensive public colleges in the Commonwealth of Massachusetts (the "Commonwealth"). These institutions, along with the five-campus University of Massachusetts system and the fifteen community colleges (all reporting to the Department of Higher Education in varying degrees) comprise public higher education in Massachusetts. The College offers approximately 49 undergraduate degree programs in eighteen academic departments, 20 Masters' degree programs and several Graduate Certificates of Advanced Study. During fiscal 2010, there were approximately 3,800 full-time students and thousands of part-time students enrolled in degree programs, for a combined full-time equivalent enrollment of approximately 5,500. Thousands more non-matriculated students take advantage of professional development programs through the Division of Graduate and Continuing Education (DGCE). The College awarded approximately 1,200 graduate and undergraduate degrees in fiscal 2010. The College is accredited by the New England Association of Schools and Colleges (NEASC) and many of the College's programs are accredited by program-specific accrediting bodies.

***Financial Highlights***

The College experienced positive results from operations in fiscal 2010 and remains on firm financial ground. Despite turbulent economic times, the College maintained its focus on teaching, learning and service. The following are key financial highlights for the current period:

- General appropriations from the Commonwealth are approved by the legislature to help fund the day-to-day operations of the College. The College received \$21.4 million in fiscal 2010, an 18.5% decrease from fiscal 2009 levels. This decrease was offset by \$6.7 million received as a result of *The American Recovery and Reinvestment Act of 2009* (ARRA). ARRA funds were used primarily to support faculty payroll, scholarships and debt service. General appropriations were \$26.3 million in fiscal 2009 and \$27.5 million in fiscal 2008.
- Fees were increased to fund academic and capital initiatives. The mandatory per semester college fee was \$2,722, \$2,472, and \$2,268 in fiscal 2010, 2009 and 2008, respectively. Fees were also increased for undergraduate continuing education students. Tuition, which is controlled by the Commonwealth, has not increased since the fall of 2001 and remains at \$485 per semester for in-state students.
- The College expended \$3.1 million from current funds for capital additions in fiscal 2010. Projects completed during the year included renovation and expansion of academic offices, construction of a new student health center and upgrades to the athletic fields. An additional \$1.5 million was spent on the College's behalf by the Massachusetts Division of Capital Asset Management (DCAM) for the Science Center modernization project. Projects remaining in process at June 30, 2010 include construction of a new server room for Information Technology, renovations to the Dupont Building and the final phase of the Anthony Building renovations.

- Total assets at the end of fiscal 2010 were \$92.8 million and exceeded liabilities of \$25.9 million by \$66.9 million (i.e. net assets). Unrestricted net assets available to support short-term operations totaled \$17.3 million, of which \$8.1 million has been designated for specific purposes.
- Total operating, non-operating, and gift revenue for fiscal 2010 was \$78.9 million, while expenses totaled \$68.2 million, resulting in an increase to net assets of \$10.7 million. The increase in net assets includes a 6.1% increase in student tuition and fee revenues.
- The consolidated financial information of the Fitchburg State College Foundation, Inc. is included in the College's financial statements as a component unit of the College. It is important to reiterate that the Foundation is indeed a separate organization. Foundation funds are largely restricted, and unrestricted funds can only be expended by vote of the Board of Directors of the Foundation. In general, these funds are not available for operational costs of the College.

### ***Using the Financial Statements***

Fitchburg State College reports its activity as a business type activity using the full accrual basis of accounting. The accrual basis of accounting ensures that all amounts owed to the College and all pending obligations of the College are accounted for in the appropriate period, thus giving a clear picture of the College's financial position. The College is a department of the Commonwealth of Massachusetts. A summary of our financial statements is incorporated in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

The Massachusetts Department of Higher Education has instituted the use of certain core financial ratios as part of their performance measures for public colleges in the Commonwealth. Analysis using these ratios, as well as other commonly accepted ratios, has been incorporated throughout this document.

The College's financial statements include three major documents: The Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards.



### Statement of Net Assets

The statement of net assets presents the financial position of the College at the end of the year and includes all assets and liabilities of the College, with the difference reported as net assets. Assets and liabilities are generally measured using current values, with a notable exception in capital assets, which are stated at historical cost less an allowance for depreciation. Net assets are one indicator of the financial condition of the College, while the change in net assets from one period to the next is an indicator of whether the financial condition has improved or worsened. The statement of net assets (condensed, in thousands) at June 30, 2010, 2009 and 2008, are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Assets</b>			
Current assets	\$ 20,743	\$ 10,601	\$ 13,258
Capital assets, net	55,386	53,816	48,496
Other	<u>16,708</u>	<u>18,345</u>	<u>21,058</u>
Total Assets	<u>\$ 92,837</u>	<u>\$ 82,762</u>	<u>\$ 82,812</u>
<b>Liabilities</b>			
Current liabilities	\$ 10,804	\$ 10,100	\$ 11,695
Long term liabilities	<u>15,091</u>	<u>16,424</u>	<u>17,857</u>
Total Liabilities	<u>25,895</u>	<u>26,524</u>	<u>29,552</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	40,791	39,531	30,984
Restricted:			
Nonexpendable	470	437	511
Expendable	8,403	6,515	9,850
Unrestricted:			
Designated	8,135	6,239	5,406
Undesignated	<u>9,143</u>	<u>3,516</u>	<u>6,509</u>
Total net assets	<u>66,942</u>	<u>56,238</u>	<u>53,260</u>
Total Liabilities & Net Assets	<u>\$ 92,837</u>	<u>\$ 82,762</u>	<u>\$ 82,812</u>

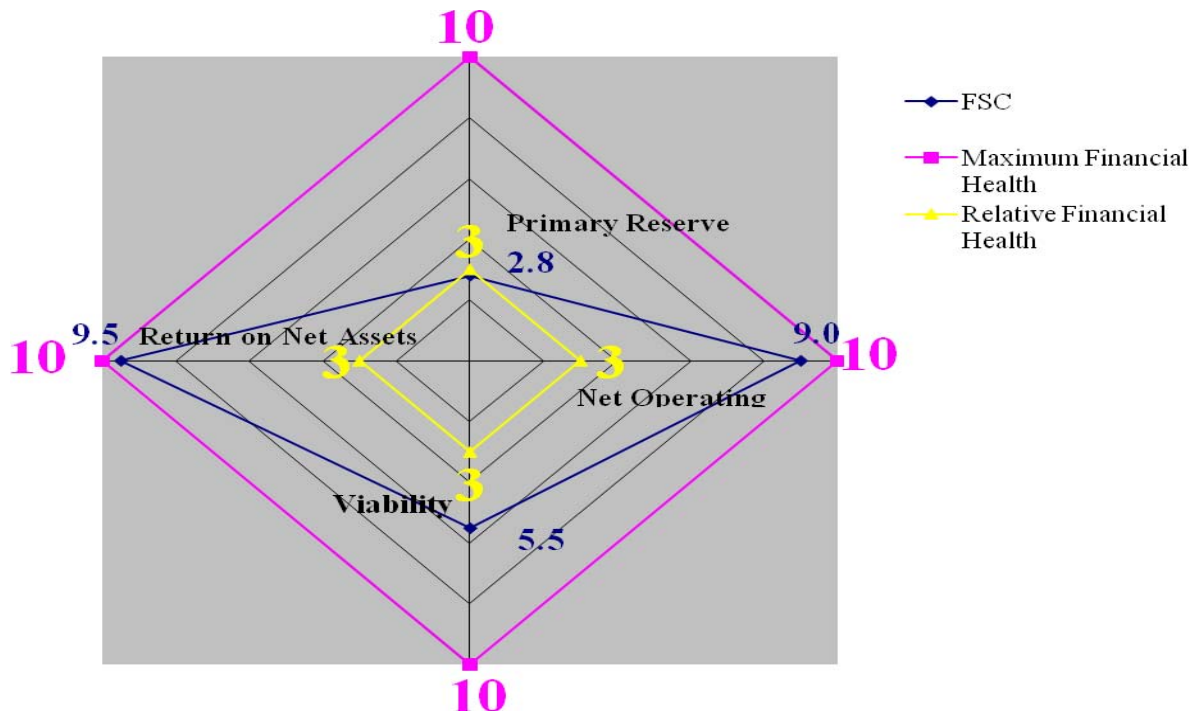
Current assets consist primarily of cash and cash equivalents (88.7%). Other assets include non current restricted cash and cash equivalents, investments in marketable securities and loans receivable. Capital assets are used to provide services to students, faculty and staff. These assets are not available for current or future spending. Current liabilities primarily include trade accounts and salaries payable, the current portion of compensated absences and accrued faculty payroll. In the normal course of events and based on a consistent past history in this regard, it is anticipated that obligations due to employees will be funded by state appropriations. The increase in net assets over the past three periods is indicative of the capital improvement initiatives undertaken during this time.

Ratio analysis measures certain elements of an institution's financial health. The analysis illustrates positive results of operations and remain indicators of the overall financial health of the institution.

- **Current Ratio:** The College's current assets of \$20.7 million are sufficient to cover current liabilities of \$10.8 million. An excess of current assets over current liabilities (the current ratio) is a measure of liquidity and provides a buffer against future uncertainties. The College's current ratio at June 30 is 1.9 to 1 for 2010, and 1.1 to 1 for both 2009 and 2008.

- **Return on Net Assets Ratio:** Net assets represent the residual interest in the College's assets after liabilities are deducted. Comparing the current change in total net assets to total net assets at the beginning of the period (return on net assets) is an economic measure that determines if the College is financially better off than in previous years. The College's return on net assets at June 30, 2010, 2009 and 2008 was 19.0%, 5.6% and 6.4%, respectively. The ratio remains well above industry benchmarks.
- **Primary Reserve Ratio:** This ratio indicates how long the College could function using its expendable reserves without relying on additional net assets generated by operations. The College's primary reserve ratio at June 30, 2010, 2009 and 2008 was 37.6%, 24.3% and 31.4% respectively. An improving trend indicates the College has been able to increase its expendable net assets in proportion to the rate of growth in total operating expenditures.
- **Secondary Reserve Ratio:** This ratio measures the significance of non expendable net assets in relation to an institution's operating size. An improving trend shows an improved capital base and the higher the ratio value, the better the long term financial condition. The College's secondary reserve ratio at June 30, 2010, 2009 and 2008 was 60.5%, 59.8% and 45.4%, respectively.
- In order to assess and evaluate the total financial health of an institution, core financial ratios are weighted and combined into a single factor called the Composite Financial Index (CFI). When calculated, a strength factor of three indicates a relatively healthy institution that can sustain moderate growth with expendable net assets exceeding debt levels, although not by excessive amounts. The College's CFI at June 30, 2010, 2009 and 2008 was 5.7, 2.5 and 3.0, respectively. The following graph illustrates the four core financial ratios after they have been weighted and strength factors calculated.

### Composite Financial Index



### Statement of Revenues, Expenses and Changes in Net Assets

The following Statements of Revenues, Expenses and Changes in Net Assets (condensed, in thousands) presents information showing the College's results of operations for the fiscal years ended June 30, 2010, 2009 and 2008. All changes in net assets are reported as soon as the underlying event given rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. the accrual for compensated absences).

	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Operating revenues:</u>			
Tuition & fees (net)	\$ 28,372	\$ 26,737	\$ 25,033
Grants	12,780	4,483	3,951
Sales & service of educational department	1,416	1,421	1,357
Auxiliary	8,047	6,467	6,085
Other operating revenue	<u>680</u>	<u>678</u>	<u>607</u>
Total operating revenue	<u>51,295</u>	<u>39,786</u>	<u>37,033</u>
<u>Operating expenses:</u>			
Instruction	25,682	25,010	26,700
Research & public service	517	489	595
Academic support	4,361	4,539	5,344
Student services	7,445	7,299	7,479
Scholarships	1,609	1,457	1,281
Institutional support	5,988	6,464	7,228
Operations & maintenance	10,818	11,306	11,040
Depreciation	4,010	3,557	3,228
Auxiliary	<u>7,412</u>	<u>6,201</u>	<u>5,810</u>
Total operating expenses	<u>67,842</u>	<u>66,322</u>	<u>68,705</u>
Net operating loss	<u>(16,547)</u>	<u>(26,536)</u>	<u>(31,672)</u>
<u>Non-operating revenue &amp; expenses:</u>			
State appropriations	24,622	29,416	34,064
Gifts	1	-	4
Investment income	1,329	(179)	816
Interest expense	(385)	(546)	(658)
State capital appropriations	-	498	475
Capital grants	<u>1,684</u>	<u>325</u>	<u>178</u>
Total non-operating revenue	<u>27,251</u>	<u>29,514</u>	<u>34,879</u>
<u>Increase in net assets</u>	10,704	2,978	3,207
Net assets, beginning of the year	<u>56,238</u>	<u>53,260</u>	<u>50,053</u>
Net assets, end of the year	<u>\$ 66,942</u>	<u>\$ 56,238</u>	<u>\$ 53,260</u>

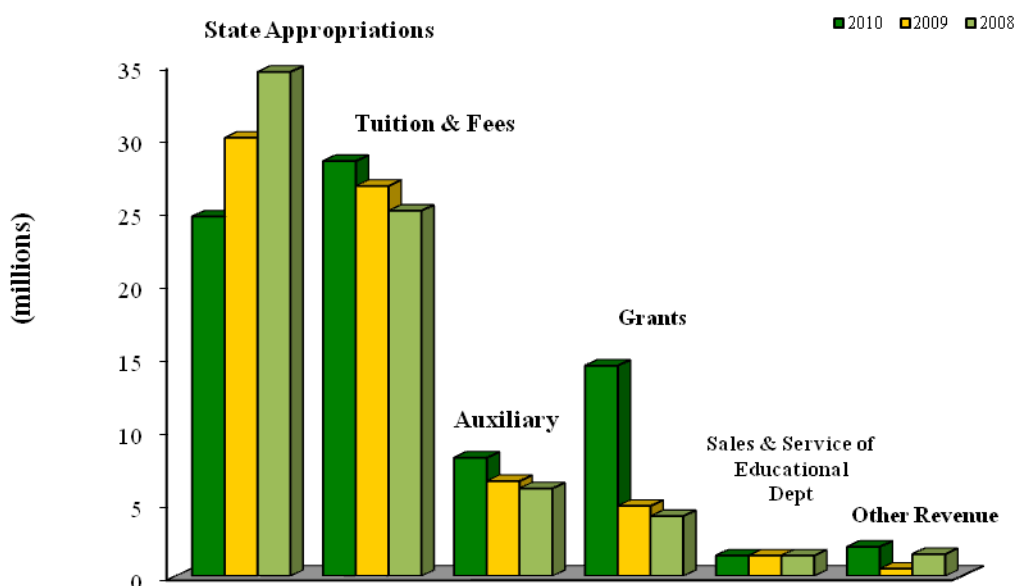
State appropriations are reported net of the amount of day school tuition collected by the College on behalf of the Commonwealth. The tuition collected (for state supported courses taught by state employees) is then remitted to the Commonwealth as required by Massachusetts General Law. The following schedule details the Commonwealth appropriations received by the College. Included in appropriations are the fringe benefit costs for College employees, which are paid by the Commonwealth. The Commonwealth appropriates general funds to cover the cost of fringe benefits for state employees, but these funds are not appropriated directly to the College. Non-state employees who are paid from trust funds, grants or other sources receive the same fringe benefits. The College reimburses the Commonwealth for the benefit costs associated with these employees. The fringe benefit rate charged by the Commonwealth, exclusive of compensated absences, for fiscal years 2010, 2009 and 2008 was 26.4%, 24.5% and 38.3%, respectively. The current fringe benefit rate includes group medical insurance (19.4%); retirement (6.1%) and terminal leave (.9%).

The following schedule (condensed, in thousands) details the Commonwealth appropriations received by the College:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commonwealth general appropriations	\$ 21,429	\$ 26,278	\$ 27,464
Appropriations to cover fringe benefits provided to employees of the Commonwealth	<u>5,581</u>	<u>6,334</u>	<u>9,647</u>
	27,010	32,612	37,111
Tuition remitted back to the Commonwealth	<u>(2,388)</u>	<u>(3,196)</u>	<u>(3,047)</u>
Net appropriations	24,622	29,416	34,064
Additional state capital appropriations	<u>-</u>	<u>498</u>	<u>475</u>
Total appropriations	<u>\$ 24,622</u>	<u>\$ 29,914</u>	<u>\$ 34,539</u>

The following is a graphic illustration of total revenue (operating, non-operating and capital) by source. Total revenue for the fiscal years ended June 30, 2010, 2009 and 2008 was \$78.9, \$69.9 and \$72.6 million, respectively.

**Total Revenue by Source**



For the fiscal year ended June 30, 2010, total appropriations decreased by 18.5% due to the Commonwealth's fiscal crisis. In past years, state appropriations received by the College essentially funded payroll and benefit costs. Due to the recent cuts in state funding, the College has had to fund increasing amounts from its local Trust funds. All other operating costs incurred by the College are funded from other non state revenue sources. Tuition and fees are reported net of tuition waivers, exemptions, and scholarship allowances. The amount of tuition charged per student is controlled at the state level and remains unchanged. The increase in total tuition and fee revenue (6.1%) is due to an increase in student fees and an increase in enrollment. During fiscal year 2010, 2009 and 2008, in-state tuition and fees for full time resident students was \$7,385, \$6,880 and \$6,412 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2010, 2009 and 2008 was \$3,450, \$3,200 and \$2,996 per semester, respectively.

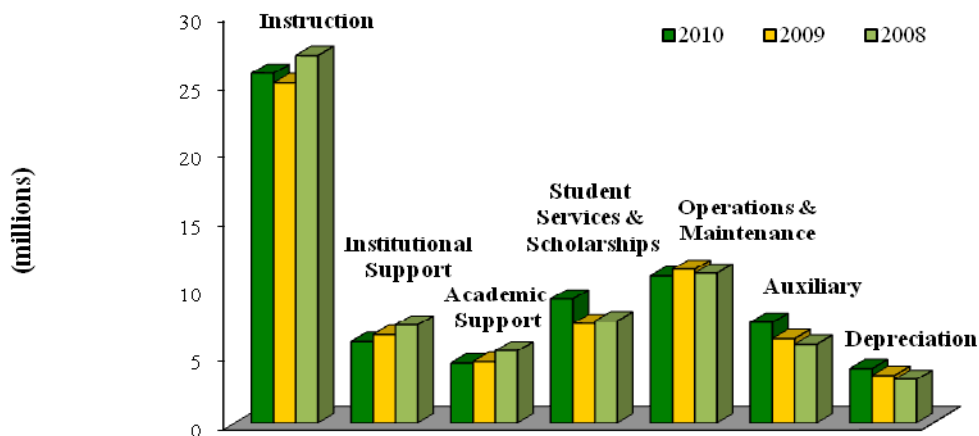
Auxiliary revenue represents revenue received from the operations of the College’s residence halls. Auxiliary revenue increased 24.4% and does not include fees charged for the student housing facility owned and operated by the FSC Supporting Organization, Inc. (the “Supporting Organization”). The increase is the result of increased enrollment and the first full year’s operation of a new residence hall in Mara Village. Overall Residence Hall occupancy is at 109% capacity.

Grant revenue is made up of federal, state and private grants. In fiscal 2010 the College received \$6.7 million in ARRA stabilization funds to help offset the significant decrease in state appropriations. These funds were used to fund faculty payroll, scholarships and debt service. Grant revenue includes PELL, SEOG and Federal Work Study financial aid programs. Grant revenue also includes \$1.5 million in capital grant funds used for the Science Center modernization project.

The increase in other revenue is primarily due to investment gains due to improving market conditions in fiscal 2010.

The following is a graphic illustration of total expenditures (operating and non-operating) by function. Total expenditures for the fiscal years ended June 30, 2010, 2009 and 2008 were \$68.2, \$66.9 and \$69.4 million, respectively.

**Total Expenditures by Function**



Total expenditures, exclusive of depreciation, increased nominally by 1.7%. The most significant area of expense remains Instruction, which represents 37.9% of total operating expenses. Faculty payroll (\$16.6 million) and related benefits (\$4.4 million) represent approximately 81.6% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. Increases in scholarships are the result of increases in Title V entitlement programs such as PELL and SEOG. Operations and Maintenance consists of expenditures related to physical plant. Expenditures in this functional area include general repair costs and deferred maintenance costs that are below the capitalization threshold of \$50,000. Increases in Auxiliary expenditures relate to the opening of a new residence hall. The financial statements include \$4.0, \$3.6 and \$3.2, million in depreciation expense for 2010, 2009 and 2008, respectively.

State appropriations are a significant source of funding for the College. According to the Governmental Accounting Standards Board (GASB), appropriations are considered non-operating revenue. As such, the College appears to experience a loss from operations. However, it should be noted that state appropriations *are* used to fund the operating activities of the College.

The following schedule (condensed, in thousands) illustrates the College's incurred losses from operations for the fiscal years ended June 30, 2010, 2009 and 2008.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tuition & fees revenue, net	\$ 28,372	\$ 26,737	\$ 25,033
Other operating revenue	<u>22,923</u>	<u>13,049</u>	<u>12,000</u>
Total operating revenue	51,295	39,786	37,033
Operating expenses	<u>(67,842)</u>	<u>(66,322)</u>	<u>(68,705)</u>
Operating loss	(16,547)	(26,536)	(31,672)
Total state appropriations	24,622	29,914	34,539
Other revenue (expense), net	<u>2,629</u>	<u>(400)</u>	<u>340</u>
Increase in net assets	\$ <u>10,704</u>	\$ <u>2,978</u>	\$ <u>3,207</u>

**Net Operating Revenues Ratio:** This ratio indicates whether total operating activities resulted in a surplus or deficit. A positive ratio indicates that the institution experienced an operating surplus and is indicative of efficient and effective operations. For the fiscal years ended June 30, 2010, 2009 and 2008, the College's net operating revenues ratio was 11.7%, 3.1% and 3.6%, respectively.

#### Statement of Cash Flows

The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period of time. The statement provides an additional tool to assess the financial health of the institution. As required by GASB, the statement is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services).

The following are the College's statement of cash flows (condensed, in thousands) for the fiscal years ended June 30, 2010, 2009 and 2008:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash received from operations	\$ 50,918	\$ 39,783	\$ 37,272
Cash expended for operations	<u>(57,112)</u>	<u>(57,550)</u>	<u>(54,552)</u>
Net cash used by operations	(6,194)	(17,767)	(17,280)
Net cash provided by non-capital financing activities	19,043	23,082	24,421
Net cash used by capital and related financing activities	(5,895)	(9,955)	(9,322)
Net cash (used) provided by investing activities	<u>1,563</u>	<u>279</u>	<u>(10,798)</u>
Net increase (decrease) in cash and equivalents	8,517	(4,361)	(12,979)
Cash and equivalents, beginning of the year	<u>13,373</u>	<u>17,734</u>	<u>30,713</u>
Cash and equivalents, end of the year	\$ <u>21,890</u>	\$ <u>13,373</u>	\$ <u>17,734</u>

The College's cash and cash equivalents increased by approximately \$8.5 million during fiscal 2010, resulting in the cash and cash equivalents balance of \$21.9 million at fiscal year end. The increase is primarily due to the receipt of ARRA funds in fiscal 2010 and increased tuition and fee revenue. Non-capital financing activities, as defined by GASB, include state appropriations. These appropriations fund the operating activities of the College. Investing activities include interest and dividends received from portfolio investments, as well as, interest earned

on College funds held in the Massachusetts Municipal Depository Trust (MMDT), a short-term money management vehicle provided by the Commonwealth.

Capital Assets

Capital assets consist of land, buildings and building improvements, equipment, library materials, and construction in progress. As of June 30, 2010, net capital assets increased to \$55.4 million after depreciation expense of \$4.0 million. During the current fiscal year there were \$5.6 million in additions to capital assets. Major capital initiatives undertaken during 2010 include:

- Construction of Math Faculty offices in Ederly Hall, \$1.1 million
- Continued construction of new academic space on North Street, \$1.1 million (to date)
- Study and design costs for the Science Center Modernization project, \$1.7 million (to date)
- Completion of Phase II of the Anthony Building renovations, \$647,000
- Construction of a new student Wellness Center, \$359,000

Additional information on Fitchburg State College’s capital assets can be found in footnote 5 to the accompanying financial statements.

**Physical Asset Renewal Ratio:** The extent to which capital renewal is occurring as compared to physical usage (depreciation) can be measured by the physical asset renewal ratio. A ratio above 1:1 indicates increasing investment in plant facilities. The College’s physical asset renewal ratio for fiscal years ended June 30, 2010, 2009 and 2008 was 1.27, 2.52 and 2.47, respectively.

Long Term Debt

The College has long term debt obligations issued for various capital projects. The debt was issued through several financing agreements with the Massachusetts Health and Educational Facilities Authority (MHEFA) and the Massachusetts State College Building Authority (MSCBA). The interest rate on the MHEFA debt is a floating rate set every thirty five days based on market conditions. The interest rate on the MSCBA debt is based on an increasing coupon rate ranging from 3.50% to 5.00 % over the term of the debt as set by MSCBA. The debt is being repaid by the College through dedicated student fees (DSF). The following table summarizes the various debt vehicles, interest rates, debt service and debt outstanding at June 30, 2010 and is inclusive of any bond premiums or discounts.

Issuing Agency	Construction Project	Fiscal Year Issued	Original Issue	Funding Source	Effective Interest Rate	Debt Service	Debt Outstanding	Maturity
MHEFA	Recreation Center	1997	\$6,000,000	DSF	1.32%	\$212,599	\$4,231,701	2023
MSCBA	Holmes Dining Hall Renovations	2005	\$1,090,000	DSF	4.23%	\$84,469	\$890,000	2025
MSCBA	Elliot Athletic Field Improvements	2005	\$4,020,000	DSF	4.23%	\$304,969	\$3,275,000	2025
MSCBA	Holmes Dining Hall Renovations	2006	\$2,060,000	DSF	4.23%	\$163,013	\$1,869,036	2026
Total			\$13,170,000			\$765,050	\$10,265,737	

The College has acquired equipment through capital lease agreements with various financing companies. The capital lease agreements allow for the acquisition of telephone, printing and computer equipment, software and implementation costs, and various other furniture and equipment costs. Capital lease agreements are generally paid from operating funds and have terms ranging from three to ten years. The following table summarizes the various capital lease agreements, interest rates, debt service and amounts outstanding at June 30, 2010.

Financing Agreement	Equipment Acquisition	Initial Lease Year	Original Amount Financed	Funding Source	Interest Rate	Debt Service	Debt Outstanding	Maturity
1	Student information system	2001	\$5,000,000	Operating funds	5.85%	\$616,332	\$299,407	2010
2	Network system upgrade	2007	\$1,870,144	Operating funds	5.13%	\$1,227,677	-	2012
3	Residence Hall Furniture	2009	\$499,938	Operating funds	2.85%	\$81,340	\$429,397	2014
all others	Telephone, computer and other	2005 to 2009	\$538,455	Operating funds	3.27% - 6.29%	\$159,250	\$166,885	2010-2012
Total			\$7,908,537			\$2,084,599	\$895,689	

For the fiscal years ended June 30, 2010, 2009 and 2008, the total debt (current and long term) attributable to interagency payments, capital leases and bond premiums amounted to \$11.2, \$13.1 and \$15.6 million, respectively.

Additional information on Fitchburg State College's long term debt activity can be found in footnotes 11 and 12 to the accompanying financial statements.

**Viability Ratio:** The availability of expendable net assets to cover debt (the viability ratio) is a basic determinant of financial health. A viability ratio of 1.00 indicates that, as of the statement of net assets date, the College has sufficient net assets to satisfy its debt obligations. As of June 30, 2010, 2009 and 2008, the College's viability ratio was 2.30, 1.24 and 1.53, respectively.

**Debt Burden:** The debt burden ratio measures an institution's dependence on borrowed funds by comparing the level of debt service to total expenditures. In order to effectively manage resources, including debt, the Massachusetts Department of Higher Education recommends a debt burden ratio of no more than 5%. As of June 30, 2010, 2009 and 2008, the College's debt burden was 4.25, 3.05 and 2.95, respectively.

#### Looking Forward

Despite a volatile economic environment, the College has maintained its focus on its mission of teaching, learning and service. Although there has been some improvement in the economy, the outlook remains grim for fiscal 2011. Reduced appropriation levels have and will continue to present significant budget challenges. The College faces these challenges with an intensified effort to enhance current revenues, protect operating resources through cost containment strategies and continued investment in physical plant to ensure that the College remains a vital and dynamic resource to the local region.

The College continues its commitment to improving campus facilities. Construction of a new Science Center will begin in earnest in fiscal 2011. The \$57 million project is the largest single project the campus has seen since the mid 1970s. The project includes the construction of a new 54,000 square foot building as well as the complete modernization of the existing Condike Science facility. When completed, the new facility will transform the teaching and learning experience in the natural sciences and allow the College to offer innumerable opportunities to students. The projected completion date is spring of 2014. Other projects scheduled for completion in fiscal



2011 include the final phase of the Anthony Building renovations. This project began in 2005 with the goal of creating a “One Stop Student Center”. The final phase will move the Registrar and Graduate and Continuing Education departments and the One Card Office to the Anthony Building. Construction continues on the new Exercise Science Faculty Offices located on North Street. An addition is being built and the first floor renovated to provide additional office space for the department. The second floor will be renovated to provide classroom laboratory space. The building features the first geothermal heating system on campus.

The College continues its efforts to improve and protect the technological environment. Over the past eighteen months, the College participated in a Payment Card Industry Data Security Standards (PCIDSS) audit to identify vulnerable areas that handle or store personal information. As a result of this exercise, the College revamped its entire policy catalog developing and documenting policies and procedures to ensure compliance with industry standards, and state and federal guidelines for protecting personally identifiable information. In December of 2009, the College completed an annual evaluation and is fully PCI compliant. Additional loss prevention systems are scheduled to be installed that will further restrict the sending of protected information in an unsecure manner. Other information technology initiatives include expanding classroom mediation, building a pilot for a virtual computer system for the library and expanding fiber and cable systems to new and existing facilities.

The College has begun the NEASC accreditation process. NEASC is the regional accrediting body that provides public assurance about educational quality. Institutions seeking accreditation must demonstrate adherence to eleven Standards of Accreditation which establish the criteria for institutional quality. The process begins with a lengthy self study meant to demonstrate that the institution has effective means to ensure institutional improvement and is completed prior to a formal peer evaluation. The College’s self study will be completed by June 2011 to ensure ample time for submission to NEASC. The peer evaluation is scheduled for April 2012. The College’s goal is to receive another 10 year accreditation.

In July 2010, the Massachusetts State Legislature passed legislation creating the Massachusetts State University system. As a result, Fitchburg State College will officially be renamed Fitchburg State University on October 26, 2010. The name change recognizes the Institution’s long standing mission as a teaching university. The significant number of graduate degrees awarded by Fitchburg State helped qualify it for the name change. The university designation will allow the institution to remain competitive nationally where 45 other states have already transitioned to university systems. University status will also help students compete in an increasingly competitive job market and opens up opportunities for additional funding from Foundations, corporations and alumni.

The student learning experience lies at the core of the University’s mission. As captured in the newly crafted mission statement, Fitchburg State University will continue to “prepare students to lead, serve and succeed by fostering lifelong learning and civic and global responsibility”. The University is committed to maintaining a standard of excellence in teaching and learning regardless of the financial challenges that may lie ahead. This commitment to education and community will insure a viable, progressive and successful future.

#### Requests for Information

This financial report is designed to provide a general overview of the finances of Fitchburg State College for anyone interested in this information. Questions concerning any of the data provided in this report or requests for additional financial information should be addressed to Robert V. Antonucci, President, Fitchburg State College, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF NET ASSETS

JUNE 30, 2010 AND 2009

**ASSETS**

<b><u>Current Assets</u></b>	<b><u>2010</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2010</u></b>	<b><u>2009</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2009</u></b>
Cash and cash equivalents	\$ 16,750,963	\$ 1,536,405	\$ 6,521,130	\$ 810,871
Restricted cash and cash equivalents	1,646,828	151,614	2,139,376	9,828
Investments	-	2,129,552	-	1,847,180
Accounts receivable, net	2,074,949	58,826	1,653,475	72,130
Contributions receivable, net	-	1,258,756	-	360,710
Loans receivable - current portion	2,570	-	2,199	-
Other current assets	<u>267,810</u>	<u>18,445</u>	<u>284,619</u>	<u>42,418</u>
Total current assets	<u>20,743,120</u>	<u>5,153,598</u>	<u>10,600,799</u>	<u>3,143,137</u>
 <b><u>Noncurrent Assets</u></b>				
Restricted cash and cash equivalents	3,492,599	-	4,712,233	-
Investments	10,410,255	-	10,630,913	-
Endowment investments	671,693	6,996,347	680,676	7,016,713
Contributions receivable, net	-	252,097	-	363,185
Loans receivable, net of current portion	1,921,386	-	1,897,454	-
Capital assets, net	55,386,250	5,002,205	53,815,646	4,669,205
Other noncurrent assets	<u>211,803</u>	<u>150,299</u>	<u>424,508</u>	<u>148,954</u>
Total noncurrent assets	<u>72,093,986</u>	<u>12,400,948</u>	<u>72,161,430</u>	<u>12,198,057</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 92,837,106</u></b>	<b><u>\$ 17,554,546</u></b>	<b><u>\$ 82,762,229</u></b>	<b><u>\$ 15,341,194</u></b>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF NET ASSETS - CONTINUED

JUNE 30, 2010 AND 2009

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>	<b><u>2010</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2010</u></b>	<b><u>2009</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2009</u></b>
<b><u>Current Liabilities</u></b>				
Interagency payables - current portion	\$ 479,731	\$ -	\$ 459,315	\$ -
Accounts payable and accrued liabilities	2,496,144	90,904	1,639,045	24,608
Accounts payable - construction	516,138	-	39,816	-
Accrued workers' compensation - current portion	130,238	-	99,242	-
Compensated absences - current portion	2,341,896	-	2,322,244	-
Faculty payroll accrual	2,488,554	-	2,519,394	-
Deferred revenue - current portion	1,348,111	42,005	1,484,414	41,609
Capital leases - current portion	497,437	-	1,098,416	-
Long-term debt - current portion	-	138,416	-	101,833
Deposits	319,850	-	271,075	-
Bank line of credit	-	125,000	-	-
Other current liabilities	<u>186,021</u>	<u>-</u>	<u>167,558</u>	<u>-</u>
Total current liabilities	<u>10,804,120</u>	<u>396,325</u>	<u>10,100,519</u>	<u>168,050</u>
<b><u>Noncurrent Liabilities</u></b>				
Interagency payables, net of current portion	9,786,006	-	10,286,319	-
Accrued workers' compensation, net of current portion	530,867	-	404,526	-
Compensated absences, net of current portion	1,673,143	-	1,631,606	-
Deferred revenue, net of current portion	833,476	-	978,385	-
Rebate payable	17,965	-	17,875	-
Capital leases, net of current portion	398,252	-	1,271,149	-
Long-term debt, net of current portion	-	3,803,481	-	3,575,871
Loan payable - federal financial assistance programs	<u>1,851,713</u>	<u>-</u>	<u>1,833,747</u>	<u>-</u>
Total noncurrent liabilities	<u>15,091,422</u>	<u>3,803,481</u>	<u>16,423,607</u>	<u>3,575,871</u>
Total liabilities	<u>25,895,542</u>	<u>4,199,806</u>	<u>26,524,126</u>	<u>3,743,921</u>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF NET ASSETS - CONTINUED

JUNE 30, 2010 AND 2009

**LIABILITIES AND NET ASSETS - CONTINUED**

	<u>2010</u>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2010</u></b>	<u>2009</u>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2009</u></b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$ 40,791,020	\$ 983,397	\$ 39,530,560	\$ 1,043,057
Restricted for:				
Non-expendable				
Scholarships and fellowships	470,158	4,161,886	437,045	4,101,655
Cultural programs	-	2,329,756	-	1,351,356
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	73,186	-	68,371
Expendable				
Scholarships and fellowships	372,040	988,453	326,819	1,044,923
Cultural programs	-	810,625	-	512,721
Loans	252,226	-	250,214	-
Capital projects	3,589,443	-	1,140,903	-
Debt service	4,188,550	-	4,796,560	-
Other	930	294,447	930	231,351
Unrestricted	<u>17,277,197</u>	<u>2,120,016</u>	<u>9,755,072</u>	<u>1,650,865</u>
 Total net assets	 <u>66,941,564</u>	 <u>13,354,740</u>	 <u>56,238,103</u>	 <u>11,597,273</u>
 <b>LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 92,837,106</u></b>	 <b><u>\$ 17,554,546</u></b>	 <b><u>\$ 82,762,229</u></b>	 <b><u>\$ 15,341,194</u></b>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2010 AND 2009

<b><u>OPERATING REVENUES</u></b>	<b><u>2010</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2010</u></b>	<b><u>2009</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2009</u></b>
Student tuition and fees	\$ 32,449,385	\$ -	\$ 29,331,629	\$ -
Student fees restricted for repayment of Interagency payables	1,479,837	-	1,383,389	-
Less: Scholarship allowances	( 5,557,180)	-	( 3,977,729)	-
<b>Net student tuition and fees</b>	<b>28,372,042</b>	<b>-</b>	<b>26,737,289</b>	<b>-</b>
Federal grants and contracts	5,603,958	-	4,057,702	-
State and local grants and contracts	196,606	20,880	238,498	37,284
Stimulus grants	6,666,991	-	-	-
Nongovernmental grants and contracts	312,022	-	187,092	-
Sales and services of educational departments	1,416,538	544,370	1,420,784	550,853
Gifts and contributions	-	456,229	-	345,395
<b>Auxiliary enterprises:</b>				
Residential life	8,014,002	185,873	6,437,644	178,825
Alcohol awareness and other programs	32,780	-	29,540	-
Other operating revenues	<u>680,069</u>	<u>4,816</u>	<u>677,574</u>	<u>4,724</u>
<b>Total operating revenues</b>	<b><u>51,295,008</u></b>	<b><u>1,212,168</u></b>	<b><u>39,786,123</u></b>	<b><u>1,117,081</u></b>
 <b><u>OPERATING EXPENSES</u></b>				
<b>Educational and general:</b>				
Instruction	25,682,331	62,204	25,010,246	55,905
Research	106,458	-	99,265	-
Public service	409,901	173,430	390,127	210,298
Academic support	4,361,103	14,407	4,538,538	111,509
Student services	7,445,019	175,969	7,299,258	186,503
Institutional support	5,988,283	201,371	6,464,395	176,770
Operations and maintenance of plant	10,818,202	335,269	11,306,190	39,336
Depreciation and amortization	4,010,435	81,525	3,556,875	72,020
Scholarships and awards	1,608,419	204,587	1,456,842	152,288
<b>Auxiliary enterprises:</b>				
Residential life	7,386,831	46,605	6,177,907	55,406
Alcohol awareness and other programs	<u>24,946</u>	<u>-</u>	<u>22,632</u>	<u>-</u>
<b>Total operating expenses</b>	<b><u>67,841,928</u></b>	<b><u>1,295,367</u></b>	<b><u>66,322,275</u></b>	<b><u>1,060,035</u></b>
<b>Operating income (loss)</b>	<b><u>( 16,546,920)</u></b>	<b><u>( 83,199)</u></b>	<b><u>( 26,536,152)</u></b>	<b><u>57,046</u></b>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	<b><u>2010</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2010</u></b>	<b><u>2009</u></b>	<b>Component Unit Fitchburg State College Foundation, Inc. <u>2009</u></b>
State appropriations	\$ 24,622,349	\$ -	\$ 29,415,783	\$ -
Gifts	1,271	-	200	-
Investment income (loss), net of investment expense	1,226,975	546,501	( 377,632)	( 1,833,419)
Investment income (loss) on restricted assets	100,845	453,484	198,317	( 183,010)
Interest expense on Interagency payables and capital asset related debt	( 384,861)	( 222,608)	( 545,680)	( 186,310)
<b>Net nonoperating revenues before capital and endowment additions</b>	<b><u>25,566,579</u></b>	<b><u>777,377</u></b>	<b><u>28,690,988</u></b>	<b><u>( 2,202,739)</u></b>
<b><u>INCOME BEFORE CAPITAL AND ENDOWMENT ADDITIONS</u></b>	<b><u>9,019,659</u></b>	<b><u>694,178</u></b>	<b><u>2,154,836</u></b>	<b><u>( 2,145,693)</u></b>
State capital appropriations	-	-	497,822	-
Capital grants	1,683,802	-	325,351	-
Private gifts for endowment purposes	-	1,063,289	-	177,670
<b>Total capital and endowment additions</b>	<b><u>1,683,802</u></b>	<b><u>1,063,289</u></b>	<b><u>823,173</u></b>	<b><u>177,670</u></b>
<b><u>INCREASE (DECREASE) IN NET ASSETS</u></b>	<b><u>10,703,461</u></b>	<b><u>1,757,467</u></b>	<b><u>2,978,009</u></b>	<b><u>( 1,968,023)</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>56,238,103</u></b>	<b><u>11,597,273</u></b>	<b><u>53,260,094</u></b>	<b><u>13,565,296</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 66,941,564</u></b>	<b><u>\$ 13,354,740</u></b>	<b><u>\$ 56,238,103</u></b>	<b><u>\$ 11,597,273</u></b>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>2010</b></u>	<u><b>2009</b></u>
Tuition and fees	\$ 27,937,671	\$ 26,213,276
Research grants and contracts	6,347,705	4,486,217
Stimulus funds	6,290,586	-
Payments to suppliers	( 15,317,369)	( 16,717,500)
Payments to utilities	( 3,587,306)	( 3,900,849)
Payments to employees	( 33,930,067)	( 33,853,279)
Payments for benefits	( 2,348,948)	( 1,265,293)
Payments for scholarships	( 1,640,584)	( 1,487,086)
Loans issued to students	( 287,794)	( 325,619)
Collection of loans to students	239,731	181,290
Auxiliary enterprise receipts:		
Residential life	8,015,838	6,455,304
Alcohol awareness program	32,780	29,540
Receipts from sales and services of educational departments	1,309,268	1,725,864
Other payments	67,237	17,180
Other receipts	<u>677,406</u>	<u>674,149</u>
<b>Net cash used in operating activities</b>	<u><b>( 6,193,846)</b></u>	<u><b>( 17,766,806)</b></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	21,426,785	26,256,570
Tuition remitted to State	( 2,385,290)	( 3,175,038)
Gifts from grants for other than capital purposes	<u>1,271</u>	<u>200</u>
<b>Net cash provided by noncapital financing activities</b>	<u><b>19,042,766</b></u>	<u><b>23,081,732</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State capital appropriations	-	497,822
Loan programs net funds received	20,576	29,206
Payments for capital assets	( 3,065,878)	( 8,484,396)
Principal paid on capital debt and leases	( 2,448,026)	( 1,430,546)
Interest paid on Interagency payables and capital leases	<u>( 401,194)</u>	<u>( 567,711)</u>
<b>Net cash used in capital and related financing activities</b>	<u><b>( 5,894,522)</b></u>	<u><b>( 9,955,625)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	( 900,678)	( 1,208,906)
Proceeds from sale of investments	2,087,113	509,343
Earnings on investments	<u>376,818</u>	<u>978,635</u>
<b>Net cash provided by (used in) investing activities</b>	<u><b>1,563,253</b></u>	<u><b>279,072</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,517,651</b>	<b>( 4,361,627)</b>
<b>Cash and cash equivalents - beginning of year</b>	<u><b>13,372,739</b></u>	<u><b>17,734,366</b></u>
<b>Cash and cash equivalents - end of year</b>	<u><b>\$ 21,890,390</b></u>	<u><b>\$ 13,372,739</b></u>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:**

	<u>2010</u>	<u>2009</u>
<b>Operating loss</b>	<b>(\$ 16,546,920)</b>	(\$ 26,536,152)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense	122,582	265,279
Depreciation and amortization	4,010,435	3,556,875
Fringe benefits paid by the Commonwealth of Massachusetts	5,580,855	6,334,250
Changes in assets and liabilities:		
Receivables	( 544,778)	61,528
Other current and noncurrent assets	229,514	332,856
Accounts payable and accrued liabilities	882,083	( 1,387,735)
Accrued workers' compensation	157,337	53,772
Compensated absences	61,189	114,994
Accrued faculty payroll	( 30,840)	( 175,448)
Deferred revenue	( 136,312)	( 259,876)
Other current liabilities	18,463	915
Deposits	48,775	16,265
Loans to students	( 46,229)	( 144,329)
<b>Net cash used in operating activities</b>	<b><u>(\$ 6,193,846)</u></b>	<b><u>(\$ 17,766,806)</u></b>

**SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:**

Acquisition of capital assets	\$ 5,581,039	\$ 8,898,598
Accounts payable thereon:		
Beginning of year	39,816	98,826
End of year	( 516,138)	( 39,816)
Acquisition of assets from capital lease obligations	( 499,938)	( 292,862)
Capital grants from DCAM	( 1,538,901)	( 180,350)
Net interest earned and incurred, capitalized in construction in progress	-	-
Payments for capital assets	<u>\$ 3,065,878</u>	<u>\$ 8,484,396</u>
Unrealized gain (loss) on investments	<u>\$ 1,097,274</u>	<u>(\$ 1,166,000)</u>
Fringe benefits paid by the Commonwealth of Massachusetts	<u>\$ 5,580,855</u>	<u>\$ 6,334,250</u>
Capital grants - amortization of deferred revenue	<u>\$ 144,901</u>	<u>\$ 145,001</u>

See notes to financial statements.



FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**RECONCILIATION OF CASH AND CASH EQUIVALENT BALANCES:**

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 16,750,963	\$ 6,521,130
Restricted cash and cash equivalents	1,646,828	2,139,376
Noncurrent assets:		
Restricted cash and cash equivalents	<u>3,492,599</u>	<u>4,712,233</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 21,890,390</u></b>	<b><u>\$ 13,372,739</u></b>

See notes to financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies:**

Organization:

Fitchburg State College (the “College”) is a public, State-supported comprehensive four-year college which offers a quality education leading to baccalaureate and masters degrees in many disciplines. With its campus located in Fitchburg, Massachusetts, the College provides instruction in a variety of liberal arts, allied health, and business fields of study. The College also offers, through the Division of Continuing Education, credit and non-credit courses. The College is accredited by the New England Association of Schools and Colleges.

The College is a department of the Commonwealth of Massachusetts (the “State” or the “Commonwealth”). The accompanying financial statements reflect only the transactions of the College 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 College had been operated independently of the State.

Fitchburg State College Foundation, Inc. (the “Foundation”) is a component unit of Fitchburg State College. The Foundation is a legally separate, tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. It was organized on June 6, 1978, exclusively for the benefit of Fitchburg State College, to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the College; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the College as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the College; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci - Cirio endowment and the College's Booster Clubs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College 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 College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The College provides, at no cost, certain administrative services to the Foundation.

FSC Foundation Supporting Organization, Inc. (the “Foundation Supporting Organization”) was organized on October 29, 1999 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. The Foundation Supporting Organization's sole program activity, as of June 30, 2010, has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and the College. 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 FSC Foundation.

During the year ended June 30, 2010, FSC Foundation distributed a net amount of \$284,021 to the College for both restricted and unrestricted purposes. During 2010, FSC Foundation distributed scholarships and awards in the amount of \$204,587 directly to students and faculty of the College, and incurred an additional \$1,029,367 in support of its mission in other ways. Complete financial statements for FSC Foundation can be obtained from the Office of the Vice President for Finance and Administration, Fitchburg State College, 160 Pearl Street, Fitchburg, MA 01420.

FITCHBURG STATE COLLEGE  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Organization - continued:

During the year ended June 30, 2009, FSC Foundation distributed a net amount of \$303,946 to the College for both restricted and unrestricted purposes. During 2009, FSC Foundation distributed scholarships and awards in the amount of \$152,288 directly to students and faculty of the College, and incurred an additional \$790,111 in support of its mission in other ways.

Basis of presentation:

The College'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.

FSC Foundation, as a nonprofit 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 FSC Foundation's consolidated financial information in the College's financial reporting entity for these differences.

The College's policy for defining operating activities in the statements of revenues, expenses and changes in net assets 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 nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the College'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 College's policy to use the restricted resources first, then unrestricted resources as they are needed.

The College has elected not to adopt the pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989.

The accompanying statements of revenues, expenses and changes in net assets demonstrate the degree to which the direct expense of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Basis of presentation - continued:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**

**Nonexpendable** - Net assets subject to externally-imposed stipulations that they be maintained permanently by the College. Such assets include the College's permanent endowment funds.

**Expendable** - Net assets whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** All other categories of net assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees.

In accordance with the requirements of the Commonwealth of Massachusetts, the College'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.

Cash and cash equivalents and investments:

The College's cash and cash equivalents are considered to be cash on hand, cash and cash equivalents held by the Commonwealth's Treasurer and Receiver-General, MHEFA and MSCBA, and short term investments with original maturities of three months or less from the date of acquisition.

Investments for the College are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust are also at fair value. This external investment pool, run by the 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

FITCHBURG STATE COLLEGE  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Cash and cash equivalents and investments - continued:

funds are primarily invested in marketable debt and equity securities. Realized and unrealized gains and losses are included in nonoperating 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 Assets. Any net earnings not expended are included in net asset categories as follows:

- (i) as increases in restricted - nonexpendable net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- (ii) as increases in restricted - expendable net assets if the terms of the gift or the College's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The College 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 assets in all other cases.

At June 30, 2010 and 2009, the College had \$339,238 and \$296,927, respectively, in endowment income available for authorization for expenditure, which is included in restricted-expendable net assets for scholarships and fellowships.

Massachusetts General Law, Chapter 15 grants authority to the College Boards of Trustees to administer the general business of the College. Inherent in this authority is the authority to invest funds of the College. Chapter 15 further grants the Trustees the authority to delegate, to the President, any said powers or responsibilities. The Board of Trustees of Fitchburg State College has delegated the authority to make specific investment decisions to the President of the College and the Finance Committee of the Board of Trustees. The College currently holds one publicly-traded equity security related to one of its endowments and it has invested in pooled investment funds with the Commonfund. The primary cash equivalent funds are the Massachusetts Municipal Depository Trust, an external investment pool for political subdivisions of the Commonwealth.

The College's authorized spending rule provides that all earnings on endowment investments may be expended pursuant to the stipulations placed on these endowments. If a donor has not provided specific instructions, Massachusetts General Law permits the College'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.

FSC Foundation's investments consist of pooled investment funds that invest in debt, marketable equity securities, real estate and other investments. Investments are valued at fair value based upon estimated net asset values provided by the management of Commonfund. Realized and unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net assets, unless a donor or law temporarily (expendable) or permanently (non-expendable) restricts their use. Gains and losses on the disposition of investments are determined based on the average cost method.

FITCHBURG STATE COLLEGE  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Cash and cash equivalents and investments - continued:

FSC 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 equivalents and investments. Earnings on cash and investments of the unrestricted net assets and temporarily restricted (expendable) net assets are reflected in the fund in which the assets are recorded.

The College's and FSC Foundation's investment income are presented net of investment expense in the statements of revenues, expenses and changes in net assets. The College's investment expense amounted to \$32,392 and \$8,515 for the years ended June 30, 2010 and 2009. The Foundation's investment expense amounted to \$33,009 and \$28,620 for the years ended June 30, 2010 and 2009, respectively.

Accounts receivable:

Accounts receivable are stated at the amount the College expects to collect from outstanding balances. The College 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 College has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Loans receivable and payable:

Loans receivable consist, primarily, of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Student Loan Program ("NSL"). The federal government provides the majority of the funds to support these programs. Loan payments received from students made under the Perkins and NSL programs may be re-loaned after collection. The portion of the Perkins and NSL Loan Programs provided by the federal government is refundable to the federal government upon the ending ("liquidation") of the College's participation in the programs. The amount due to the federal government upon liquidation by the College is \$1,489,744 and \$1,479,273 for Perkins and \$361,969 and \$354,474 for NSL at June 30, 2010 and 2009, respectively. These amounts are included as a noncurrent liability in the financial statements.

The prescribed practices for the Perkins and NSL programs 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 Department of Education and the Department of Health and Human Services. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Capital assets:

Capital assets are controlled but not owned by the College. The College 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, buildings, building improvements, equipment and other assets are reported in the statement of net assets at cost. Capital assets are defined by the College as assets with an initial, individual cost of more than \$50,000 in

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Capital assets - continued:

accordance with the Commonwealth's capitalization policy. Prior to July 1, 2001, the Commonwealth's capitalization policy was for items with a unit cost of more than \$15,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The College 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 improvements, 5 years for furniture and 3 to 10 years for equipment.

Library materials acquired for the most recent five year period are capitalized. The cost of library materials purchased in the current year is added and the cost of purchases made in the earliest year of the five year period is deducted from the net asset balance.

In addition, the land on which the residence halls stand is leased by the Massachusetts State College Building Authority (MSCBA) from the Commonwealth of Massachusetts at a yearly cost of one dollar. The residence halls have various lease terms which extend to the years 2012 and 2016. The leases can be extended at the end of the terms for additional 10-year periods.

The College, per a management and services agreement between the MSCBA and 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 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. Certain obligations are guaranteed by the Commonwealth. The revenue assessment amounts for the years ended June 30, 2010 and 2009 were \$4,219,772 and \$3,028,037, respectively. These amounts are included in the Residential life auxiliary enterprises in the accompanying statements of revenues, expenses and changes in net assets. 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 College. The leases, therefore, are accounted for under the operating method for financial statement purposes.

FSC Foundation's capital assets are recorded at cost, if purchased or constructed and, if donated, at fair value at the date of donation. Capital assets, with the exception of land, are depreciated using the straight-line method over the estimated useful lives of the assets of 40 years for buildings, 20 years for building and land improvements, 5 years for equipment and 3 years for computer software and equipment. FSC Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of \$5,000.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Contributions and bequests:

FSC Foundation recognizes contributions revenue when the donor makes a promise to give, that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of FSC Foundation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions in the form of property and equipment and other assets are recorded at the fair value on the date the donation is received. All contributions are considered to be available for unrestricted use by FSC Foundation unless specifically restricted by the donor. FSC Foundation provides for probable uncollectible amounts of unconditional promises to give through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances.

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 College accrues sick leave to a level representing 20 percent of amounts earned by those College employees with ten 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 also 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.

Deferred revenue:

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

Agency funds:

Agency funds consist of resources held by the College as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to asset and liability accounts. There were no material balances at June 30, 2010 and 2009.

Bond related items:

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



FITCHBURG STATE COLLEGE  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**1. Summary of significant accounting policies - continued:**

Interest expense and capitalization:

The College follows the policy of capitalizing interest expense as a component of the cost of capital assets constructed for its own use. During 2010 and 2009, total interest costs incurred were accounted for as follows:

	<u>2010</u>	<u>2009</u>
Total interest costs incurred	\$ 390,454	\$ 550,651
Less: Interest income on unused funds from tax exempt borrowings	-	-
Rebate payable increase (decrease)	90	712
Bond premium amortization	( 5,683 )	( 5,683 )
	<b>384,861</b>	545,680
Less: Capitalized portion of net interest earned and incurred	<u>-</u>	<u>-</u>
Interest expense	<u>\$ 384,861</u>	<u>\$ 545,680</u>

Fringe benefits:

The College 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 College. Workers' compensation and unemployment insurance costs are assessed separately based on the College's actual experience.

Tax status:

The College is a department of the Commonwealth of Massachusetts and is therefore exempt from federal and state income taxes.

Reclassifications:

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 presentation.

Recent accounting pronouncements:

In June, 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 59, *Financial Instruments Omnibus*. GASB Statement No. 59 updates and clarifies existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. GASB Statement No. 59, among other items, amends GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, to provide that interest rate risk information should be disclosed only for debt investment pools such as bond mutual funds and certain external bond investment pools and not for mutual funds and external investment pools that hold a mix of debt and equity investments. GASB Statement No. 59 is effective for periods beginning after June 15, 2010 with earlier application encouraged. The College has already implemented the provisions of GASB Statement No. 59 that are applicable to its financial statements.

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments:**

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2010 and 2009:

	2010		
	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Noncurrent Restricted</u>
Cash and money market accounts	\$ 1,625,295	\$ 204,743	\$ 26,847
Cash equivalents held by MHEFA *	-	184,048	414,458
Cash equivalents held by MSCBA ***	-	-	835,566
Massachusetts Municipal Depository Trust	13,791,308	1,050,130	2,215,728
Massachusetts State Treasurer **	1,333,350	207,907	-
Petty cash	<u>1,010</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,750,963</u>	<u>\$ 1,646,828</u>	<u>\$ 3,492,599</u>
	2009		
	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Noncurrent Restricted</u>
Cash and money market accounts	\$ 356,113	\$ 10,918	\$ 28,068
Cash equivalents held by MHEFA *	-	173,630	438,219
Cash and cash equivalents held by MSCBA ***	-	14,245	820,785
Massachusetts Municipal Depository Trust	3,144,930	1,940,583	3,422,161
Massachusetts State Treasurer **	3,019,047	-	3,000
Petty cash	<u>1,040</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,521,130</u>	<u>\$ 2,139,376</u>	<u>\$ 4,712,233</u>

\* This amount consists of cash equivalents which are restricted by the Massachusetts Health and Educational Facilities Authority (MHEFA) for the funding of payments to retire the bonds (See Note 12). The College does not have access to these funds except by the authorization of MHEFA.

\*\* The College has recorded cash held for the benefit of the College by the State Treasurer in the amount of \$1,333,350 and \$3,019,047 at June 30, 2010 and 2009, respectively, for College funds and \$207,907 and \$3,000 at June 30, 2010 and 2009, respectively, to pay year-end liabilities. The latter balance represents amounts paid from State appropriations subsequent to the fiscal year end.

\*\*\* This amount consists of cash and cash equivalents which are restricted by the Massachusetts State College Building Authority (MSCBA) for the funding of certain construction projects at the College and payments to retire bonds (See Note 12). The College does not have access to these funds except by authorization of MSCBA.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

On September 29, 2008, the Commonfund notified its investors that due to developments in the credit markets, Wachovia Bank, N.A., as trustee of the Commonfund Short Term Fund, was commencing the formal termination of the fund, resigning as trustee, and was no longer accepting new deposits. Law Debenture Trust Company of New York became the successor Trustee and administered an orderly liquidation of the fund which was completed during fiscal 2010. Money market funds included the Commonfund Short Term Fund in the aggregate amount of \$27,205 at June 30, 2009.

Money market funds include the JPMorgan Prime Money Market Fund in the aggregate amount of \$708,969 at June 30, 2010. The JPMorgan Prime Money Market Fund invests in U.S. Treasury and government agency securities, high quality corporate securities, asset-backed and commercial and bank paper, repurchase agreements and reverse repurchase agreements, taxable municipal obligations and funding agreements issued by banks and highly rated U.S. insurance companies. The fund aims to provide the highest possible level of current income while still maintaining liquidity and preserving capital. At June 30, 2010, the fund's investment securities had a weighted average maturity of 36 days. The fund had an average credit quality rating of AAAM at June 30, 2010.

Money market funds include the State Street Institutional Liquid Reserves Fund in the aggregate amount of \$708,969 at June 30, 2010. The State Street Institutional Liquid Reserves Fund invests in U.S. Treasury and government agency securities, high quality corporate securities, asset-backed and commercial and bank paper, variable and floating rate notes and repurchase agreements. The fund seeks to maximize current income to the extent consistent with preservation of capital and liquidity and the maintenance of a stable \$1.00 per share net asset value, by investing in U.S. dollar-denominated money market securities. At June 30, 2010, the fund's investment securities had a weighted average maturity of 29 days. The fund had an average credit quality rating of AAAM at June 30, 2010.

The Massachusetts Municipal Depository Trust (MMDT) is not subject to FDIC insurance. According to the MMDT, the Massachusetts Municipal Depository Trust is an investment pool for political subdivisions in the Commonwealth which 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 debt instruments. The MMDT is not a bank, savings institution, or financial institution. The MMDT is an instrumentality of the State Treasurer.

The College 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 College's deposits may not be returned to it. The College'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. As of June 30, 2010 and 2009, all of the College's bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits are fully collateralized under an agreement with Sovereign Bank.

FITCHBURG STATE COLLEGE  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

Credit risk

The College 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 College 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 College's investment policy generally limits the maturities of investments to not more than one year. However, the College may invest in securities with maturities in excess of one year if it is determined to be in the best interest of the College as described in the College's investment policy. The College 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, 2010 and 2009, the fair values of the Colleges' deposits held at the Massachusetts Municipal Depository Trust were \$17,057,166 and \$8,507,674, respectively. At June 30, 2010, the approximate percentage of the Colleges' deposits held at the MMDT and the respective investment maturities in days were as follows: 68% at 30 days or less; 27% at 31-90 days; and 5% at 91-180 days. At June 30, 2010, approximately 99% of the MMDT's cash portfolio had a credit quality rating of P1 and the remaining 1% had a credit quality rating of P2.

The College's funds held at MHEFA are invested in the Short Term Asset Reserve (STAR) Fund and had a fair value of \$598,506 and \$611,849 at June 30, 2010 and 2009, respectively. The STAR Fund invests primarily in U.S. Treasury bills, notes, and other obligations guaranteed by the U.S. government or its agencies or instrumentalities. Additionally, the fund may invest in repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper, notes, and both corporate floating rate and corporate fixed-rate securities. The STAR Fund maintains a net asset value of \$1 per share and had a fund credit quality rating of AAAM as of June 30, 2010 and 2009, respectively. The Fund's investment securities maintain a weighted average maturity of less than 60 days.

At June 30, 2010, certain of the College's funds are held at MSCBA. Of the total, \$302,390 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and \$533,176 is invested in various funds as listed below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			<u>Credit Rating</u>
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	
<b>Federal Home Loan Mortgage Corp. discount note</b>	\$ 388,335	\$ 388,335	\$ -	\$ -	AAA
<b>Federal Home Loan Banks discount note</b>	<u>144,841</u>	<u>144,841</u>	<u>-</u>	<u>-</u>	AAA
<b>Total</b>	<u>\$ 533,176</u>	<u>\$ 533,176</u>	<u>\$ -</u>	<u>\$ -</u>	

FITCHBURG STATE COLLEGE  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

At June 30, 2009, certain of the College's funds are held at MSCBA. Of the total, \$301,854 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and \$533,176 is invested in various funds as listed below:

<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>	
Federal Home Loan Mortgage Corporation discount note	\$ 388,335	\$ 388,335	\$ -	\$ -	AAA
Fannie Mae Corporation discount note	<u>144,841</u>	<u>144,841</u>	-	-	AAA
Total	<u>\$ 533,176</u>	<u>\$ 533,176</u>	<u>\$ -</u>	<u>\$ -</u>	

The College's investments are represented by the following at June 30, 2010 and 2009:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Noncurrent:</u>				
Commonfund (pooled investment funds):				
Intermediate Term Fund - Tranche 1	\$ -	\$ -	\$ 752,107	\$ 618,790
Intermediate Term Fund (formerly Tranche 2)	<b>1,275,648</b>	<b>1,206,259</b>	641,550	521,032
Multi-Strategy Equity Fund	<b>3,000,000</b>	<b>2,443,695</b>	3,000,000	2,167,918
High Quality Bond Fund	<b>7,200,000</b>	<b>7,380,779</b>	7,200,000	6,757,403
Government Securities Fund	-	-	1,208,906	1,199,401
Bank of America Corporation common stock (3,564 shares)	<u>7,257</u>	<u>51,215</u>	<u>7,257</u>	<u>47,045</u>
	<u><b>\$ 11,482,905</b></u>	<u><b>\$ 11,081,948</b></u>	<u>\$ 12,809,820</u>	<u>\$ 11,311,589</u>

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

	<u>2010</u>	<u>2009</u>
Investments	<b>\$ 10,410,255</b>	\$ 10,630,913
Endowment investments	<u><b>671,693</b></u>	<u>680,676</u>
	<u><b>\$ 11,081,948</b></u>	<u>\$ 11,311,589</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

FSC Foundation's cash and cash equivalents consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Cash and other demand deposits	\$ 1,212,355	\$ 733,724
Money Market Funds	<u>475,664</u>	<u>86,975</u>
	<u>\$ 1,688,019</u>	<u>\$ 820,699</u>

Money market funds include the JP Morgan Prime Money Market Fund and the State Street Institutional Liquid Reserve Fund in the amounts of \$237,829 and \$237,835 at June 30, 2010, respectively.

Money market funds include the Commonfund Short Term Fund in the aggregate amount of \$60,201 at June 30, 2009.

The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Included in cash and equivalents at June 30, 2010 are overnight repurchase agreements in the amounts of \$674,304 and \$21,167 each at an interest rate of .15% per annum. Included in cash and equivalents at June 30, 2009 are overnight repurchase agreements in the amounts of \$519,529 and \$125,003 at interest rates of .15% and .05% per annum, respectively. At June 30, 2010 and 2009, overnight repurchase agreements were fully collateralized under an agreement between Sovereign Bank and the College. At June 30, 2010 and 2009, FSC Foundation's uninsured cash and equivalent balances, including the JPMorgan Prime Money Market Fund, State Street Institutional Liquid Reserves Fund and Commonfund Short Term Fund, amounted to \$578,701 and \$61,181, respectively.

FSC Foundation's investment policy consists of an asset allocation range of 50% to 60% equity, 30% to 50% fixed income securities and up to 10% in cash and cash equivalents.

FSC Foundation's investments are represented by the following at June 30:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Commonfund (pooled investment funds):				
Intermediate Term Fund - Tranche 1	\$ -	\$ -	\$ 20,604	\$ 18,844
Intermediate Term Fund (formerly Tranche 2)	41,050	36,734	32,742	25,901
Multi-Strategy Equity Fund	5,128,882	5,712,167	5,163,448	5,109,775
Multi-Strategy Bond Fund	3,091,150	3,376,998	2,863,815	2,842,367
Government Securities Fund	-	-	696,975	696,385
Commonfund Realty Investors, LLC	-	-	485,000	170,621
	<u>\$ 8,261,082</u>	<u>\$ 9,125,899</u>	<u>\$ 9,262,584</u>	<u>\$ 8,863,893</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

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

	<u>2010</u>	<u>2009</u>
Current assets:		
Investments	\$ 2,129,552	\$ 1,847,180
Noncurrent assets:		
Investments	-	-
Endowment investments	<u>6,996,347</u>	<u>7,016,713</u>
	<u>\$ 9,125,899</u>	<u>\$ 8,863,893</u>

At June 30, 2010, net unrealized gains in FSC Foundation's investment portfolio amounted to \$864,817. At June 30, 2009, net unrealized losses in FSC Foundation's investment portfolio amounted to (\$398,691).

On September 30, 2008, the Commonfund notified its investors that, effective September 29, 2008, the Commonfund was imposing a redemption restriction on its Intermediate Term Fund. This redemption restriction was in response to market conditions for the sale of shorter-term fixed income securities. The Commonfund divided the fund into two accounts, Tranche 1 consisting of liquid holdings available for daily redemption as in the normal circumstances, and Tranche 2 consisting of the remaining assets of the fund for which redemption was being deferred. Each investor's holdings in the fund were apportioned between the two accounts. During fiscal 2010, Tranche I was fully liquidated, the fund was renamed the Intermediate Term Fund and all holdings in the fund are available for redemption. As of June 30, 2009, 35% of the shares in Tranche 2 were restricted.

The Intermediate Term Fund Tranche 1 invested in high-quality fixed income securities with maturities generally ranging from 1-3 years. The fund could, however, invest in high-quality fixed income securities with maturities ranging from one day to 30 years. The fund's objective is to exceed the performance of the Merrill Lynch 1-3 Year Treasury Index. At June 30, 2009, the fund's investment securities had both a weighted average life and an effective duration of 1.6 years. The fund was not rated for average credit quality at June 30, 2009.

The Intermediate Term Fund (formerly the Intermediate Term Fund - Tranche 2) 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. The fund's objective is to exceed the performance of the Merrill Lynch 1-3 Year Treasury Index. At June 30, 2010 and 2009, the fund's investment securities had a weighted average life of 2.9 and 3.2 years, respectively, and an effective duration of 1.5 and 1.3 years, respectively. The fund had an average credit quality rating of AA as of June 30, 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

The Multi-Strategy Equity Fund invests in equity securities across strategies in proportions that are considered to be optimal for a fully diversified equity portfolio. The fund's objective is to add value over long time periods, above the return of the U.S. equity market as measured by the Standard & Poor's 500 Index. Investment units in this fund with an aggregate equivalent dollar value of \$1,287,000 collateralize certain debt agreements (see Notes 13 and 14).

The Multi-Strategy Bond Fund 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 exposures to global bonds, inflation-indexed bonds, high yield bonds, private debt and other credit-oriented strategies and relative value/absolute return strategies. The fund's objective is to exceed the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index. At June 30, 2010 and 2009, the fund's investment securities had a weighted average life of 6.6 and 6.8 years, respectively, and an effective duration of 3.5 and 3.9 years, respectively. The fund had an average credit quality rating of AA as of both June 30, 2010 and 2009.

The High Quality Bond Fund invests in debt securities across strategies in proportions that are considered to be optimal for a fully diversified fixed income portfolio. The fund's assets are primarily invested in U.S. government agency securities, mortgages, corporate bonds and commercial mortgage backed securities. The fund's objective is to exceed the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index. As of June 30, 2010 and 2009, the fund's investment securities had a weighted average life of 8.5 and 9.3 years, respectively, and an effective duration of 4.1 and 4.4 years, respectively. The fund had an average credit quality rating of AA and AA- as of June 30, 2010 and 2009, respectively.

The Government Securities Fund invested in United States Treasury and government agency securities and cash instruments including repurchase agreements backed by government securities. At June 30, 2009, the fund was totally invested in United States Treasury Bills. The fund's objective is to exceed the performance of the Merrill Lynch 0-3 Month Treasury Bill Index. At June 30, 2009, the fund's investment securities had both a weighted average life and an effective duration of 0.1 years. The fund was not rated for average credit quality at June 30, 2009.

Commonfund Realty Investors, LLC (the Fund) is a commingled, open-end real estate investment fund specifically designed to meet the needs of endowments, foundations and other tax-exempt investors. The Fund is composed of income oriented, value-add and development properties that are combined to create a value-added portfolio with a strong focus on distributable income. The Fund's investment objective is to earn an average annual net return of 11-15% over long periods of time by following a disciplined investment strategy and actively managing all investments. The Fund seeks to mitigate risk through diversification by property type and geographic area. The Fund expects to reinvest proceeds from the sale of investments unless such proceeds are needed to satisfy redemptions. The Fund seeks to periodically make distributions of operating cash flow if funds are available.

The FSC Foundation made a capital commitment to the Commonfund Realty Investors, LLC totaling \$485,000, of which \$246,623 was funded as of June 30, 2007. The remaining commitment of \$238,377 was funded in August, 2007. Investment units in the Fund are not deemed to be readily marketable as investors may only elect, once each year during September, to have the Fund redeem up to 20% of the units they have owned for at least five years. Redemptions are processed at the Fund's net asset value at the date the redemption is paid.



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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**2. Cash and cash equivalents, and investments - continued:**

At June 30, 2010, FSC Foundation wrote down its investment in Commonfund Realty Investors, LLC to zero representing its fair value based upon the latest available information (March 31, 2010) provided by its professional investment manager. The gross write-down amounted to a realized loss of \$485,000 in fiscal 2010, and a related decrease in unrealized losses in fiscal 2010 of \$314,379 representing the previously recorded unrealized losses as of June 30, 2009. These amounts are included in investment income in FSC Foundation's 2010 statement of revenues, expenses and changes in net assets. The decline in the fair value of this investment resulted from the continuing disruptions in the global capital, credit and real estate markets. These disruptions, which have been significant, have led to, among other things, a significant decline in the volume of transaction activity, in the fair value of many real estate and real estate related investments, and a significant contraction in short-term and long-term debt and equity funding sources. This contraction in capital and declines in liquidity and prices of real estate, and real estate investments have had a significant adverse impact on this portfolio investment. Although the capital markets have shown signs of stabilizing in fiscal 2010, the investment fund's real estate investments continue to be adversely affected as the market value of commercial real estate has not recovered, and liquidity and capital sources remain unavailable to the investment fund at sensible pricing. The investment fund is experiencing negative operating results, an adverse liquidity position, major debt defaults, and uncertainty regarding the outcome of ongoing debt restructuring negotiations with certain of its lenders. Currently, the investment fund has no redemptions scheduled for payment to its investors. Due to these factors, in the opinion of management, the decline in fair value of this investment is considered to be other-than-temporary.

Investment securities and real estate investments are exposed to various risks, such as interest rate, market, and credit risks. Real estate investments are exposed to additional risks based on investment concentrations by specific property type and geographic area. 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 such changes could materially affect the College's and FSC Foundation's investment account balances.

**3. Accounts and contributions receivable:**

The College's accounts receivable include the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Student accounts receivable	\$ 1,592,074	\$ 1,474,443
Parking and other fines receivable	149,955	137,820
Commissions receivable	88,008	105,342
Grants receivable (see Note 24)	498,744	86,654
Interest receivable	77	4,489
Miscellaneous other receivable	<u>12,636</u>	<u>35,000</u>
	<u>2,341,494</u>	1,843,748
Less allowance for doubtful accounts	( <u>266,545</u> )	( <u>190,273</u> )
	<u>\$ 2,074,949</u>	<u>\$ 1,653,475</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**3. Accounts and contributions receivable - continued:**

FSC Foundation's contributions receivable consist of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 1,272,718	\$ 374,177
Receivable in one to five years	<u>259,900</u>	<u>390,185</u>
	1,532,618	764,362
Discount on pledges	<u>( 21,765)</u>	<u>( 40,467)</u>
	<u>\$ 1,510,853</u>	<u>\$ 723,895</u>

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of contribution ranging from 2% to 4%.

Contributions receivable measured at fair value and net realizable value consist of the following at June 30:

	<u>2010</u>	<u>2009</u>
Measured at fair value	\$ 530,970	\$ 690,201
Measured at net realizable value	<u>979,883</u>	<u>33,694</u>
	<u>\$ 1,510,853</u>	<u>\$ 723,895</u>

**4. Loans receivable:**

Loans receivable include the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Perkins loans receivable	\$ 1,560,043	\$ 1,530,533
Nursing loans receivable	361,343	366,921
Emergency student loans receivable	<u>4,058</u>	<u>20,286</u>
	1,925,444	1,917,740
Less allowance for doubtful accounts	<u>( 1,488)</u>	<u>( 18,087)</u>
	<u>\$ 1,923,956</u>	<u>\$ 1,899,653</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**5. Capital assets:**

Capital assets activity of the College for the year ended June 30, 2010 is as follows:

<b>Capital assets:</b>	<b>Totals June 30, 2009</b>	<b>Additions</b>	<b>Reclassifications* and Reductions</b>	<b>Totals June 30, 2010</b>
<u>Non-depreciable capital assets</u>				
Land	\$ 4,597,544	\$ -	\$ -	\$ 4,597,544
Construction in progress	<u>1,137,902</u>	<u>2,391,041</u>	( 234,592)	<u>3,294,351</u>
Total non-depreciable assets	<u>5,735,446</u>	<u>2,391,041</u>	( 234,592)	<u>7,891,895</u>
<u>Depreciable capital assets</u>				
Buildings	44,491,325	-	-	44,491,325
Building improvements	39,130,645	2,315,093	147,931	41,593,669
Equipment	13,769,419	294,529	71,662	14,135,610
Furniture	82,739	499,938	14,999	597,676
Library materials	<u>310,405</u>	<u>80,438</u>	( 69,901)	<u>320,942</u>
Total depreciable assets	<u>97,784,533</u>	<u>3,189,998</u>	<u>164,691</u>	<u>101,139,222</u>
Total capital assets	<u>103,519,979</u>	<u>5,581,039</u>	( 69,901)	<u>109,031,117</u>
<b>Less: accumulated depreciation</b>				
Buildings	33,303,426	928,672	-	34,232,098
Building improvements	6,793,276	1,985,737	-	8,779,013
Equipment	9,607,631	901,891	-	10,509,522
Furniture	-	124,234	-	124,234
Library materials	<u>-</u>	<u>69,901</u>	( 69,901)	<u>-</u>
Total accumulated depreciation	<u>49,704,333</u>	<u>4,010,435</u>	( 69,901)	<u>53,644,867</u>
<b>Capital assets, net</b>	<u>\$ 53,815,646</u>	<u>\$ 1,570,604</u>	<u>\$ -</u>	<u>\$ 55,386,250</u>

As of June 30, 2010, capital assets of the College with a cost of approximately \$12,745,000 were fully depreciated and still in service.

\* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2010.

The College 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 College's financial statements for the years ended June 30, 2010 and 2009, respectively.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**5. Capital assets - continued:**

Capital assets activity of the College for the year ended June 30, 2009 is as follows:

<b>Capital assets:</b>	<b>Totals June 30, 2008</b>	<b>Additions</b>	<b>Reclassifications* and Reductions</b>	<b>Totals June 30, 2009</b>
<u>Non-depreciable capital assets</u>				
Land	\$ 4,398,070	\$ -	\$ 199,474	\$ 4,597,544
Construction in progress	<u>3,123,954</u>	<u>551,620</u>	( 2,537,672)	<u>1,137,902</u>
Total non-depreciable assets	<u>7,522,024</u>	<u>551,620</u>	( 2,338,198)	<u>5,735,446</u>
<u>Depreciable capital assets</u>				
Buildings	44,491,325	-	-	44,491,325
Building improvements	28,724,899	8,089,209	2,316,537	39,130,645
Equipment	13,704,419	65,000	-	13,769,419
Furniture	-	82,739	-	82,739
Library materials	<u>243,963</u>	<u>110,030</u>	( 43,588)	<u>310,405</u>
Total depreciable assets	<u>87,164,606</u>	<u>8,346,978</u>	<u>2,272,949</u>	<u>97,784,533</u>
Total capital assets	<u>94,686,630</u>	<u>8,898,598</u>	( 65,249)	<u>103,519,979</u>
<b>Less: accumulated depreciation</b>				
Buildings	32,374,754	928,672	-	33,303,426
Building improvements	5,090,810	1,702,466	-	6,793,276
Equipment	8,725,482	882,149	-	9,607,631
Furniture	-	-	-	-
Library materials	<u>-</u>	<u>43,588</u>	( 43,588)	<u>-</u>
Total accumulated depreciation	<u>46,191,046</u>	<u>3,556,875</u>	( 43,588)	<u>49,704,333</u>
<b>Capital assets, net</b>	<u>\$ 48,495,584</u>	<u>\$ 5,341,723</u>	( \$ 21,661)	<u>\$ 53,815,646</u>

As of June 30, 2009, capital assets of the College with a cost of approximately \$12,365,000 were fully depreciated and still in service.

\* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2009.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**5. Capital assets - continued:**

Capital assets activity of FSC Foundation for the year ended June 30, 2010 is as follows:

<b>Capital assets:</b>	<b>Totals</b>		<b>Reclassifications</b>		<b>Totals</b>
	<b>June 30, 2009</b>	<b>Additions</b>	<b>and</b>	<b>Reductions</b>	<b>June 30, 2010</b>
Real estate under lease to the College:					
Land	\$ 402,663	\$ -	-	\$ -	\$ 402,663
Building	1,557,724	-	-	-	1,557,724
Building improvements	<u>100,452</u>	-	-	-	<u>100,452</u>
	<u>2,060,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060,839</u>
Real estate used for student housing:					
Land	253,555	-	-	-	253,555
Building	434,225	-	-	-	434,225
Building improvements	<u>-</u>	<u>28,600</u>	<u>-</u>	<u>-</u>	<u>28,600</u>
	<u>687,780</u>	<u>28,600</u>	<u>-</u>	<u>-</u>	<u>716,380</u>
Land	1,480,040	528,941	( 275,670)	-	1,733,311
Land improvements	61,899	-	-	-	61,899
Buildings	556,478	-	-	-	556,478
Building improvements	8,966	30,603	-	-	39,569
Equipment	333,728	69,725	-	-	403,453
Furniture and fixtures	-	22,287	-	-	22,287
Library materials	<u>-</u>	<u>6,570</u>	<u>-</u>	<u>-</u>	<u>6,570</u>
Total capital assets	<u>5,189,730</u>	<u>686,726</u>	<u>( 275,670)</u>	<u>-</u>	<u>5,600,786</u>
<b>Less: accumulated depreciation</b>					
Real estate under lease to the College:					
Land	-	-	-	-	-
Building	110,338	38,944	-	-	149,282
Building improvements	<u>10,882</u>	<u>5,023</u>	<u>-</u>	<u>-</u>	<u>15,905</u>
	<u>121,220</u>	<u>43,967</u>	<u>-</u>	<u>-</u>	<u>165,187</u>
Real estate used for student housing:					
Land	-	-	-	-	-
Building	22,615	10,856	-	-	33,471
Building improvements	<u>-</u>	<u>1,191</u>	<u>-</u>	<u>-</u>	<u>1,191</u>
	<u>22,615</u>	<u>12,047</u>	<u>-</u>	<u>-</u>	<u>34,662</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**5. Capital assets - continued:**

	<b>Totals</b>		<b>Reclassifications</b>	
	<b>June 30, 2009</b>	<b>Additions</b>	<b>and</b>	<b>Totals</b>
			<b>Reductions</b>	<b>June 30, 2010</b>
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	32,755	3,095	-	35,850
Buildings	12,465	13,912	-	26,377
Building improvements	529	1,514	-	2,043
Equipment	330,941	982	-	331,923
Furniture and fixtures	-	1,882	-	1,882
Library materials	-	657	-	657
	<u>520,525</u>	<u>78,056</u>	<u>-</u>	<u>598,581</u>
Total accumulated depreciation				
	<u>520,525</u>	<u>78,056</u>	<u>-</u>	<u>598,581</u>
<b>Capital assets, net</b>	<b><u>\$ 4,669,205</u></b>	<b><u>\$ 608,670</u></b>	<b><u>(\$ 275,670)</u></b>	<b><u>\$ 5,002,205</u></b>

Non-depreciable capital assets of FSC Foundation totaled \$2,389,529 at June 30, 2010 and consisted of land.

In February, 2010, FSC Foundation acquired a property in close proximity to the Fitchburg State College campus consistent with FSC Foundation's mission and the College's strategic plan which includes campus expansion and additional green space. The property, which included land and a building, was purchased for an aggregate cost of \$405,670. The College subsequently razed the building and created green space. The land is being held for future use and development to further enhance the resources available for the College and City communities.

In April, 2010, FSC Foundation obtained an appraisal of the property. As a result of the appraisal, management determined, in accordance with the requirements of FASB accounting guidance, that the property was impaired and wrote down the asset to its fair value of \$130,000. The impairment charge (a noncash accounting charge) to operations in the amount of \$275,670 had no impact on FSC Foundation's fiscal 2010 cash flow or its ability to generate cash flow in the future. The impairment charge is reflected in operations and maintenance of plant in FSC Foundation's accompanying 2010 statement of revenues, expenses and changes in net assets.

At June 30, 2010, capital assets of FSC Foundation with a cost of approximately \$331,000 were fully depreciated and still in service.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**5. Capital assets - continued:**

Capital assets activity of FSC Foundation for the year ended June 30, 2009 is as follows:

<b>Capital assets:</b>	<b>Totals <u>June 30, 2008</u></b>	<b><u>Additions</u></b>	<b>Reclassifications and <u>Reductions</u></b>	<b>Totals <u>June 30, 2009</u></b>
Real estate under lease to the College:				
Land	\$ 402,663	\$ -	\$ -	\$ 402,663
Building	1,557,724	-	-	1,557,724
Building improvements	<u>100,452</u>	<u>-</u>	<u>-</u>	<u>100,452</u>
	<u>2,060,839</u>	<u>-</u>	<u>-</u>	<u>2,060,839</u>
Real estate used for student housing:				
Land	253,555	-	-	253,555
Building	<u>434,225</u>	<u>-</u>	<u>-</u>	<u>434,225</u>
	<u>687,780</u>	<u>-</u>	<u>-</u>	<u>687,780</u>
Land	912,352	567,688	-	1,480,040
Land improvements	61,899	-	-	61,899
Buildings	427,374	129,104	-	556,478
Building improvements	8,966	-	-	8,966
Equipment	<u>330,729</u>	<u>2,999</u>	<u>-</u>	<u>333,728</u>
Total capital assets	<u>4,489,939</u>	<u>699,791</u>	<u>-</u>	<u>5,189,730</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**5. Capital assets - continued:**

	<u>Totals</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reclassifications</u> <u>and</u> <u>Reductions</u>	<u>Totals</u> <u>June 30, 2009</u>
<b>Less: accumulated depreciation</b>				
Real estate under lease to the College:				
Land	\$ -	\$ -	\$ -	\$ -
Building	71,395	38,943	-	110,338
Building improvements	<u>5,860</u>	<u>5,022</u>	-	<u>10,882</u>
	<u>77,255</u>	<u>43,965</u>	-	<u>121,220</u>
Real estate used for student housing:				
Land	-	-	-	-
Building	<u>11,759</u>	<u>10,856</u>	-	<u>22,615</u>
	<u>11,759</u>	<u>10,856</u>	-	<u>22,615</u>
Land	-	-	-	-
Land improvements	29,660	3,095	-	32,755
Buildings	1,781	10,684	-	12,465
Building improvements	80	449	-	529
Equipment	<u>330,729</u>	<u>212</u>	-	<u>330,941</u>
Total accumulated depreciation	<u>451,264</u>	<u>69,261</u>	-	<u>520,525</u>
<b>Capital assets, net</b>	<u>\$ 4,038,675</u>	<u>\$ 630,530</u>	<u>\$ -</u>	<u>\$ 4,669,205</u>

Non-depreciable capital assets of FSC Foundation totaled \$2,136,258 at June 30, 2009 and consisted of land.

As of June 30, 2009, capital assets of FSC Foundation with a cost of approximately \$331,000 were fully depreciated and still in service.

**6. Accounts payable and accrued liabilities:**

Accounts payable and accrued liabilities include the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Accounts payable - trade	\$ 1,114,261	\$ 439,593
Salaries and fringe benefits payable	1,179,028	923,492
Accrued interest payable	49,423	60,163
Tuition due State	<u>153,432</u>	<u>215,797</u>
	<u>\$ 2,496,144</u>	<u>\$ 1,639,045</u>



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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**7. Accrued workers' compensation:**

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth of Massachusetts' self-insured workers' compensation program were conducted as of June 30, 2010 and 2009. Based upon the Commonwealth's analyses, \$661,105 and \$503,768 of accrued workers' compensation has been recorded as a liability at June 30, 2010 and 2009, respectively.

**8. Accrued compensated absences:**

Accrued compensated absences are comprised of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Vacation time payable	\$ 2,004,822	\$ 1,992,366
Sick time payable	<u>2,010,217</u>	<u>1,961,484</u>
Total	<u>\$ 4,015,039</u>	<u>\$ 3,953,850</u>
Amount representing obligations due to employees funded through sources other than State appropriations	\$ 239,346	\$ 243,166
Amount representing obligations for employees compensated through State appropriations	<u>3,775,693</u>	<u>3,710,684</u>
Total	<u>\$ 4,015,039</u>	<u>\$ 3,953,850</u>

It is anticipated that the obligation due to employees funded through State appropriations will be discharged through future State appropriations and the balance is expected to be liquidated through trust funds. Had these amounts not been reflected as obligations of the College, the College's unrestricted net asset balances would be \$21,052,890 and \$13,465,756 at June 30, 2010 and 2009, respectively. (See Note 1, Compensated absences).

**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 Fitchburg State College pay all faculty over the twelve 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, 2010 of \$2,488,554 will be paid from the College's fiscal 2011 State appropriations. The total amount due at June 30, 2009 of \$2,519,394 was paid from the College's fiscal 2010 State appropriations.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**10. Deferred revenue:**

Deferred revenue includes tuition received in advance from students for summer courses commencing after June 30 and grant funds received in advance. Deferred revenue also consists of contributions made to the College as part of a management agreement with Compass Group, Inc. (Compass) to manage and operate the College's food services operation. This management agreement may be terminated by either party at any time, without cause, by giving no less than sixty days prior written notice.

As part of the management agreement with Compass executed in 1999, as amended thereafter, Compass has agreed to provide a total of \$2,258,076 for improvements to the College's dining facilities and other improvement projects as mutually agreed. As of June 30, 2010, Compass has contributed a total of \$2,238,347 for improvements, of which \$50,000 was designated for a specific use, and the remainder has been used for improvements to the College's dining facilities. As of June 30, 2010, Compass has made improvements to the College's dining facilities and other improvements totaling \$2,238,347. As of June 30, 2010, Compass has a remaining obligation for improvements at the College in the amount of \$19,729. Management expects to receive these funds over the course of the remaining agreement. The management agreement contains provisions, whereby, in the event of termination of the agreement, the College would be required to repay a portion of the amounts contributed. The portion required to be repaid is determined by amortization schedules prepared by Compass. The schedules amortize the various contributed amounts over various periods through June 30, 2019 assuming that all funding will be received from Compass.

Deferred revenue includes the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Tuition, fees and professional development	\$ 1,079,838	\$ 1,097,207
Capital grants received in advance	1,003,975	1,154,725
Grants	94,369	198,742
Other	<u>3,405</u>	<u>12,125</u>
	<u>\$ 2,181,587</u>	<u>\$ 2,462,799</u>

In August, 2010, the College and Compass agreed to amend the concession agreement executed during June, 1999. The amendment extends the contract expiration date to June 30, 2024. Compass is obligated to contribute an additional amount of \$2,000,000 to the College for capital improvements to be designated for improvement projects as mutually agreed. The contributions totaling \$2,000,000 will be paid in installments, as scheduled in the amendment, through June 30, 2022.

**11. Capital lease obligations:**

During fiscal year 2001, the College acquired, through a capital lease arrangement, computer software and hardware for a student records system. Payments under the lease agreement are due each year on March 27 and September 27 for a ten year period. Lease payments commenced March 27, 2001. The scheduled semi-annual payments were approximately \$334,000. In September 2004, \$255,920 remaining in the acquisition escrow upon completion of the project covered by this lease agreement was applied to the principal portion of the

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**11. Capital lease obligations - continued:**

Outstanding lease payments. The remaining lease payments were then recomputed based on the reduced principal balance. Commencing March 27, 2005, semi-annual lease payments are approximately \$308,000 for the remainder of the lease term. The College is utilizing an interest rate of 5.85% per year which was determined to be applicable at the inception of the lease.

In June 2005, the College entered into a noncancellable capital lease for printing equipment. The lease has a term of five years and requires monthly payments of \$913. The asset and capital lease obligation have been recorded at the present value of the future minimum lease payments based upon an interest rate of 5.86% determined to be applicable at the inception of the lease.

During fiscal 2006, the College entered into two noncancellable capital leases for upgrades to the voice, data and video cable system. The leases had terms of four years and required aggregate monthly payments of \$2,819. The assets and capital lease obligations were recorded at the present value of the future minimum lease payments based upon interest rates of 4.96% and 7.93% which were determined to be applicable at the inception of the leases. The leases were satisfied in full during fiscal 2010.

During fiscal 2007, the College entered into a noncancellable capital lease for an upgrade to its network system hardware and software. The lease had a term of five years and required quarterly payments of \$106,607 which commenced on September 30, 2007 and were to continue through June 30, 2012. The College prepaid the lease in full during fiscal 2010. The asset and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 5.13% which was determined to be applicable at the inception of the lease. In connection with this capital lease, the College entered into a maintenance and ongoing support agreement with a term of five years which commenced on July 1, 2007. In order to obtain favorable pricing terms, the College agreed to prepay the entire cost of the contract totaling \$1,059,020. The College paid \$500,000 prior to June 30, 2007 and the balance of \$559,020 in July, 2007. Of the total payments made, \$211,808 and \$211,800 are included in other current assets at June 30, 2010 and 2009, respectively and \$211,804 and \$423,612 are included in other noncurrent assets at June 30, 2010 and 2009, respectively.

During fiscal 2007, the College entered into a noncancellable capital lease for a telephone messaging system. The lease has a term of four years and requires monthly payments of \$1,806 which commenced in August, 2006. The asset and capital lease obligation have been recorded at the present value of the future minimum lease payments based upon an interest rate of 6.29% which was determined to be applicable at the inception of the lease.

During fiscal 2009, the College entered into two noncancellable capital leases for various building wiring and cabling and equipment. The leases have terms of three years and require aggregate quarterly payments of \$11,350 which commenced on March 31, 2009 and shall continue through December 31, 2011. The assets and capital lease obligations have been recorded at the present value of the future minimum lease payments based upon an interest rate of 4.25% which was determined to be applicable at the inception of the leases.

During fiscal 2009, the College entered into two noncancellable capital leases for various building wiring and cabling and furniture. The leases have terms of three years and require aggregate quarterly payments of \$14,546 which commenced on June 30, 2009 and shall continue through March 31, 2012. The assets and capital lease obligations have been recorded at the present value of the future minimum lease payments based upon an interest rate of 3.27% which was determined to be applicable at the inception of the leases.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**11. Capital lease obligations - continued:**

During fiscal 2010, the College entered into a noncancellable capital lease for furniture. The lease has a term of five years and requires quarterly payments of \$26,909 which commenced on September 30, 2009 and shall continue through September 30, 2014. The assets and capital lease obligation have been recorded at the present value of the future minimum lease payments based upon an interest rate of 2.85% which was determined to be applicable at the inception of the lease.

Capital lease assets are secured by the related assets.

The College's assets held under capital leases at June 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Printing equipment	\$ 55,375	\$ 55,375
Voice, data and video cable system	1,259,114	1,380,869
Network system hardware and software upgrade	-	1,870,144
Student records system	5,184,072	5,184,072
Building wiring and cabling	130,126	130,126
Equipment	65,000	65,000
Furniture	<u>597,675</u>	<u>97,737</u>
	<u>\$ 7,291,362</u>	<u>\$ 8,783,323</u>

The assets under capital leases are being depreciated over their useful lives and the depreciation on these assets is included in depreciation expense. The accumulated depreciation on these leased assets amounted to \$5,098,850 and \$4,784,030 at June 30, 2010 and 2009, respectively. Depreciation expense totaled \$745,018 and \$792,811 for 2010 and 2009, respectively.

During fiscal 2010, equipment totaling \$1,991,899 was no longer subject to a capital lease.

The following is a schedule of future minimum lease payments under capital leases:

Year ending June 30,	Total <u>Payments</u>
2011	\$ 522,105
2012	173,975
2013	107,636
2014	107,636
2015	<u>26,909</u>
Total minimum lease payments	938,261
Less amount representing interest	( 42,572)
Present value of future minimum lease payments	<u>\$ 895,689</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**12. Interagency payables:**

**MHEFA**

On November 22, 1996, the College signed a financing agreement to receive \$6,000,000 from a Massachusetts Health and Educational Facilities Authority (MHEFA) bond issuance, to be used for the construction of the College's athletic facility. This obligation is being repaid solely by the College through an increase in student fees. Construction of the athletic facility was completed in August, 2000. MHEFA retained \$502,899 of the bond proceeds for a debt service retirement fund.

In addition, the Commonwealth appropriated an additional \$6,000,000 on behalf of the College for its share of the cost of the athletic facility.

The net proceeds of the borrowing deposited by MHEFA on behalf of the College were as follows:

Debt issue	\$ 6,000,000
Amount held by MHEFA for debt service retirement fund (included in restricted cash and cash equivalents - noncurrent)	( 502,899)
Origination fees paid to MHEFA	( 98,707)
Net proceeds	<u>\$ 5,398,394</u>

The College is required to make annual funding payments of principal on this debt each July 1. The principal payment due July 1, 2010 of \$184,048 was made as scheduled. These payments are made to a restricted cash account held in escrow in the College's name and recorded on the books of the College. These amounts, along with the initial deposit of \$502,899, are to be held in escrow until July 1, 2023, when the total debt is due and payable unless the College elects to release the funds in the debt service reserve to redeem portions of the debt obligation. Earnings on this balance are transferred and used by the College to offset the administrative costs associated with this debt. In a prior year, the College elected to release the annual funding payments from the reserve to redeem portions of the debt obligation. Accordingly, each year the funding payments are now being released from the debt service reserve to redeem portions of the outstanding debt obligation. Furthermore, during fiscal 2010 and 2009, additional amounts of \$20,584 and \$15,100 were released from the debt service reserve and used to redeem portions of the outstanding debt obligation. The outstanding principal balance of this Interagency payable at June 30, 2010 and 2009 was \$4,231,701 and \$4,425,915, respectively.

Interest on the debt is paid every thirty-five days at a floating rate of interest subject to market conditions. The interest rate is determined by MHEFA conducting a true auction of their debt issuance every thirty-five days, in which the College's obligation is pooled with other higher education institutions within the Commonwealth who have debt funded through MHEFA. The most recent auctioned interest rate in effect at June 30, 2010 and 2009 was 0.883% and 0.504%, respectively. The College is also responsible to pay for program expenses at an annual rate of 0.825% (2010) and 0.820% (2009) of the outstanding principal balance, calculated and payable every thirty-five days when the rate is auctioned. The effective interest rate (including annual program expenses) for 2010 and 2009 amounted to 1.32% and 3.19%, respectively.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**12. Interagency payables - continued:**

**MHEFA - continued**

Principal funding payments and estimated interest, due to maturity, consist of the following:

For the year ending June 30,	<u>Principal</u>	<u>Estimated Interest (1)</u>	<u>Total</u>
2011	\$ 184,048	\$ 35,741	\$ 219,789
2012	195,091	34,018	229,109
2013	200,797	32,245	233,042
2014	219,204	30,310	249,514
2015	232,356	28,258	260,614
2016-2020	1,388,404	105,937	1,494,341
2021-2024	<u>1,449,136</u>	<u>33,026</u>	<u>1,482,162</u>
	3,869,036	299,535	4,168,571
Balance of restricted cash held for debt principal	<u>362,665</u>	<u>-</u>	<u>362,665</u>
Total	<u>\$ 4,231,701</u>	<u>\$ 299,535</u>	<u>\$ 4,531,236</u>

(1) The interest rate in effect at June 30, 2010 of 0.883% was used to calculate the estimated interest on the debt obligation of \$4,231,701. The estimated interest also reflects the reduction of the outstanding debt obligation each year by the annual funding payments.

The Massachusetts Health and Educational Facilities Authority (MHEFA) is responsible to determine, subject to certain criteria, if income earned on unexpended bond proceeds exceeds the interest cost to the bondholders. Any excess income earned is held in a rebate fund by an appointed trustee. Such amounts are held until every fifth year, whereby payment is to be made as indicated by the bond indenture agreement.

**MSCBA**

During March 2005, the College signed a financing agreement to receive \$5,110,000 from a Massachusetts State College Building Authority (MSCBA) bond issuance. These funds were used for renovations of the athletic fields and dining hall (the Projects) at the College. This obligation will be repaid solely by the College through dedicated student fees. The College also provided equity contributions totaling \$5,582,838 to fund their portion of the total renovation costs of the Projects. Of this amount, \$1,582,838 was provided by the College's food service vendor for the dining facilities Project. The College also executed a management agreement with MSCBA whereby MSCBA will provide management services to the College for the Projects.

As of June 30, 2010 and 2009, unexpended net proceeds amounted to \$1,007. Of the total amount advanced by the College, \$246,186 had not yet been expended by MSCBA as of 2009. During fiscal 2010, the remaining funds of \$246,186 were transferred and combined with the remaining funds from the Hammond Campus Center Project (see below).

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**12. Interagency payables - continued:**

**MSCBA - continued**

As of June 30, 2010 and 2009, amounts held by MSCBA related to the debt issue and the Projects are as follows:

	<u>2010</u>	<u>2009</u>
Unexpended debt proceeds	\$ 1,007	\$ 1,007
Unexpended College contribution	-	246,186
Debt service reserve fund	<u>388,335</u>	<u>388,335</u>
	<u>\$ 389,342</u>	<u>\$ 635,528</u>

The amounts held by MSCBA are included in the accompanying statements of net assets at June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Restricted cash and cash equivalents:		
Current	\$ -	\$ 7,954
Noncurrent	<u>389,342</u>	<u>627,574</u>
	<u>\$ 389,342</u>	<u>\$ 635,528</u>

The College is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2025. 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 3.5% to 5% over the term of the debt to maturity. Funds from the debt service reserve fund will be applied to reduce the semi annual interest payments on the debt pursuant to the amortization schedule prepared by MSCBA. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. For the years ended June 30, 2010 and 2009, the effective interest rate on this debt was 4.23% and 4.18%, respectively. The outstanding balance of this Interagency payable was \$4,165,000 and \$4,370,000 at June 30, 2010 and 2009, respectively.

Principal and interest payments due to maturity consist of the following:

For the year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 210,000	\$ 177,263	\$ 387,263
2012	215,000	169,913	384,913
2013	220,000	162,388	382,388
2014	235,000	153,588	388,588
2015	240,000	144,188	384,188
2016-2020	1,370,000	567,181	1,937,181
2021-2025	<u>1,675,000</u>	<u>252,163</u>	<u>1,927,163</u>
Total	<u>\$ 4,165,000</u>	<u>\$ 1,626,684</u>	<u>\$ 5,791,684</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**12. Interagency payables - continued:**

**MSCBA - continued**

During March 2006, the College signed a financing agreement to receive \$2,060,000 from a Massachusetts State College Building Authority (MSCBA) bond issuance. These funds were used for renovations of the dining hall (the Project) at the College. This obligation will be repaid solely by the College through dedicated student fees. The College also executed a management agreement with MSCBA whereby MSCBA will provide management services to the College for the Project.

As of June 30, 2010 and 2009, unexpended net proceeds amounted to \$6,291.

As of June 30, 2010 and 2009, amounts held by MSCBA related to the debt issue and the Project are as follows:

	<u>2010</u>	<u>2009</u>
Unexpended debt proceeds	\$ 6,291	\$ 6,291
Debt service reserve fund	<u>144,841</u>	<u>144,841</u>
	<u>\$ 151,132</u>	<u>\$ 151,132</u>

The amounts held by MSCBA are included in the accompanying statements of net assets at June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Restricted cash and cash equivalents:		
Current	\$ -	\$ 6,291
Noncurrent	<u>151,132</u>	<u>144,841</u>
	<u>\$ 151,132</u>	<u>\$ 151,132</u>

The College is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2026. 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 3.5% to 5% over the term of the debt to maturity. Funds from the debt service reserve fund will be applied to reduce the semi annual interest payments on the debt pursuant to the amortization schedule prepared by MSCBA. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs. For the years ended June 30, 2010 and 2009, the effective interest rate on this debt was 4.23% and 4.21%, respectively. The outstanding balance of this Interagency payable was \$1,869,036 and \$1,949,719 at June 30, 2010 and 2009, respectively, including unamortized premium.



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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**12. Interagency payables - continued:**

**MSCBA - continued**

Principal and interest payments due to maturity consist of the following:

For the year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 80,000	\$ 85,013	\$ 165,013
2012	80,000	81,813	161,813
2013	85,000	77,813	162,813
2014	90,000	73,563	163,563
2015	95,000	69,963	164,963
2016-2020	525,000	282,350	807,350
2021-2025	670,000	143,000	813,000
2026	<u>155,000</u>	<u>7,750</u>	<u>162,750</u>
	1,780,000	821,265	2,601,265
Plus: Unamortized premiums	<u>89,036</u>	<u>-</u>	<u>89,036</u>
Total	<u>\$ 1,869,036</u>	<u>\$ 821,265</u>	<u>\$ 2,690,301</u>

In December 2005, the College advanced \$300,000 to MSCBA to be used for renovations to the Hammond Campus Center. In 2007, the College advanced an additional \$842,000 to MSCBA to be used for renovations to the Hammond Campus Center. During fiscal 2009, the renovations were placed in service and are being depreciated. During fiscal 2010, the remaining funds of \$246,186 from the athletic fields and dining hall projects were transferred to and combined with the remaining funds from the Hammond Campus Center Project. As of June 30, 2010 and 2009, the unexpended portion of the College's contribution held by MSCBA amounted to \$295,092 and \$48,370, respectively.

The amounts held by MSCBA related to the Hammond Campus Center Project are included in the accompanying statements of net assets at June 30, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Restricted cash and cash equivalents:		
Current	\$ -	\$ -
Noncurrent	<u>295,092</u>	<u>48,370</u>
	<u>\$ 295,092</u>	<u>\$ 48,370</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**13. FSC Foundation long term debt:**

FSC Foundation's long-term debt consists of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
First mortgage notes payable	\$ 3,224,841	\$ 3,018,845
Notes payable - bank	<u>717,056</u>	<u>658,859</u>
	<b>3,941,897</b>	3,677,704
Less current portion	<u>138,416</u>	<u>101,833</u>
	<b><u>\$ 3,803,481</u></b>	<b><u>\$ 3,575,871</u></b>

In April, 2008, the Foundation acquired land and buildings at a total cost of \$561,664, including related acquisition costs. The properties are located on the Fitchburg State College campus and were previously owned by an unrelated third party. The acquisitions were funded with the proceeds of a mortgage note payable in the amount of \$550,000, dated April 16, 2008, with Fidelity Co-operative Bank. The note is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Furthermore, any and all deposits held by the lender serve as additional collateral for the loan.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.75% per annum for the first ten years of the loan term. Thereafter, the interest rate will be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final ten years of the term of the loan plus 118 basis points. The loan requires monthly installments of principal and interest of \$3,862. The monthly installments of principal and interest during the final ten years of the loan term shall be determined based on the interest rate then in effect to provide for the amortization of the then outstanding loan principal over the remaining term of the loan. The note matures on April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2010 and 2009, the outstanding principal balance of this mortgage note payable amounted to \$517,127 and \$532,819, respectively.

In August, 2006, the Foundation Supporting Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the Fitchburg State College campus. The entire property has been leased to the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance (DCAM) on behalf of the College (see Note 22). The College is currently using the property for its print services, maintenance, and shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the bonds), dated August 1, 2006, in the amount of \$1,900,000, issued by the Massachusetts Development Finance Agency (MDFA), pursuant to a Loan and Trust Agreement. People's United Bank, as succession in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan documents to the bond Trustee as security for repayment of the

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**13. FSC Foundation long term debt - continued:**

bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The loan agreement has a term of twenty years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank's prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The loan requires monthly installments of principal and interest of \$13,154 and matures on August 16, 2026. The loan agreement requires the Foundation Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement.

The loan documents contain cross default provisions with the DCAM lease.

At June 30, 2010 and 2009, the outstanding principal balance of this first mortgage note payable amounted to \$1,678,437 and \$1,740,766, respectively.

During fiscal 2009, Workers' Credit Union (WCU) provided financing to the Foundation Supporting Organization in the form of a note, dated February 27, 2009, in the amount of \$750,000. The proceeds of the loan were used primarily to repay advances made to the Foundation Supporting Organization by the Foundation in fiscal 2009 for the acquisition of four real estate properties during the year. The note is secured by a first mortgage interest in certain real estate owned by the Foundation Supporting Organization and an assignment of certain leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2010, the Foundation Supporting Organization has total cash balances of \$82,428 held at WCU which serve as additional collateral for this loan.

The mortgage note has a term of ten years, expiring on February 27, 2019, and provides for a fixed rate of interest of 5.74% per annum. The note requires monthly installments of principal and interest of \$4,714 based on a twenty-five year principal amortization. Monthly principal and interest payments commenced on March 27, 2009. The note may be prepaid at any time, in whole or in part, without premium or penalty.

As of June 30, 2010 and 2009, the outstanding principal balance of this first mortgage loan amounted to \$731,099 and \$745,260, respectively.

During fiscal 2010, Workers' Credit Union provided financing to the Foundation Supporting Organization in the form of a note, dated February 19, 2010, in the amount of \$300,000. The proceeds of the loan were used to finance the acquisition of one real estate property. The note is secured by a first mortgage interest in the property and an assignment of leases and rents on this property. The note is also collateralized by all funds held by the lender. At June 30, 2010, the Supporting Organization has total cash balances of \$82,428 held at WCU which serve as additional collateral for this loan.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**13. FSC Foundation long term debt - continued:**

In June, 2010, the Foundation Supporting Organization determined that the value of the property securing this first mortgage note payable to WCU was less than its carrying value. Accordingly, the Foundation Supporting Organization recorded an impairment loss. The Foundation Supporting Organization and WCU are currently in discussions regarding the nature and amount of additional collateral to be provided to WCU to further secure this loan.

The mortgage note has a term of ten years, expiring on February 19, 2020, and provides for a fixed rate of interest of 6.03% per annum. The note requires monthly installments of principal and interest of \$1,939 based on a twenty-five year principal amortization. Monthly principal and interest payments commenced on March 19, 2010. The note may be prepaid at any time, in whole or in part, without premium or penalty.

As of June 30, 2010, the outstanding principal balance of the mortgage loan amounted to \$298,178.

In connection with the fiscal 2010 loan, the Foundation Supporting Organization was required to establish an escrow account held at WCU in the amount of \$75,000 until the Foundation Supporting Organization resolved certain environmental matters related to the property. The environmental matters have since been resolved and the Foundation Supporting Organization is in the process of submitting the documentation to release the escrow. At June 30, 2010, the balance in the escrow account amounted to \$75,053, which includes accumulated interest earned thereon of \$53, and is included in current restricted cash and cash equivalents in the accompanying 2010 statement of net assets of FSC Foundation.

During fiscal 2010, Rollstone Bank & Trust provided financing to the Foundation in the form of a note dated January 5, 2010, in the amount of \$77,952. The proceeds of the loan were used to finance the purchase of computer software to be used in the Foundation's operations. The note is unsecured.

The note has a term of three years, expiring on January 5, 2013, and provides for a fixed rate of interest of 5% per annum. The note requires monthly installments of principal and interest of \$2,339 based on a three year principal amortization. Monthly principal and interest payments commenced on February 5, 2010.

At June 30, 2010, the outstanding principal balance of this note payable amounted to \$67,820.

In May, 2007, the Foundation Supporting Organization acquired land and a building consisting of six apartment units at a total cost of \$504,479, including related acquisition costs. The Foundation Supporting Organization also acquired an adjacent parcel of land at a cost of \$183,301. The properties are located in the area surrounding the Fitchburg State College campus. The apartments are being used by the College as additional student housing for which the Foundation Supporting Organization receives residence hall fees.

The acquisitions were funded with the proceeds of a note payable in the amount of \$680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investment units with an equivalent dollar value of \$972,000 in the Commonfund Multi-Strategy Equity Fund which are owned by the Foundation. In addition, payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**13. FSC Foundation long term debt - continued:**

The promissory note has a term of thirty years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum. The loan requires monthly installments of principal and interest of \$4,122 based on a thirty year principal amortization. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2010 and 2009, the outstanding principal balance of this note payable amounted to \$649,236 and \$658,859, respectively.

Principal funding payments and estimated interest, due to maturity, consist of the following:

For the year ending June 30,	<u>Principal</u>	<u>Estimated Interest (1)</u>	<u>Total</u>
2011	\$ 138,416	\$ 223,139	\$ 361,555
2012	145,882	215,673	361,555
2013	142,924	206,936	349,860
2014	134,252	199,238	333,490
2015	142,112	191,378	333,490
2016-2020	1,070,862	818,107	1,888,969
2021-2025	1,067,527	483,597	1,551,124
2026-2030	651,751	205,578	857,329
2031-2035	381,154	72,695	453,849
2036-2037	<u>67,017</u>	<u>3,103</u>	<u>70,120</u>
Total	<u>\$ 3,941,897</u>	<u>\$ 2,619,444</u>	<u>\$ 6,561,341</u>

(1) The interest rates in effect at June 30, 2010 of 5.75%, 5.5%, 5.74%, and 6.03% on the first mortgage notes payable and 5% and 6% on the notes payable - bank were used to calculate the estimated interest on these debt obligations.

**14. FSC Foundation line of credit:**

In March, 2009, the Foundation renewed, under substantially the same terms, its existing revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to \$250,000. At June 30, 2010, the Foundation has an outstanding balance of \$125,000 under the line of credit. At June 30, 2009, there were no borrowings outstanding under the line of credit. The line of credit provides for interest at the Wall Street Journal Prime Rate, but in no event less than 6% per annum. At both June 30, 2010 and 2009, the effective interest rates were 6% per annum. Borrowings are secured by investment units with an equivalent dollar value of \$315,000 in the Commonfund Multi-Strategy Equity Fund. The line of credit agreement expires on March 17, 2011. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**15. Long term liabilities:**

Long-term liability activity of the College for the year ended June 30, 2010 included the following:

	<u>Totals</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Totals June 30, 2010</u>	
				<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
<b>Interagency payables and capital leases:</b>					
Interagency payables	\$ 10,745,634	\$ -	\$ 479,897	\$ 10,265,737	\$ 479,731
Capital leases	<u>2,369,565</u>	<u>499,938</u>	<u>1,973,814</u>	<u>895,689</u>	<u>497,437</u>
<b>Total</b>	<u><b>13,115,199</b></u>	<u><b>499,938</b></u>	<u><b>2,453,711</b></u>	<u><b>11,161,426</b></u>	<u><b>977,168</b></u>
<b>Other liabilities:</b>					
Workers' compensation	503,768	256,579	99,242	661,105	130,238
Compensated absences	3,953,850	2,383,433	2,322,244	4,015,039	2,341,896
Deferred revenue	2,462,799	1,203,202	1,484,414	2,181,587	1,348,111
Rebate payable	17,875	90	-	17,965	-
Loan payable - federal financial assistance	<u>1,833,747</u>	<u>53,453</u>	<u>35,487</u>	<u>1,851,713</u>	<u>-</u>
<b>Total other liabilities</b>	<u><b>8,772,039</b></u>	<u><b>3,896,757</b></u>	<u><b>3,941,387</b></u>	<u><b>8,727,409</b></u>	<u><b>3,820,245</b></u>
<b>Long term obligations</b>	<u><b>\$ 21,887,238</b></u>	<u><b>\$ 4,396,695</b></u>	<u><b>\$ 6,395,098</b></u>	<u><b>\$ 19,888,835</b></u>	<u><b>\$ 4,797,413</b></u>

Long-term liability activity of the College for the year ended June 30, 2009 included the following:

	<u>Totals</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Totals June 30, 2009</u>	
				<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
<b>Interagency payables and capital leases:</b>					
Interagency payables	\$ 11,191,498	\$ -	\$ 445,864	\$ 10,745,634	\$ 459,315
Capital leases	<u>3,067,066</u>	<u>292,862</u>	<u>990,363</u>	<u>2,369,565</u>	<u>1,098,416</u>
<b>Total</b>	<u><b>14,258,564</b></u>	<u><b>292,862</b></u>	<u><b>1,436,227</b></u>	<u><b>13,115,199</b></u>	<u><b>1,557,731</b></u>
<b>Other liabilities:</b>					
Workers' compensation	449,996	142,421	88,649	503,768	99,242
Compensated absences	3,838,856	2,273,910	2,158,916	3,953,850	2,322,244
Deferred revenue	2,867,576	1,339,521	1,744,298	2,462,799	1,484,414
Rebate payable	17,163	712	-	17,875	-
Loan payable - federal financial assistance	<u>1,807,924</u>	<u>58,980</u>	<u>33,157</u>	<u>1,833,747</u>	<u>-</u>
<b>Total other liabilities</b>	<u><b>8,981,515</b></u>	<u><b>3,815,544</b></u>	<u><b>4,025,020</b></u>	<u><b>8,772,039</b></u>	<u><b>3,905,900</b></u>
<b>Long term obligations</b>	<u><b>\$ 23,240,079</b></u>	<u><b>\$ 4,108,406</b></u>	<u><b>\$ 5,461,247</b></u>	<u><b>\$ 21,887,238</b></u>	<u><b>\$ 5,463,631</b></u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**15. Long term liabilities - continued:**

Long-term liability activity of FSC Foundation for the year ended June 30, 2010 included the following:

	<u>Totals</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Totals June 30, 2010</u>	
				<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
<b>First mortgage notes payable</b>	\$ 3,018,845	\$ 300,000	\$ 94,004	\$ 3,224,841	\$ 102,952
<b>Notes payable - bank</b>	<u>658,859</u>	<u>77,952</u>	<u>19,755</u>	<u>717,056</u>	<u>35,464</u>
<b>Long-term obligations</b>	<u>\$ 3,677,704</u>	<u>\$ 377,952</u>	<u>\$ 113,759</u>	<u>\$ 3,941,897</u>	<u>\$ 138,416</u>

Long-term liability activity of FSC Foundation for the year ended June 30, 2009 included the following:

	<u>Totals</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Totals June 30, 2009</u>	
				<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
First mortgage notes Payable	\$ 2,347,351	\$ 750,000	\$ 78,506	\$ 3,018,845	\$ 92,180
Note payable – bank	<u>667,134</u>	<u>-</u>	<u>8,275</u>	<u>658,859</u>	<u>9,653</u>
<b>Long-term obligations</b>	<u>\$ 3,014,485</u>	<u>\$ 750,000</u>	<u>\$ 86,781</u>	<u>\$ 3,677,704</u>	<u>\$ 101,833</u>

**16. Unrestricted net assets:**

Unrestricted net assets, are not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Certain unrestricted net assets are internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Designated unrestricted net assets were \$8,134,673 and \$6,239,314 at June 30, 2010 and 2009, respectively. Undesignated unrestricted net assets were \$9,142,524 and \$3,515,758 at June 30, 2010 and 2009, respectively.

**17. Net assets restricted by enabling legislation:**

Fitchburg State College Foundation, Inc.'s consolidated statements of net assets as of June 30, 2010 and 2009 reflect restricted net assets of \$10,251,327 and \$8,903,351, respectively. Of these amounts, \$2,357,931 at both June 30, 2010 and 2009, respectively, are restricted by enabling legislation for the State Matching Funds Program.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**18. Operating expenses:**

The College's operating expenses for the years ended June 30, 2010 and 2009, on a natural classification basis, are comprised of the following:

	<u>2010</u>	<u>2009</u>
Salaries:		
Faculty	\$ 16,568,424	\$ 16,188,373
Exempt wages	3,734,036	3,569,127
Non-exempt wages	13,750,367	14,176,170
Benefits	8,250,267	7,620,674
Scholarships (endowed)	1,640,584	1,487,086
Utilities	3,698,307	3,886,402
Supplies and other services	16,189,508	15,837,568
Depreciation	<u>4,010,435</u>	<u>3,556,875</u>
Total operating expenses	<u>\$ 67,841,928</u>	<u>\$ 66,322,275</u>

**19. State controlled accounts:**

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

The estimated amounts of funding attributable for the Commonwealth's retirement system contribution and the employer's share of health care premiums for the years ended June 30, 2010, 2009 and 2008 were as follows (See State appropriations under Note 23):

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commonwealth's retirement system Contributions	\$ 1,489,214	\$ 1,962,325	\$ 2,122,129
Employers share of health care premium	\$ 4,091,641	\$ 4,371,925	\$ 7,524,368

**20. Retirement plan:**

Substantially all of the College's full-time employees are covered by the Massachusetts State Employees' Retirement System (SERS). SERS, a single employer defined benefit public employee retirement system, is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 32A of the General Laws of the Commonwealth of Massachusetts assigns the authority to establish and amend benefit provisions to the Massachusetts Legislature. The College is not



NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**20. Retirement plan:**

required to contribute from its appropriation allocation or other college funds to SERS for employees compensated from State appropriations. For College employees covered by SERS but compensated from a trust fund or other source, the College is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate established by the State. The total amount of current funding by the State related to the College's employees was \$1,489,214, \$1,962,325 and \$2,122,129 during 2010, 2009 and 2008, respectively. Annual covered payroll was approximately 62%, 76% and 76% of total payroll for the College for the years ended June 30, 2010, 2009 and 2008, respectively.

The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

Substantially all full-time staff are covered by and must participate in SERS. Benefits fully vest after 10 years of full-time employment. An employee may receive retirement benefits after 20 years of service, or after 10 years of service and having attained the age of 55.

Based on State statute, covered employees of the College contribute an amount ranging from 5% to 9% (depending on date of employment) of their eligible compensation to SERS. Employees hired after January 1, 1979, are required to contribute an additional 2% for the eligible compensation over \$30,000 per year. The State is required to make actuarially determined contributions that maintain the financial integrity of the retirement system.

**21. Fringe benefits for current employees and post employment obligations - pension and non-pension:**

The College participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment, pension, and workers' compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the College by the Commonwealth and currently the liability is borne by the Commonwealth.

On-behalf payments of fringe benefits for benefited employees on the Commonwealth's payroll are recognized as revenues and expenses in the College's financial statements in each of the fiscal years presented.

*Post Employment Other than Pensions*

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**21. Fringe benefits for current employees and post employment obligations - pension and non-pension - continued:**

*Post Employment Other than Pensions - continued*

The Commonwealth's Group Insurance Commission (GIC) was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns and a small amount of municipalities as an agent multiple employer program, accounted for as an agency fund activity of the Commonwealth, not the College.

The GIC administers a plan included within the State Retire Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution ratios.

The GIC does not issue separately audited financial statements. The financial position and results of operations of the plan are incorporated in the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

The GIC is a quasi-independent state agency governed by an eleven-member body (the Commission) appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended on June 30, 2010 and 2009, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

The amount of funding by the College related to benefits other than pensions for the years ended June 30, 2010, 2009 and 2008 were \$8,250,267, \$7,620,674 and \$11,084,654, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program.

**22. Lease and license agreements:**

As disclosed in Note 13, the Foundation Supporting Organization entered into a long-term operating lease agreement with the Commonwealth of Massachusetts acting by and through the Division of Capital Asset Management and Maintenance (DCAM) on behalf of the College. The lease commenced on August 16, 2006. The lease is for a term of ten years and provides for base rent of \$165,000 per year, payable in monthly installments of \$13,750, for the entire lease term. The College is also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. At the expiration of the lease term, the Foundation Supporting Organization expects the lease will be renewed with DCAM on behalf of the

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**22. Lease and license agreements - continued:**

College. For the years ended June 30, 2010 and 2009, rental income for the Foundation Supporting Organization amounted to \$165,000 in each year. The rental income is reflected in revenue from sales and services of educational departments in the accompanying statements of net assets. The corresponding rent expense of the College is reflected in operations and maintenance of plant.

The following is a schedule of future minimum rent on this lease:

Year ending <u>June 30,</u>	<u>Amount</u>
2011	\$ 165,000
2012	165,000
2013	165,000
2014	165,000
2015	165,000
2016 - 2017	<u>185,625</u>
	<u>\$ 1,010,625</u>

On August 6, 2008, the Foundation Supporting Organization entered into a ten year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and shall expire on October 31, 2018. The space is being used by Fitchburg State College as office and classroom space for its Center for Professional Studies. The lease provides for a base annual rent of \$17,625 for each of the first three years of the lease term, payable in monthly installments of \$1,469. Beginning with the fourth year of the lease there will be a 7.5% increase at the commencement of each three year period of the lease term, including the continuous period of any extensions thereof. The Foundation Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Foundation Supporting Organization may cancel the lease at any time after November 1, 2009 with the payment of two months' base rent as a termination charge. The Foundation Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2010 and 2009, rent expense amounted to \$17,625 and \$11,750, respectively.

The following is a schedule of future minimum rental payments under this operating lease agreement:

Year ending <u>June 30,</u>	<u>Amount</u>
2011	\$ 17,625
2012	18,506
2013	18,947
2014	18,947
2015	19,895
2016 - 2019	<u>69,421</u>
	<u>\$ 163,341</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**22. Lease and license agreements - continued:**

The Foundation Supporting Organization and the College entered into a License Agreement whereby the Foundation Supporting Organization granted the College an irrevocable and exclusive license to occupy, manage, maintain and operate certain property owned by the Foundation Supporting Organization. The License Agreement, which commenced on September 3, 2008, had an initial term of one year. Upon expiration of the initial term, the License Agreement provides for automatic annual renewals thereafter. The License Agreement provides for an annual license fee of \$108,875 payable, in arrears, in twelve equal monthly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the College. The License Agreement may be terminated by either party upon the expiration of the initial term of the agreement and any subsequent renewal term with the giving of proper notice. In addition, the College may terminate the agreement at any time with the giving of proper notice. For the year ended June 30, 2010, license fee income for the Foundation Supporting Organization amounted to \$108,875. For the year ended June 30, 2009, license fee income amounted to \$105,750, which included \$15,021 received from the College for a period prior to the commencement of the License Agreement during which the College had use of certain property. The license fee income is reflected in revenue from sales and services of educational departments in the accompanying statements of net assets. The corresponding license fee expense of the College is reflected in operations and maintenance of plant.

**23. Management Accounting and Reporting System:**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System (MMARS) on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

State appropriations:

The College's State appropriations are comprised of the following for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Gross State appropriations	\$ 21,429,373	\$ 26,775,332
Add: Fringe benefits for benefited employees on the Commonwealth payroll	5,580,855	6,334,250
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	( 2,387,879)	( 3,195,977)
Net State appropriations	<u>\$ 24,622,349</u>	<u>\$ 29,913,605</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**23. Management Accounting and Reporting System - continued:**

State appropriations - continued:

\$24,622,349 and \$29,415,783 represent appropriations for maintenance and payroll during 2010 and 2009, respectively, and \$497,822 represents appropriations for capital improvements for 2009. These amounts are presented separately in the accompanying statements of revenues, expenses and changes in net assets.

Day school tuition receipts and transfers have been recorded in an agency fund during the year and had no material balance outstanding at June 30, 2010 and 2009.

**24. Stimulus grants:**

In fiscal 2010, Fitchburg State College, through the Department of Higher Education, was the subrecipient of \$6,666,991 in stimulus grants as part of the American Recovery and Reinvestment Act of 2009 (ARRA). As of June 30, 2010, \$376,405 of the total awarded for fiscal 2010 is included in accounts receivable in the accompanying 2010 statement of net assets. The funds awarded have been expended as follows:

Regular employee compensation	\$ 2,335,343
Pension and insurance	649,226
Capital lease payments	1,121,070
Scholarship allowances	<u>2,561,352</u>
	<u>\$ 6,666,991</u>

**25. Risk management:**

The College 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 College 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 College 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 either of the past two years.

The College also participates in the Commonwealth's self-insured programs for employees workers' compensation, health care and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the College based on the College's actual experience (see Note 7). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of health care insurance to the College through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 21).

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**26. Commitments and contingencies:**

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

The College receives significant financial assistance from federal and state agencies in the form of grants. Expenditure of funds under these programs require 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 College. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the College.

The College participates in the Massachusetts College Savings Prepaid Tuition 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 College 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 College. The effect of this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the College.

The College can perform capital projects that are funded and controlled by another State agency. These projects would be paid from funds appropriated and under the control of the Department of Capital Asset Management (DCAM). The projects generally consist of renovations and improvements and have been recorded in the respective accounts.

**27. McKay Agreement:**

The College has an agreement with the City of Fitchburg, whereby the City can use the McKay building to provide elementary education to local residents on a year to year basis. The College receives quarterly payments from the City to reimburse the College for its share of payroll and related operating expenses (the "McKay School expenditures"). Reimbursements received for each of the years ended June 30, 2010 and 2009 were \$994,887. These reimbursements are included in the Sales and Services of Educational Departments revenue amount and the McKay School expenditures are included in the appropriate categories under Operating Expenses in the accompanying statements of revenues, expenses and changes in net assets.

**28. Civic Center:**

In August 2006, the College and the City of Fitchburg entered into a Memorandum of Understanding in which the College would assume responsibility for the operations, management and maintenance of the George R. Wallace, Jr. Civic Center and the Alice G. Wallace Planetarium (collectively, the Civic Center). The Civic Center includes two skating rinks and the adjoining planetarium. The Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance (DCAM) on behalf of the College entered into a lease agreement for the Civic Center with the City of Fitchburg and the Board of Trustees of the Civic Center. The lease commenced on October 1, 2007 and is for a term of 99 years. The lease provided for an initial nominal rent payment and is otherwise a net lease. Pursuant to the terms of the lease, the College has complete authority, at its sole discretion, to do all such acts and deeds as it deems reasonably necessary to manage, maintain and operate the Civic Center for the permitted uses specified in the lease agreement. The

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2010 AND 2009

**28. Civic Center - continued:**

College is responsible for payment, from net revenues generated by its operation of the Civic Center, of all costs associated with the maintenance and operation of the Civic Center, and certain other payments as specified in the lease agreement. DCAM, at the instruction of the College and with 60 days prior written notice, may terminate the lease in the event that the College, in its sole discretion, determines that continuation of the lease is not in the interest of the College.

During fiscal 2007, the College commenced initial management, maintenance and operations activities at the Civic Center in anticipation of the lease agreement being executed. The Commonwealth of Massachusetts Legislature appropriated an aggregate amount of \$2,500,000 for repairs and upgrades to the Civic Center. During fiscal 2008, the College made repairs and upgrades to the Civic Center for an aggregate cost of \$2,477,381. The College engaged the services of a professional management company, Facilities Management Corporation (FMC), to assist with management, maintenance and operations activities of the ice-skating rink program at the Civic Center. The initial management contract expired on December 31, 2008.

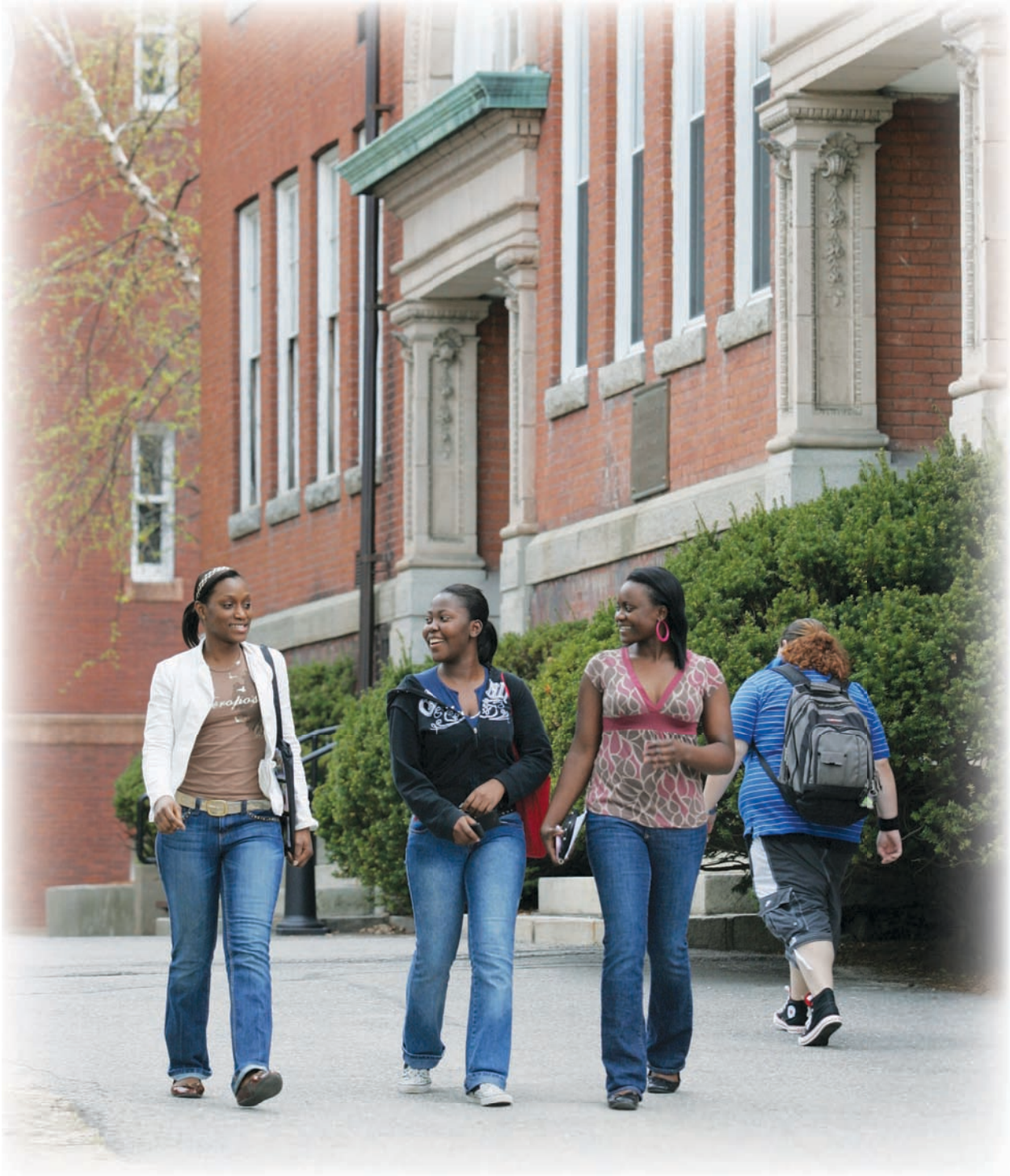
On February 1, 2009, the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance on behalf of the College entered into a sublease agreement with FMC for a term of twenty-five years commencing on the date of the agreement. The sublease agreement is a net lease and, accordingly, FMC is responsible for all costs associated with the operations, management, and maintenance of the sublease premises as well as repairs and required capital improvements. The sublease premises consist of the facilities and related equipment associated with the operation of a public ice-skating rink program. The planetarium is not part of the sublease premises and it is not currently operational. FMC is also responsible for certain other payments for and on behalf of the College related to obligations in existence at the date the College initially assumed management of the Civic Center. During the term of the sublease agreement, FMC is required to pay the College monthly percentage rent based upon the actual gross revenues from its operations, as defined. During each of the first ten years of the sublease term, no percentage rent is required. Thereafter, for each of the years eleven through twenty-five, percentage rent at the rate of 1% of actual gross revenues shall be due and payable on a monthly basis. However, in no event shall the aggregate amount of percentage rent paid by FMC during the sublease term be less than \$107,155.

The College, officials of the City of Fitchburg, and the Board of Trustees of the Civic Center believe that their collective efforts will return the Civic Center to a vibrant place where the citizenries of the City of Fitchburg and its surrounding cities and towns can enjoy athletic, educational and cultural activities.

**29. Subsequent events:**

On July 28, 2010, the Governor of the Commonwealth of Massachusetts, Deval Patrick, signed legislation creating the State University System. Under this legislation, Fitchburg State College will become Fitchburg State University effective October 26, 2010.

In September, 2010, the Foundation received a temporarily restricted donation of computer software and related license for its use with an annual commercial value of approximately \$2,800,000. The license expires on June 30, 2011. The software will be used in academic courses by the Industrial Technology Department of the College.





SUPPLEMENTAL INFORMATION

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

JUNE 30, 2010

The College's Residence Hall Fund and Residence Hall Damage Fund non-classified Statements of Net Assets at June 30, 2010 are as follows:

**Statements of Net Assets**

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
<b>Assets:</b>		
Cash	\$ 817,120	\$ 84,913
Cash held by State Treasurer	105,621	-
Investments	1,587,355	-
Accounts receivable, net	41,817	30,714
Prepaid expenses	<u>919</u>	<u>-</u>
 Total assets	 <u>\$ 2,552,832</u>	 <u>\$ 115,627</u>
 <b>Liabilities:</b>		
Accounts payable	\$ 68,261	\$ -
Deposits	319,850	-
Salaries payable	64,964	-
Compensated absences	112,323	-
Deferred revenue	<u>6,600</u>	<u>-</u>
 Total liabilities	 <u>571,998</u>	 <u>-</u>
 Net assets	 <u>1,980,834</u>	 <u>115,627</u>
 Total liabilities and net assets	 <u>\$ 2,552,832</u>	 <u>\$ 115,627</u>

FITCHBURG STATE COLLEGE  
(a department of the Commonwealth of Massachusetts)

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY - CONTINUED

YEAR ENDED JUNE 30, 2010

The College's Residence Hall Fund and Residence Hall Damage Fund Statements of Revenues, Expenses and Changes in Net Assets (presented in accordance with the Commonwealth of Massachusetts' Expenditure Classification plan) for the year ended June 30, 2010 are as follows:

	<u>Residence Hall Fund</u>	<u>Residence Hall Damage Fund</u>
Revenues:		
Student fees	\$ 7,702,941	\$ 18
Interest	63,639	1,565
Investment income (loss)	116,369	2,915
Commissions	35,010	-
Rentals	32,356	-
Room damage assessments	-	28,543
Miscellaneous	<u>30,646</u>	<u>-</u>
Total revenues	<u>7,980,961</u>	<u>33,041</u>
Expenses:		
Regular employee compensation	1,015,921	-
Regular employee related expenses	3,795	-
Special employee/contract services	181,406	-
Pension and insurance	284,422	-
Facility operating supplies and related expenses	9,299	-
Administrative expenses	32,431	-
Energy and space rental	1,044,287	-
Consultant services	3,510	-
Operational services	18,518	99
Equipment purchases	18,970	-
Equipment lease - purchase, lease, rent, repair	6,853	-
Land acquisition	359,694	11,083
Benefit program	32,165	-
Loans and special payments	4,344,077	-
Other - bad debt expense (recovery)	3,516	1,780
Information technology expenses	<u>15,006</u>	<u>-</u>
Total expenses	<u>7,373,870</u>	<u>12,962</u>
Transfers (in)/out:		
Interdepartmental rental income	( 110,118)	-
Printing	10,473	-
Other	<u>81,340</u>	<u>-</u>
Total transfers	<u>( 18,305)</u>	<u>-</u>
Total expenses and transfers	<u>7,355,565</u>	<u>12,962</u>
Increase (decrease) in net assets	625,396	20,079
Net assets - beginning of year	<u>1,355,438</u>	<u>95,548</u>
Net assets - end of year	<u>\$ 1,980,834</u>	<u>\$ 115,627</u>

The above Statements of Revenues, Expenses and Changes in Net Assets 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.



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

To the Board of Trustees of  
Fitchburg State College  
Fitchburg, Massachusetts

We have audited the financial statements of the business type activities and discretely presented component unit of Fitchburg State College (a department of the Commonwealth of Massachusetts) (the College) as of and for the year ended June 30, 2010, which collectively comprise Fitchburg State College's basic financial statements, and have issued our report thereon dated October 19, 2010. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fitchburg State College's internal control over financial reporting as a basis for designing our auditing procedures 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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

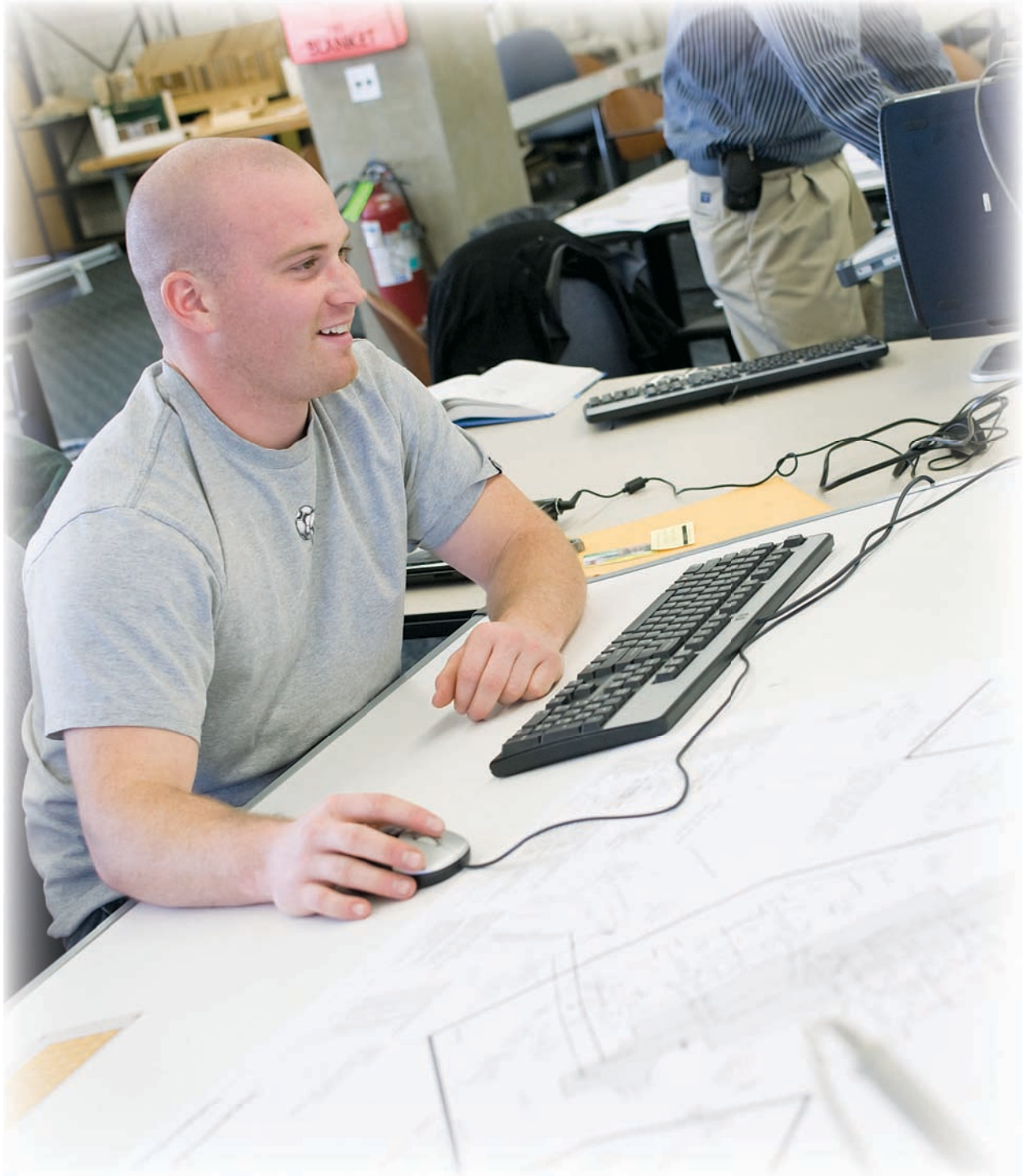
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fitchburg State College's financial statements are free of 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 determination of financial statement amounts. 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.

This report is intended solely for the information and use of the Board of Trustees, management, others within Fitchburg State College, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ercoleini & Company LLP*

October 19, 2010



*FITCHBURG STATE COLLEGE*  
COMPREHENSIVE ANNUAL FINANCIAL REPORT



**STATISTICAL SECTION (UNAUDITED)**

# STATISTICAL SECTION

The Statistical Section of the Fitchburg State College Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and supplementary information say about the College's overall health. The information contained within this section is being presented to provide the reader with a better understanding in the following four areas:

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<b>Contents:</b>	<b>Page</b>
<b>Financial Trends</b> These schedules show how the College's financial position has changed over time.	<b>103-108</b>
<b>Debt</b> The debt schedules assess the affordability of the College's current level of outstanding debt and the impact that debt has on the operating budget.	<b>109</b>
<b>Operating Information</b> These schedules provide information about how the College's financial report relates to the services it provides and the activities it performs.	<b>110-116</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the region within which the College operates.	<b>117-131</b>

**Note:** Information presented in the statistical section is unaudited. Please refer to the independent auditor's report on supplementary information on page 27-28 of the financial section.

These schedules do not include components units, such as the Fitchburg State College Foundation, Inc.



**SCHEDULE OF REVENUES BY SOURCE**

For the Fiscal Year

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Source of Revenue</b>									
<b>Operating Revenues</b>									
Tuition & fees (net of scholarships)	\$ 28,372,042	\$ 26,737,289	\$ 25,033,128	\$ 22,942,610	\$ 20,877,997	\$ 18,083,828	\$ 16,035,993	\$ 13,943,385	\$ 11,213,515
Federal, state & private grants & contracts	6,112,586	4,483,292	3,951,007	3,656,979	3,486,257	3,831,266	3,962,244	3,081,004	2,930,694
Stimulus grants	6,666,991	-	-	-	-	-	-	-	-
Auxiliary enterprises	8,046,782	6,467,184	6,085,147	5,946,282	5,485,605	5,027,889	4,317,584	3,877,418	3,477,126
Other operating revenue	2,096,607	2,098,358	1,963,274	1,987,191	1,927,868	1,889,756	1,796,923	1,806,843	1,702,415
<b>Total operating revenue</b>	<b>51,295,008</b>	<b>39,786,123</b>	<b>37,032,556</b>	<b>34,533,062</b>	<b>31,777,727</b>	<b>28,832,739</b>	<b>26,112,744</b>	<b>22,708,650</b>	<b>19,323,750</b>
<b>Nonoperating Revenues</b>									
State appropriations	24,622,349	29,415,783	34,063,661	31,702,393	29,645,087	27,375,808	25,199,981	27,974,237	29,808,715
State capital appropriations	-	497,822	475,000	1,799,754	1,195,000	407,191	-	177,600	486,480
Capital grants	1,683,802	325,351	178,264	123,535	123,535	121,217	118,358	85,000	23,750
Other non-operating revenue	1,329,091	(179,115)	819,844	1,393,662	1,078,894	510,689	265,905	260,729	383,553
<b>Total nonoperating revenue</b>	<b>27,635,242</b>	<b>30,059,841</b>	<b>35,536,769</b>	<b>35,019,344</b>	<b>32,042,516</b>	<b>28,414,905</b>	<b>25,584,244</b>	<b>28,497,566</b>	<b>30,702,498</b>
<b>Total revenue</b>	<b>\$ 78,930,250</b>	<b>\$ 69,845,964</b>	<b>\$ 72,569,325</b>	<b>\$ 69,552,406</b>	<b>\$ 63,820,243</b>	<b>\$ 57,247,644</b>	<b>\$ 51,696,988</b>	<b>\$ 51,206,216</b>	<b>\$ 50,026,248</b>

For the Fiscal Year

	Percent of Total Revenue								
	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Operating Revenues</b>									
Tuition & fees (net of scholarships)	36.0%	38.3%	34.5%	33.0%	32.7%	31.6%	31.0%	27.2%	22.4%
Federal, state & private grants & contracts	7.7%	6.4%	5.4%	5.3%	5.5%	6.7%	7.7%	6.0%	5.9%
Stimulus grants	8.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Auxiliary enterprises	10.2%	9.3%	8.4%	8.5%	8.6%	8.8%	8.4%	7.6%	7.0%
Other operating revenue	2.7%	3.0%	2.8%	3.2%	3.4%	3.5%	3.5%	3.6%	3.7%
<b>Total operating revenue</b>	<b>65.0%</b>	<b>57.0%</b>	<b>51.1%</b>	<b>50.0%</b>	<b>50.2%</b>	<b>50.6%</b>	<b>50.6%</b>	<b>44.4%</b>	<b>39.0%</b>
<b>Nonoperating Revenues</b>									
State appropriations	31.2%	42.1%	46.9%	45.6%	46.5%	47.8%	48.7%	54.6%	59.6%
State capital appropriations	0.0%	0.6%	0.6%	2.3%	1.5%	0.5%	0.0%	0.3%	0.6%
Capital grants	2.1%	0.6%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%
Other non-operating revenue	1.7%	-0.3%	1.2%	1.9%	1.6%	0.9%	0.5%	0.5%	0.8%
<b>Total nonoperating revenue</b>	<b>35.0%</b>	<b>43.0%</b>	<b>48.9%</b>	<b>50.0%</b>	<b>49.8%</b>	<b>49.4%</b>	<b>49.4%</b>	<b>55.6%</b>	<b>61.0%</b>
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Note:** Due to reporting format and definition changes prescribed by Government Accounting Standards Board (GASB) Statement 34, information prior to 2002 is not available.

**Source:** Fitchburg State College audited financial statements

**SCHEDULE OF EXPENSES BY FUNCTION**

**For the Fiscal Year**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Functional Expense</b>									
Instruction	\$ 25,682,331	\$ 25,010,246	\$ 26,699,550	\$ 24,193,071	\$ 22,856,426	\$ 18,847,979	\$ 18,019,813	\$ 19,366,094	\$ 20,092,140
Research	106,458	99,265	37,104	61,077	165,550	164,787	130,803	2,499	1,323
Public service	409,901	390,127	558,388	486,633	598,273	636,765	785,084	810,173	640,666
Academic support	4,361,103	4,538,538	5,344,027	5,108,978	4,631,842	4,607,796	4,301,883	4,553,718	5,038,238
Student services	7,445,019	7,299,258	7,478,709	7,022,806	6,560,972	5,980,391	5,426,794	5,772,833	5,284,418
Institutional support	5,988,283	6,464,395	7,228,110	6,648,295	6,169,474	7,179,198	6,764,298	5,998,902	6,414,461
Operations and maintenance of plant	10,818,202	11,306,190	11,040,392	9,699,216	8,185,991	7,246,710	5,944,096	5,911,344	6,233,864
Depreciation and amortization	4,010,435	3,556,875	3,227,502	3,112,604	2,648,290	2,588,240	2,416,473	2,321,284	2,106,504
Scholarships	1,608,419	1,456,842	1,280,862	1,198,719	971,606	949,222	926,658	760,798	345,591
Auxiliary enterprises	7,411,777	6,200,539	5,809,898	5,714,435	5,419,873	4,762,364	4,032,223	3,576,732	2,908,940
Total operating expense	67,841,928	66,322,275	68,704,542	63,245,834	58,208,297	52,963,452	48,748,125	49,074,377	49,066,145
Interest expense	384,861	545,680	657,783	548,265	316,491	307,292	198,855	146,440	177,366
<b>Total expenses</b>	<b>\$ 68,226,789</b>	<b>\$ 66,867,955</b>	<b>\$ 69,362,325</b>	<b>\$ 63,794,099</b>	<b>\$ 58,524,788</b>	<b>\$ 53,270,744</b>	<b>\$ 48,946,980</b>	<b>\$ 49,220,817</b>	<b>\$ 49,243,511</b>

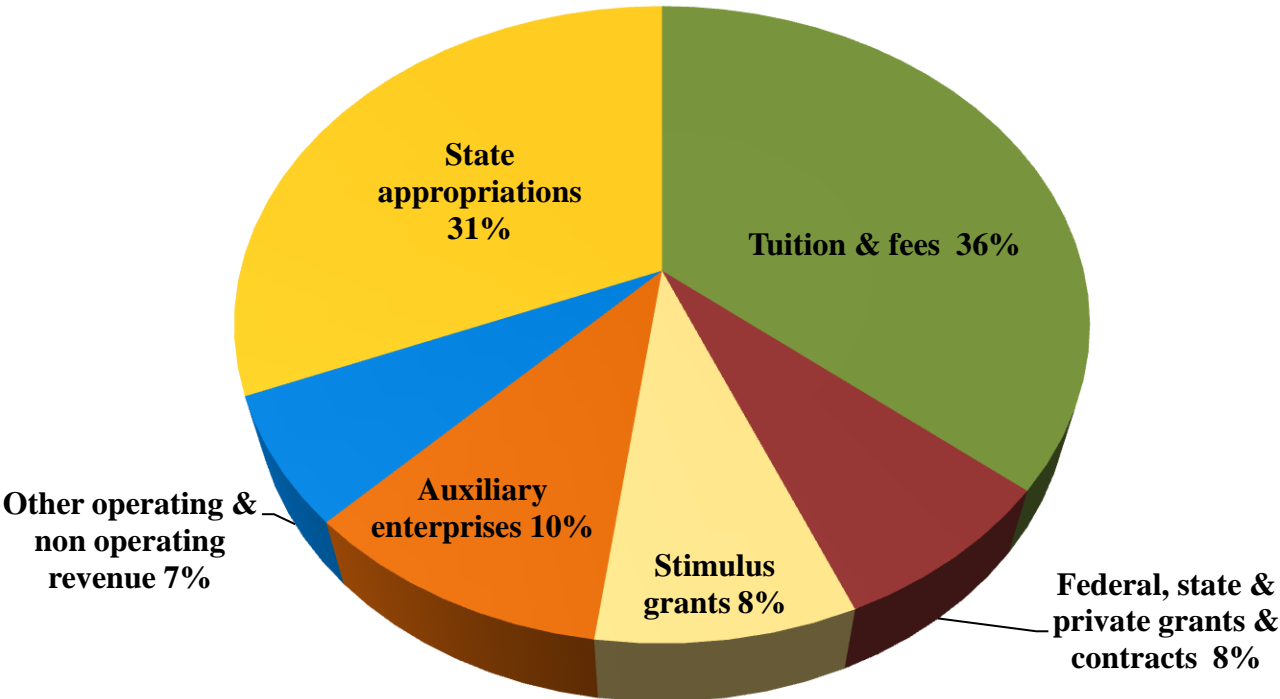
**For the Fiscal Year  
Percent of Total Expenses**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Functional Expense</b>									
Instruction	37.6%	37.4%	38.5%	37.9%	39.1%	35.4%	36.8%	39.3%	40.8%
Research	0.2%	0.1%	0.1%	0.1%	0.3%	0.3%	0.3%	0.0%	0.0%
Public service	0.6%	0.6%	0.8%	0.8%	1.0%	1.2%	1.6%	1.6%	1.3%
Academic support	6.4%	6.8%	7.7%	8.0%	7.9%	8.6%	8.8%	9.3%	10.2%
Student services	10.9%	10.9%	10.8%	11.0%	11.2%	11.2%	11.1%	11.7%	10.7%
Institutional support	8.8%	9.7%	10.4%	10.4%	10.5%	13.5%	13.8%	12.2%	13.0%
Operations and maintenance of plant	15.9%	16.9%	15.9%	15.2%	14.0%	13.6%	12.1%	12.0%	12.7%
Depreciation and amortization	5.9%	5.3%	4.7%	4.9%	4.5%	4.9%	4.9%	4.7%	4.3%
Scholarships	2.4%	2.2%	1.8%	1.9%	1.7%	1.8%	1.9%	1.5%	0.7%
Auxiliary enterprises	10.9%	9.3%	8.4%	9.0%	9.3%	8.9%	8.2%	7.3%	5.9%
Total operating expenses	99.6%	99.2%	99.1%	99.2%	99.5%	99.4%	99.5%	99.6%	99.6%
Interest expense	0.4%	0.8%	0.9%	0.8%	0.5%	0.6%	0.5%	0.4%	0.4%
<b>Total expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

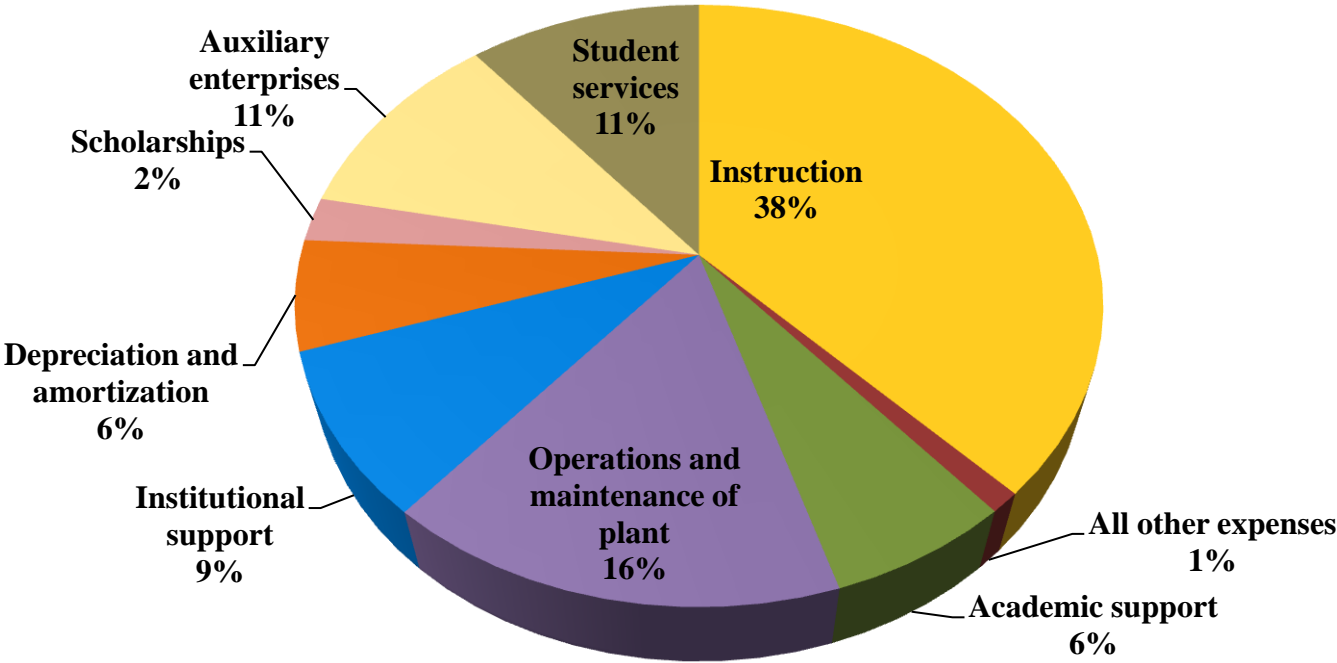
**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, information prior to 2002 is not available.

**Source:** Fitchburg State College audited financial statements

# REVENUES BY SOURCE



# EXPENSES BY USE



**RATIO ANALYSIS OF REVENUES BY SOURCE AND EXPENSES BY USE**

**For the Fiscal Year  
Percent of Total Expenses**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Contribution Ratios</b>									
Contribution ratios analyze the extent to which each type of revenue contributes to the total expenses.									
Tuition & fees	41.6%	40.0%	36.1%	36.0%	35.7%	33.9%	32.8%	28.3%	22.8%
General appropriations (non capital)	36.1%	44.0%	49.1%	49.7%	50.7%	51.4%	51.5%	56.8%	60.6%
Federal, state & private grants & contracts	9.0%	6.7%	5.7%	5.7%	6.0%	7.2%	8.1%	6.3%	6.0%
Stimulus grants	9.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Auxiliary enterprises	11.8%	9.7%	8.8%	9.3%	9.4%	9.4%	8.8%	7.9%	7.1%
Other operating revenues	3.1%	3.1%	2.8%	3.1%	3.3%	3.5%	3.7%	3.7%	3.5%
Other non-operating revenues	1.9%	-0.3%	1.2%	2.2%	1.8%	1.0%	0.5%	0.5%	0.7%

**For the Fiscal Year  
Percent of Total Income**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Demand Ratios</b>									
Demand ratios measure the extent to which each type of expense is consuming operating and nonoperating revenues.									
Instruction	33.2%	36.2%	37.1%	35.8%	36.6%	33.2%	34.9%	38.0%	40.6%
Research	0.1%	0.1%	0.1%	0.1%	0.3%	0.3%	0.3%	0.0%	0.0%
Public service	0.5%	0.6%	0.8%	0.7%	1.0%	1.1%	1.5%	1.6%	1.3%
Academic support	5.6%	6.6%	7.4%	7.6%	7.4%	8.1%	8.3%	8.9%	10.2%
Student services	9.6%	10.6%	10.4%	10.4%	10.5%	10.5%	10.5%	11.3%	10.7%
Institutional support	7.8%	9.4%	10.1%	9.8%	9.9%	12.7%	13.1%	11.8%	13.0%
Operations and maintenance of plant	14.0%	16.4%	15.4%	14.3%	13.1%	12.8%	11.5%	11.6%	12.6%
Depreciation and amortization	5.2%	5.2%	4.5%	4.6%	4.2%	4.6%	4.7%	4.6%	4.3%
Scholarships	2.1%	2.1%	1.8%	1.8%	1.6%	1.7%	1.8%	1.5%	0.7%
Auxiliary enterprises	9.6%	9.0%	8.1%	8.4%	8.7%	8.4%	7.8%	7.0%	5.9%
** See note below	87.7%	96.2%	95.7%	93.5%	93.3%	93.4%	94.4%	96.3%	99.3%
Surplus	12.3%	3.8%	4.3%	6.5%	6.7%	6.6%	5.6%	3.7%	0.7%

\*\* The total sum of all Demand Ratios will be greater (less) than 100 percent, with the difference representing the surplus (deficit).

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, information prior to 2002 is not available.

**Source:** Fitchburg State College audited financial statements

**SCHEDULE OF CHANGES IN NET ASSETS AND NET ASSETS BY CATEGORY**

For the Fiscal Year

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>CHANGES IN NET ASSETS</b>									
Total operating revenues (from schedule of revenues by source)	51,295,008	\$ 39,786,123	\$ 37,032,556	\$ 34,533,062	\$ 31,777,727	\$ 28,832,739	\$ 26,112,744	\$ 22,708,650	\$ 19,323,750
Total nonoperating revenues (from schedule of revenues by source)	27,635,242	30,059,841	35,536,769	35,019,344	32,042,516	28,414,905	25,584,244	28,497,566	30,702,498
Total operating expense (from schedule of expenses by function)	(67,841,928)	(66,322,275)	(68,704,542)	(63,245,834)	(58,208,297)	(52,963,452)	(48,748,125)	(49,074,377)	(49,066,145)
Total interest expense (from schedule of expenses by function)	(384,861)	(545,680)	(657,783)	(548,265)	(316,491)	(307,292)	(198,855)	(146,440)	(177,366)
Total changes in net assets	10,703,461	2,978,009	3,207,000	5,758,307	5,295,455	3,976,900	2,750,008	1,985,399	782,737
Net assets, beginning	56,238,103	53,260,094	50,053,094	44,294,787	38,999,332	35,022,432	32,272,424	30,287,025	29,504,288
<b>Net assets, Ending</b>	<b>\$ 66,941,564</b>	<b>\$ 56,238,103</b>	<b>\$ 53,260,094</b>	<b>\$ 50,053,094</b>	<b>\$ 44,294,787</b>	<b>\$ 38,999,332</b>	<b>\$ 35,022,432</b>	<b>\$ 32,272,424</b>	<b>\$ 30,287,025</b>

For the Fiscal Year

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>NET ASSETS BY CATEGORY</b>									
Invested in capital assets, net of related debt	40,791,020	\$ 39,530,560	\$ 30,983,682	\$ 25,806,513	\$ 20,360,103	\$ 20,186,185	\$ 21,045,366	\$ 20,793,469	\$ 20,780,141
Restricted-expendable	8,403,189	6,515,426	9,850,228	10,946,782	9,083,307	7,138,933	3,816,427	4,076,361	4,483,491
Restricted-nonexpendable	470,158	437,045	511,206	600,377	597,461	588,587	576,826	521,361	529,685
Unrestricted	17,277,197	9,755,072	11,914,978	12,699,422	14,253,916	11,085,627	9,583,813	6,881,233	4,493,708
<b>Total net assets</b>	<b>\$ 66,941,564</b>	<b>\$ 56,238,103</b>	<b>\$ 53,260,094</b>	<b>\$ 50,053,094</b>	<b>\$ 44,294,787</b>	<b>\$ 38,999,332</b>	<b>\$ 35,022,432</b>	<b>\$ 32,272,424</b>	<b>\$ 30,287,025</b>

**Note:** This schedule does not include component units, like foundations; Statement of Net Assets does include component units. Due to reporting format and definition changes prescribed by GASB Statement 34, information prior to 2002 is not available.

**Source:** Fitchburg State College audited financial statements

**SCHEDULE OF CAPITAL ASSET INFORMATION**

**For the Fiscal Year**

	2009-10	2008-09	2007-08	2006-07	2005-06
Land (acreage)	222	222	222	222	228
Buildings (square feet)					
100 Instruction /classroom	84,927	84,927	88,817	88,817	92,505
200 Labs	88,543	88,543	88,336	88,336	114,836
300 Administrative	122,525	122,525	105,686	106,783	113,153
400 Study facilities	56,289	56,289	56,342	60,415	50,500
52x Athletic	55,671	55,671	58,113	58,113	66,424
5xx Other Special Use	5,242	5,242	-	-	3,757
600 General Use	125,393	125,393	125,353	125,353	111,085
700 Support facilities	28,097	28,097	30,796	36,022	40,565
800 Health Care	1,550	1,550	1,550	1,550	-
000 Unclassified	3,005	3,005	3,022	1,964	2,927
Unassigned/ unassignable	300,771	300,771	304,715	295,463	261,662
<b>Total Sq Ft</b>	<b>872,013</b>	<b>872,013</b>	<b>862,730</b>	<b>862,816</b>	<b>857,414</b>

Residence Halls	438,140	438,140	377,077	377,077	377,077
Rental space	111,775	111,775	58,337	-	-

**For the Fiscal Year**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Dormitories - # of residents	1,639	1,483	1,499	1,466	1,443	1,434	1,355	1,305	1,215

**Note 1:** Classification of facilities space is consistent with Facilities Inventory & Classification Code guide, which was implemented in 2005.

Comparable statistics prior to that time are not available.

Number of residents is an average of total fall and spring residency counts as reported to the Massachusetts State College Building Authority.

**For the Fiscal year**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
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**Physical Asset Reinvestment Ratio**

Calculates the extent capital renewal is occurring compared with physical usage (depreciation). A ratio above 1:1 indicates increasing investment in plant.

	1.3	2.5	2.4	3.7	2.9	0.7	0.7	0.8	0.7
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**Age of Facilities Ratio**

Calculates the average age of plant facilities measured in years. For non research, undergraduate institutions a measure of 14 demonstrates appropriate reinvestment.

	13.4	14.0	14.3	13.9	15.3	14.8	14.9	14.8	15.3
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**Facilities Burden Ratio**

Measures the comprehensive cost of facilities investment on the institutional budget.

	37.3%	39.0%	48.2%	51.8%	54.8%	50.2%	40.7%	40.3%	41.0%
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**Note 2:** Due to reporting format and definition changes prescribed by GASB Statement 34, information prior to 2002 is not available.

**Source:** Fitchburg State College audited financial statements

**SCHEDULE OF RATIOS OF OUTSTANDING DEBT**

**For the Fiscal Year**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Massachusetts Health and Educational Facilities Authority - Recreation Center	\$ 4,231,701	\$ 4,425,913	\$ 4,601,096	\$ 4,767,596	\$ 5,008,427	\$ 5,145,958	\$ 5,275,705	\$ 6,000,000	\$ 6,000,000
Massachusetts State College Building Authority - Dining Hall Renovations	2,759,036	2,884,719	3,000,402	3,116,085	3,226,769	1,090,000	-	-	-
Athletic Field Renovations	3,275,000	3,435,000	3,590,000	3,740,000	3,885,000	4,020,000	-	-	-
Capital Leases	895,689	2,369,565	3,067,066	3,972,867	2,740,894	3,430,134	4,419,011	5,179,094	5,854,136
<b>Total Outstanding Debt</b>	<b>\$ 11,161,426</b>	<b>\$ 13,115,197</b>	<b>\$ 14,258,564</b>	<b>\$ 15,596,548</b>	<b>\$ 14,861,090</b>	<b>\$ 13,686,092</b>	<b>\$ 9,694,716</b>	<b>\$ 11,179,094</b>	<b>\$ 11,854,136</b>

Full-time equivalent students	5,461	5,305	5,159	5,018	5,029	4,670	4,360	4,648	4,448
Outstanding debt per student	\$ 2,044	\$ 2,472	\$ 2,764	\$ 3,108	\$ 2,955	\$ 2,931	\$ 2,224	\$ 2,405	\$ 2,665

**For the Fiscal Year**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>Debt Service Coverage</b>									
Measures the excess of income available to cover annual debt service payments.	4.9%	3.4%	3.6%	4.4%	4.4%	4.4%	3.0%	3.8%	2.4%
<b>Leverage Ratio</b>									
Measures the effective use of debt in relation to equity and the amount of future interest & principal payments that can be absorbed.	6.0%	4.3%	3.7%	3.2%	2.9%	2.8%	3.6%	2.8%	2.5%

**Note:** Due to reporting format and definition changes prescribed by GASB Statement 34, information prior to 2002 is not available.

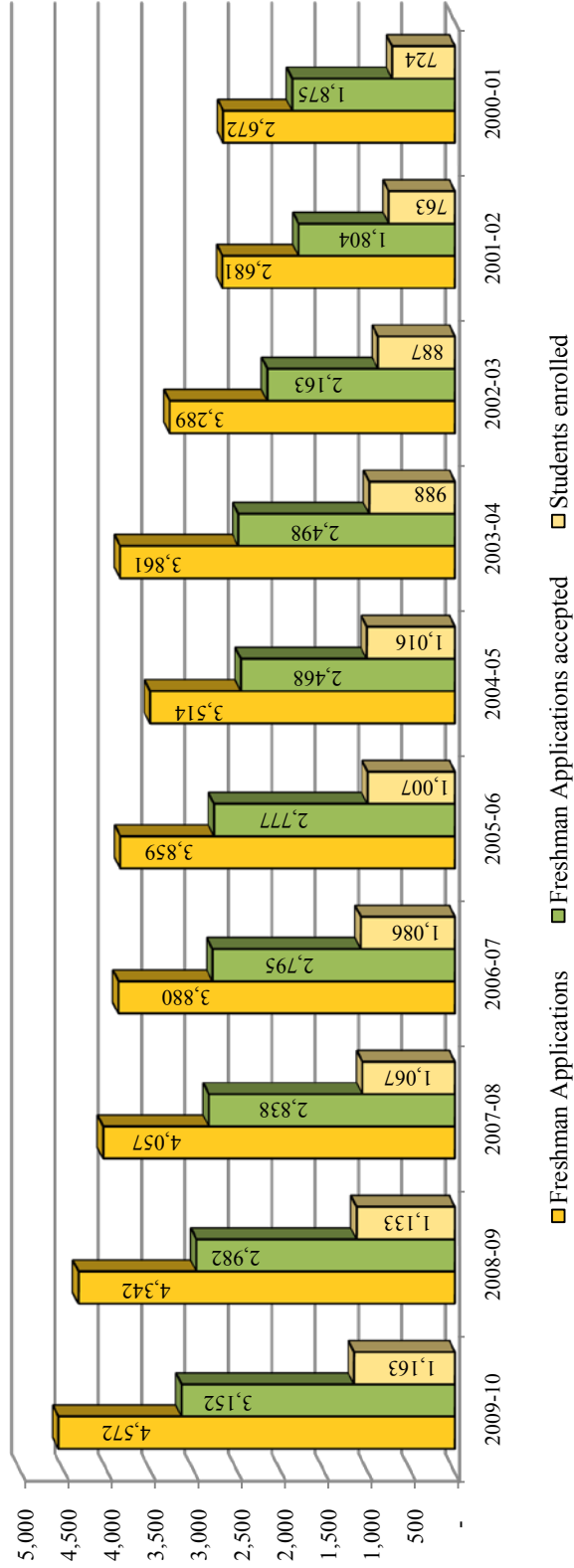
**Source:** Fitchburg State College audited financial statements and Fitchburg State College Office of Institutional Research

# ADMISSIONS AND ENROLLMENT STATISTICS

Last Ten Academic Years

## Fall Term

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>Admissions-Freshman</b>										
(1) Freshman Applications	4,572	4,342	4,057	3,880	3,859	3,514	3,861	3,289	2,681	2,672
Freshman Applications accepted	3,152	2,982	2,838	2,795	2,777	2,468	2,498	2,163	1,804	1,875
(2) Students enrolled	1,163	1,133	1,067	1,086	1,007	1,016	988	887	763	724
Accepted as a percentage of applications	69%	69%	70%	72%	72%	70%	65%	66%	67%	70%
Enrolled as a percentage of accepted	37%	38%	38%	39%	36%	41%	40%	41%	42%	39%



### Note:

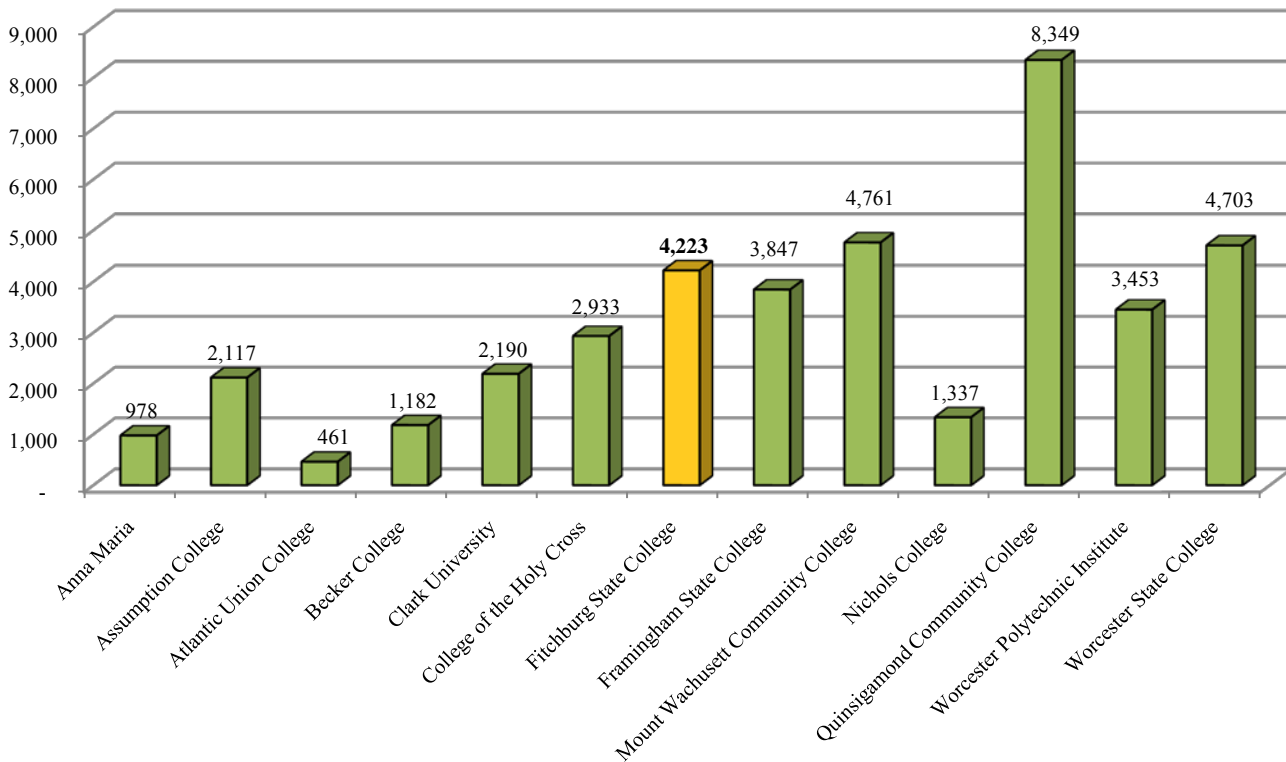
- (1) Includes all undergraduate admissions, including transfer students.
- (2) Includes only students who were accepted and enrolled. Non degree seeking students are excluded.

Source: Fitchburg State College Office of Institutional Research



## COLLEGE ENROLLMENT IN CENTRAL MASSACHUSETTS

College	Location	Enrollment
Anna Maria	Paxton	978
Assumption College	Worcester	2,117
Atlantic Union College	Lancaster	461
Becker College	Worcester	1,182
Clark University	Worcester	2,190
College of the Holy Cross	Worcester	2,933
<b>Fitchburg State College</b>	<b>Fitchburg</b>	<b>4,223</b>
Framingham State College	Framingham	3,847
Mount Wachusett Community College	Gardner	4,761
Nichols College	Dudley	1,337
Quinsigamond Community College	Worcester	8,349
Worcester Polytechnic Institute	Worcester	3,453
Worcester State College	Worcester	4,703



**Note:** Enrollment numbers include full- and part-time students.

**Source:** Colleges of Worcester Consortium, Massachusetts Department of Higher Education, as reported in the Worcester Business Journal, November 1, 2010, Volume 21, #24

## DEGREES OFFERED

Undergraduate	
<b><u>Bachelor of Science</u></b>	
Biology	Mathematics
Business Administration	Middle School Education
Communications Media	Nursing
Computer Information Systems	Occupational/Vocational Education
Computer Science	Political Science
Criminal Justice	Psychology
Early Childhood Education	Sociology
Earth Science	Special Education
Economics	
Elementary Education	<b><u>Bachelor of Arts</u></b>
Exercise and Sport Science	English
Geography	Interdisciplinary Studies
History	
Human Services	
Industrial Technology	
Interdisciplinary Studies	

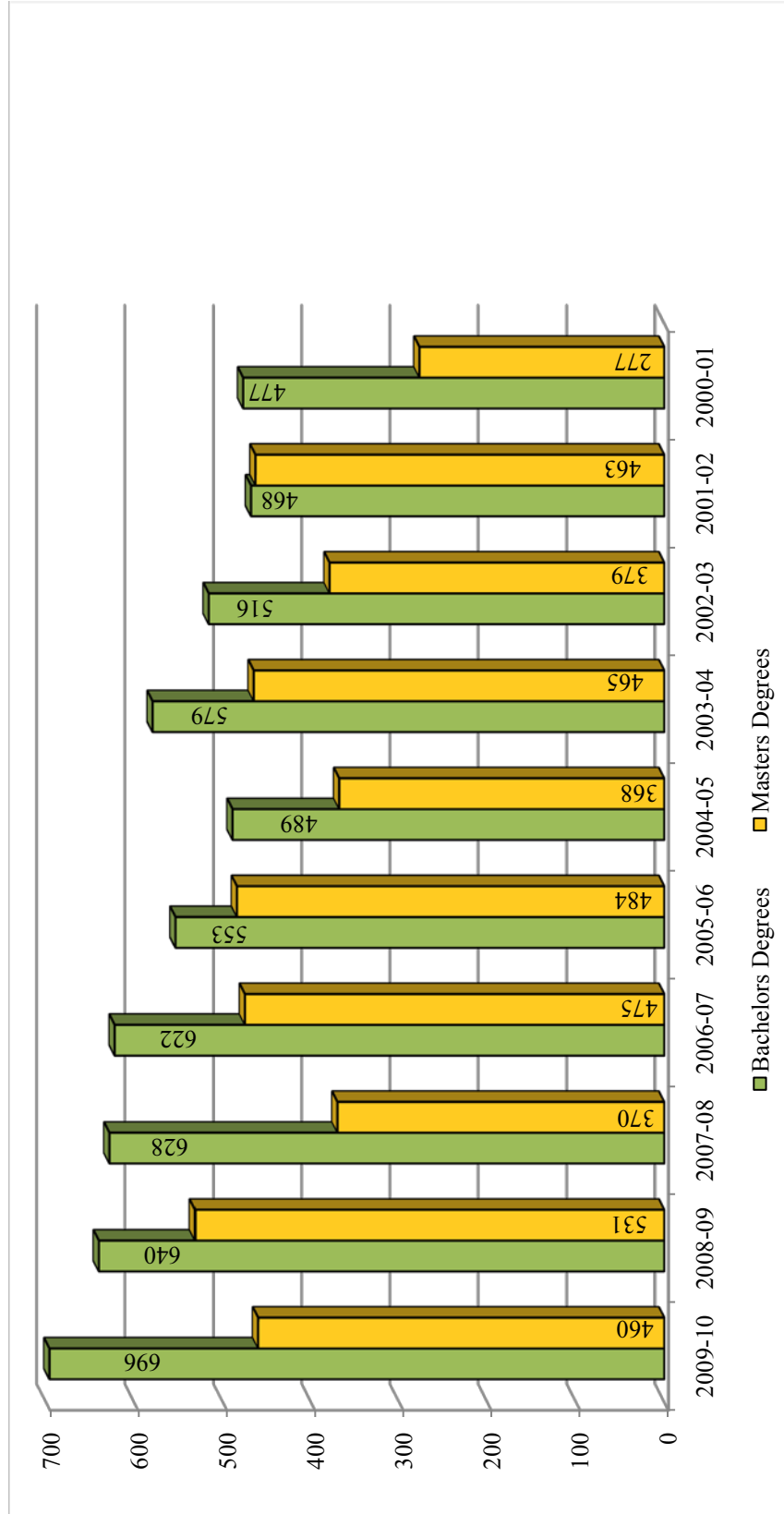
Graduate Degree and Certificate Programs	
<b><u>Master of Arts</u></b>	<b><u>Master of Business Administration</u></b>
Biology	Accounting
English	Human Resources Management
History	Management
	Online MBA
<b><u>Master of Education</u></b>	
Arts Education	<b><u>Master of Science</u></b>
Curriculum and Teaching	Applied Communications
Early Childhood Education	Computer Science
Educational Leadership and Management:	Counseling
• School Principal	Nursing (Forensic)
• Supervisor/Director	Online Master of Science in Forensic Nursing
• Technology Leader	
Elementary Education	<b><u>Graduate Level Certificate Programs</u></b>
Middle School Education	Applied Communication
Occupational Education	Educational Technology
Science Educaion	Fine Arts Director
Secondary Education	Leadership in Outdoor-based Adventure Education
Special Education	Not-for-Profit Management
Technology Education	Reading Specialist
	Behavior Analyst
	Health Care Management

Source: Fitchburg State College Academic Affairs Department

**DEGREES EARNED**

**For the Fiscal Year**

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Bachelors Degrees	696	640	628	622	553	489	579	516	468	477
Masters Degrees	460	531	370	475	484	368	465	379	463	277



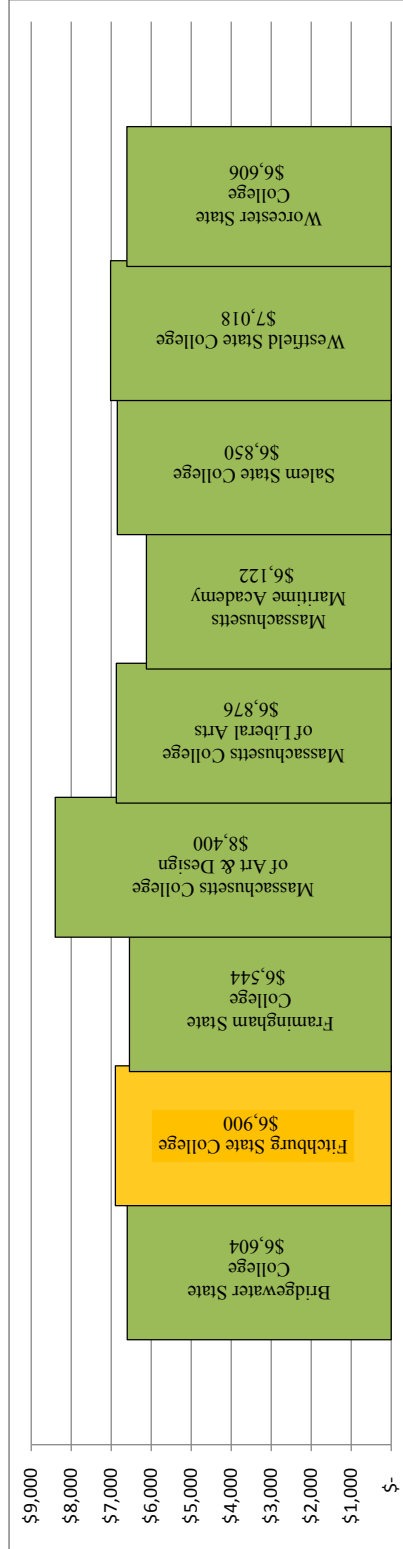
**Source:** Fitchburg State College Office of Institutional Research

**SCHEDULE OF TUITION AND FEES FOR THE LAST TEN ACADEMIC YEARS  
RESIDENT UNDERGRADUATE STUDENTS**

For the Fiscal Year

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Bridgewater State College	\$ 6,604	\$ 6,238	\$ 6,034	\$ 5,866	\$ 5,506	\$ 5,326	\$ 4,390	\$ 3,735	\$ 2,823	\$ 2,883
<b>Fitchburg State College</b>	<b>6,900</b>	<b>6,400</b>	<b>5,992</b>	<b>5,542</b>	<b>5,002</b>	<b>4,588</b>	<b>4,186</b>	<b>3,688</b>	<b>2,988</b>	<b>3,018</b>
Framingham State College	6,544	6,142	5,798	5,450	5,004	4,654	4,324	3,334	2,770	2,830
Massachusetts College of Art & Design	8,400	7,900	7,450	7,200	6,850	6,400	5,768	4,968	4,068	3,878
Massachusetts College of Liberal Arts	6,876	6,426	6,168	5,926	5,616	5,417	5,397	4,197	3,497	3,357
Massachusetts Maritime Academy	6,122	5,828	5,686	5,674	5,508	5,163	4,863	3,663	2,913	2,873
Salem State College	6,850	6,520	6,270	6,030	5,594	5,454	4,988	3,938	3,038	3,098
Westfield State College	7,018	6,452	6,210	5,950	5,658	4,857	4,558	3,755	2,956	2,916
Worcester State College	6,606	6,170	5,866	5,540	5,080	4,579	4,123	3,273	2,573	2,508
State Colleges Average (1)	\$ 6,818	\$ 6,400	\$ 6,123	\$ 5,855	\$ 5,456	\$ 5,100	\$ 4,590	\$ 3,743	\$ 2,954	\$ 2,962

**Resident Undergraduate Tuition & Fees - Fiscal Year 2009-10**



(1) Weighted average calculated based on % Undergraduate FTE (Full-Time Equivalent) of total by segment and overall.

Source: Massachusetts Board of Higher Education Resident Tuition and Fee Rates

**FITCHBURG STATE COLLEGE  
SCHEDULE OF NON RESIDENT TUITION AND MANDATORY FEES FOR THE LAST TEN ACADEMIC YEARS**

For the Fiscal Year

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>Non Resident Undergraduate</b>										
Tuition	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050
Mandatory Fees	6,830	5,930	5,430	4,572	4,032	3,618	3,216	2,718	2,018	1,988
<b>Total</b>	<b>\$ 13,880</b>	<b>\$ 12,980</b>	<b>\$ 12,480</b>	<b>\$ 11,622</b>	<b>\$ 11,082</b>	<b>\$ 10,668</b>	<b>\$ 10,266</b>	<b>\$ 9,768</b>	<b>\$ 9,068</b>	<b>\$ 9,038</b>
<b>Resident or Non Resident Graduate (6 Credits-Full time)</b>										
Tuition	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900	\$ 900
Mandatory Fees	762	720	540	540	510	432	432	117	107	107
<b>Total</b>	<b>\$ 1,662</b>	<b>\$ 1,620</b>	<b>\$ 1,440</b>	<b>\$ 1,440</b>	<b>\$ 1,410</b>	<b>\$ 1,332</b>	<b>\$ 1,332</b>	<b>\$ 1,017</b>	<b>\$ 1,007</b>	<b>\$ 1,007</b>

**Note:** Undergraduate tuition and fees is per semester and excludes dormitory fees. Graduate tuition and fees is based on a six credit course load.

**Source:** Fitchburg State College Office of Student Accounts & Financial Aid

**SCHEDULE OF EMPLOYMENT**

For the Fiscal Year

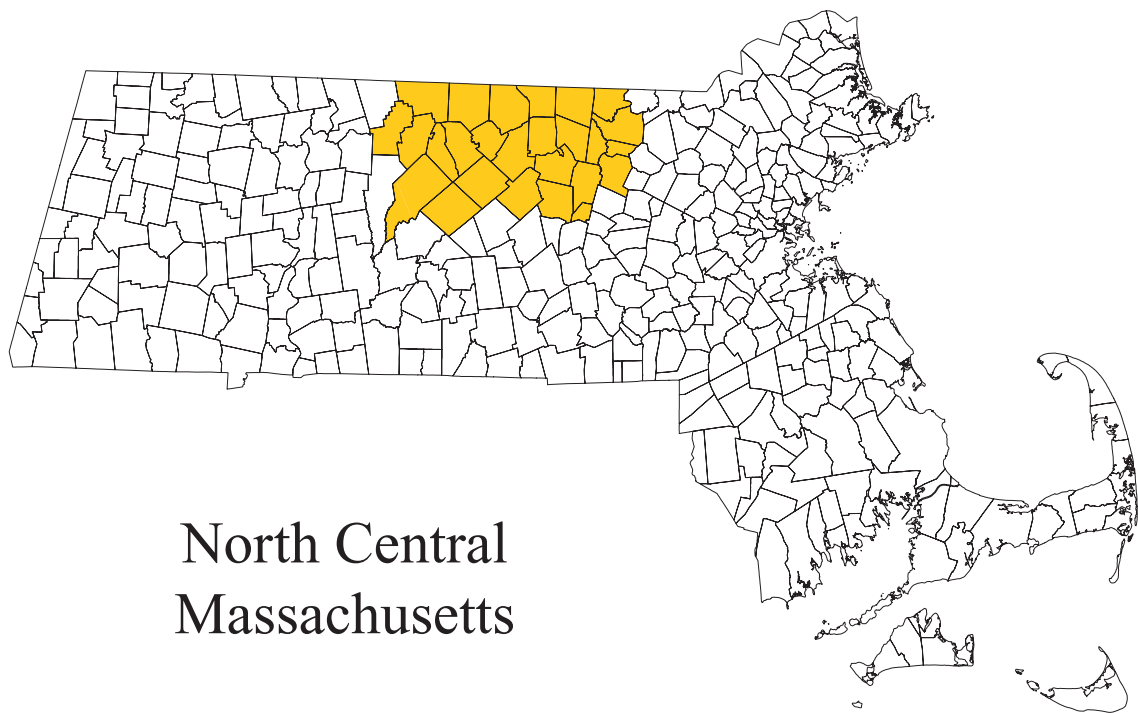
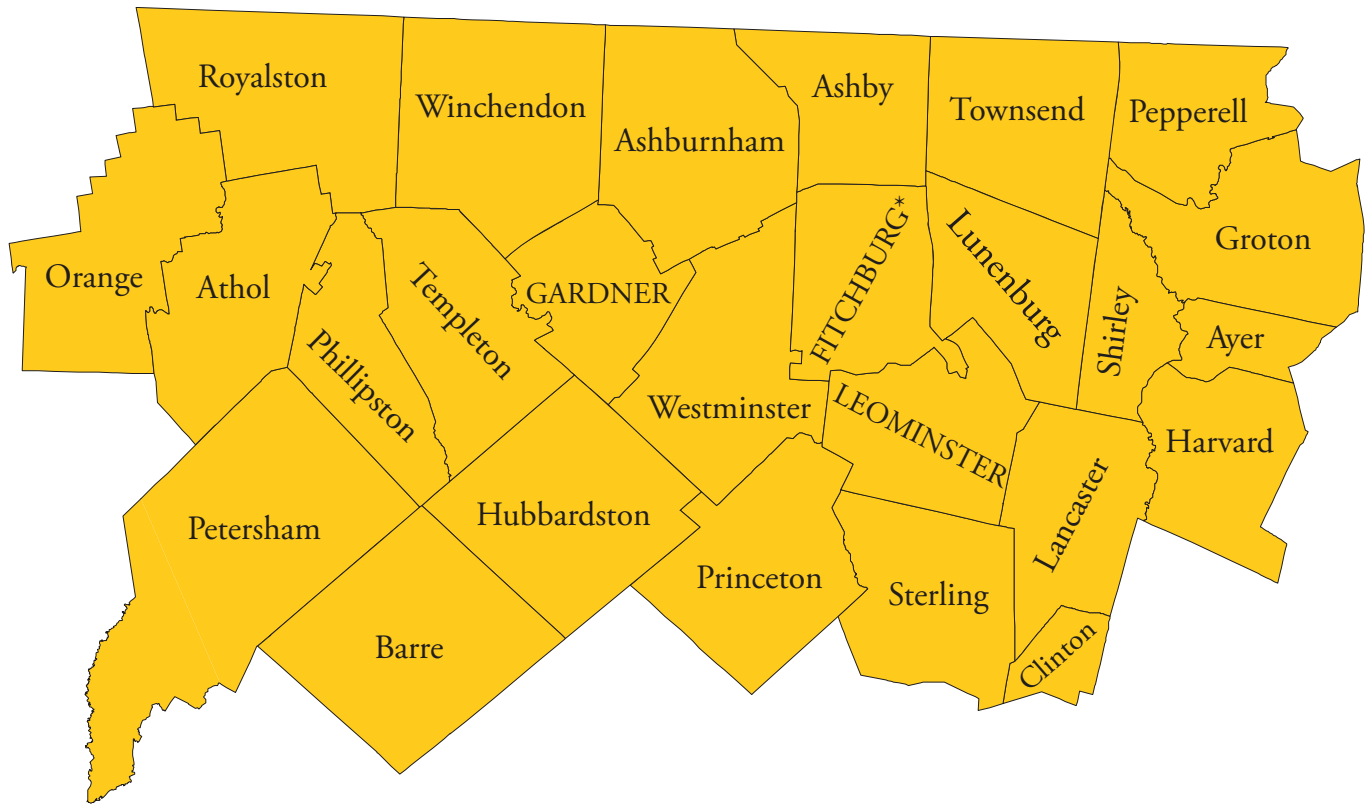
	2009-10	2008-09	2007-08	2006-07	2005-06	2003-04	2001-02
<b>Faculty - Primary Instruction *</b>	<b>377</b>	<b>350</b>	<b>266</b>	<b>269</b>	<b>252</b>	<b>283</b>	<b>474</b>
Part-time	197	166	90	95	86	115	273
Full-time	180	184	176	174	166	168	201
<b>Staff and Administrators</b>	<b>419</b>	<b>410</b>	<b>386</b>	<b>385</b>	<b>439</b>	<b>329</b>	<b>346</b>
Part-time	112	93	75	81	143	13	9
Full-time	307	317	311	304	296	316	337
<b>Total Employees</b>	<b>796</b>	<b>760</b>	<b>652</b>	<b>654</b>	<b>691</b>	<b>612</b>	<b>820</b>
Part-time	309	259	165	176	229	128	282
Full-time	487	501	487	478	462	484	538

\* *Includes Instruction, Research & Public Service*

**Note:** Prior to fiscal year 2004, data was submitted to IPEDS every other year per reporting requirements existing at that time.  
As such, data for that time period is not available.

This schedule reflects personnel as of November 1, Full-Time Equivalent Employees.

**Source:** Fitchburg State College Office of Institutional Research



## North Central Massachusetts

ANNUAL ESTIMATES OF POPULATION FOR MASSACHUSETTS, BY COUNTY

Geographic Area	Population Estimates											April 1, 2000		Population April 1, 2000 to July 1, 2009	
	July 1, 2009	July 1, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002	July 1, 2001	July 1, 2000	Estimates Base	Census	Net Change	Percent Change	
	307,006,550	304,374,846	301,579,895	298,593,212	295,753,151	293,045,739	290,326,418	287,803,914	285,081,556	282,171,957	281,424,602	281,421,906	25,581,948	9.1%	
<b>Massachusetts</b>	<b>6,593,587</b>	<b>6,543,595</b>	<b>6,499,275</b>	<b>6,466,399</b>	<b>6,453,031</b>	<b>6,451,279</b>	<b>6,451,637</b>	<b>6,440,978</b>	<b>6,411,730</b>	<b>6,363,015</b>	<b>6,349,119</b>	<b>6,349,097</b>	<b>244,468</b>	<b>3.9%</b>	
Barnstable County	221,151	221,521	222,246	223,351	224,877	226,728	228,038	226,893	224,928	223,245	222,234	222,230	(1,083)	-0.5%	
Berkshire County	129,288	129,571	130,219	130,494	131,268	132,052	132,672	133,101	133,723	134,787	134,953	134,953	(5,665)	-4.2%	
Bristol County	547,433	545,810	544,487	543,634	544,688	545,460	545,819	542,717	538,299	536,008	534,682	534,678	12,751	2.4%	
Dukes County	15,974	15,772	15,627	15,487	15,517	15,520	15,487	15,380	15,201	15,072	14,987	14,987	987	6.6%	
Essex County	742,582	737,365	733,066	731,174	730,256	730,901	732,303	733,096	730,782	725,379	723,421	723,419	19,161	2.6%	
Franklin County	71,778	71,877	71,771	71,774	71,929	71,933	71,870	71,830	71,593	71,499	71,535	71,535	243	0.3%	
Hampden County	471,081	469,204	467,756	466,944	465,871	464,622	463,442	460,848	457,723	456,573	456,226	456,228	14,855	3.3%	
Hampshire County	156,044	155,788	155,198	154,648	154,124	153,998	153,845	153,011	152,304	152,381	152,255	152,251	3,789	2.5%	
Middlesex County	1,505,006	1,487,636	1,475,519	1,467,985	1,465,156	1,467,576	1,470,427	1,473,966	1,476,773	1,468,934	1,466,396	1,465,396	38,610	2.6%	
Nantucket County	11,322	11,272	11,060	10,803	10,608	10,536	10,305	10,076	9,742	9,574	9,520	9,520	1,802	18.9%	
Norfolk County	666,303	661,359	656,122	652,750	650,996	652,283	652,781	654,144	653,482	651,227	650,306	650,308	15,997	2.5%	
Plymouth County	498,344	494,353	491,361	489,241	488,267	486,640	485,444	483,209	478,981	474,414	472,822	472,822	25,522	5.4%	
Suffolk County	753,580	742,724	728,819	715,799	712,228	710,282	711,144	711,464	705,348	691,238	689,809	689,807	63,771	9.2%	
Worcester County	803,701	799,343	796,024	792,315	787,246	782,748	778,060	771,243	762,851	752,684	749,973	750,963	53,728	7.2%	

**Note:** The April 1, 2000 estimates base reflects changes to the Census 2000 population resulting from legal boundary updates, other geographic program changes, and Count Question Resolution actions.

All geographic boundaries for the 2009 population estimates series are defined as of January 1, 2009.

**Source:** Population Division, U.S. Census Bureau, Release date: March, 2010, as reported by the Massachusetts Department of Workforce Development, Annual Profile for North Central Massachusetts Workforce Area, May 2010



ANNUAL ESTIMATES OF POPULATION FOR CITIES AND TOWNS IN THE NORTH CENTRAL MASSACHUSETTS WORKFORCE AREA

Geographic Area	Population Estimates											April 1, 2000		Population April 1, 2000 to July 1, 2009	
	July 1, 2009	July 1, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002	July 1, 2001	July 1, 2000	Estimates Base	Census	Net Change	Percent Change	
<b>Massachusetts</b>	<b>6,593,587</b>	<b>6,543,595</b>	<b>6,499,275</b>	<b>6,466,399</b>	<b>6,453,031</b>	<b>6,451,279</b>	<b>6,451,637</b>	<b>6,440,978</b>	<b>6,411,730</b>	<b>6,363,015</b>	<b>6,349,119</b>	<b>6,349,097</b>	<b>244,468</b>	<b>3.9%</b>	
<b>North Central Mass</b>	<b>254,799</b>	<b>252,901</b>	<b>251,980</b>	<b>250,450</b>	<b>248,932</b>	<b>247,813</b>	<b>246,650</b>	<b>245,119</b>	<b>243,015</b>	<b>239,866</b>	<b>238,964</b>	<b>238,787</b>	<b>15,835</b>	<b>6.6%</b>	
Ashburnham	6,070	5,985	6,026	5,985	5,969	5,949	5,881	5,799	5,680	5,575	5,546	5,546	524	9.4%	
Ashby	3,108	3,076	3,061	3,039	3,043	3,027	2,982	2,945	2,898	2,855	2,845	2,845	263	9.2%	
Ayer	7,854	7,722	7,621	7,431	7,359	7,341	7,379	7,421	7,458	7,300	7,287	7,287	567	7.8%	
Barre	5,616	5,569	5,647	5,600	5,549	5,485	5,458	5,390	5,244	5,152	5,119	5,113	497	9.7%	
Berlin	2,950	2,879	2,737	2,705	2,701	2,677	2,648	2,616	2,497	2,366	2,355	2,380	595	25.3%	
Bolton	4,604	4,565	4,566	4,503	4,452	4,412	4,373	4,299	4,252	4,172	4,134	4,148	470	11.4%	
Clinton	14,196	14,100	14,299	14,281	14,064	13,974	13,857	13,823	13,711	13,502	13,443	13,435	753	5.6%	
<b>Fitchburg</b>	<b>42,161</b>	<b>42,215</b>	<b>40,243</b>	<b>40,358</b>	<b>39,999</b>	<b>39,568</b>	<b>39,158</b>	<b>38,971</b>	<b>38,966</b>	<b>39,009</b>	<b>39,036</b>	<b>39,102</b>	<b>3,125</b>	<b>8.0%</b>	
Gardner	20,972	20,856	21,107	21,059	21,079	21,175	21,236	21,188	21,009	20,839	20,770	20,770	202	1.0%	
Groton	10,781	10,645	10,576	10,510	10,389	10,309	10,152	9,951	9,795	9,568	9,503	9,547	1,278	13.4%	
Harvard	6,156	6,100	6,163	6,134	6,136	6,142	6,147	6,126	6,089	6,016	5,990	5,981	166	2.8%	
Hubbardston	4,479	4,421	4,481	4,439	4,357	4,285	4,240	4,165	4,086	3,948	3,912	3,909	567	14.5%	
Lancaster	7,034	6,977	7,159	7,066	6,884	6,798	6,684	6,601	6,552	6,455	6,413	7,380	621	9.7%	
Leominster	42,293	42,020	42,187	41,883	41,979	42,204	42,349	42,269	41,943	41,470	41,333	41,303	960	2.3%	
Lunenburg	10,157	10,071	10,210	10,133	10,090	10,041	9,972	9,823	9,685	9,471	9,403	9,401	754	8.0%	
Pepperell	11,508	11,367	11,295	11,218	11,242	11,229	11,271	11,278	11,300	11,191	11,137	11,142	371	3.3%	
Princeton	3,520	3,501	3,557	3,546	3,535	3,515	3,514	3,478	3,434	3,371	3,353	3,353	167	5.0%	
Shirley	8,110	8,043	7,895	7,716	7,517	7,512	7,526	7,554	7,587	7,631	7,616	6,373	494	6.5%	
Sterling	7,786	7,729	7,834	7,815	7,787	7,725	7,705	7,613	7,486	7,304	7,257	7,257	529	7.3%	
Templeton	7,963	7,890	7,983	7,888	7,717	7,487	7,297	7,192	7,060	6,841	6,796	6,799	1,167	17.2%	
Townsend	9,687	9,553	9,488	9,407	9,406	9,391	9,385	9,377	9,324	9,220	9,198	9,198	489	5.3%	
Westminster	7,478	7,413	7,506	7,452	7,424	7,372	7,316	7,230	7,090	6,943	6,907	6,907	571	8.3%	
Winchendon	10,316	10,204	10,339	10,282	10,254	10,195	10,120	10,010	9,869	9,667	9,611	9,611	705	7.3%	

**Note:** The April 1, 2000 estimates base reflects changes to the Census 2000 population resulting from legal boundary updates, other geographic program changes, and Count Question Resolution actions. All geographic boundaries for the 2009 population estimates series are defined as of January 1, 2009.

**Source:** Population Division, U.S. Census Bureau, Release date: March, 2010 as reported by the Massachusetts Department of Workforce Development, Annual Profile for North Central Massachusetts Workforce Area, May 2010

**EDUCATIONAL ATTAINMENT**

Geographic Area	Square Miles	Population	Persons 25 years and older										
			Total	No Diploma	High School Graduates	Total College Graduates	Associate's	Bachelor's	Graduate or Professional	High school graduate	Associate's	Bachelor's	Graduate or Professional
<b>Massachusetts</b>	7,840	6,349,097	4,273,275	651,093	1,895,624	1,726,558	308,263	834,554	583,741	44.4%	7.2%	19.5%	13.7%
<b>Worcester County</b>	1,513.1	750,963	495,868	82,026	241,274	172,568	39,063	82,648	50,857	48.7%	7.9%	16.7%	10.3%
<b>North Central Massachusetts</b>													
Ashburnham	38.7	5,546	3,583	360	1,904	1,319	384	613	322	53.2%	10.7%	17.1%	9.0%
Ashby	23.8	2,845	1,869	171	1,065	633	156	291	186	57.0%	8.3%	15.6%	10.0%
Athol	32.6	11,299	7,507	1,505	4,358	1,644	648	678	318	58.1%	8.7%	9.0%	4.2%
Ayer	9.0	7,287	5,002	565	2,660	1,777	481	807	489	53.2%	9.6%	16.1%	9.8%
Barre	44.3	5,113	3,363	496	1,873	994	307	428	259	55.7%	9.1%	12.7%	7.7%
Clinton	5.7	13,435	9,393	1,529	5,047	2,817	654	1,294	869	53.8%	7.0%	13.8%	9.3%
<b>Fitchburg</b>	27.8	39,102	24,863	6,120	13,136	5,607	1,776	2,326	1,505	52.9%	7.1%	9.4%	6.1%
Gardner	22.2	20,770	14,286	3,118	7,568	3,600	1,424	1,468	708	53.0%	10.0%	10.3%	5.0%
Groton	32.8	9,547	6,048	218	2,090	3,740	484	1,841	1,415	34.6%	8.0%	30.4%	23.4%
Harvard	26.4	5,981	4,109	359	927	2,823	148	1,197	1,478	22.6%	3.6%	29.1%	36.0%
Hubbardston	41.0	3,909	2,504	185	1,249	1,070	223	668	179	49.8%	8.9%	26.7%	7.1%
Lancaster	27.7	7,380	4,989	888	2,228	1,873	329	943	601	44.6%	6.6%	18.9%	12.0%
Leominster	28.9	41,303	27,797	5,166	14,344	8,287	2,188	3,891	2,208	51.6%	7.9%	14.0%	7.9%
Lunenburg	26.4	9,401	6,467	715	3,101	2,651	613	1,257	781	48.0%	9.5%	19.4%	12.1%
Orange	35.4	7,518	4,984	1,016	2,792	1,176	385	492	299	56.1%	7.7%	9.9%	6.0%
Pepperell	22.6	11,142	6,975	484	3,573	2,918	628	1,549	741	51.2%	9.0%	22.2%	10.6%
Petersham	54.2	1,180	861	46	341	474	78	192	204	39.6%	9.1%	22.3%	23.7%
Phillipston	24.3	1,621	1,056	105	669	282	111	107	64	63.4%	10.5%	10.1%	6.1%
Princeton	35.4	3,353	2,218	52	714	1,452	237	686	529	32.2%	10.7%	30.9%	23.9%
Royalston	41.9	1,253	786	135	450	201	66	75	60	57.3%	8.4%	9.5%	7.6%
Shirley	15.8	6,368	4,516	849	2,488	1,179	293	596	290	55.1%	6.5%	13.2%	6.4%
Sterling	30.5	7,257	4,884	405	2,168	2,311	560	1,153	598	44.4%	11.5%	23.6%	12.2%
Templeton	32.0	6,799	4,575	944	2,565	1,066	444	416	206	56.1%	9.7%	9.1%	4.5%
Townsend	32.9	9,203	5,701	485	2,962	2,254	646	1,170	438	52.0%	11.3%	20.5%	7.7%
Westminster	35.5	6,907	4,639	538	2,261	1,840	517	891	432	48.8%	11.1%	19.2%	9.3%
Winchendon	43.3	9,612	6,056	1,082	3,586	1,388	540	587	261	59.2%	8.9%	9.7%	4.3%

**Source:** U.S. Census, Demographic Profile, 2000 (most current data available)

## LABOR FORCE ESTIMATES BY WORKFORCE AREA

1st Quarter 2010

Geographic Area	Labor Force		1st Qtr 2010	1st Qtr 2009	
	Employed	Unemployed	Unemp Rate	Unemp Rate	
<b>Massachusetts</b>	<b>3,463,467</b>	<b>3,121,333</b>	<b>342,133</b>	<b>9.9%</b>	<b>8.2%</b>
Berkshire County	72,579	65,295	7,284	10.0%	8.5%
Boston	311,630	284,539	27,090	8.7%	7.3%
Bristol	200,664	174,755	25,909	12.9%	11.3%
Brockton	126,168	112,523	13,645	10.8%	8.9%
Cape and Islands	133,533	115,982	17,552	13.1%	11.2%
Central Mass	291,669	261,730	29,939	10.3%	8.4%
Franklin/Hampshire	134,887	123,465	11,422	8.5%	6.8%
Greater Lowell	148,254	133,045	15,209	10.3%	8.6%
Greater New Bedford	108,518	93,346	15,173	14.0%	11.9%
Hampden	226,427	199,221	27,207	12.0%	9.7%
Merrimack Valley	166,450	147,449	19,001	11.4%	9.6%
Metro North	422,611	389,289	33,322	7.9%	6.5%
Metro South/West	488,527	452,920	35,606	7.3%	6.1%
<b>North Central Mass</b>	<b>127,711</b>	<b>113,190</b>	<b>14,521</b>	<b>11.4%</b>	<b>9.4%</b>
North Shore	217,838	196,804	21,033	9.7%	8.1%
South Shore	285,995	257,776	28,219	9.9%	7.9%

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Prepared by: Massachusetts Department of Workforce Development,  
Economic Analysis Office

**Note:** Data is not seasonally adjusted.

**Source:** Local area unemployment statistics (LAUS), April 2010

## LABOR FORCE ESTIMATES BY CITY AND TOWN

1st Quarter 2010

Geographic Area	Labor Force		1st Qtr 2010		1st Qtr 2009
	Employed	Unemployed	Unemp Rate	Unemp Rate	
<b>Massachusetts</b>	<b>3,463,467</b>	<b>3,121,333</b>	<b>342,133</b>	<b>9.9%</b>	<b>8.2%</b>
<b>North Central Mass</b>	<b>127,711</b>	<b>113,190</b>	<b>14,521</b>	<b>11.4%</b>	<b>9.4%</b>
Ashburnham	3,164	2,789	375	11.9%	6.1%
Ashby	1,595	1,409	186	11.7%	9.3%
Ayer	4,312	3,871	441	10.2%	7.6%
Barre	2,864	2,505	359	12.5%	10.4%
Berlin	1,660	1,492	168	10.1%	8.0%
Bolton	2,619	2,410	209	8.0%	5.8%
Clinton	7,718	6,770	948	12.3%	10.2%
<b>Fitchburg</b>	<b>18,755</b>	<b>16,257</b>	<b>2,498</b>	<b>13.3%</b>	<b>11.2%</b>
Gardner	9,953	8,628	1,325	13.3%	11.8%
Groton	5,595	5,214	381	6.8%	6.0%
Harvard	2,877	2,689	188	6.5%	5.4%
Hubbardston	2,542	2,286	256	10.1%	9.4%
Lancaster	3,197	2,835	362	11.3%	9.1%
Leominster	20,654	18,108	2,547	12.3%	9.7%
Lunenburg	5,305	4,739	567	10.7%	9.2%
Pepperell	6,541	5,891	651	9.9%	7.3%
Princeton	1,929	1,782	146	7.6%	6.5%
Shirley	3,753	3,400	353	9.4%	8.9%
Sterling	4,509	4,107	402	8.9%	7.3%
Templeton	3,917	3,410	507	12.9%	11.4%
Townsend	5,394	4,849	545	10.1%	7.6%
Westminster	3,890	3,440	450	11.6%	8.8%
Winchendon	4,966	4,309	657	13.2%	11.2%

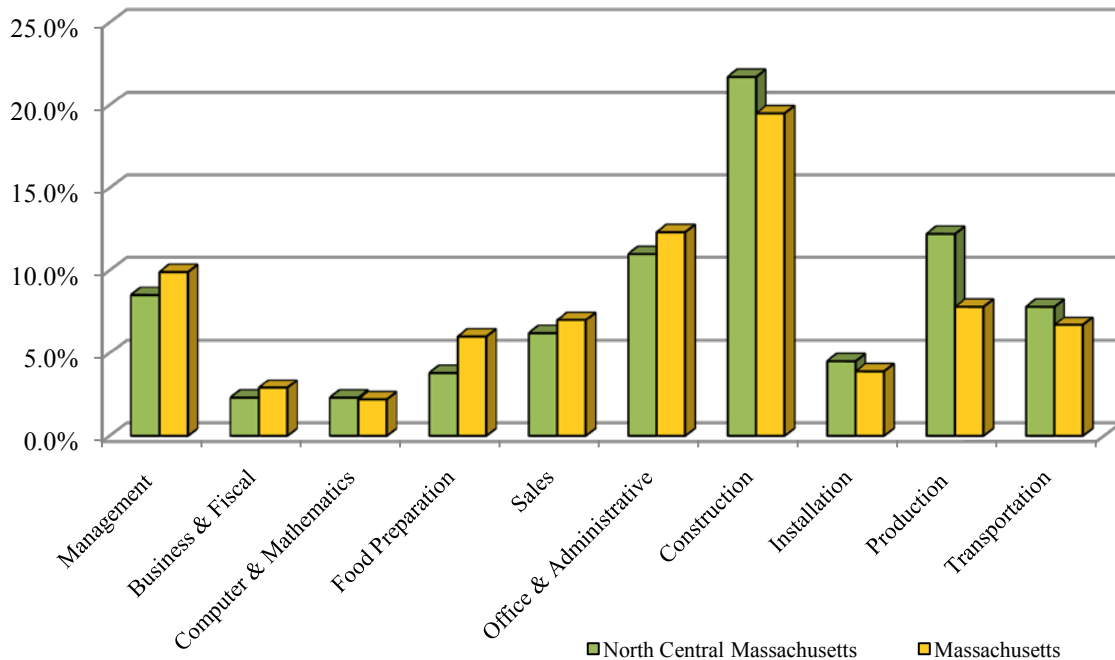
Prepared by: Massachusetts Department of Workforce Development,  
Economic Analysis Office

**Note:** Data is not seasonally adjusted.

**Source:** Local area unemployment statistics (LAUS), April 2010

**PROFILE OF UNEMPLOYMENT INSURANCE CLAIMS**  
**North Central Massachusetts**

Claimants	Standard Occupational Code (SOC)	North Central Mass		Massachusetts	
		March 2010 Number	March 2010 Percent	March 2010 Number	March 2010 Percent
Total		5,919	100.0%	137,633	100.0%
Management	11	504	8.5%	13,666	9.9%
Business & Fiscal Operations	13	134	2.3%	4,029	2.9%
Computer & Mathematics	15	134	2.3%	3,053	2.2%
Architecture & Engineering	17	151	2.6%	2,923	2.1%
Life, Physical & Social Sciences	19	38	0.6%	962	0.7%
Community & Social Services	21	46	0.8%	1,342	1.0%
Legal Operations	23	36	0.6%	740	0.5%
Education, Training & Library	25	84	1.4%	1,856	1.3%
Arts, Design, Entertainment, Sports & Media	27	82	1.4%	2,553	1.9%
Health Practitioners & Technical	29	119	2.0%	2,386	1.7%
Healthcare Support	31	93	1.6%	2,598	1.9%
Protective Services	33	46	0.8%	1,222	0.9%
Food Preparation & Serving	35	223	3.8%	8,322	6.0%
Building, Grounds Cleaning & Maintenance	37	338	5.7%	9,162	6.7%
Personal Care & Service	39	96	1.6%	2,822	2.1%
Sales & Related	41	365	6.2%	9,610	7.0%
Office & Administrative Support	43	649	11.0%	16,936	12.3%
Farming, Fishing, Forestry	45	40	0.7%	1,128	0.8%
Construction and Extraction	47	1,287	21.7%	26,774	19.5%
Installation, Maintenance, Repair	49	264	4.5%	5,358	3.9%
Production Occupations	51	724	12.2%	10,710	7.8%
Transportation & Material Moving	53	464	7.8%	9,287	6.7%
SOC Code Unknown			0.0%	46	0.0%

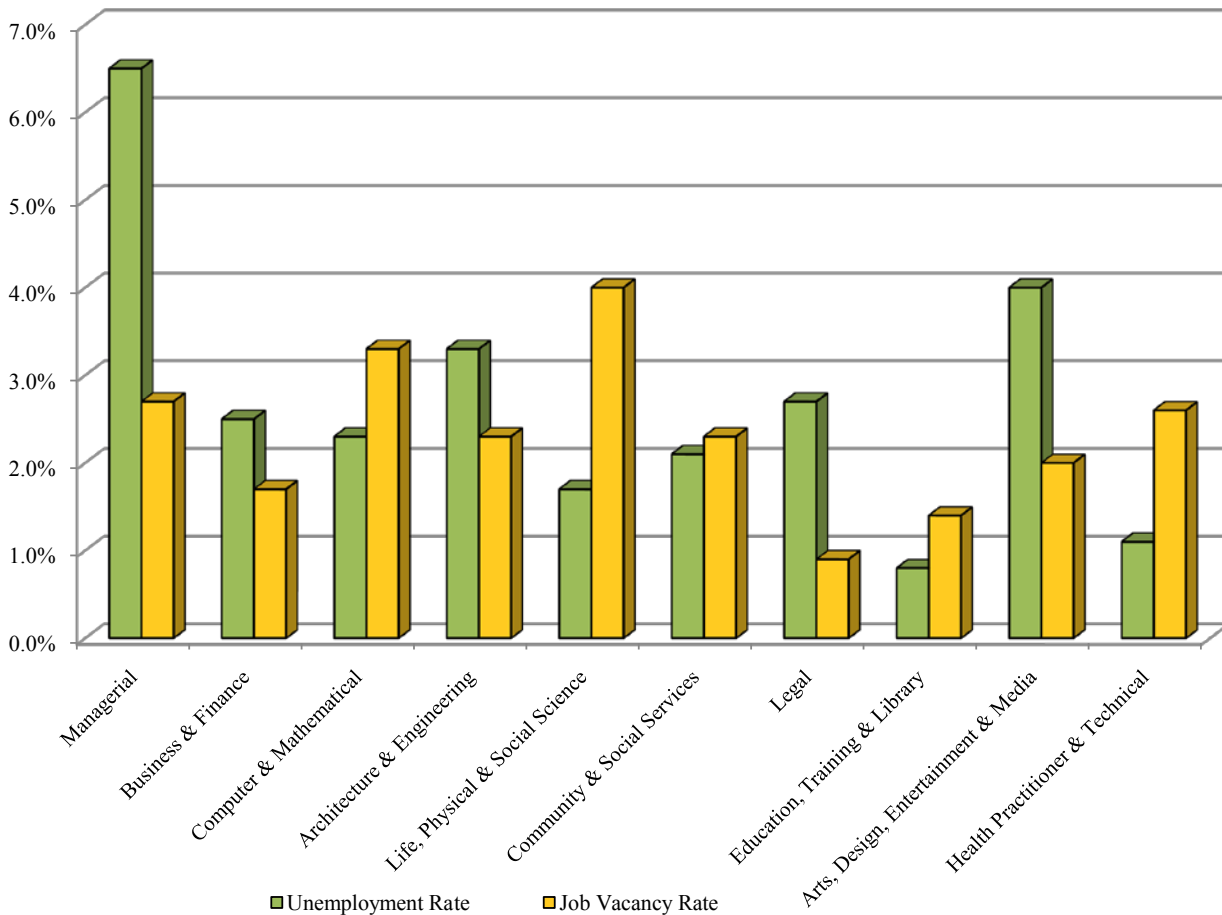


Prepared by: Massachusetts Department of Workforce Development,  
 Economic Analysis Office, May, 2010

## DEMAND VERSUS SUPPLY - PROFESSIONAL

During the second quarter of 2010, unemployment rates exceeded job vacancy rates in 5 professional and technical occupational groups.

Occupational Group	Unemployment Rate	Job Vacancy Rate
Managerial	6.5%	2.7%
Business & Finance	2.5%	1.7%
Computer & Mathematical	2.3%	3.3%
Architecture & Engineering	3.3%	2.3%
Life, Physical & Social Science	1.7%	4.0%
Community & Social Services	2.1%	2.3%
Legal	2.7%	0.9%
Education, Training & Library	0.8%	1.4%
Arts, Design, Entertainment & Media	4.0%	2.0%
Health Practitioner & Technical	1.1%	2.6%

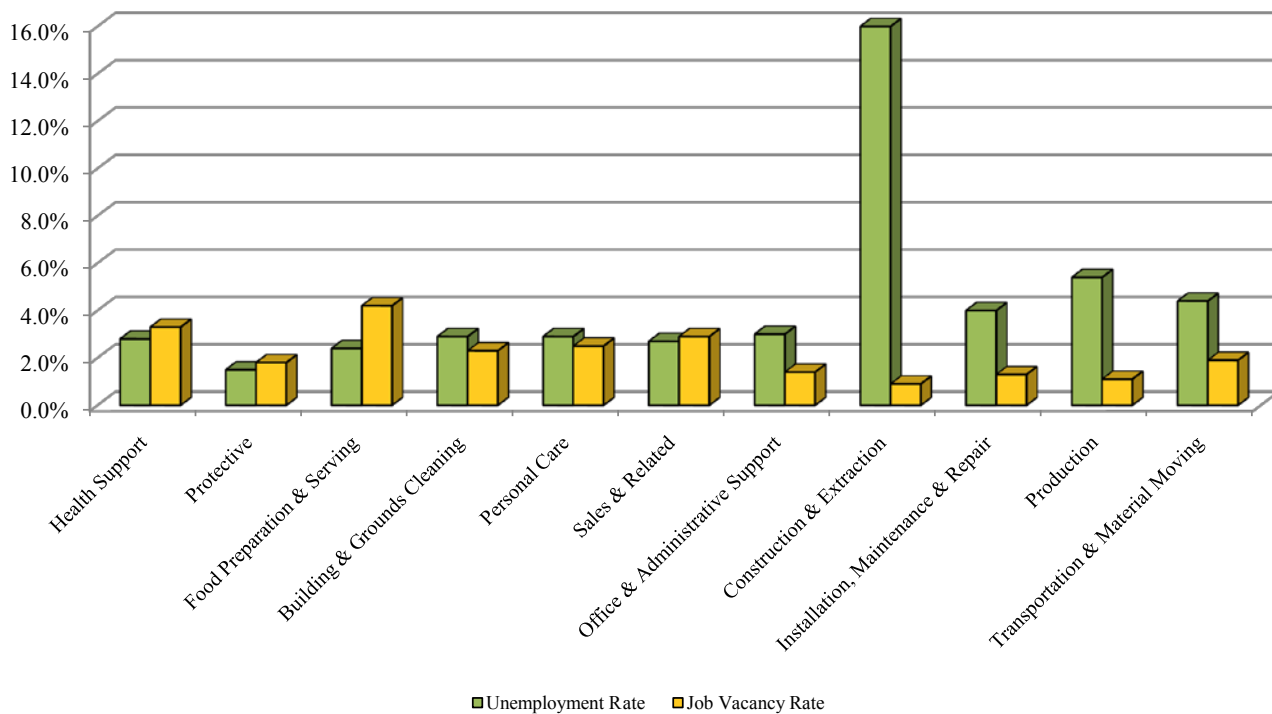


**Source:** Massachusetts Department of Workforce Development  
2nd Quarter 2010 Job Vacancy Survey, Appendix A-20

## DEMAND VERSUS SUPPLY - NONPROFESSIONAL

During the second quarter of 2010, unemployment rates exceeded job vacancy rates in 7 of 11 nonprofessional and technical occupational groups.

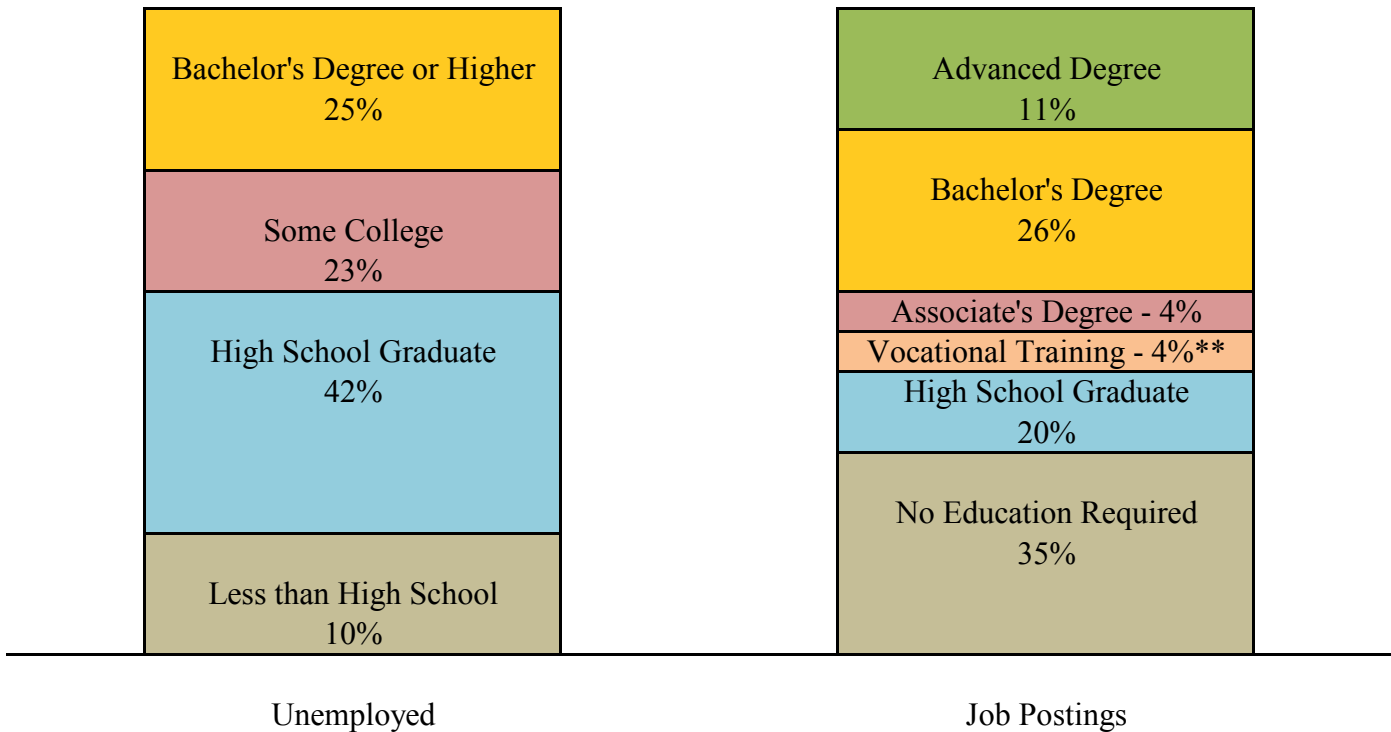
Occupational Group	Unemployment Rate	Job Vacancy Rate
Health Support	2.8%	3.3%
Protective	1.5%	1.8%
Food Preparation & Serving	2.4%	4.2%
Building & Grounds Cleaning/Maintenance	2.9%	2.3%
Personal Care	2.9%	2.5%
Sales & Related	2.7%	2.9%
Office & Administrative Support	3.0%	1.4%
Construction & Extraction	16.0%	0.9%
Installation/Maintenance/Repair	4.0%	1.3%
Production	5.4%	1.1%
Transportation & Material Moving	4.4%	1.9%



**Source:** Massachusetts Department of Workforce Development  
2nd Quarter 2010 Job Vacancy Survey, Appendix A-21

## DEGREE HOLDERS VERSUS NONDEGREE HOLDERS - CURRENT JOB PROSPECTS

During the 2nd quarter of 2010, bachelor's degree holders encountered somewhat better job prospects than job seekers with fewer years of education.



\*\* May include post-secondary vocational training

**Note:** Unemployed data excludes recent 2010 college graduates.

**Source:** Massachusetts Department of Workforce Development  
Massachusetts Job Vacancy Survey, 2nd Quarter, 2010





**North Central Massachusetts**

**Top 20 Employers\***

<b><u>Company</u></b>	<b><u>City</u></b>	<b><u># of Employees</u></b>
Health Alliance Hospitals Inc.	Fitchburg/Leominster	1000-4999
Simplex Grinnell LP	Westminster	1000-4999
Wachusett Mountain	Princeton	1000-4999
<b>Fitchburg State College</b>	<b>Fitchburg</b>	<b>500-999</b>
Heywood Hospital	Gardner	500-999
MCI Shirley Complex	Shirley	500-999
Nashoba Valley Medical Ctr.	Ayer	500-999
New England Business Services Inc.	Groton	500-999
Nypro Inc.	Clinton	500-999
Sterilite Corp.	Townsend	500-999
Avery Dennison Corp.	Fitchburg	250-499
Clinton Hospital	Clinton	250-499
Deluxe Corp.	Townsend	250-499
Dr. Franklin Perkins School	Lancaster	250-499
Georgia-Pacific Corp.	Leominster	250-499
Hannaford Supermarket	Leominster	250-499
Highlands Long Term Care Center	Fitchburg	250-499
Maki Building Center	Gardner	250-499
Market Basket	Fitchburg	250-499
Mt. Wachusett Community College	Gardner	250-499

*\*As of July 2009. List is ordered by employee size range then alphabetically within the size range.*

**Source:** Massachusetts Department of Workforce Development, Division of Career Services, Economic Analysis Office

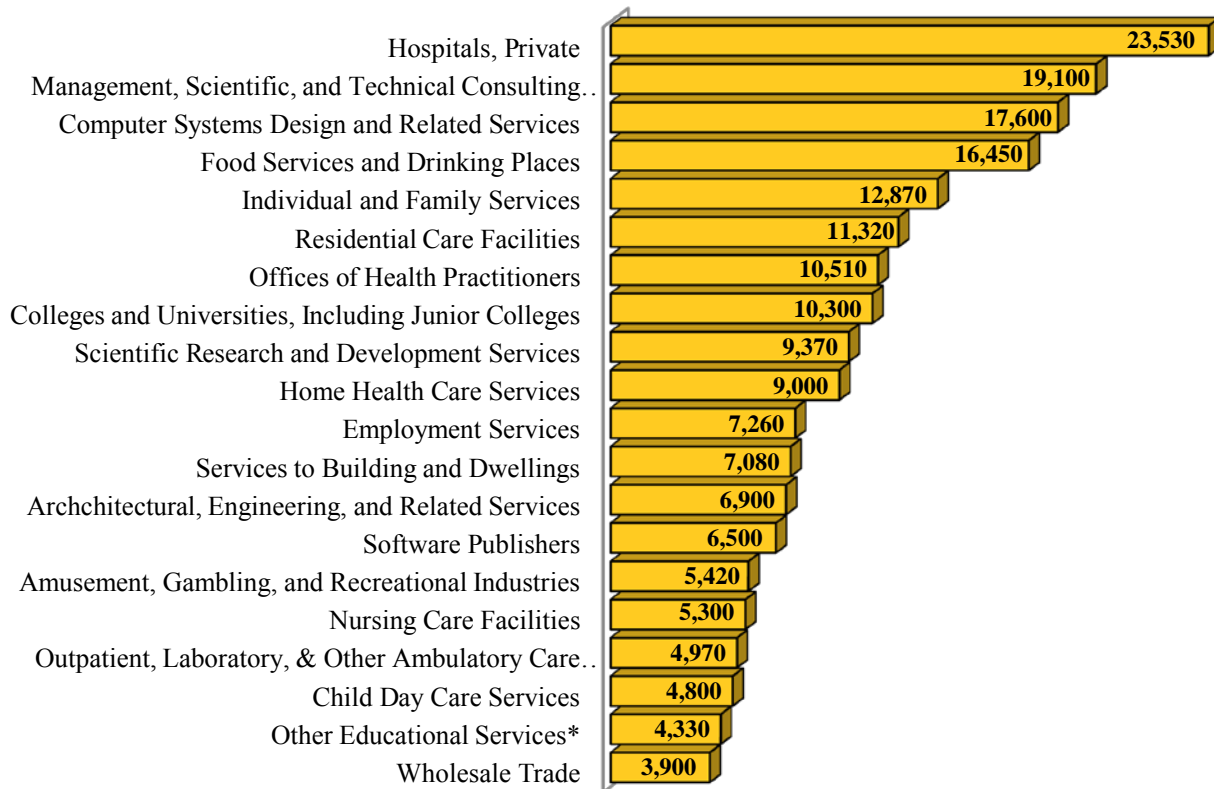
**Note:** Information prior to July 2009 is not available.

*By 2016 the Massachusetts economy is expected to expand by approximately 6.3% or 216,650 new jobs. An additional 768,330 jobs should arise from the need to replace workers who retire, change careers or advance up the career ladder. In total, nearly 1 million jobs should result.*



Source: Massachusetts Employment Projections 2006 through 2016, as reported by the Massachusetts Department of Workforce Development, Division of Career Services, Economic Analysis Office

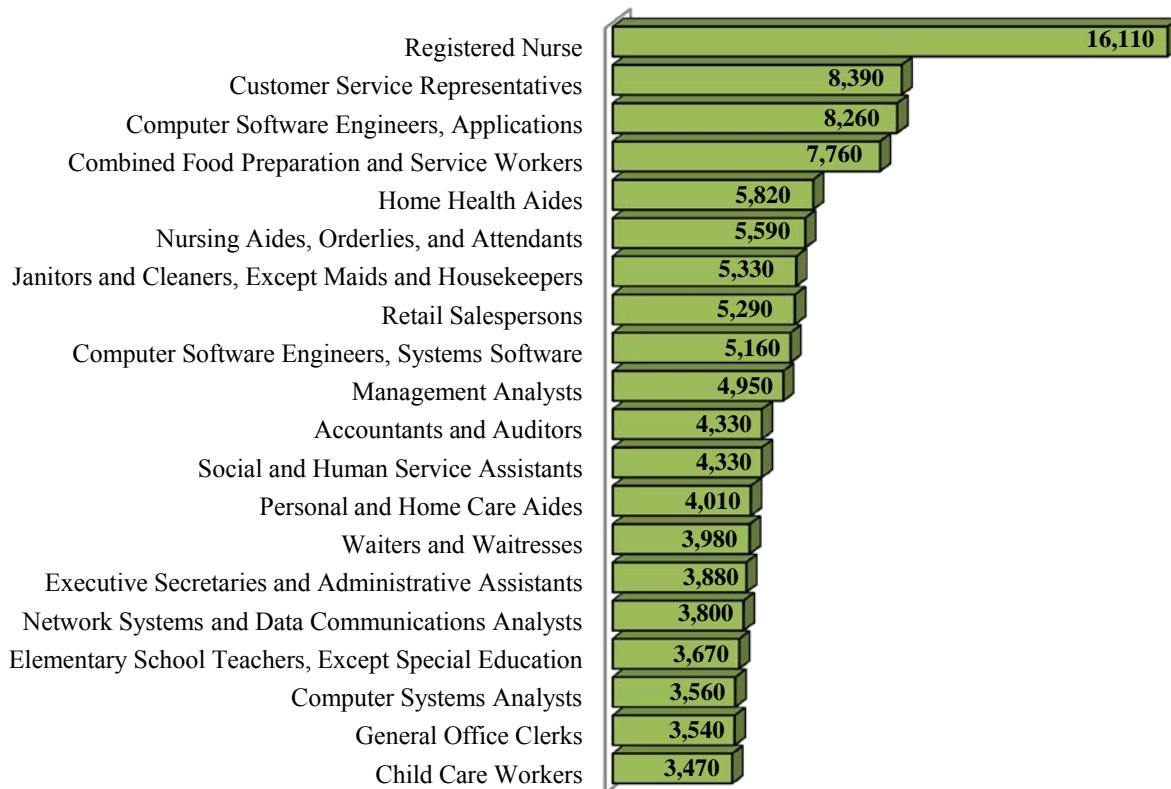
## INDUSTRIES GENERATING THE MOST NEW JOBS THROUGH 2016



\* exam preparation, tutoring & educational consultants

**Source:** Massachusetts Employment Projections 2006 through 2016, as reported by the Massachusetts Department of Workforce Development, Economic Analysis Office, May, 2010

## OCCUPATIONS GENERATING NEARLY HALF OF ALL NEW JOBS BY 2016



**Source:** Massachusetts Employment Projections 2006 through 2016, as reported by the Massachusetts Workforce Development, Economic Analysis Office, May, 2010



**This Comprehensive Annual Financial Report is also available on the Fitchburg State  
College Vice President of Finance & Administration website located at  
<http://www.fitchburgstate.edu/vpfaa/>**

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