Fitchburg State University
(a department of the
Commonwealth of Massachusetts)

Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports

June 30, 2021 and 2020

CohnReznick
ADVISORY • ASSURANCE • TAX

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Index

<u>Independent Auditor's Report</u>

To the Board of Trustees
Fitchburg State University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Index.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Fitchburg State University as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Financial Statements of the Commonwealth of Massachusetts

As discussed in Note 1, the financial statements of Fitchburg State University and its discretely presented component unit are intended to present the respective financial position, the changes in financial position 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 University 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, 2021 and 2020, the changes 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. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB benefit schedules on pages 5 to 19 and 95 to 101, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 2021 financial statements that collectively comprise the University's basic financial statements. The residence hall fund and residence hall damage fund activity shown on pages 103 to 104 are presented for purposes of additional analysis and are not a required part of the 2021 basic financial statements. The residence hall fund and residence hall damage fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The residence hall fund and residence hall damage fund activity information have been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statements or to the 2021 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the residence hall fund and residence hall damage fund activity information are fairly stated, in all material respects, in relation to the 2021 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2021 on our consideration of Fitchburg State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fitchburg State University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fitchburg State University's internal control over financial reporting and compliance.

CohnReznick LLP

Boston, Massachusetts
December 9, 2021

Fitchburg State University
(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 University (the "University") for the fiscal years ended June 30, 2021, 2020 and 2019. This discussion is provided by the management of the University 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 University.

The University, located in North Central Massachusetts, is one of the nine comprehensive public universities in the Commonwealth of Massachusetts (the "Commonwealth"). These institutions, along with the five-campus University of Massachusetts system and the fifteen community colleges comprise public higher education in Massachusetts. The University offers more than 30 undergraduate degree programs in fifteen academic departments, 22 graduate degree programs and several Graduate Certificates of Advanced Study. During fall 2020, there were approximately 3,141 full-time students and thousands of part-time students enrolled. For fiscal 2020, there was a combined full-time equivalent annual enrollment of approximately 4,469. Thousands more non-matriculated students take advantage of professional development programs through the School of Graduate, Online and Continuing Education ("SGOCE"). The University awarded approximately 1,765 graduate and undergraduate degrees in fiscal 2020. The University is accredited by the New England Commission of Higher Education ("NECHE"), formerly known as New England Association of Schools and Colleges ("NEASC"), and many of the University's programs are accredited by program-specific accrediting bodies.

Financial Highlights

The University experienced positive results from its operations in fiscal 2021 resulting in an increase in net position of approximately 11.0%. 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 University. The University received appropriations of $33.8 million in fiscal 2021 as compared with $33.3 million in fiscal 2020 and $33 million in fiscal 2019.

- The University undergraduate fees increased slightly in the fiscal year. Total mandatory fees per semester were $4,798, $4,767 and $4,692 in fiscal 2021, 2020 and 2019, respectively. 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 Graduate fees per 3 credit class saw a slight increase in fiscal 2021 to $1,002 from $957 for each of the fiscal years 2020 and 2019. On the other hand, the fees for the Accelerated Online Programs remained the same $933 to $1,251 per 3 credit class in fiscal 2019 to fiscal 2021.

- The University expended $5.2 million from current funds for capital additions in fiscal 2021. Projects completed during the year included the renovations to the following: Percival Hall Phase IV, McKay Phases 3 and 4, Holmes Dining Dish Renovation, Hammond Curtain Wall Window, and an Orientation Software. Projects still in process at June 30, 2021 are: Campus wide electricity infrastructure upgrade, renovations to the Theater Building Phase 2, Recreation Center's Roof, and various projects at the McKay facility.

- Total assets and deferred outflows of resources at the end of fiscal 2021 were $273.1 million and exceeded liabilities and deferred inflows of resources of 137.9 million by $135.2 million (i.e., net position).

- Total operating, non-operating, and gift revenue for fiscal 2021 was $129.8 million, while expenses totaled $116.4 million, resulting in an increase to net position of $13.4 million. The increase in net position results from a decrease in operating expenses and an increase in capital revenue.

- Governmental Accounting Standards Board ("GASB") Statement No. 75 requires that an allocated portion of the Commonwealth's unfunded post-employment benefits other than pension be reported on the financial statements of the individual institutions of higher education. The allocation is based on the actual contributions paid by the institutions through the group insurance commission charges on the fringe benefit. A prior period restatement was made to fiscal year 2019 assets, liability, and expense accounts for GASB 75. The net of this restatement is an expense of $0.93 million. The University's portion of the Commonwealth's unfunded post-employment benefits other than pension ("OPEB") liability after the restatement is calculated at $25.8, $24.1, and $27.3 million at June 30, 2021, 2020 and 2019.

- GASB Statement No. 68 requires that an allocated portion of the Commonwealth's net pension liability be reported on the financial statements of the individual institutions of higher education. The allocation is based on the actual contributions paid by the institutions through assessed fringe benefit charges. The University's portion of the Commonwealth's net pension liability is calculated at $20.1, $12.8 and $12.5 million at June 30, 2021, 2020 and 2019.

- Unrestricted net position (before benefits adjustments of $39.8 million at June 30, 2021) available to support short-term operations totaling $38.3 million.

Ratio analysis measures certain elements of an institution's overall financial health. The Massachusetts Department of Higher Education has instituted the use of certain core financial ratios as part of their performance measures for public universities and colleges in the Commonwealth. Analysis using these ratios, as well as other commonly accepted ratios, are incorporated throughout this document. These financial ratios are shown before unfunded benefits adjustments. Net assets benefits adjustment amount after the restatement are $39.8 million in 2021, $35.9 million in 2020 and $ 34.2 million in 2019.

A change was made in fiscal year 2019 to the accounting for the dining hall income and expenses. The income and expenses related to the dining hall program was moved from an agency account to reflect an auxiliary income and its corresponding expenditure accounting. All relevant fiscal years and ratios are adjusted accordingly.

- **Current Ratio:** An excess of current assets over current liabilities (the current ratio) is a measure of liquidity and provides a buffer against future uncertainties. The University's current assets of $41.3 million are sufficient to cover current liabilities of $25.3 million. The University's current ratio at June 30 is 1.6 to 1 for 2021, 1.3 to 1 for 2020, and 1.7 to 1 for 2019.

- **Return on Net Position Ratio**: Net position represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Comparing the current change in total net position to total net position at the beginning of the period (return on net position) is an economic measure that determines if the University is financially better off than in previous years. The University's return on net position at June 30, 2021, 2020 and 2019 was 10.9%, -1.0% and 3%, respectively. The increase in 2021 return on net position ratio is caused by many factors. It is primarily the result of state funded on campus capital appropriation projects, federal grant expense reimbursements and loss revenue income, and a reduction in operating expenses. The decrease in 2020 return on net position ratio is primarily the result of the increase in expenses relating to COVID-19 and a slight decrease in tuition income from the on-ground program. While the increase in 2019 return on net position ratio is primarily the result of the increase in tuition income from the Accelerated Online program, and an increase in capital appropriations from the state.

- **Primary Reserve Ratio:** This ratio indicates how long the University could function using its expendable reserves without relying on additional net position generated by operations. The University's primary reserve ratio at June 30, 2021, 2020 and 2019 was 40.3%, 27.1% and 32.3%, respectively.

- **Secondary Reserve Ratio:** This ratio measures the significance of non-expendable net position 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 University's secondary reserve ratio at June 30, 2021, 2020 and 2019 was 115.2%, 105.5% and 106.3%, respectively.

- **Composite Financial Index:** 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 position exceeding debt levels. The University's CFI at June 30, 2021, 2020 and 2019 was 3.3, 0.9 and 1.8, respectively.

Using the Financial Statements

Fitchburg State University 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 University and all pending obligations of the University are accounted for in the appropriate period, thus giving a clear picture of the University's financial position. The University is a department of the Commonwealth of Massachusetts. A summary of the University's financial statements is incorporated in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

The University's financial statements include three major documents: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Statements of Net Position

The statement of net position presents the financial position of the University at the end of the year and includes all assets, liabilities and deferred inflows and outflows of resources of the University, with the difference reported as net position. Assets, liabilities and deferred inflows and outflows 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 position is one indicator of the financial condition of the University, while the change in net position from one period to the next is an indicator of whether the financial condition has improved or worsened.

The statements of net position (condensed, in thousands) at June 30, 2021, 2020 and 2019, are as follows:

	2021	2020	2019
Assets			
Current assets	$ 41,285	$ 30,142	$ 34,855
Capital assets, net	185,530	181,470	182,821
Other	33,131	27,877	26,767
Total assets	259,946	239,489	244,443
Deferred outflows of resources	13,188	8,276	8,913
Liabilities			
Current liabilities	25,290	22,779	20,799
Long-term liabilities	102,672	94,742	102,753
Total liabilities	127,962	117,521	123,552
Deferred inflows of resources	9,934	8,417	4,526
Net position			
Net investment in capital assets	129,113	125,002	121,719
Restricted			
Nonexpendable	567	504	523
Expendable	12,089	7,779	8,559
Unrestricted			
Designated	22,004	16,867	18,462
Undesignated (deficit)	(28,535)	(28,325)	(23,985)
Total net position	$ 135,238	$ 121,827	$ 125,278

Current assets consist mainly of cash and cash equivalents (68.8%) and accounts receivable (30.6%). 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 revenue received in advance (35.2%), trade accounts and salaries payable, accounts payable - construction, 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. Deferred inflows and outflows of resources represent either the acquisition or use of net position applicable to future periods and are distinct from assets and liabilities. The change in fiscal year 2019 unrestricted net position, deferred inflows and deferred outflows of resources from prior year financial statement is a result of a restatement of GASB 75. The decrease in net position in fiscal year 2020 compared to increase in fiscal year 2019 was primarily the result of the pandemic. Although we have turned the corner on the pandemic in fiscal year 2021, we are still feeling the effects related to the undergraduate student population and on those students living in campus housing. On a hopeful note, fiscal year 2021 saw an increase in the state's funding of the campus' deferred maintenance program and a one-time federal grant reimbursement of loss revenues due to COVID-19 for fiscal years 2020 and 2021. About a half of this loss revenue was recognized in fiscal year 2021 and the balance is to be recognized in fiscal year 2022. The individual elements of revenue and expenses and their corresponding effect on our net position are illustrated in the following schedule.

Statements of Revenues, Expenses and Changes in Net Position

The following Statements of Revenues, Expenses and Changes in Net Position (condensed, in thousands) presents information showing the University's results of operations for the fiscal years ended June 30, 2021, 2020 and 2019. Changes in net position are reported as soon as the underlying event giving 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).

	2021	2020	2019
Operating revenues			
Tuition and fees (net)	$ 43,352	$ 43,717	$ 44,253
Grants	16,594	13,986	9,370
Sales and service of educational department	1,083	1,299	1,456
Auxiliary	8,583	10,628	14,915
Other operating revenue	551	1,154	831
Total operating revenue	70,163	70,784	70,825
Operating expenses			
Instruction	37,848	38,623	38,610
Research and public service	1,112	1,076	952
Academic support	8,538	8,830	8,596
Student services	14,437	13,419	13,603
Scholarships	4,327	5,202	2,841
Institutional support	17,041	14,499	13,632
Operations and maintenance	11,791	11,553	11,757
Depreciation	11,448	11,032	10,442
Auxiliary	8,552	14,563	15,322
Total operating expenses	115,094	118,797	115,755
Net operating loss	(44,931)	(48,013)	(44,930)
Non-operating revenue and expenses			
State appropriations	45,830	44,088	43,795
Investment income	3,172	867	1,218
Interest expense and debt issue costs	(1,307)	(1,967)	(2,008)
State capital appropriations	10,392	1,318	3,558
Capital gifts and grants	255	256	257
Total non-operating revenue	58,342	44,562	46,820
Increase (decrease) in net position	13,411	(3,451)	1,890
Net position, beginning of the year	121,827	125,278	123,388
Net position, end of the year	$ 135,238	$ 121,827	$ 125,278

State appropriations are reported net of the amount of in state day school tuition collected by the University on behalf of the Commonwealth. The tuition collected (for in 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 University. Included in appropriations are the fringe benefit costs for University 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 University. Employees who are paid from local trust funds, grants or other sources receive the same fringe benefits. Generally, the University reimburses the Commonwealth for the benefit costs associated with these employees. In 2012 legislation was passed that allowed the state universities to retain out of state day tuition. The legislation further mandated that the Commonwealth would fund the fringe benefits for any employee paid from this funding source. The fringe benefit rate charged by the Commonwealth, exclusive of compensated absences, for fiscal years 2021, 2020 and 2019 was 36.38%, 35.48% and 34.89%, respectively. The current fringe benefit rate includes group medical insurance (20.65%); retirement (14.66%) and terminal leave (1.07%).

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

	2021	2020	2019
Commonwealth general appropriations	$ 33,771	$ 33,297	$ 31,242
Commonwealth special appropriations	-	30	1,746
Appropriations to cover fringe benefits provided to employees of the Commonwealth	12,528	11,637	11,596
	46,299	44,964	44,584
Tuition remitted back to the Commonwealth	(469)	(876)	(789)
Net appropriations	45,830	44,088	43,795
Additional state capital appropriations	10,392	1,318	3,558
Total appropriations	$ 56,222	$ 45,406	$ 47,353

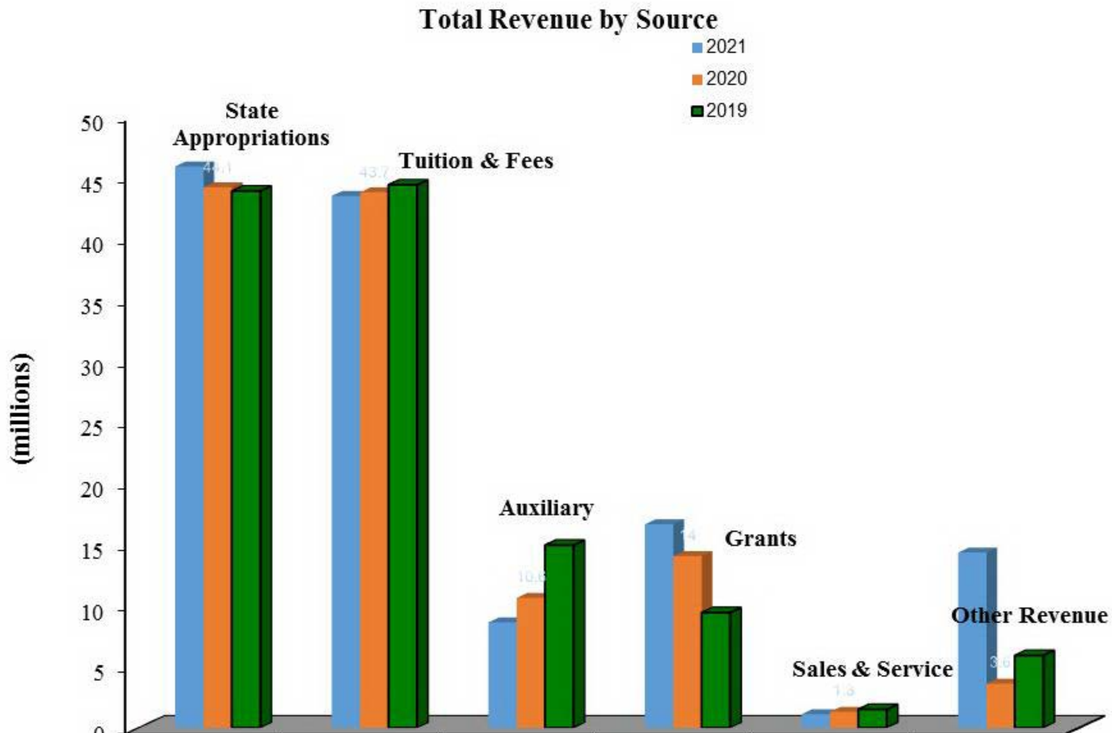
State appropriations are a significant source of funding for the University. According to the Governmental Accounting Standards Board, appropriations are considered non-operating revenue. As such, the University appears to experience a loss from operations. However, it should be noted that state appropriations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

The following schedule (condensed, in thousands) illustrates the University's incurred losses from operations for the fiscal years ended June 30, 2021, 2020 and 2019.

	2021	2020	2019
Tuition and fees revenue, net	$ 43,352	$ 43,717	$ 44,252
Other operating revenue	26,811	27,067	26,573
Total operating revenue	70,163	70,784	70,825
Operating expenses	(115,094)	(118,797)	(115,755)
Operating loss	(44,931)	(48,013)	(44,930)
Total state appropriations	45,830	44,088	43,795
Other revenue (expense), net	12,512	474	3,025
Increase (decrease) in net position	$ 13,411	$ (3,451)	$ 1,890

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, 2021, 2020 and 2019, the University's net operating revenues ratio was 5.6%, -2.8% and .7%, respectively.

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, 2021, 2020 and 2019 was $129.8, $117.3, and $119.6 million, respectively.



	State Appropriations	Tuition & Fees	Auxiliary	Grants	Sales & Service	Other Revenue
2021	45.8	43.4	8.6	16.6	1.1	14.3
2020	44.1	43.7	10.6	14	1.3	3.6
2019	43.8	44.3	14.9	9.4	1.5	5.9

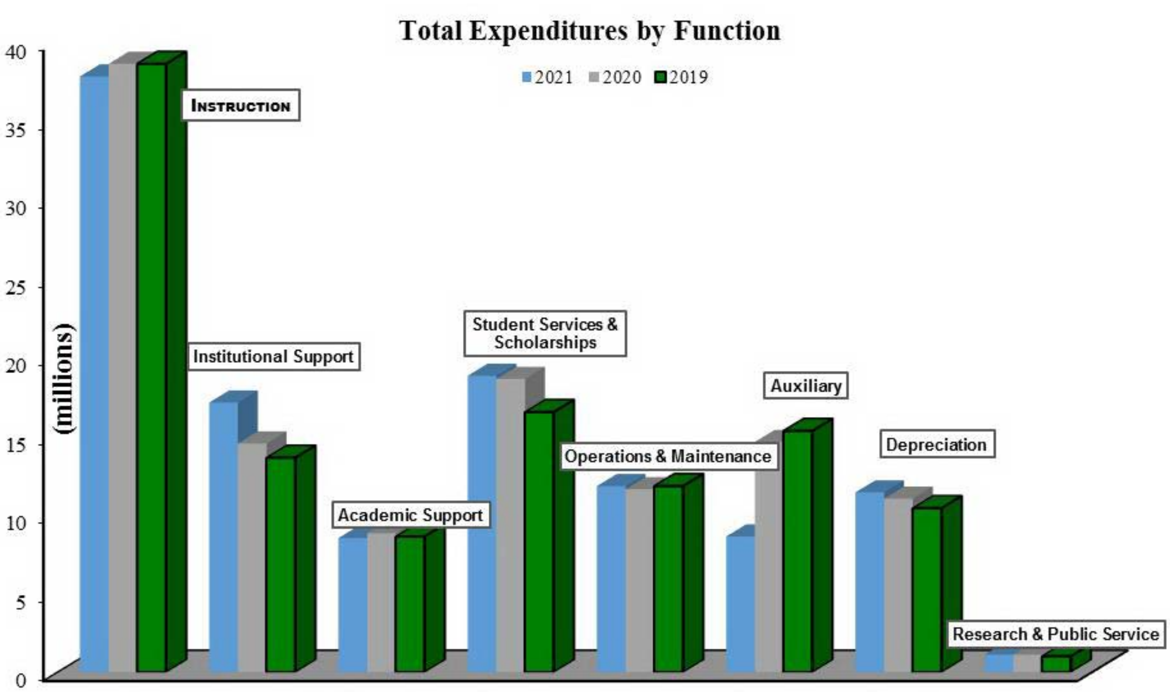
State appropriations have increased slightly over the past three fiscal years (2019-2021), and these increases are a result of the state funding of the collective bargaining agreements which were ratified in 2018. Although ratified in 2018, the state did not start paying out the salary increases until fiscal year 2019 and at that time the state supplemented this increase with a one-time payment. In fiscal year 2020, we also had a supplement funding appropriation from the state because of the COVID-19 pandemic. Over the last twenty years, general appropriations (including fringe benefits) that support the operating costs of the University have decreased to 39.4% from 61.5% in fiscal year 2001. In addition to the increasing amount of local payroll, all other operating costs incurred by the University are funded from other non-state revenue sources. Tuition and fees are reported net of tuition waivers, exemptions, and scholarship allowances. The $485 per credit tuition charged per semester is controlled at the state level and remains unchanged since 2001. The board approved a few minimal fee increases in 2021 and these increases were mainly due to the need for improved and robust internet services and increased data protection. Because of the pandemic and the reduction of in face-to-face student activities on campus, the board waived the student activity fee of $45 per semester. In fiscal year 2020, the only fee increase approved was the University fee of $75 per semester. Because of the robust online program, overall total tuition and fee revenue had only a moderate decrease of 2.0% in fiscal year 2021 and a 1.5% decrease in fiscal year 2020 but saw an increase of 3% in fiscal year 2019. During fiscal year 2021, 2020 and 2019, in-state tuition, fees and room & board for full time resident students were $11,571, $10,578 and $10,492 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2021, 2020 and 2019 were $5,291, $5,261 and $5,177 per semester, respectively.

Auxiliary revenue represents revenue received from the operations of the University's residence and dining halls. Auxiliary revenue does not include fees charged for the student housing facility owned and operated by the FSU Supporting Organization, Inc. (the "Supporting Organization"). The average residence hall occupancy rate for the fiscal year 2021 was 50.3% of capacity versus 76.2% of capacity in fiscal year 2020 and 89.4% capacity in fiscal year 2019.

Grant revenue is made up of federal, state and private grants. Grant revenue includes grants for financial aid programs such as PELL, SEOG and Federal Work Study and a federal pandemic related grant called HEERF – Higher Education Emergency Relief Fund - which was approved to support institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. This grant was appropriated in three phases – the CARES Act in March 2020, the CRRSAA in December 2020 and the ARP grant in March 2021 and was to be expended within one year of performance. HEERF award was authorized and given to be used for student and institutional support respectively. A total of $2.1 million institutional support was authorized in FY20 and $11.3 million in FY21. While a total of $2 million student support was authorized in FY20 and $7.4 million in FY21.

Other revenue includes investment and miscellaneous revenue.

The following is a graphic illustration of total expenditures (operating) by function. Total expenditures for the fiscal years ended June 30, 2021, 2020 and 2019 were $115.1, $118.8 and $115.8 million, respectively.



Expenditures, exclusive of depreciation, decreased by 3.82% in 2021 and increased by 3.3% in FY2020 versus 9.0% in fiscal year 2019. The fiscal year 2021 decrease was mainly because of two reasons. The first reason was because of a one-time re-funding of the auxiliary debt payment thru MSCBA in July 2020. This refunding resulted in reduced interest expense payments made in fiscal year 2021 and a corresponding reduction of the principal debt liability payment also. Another reason for the reduction in expenditure relates to the reduced number of students living in student housing and those using the dining facilities. On the other hand, fiscal year 2020 increase was largely due to COVID-19 related expenses. The fiscal year 2019 increase was primarily due to payment of retroactive salary increases for fiscal years 2018, mandated increase in benefits payments, increase in resident hall debt payments to MSCBA and increase in the commission payment arising from the accelerated online program. The most significant area of expense remains Instruction, which represents 32.8% of total operating expenses in fiscal year 2021, 32.5% of total expenses in fiscal year 2020 and 33.05% of total expenses in fiscal year 2019. In fiscal year 2021 faculty payroll of ($24.5 million) and related benefits of ($9 million) represents approximately 86.3% of Instructional expenses while in fiscal year 2020 faculty payroll ($25.4 million) and related benefits ($9 million) represent approximately 89.2% of instructional expenditures. But in fiscal year 2019, faculty payroll ($24.4 million) and related benefits ($8.5 million) represent 85.2% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. Scholarships are funded from Title V entitlement programs such as PELL and SEOG, as well as, from institutional operating funds. 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. The financial statements include $11.4, $11.0 and $10.0 million in depreciation expense for 2021, 2020 and 2019, respectively.

Demand Ratios: Demand ratios measure the extent to which each type of expense consumes operating and non-operating revenues. The following table displays the amount of operating and non-operating revenue, exclusive of capital grants and appropriations, consumed by the various functional expense categories:

Expense	2021	2020	2019
Instruction	31.80%	33.40%	33.30%
Institutional Support	14.30%	12.50%	11.00%
Academic Support	7.20%	7.60%	7.40%
Student Services & Scholarships	15.70%	16.10%	14.20%
Operations & Maintenance	9.90%	10.00%	10.10%
Auxiliary	7.20%	12.60%	13.20%
Depreciation	9.60%	9.50%	9.00%

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

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 University's statements of cash flows (condensed, in thousands) for the fiscal years ended June 30, 2021, 2020 and 2019:

	2021	2020	2019
Cash received from operations	$ 65,565	$ 70,669	$ 71,023
Cash expended for operations	(87,499)	(93,843)	(89,436)
Net cash used in operations	(21,934)	(23,174)	(18,413)
Net cash provided by noncapital financing activities	33,385	32,451	32,198
Net cash used in capital and related financing activities	(8,622)	(13,085)	(10,525)
Net cash provided by (used in) investing activities	598	(376)	273
Net increase (decrease) in cash and equivalents	3,427	(4,184)	3,533
Cash and equivalents, beginning of the year	35,461	39,645	36,112
Cash and equivalents, end of the year	$ 38,888	$ 35,461	$ 39,645

In fiscal year 2021, the University's cash and cash equivalents increased by $3.4 million to $38.9 million. This increase in cash and cash equivalents stemmed from reduced payments of $3.3 million to suppliers, $2.6 million reduction in payroll expenses, an increase of $0.9 million in state appropriations and reduction of $1.8 million in auxiliary expenses and $2 million in grant revenue. The University's cash and cash equivalents decreased by approximately $4.2 million during fiscal 2020, resulting in the cash and cash equivalents balance of $35.5 million at the fiscal year-end. The decrease in fiscal year 2020 is primarily due to an increase in coronavirus expenditure, increase in payroll expenses of $3.6 million, reduction in auxiliary income of $4.4 million and an increase in grant income of $4 million. Fiscal year 2019 had an increase which was primarily due to the increase in tuition and fees with negligible corresponding increase in accounts receivable and state and general capital appropriations and a decrease in capital expenditures.

Non-capital financing activities, as defined by GASB, include state appropriations. These appropriations fund the operating activities of the University. Investing activities include interest and dividends received from portfolio investments, as well as interest earned on university funds held in various short-term money management vehicles.

Capital Assets

Capital assets consist of land, land improvements, buildings and building improvements, equipment, library materials, and construction in progress. As of June 30, 2021, net capital assets increased by $4.1 million to $185.5 million net of current deprecation of $11.4 million. At fiscal year ending June 30, 2020, net capital assets decreased to $181.5 million net of current depreciation expense of $11.0 million. At June 30. 2019 net capital assets increased to $182.8 million net of depreciation expense of $10.4 million. During fiscal year 2021 there were $15.5 million additions to capital assets, $9.7 million in 2020 and $11.8 million in 2019.

Major capital initiatives either continuing or undertaken during 2021 include:

➢ McKay projects	$7.4 million (to date)
➢ Electricity infrastructure upgrade	$8.5 million (to date)
➢ Percival projects	$2.6 million (to date)
➢ Theater Renovation	$1.9 million (to date)
➢ Recreation Center Roof	$1.6 million (to date)

Additional information on Fitchburg State University'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 University's physical asset renewal ratio for fiscal years ended June 30, 2021, 2020 and 2019 was 0.8, 1.2 and 1.1, respectively.

Long-term Debt

The University has long term debt obligations issued for various capital projects. The debt was issued through several financing agreements with the Massachusetts Development Finance Agency (MDFA) (formerly the Massachusetts Health and Educational Facilities Authority (MHEFA)), the Massachusetts State College Building Authority (MSCBA) and a capital lease through J P Morgan. The interest rate on the majority of MSCBA debt is based on fixed coupon rates ranging from 2.00% to 6.00% over the term of the debt as set by MSCBA. The interest rate on the capital lease is fixed at 1.81%.

MSCBA issued the Series 2020A Bonds on July 1, 2020 in part to refund Bonds maturing in fiscal years 2021 and 2022 to provide fiscal relief to the State Universities as they faced or are likely to face lower occupancy and a reduction in revenues in those fiscal years due to the COVID-19 outbreak. As a result, the fiscal year 2021 aggregate debt service assessment was reduced by $52.8 million (approximately 50%), and the fiscal year 2022 aggregate debt service assessment was reduced by $28.2 million (approximately 25%). In addition to the debt service assessment, operating and reserve assessments to the Universities were also reduced or deferred to more closely align expenses with the lower revenue. MSCBA released $15.8 million from the debt service reserve to fund a portion of the fall 2020 interest payment, and $400,000 to fund a portion of the spring 2021 interest payment, which further reduced the amount that needed to be assessed to the Universities. In the fall of 2020, MSCBA did not assess early principal at all.

The current MSCBA debt is being repaid by the University primarily through dedicated student fees (DSF).

The following table summarizes the various debt vehicles, interest rates, debt service and debt outstanding at June 30, 2021 and is inclusive of any bond premiums or discounts.

Issuing Agency	Construction Project	Fiscal Year Originally Issued	Original Amount	Funding Source	Effective Interest Rate	Debt Service Payments	Debt Outstanding	Maturity
MDFA	Recreation Center	1997	$ 6,000,000	DSF	0.26%	$ 349,378	$ 1,301,094	2023
MSCBA	Holmes Dining Hall Renovations	2005	$ 1,090,000	DSF	2.54%	$ 38,797	$ 422,521	2034
MSCBA	Elliot Athletic Field Improvements	2005	$ 4,020,000	DSF	2.66%	$ 138,782	$ 1,495,105	2034
MSCBA	Holmes Dining Hall Renovations	2006	$ 2,060,000	DSF	2.57%	$ 70,776	$ 880,645	2031
MSCBA	Hammond Campus Center Renovations	2011	$ 15,935,656	DSF	5.54%	$ 414,074	$ 9,639,944	2030
MSCBA	Hammond Campus Center Renovations	2012	$ 7,043,416	DSF	2.50%	$ 193,991	$ 4,560,366	2035
MSCBA	Hammond Campus Center Renovations	2013	$ 11,300,906	DSF	3.22%	$ 300,283	$ 7,365,801	2034
MSCBA	Parking Expansion	2013	$ 2,563,127	DSF	3.03%	$ 69,360	$ 1,873,473	2034
MSCBA	Hammond Campus Center Renovations	2014	$ 12,235,614	DSF	3.29%	$ 296,977	$ 8,792,549	2038
MSCBA	Hammond Campus Center Renovations	2015	$ 10,669,503	DSF & Operating Funds	4.67%	$ 286,906	$ 6,739,850	2035
MSCBA	Landry Area Refurbishment	2017	$ 4,166,418	DSF & Operating Funds	4.01%	$ 95,610	$ 3,945,185	2037
DCAMM	CEIP Funds	2017	$ 5,420,360	DCAMM	3.00%	$ 214,007	$ 5,010,863	2039
JP Morgan	Campus Wireless Project	2017	$ 1,261,206	JP Morgan	1.81%	$ 131,295	$ 131,295	2021
MSCBA	Holmes Dining Hall Renovations	2019	$ 1,516,022	DSF	2.00%	$ 31,066	$ 1,689,389	2039
MSCBA	Recreation Center	2019	$ 1,107,123	DSF & Operating Funds	3.84%	$ 23,764	$ 1,305,672	2039
Total			$ 86,389,351			$ 2,655,066	$ 55,153,752	

For the fiscal years ended June 30, 2021, 2020 and 2019, the total debt (current and long term) attributable to interagency payments, bond premiums and capital lease payments amounted to $55.2, $58.3 and $62.6 million, respectively.

Additional information on Fitchburg State University's long term debt activity can be found in footnotes 12 and 13 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. Expendable net assets are those assets not required to be retained in perpetuity, i.e., those assets available for use for operations. A ratio of 1:1 or greater would indicate, as of the balance sheet date, an institution has sufficient expendable net assets to satisfy debt obligations. However public institutions can operate effectively on a reduced ratio because of the benefit of state support which is not captured in the institution's expendable net assets. The University's viability ratio, which has remained relatively consistent over time, is 0.85 for June 30, 2021, 0.58 for 2020 and 0.61 for 2019.

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, industry standards sets the upper threshold for institutional debt burden at 7%. As of June 30, 2021, 2020 and 2019, the University's debt burden was 2.0%, 5.5% and 5.2%, respectively.

Looking Forward

Fitchburg State University is on a mission. A mission not only to change lives one student at a time but to change generations to come. Fitchburg State University's vision as noted on the Strategic Plan page of the Fitchburg State University website is to create "an inclusive, integrated, and equitable university" which is believed to be "the clearest path to social and economic prosperity for all."

There are six strategic goals to get to the desired outcome. I will paraphrase a few:

- Forge innovative paths
- Be an engine of change where you are
- Establish excellence as a strength
- Steward physical and financial resources responsibly

Most, if not all, departments on campus have taken up this mantle.

The University police department is forging new paths. "They did this recently when they added this new member to their department. It is said that this latest member was "recruited" by a fellow officer and the officers ensured that this new member would easily fit in the department, which means he had to be friendly, hard-working, and approachable and is able to quickly follow orders. What is also interesting is that this new member will not be trained to check for bombs, or contraband or to pursue suspects but his role is instead one of needed during stressful times. His role is to provide comfort to all, both students and non-students."

Not sure if you are able to put all the clues together, but just in case it is missed, the newest member of the police department is a dog. We would like to welcome Odin and thank the police department for forging new paths.

Fitchburg State University has accepted the challenge once again to be an engine for change. President Lapidus recently signed a memorandum of understanding with leaders from Mount Wachusett Community College, LUK Inc., and the Fitchburg Public Schools to support students with housing insecurity. The program called "Moving to College" was launched by the Massachusetts Department of Higher Education. The program is looking at the best way to end homelessness among college students. Way to go FSU.

Fitchburg State University's Engineering Technology is an example of a department forging new paths for their students and establishing excellence as a part of the course they travel. Professor Chenot's students are getting real world experience while in the classroom. The students from the architecture, energy management, electronics and construction management concentration in the Engineering Technology program recently competed in the U. S. Department of Energy's Solar Decathlon Design Challenge and they had the valuable assistance of the Senior Energy Efficiency Program Coordinator from Unitil. The challenge they accepted was to reimagine a vacant parcel as a hub of renewable energy. According to one of the students, "this was a real world project that emphasized team work and we were assigned roles based on our interest and strengths". What a way to learn!

U.S. News & World Report has once again recognized and ranked Fitchburg State University among colleges and universities that contributes to upward social mobility of its students. It has been noted, not only inside FSU but externally, that FSU is making a difference and graduating large numbers of economically disadvantaged students. The university's success in creating upward social mobility is one of the goals of Fitchburg State University latest strategic plan. According to President R. S. Lapidus "the pillars of this strategic plan are educational justice, being a student-ready campus, and inclusive excellence."

The University is on a mission to be a beacon of light in the Fitchburg community and beyond. And one way it does this is to ensure that the campus not only looks pristine but is pristine. Over the years, the University has continually invested in its infrastructure as that is one of the best ways of improving the well-being of its students and show that it is fiscally responsible by being good stewards of the property it has been entrusted with. A number of these projects undertaken in FY21 and FY22 are being done in collaboration with funding from DCAMM.

Renovations have been completed in the following areas:

- Percival Hall – the renovation of classrooms, offices, conference room, and small-group space.
- McKay Addition – new entrance, café, new faculty offices, etc.

Underway:

- McKay - Final phase – the remainder of the classrooms, computer lab, etc.
- Anthony Admissions Suite – to be updated to offer an expanded seating and welcoming area for new students and their families.
- Thompson Hall – to make it wheelchair accessible.
- Electric Infrastructure project – fully funded by DCAMM. Replaces an obsolete electrical distribution system.

Fitchburg State University is still committed to the upgrading of the Theater facility which will not only aid the community of Fitchburg, but as President Lapidus says is a way "to create a different front door for ourselves and a way to plant a flag downtown". The board of Fidelity bank have bought in our dream and have donated their building in downtown Fitchburg to the college. This property is adjacent to the Theater building and will be a good investment once the renovation to the Theater is complete. As a community resource, the institution continues to provide leadership and support for the economic, environmental, social, and cultural needs of Fitchburg, north central Massachusetts, and the Commonwealth.

Requests for Information

This financial report is designed to provide a general overview of the finances of Fitchburg State University 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 Dr. Richard S. Lapidus, President, Fitchburg State University, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

Complete financial statements for Fitchburg State University Foundation, Inc. the University's Component Unit, can be obtained from the office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Net Position
June 30, 2021 and 2020

Assets

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Current assets				
Cash and equivalents	$ 21,401,963	$ 2,499,955	$ 20,103,032	$ 1,866,947
Restricted cash and cash equivalents	6,997,652	-	6,863,394	-
Investments	-	14,595,376	-	9,033,514
Accounts receivable, net	12,668,794	37,849	2,963,457	32,495
Contributions receivable, net	-	311,428	-	403,375
Loans receivable - current portion	-	-	1,055	-
Other current assets	216,532	69,247	209,713	121,355
Total current assets	41,284,941	17,513,855	30,140,651	11,457,686
Noncurrent assets				
Restricted cash and cash equivalents	10,489,013	-	8,494,542	-
Investments	20,429,198	-	17,161,427	-
Endowment investments	1,109,576	12,564,448	892,728	12,220,628
Accounts receivable, net of current portion	-	-	47,032	-
Contributions receivable, net	-	61,346	-	348,529
Loans receivable, net of current portion	1,041,035	-	1,273,489	-
Capital assets, net	185,530,026	7,218,761	181,470,066	6,737,875
Other noncurrent assets	61,942	140,920	8,895	146,788
Total noncurrent assets	218,660,790	19,985,475	209,348,179	19,453,820
Total assets	259,945,731	37,499,330	239,488,830	30,911,506
Deferred outflows of resources				
Deferred outflow-OPEB	5,802,040	-	5,014,453	-
Deferred outflow for pensions	7,386,093	-	3,262,016	-
Total deferred outflows of resources	13,188,133	-	8,276,469	-

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Net Position
June 30, 2021 and 2020

Liabilities and Net Position

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Current liabilities				
Interagency payables - current portion	2,523,772	-	4,038,987	-
Long-term debt - current portion	-	225,884	-	254,180
Bank lines of credit	-	-	-	250,000
Capital lease obligations - current portion	131,295	-	259,038	-
Accounts payable and accrued liabilities	4,624,741	85,085	4,213,648	102,705
Accounts payable - construction	1,396,551	536,901	1,369,689	100,000
Accrued workers' compensation - current portion	131,181	-	104,231	-
Compensated absences - current portion	3,243,931	-	3,584,425	-
Faculty payroll accrual	3,876,328	-	4,231,311	-
Revenue received in advance	8,891,959	30,000	4,534,790	32,500
Deposits	396,500	-	371,150	-
Other current liabilities	73,453	31,080	71,254	31,080
Total current liabilities	25,289,711	908,950	22,778,523	770,465
Noncurrent liabilities				
Interagency payables, net of current portion	52,498,686	-	53,901,118	-
Accrued workers' compensation, net of current portion	957,244	-	373,893	-
portion	2,117,468	-	2,157,318	-
Long-term debt, net of current portion	-	4,147,702	-	3,544,808
Capital lease obligations, net of current portion	-	-	131,325	-
Loan payable - federal financial assistance program	1,154,792	-	1,354,371	-
Net OPEB liability	25,852,605	-	24,061,207	-
Net pension liability	20,091,153	-	12,763,415	-
Total noncurrent liabilities	102,671,948	4,147,702	94,742,647	3,544,808
Total liabilities	127,961,659	5,056,652	117,521,170	4,315,273
Deferred inflows of resources				
Deferred inflow - debt refunding	2,125,859	-	-	-
Service concession arrangement	758,754	-	1,011,672	-
Deferred inflow - OPEB	6,269,569	-	6,233,735	-
Deferred inflow for pensions	779,813	-	1,171,344	-
Total deferred inflows of resources	9,933,995	-	8,416,751	-

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Net Position
June 30, 2021 and 2020

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Net investment in capital assets	129,112,613	3,239,383	125,001,606	2,983,093
Restricted for:				
Nonexpendable				
Scholarships and fellowships	567,112	6,453,507	504,243	6,194,533
Cultural programs	-	4,251,160	-	4,230,397
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	266,808	-	202,725
Expendable				
Scholarships and fellowships	474,923	7,608,222	412,403	4,587,274
Cultural programs	-	5,047,976	-	3,498,687
Loans	168,109	-	197,348	-
Capital projects	86,750	-	50,000	-
Debt service	11,182,545	-	6,905,505	-
Other	176,755	685,962	214,661	665,653
Unrestricted (deficit)	(6,530,597)	3,296,686	(11,458,388)	2,640,897
Total net position	$ 135,238,210	$ 32,442,678	$ 121,827,378	$ 26,596,233

See Notes to Financial Statements.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Operating revenues				
Student tuition and fees	$ 44,257,345	$ -	$ 44,917,493	$ -
Student fees restricted for repayment of Interagency payables	5,276,977	-	5,591,162	-
Less: Scholarship allowances	(6,182,413)	-	(6,792,063)	-
Net student tuition and fees	43,351,909	-	43,716,592	-
Federal grants and contracts	14,698,939	-	11,982,884	-
State and local grants and contracts	987,641	-	962,732	45,000
Nongovernmental grants and contracts	907,446	-	1,040,326	-
Sales and services of educational departments	1,082,948	600,556	1,299,234	814,328
Gifts and contributions	-	1,432,611	-	903,788
Auxiliary enterprises:				
Residential life	6,470,991	95,326	7,450,821	263,623
Dining hall	2,094,729	-	3,157,802	-
Alcohol awareness and other programs	17,150	-	19,698	-
Other operating revenues	550,859	-	1,154,130	-
Total operating revenues	70,162,612	2,128,493	70,784,219	2,026,739
Operating expenses				
Educational and general				
Instruction	37,848,073	-	38,622,968	2,442
Research	118,083	-	76,841	14,008
Public service	994,361	19,198	998,932	70,509
Academic support	8,537,515	17,300	8,830,350	14,269
Student services	14,436,572	53,283	13,419,253	117,550
Institutional support	17,041,392	625,848	14,498,712	715,303
Operations and maintenance of plant	11,791,303	645,509	11,552,991	95,566
Depreciation and amortization	11,447,580	176,705	11,032,465	166,693
Scholarships and awards	4,326,742	535,218	5,201,434	446,743
Auxiliary enterprises				
Residential life	6,330,598	39,091	11,319,050	58,487
Dining hall	2,219,352	-	3,237,249	-
Alcohol awareness and other programs	1,961	-	7,052	-
Total operating expenses	115,093,532	2,112,152	118,797,297	1,701,570
Operating income (loss)	(44,930,920)	16,341	(48,013,078)	325,169

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Nonoperating revenues (expenses)				
State appropriations	45,829,701	-	44,088,228	-
Investment income (loss), net of investment expense	3,126,637	1,610,654	717,555	383,194
Investment income (loss) on restricted assets, net of investment expense	45,573	4,665,478	149,260	1,037,071
Interest expense on Interagency payables and capital asset related debt	(1,307,130)	(192,661)	(1,966,664)	(171,277)
Loss on sale of capital assets	-	(587,581)	-	-
Net nonoperating revenues (expenses)	47,694,781	5,495,890	42,988,379	1,248,988
Income (loss) before capital and endowment additions	2,763,861	5,512,231	(5,024,699)	1,574,157
State capital appropriations	10,391,679	-	1,318,286	-
Capital grants	255,292	-	255,776	-
Private gifts for endowment purposes	-	334,214	-	1,449,520
Total capital and endowment additions	10,646,971	334,214	1,574,062	1,449,520
Increase (decrease) in net position	13,410,832	5,846,445	(3,450,637)	3,023,677
Net position - beginning of year	121,827,378	26,596,233	125,278,015	23,572,556
Net position - end of the year	$ 135,238,210	$ 32,442,678	$ 121,827,378	$ 26,596,233

See Notes to Financial Statements.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Tuition and fees	$ 43,677,925	$ 43,389,728
Research grants and contracts	11,902,872	13,936,558
Payments to suppliers	(24,531,396)	(27,883,481)
Payments to utilities	(4,445,721)	(4,514,308)
Payments to employees	(49,402,176)	(51,484,225)
Payments for benefits	(3,849,370)	(4,340,208)
Payments for scholarships	(4,683,734)	(5,616,414)
Loans issued to students	(1,540)	(4,189)
Collection of loans to students	235,049	209,373
Auxiliary enterprise receipts		
Residential life	6,469,330	7,322,006
Dining hall	2,094,729	3,157,802
Alcohol awareness program	17,150	19,732
Receipts from sales and services of educational departments	1,167,142	1,388,826
Other receipts (disbursements)	(584,965)	1,244,380
Net cash provided by (used in) operating activities	(21,934,705)	(23,174,420)
Cash flows from noncapital financing activities		
State appropriations	33,771,117	33,326,949
Tuition remitted to State	(468,982)	(875,959)
Gifts from grants for other than capital purposes	83,330	-
Net cash provided by (used in) noncapital financing activities	33,385,465	32,450,990
Cash flows from capital and related financing activities		
State capital appropriations	9,169,661	1,574,062
Loan programs net funds received	40,607	32,808
Capital grants	-	2,224,395
Federal loan funds received	269,425	-
Private gifts for capital purchase	(1,200)	-
Payments for capital assets	(15,480,678)	(10,712,891)
Principal paid on capital debt	(1,050,856)	(3,996,280)
Interest paid on capital debt	(1,568,632)	(2,206,812)
Net cash provided by (used in) capital and related financing activities	(8,621,673)	(13,084,718)

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from investing activities		
Purchase of investments	(5,263,668)	(6,925,155)
Proceeds from sale of investments	4,819,705	6,816,394
Earnings on investments	625,955	(267,790)
Interest on investments	416,581	-
Net cash provided by (used in) investing activities	598,573	(376,551)
Net increase (decrease) in cash, cash equivalents and restricted cash	3,427,660	(4,184,699)
Cash, cash equivalents and restricted cash, beginning of year	35,460,968	39,645,667
Cash, cash equivalents and restricted cash, end of year	$ 38,888,628	$ 35,460,968

	2021	2020
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	$ (44,930,920)	$ (48,013,078)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense	103,825	176,593
Depreciation and amortization	11,447,580	11,032,465
Fringe benefits paid by the Commonwealth of Massachusetts	12,527,566	11,637,238
Change in net pension liability	2,812,130	981,639
Change in net OPEB liability	1,039,645	820,088
Changes in assets and liabilities:		
Receivables	(9,778,459)	(991,259)
Other current and noncurrent assets	(38,418)	345,108
Accounts payable and accrued liabilities	411,078	(397,503)
Accrued workers' compensation	610,301	(112,682)
Compensated absences	(380,344)	236,393
Accrued faculty payroll	(354,983)	237,511
Revenue received in advance	5,495,857	575,821
Other current liabilities	(1,158,422)	10,062
Deposits	25,350	82,000
Loans to students	233,509	205,184
Net cash provided by (used in) operating activities	$ (21,934,705)	$ (23,174,420)

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Schedule of noncash investing and financing activities		
Acquisition of capital assets	$ 15,507,540	$ 9,681,801
Accounts payable thereon:		
Beginning of year	1,369,689	2,514,558
End of year	(1,396,551)	(1,369,689)
Net interest earned and incurred, capitalized in construction in progress	-	(113,779)
Payments for capital assets	$ 15,480,678	$ 10,712,891
Unrealized gain (loss) on investments	$ 2,381,159	$ (18,841)
Fringe benefits paid by the Commonwealth of Massachusetts	$ 12,527,566	$ 11,637,238
Capital grants - amortization of deferred inflows of resources - service concession arrangement	$ 252,918	$ 252,918
Capital debt and debt issuance costs		
Proceeds from capital debt	$ 47,638,203	$ -
Principal paid on capital debt	(47,180,057)	-
Debt issuance costs	(458,146)	-
Capital debt and debt issuance costs	$ -	$ -
Reconciliation of cash, cash equivalents and restricted cash balances		
Current assets		
Cash and cash equivalents	$ 21,401,963	$ 20,103,032
Restricted cash and cash equivalents	6,997,652	6,863,394
Noncurrent assets		
Restricted cash and cash equivalents	10,489,013	8,494,542
Total cash and cash equivalents	$ 38,888,628	$ 35,460,968

See Notes to Financial Statements.

Note 1 - Summary of significant accounting policies

Organization

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

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

Fitchburg State University Foundation, Inc. (the "Foundation") is a component unit of Fitchburg State University. The Foundation is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University, to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; 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 University's Booster Clubs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

FSU 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, 2021, has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and the University. The financial information of the Foundation Supporting Organization is consolidated into the financial statements of the Foundation. The Foundation and Foundation Supporting Organization are collectively referred to hereinafter as the FSU Foundation.

During fiscal 2021, FSU Foundation distributed scholarships and awards in the amount of $535,218 directly to students and faculty of the University, and incurred an additional $2,357,176 in support of its mission in other ways. Complete financial statements for FSU Foundation can be obtained from the Office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, MA 01420.

During fiscal 2020, FSU Foundation distributed scholarships and awards in the amount of $446,743 directly to students and faculty of the University, and incurred an additional $1,426,104 in support of its mission in other ways.

Basis of presentation

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

FSU Foundation, as a 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 FSU Foundation's consolidated financial information in the University's financial reporting entity for these differences.

The University's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the University's operating and capital appropriations from the Commonwealth, net investment income, gifts, and interest expense.

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

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

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

- **Restricted:**

  Nonexpendable - Component of net position whose net assets are subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

  Expendable - Component of net position whose use of net assets by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

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

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

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash and cash equivalents and investments

The University'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, Massachusetts Development Finance Agency ("MDFA") and Massachusetts State College Building Authority ("MSCBA"), and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the University are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are also 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. 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 position. Any net earnings not expended are included in net position categories as follows:

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

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

iii. as increases in unrestricted net position in all other cases.

At June 30, 2021 and 2020, the University had $474,388 and $411,868, respectively, in endowment income available for authorization for expenditure, which is included in restricted - expendable net position for scholarships and fellowships.

Massachusetts General Law, Chapter 15 grants authority to the University Board of Trustees to administer the general business of the University. Inherent in this authority is the authority to invest funds of the University. Chapter 15 further grants the Trustees the authority to delegate, to the President, any said powers or responsibilities. The Board of Trustees of Fitchburg State University has delegated the authority to make specific investment decisions to the President of the University and the Finance Committee of the Board of Trustees. The University's endowment investments consist of debt, marketable equity securities, mutual funds, and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

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

FSU Foundation's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net position, unless a donor or law temporarily (expendable) or permanently (non-expendable) restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

FSU Foundation maintains cash and equivalents and an investment pool that is available for use by all funds. Each fund's portion is reflected in the financial statements under cash and cash equivalents and investments. Earnings on cash and investments of the unrestricted net position and temporarily restricted (expendable) net position are reflected in the fund in which the assets are recorded.

The FSU Foundation's endowments consist of approximately 121 and 113 individual funds at June 30, 2021 and 2020, respectively, that are restricted by donors to function as endowments primarily for the granting of scholarships and to fund other academic and cultural programs. During fiscal 2018, FSU Foundation's Board of Directors voted to earmark $25,000 as a board-designated fund entitled The Fund for Fitchburg State to function as an endowment fund. The fund is designated for students with financial needs to be awarded financial aid scholarships. In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2021 and 2020, the endowment is $25,000 each year.

FSU Foundation's Board of Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FSU Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds will remain in net assets with donor restrictions until those amounts are appropriated for expenditure by FSU Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, FSU Foundation considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of FSU Foundation and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of FSU Foundation, and (vii) the investment policies of FSU Foundation.

FSU Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FSU Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by FSU Foundation's Board of Directors, the endowment assets are invested in a variety of investments that aim to preserve principal, generate income and provide the opportunity for conservative growth.

FSU Foundation's performance goals are to provide an average annual total rate of return, net of fees that equals or exceeds its spending rate plus inflation ("CPI") over a rolling five-year period. Additionally, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the average return of appropriate capital market indices weighted by FSU Foundation's asset allocation target percentages over a rolling five-year period. FSU Foundation's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. FSU Foundation's performance goals are based upon a long-term investment horizon. Accordingly, actual returns in any given year may vary from these amounts.

To satisfy its long-term rate-of-return objectives, FSU Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FSU Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FSU Foundation has a spending policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the preceding three years. The amount to be appropriated for distribution shall not exceed 5%. In establishing this policy, FSU Foundation considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, FSU Foundation expects the current spending policy to be consistent with the FSU Foundation's objective of seeking to maintain the purchasing power of the endowment fund assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires FSU Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2021 and 2020, there were no deficiencies of this nature.

The University's and FSU Foundation's investment income are presented net of investment expense in the statements of revenues, expenses and changes in net position. The University's investment expense amounted to $111,077 and $92,556 for the years ended June 30, 2021 and 2020, respectively. FSU Foundation's investment expense amounted to $158,354 and $118,160 for the years ended June 30, 2021 and 2020, respectively.

Accounts receivable

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

Accounts receivable also include a receivable from the operator of the University's food services operation in connection with a service concession arrangement between the University and the operator. The receivable has been recorded at the net present value of the installments to be received from the operator using a discount rate determined by management of the University.

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 University's participation in the programs. The amount due to the federal government upon liquidation by the University is $978,870 and $1,106,069 for Perkins and $175,922 and $248,302 for NSL at June 30, 2021 and 2020, respectively. These amounts are included as a noncurrent liability in the accompanying statements of net position.

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

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

Capital assets, with the exception of land, are depreciated using the straight-line method over estimated useful lives of 40 years for buildings, 20 years for building and land improvements, five years for furniture and three 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 position balance.

The land on which the residence halls stand is leased by the MSCBA from the Commonwealth at a yearly cost of one dollar. The leases are long-term leases which can be extended at the end of their terms for additional 10-year periods.

The University, in accordance with a management and services agreement between the MSCBA and Commonwealth, 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. The revenue assessment amounts for the years ended June 30, 2021 and 2020 were $2,895,881 and $7,747,542, respectively, and are included in the Residential life auxiliary enterprises in the accompanying statements of revenues, expenses and changes in net position. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine the specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

FSU 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, 7 and 10 years for furniture and fixtures, 5 years for equipment and 3 years for computer software and equipment. FSU Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000.

Contributions and bequests

FSU 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 FSU 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 that is, those with a measurable performance or other barrier, and right of return, 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 FSU Foundation unless specifically restricted by the donor. FSU 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 University accrues sick leave to a level representing 20% of amounts earned by those University 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.

Revenue received in advance

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

Agency funds

Agency funds consist of resources held by the University 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, 2021 and 2020.

Bond premiums

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

Interest expense and capitalization

The University follows the policy of capitalizing interest expense as a component of the cost of capital assets constructed for its own use. During 2021 and 2020, total interest costs incurred were accounted for as follows:

	2021	2020
Total interest costs incurred	$ 1,591,143	$ 2,365,449
Less: Interest income on unused funds from tax exempt borrowings	-	(11,566)
Bond premium amortization	(220,909)	(273,440)
Gain (loss) on refunding	(63,104)	-
	1,307,130	2,080,443
Less: Capitalized portion of net interest earned and incurred	-	(113,779)
Interest expense	$ 1,307,130	$ 1,966,664

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to post-employment benefits other than pensions, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund. Investments are reported at fair value.

Fringe benefits

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

Tax status

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

Reclassifications

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

Impact of COVID-19 Crisis

Due to the global viral outbreak caused by a novel coronavirus ("COVID-19") in 2020, there have been lingering effects that currently have had only a marginal impact on the University's financial condition. During 2021, the University incurred approximately $2,000,000 in COVID-19 related expenses and $8,600,000 in lost revenue. The University recognized grant revenue of approximately $5,600,000 under the Higher Education Emergency Relief Act ("HEERF") during 2021 to help defray the cost of these expenses and the University had to defer $5,000,000 of income to be recognized in FY22. Because the University can only recognize in income the same proportion of allotted HEERF student funds disbursed to students, the University had to defer $5,000,000 even though those expenses were incurred in fiscal 2021. Currently, in fiscal 2022, the University is still battling the effects of COVID-19 and this is reflected in the reduced number of returning and transfer undergraduate day division students, and in those who returned to live and eat in the halls on campus.

Initially in response, the University had reduced its fiscal 2021 operating budget by approximately $15,000,000 but it restored approximately $8,000,000 of that budget in fiscal 2022 as it works to fully reopen the university and all its facilities to students and the public at large. Additionally, MSCBA closed on a bond refunding in July 2020 and agreed to distribute debt service reserves as part of a multifaceted plan to reduce expenses in response to the impact of COVID-19 on the nine State Universities, including Fitchburg State University (see Note 12). Management of the University anticipates that additional CARES funding and state assistance may be available in fiscal 2022.

Note 2 - Cash and cash equivalents, and investments

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

	2021		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash and money market accounts	$ 11,115,787	$ 4,475,304	$ 7,841,273
Cash equivalents held by MDFA *	-	349,378	247,548
Cash equivalents held by MSCBA **	-	78,578	2,330,385
Massachusetts Municipal Depository Trust	6,212,969	-	69,807
Massachusetts State Treasurer ***	4,072,522	2,094,392	-
Petty cash	685	-	-
	$ 21,401,963	$ 6,997,652	$ 10,489,013

	2020		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash and money market accounts	$ 9,401,327	$ 3,746,140	$ 4,769,555
Cash equivalents held by MDFA *	-	329,602	216,384
Cash equivalents held by MSCBA **	-	198,574	3,389,012
Massachusetts Municipal Depository Trust	6,201,338	-	119,591
Massachusetts State Treasurer ***	4,499,682	2,589,078	-
Petty cash	685	-	-
	$ 20,103,032	$ 6,863,394	$ 8,494,542

* This amount consists of cash equivalents which are restricted by the Massachusetts Development Finance Agency ("MDFA") for the funding of payments to retire the bonds (see Note 12). The University does not have access to these funds except by the authorization of MDFA.

** 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 University and payments to retire bonds (see Note 12). The University does not have access to these funds except by authorization of MSCBA. Interest earned on debt service reserve funds is used on a current basis to offset annual debt service payments.

*** The University has recorded cash held for the benefit of the University by the State Treasurer in the amount of $4,072,522 and $4,499,682 at June 30, 2021 and 2020, respectively, for University funds and $2,094,392 and $2,589,078 at June 30, 2021 and 2020, respectively, to pay year-end liabilities. The latter balance represents amounts paid from State appropriations subsequent to the fiscal year-end.

Money market funds include the Goldman Sachs Financial Square Government Fund in the aggregate amount of $48,451 and $48,040 at June 30, 2021 and 2020, respectively. The Goldman Sachs

Financial Square Government Fund invests in U.S. Government securities and repurchase agreements. The fund seeks to maximum current income consistent with the preservation of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2021 and 2020, the fund's investment securities had a weighted average maturity of 44 and 53 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2021 and 2020.

Money market funds include the Northern Institutional U.S. Government Portfolio in the aggregate amount of $136,777 and $258,355 at June 30, 2021 and 2020, respectively. The Northern Institutional U.S. Government Portfolio invests primarily in marketable securities issued or guaranteed as to principal and interest by the U.S. Government, or any of its agencies or instrumentalities, and repurchase agreements backed by such securities. The fund seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. At June 30, 2021 and 2020, the fund's investment securities had a weighted average maturity of 43 days and 48 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2021 and 2020.

Money market funds also include the RWM Cash Management money market account with a balance of $184,000 and $222,697 at June 30, 2021 and 2020, respectively.

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

Custodial credit risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's deposit policy provides for bank balances to be held in interest-bearing checking accounts and, where account activity and balances warrant it, in money market accounts. All bank balances are to be held at financial institutions of high credit quality. At June 30, 2021 and 2020, the University had uninsured cash balances totaling approximately $5,059,100 and $6,020,800, respectively.

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

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

The following University investments at June 30, 2021 and 2020 are held by the counterparty's trust department or agent but not in the University's name and, therefore, are subject to custodial credit risk as follows:

	2021	2020
U.S. Treasury Notes and Government Securities	$ 1,937,473	$ 1,675,739
Corporate Debt Securities	1,846,884	1,771,136
Equity Securities	10,011,807	6,913,782
Mutual Funds	7,742,610	7,693,498
Total	21,538,774	18,054,155
Less insured amounts	1,500,000	1,500,000
Amount subject to Custodial Credit Risk	$ 20,038,774	$ 16,554,155

Credit risk

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

As of June 30, 2021 and 2020, the fair values of the University's deposits held at the MMDT were $6,282,776 and $6,320,930, respectively. At June 30, 2021, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 52% at 30 days or less; 32% at 31-90 days; 11% at 91-180 days; and 5% at 181 days or more. At June 30, 2021, approximately 100% of the MMDT's cash portfolio had a First Tier credit quality rating.

The University's funds held at MDFA are invested in the Short-Term Asset Reserve ("STAR") Fund and had a fair value of $596,926 and $545,986 at June 30, 2021 and 2020, 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 invests 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 both June 30, 2021 and 2020. At June 30, 2021 and 2020, the fund's investment securities maintained a weighted average maturity of 52 and 40 days, respectively.

At June 30, 2021, certain of the University's funds are held at MSCBA. Of the total, $878,776 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,530,187 is invested in various funds as listed below:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
Federal Home Loan Bank Discount Notes	$ 111,320	$ 111,320	$ -	$ -	$ -	N/A
Federal Farm Credit	677,846	677,846	-	-	-	N/A
Massachusetts ST Bonds	741,021	-	-	741,021	-	AAA
Total	$ 1,530,187	$ 789,166	$ -	$ 741,021	$ -	

At June 30, 2020, certain of the University's funds are held at MSCBA. Of the total, $1,516,293 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $2,071,293 is invested in various funds as listed below:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
Federal Home Loan Bank Discount Notes	$ 144,841	$ 144,841	$ -	$ -	$ -	N/A
Federal Farm Credit	881,963	881,963	-	-	-	AA+
Massachusetts ST Bonds	1,044,489	80,326	-	964,163	-	AAA
Total	$ 2,071,293	$ 1,107,130	$ -	$ 964,163	$ -	

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

	2021		2020	
	Cost	Fair value	Cost	Fair value
U.S. Treasury Notes and Government Securities	$ 1,891,624	$ 1,937,473	$ 1,577,803	$ 1,675,739
Corporate Debt Securities	1,783,159	1,846,884	1,658,397	1,771,136
Equity Securities	6,430,105	10,011,807	5,425,597	6,913,782
Mutual Funds	7,243,803	7,742,610	7,451,146	7,693,498
	$ 17,348,691	$ 21,538,774	$ 16,112,943	$ 18,054,155

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

	2021	2020
Investments	$ 20,429,198	$ 17,161,427
Endowment investments	1,109,576	892,728
	$ 21,538,774	$ 18,054,155

At June 30, 2021, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years): Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 1.125% to 2.875%	$ 1,937,473	$ 100,703	$ 1,290,426	$ 546,344	$ -	AA+
Corporate Debt Securities 2.800% to 2.950%	205,175	60,858	62,458	81,859	-	A
Corporate Debt Securities 1.730% to 4.130%	335,304	-	192,143	143,161	-	A-
Corporate Debt Securities 3.000% to 3.750%	388,560	60,448	328,112	-	-	A+
Corporate Debt Securities 2.800% to 3.400%	124,939	61,119	63,820	-	-	AA
Corporate Debt Securities 3.000% to 3.630%	313,466	-	313,466	-	-	AA-
Corporate Debt Securities 3.200%	54,533	-	54,533	-	-	AA+
Corporate Debt Securities 3.130%	54,508	-	54,508	-	-	AAA
Corporate Debt Securities 3.000% to 3.880%	370,399	-	289,627	80,772	-	BBB+
Total	$ 3,784,357	$ 283,128	$ 2,649,093	$ 852,136	$ -	

At June 30, 2020, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years): Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 2.000% to 3.125%	$ 1,675,739	$ 253,266	$ 888,395	$ 534,078	$ -	AA+
Corporate Debt Securities 2.800% to 3.625%	275,431	-	191,260	84,171	-	A
Corporate Debt Securities 2.950% to 4.125%	340,505	-	193,156	147,349	-	A-
Corporate Debt Securities 2.875% to 3.300%	387,798	-	192,370	195,428	-	A+
Corporate Debt Securities 3.043% to 3.625%	188,626	60,033	128,593	-	-	AA
Corporate Debt Securities 2.800% to 3.625%	187,473	-	187,473	-	-	AA-
Corporate Debt Securities 3.200%	55,839	-	55,839	-	-	AA+
Corporate Debt Securities 3.125%	55,887	-	55,887	-	-	AAA
Corporate Debt Securities 3.750% to 4.650%	279,577	-	279,577	-	-	BBB+
Total	$ 3,446,875	$ 313,299	$ 2,172,550	$ 961,026	$ -	

FSU Foundation's cash and cash equivalents consist of the following at June 30, 2021 and 2020:

	2021	2020
Cash and other demand deposits	$ 1,452,405	$ 1,188,810
Money Market Funds	1,047,550	678,137
	$ 2,499,955	$ 1,866,947

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $288,117, $53,742, $233,743 and $471,948 at June 30, 2021.

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $26,532, $52,419, $127,633 and $471,553 at June 30, 2020.

The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At June 30, 2021 and 2020, FSU Foundation's uninsured cash and cash equivalent balances, including the SSGA US Government Money Market Fund, Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts, amounted to approximately $1,485,775 and $726,000, respectively.

FSU Foundation's investment policy consists of an asset allocation range of 50% to 70% equity securities, 30% to 50% fixed income securities and up to 10% in cash and cash equivalents.

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

	2021		2020	
	Cost	Fair value	Cost	Fair value
Equities	$ 7,887,838	$ 14,066,746	$ 5,965,766	$ 11,071,121
Preferred Stocks	25,220	26,665	50,683	49,820
Mutual Funds	3,452,953	6,907,972	4,496,953	5,063,054
Corporate Bonds	3,317,945	3,367,705	2,209,464	2,327,811
U.S. Government Securities	2,754,977	2,790,736	2,638,105	2,742,336
	$ 17,438,933	$ 27,159,824	$ 15,360,971	$ 21,254,142

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

	2021	2020
Current assets		
Investments	$ 14,595,376	$ 9,033,514
Noncurrent assets		
Endowment investments	12,564,448	12,220,628
	$ 27,159,824	$ 21,254,142

At June 30, 2021, net unrealized gains in FSU Foundation's investment portfolio amounted to $9,720,891. At June 30, 2020, net unrealized gains in FSU Foundation's investment portfolio amounted to $5,893,171.

At June 30, 2021 and 2020, equities include securities in the consumer goods sector which represent 16% and 12%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2021 and 2020, equities include securities in the technology sector which represent 10% and 10%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2021 and 2020, 6% and 4%, respectively, of the fair value of FSU Foundation's investment portfolio represents foreign investments.

Investments held by FSU Foundation with an equivalent fair value of $15,398,676 at June 30, 2021 collateralize certain debt agreements (see Notes 14 and 15).

At June 30, 2021, FSU Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 0.125% to 2.875%	$ 2,790,736	$ 752,193	$ 1,746,723	$ 291,820	$ -	AA+
Corporate Debt Securities 0.450% to 3.750%	509,168	126,267	241,985	55,187	-	A
Corporate Debt Securities 0.810% to 3.650%	566,737	20,208	366,393	111,126	-	A-
Corporate Debt Securities 1.350% to 3.450%	681,437	50,373	519,731	84,347	-	A+
Corporate Debt Securities 3.400% to 3.700%	163,730	-	32,841	56,865	-	AA
Corporate Debt Securities 0.430% to 3.000%	347,145	-	277,004	-	-	AA-
Corporate Debt Securities 3.450%	54,080	-	54,080	-	-	AA+
Corporate Debt Securities 3.130%	27,254	-	27,254	-	-	AAA
Corporate Debt Securities 2.750% to 5.500%	240,853	-	240,853	-	-	BBB
Corporate Debt Securities 1.450% to 4.460%	70,741	-	70,741	-	-	BBB-
Corporate Debt Securities 1.650% to 4.750%	706,560	-	540,617	165,943	-	BBB+
Total	$ 6,158,441	$ 949,041	$ 4,118,222	$ 765,288	$ -	

At June 30, 2020, FSU Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 1.375% to 3.625%	$ 2,742,336	$ 1,309,926	$ 1,006,558	$ 425,852	$ -	AA+
Corporate Debt Securities 2.250% to 4.400%	867,953	51,018	451,189	365,746	-	A
Corporate Debt Securities 1.700% to 4.750%	298,860	-	183,075	115,785	-	A-
Corporate Debt Securities 2.450% to 3.450%	308,843	50,349	229,357	29,137	-	A+
Corporate Debt Securities 2.895% to 4.250%	293,723	51,050	183,608	59,065	-	AA
Corporate Debt Securities 2.200% to 3.300%	261,003	-	261,003	-	-	AA-
Corporate Debt Securities 2.000% to 3.450%	130,724	75,477	55,247	-	-	AA+
Corporate Debt Securities 3.125%	27,943	-	-	27,943	-	AAA
Corporate Debt Securities 4.000%	11,358	-	-	11,358	-	BBB
Corporate Debt Securities 2.200% to 3.050%	127,404	75,344	52,060	-	-	BBB+
Total	$ 5,070,147	$ 1,613,164	$ 2,422,097	$ 1,034,886	$ -	

The University's investments are measured at fair value on a recurring basis and have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. Similarly, the FSU Foundation follows similar guidance in accordance with Financial Accounting Standards Board

Accounting Standards Codification ASC 820-10, which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for an asset or liability.

The University's investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 1,937,473	$ -	$ 1,937,473	$ -
Corporate Debt Securities	1,846,884	-	1,846,884	-
Equity Securities	10,011,807	10,011,807	-	-
Mutual Funds	7,742,610	7,742,610	-	-
	$ 21,538,774	$ 17,754,417	$ 3,784,357	$ -

The University's investments' fair value measurements are as follows at June 30, 2020:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 1,675,739	$ -	$ 1,675,739	$ -
Corporate Debt Securities	1,771,136	-	1,771,136	-
Equity Securities	6,913,782	6,913,782	-	-
Mutual Funds	7,693,498	7,693,498	-	-
	$ 18,054,155	$ 14,607,280	$ 3,446,875	$ -

FSU Foundation's investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 2,790,736	$ -	$ 2,790,736	$ -
Preferred Stocks	26,665	-	26,665	-
Corporate Bonds	3,367,705	-	3,367,705	-
Equity Securities	14,066,746	14,066,746	-	-
Mutual Funds	6,907,972	6,907,972	-	-
	$ 27,159,824	$ 20,974,718	$ 6,185,106	$ -

FSU Foundation's investments' fair value measurements are as follows at June 30, 2020:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 2,742,336	$ -	$ 2,742,336	$ -
Preferred Stocks	49,820	-	49,820	-
Corporate Bonds	2,327,811	-	2,327,811	-
Equity Securities	11,071,121	11,071,121	-	-
Mutual Funds	5,063,054	5,063,054	-	-
	$ 21,254,142	$ 16,134,175	$ 5,119,967	$ -

Mutual funds and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2021 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 12,054,659	$ 12,054,659
Donor-restricted amounts required to be held in perpetuity	-	12,564,449	12,564,449
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 24,619,108	$ 24,644,108

Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 19,886,466	$ 19,911,466
Investment return			
Investment income	-	263,390	263,390
Appreciation (depreciation), realized and unrealized	-	4,517,470	4,517,470
Total investment return	-	4,780,860	4,780,860
Contributions	-	339,104	339,104
Appropriation of endowment assets for expenditure	-	(256,853)	(256,853)
Investment management fees	-	(117,583)	(117,583)
Reclassification of net position	-	(12,886)	(12,886)
Other changes			
Transfer upon removal of donor restrictions	-	-	-
Endowment net position, end of year	$ 25,000	$ 24,619,108	$ 24,644,108

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2020 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 7,665,838	$ 7,665,838
Donor-restricted amounts required to be held in perpetuity	-	12,220,628	12,220,628
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 19,886,466	$ 19,911,466

Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 17,499,346	$ 17,524,346
Investment return			
Investment income	-	259,267	259,267
Appreciation (depreciation), realized and unrealized	-	862,344	862,344
Total investment return	-	1,121,611	1,121,611
Contributions	-	1,731,167	1,731,167
Appropriation of endowment assets for expenditure	-	(368,354)	(368,354)
Investment management fees	-	(84,994)	(84,994)
Reclassification of net position	-	(11,222)	(11,222)
Other changes			
Transfer upon removal of donor restrictions	-	(1,088)	(1,088)
Endowment net position, end of year	$ 25,000	$ 19,886,466	$ 19,911,466

Note 3 - Accounts and contributions receivable

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

	2021	2020
Student accounts receivable	$ 2,842,261	$ 2,897,193
Parking and other fines receivable	112,130	134,235
Commissions receivable	11,629	35,849
Grants receivable	191,449	471,817
Federal grants receivable	9,991,935	-
Compass receivable, including accrued interest of $4,155 and $1,781 (see Note 11)	49,406	47,032
FSU Foundation receivable	45,715	66,807
	13,244,525	3,652,933
Less allowance for doubtful accounts	(575,731)	(642,444)
	$ 12,668,794	$ 3,010,489

FSU Foundation's contributions receivable consist of the following at June 30, 2021 and 2020:

	2021	2020
Receivable in less than one year	$ 311,428	$ 403,375
Receivable in one to five years	70,000	370,000
	381,428	773,375
Discount on pledges	(8,654)	(21,471)
	$ 372,774	$ 751,904

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 1% to 2%.

Note 4 - Loans receivable

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

	2021	2020
Perkins loans receivable	$ 877,365	$ 1,059,477
Nursing loans receivable	163,340	214,012
Emergency student loans receivable	330	4,073
	1,041,035	1,277,562
Less allowance for doubtful accounts	-	(3,018)
	$ 1,041,035	$ 1,274,544

The federal law authorizing the disbursing of Perkins loans expired on September 30, 2017. As of October 1, 2017, the University is prohibited from issuing new Perkins loans to undergraduate students. As of October 1, 2016, the University is prohibited from issuing new Perkins loans to graduate students who received them prior to October 1, 2015. The Perkins loan program ended any further new loans being issued after September 30, 2017. The University may remit all federal proceeds and loans at any time thereafter to the Department of Education or continue to maintain them for five additional years.

Note 5 - Capital assets

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

Capital assets:	Totals June 30, 2020	Additions	Reclassifications* and reductions	Totals June 30, 2021
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	9,913,164	9,356,575	(6,648,714)	12,621,025
Total non-depreciable assets	15,391,289	9,356,575	(6,648,714)	18,099,150
Depreciable capital assets				
Land improvements	17,935,801	516,572	-	18,452,373
Buildings	80,591,909	-	-	80,591,909
Building improvements	169,413,974	5,221,176	4,714,076	179,349,226
Equipment	28,763,642	388,095	1,934,638	31,086,375
Furniture	597,676	-	-	597,676
Library materials	455,133	25,122	(116,604)	363,651
Total depreciable assets	297,758,135	6,150,965	6,532,110	310,441,210
Total capital assets	313,149,424	15,507,540	(116,604)	328,540,360
Less: Accumulated depreciation				
Land improvements	8,739,033	893,225	-	9,632,258
Buildings	45,727,848	1,153,759	-	46,881,607
Building improvements	59,453,516	8,212,829	-	67,666,345
Equipment	17,161,285	1,071,163	-	18,232,448
Furniture	597,676	-	-	597,676
Library materials	-	116,604	(116,604)	-
Total accumulated depreciation	131,679,358	11,447,580	(116,604)	143,010,334
Capital assets, net	$ 181,470,066	$ 4,059,960	$ -	$ 185,530,026

As of June 30, 2021, capital assets of the University with a cost of approximately $55,623,233 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, 2021.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately $1,792,700 and $4,496,100 at June 30, 2021 and 2020, respectively.

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

Capital assets:	Totals June 30, 2019	Additions	Reclassifications* and reductions	Totals June 30, 2020
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	14,330,041	6,397,797	(10,814,674)	9,913,164
Total non-depreciable assets	19,808,166	6,397,797	(10,814,674)	15,391,289
Depreciable capital assets				
Land improvements	17,579,322	321,897	34,582	17,935,801
Buildings	80,591,909	-	-	80,591,909
Building improvements	165,286,659	2,321,203	1,806,112	169,413,974
Equipment	19,199,768	589,894	8,973,980	28,763,642
Furniture	597,676	-	-	597,676
Library materials	483,450	51,010	(79,327)	455,133
Total depreciable assets	283,738,784	3,284,004	10,735,347	297,758,135
Total capital assets	303,546,950	9,681,801	(79,327)	313,149,424
Less: Accumulated depreciation				
Land improvements	7,855,617	883,416	-	8,739,033
Buildings	44,574,089	1,153,759	-	45,727,848
Building improvements	51,396,833	8,056,683	-	59,453,516
Equipment	16,302,005	859,280	-	17,161,285
Furniture	597,676	-	-	597,676
Library materials	-	79,327	(79,327)	-
Total accumulated depreciation	120,726,220	11,032,465	(79,327)	131,679,358
Capital assets, net	$ 182,820,730	$ (1,350,664)	$ -	$ 181,470,066

As of June 30, 2020, capital assets of the University with a cost of approximately $55,413,000 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, 2020.

The University has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the University's financial statements for the years ended June 30, 2021 and 2020.

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

Capital assets:	Totals June 30, 2020	Additions	Reclassifications and reductions	Totals June 30, 2021
Real estate under lease to the University:				
Land	$ 402,663	$ 1	$ -	$ 402,664
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	241,627	-	342,079
	2,060,839	241,628	-	2,302,467
Real estate used for student housing:				
Land	253,555	-	(17,031)	236,524
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	716,380	-	(17,031)	699,349
Other:				
Land	2,072,730	444,311	(440,183)	2,076,858
Land improvements	158,127	-	(61,899)	96,228
Buildings	2,050,794	559,233	(141,253)	2,468,774
Building improvements	1,109,006	-	(1)	1,109,005
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,217,307	1,003,544	(643,336)	6,577,515
Total capital assets	8,994,526	1,245,172	(660,367)	9,579,331
Less: Accumulated depreciation				
Real estate under lease to the University:				
Building	538,713	38,943	-	577,656
Building improvements	66,131	8,042	-	74,173
	604,844	46,985	-	651,829
Real estate used for student housing:				
Buildings	142,028	10,856	-	152,884
Building improvements	15,492	1,430	-	16,922
	157,520	12,286	-	169,806
Other:				
Land improvements	88,135	4,811	(61,899)	31,047
Buildings	268,968	53,463	(10,887)	311,544
Building improvements	324,186	55,451	-	379,637
Equipment	759,308	-	-	759,308
Furniture and fixtures	47,120	3,709	-	50,829
Library materials	6,570	-	-	6,570
	1,494,287	117,434	(72,786)	1,538,935
Total accumulated depreciation	2,256,651	176,705	(72,786)	2,360,570
Capital assets, net	$ 6,737,875	$ 1,068,467	$ (587,581)	$ 7,218,761

Non-depreciable capital assets of FSU Foundation total $2,716,046 at June 30, 2021, which is comprised of land.

At June 30, 2021, capital assets of FSU Foundation with a cost of approximately $792,000 were fully depreciated and still in service.

On June 28, 2021, the Foundation Supporting Organization transferred seven properties, which consists of land and one building to the Commonwealth of Massachusetts acting by and through DCAM on behalf of Fitchburg State University. On the date the properties were transferred, the seven properties collectively had a cost basis and accumulated depreciation of $660,367 and $72,786, respectively. A loss of $587,581 was recorded from the transfers of the properties and recognized in loss on sale of capital assets in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2021.

On December 22, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $121,813. The FSU Foundation intends to use this property for green space and possible future parking.

On November 30, 2020, the Foundation Supporting Organization received a donation of the former Fidelity Bank property in downtown Fitchburg. The property includes the bank building and three parcels of land. This property was recorded at fair market value of $709,500, $526,617 of which was recorded as building and $182,883 as land based on an appraisal completed utilizing the sales comparative approach. The property is being held for development of the Theater complex.

On September 18, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $172,231. The Foundation intends to use this property for green space with possible future parking.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The property was acquired to support the downtown Theater project and the organization intends to raze the building on the property and convert the land to a parking lot. The FSU Foundation was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation. For the year ended June 30, 2020, the FSU Foundation had purchased an insurance policy with a determined deductible of $100,000, which it determined increased the value of the land and was recorded as land. For the year ended June 30, 2021, the FSU Foundation determined that additional costs of the remediation are expected above the insured policy limits in the amount of $465,696, which has been expensed in the current year and included in environmental costs in the accompanying schedule of functional expenses. As of June 30, 2021 and 2020, respectively, the remaining environmental liability of $536,901 and $100,000 is shown on the accompanying statements of net position.

In fiscal 2017, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Foundation Supporting Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 14). The Foundation

Supporting Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Foundation Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Market Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The Foundation Supporting Organization will pay for certain legal services incurred in connection with the project which the Foundation Supporting Organization currently estimates to be approximately $148,000 for the entire project. The Foundation Supporting Organization expects to fund these costs through operating cash. For the year ended June 30, 2020, the Foundation Organization has incurred $73,491 of legal costs related to the project which have been recorded in prepaid expenses and other current assets in the accompanying 2020 statements of net position.

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

Capital assets:	Totals June 30, 2019	Additions	Reclassifications and reductions	Totals June 30, 2020
Real estate under lease to the University:				
Land	$ 402,663	$ -	$ -	$ 402,663
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	-	-	100,452
	2,060,839	-	-	2,060,839
Real estate used for student housing:				
Land	253,555	-	-	253,555
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	716,380	-	-	716,380
Other:				
Land	1,949,324	123,406	-	2,072,730
Land improvements	158,127	-	-	158,127
Buildings	1,831,326	219,468	-	2,050,794
Building improvements	1,109,006	-	-	1,109,006
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	5,874,433	342,874	-	6,217,307
Total capital assets	8,651,652	342,874	-	8,994,526
Less: Accumulated depreciation				
Real estate under lease to the University:				
Building	499,770	38,943	-	538,713
Building improvements	61,108	5,023	-	66,131
	560,878	43,966	-	604,844
Real estate used for student housing:				
Buildings	131,172	10,856	-	142,028
Building improvements	14,062	1,430	-	15,492
	145,234	12,286	-	157,520
Other:				
Land improvements	83,324	4,811	-	88,135
Buildings	223,187	45,781	-	268,968
Building improvements	268,735	55,451	-	324,186
Equipment	759,094	214	-	759,308
Furniture and fixtures	42,936	4,184	-	47,120
Library materials	6,570	-	-	6,570
	1,383,846	110,441	-	1,494,287
Total accumulated depreciation	2,089,958	166,693	-	2,256,651
Capital assets, net	$ 6,561,694	$ 176,181	$ -	$ 6,737,875

Non-depreciable capital assets of FSU Foundation totaled $2,728,948 at June 30, 2020, which is comprised of land.

At June 30, 2020, capital assets of FSU Foundation with a cost of approximately $849,000 were fully depreciated and still in service.

On June 24, 2020, the Foundation Supporting Organization received a donation of property in close proximity to the Fitchburg State University campus. The property, which includes land only, was recorded at fair market value of $2,100 at the time of the donation. The Foundation Supporting Organization intends to use this property for open green space.

On June 2, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $240,774. The Foundation Supporting Organization intends to use this property for open green space. The acquisition was funded, in part, through the proceeds of an advance of $250,000 on a letter of credit.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The Organization intends to raze the building and convert it to a parking lot. The Foundation Supporting Organization obtained an insurance policy to cover the costs of remediation needed. For the year ended June 30, 2020, the Foundation Supporting Organization has determined a probable liability for these costs equal to $100,000, which has been capitalized into the land.

Note 6 - Accounts payable and accrued liabilities

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

	2021	2020
Accounts payable - trade	$ 864,962	$ 820,024
Salaries and fringe benefits payable	2,848,635	2,605,829
Accrued interest payable	357,062	334,550
Tuition due State	47,674	52,154
Other	506,408	401,091
	$ 4,624,741	$ 4,213,648

Note 7 - Accrued workers' compensation

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth's self-insured workers' compensation program were conducted as of June 30, 2021 and 2020. Based upon the Commonwealth's analyses, $1,088,425 and $478,124 of accrued workers' compensation has been recorded as a liability at June 30, 2021 and 2020, respectively.

Note 8 - Accrued compensated absences

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

	2021	2020
Vacation time payable	$ 2,872,809	$ 2,866,275
Sick time payable	2,488,590	2,875,468
Total	$ 5,361,399	$ 5,741,743
Amount representing obligations due to employees funded through sources other than State appropriations	$ 350,760	$ 329,819
Amount representing obligations due to employees compensated through State appropriations	5,010,639	5,411,924
Total	$ 5,361,399	$ 5,741,743

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 University, the University's unrestricted net position (deficiency) balances would be $3,589,403 and $(6,046,464) at June 30, 2021 and 2020, respectively (see Note 1, Compensated absences).

Note 9 - Faculty payroll accrual

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth and Fitchburg State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2021 of $3,876,328 will be paid from the University's fiscal 2022 State appropriations. The total amount due at June 30, 2020 of $4,231,311 was paid from the University's fiscal 2021 State appropriations.

Note 10 - Revenue received in advance

Revenue received in advance includes tuition received in advance from students for summer courses commencing after June 30 and grant funds received in advance. Revenue received in advance includes the following at June 30, 2021 and 2020:

	2021	2020
Tuition, fees and professional development	$ 2,182,704	$ 1,713,082
Capital projects	1,085,708	2,224,396
Grants	5,559,668	538,426
Other	63,879	58,886
	$ 8,891,959	$ 4,534,790

Note 11 - Deferred inflows of resources from service concession arrangement

Deferred inflows of resources from service concession arrangement at June 30, 2021 and 2020 in the amounts of $758,754 and $1,011,672, respectively, consist of the unamortized balances of a service concession arrangement with Compass Group USA, Inc. ("Compass") to manage and operate the University's food services operation at the University's dining services locations as more fully described in the arrangement. The service concession arrangement commenced on July 1, 1999 for a term of 10 years through June 30, 2009 and has been amended several times thereafter to modify its terms, provide for additional payments to the University for investment in improvements in or at the University as mutually agreed upon by the parties, and extend the term of the arrangement until June 30, 2024. The last such amendment to the service concession arrangement was effective May 1, 2014 and provides for the extension of the arrangement to June 30, 2024 and payments to the University totaling $2,500,000. These payments shall be made to the University by Compass in seven installments as follows: $300,000 in fiscal 2011; $1,200,000 in fiscal 2012; $200,000 in fiscal 2014; $500,000 in fiscal 2015; $200,000 in fiscal 2016; $50,000 in fiscal 2020; and $50,000 in fiscal 2022. As of June 30, 2020, the University has received the first six installments from Compass, of which $50,000 was received in fiscal 2020. In addition, Compass has agreed to pay the University specified percentages of 4%, 4 ½% or 12% of specified sales receipts from the food services operation as more fully described in the arrangement. All improvements and equipment purchased with the payments received from Compass shall remain the property of the University. The arrangement may be terminated by either party at any time, without cause, by giving not less than 60 days prior written notice to the other party. The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by Compass. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by Compass. The amortization schedules assume that all funds will be received from Compass. The University does not anticipate that the arrangement will be terminated prior to its expiration date.

The University has recorded the service concession arrangement as a deferred inflow of resources at its present value using a 5% discount rate determined by management of the University. In fiscal 2011, the University recorded an accounts receivable from Compass at the present value of the future payments to be received from Compass, using a 5% discount rate determined by management of the University. At June 30, 2021, the accompanying statement of net position includes a remaining receivable from Compass in the amount of $49,406, which includes accrued interest receivable of

$4,155 (see Note 3). At June 30, 2020, the accompanying statement of net position includes a remaining receivable from Compass in the amount of $47,032, which includes accrued interest receivable of $1,781 (see Note 3). The deferred inflow of resources is being amortized to revenue on a straight-line basis over the term of the arrangement. Amortization in the amount of $252,918 has been recognized in capital grants revenue in the accompanying statements of revenues, expenses and changes in net position for each of the years ended June 30, 2021 and 2020.

Note 12 - Interagency payables

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

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

	Issue date	Original amount	Interest rates (%)	Due date	Effective interest rates (%)*	Interagency payable balance	Unamortized bond premiums	Total interagency payable
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	0.26	$ 1,301,094	$ -	$ 1,301,094
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	2.66	1,907,048	10,578	1,917,626
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	1.86	876,513	4,132	880,645
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	5.96	9,639,944	-	9,639,944
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.83	4,552,835	7,531	4,560,366
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	2.65	8,994,925	244,350	9,239,275
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	2.52	8,676,463	116,086	8,792,549
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	2.54	6,366,086	373,764	6,739,850
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	5,010,863	-	5,010,863
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	4.20	3,774,502	170,683	3,945,185
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	4.32	2,849,888	145,173	2,995,061
Total		$ 80,271,396				$ 53,950,161	$ 1,072,297	$ 55,022,458

*Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of the Interagency payable.

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

	Issue date	Original amount	Interest rates (%)	Due date	Effective interest rates (%)*	Interagency payable balance	Unamortized bond premiums	Total interagency payable
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	6.03	$ 1,601,094	$ -	$ 1,601,094
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2025	4.01	1,675,000	-	1,675,000
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2026	4.39	825,000	32,205	857,205
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.39	9,549,184	-	9,549,184
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2031	5.05	4,210,887	522,339	4,733,226
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2032	3.12	9,130,000	697,837	9,827,837
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2033	5.00	8,605,000	871,165	9,476,165
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2034	5.00	7,520,000	1,159,921	8,679,921
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	5,218,638	-	5,218,638
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.93	3,564,000	202,663	3,766,663
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.69	2,385,000	170,172	2,555,172
Total		$ 80,271,396				$ 54,283,803	$ 3,656,302	$ 57,940,105

*Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of the Interagency payable.

MDFA Series J-3 bond issuance
On November 22, 1996, the University signed a financing agreement to receive $6,000,000 from a MDFA (formerly Massachusetts Health and Educational Facilities Authority ("MHEFA")) bond issuance to be used for the construction of the University's athletic facility. This obligation is being repaid solely by the University. Construction of the athletic facility was completed in August 2000. MDFA retained $502,899 of the bond proceeds for a debt service retirement fund.

The University is required to make annual funding payments of principal on this debt each July 1. The principal payment due July 1, 2021 of $349,378 was made as scheduled. These payments are made to a restricted cash account held in escrow in the University's name and recorded on the books of the University. These amounts, along with the remaining balance of the debt service retirement fund, are held in an escrow account by MDFA. Earnings on this balance are transferred and used by the University to offset the administrative costs associated with this debt. In a prior year, the University 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. These debt payments are to be repaid by the University solely from student fees.

Interest on the debt is paid every 35 days at a floating rate of interest subject to market conditions. The interest rate is determined by MDFA conducting a true auction of their debt issuance every 35 days, in which the University's obligation is pooled with other higher education institutions within the Commonwealth who have debt funded through MDFA. The most recent auctioned interest rate in effect at June 30, 2021 and 2020 was .318% and 6.506%, respectively. The University is also responsible to pay for program expenses at an annual rate of 1.085% (2021) and 1.015% (2020) of the outstanding principal balance, calculated and payable every 35 days when the rate is auctioned.

MDFA 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 Series 2005A bond issuance
During March 2005, the University signed a financing agreement to receive $5,110,000 from a MSCBA bond issuance. These funds were used for renovations of the athletic fields and dining hall (the "Projects") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2025. During fiscal 2021, the series 2005A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

MSCBA Series 2006A bond issuance
During March 2006, the University signed a financing agreement to receive $2,060,000 from a MSCBA bond issuance. These funds were used for renovations of the dining hall (the "Project") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2026. During fiscal 2021, the series 2006A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2031. 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 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $111,320 and $144,841, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2010A bond issuance
During December 2010, the University signed a financing agreement to receive $4,856,749 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation was repaid solely by the University through dedicated student fees and operating funds. During May 2018, the University made the final payment on the 2010A bonds.

As of June 30 2020, MSCBA held debt service reserve funds in the amount of $80,326, which is included in the accompanying statement of net position as noncurrent restricted cash and cash equivalents. During fiscal 2021, the entire balance of the debt service reserve was released to the University.

MSCBA Series 2010B bond issuance
During December 2010, the University signed a financing agreement to receive $11,078,908 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2030. During fiscal 2021, the series 2010B bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 4.89% to 6.54% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $741,021 and $964,163, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2012A bond issuance
During December 2011, the University signed a financing agreement to receive $7,043,416 from a MSCBA bond issuance. These funds, net of bond issuance costs, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2031. During fiscal 2021, the series 2012A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

MSCBA Series 2012C bond issuance
During December 2012, the University signed a financing agreement to receive $13,864,033 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase III of renovations to the Hammond Campus Center and parking expansion. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2032. During fiscal 2021, the series 2012C bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $164,599 and $214,164, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2014A bond issuance
During January 2014, the University signed a financing agreement to receive $12,235,614 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase IV of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2033. During fiscal 2021, the series 2014A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2038. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $513,247 and $667,799, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2014C bond issuance

During December 2014, the University signed a financing agreement to receive $10,669,502 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for Phase V of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2034. During fiscal 2021, the series 2014C bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $458,809 and $596,968, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

DCAMM Clean Energy Investment Program

In November 2016, the University entered into a Memorandum of Understanding with DCAMM to undertake a Comprehensive Energy Performance Contracting Project (the "Project"). The Project's goal is to upgrade boilers, replace the chiller, lighting, EMS expansion and improvements, HVAC upgrades, and various energy conservation measures.

The total cost for the Project was $9,451,868, including $498,975 incurred in 2020. The cost of the Project was funded from Clean Energy Investment Program Funds ("CEIP Funds") in the amount of $5,420,360, capital grants of $3,781,536, and energy incentives from the contractor in the amount of $249,972. CEIP Funds for the Project are to be repaid over 20 years at 3.00% interest. Annual payments of principal and interest for the Project in the amount of $364,333 commenced on January 1, 2020. Additionally, the agreement provides for the University to fund annual maintenance costs to be paid over the first five years of the Project totaling approximately $244,500. These maintenance costs are expected to be offset by energy savings as a result of the Project. The Project was completed and placed into service in August 2019.

MSCBA Series 2017A bond issuance

During January 2017, the University signed a financing agreement to receive $4,166,418 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Landry Arena. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2018. The final principal payment is due June 30, 2037. During fiscal 2021, the series 2017A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $79,218 and $103,073, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2019A bond issuance

During January 2019, the University signed a financing agreement to receive $2,623,145 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Holmes Dining Commons and the Recreation Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2020. The final principal payment is due June 30, 2039. During fiscal 2021, the series 2019A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

As of June 30, 2021, MSCBA held unexpended debt proceeds in the amount of $53,714, of which $2,886 is included in the accompanying 2021 statement of net position as current restricted cash and cash equivalents and $50,828 is included in the accompanying 2021 statement of net position as noncurrent restricted cash and cash equivalents. As of June 30, 2020, MSCBA held unexpended debt proceeds in the amount of $426,564, of which $31,189 is included in the accompanying 2020 statement of net position as current restricted cash and cash equivalents and $395,375 is included in the accompanying 2020 statement of net position as noncurrent restricted cash and cash equivalents.

MSCBA Series 2020A bond refunding

On July 1, 2020, MSCBA closed on Refunding Revenue Bonds Series 2020A for the purpose of providing budgetary relief in fiscal year 2021 and fiscal year 2022 to the nine State Universities including Fitchburg State University. These bonds were issued to refund/restructure debt outstanding from multiple series of bonds, as noted above. The reduction of the University's fiscal year 2021 debt service assessment was approximately $10,580,000. The reduction of the University's fiscal year 2022 debt service assessment is approximately $5,540,000. During August 2020, MSCBA's board approved the release of a portion of the funds held in the Debt Service Reserve Fund to pay the November 1, 2020 interest payment on behalf of the State Universities. Fitchburg State University received approximately $2,590,000 in funds held in reserve to be applied to the November interest payment to MSCBA. The bond restructuring resulted in a net deferred gain of $3,482,170, which will be amortized and recognized over the original term of the bonds. As of June 30, 2021, there were net deferred gains of $2,125,859, which is included in deferred inflows of resources on the accompanying 2021 statement of net position.

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

Year ending June 30:	Principal	Amortization of bond premium	Total principal	Estimated interest (1)	Total
2022	$ 2,302,873	$ 220,899	$ 2,523,772	$ 2,206,556	$ 4,730,328
2023	4,232,760	184,520	4,417,280	2,027,084	6,444,364
2024	4,577,598	156,021	4,733,619	1,847,487	6,581,106
2025	4,147,600	126,114	4,273,714	1,664,584	5,938,298
2026	3,764,426	95,952	3,860,378	1,267,417	5,127,795
2027 - 2031	19,195,244	225,997	19,421,241	4,092,524	23,513,765
2032 - 2036	12,295,379	55,755	12,351,134	1,506,603	13,857,737
2037 - 2041	3,434,281	7,039	3,441,320	304,823	3,746,143
Total	$ 53,950,161	$ 1,072,297	$ 55,022,458	$ 14,917,078	$ 69,939,536

(1) The interest rate in effect at June 30, 2021 of .318% was used to calculate the estimated interest on the MDFA Series J-3 bond included above.

Other Interagency activity

The oversight of various capital projects on campus is provided by MSCBA. To fund these projects, the University provides equity contributions, by advancing funds to MSCBA, which are then held by MSCBA until used for the payment of the capital project costs. During fiscal 2021, the University provided an equity contribution of $670,000 toward the Theater Project. During fiscal 2020, the University provided an equity contribution of $300,000 toward the Recreation Center Project, of which $102,837 of these funds were subsequently transferred to the Theater Project account at MSCBA for the Theater Project renovations. During fiscal 2020, funds totaling $13,473 were transferred from the Southside Chiller, Landry Project, Recreation Center Project and Theater Project accounts at MSCBA for the Holmes Dining renovations project. During fiscal 2020, Holmes Dining funds of $170,655 were transferred to the Theatre Project account MSCBA for the Theater Project renovations.

As of June 30, 2021, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents:	
University Projects	Current	Noncurrent
Recreation Center	$ -	$ 67,798
Theater	13,627	150,909
	$ 13,627	$ 218,707

As of June 30, 2020, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents:	
University Projects	Current	Noncurrent
Recreation Center	$ -	$ 71,612
Theater	167,385	150,691
	$ 167,385	$ 222,303

Note 13 - Capital lease obligation

During fiscal year 2017, the University entered into a noncancellable capital lease agreement with a financial institution in the amount of $1,261,206 for an upgrade to its wireless network equipment. The lease has a term of five years and requires semi-annual payments of $132,483, which commenced on March 23, 2017 and continues through September 23, 2021. The assets and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 1.81% which was determined to be applicable at the inception of the lease. The capital lease obligation is secured by the related assets.

The University's wireless network equipment held under capital lease totaled $1,261,206 as of both June 30, 2021 and 2020. The assets under the capital lease are being depreciated over their estimated useful lives and the depreciation of these assets is included in depreciation expense. The accumulated depreciation on the leased assets amounted to $1,198,145 and $945,904 at June 30, 2021 and 2020, respectively. Depreciation expense totaled $252,241 for each of the years ended June 30, 2021 and 2020.

Interest expense incurred on the capital lease totaled $5,899 and $10,525 in fiscal years 2021 and 2020, respectively.

The following is a schedule of future minimum lease payments under this capital lease at June 30, 2021:

Year ending June 30,	Amount
2022	$ 132,483
Total minimum lease payments	132,483
Less amount representing interest	(1,188)
Present value of future minimum lease payments	131,295
Less current portion	131,295
Present value of long-term portion	$ -

Note 14 - FSU Foundation's long-term debt

FSU Foundation's long-term debt consists of the following at June 30, 2021 and 2020:

	2021	2020
First mortgage notes payable	$ 3,940,299	$ 3,339,115
Notes payable - bank	453,794	474,686
	4,394,093	3,813,801
Less net debt issuance costs	(20,507)	(14,813)
	4,373,586	3,798,988
Less current portion	(225,884)	(254,180)
	$ 4,147,702	$ 3,544,808

The Foundation has a mortgage note payable in the original amount of $550,000, dated April 16, 2008, with Fidelity Cooperative Bank. The proceeds of the note were used to acquire certain real estate properties on the Fitchburg State University campus. 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 20 years and provided for a fixed rate of interest of 5.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate was to be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final 10 years of the term of the loan plus 118 basis points. The interest rate was adjusted to 4.27% per annum for the remainder of the loan term pursuant to the provisions of a Change in Terms Agreement dated October 19, 2016. The loan required monthly installments of principal and interest of $3,862 through October 16, 2016. Thereafter, the loan requires monthly installments of principal and interest of $2,454 commencing on November 16, 2016 with a final principal payment due in the amount of $210,752 at the loan's maturity date of April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2021 and 2020, the outstanding principal balance of this mortgage note payable amounted to $329,618 and $344,440, 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 University campus. The entire property has been leased to DCAMM on behalf of the University (see Note 23). The University 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 successor 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 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 20 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 interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011 and $12,306 until August 16, 2016. The interest rate was adjusted to 3.5% per annum on August 16, 2016 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $11,739 until the next five-year interval adjustment date of August 16, 2021. The loan 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 DCAMM lease.

As of June 30, 2021, the outstanding principal balance of the loan and debt issuance costs is $0.

Debt issuance costs, net of accumulated amortization, totaled $20,507 and $14,813 as of June 30, 2021 and 2020, respectively. During 2021, the loan associated with these debt issuance costs was repaid in full and as such the related debt issuance costs were fully amortized. During 2021, the Foundation Supporting Organization paid $20,507 in debt issuance costs related to the new mortgage provided by Rollstone Bank. For the year ended June 30, 2021 and 2020, amortization expenses of $14,813 and $2,404, respectively, were added to interest costs in the accompanying statement of revenues, expenses and changes in net position. Amortization of debt issuance costs on the above loan was amortized using an imputed interest of 3.64% as at June 30, 2020.

As of June 30, 2020, the outstanding principal balance of the mortgage note payable of $779,258, less net debt issuance costs of $14,813, amounted to $764,445.

MDFA is providing financing to the Foundation Supporting Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for predevelopment costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 675 Main Street, Fitchburg, Massachusetts. The note has a term of 5 years, maturing on June 28, 2026, and provides for a fixed rate of interest of 4% per annum. The loan requires monthly installments of interest effective August 1, 2021. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20,000,000 or more is secured. No disbursements have been made as of June 30, 2021.

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 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, 2021 and 2020, the Foundation Supporting Organization has total cash balances of $8,456 and $8,097, respectively, held by the lender which serve as additional collateral for the loan.

The mortgage note had a term of 10 years, expiring on February 27, 2019, and provided for a fixed rate of interest of 5.74% per annum. The interest rate was adjusted to 4.99% per annum on June 20, 2015 pursuant to the provisions of a loan modification agreement. On February 27, 2019, pursuant to the provisions of a new loan modification agreement, the interest rate was adjusted to 5.25% per annum expiring on February 27, 2024. The note requires monthly installments of principal and interest of $4,517, through February 27, 2024. Commencing thereafter, the interest rate will be adjusted to the FHLB 5 year Classic Advance plus 2.25% until the new maturity date of February 27, 2029, and monthly payments for principal and interest will be determined at that point.

At June 30, 2021 and 2020, the outstanding principal balance of this first mortgage loan amounted to $498,266 and $525,566, respectively.

Rollstone Bank & Trust provided financing to the Foundation Supporting Organization in the form of a note, dated December 22, 2014 in the amount of $240,000. The note is secured by a first mortgage interest in the real estate property located at 131 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on December 22, 2034, and provides for a fixed rate of interest of 3.25% per annum. The loan requires monthly installments of principal and interest of $1,367 based on a 20-year principal amortization. The loan agreement requires the Foundation Supporting Organization to maintain a ratio of Cash Flow (after distributions), as defined, to the Current Maturity of Long-Term Debt plus interest, as defined, of not less than 1.0 to 1 for any fiscal year. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

At June 30, 2021 and 2020, the outstanding principal balance of the mortgage note payable amounted to $178,567 and $188,898, respectively.

Rollstone Bank & Trust provided refinancing to the Foundation Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. The proceeds of the note was used to (i) refinance existing debt owed by the Foundation Supporting Organization, (ii) to purchase, raze and develop the real property located at 175-179 Myrtle Street, Fitchburg, Massachusetts, (iii) to finance a new roof at the property located at 167 Klondike Avenue. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note bears interest at a fixed rate of 3.5% per annum until December 9, 2030. Thereafter, the note shall bear interest at a per annum rate equal to the Federal Home Loan Bank of Boston "Five Year Classic Advance Rate" plus 2.25%. The loan requires monthly installments of principal and interest of $11,032 based on a 15-year principal amortization. The loan agreement requires the Supporting Organization to maintain a debt service ratio equal to or greater than 1:1. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2021, the outstanding principal balance of the mortgage loan amounted to $1,498,585.

Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The mortgage note has a term of 20 years, maturing on June 26, 2033, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 until the next five-year interval adjustment date of June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Foundation Supporting Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

At June 30, 2021 and 2020, the outstanding principal balance of the mortgage note payable amounted to $70,255 and $71,916, respectively.

In October 2016, Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a promissory note, dated October 19, 2016, in the amount of $118,000. The note is secured by a Negative Pledge Agreement on the real estate property located at 198 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on October 21, 2026, and provides for a fixed rate of interest of 4.11% per annum. Commencing on November 21, 2016, the loan requires monthly installments of principal and interest of $726 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance of $71,599 and any accrued interest thereon is due and payable. The note provides for the prepayment of all or a portion of the amount owed without penalty. The business loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the business loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $98,339 and $102,826, respectively.

In January 2017, Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a promissory note, dated January 13, 2017, in the amount of $220,000. The note is secured by a Negative Pledge Agreement on the properties located at 9 Clinton Street and 85-87 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on January 13, 2027, and provides for a fixed rate of interest of 4.76% per annum. Commencing on February 13, 2017, the loan requires monthly installments of principal and interest of $1,431 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance of $136,868 and any accrued interest thereon is due and payable. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $187,181 and $195,137, respectively.

In November 2016, Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a promissory note, dated November 4, 2016, in the amount of $280,000. The note is secured by a first mortgage interest in the property and an assignment of rents on the property located at 689-717 Main Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at 10-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Ten Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $257,596 and $262,969, respectively.

In September 2017, Webster First Federal Credit Union provided financing to the Foundation Supporting Organization in the form of a commercial note, dated September 22, 2017, in the amount of $250,000. The note is secured by a first mortgage interest in the real estate properties located at 66 and 0 Day Street and 721-725 Main Street, Fitchburg, Massachusetts, and an assignment of leases and rents on the properties. The note has a term of 15 years, maturing on October 1, 2032, and provides for a fixed rate of interest of 3.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate will be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Rate plus 1.5% per annum for the remaining five years of the loan term, but no less than a rate of 3.75% per annum. Commencing on November 1, 2017, the loan requires monthly installments of principal and interest of $1,825 based on a 15-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity. The note may be prepaid in whole or in part at any time without penalty.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $201,340 and $215,293, respectively.

The Foundation Supporting Organization has a note payable in the original amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments with an equivalent fair value of approximately $2,855,000 and $2,301,000 at June 30, 2021 and 2020, respectively. In addition, payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of 30 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 (April 26, 2012, 2017, 2022, 2027 and 2032) to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 1.15% per annum. The rate was adjusted to 2.62% per annum on April 26, 2012 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $4,122 through May 7, 2012 and $2,875 until April 26, 2017. The interest rate was adjusted to 3.49% per annum on April 26, 2017 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $3,115 until the next five-year interval adjustment date of April 26, 2022. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2021 and 2020, the outstanding principal balance of this note payable amounted to $453,794 and $474,685, respectively.

In November 2018, Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a promissory note, dated November 5, 2018, in the amount of $148,000. The note is secured by a first mortgage interest in and an assignment of leases and rents on a real estate property located at 70-78 North Street in Fitchburg, Massachusetts.

The promissory note has a term of 20 years, maturing on November 5, 2038. The note provides for a fixed rate of interest of 5% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Five Year Regular Rate plus 1.95% per annum. The loan will have a minimum floor rate of 5%. Commencing on January 1, 2019, the loan requires monthly installments of principal and interest of $983 based on a 20-year principal amortization schedule. If the note is prepaid in whole or in part during the term of the loan for the purpose of refinancing the loan with another financial institution, the loan provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be paid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $136,612 and $141,347, respectively.

In June 2019, Hometown Bank provided financing to the Foundation Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $312,000. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $1,752 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $298,009 and $305,145, respectively.

In June 2019, Hometown Bank provided financing to the Foundation Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $138,400. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $777 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $132,193 and $135,359, respectively.

In April 2019, Fitchburg Historical Society provided financing to the Foundation Supporting Organization in the form of a promissory note, dated April 4, 2019, in the amount of $90,000. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 0 Main Street in Fitchburg, Massachusetts.

The commercial note has a term of five years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2019, the loan requires monthly installments of principal and interest of $1,694 based on a 5-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $53,738 and $70,962, respectively.

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

Year ending June 30:	Principal	Interest (1)	Total
2022	$ 225,884	$ 176,445	$ 402,329
2023	235,356	166,971	402,327
2024	241,536	157,396	398,932
2025	234,502	147,443	381,945
2026	615,144	186,165	801,309
2027-2031	1,900,160	308,671	2,208,831
2032-2036	881,211	82,747	963,958
2037-2041	60,300	2,409	62,709
Total	$ 4,394,093	$ 1,228,247	$ 5,622,340

(1) The interest rates in effect at June 30, 2021 on the first mortgage notes payable and the note payable - bank were used to calculate the estimated interest on these debt obligations.

Note 15 - FSU Foundation lines of credit

On August 23, 2017, the Foundation renewed, under substantially the same terms, its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. Pursuant to the provisions of the line of credit agreement, maximum advances under the line are limited to 70% of the pledged investment collateral unless otherwise approved by the lender. The renewed line of credit provided for interest at 5.25% through September 1, 2017 and, thereafter, at The Wall Street Journal Prime Rate plus 1%. The interest rate charged to the Foundation may not exceed a rate of 18%. On January 31, 2019, the line of credit agreement was modified to change the interest rate to The Wall Street Journal Prime Rate plus 0%. At June 30, 2021 and 2020, the effective interest rate was 3.00% per annum. In fiscal 2021, $250,000 was borrowed on the line of credit to assist with short-time cash flow in purchasing a property abutting the University. The amount was repaid in full in January 2021. Accordingly, as of June 30, 2021 and 2020, there was no outstanding liability under the line of credit.

Borrowings under the line are secured by investments with an equivalent fair value of approximately $12,544,000 and $9,916,000, respectively, at June 30, 2021 and 2020. The line is also collateralized by all funds held by the lender. At June 30, 2021, the Foundation has total cash balances of approximately $59,000 held by the lender. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part without premium or penalty. The line of credit agreement expires on March 25, 2022.

On August 18, 2016, the Foundation Supporting Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Foundation Supporting Organization to borrow up to $250,000. The line of credit provides for interest at The Wall Street Journal Prime Rate less .25% (effective rates of 3.0% at June 30, 2021 and 3.25% at June 30, 2020). The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2020 and again through November 30, 2021. The Foundation Supporting Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. As of June 30, 2021, the Foundation Supporting Organization had no amounts outstanding on this line of credit. For the year ended June 30, 2020, the Foundation Supporting Organization made payments of $250,000 under the line of credit agreement. The balance outstanding as of June 30, 2021 and 2020 was $0 and $250,000, respectively.

Note 16 - Long-term liabilities

Long-term liability activity of the University for the year ended June 30, 2021 included the following:

				Totals June 30, 2021	
	Totals June 30, 2020	Additions	Reductions	Ending balance	Current portion
Interagency payables	$ 57,940,105	$ -	$ 2,917,647	$ 55,022,458	$ 2,523,772
Total	57,940,105	-	2,917,647	55,022,458	2,523,772
Other liabilities:					
Capital lease obligation	390,363	-	259,068	131,295	131,295
Workers' compensation	478,124	714,532	104,231	1,088,425	131,181
Compensated absences	5,741,743	3,204,081	3,584,425	5,361,399	3,243,931
Loan payable - federal financial assistance	1,354,371	35,914	235,493	1,154,792	-
Net pension liability	12,763,415	7,327,738	-	20,091,153	-
Net OPEB liability	24,061,207	1,791,398	-	25,852,605	-
Total other liabilities	44,789,223	13,073,663	4,183,217	53,679,669	3,506,407
Long-term obligations	$ 102,729,328	$ 13,073,663	$ 7,100,864	$ 108,702,127	$ 6,030,179

Long-term liability activity of the University for the year ended June 30, 2020 included the following:

				Totals June 30, 2020	
	Totals June 30, 2019	Additions	Reductions	Ending balance	Current portion
Interagency payables	$ 61,955,383	$ -	$ 4,015,278	$ 57,940,105	$ 4,038,987
Total	61,955,383	-	4,015,278	57,940,105	4,038,987
Other liabilities:					
Capital lease obligation	644,803	-	254,440	390,363	259,038
Workers' compensation	590,806	16,114	128,796	478,124	104,231
Compensated absences	5,505,350	3,574,035	3,337,642	5,741,743	3,584,425
Loan payable - federal financial assistance	1,871,966	28,884	546,479	1,354,371	-
Net pension liability	12,484,412	279,003	-	12,763,415	-
Net OPEB liability	27,318,264	-	3,257,057	24,061,207	-
Total other liabilities	48,415,601	3,898,036	7,524,414	44,789,223	3,947,694
Long-term obligations	$ 110,370,984	$ 3,898,036	$ 11,539,692	$ 102,729,328	$ 7,986,681

Long-term liability activity of FSU Foundation for the year ended June 30, 2021 included the following:

	Totals June 30, 2020	Additions	Reductions	Totals June 30, 2021 Ending balance	Totals June 30, 2021 Current portion
First mortgage notes payable	$ 3,324,302	$ 1,559,169	$ 963,679	$ 3,919,792	$ 204,207
Notes payable - bank	474,686	-	20,892	453,794	21,677
Long-term obligations	$ 3,798,988	$ 1,559,169	$ 984,571	$ 4,373,586	$ 225,884

Long-term liability activity of FSU Foundation for the year ended June 30, 2020 included the following:

	Totals June 30, 2019	Additions	Reductions	Totals June 30, 2020 Ending balance	Totals June 30, 2020 Current portion
First mortgage notes payable	$ 3,545,519	$ -	$ 221,217	$ 3,324,302	$ 233,256
Notes payable - bank	494,807	-	20,121	474,686	20,924
Long-term obligations	$ 4,040,326	$ -	$ 241,338	$ 3,798,988	$ 254,180

Note 17 - Net position

Unrestricted net position is comprised of net position that is not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Certain unrestricted net position is internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Designated unrestricted net position was $22,004,241 and $16,866,925 at June 30, 2021 and 2020, respectively. Undesignated unrestricted net position was $(28,534,838) and $(28,325,313) at June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, the net investment in capital assets amount of $129,112,613 and $125,001,606, respectively, includes the effect of deferring the recognition of revenue from the installment payments associated with the dining facilities service concession arrangement. At June 30, 2021 and 2020, $739,306 and $985,740, respectively, of the balance of the deferred inflow of resources has been included, as a reduction, in the calculation of net investment in capital assets. This amount will be recognized as revenue and increase the net investment in capital assets net position over the remaining term of the arrangement.

Note 18 - Net position restricted by enabling legislation

Fitchburg State University Foundation, Inc.'s statements of net position as of June 30, 2021 and 2020 reflect a restricted net position of $25,906,609 and $20,972,243, respectively. Of these amounts, $2,357,931 for each year, are restricted by enabling legislation for the State Matching Funds Program.

Note 19 - Operating expenses

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

	2021	2020
Salaries		
Faculty	$ 24,429,739	$ 25,440,450
Exempt wages	4,260,161	4,698,921
Non-exempt wages	20,526,788	21,363,362
Benefits	20,531,979	17,961,852
Scholarships	4,683,734	5,616,414
Utilities	4,384,739	4,301,064
Supplies and other services	24,724,987	28,206,176
Depreciation	11,447,580	11,032,465
Bad debt expense	103,825	176,593
Total operating expenses	$ 115,093,532	$ 118,797,297

Note 20 - State controlled accounts

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled, and reported by the Commonwealth through non-University line items in the Commonwealth's budget. Under generally accepted accounting principles, such transactions must be recorded in the financial statements of the University. These transactions include payments by the Commonwealth for the employer's share of funding the Massachusetts State Employees' Retirement System 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, 2021, 2020, and 2019 were as follows (see State appropriations under Note 24):

	2021	2020	2019
Commonwealth's retirement system contributions	$ 5,416,674	$ 5,021,593	$ 4,427,126
Employers share of health care premium	$ 7,110,892	$ 6,615,645	$ 7,169,153

Note 21 - Retirement plan

Substantially all of the University's full-time employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. 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.

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

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

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

Hire date	% of compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University 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 University's employees during 2021, 2020, and 2019 was $5,416,674, $5,021,593, and $4,427,126, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2021, 2020, and 2019 was $913,619, $1,265,410, and $868,517, respectively. Annual covered payroll was approximately 58%, 81%, and 81% of annual total payroll for the University in 2021, 2020, and 2019, respectively.

At June 30, 2021 and 2020, the University reported a liability of $20,091,153 and $12,763,415, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and 2018. The University's proportion of the net pension liability was based on an effective contribution methodology, which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2021, the University's proportion was 0.1171%, which was an increase of 0.0299% from its proportion measured as of June 30, 2020. At June 30, 2020, the University's proportion was 0.0872%, which was an increase of 0.0072% from its proportion measured as of June 30, 2019.

For the years ended June 30, 2021 and 2020, the University recognized pension expense of $8,771,712 and $7,268,364, respectively.

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 1,139,139	$ -
Net difference between projected and actual earnings on pension plan investments	1,104,419	-
Difference between expected and actual experience	639,271	130,005
Changes in proportion due to internal allocation	3,574,472	600,838
Changes in proportion from Commonwealth	15,173	48,970
University contributions subsequent to the measurement date	913,619	-
Total	$ 7,386,093	$ 779,813

The $913,619 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	$ 1,122,959
2023	1,647,940
2024	1,718,212
2025	1,131,078
2026	72,472
Total	$ 5,692,661

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 946,080	$ -
Net difference between projected and actual earnings on pension plan investments	-	190,382
Difference between expected and actual experience	423,876	165,995
Changes in proportion due to internal allocation	604,115	814,319
Changes in proportion from Commonwealth	22,534	648
University contributions subsequent to the measurement date	1,265,411	-
Total	$ 3,262,016	$ 1,171,344

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

1. (a) 7.15% investment rate of return (7.25% investment rate of return for the year ended June 30, 2019), (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase per year on the first $13,000 of allowance each year.

2. Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.

3. Mortality rates were as follows:

   (i) Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016, set forward 1 year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year for females.

   (iii) Disability - the mortality rate reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year.

4. Experience studies were performed as follows:

   (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2020	2019	2020	2019
Global equity	39.00%	39.00%	4.80%	4.90%
Core fixed income	15.00%	15.00%	0.70%	1.30%
Private equity	13.00%	13.00%	8.20%	8.20%
Portfolio completion strategies	11.00%	11.00%	3.20%	3.90%
Real estate	10.00%	10.00%	3.50%	3.60%
Value added fixed income	8.00%	8.00%	4.20%	4.70%
Timberland/natural resources	4.00%	4.00%	4.10%	4.10%
Total	100.00%	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2020 and 2019 was 7.15% and 7.25%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the University's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability calculated using the discount rates of 7.15% and 7.25%, respectively, for the measurement years ended June 30, 2020 and 2019, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%, 2020, and 6.25%, 2019) or 1-percentage-point higher (8.15%, 2020, and 8.25%, 2019) than the current rates:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2020	$ 26,471,563	$ 20,091,153	$ 14,847,267
June 30, 2019	$ 16,988,523	$ 12,763,415	$ 9,153,268

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

Note 22 - Fringe benefits for current employees and post-employment obligations - pension and non-pension

The University 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 University 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 University'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. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are comparable to contributions required from employees.

The Commonwealth administers a single employer defined benefit Postemployment Benefits Other Than Pensions ("OPEB") Plan. Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The State Retirement Benefits Trust Fund ("SRBT") is set up solely to pay for OPEB benefits and the cost to administer those benefits. Management of the SRBT is vested with a board of trustees, which consists of 7 members. GIC administers benefit payments, while the Trustees are responsible for investment decisions. The SRBT is reported as an OPEB Trust Fund and does not issue a stand-alone audited financial report. 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.

During the fiscal years ended on June 30, 2021 and 2020, 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).

Employer and employee contribution rates are set in Massachusetts General Law. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2021 and 2020 and as of the valuation date (January 1, 2020), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status.

At June 30, 2021 and 2020, the University reported a liability of $25,852,605 and $24,061,207, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and 2019, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 and 2019. The University's proportion of the net OPEB liability was based on an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2021, the University's proportion was 0.1249%, which was a decrease of 0.0066% from its proportion measured as of June 30, 2020. As of June 30, 2020, the University's proportion was 0.1315%, which was a decrease of 0.0156% from its proportion measured as of June 30, 2019.

The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2021, 2020 and 2019 were $20,531,979, $17,961,852 and $17,941,745, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program. The total amount of current funding by the State related to the OPEB portion of fringe benefits for the University's employees during 2021, 2020 and 2019 was $2,650,879, $2,392,217 and $2,922,864, respectively. The total amount of funding by the University related to the OPEB portion of fringe benefits for the University's employees compensated from a trust fund or other source during 2021, 2020 and 2019 was $528,286, $655,514 and $633,318, respectively.

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of $4,218,809 and $4,523,332, respectively.

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 2,129,005	$ 2,498,565
Net differences between projected and actual investment earnings on OPEB plan investments	74,750	-
Difference between expected and actual experience	713,482	638,130
Changes in proportion due to internal allocation	2,365,871	3,045,075
Changes in proportion from Commonwealth	39,180	87,799
University contributions subsequent to the measurement date	479,752	-
Total	$ 5,802,040	$ 6,269,569

The $479,752 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the University's requirement to contribute to the Plan will be recognized in expense as follows:

Year ending June 30:	
2022	$ (1,793,909)
2023	(1,273,024)
2024	495,024
2025	604,549
2026	1,020,079
Total	$ (947,281)

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 18,514	$ 3,618,187
Net differences between projected and actual investment earnings on OPEB plan investments	-	11,066
Difference between expected and actual experience	964,967	30,812
Changes in proportion due to internal allocation	3,316,789	2,573,670
Changes in proportion from Commonwealth	58,669	-
University contributions subsequent to the measurement date	655,514	-
Total	$ 5,014,453	$ 6,233,735

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020. This valuation used the following assumptions:

1. The following annual healthcare cost trend rates: (1) 7.0%, decreasing by 0.5% each year to 5.5% in 2023 and then decreasing 0.25% each year to an ultimate rate of 4.5% in 2026 for medical (7.5%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 for medical for the year ended June 30, 2019) and (2) 4.0% for administration costs (4.5% for the year ended June 30, 2019). Healthcare costs are offset by reimbursements for Employer Group Waiver Plans ("EGWP"), which are assumed to increase 5.0% per year until 2025, then decrease to 4.5% in 2026.

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

3. Participation rates:

   (i) 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.

   (ii) All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.

   (iii) 85% for both years ended June 30, 2020 and 2019 of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.

(iv) Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65 +
Indemnity	28.0%	96.0%
POS/PPO	60.0%	0.0%
HMO	12.0%	4.0%

Investment assets of the Plan are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2020	2019	2020	2019
Global equity	39.00%	39.00%	4.80%	4.90%
Core fixed income	15.00%	15.00%	0.70%	1.30%
Private equity	13.00%	13.00%	8.20%	8.20%
Portfolio completion strategies	11.00%	11.00%	3.20%	3.90%
Real estate	10.00%	10.00%	3.50%	3.60%
Value added fixed income	8.00%	8.00%	4.20%	4.70%
Timberland/natural resources	4.00%	4.00%	4.10%	4.10%
Total	100.00%	100.00%		

The discount rates used to measure the OPEB liability as of June 30, 2020 and 2019 were 2.28% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 2.21% and 3.51%, respectively, as of the measurement dates June 30, 2020 and 2019, respectively, and the expected rates of return on plan investments of 7.15% and 7.25%, respectively. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2028 (2029 for the year ended June 30, 2019). Therefore, the long-term expected rate of return on plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020 and 2019.

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

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2020 (a)	$ 31,067,852	$ 25,852,605	$ 21,732,290
June 30, 2019 (b)	28,721,305	24,061,207	20,376,695

(a) The discount rates as of June 30, 2020 are as follows: 2.28% (current); 1.28% (1% decrease) and 3.28% (1% increase).

(b) The discount rates as of June 30, 2019 are as follows: 3.63% (current); 2.63% (1% decrease) and 4.63% (1% increase).

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

Measurement year ended	1% decrease (b)	Healthcare cost trend rates (a)	1% increase (c)
June 30, 2020	$ 21,075,698	$ 25,852,605	$ 32,302,227
June 30, 2019	19,819,472	24,061,207	29,644,526

(a) The current healthcare cost trend rates are as follows: 7.15% (June 30, 2020) and 7.5% (June 30, 2019) for medical, and 5.0% per year until 2025, then decrease to 4.0% in 2026 (June 30, 2020) and 4.5% (June 30, 2019) for Employer Group Waiver Plan and 4.0% (June 30, 2020) and 4.5% (June 30, 2019) for administration costs.

(b) The healthcare cost trend rates after a 1% decrease are as follows: 6.15% (June 30, 2020) and 6.5% (June 30, 2019) for medical, 4.0% per year until 2025, then decrease to 3.0% in 2026 (June 30, 2020) and 3.5% (June 30, 2019) for Employer Group Waiver Plan and 3.0% (June 30, 2020) and 3.5% (June 30, 2019) for administration costs.

(c) The healthcare cost trend rates after a 1% increase are as follows: 8.15% (June 30, 2020) and 8.5% (June 30, 2019) for medical, 6.0% per year until 2025, then decrease to 5.0% in 2026 (June 30, 2020) and 5.5% (June 30, 2019) for Employer Group Waiver Plan and 5.0% (June 30, 2020) and 5.5% (June 30, 2019) for administration costs.

Detailed information about the OPEB plan's changes in net OPEB liability, fiduciary net position, and employees covered by benefit terms separately identified by: a) Inactive employees currently receiving benefit payments, b) Inactive employees entitled to but not yet receiving benefit payments, and c) Active employees is available in the Commonwealth's financial statements.

Note 23 - Lease and license agreements

As disclosed in Note 14, the Foundation Supporting Organization entered into a long-term operating lease agreement with DCAMM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Foundation Supporting Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2021 and 2020, rental income 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 revenues, expenses and changes in net position. The corresponding rent expense of the University is reflected in operations and maintenance of plant.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2021:

Year ending June 30,	Amount
2022	$ 165,000
2023	165,000
2024	165,000
2025	165,000
2026	165,000
Later years	20,625
	$ 845,625

On August 6, 2008, the Foundation Supporting Organization entered into a 10-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 University as office and classroom space for its Center for Professional Studies. The lease provided 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. On November 1, 2011, the base annual rent increased to $18,947 for the next three-year period of the lease term payable in monthly installments of $1,579. On July 1, 2014, the Foundation Supporting Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above mentioned office space and extending the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease shall increase by 7.5% to $30,632 (biannual installments of $15,316). On July 1, 2019, the Foundation Supporting Organization extended the lease agreement for another three year term which provides for a base annual rent of $30,632 and will increase 2% annually. 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 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, 2021 and 2020, rent expense amounted to $30,632 in each year.

The future minimum rental payments under this operating lease agreement at June 30, 2021 are $31,870 and $32,507 for both fiscal years ending June 30, 2022 and 2023.

On February 1, 2013, the Foundation Supporting Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in biannual installments of $2,848. 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 February 1, 2014 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, 2021 and 2020, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2021:

Year ending June 30,	Amount
2022	$ 5,696
2023	5,696
	$ 11,392

The Foundation Supporting Organization and the University are parties to License Agreements whereby the Foundation Supporting Organization granted to the University irrevocable and exclusive licenses to occupy, manage, maintain and operate certain property owned by the Foundation Supporting Organization. The License Agreements provide for initial terms of one year and automatic annual renewals thereafter. The License Agreements provide for annual license fees payable, in arrears, in four equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2021 and 2020, license fee income for the Foundation Supporting Organization amounted to $365,337 and $545,661, respectively. The license fee income is reflected in revenue from sales and services of educational departments in the accompanying statements of revenues, expenses and changes in net position. The corresponding license fee expense of the University is reflected in operations and maintenance of plant.

On June 22, 2018, the Foundation Supporting Organization entered into a three-year operating lease agreement with an unrelated third party to lease a minor portion of a building acquired in fiscal year

2018. The lease agreement provides for monthly lease payments of $1,600 commencing on July 1, 2018. The lease agreement was amended effective July 1, 2019 and provided for monthly lease payment of $1,358. A new five-year lease commenced on July 1, 2021 with a monthly lease payment of $1,958. For the years ended June 30, 2021 and 2020, rental income amounted to $22,968 and $21,255, respectively.

Note 24 - 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 University's State appropriations are comprised of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Gross State appropriations	$ 44,162,796	$ 34,644,875
Add: Fringe benefits for benefited employees on the Commonwealth payroll	12,527,566	11,637,238
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(468,982)	(875,599)
Net State appropriations	$ 56,221,380	$ 45,406,514

$45,829,701 and $44,088,228 represent appropriations for maintenance and payroll and other noncapital appropriations during 2021 and 2020, respectively, and $10,391,679 and $1,318,286 represent appropriations for capital improvements for 2021 and 2020, respectively. These amounts are presented separately in the accompanying statements of revenues, expenses and changes in net position.

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, 2021 and 2020.

Note 25 - Risk management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commonwealth is self-insured. In addition, the University maintains commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the University consist of Director and Officer's liability, automobile 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 coverage in any of the past three years.

The University also participates in the Commonwealth's self-insured programs for employee workers' compensation, health care and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 7). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of health care insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 22).

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.

Note 26 - Commitments and contingencies

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

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

The University participates in the Massachusetts 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 University is obligated to accept as payment of tuition the amount determined by this program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University 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 DCAMM. The Projects generally consist of renovations and improvements and have been recorded in the respective accounts.

Note 27 - McKay Agreement

The University 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 University receives quarterly payments from the City to reimburse the University for its share of payroll and related operating expenses (the "McKay School expenditures"). Reimbursements received for both years ended June 30, 2021 and 2020 were $810,487. 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 position.

Note 28 - Civic Center

In August 2006, the University and the City of Fitchburg entered into a Memorandum of Understanding in which the University 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 DCAMM on behalf of the University 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 University 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 University 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. DCAMM, at the instruction of the University and with 60 days prior written notice, may terminate the lease in the event that the University, in its sole discretion, determines that continuation of the lease is not in the interest of the University.

During fiscal 2007, the University 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 University made repairs and upgrades to the Civic Center for an aggregate cost of $2,477,381. The University 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 acting by and through DCAMM on behalf of the University entered into a sublease agreement with FMC for a term of 25 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 University related to obligations in existence at the date the University initially assumed management of the Civic Center. During the term of the sublease agreement, FMC is required to pay the University monthly percentage rent based upon the actual gross revenues from its operations, as defined. During each of the first 10 years of the sublease term, no percentage rent is required.

Thereafter, for each of the years 11 through 25, 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. For fiscal year 2021 and 2020, the percentage rent incurred by FMC was not material to the financial statements.

The University, 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.

Required Supplementary Information

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the collective net pension liability (asset)	0.1171%	0.0872%	0.0944%	0.0891%	0.0912%	0.0878%	0.0684%
University's proportionate share of the collective net pension liability (asset)	$ 20,091,153	$ 12,763,415	$ 12,484,412	$ 11,430,648	$ 12,580,841	$ 9,995,092	$ 5,078,817
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634	$ 35,389,121
University's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	49.42%	30.51%	30.78%	30.28%	33.63%	26.89%	14.35%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

* The amounts presented for each fiscal year were determined as of 6/30.

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,330,293	$ 6,287,003	$ 5,295,643	$ 4,756,899	$ 3,977,525	$ 3,799,572	$ 3,946,690
Contributions in relation to the contractually required contribution	(6,330,293)	(6,287,003)	(5,295,643)	(4,756,899)	(3,977,525)	(3,799,572)	(2,912,032)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,034,658
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634	$ 35,389,121
Contributions as a percentage of covered payroll	15.57%	15.03%	13.06%	12.60%	10.63%	10.22%	11.15%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Note 1 - Changes in Pension Plan Benefit Terms and Assumptions

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.15% from 7.25%.

FY2019 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.25% from 7.35%.

FY2018 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.35% from 7.50%.

Change in mortality

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

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

FY2017 Changes in Actuarial Assumptions

Changes in benefit terms

Chapter 79 of the Acts of 2014 established an early retirement incentive ("ERI") program for certain employees of the highway division of the Massachusetts Department of Transportation whose positions have been eliminated due to the automation of toll collections. Most members retiring under the ERI program had a date retirement of October 28, 2016. 112 members took the ERI and retired during FY2017. As a result, the total pension liability of MSERS increased by approximately $10 million as of June 30, 2017.

Changes in assumptions:

Change in mortality

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Employees table projected generationally with scale BB and a base year of 2009 (gender distinct).

- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).
- Disabled members - is assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct), and is unchanged from the prior valuation.

Note 2 - Other information

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

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of the University's Proportionate Share of the Net OPEB Liability and Schedule of University Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018
University's proportion of the collective net OPEB liability (asset)	0.1249%	0.1315%	0.1471%	0.1272%
University's proportionate share of the total OPEB liability (asset)	$ 27,609,783	$ 25,861,235	$ 29,068,920	$ 23,499,661
Less: University's proportionate share of Plan fiduciary net position	1,757,179	1,800,028	1,750,656	1,266,987
University's proportionate share of the collective net OPEB liability (asset)	$ 25,852,605	$ 24,061,207	$ 27,318,264	$ 22,232,674
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	63.59%	57.52%	67.35%	58.90%
Plan fiduciary net position as a percentage of the total OPEB liability	6.40%	6.96%	6.01%	5.39%

* The amounts presented for each fiscal year were determined as of 6/30.

	2021	2020	2019	2018
Contractually required contribution	$ 3,179,165	$ 3,047,731	$ 3,556,181	$ 3,366,603
Contributions in relation to the contractually required contribution	(3,179,165)	(3,047,731)	(3,556,181)	(3,366,603)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018
Contributions as a percentage of covered payroll	7.82%	7.29%	8.77%	8.92%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Note 1 - Changes in OPEB plan benefit terms and assumptions

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was decreased to 2.28% (based on a blend of the Bond Buyer Index rate of 2.21%).

Change in excise tax

The excise tax was removed.

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated.

Change in salary scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classifications.

Change in future retirees' plan participation rates

The portion of future retirees cover a spouse was reduced from 80% to 60%.

Change in medical plan election rates

Retirees and spouses (if covered) are assumed to be non-Medicare eligible prior to age 65 and Medicare eligible at age 65, unless their spouse is over age 65 and non-Medicare eligible.

FY2019 Changes in Actuarial Assumptions

Changes of assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is preformed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

Change in trend of future costs

The healthcare trend rate decreased from 8.0% in FY2018 to 7.5% in FY2019, which impacts the high cost excise tax.

Change in medical plan election rates

The pre age 65 medical plan election percentages were updated to better reflect plan experience.

Change in future retirees' plan participant rates

Plan participation rate for future retirees was changed from 80% to 85% to better reflect recent plan experience plan experience.

Change in discount rate

The discount rate was decreased to 3.63% (based on a blend of the Bond Buyer Index rate (3.51%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74.

FY2018 Changes in Actuarial Assumptions

Changes of assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is preformed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

Change in trend of future costs

The healthcare trend rate decreased from 8.5% in FY2017 to 8.0% in FY2018, which impacts the high cost excise tax.

Change in mortality

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

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

Change in discount rate

The discount rate was increased to 3.92% (based on a blend of the Bond Buyer Index rate (3.87%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74.

FY2017 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was increased to 3.63% (based on a blend of the Bond Buyer Index rate (3.58%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. The June 30, 2016 discount rate was calculated to be 2.88%.

Note 2 - Other information

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

Supplementary Information

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Residence Hall Fund and Residence Hall Damage Fund Activity
June 30, 2021

The University's Residence Hall Fund and Residence Hall Damage Fund non-classified Statements of Net Position at June 30, 2021 are as follows:

Statements of Net Position

	Residence Hall Fund	Residence Hall Damage Fund
Assets		
Cash	$ 3,347,074	$ 7,605
Cash held by State Treasurer	218,402	-
Investments	1,146,234	279,889
Prepaid expenses	5,037	-
Accounts receivable, net	136,909	15,103
Total assets	4,853,656	302,597
Liabilities		
Accounts payable	65,114	-
Deposits	396,500	-
Salaries payable	97,476	-
Compensated absences	139,803	-
Deferred rental income	2,200	-
Total liabilities	701,093	-
Net position	$ 4,152,563	$ 302,597

See Independent Auditor's Report.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Residence Hall Fund and Residence Hall Damage Fund Activity
Year Ended June 30, 2021

The University's Residence Hall Fund and Residence Hall Damage Fund Statements of Revenues, Expenses and Changes in Net Position (presented in accordance with the Commonwealth's Expenditure Classification plan) for the year ended June 30, 2021 are as follows:

	Residence Hall Fund	Residence Hall Damage Fund
Revenues		
Student fees	$ 6,026,811	$ -
Interest	18,908	2,692
Investment income	174,856	24,896
Commissions	4,518	-
Rentals	200,005	-
Room damage assessments	-	18,305
Total revenues	6,425,098	45,893
Expenses		
Regular employee compensation	1,200,894	-
Regular employee related expenses	2,060	-
Special employee/contract services	96,106	-
Pension and insurance	460,207	-
Facility operating supplies and related expenses	58,569	-
Administrative expenses	10,404	-
Energy and space rental	964,361	-
Operational services	11,181	-
Equipment purchases	8,494	-
Equipment lease - purchase, lease, rent, repair	2,985	-
Purchased client services and programs	105	-
Construction and improvements	479,983	-
Benefit program	78,203	-
Loans and special payments	2,911,062	-
Other - bad debt expense (recovery)	13,968	1,245
Information technology expenses	30,321	-
Miscellaneous	450	-
Total expenses	6,329,353	1,245
Transfers (in)/out		
Covid-19 - Grant income - HEERF	(4,000,000)	-
Covid-19 - Refund - other	(71,854)	-
Interdepartmental rental expense	10,305	-
Miscellaneous Income	-	(285)
Total transfers	(4,061,549)	(285)
Total expenses and transfers	2,267,804	960
Increase (decrease) in net position	4,157,294	44,933
Net position - beginning of year	(4,731)	257,664
Net position - end of year	$ 4,152,563	$ 302,597

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

See Independent Auditor's Report.

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
Fitchburg State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 9, 2021, which included an emphasis of matter paragraph as indicated on page 3.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
December 9, 2021

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