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

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

June 30, 2022 and 2021

CohnReznick
ADVISORY • ASSURANCE • TAX

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

Index

Independent Auditor's Report

To the Board of Trustees
Fitchburg State University

Report on the Audit of the Financial Statements

Opinions

We have audited 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 years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Index.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, 2022 and 2021, 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.

We did not audit the financial statements of Fitchburg State University Foundation, Inc. as of June 30, 2022 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fitchburg State University Foundation, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Fitchburg State University's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fitchburg State University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Fitchburg State University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fitchburg State University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 96 to 102, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Emphasis of Matters

Change in Accounting Principle

As discussed in Notes 1 and 28 to the financial statements, in fiscal year 2022, the University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

Financial Statements of the Commonwealth of Massachusetts

As discussed in Note 1 to the financial statements, 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, 2022 and 2021, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 2022 financial statements that collectively comprise the University's basic financial statements. The residence hall fund and residence hall damage fund activity shown on pages 104 to 105 are presented for purposes of additional analysis and are not a required part of the 2022 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 2022 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 2022 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 2022 basic financial statements or to the 2022 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 2022 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 November 18, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CohnReznick LLP

Hartford, Connecticut
November 18, 2022

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, 2022, 2021 and 2020. 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 38 undergraduate degree programs in fifteen academic departments, 24 graduate degree programs and several Graduate Certificates of Advanced Study. During fall 2021, there were approximately 3,024 full-time students and hundreds of part-time students enrolled. For fiscal 2021, there was a combined full-time equivalent annual enrollment of approximately 5,288. 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 1,748 graduate and undergraduate degrees in fiscal 2021. 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 2022 resulting in an increase in net position of approximately 9.0%. 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 $37.4 million in fiscal 2022, $33.8 million in fiscal 2021 as compared with $33.3 million in fiscal 2020.

- The University undergraduate fees increased slightly in the fiscal year with the restoration of the student activity fee. Total mandatory fees per semester were $4,843, $4,798, and $4,767 in fiscal 2022, 2021, and 2020, 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 did not change in fiscal 2022. The fees were $1,002 in fiscal years 2022 and 2021 and $957 in fiscal year 2020. On the other hand, the fees for the Accelerated Online Programs have remained the same for the past 3 fiscal years, ranging from $963 to $1,251 per 3 credit class.

- The University expended $3.6 million from current funds for capital additions in fiscal 2022. Projects completed during the year included the renovations to the following: McKay Phase V, Anthony Hall Admissions department, Holmes Kitchen Floor, and the purchase of a Steinway D9 Concert grand piano. The major projects that are still in process at June 30, 2022 are: Campus wide electricity infrastructure upgrade, renovations to the Theater Building, replacement of the Recreation Center's roof, and repairs to the 1st and 2nd floor in Thompson Hall.

- Total assets and deferred outflows of resources at the end of fiscal 2022 were $329.2 million and exceeded liabilities and deferred inflows of resources of $186.5 million by $142.7 million (i.e., net position).

- Total operating, non-operating, and gift revenue for fiscal 2022 was $138.3 million, while expenses totaled $126.4 million, resulting in an increase to net position of $11.9 million. The increase in net position results from increases in federal grant income, state appropriation and state grant capital.

- 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 $14.1 million, $25.8 million, and $24.1 million at June 30, 2022, 2021, and 2020.

- 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 $8.0 million, $20.1 million, and $12.8 million at June 30, 2022, 2021, and 2020.

- GASB Statement No. 87 requires that substantial lease contracts that are longer than twelve months and do not transfer ownership to the lessee during the period of contract should be treated as purchases of the assets on credit by the lessee. The lessee is required to recognize a right of use asset and the related lease liability measured at the present value of the fixed minimum lease payments. The related asset will be amortized over the lease term or the life of the asset and the lease liabilities will be treated as a financing lease and interest expense will be recognized. As of June 30, 2022 and 2021, all the residential hall dormitory leases, along with a university staff housing lease owned by MSCBA have been recognized as right of use assets. The balances of the right of use asset in fiscal year 2022 and 2021 are $56.5 million and $61.7 million, respectively.

- Unrestricted net position (before benefits adjustment of $37.7 million at June 30, 2022) available to support short-term operations was $32.2 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 its 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 and right of use asset adjustments. Net assets benefit and right of use adjustment amount after the restatement are $44.9 million in 2022, $44.3 million in 2021, and $35.9 million in 2020.

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 $41.9 million are sufficient to cover current liabilities of $27.0 million. The University's current ratio at June 30 is 1.6 to 1 for 2022, 1.5 to 1 for 2021, and 1.3 to 1 for 2020.

- **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, 2022, 2021, and 2020 was 7.2%, 10.9%, and -1.0%, respectively. The increase in 2022 return on net position ratio is mainly caused by the federal government HEERF grant loss income recovery amount realized and state capital grant income. The increase in 2021 was 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.

- **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, 2022, 2021 and 2020 was 38.1%, 39.5% and 27.1%, 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, 2022, 2021 and 2020 was 111.7%, 115.2%, and 105.5%, 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, 2022, 2021 and 2020 was 2.2, 3.3, and 0.9, 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, 2022, 2021 and 2020, are as follows:

	2022	2021	2020
Assets			
Current assets	$ 41,976	$ 41,285	$ 30,142
Capital assets, net	194,042	185,530	181,470
Right of use asset, net	56,503	61,655	64,829
Other	29,271	33,131	27,877
Total assets	321,792	321,601	304,318
Deferred outflows of resources	7,398	13,188	8,276
Liabilities			
Current liabilities	27,027	27,663	22,779
Long-term liabilities	133,408	166,378	159,571
Total liabilities	160,435	194,041	182,350
Deferred inflows of resources	26,094	9,934	8,417
Net position			
Net investment in capital assets	132,693	124,688	125,002
Restricted			
Nonexpendable	531	567	504
Expendable	14,967	12,089	7,779
Unrestricted			
Designated	20,157	22,004	16,867
Undesignated (deficit)	(25,687)	(28,534)	(28,325)
Total net position	$ 142,661	$ 130,814	$ 121,827

Current assets consist mainly of cash and cash equivalents (94.1%) and accounts receivable (5.1%). 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 (14.1%), bond and lease liability, 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 decrease in net position in fiscal year 2020 was primarily the result of the 2020 pandemic. Although we have turned the corner on the pandemic in fiscal years 2021 and 2022 we are still feeling the lingering effects related to the undergraduate student population and on those students living in campus housing. On a hopeful note, fiscal years 2021 and 2022 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 remaining amounts were 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, 2022, 2021 and 2020. 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).

	2022	2021	2020
Operating revenues			
Tuition and fees (net)	$ 39,459	$ 43,352	$ 43,717
Grants	20,457	16,594	13,986
Sales and service of educational department	1,192	1,083	1,299
Auxiliary	11,384	8,583	10,628
Right of use asset revenue	54	2,759	-
Other operating revenues	755	551	1,154
Total operating revenues	73,301	72,922	70,784
Operating expenses			
Instruction	37,048	37,848	38,623
Research and public service	1,356	1,112	1,076
Academic support	10,385	8,538	8,830
Student services	17,633	14,437	13,419
Scholarships	6,569	4,327	5,202
Institutional support	13,912	17,041	14,499
Operations and maintenance	6,427	11,326	11,553
Depreciation	11,854	11,448	11,032
Amortization	4,823	3,174	-
Auxiliary	12,277	8,552	14,563
Total operating expenses	122,284	117,802	118,797
Net operating loss	(48,983)	(44,880)	(48,013)
Non-operating revenue and expenses			
State appropriations	51,097	45,830	44,088
Investment income	(2,638)	3,173	867
Interest expense and debt issue costs	(4,218)	(5,783)	(1,967)
State capital appropriations	16,336	10,392	1,318
Capital gifts and grants	252	255	256
Total non-operating revenue	60,830	53,867	44,562
Increase (decrease) in net position	11,847	8,987	(3,451)
Net position, beginning of the year	130,814	121,827	125,278
Net position, end of the year	$ 142,661	$ 130,814	$ 121,827

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 2022, 2021 and 2020 was 37.46%, 36.38%, and 35.48%, respectively. The current fringe benefit rate includes group medical insurance (20.25%), retirement (16.11%) and terminal leave (1.10%).

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

	2022	2021	2020
Commonwealth general appropriations	$ 37,407	$ 33,771	$ 33,297
Commonwealth special appropriations	-	-	30
Appropriations to cover fringe benefits provided to employees of the Commonwealth	14,183	12,528	11,637
	51,590	46,299	44,964
Tuition remitted back to the Commonwealth	(492)	(469)	(876)
Net appropriations	51,098	45,830	44,088
Additional state capital appropriations	16,336	10,392	1,318
Total appropriations	$ 67,434	$ 56,222	$ 45,406

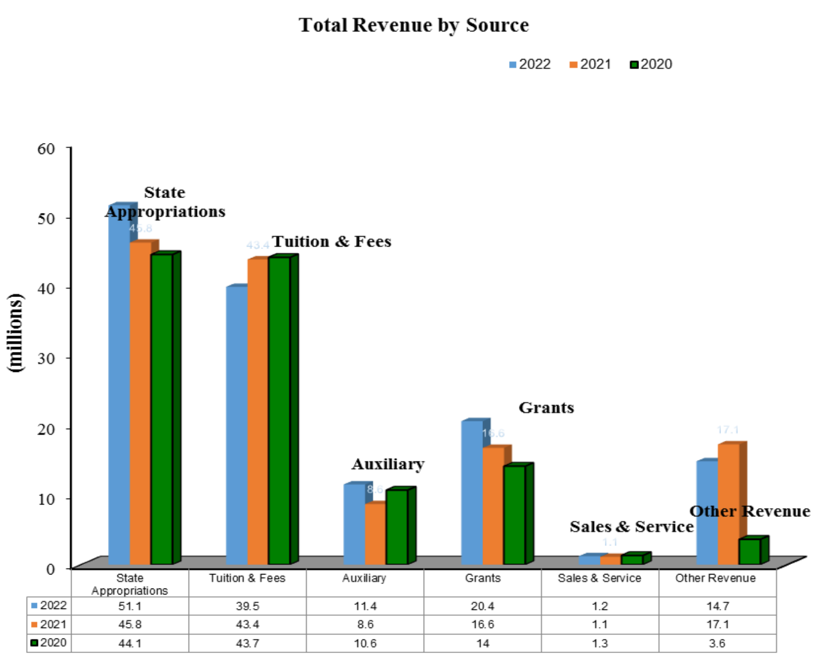
State appropriations are a significant source of funding for the University. According to the Governmental Accounting Standards Board, appropriations are considered non-operating revenue. As such, the University appears to experience a loss from operations. However, it should be noted that state appropriations 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, 2022, 2021 and 2020.

	2022	2021	2020
Tuition and fees revenue, net	$ 39,459	$ 43,352	$ 43,717
Other operating revenue	33,842	29,570	27,067
Total operating revenue	73,301	72,922	70,784
Operating expenses	(122,284)	(117,802)	(118,797)
Operating loss	(48,983)	(44,880)	(48,013)
Total state appropriations	51,098	45,830	44,088
Other revenue (expense), net	9,732	8,037	474
Increase (decrease) in net position	$ 11,847	$ 8,987	$ (3,451)

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, 2022, 2021 and 2020, the University's net operating revenues ratio was -3.3%, 5.4%, and -2.8%, 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, 2022, 2021 and 2020 was $138.3 million, $132.5 million, and $117.3 million, respectively.



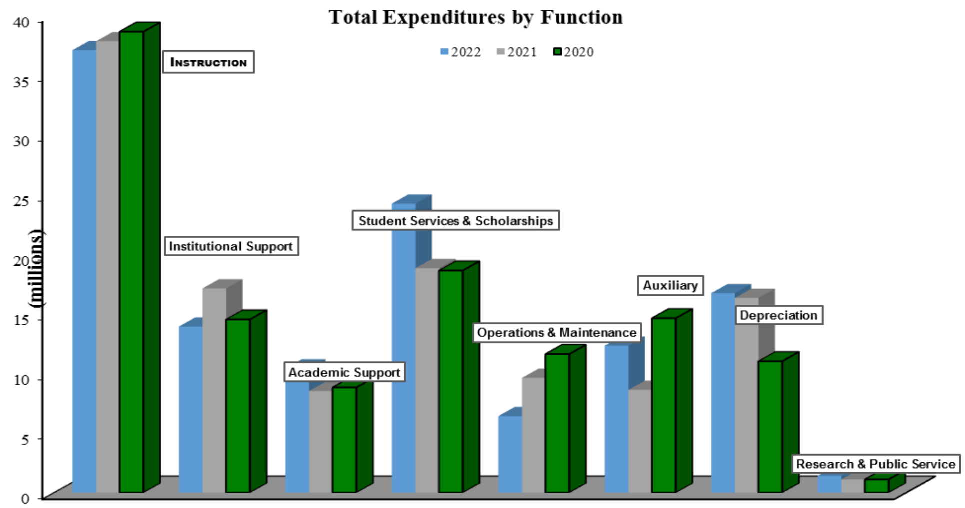
State appropriations have increased marginally for the fiscal year 2019 to 2022, and these increases are a result of the state funding of a portion of the collective bargaining agreements including those paid in fiscal year 2022. In fiscal year 2020, we also had a supplement funding appropriation from 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 40.0% 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 did not approve any tuition fee increase in 2022; they restored the student activity fee that they waived because of the pandemic and the reduction in on-campus student activities. The board did approve a few minimal fees increases in 2021 and these increases were mainly due to the need for improved and robust internet services and increased protection of data. In fiscal year 2020, the only fee increase approved by the board was the University fee of $75.00 per semester. During fiscal years 2022, 2021 and 2020, in-state tuition, fees and room and board for full-time resident students were $11,132, $11,571 and $11,497 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2022, 2021 and 2020 were $5,336, $5,291 and $5,261, respectively. After years of constant growth, it is significant to note that in fiscal year 2022, the online tuition has started to level off and the on-ground tuition has continued its decline.

Auxiliary revenue represents revenue received from the operations of the University's residence and dining halls. The average residence hall occupancy rate for the fiscal year 2022 was 60.4% of capacity, 2021 was 50.3% of capacity versus 76.2% of capacity in fiscal year 2020. In fiscal year 2022, the auxiliary department had a 33% increase in revenue over 2021 fiscal year.

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. The increase in total operating revenue in fiscal year 2022 over fiscal year 2021 is due mainly to the recognition of the final drawdown of the HEERF funds. 64% of the federal grants and contract income in fiscal year 2022 relates to these funds.

Other revenue includes investment and miscellaneous revenue.

The following is a graphic illustration of total expenditures (operating) by function. Total operating expenditures for the fiscal years ended June 30, 2022, 2021 and 2020 were $122.3 million and $117.8 million, and $118.8 million, respectively.



Expenditures, exclusive of depreciation and amortization, increased by 4.09% in 2022, and decreased by 3.8% in FY2021 versus an increase of 3.3% in fiscal year 2020. The fiscal year 2022 increases occurred in three areas: academic support, scholarships and awards, and auxiliary. Spending in these areas all point to the vibrancy of the University as it fully reopens to life after COVID-19 closure. The most significant area of expense continues to be in the Instructional department, which represents 30.3% of total operating expenses in fiscal year 2022, 32.1% of total expenses in fiscal year 2021 and 32.5% of total expenses in fiscal year 2020. In fiscal year 2022, faculty payroll of ($25.9 million) and related benefits of ($9.7 million) represents approximately 96.1% of Instructional expenses, in 2021 faculty payroll of ($24.5 million) and related benefits of ($9 million) represents approximately 88.5% of Instructional expenses while in fiscal year 2020 faculty payroll of ($25.4 million) and related benefits ($9.0 million) represent approximately 89.2% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. In FY22, there was a slight increase in payroll and software expenditures, and a realignment of GASB OPEB and pension benefit balances that resulted in adjustments to the asset and liability accounts and a net credit expense. 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 $11.8 million, $11.4 million and $11.0 million in depreciation expense for 2022, 2021 and 2020, respectively, and $4.8 million and $4.9 million of GASB87 lease amortization expenses. Reduction to operation and maintenance expenses in FY22 was due to the reclassification of expenditures to lease liability payments.

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	2022	2021	2020
Instruction	30.40%	31.00%	33.40%
Institutional Support	11.40%	14.00%	12.50%
Academic Support	8.50%	7.00%	7.60%
Student Services & Scholarships	19.90%	15.40%	16.10%
Operations & Maintenance	5.30%	7.90%	10.00%
Auxiliary	7.20%	7.20%	12.60%
Depreciation and amortization	9.60%	9.60%	9.50%

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, 2022, 2021 and 2020:

	2022	2021	2020
Cash received from operations	$ 78,854	$ 65,565	$ 70,669
Cash expended for operations	(92,737)	(87,499)	(93,843)
Net cash used in operations	(13,883)	(21,934)	(23,174)
Net cash provided by noncapital financing activities	36,915	33,385	32,451
Net cash used in capital and related financing activities	(12,039)	(8,622)	(13,085)
Net cash provided by (used in) investing activities	(633)	598	(376)
Net increase (decrease) in cash and equivalents	10,360	3,427	(4,184)
Cash and equivalents, beginning of the year	38,888	35,461	39,645
Cash and equivalents, end of the year	$ 49,248	$ 38,888	$ 35,461

In fiscal year 2022, the University's cash and cash equivalent increased by $10.4 million to $49.2 million. The increase in cash and cash equivalent in fiscal year 2022 was primarily because of the HEERF federal grant payout we received for the recovery of loss income to restrictions caused by COVID-19, and an increase in auxiliary enterprise income. While in fiscal year 2021, cash and cash equivalent increased because of 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.

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, leased assets, equipment, library materials, and construction in progress. As of June 30, 2022, net capital assets increased by $3.4 million to $251 million, net of current depreciation of $16.7 million. At fiscal year ended June 30, 2021, net capital assets increased by $900 thousand to $247.2 million, net of current deprecation of $14.6 million. At fiscal year ended June 30, 2020, net capital assets decreased to $246.3 million, net of current depreciation expense of $14.6 million. During fiscal year 2022 there were $19.9 million additions to capital assets, $15.4 million in 2021 and $9.7 million in 2020. Major capital initiatives either continuing or undertaken during 2022 include:

- McKay projects — $2.4 million (to date)
- Electricity infrastructure upgrade — $22.2 million (to date)
- Percival projects — $2.2 million (to date)
- Theater renovation — $2.4 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, 2022, 2021 and 2020 was 1.0, 0.8 and 1.2, 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 which was paid off in fiscal year 2022. 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, 2022 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	0.297%	$ 392,561	$ 901,095	2023
MSCBA	Holmes Dining Hall Renovations	2005	$ 1,090,000	DSF	2.89%	$ 73,245	$ 383,725	2034
MSCBA	Elliot Athletic Field Improvements	2005	$ 4,020,000	DSF	2.89%	$ 138,782	$ 1,356,322	2034
MSCBA	Holmes Dining Hall Renovations	2006	$ 2,060,000	DSF	2.86%	$ 143,660	$ 809,869	2031
MSCBA	Hammond Campus Center Renovations	2011	$ 15,935,656	DSF	7.86%	$ 863,091	$ 9,225,870	2030
MSCBA	Hammond Campus Center Renovations	2012	$ 7,043,416	DSF	3.19%	$ 389,133	$ 4,366,375	2035
MSCBA	Hammond Campus Center Renovations	2013	$ 11,300,906	DSF	4.35%	$ 418,547	$ 5,727,751	2034
MSCBA	Parking Expansion	2013	$ 2,563,127	DSF	4.35%	$ 94,619	$ 1,501,142	2034
MSCBA	Hammond Campus Center Renovations	2014	$ 12,235,614	DSF	4.19%	$ 535,000	$ 8,421,463	2038
MSCBA	Hammond Campus Center Renovations	2015	$ 10,669,503	DSF & Operating Funds	4.51%	$ 420,000	$ 6,164,014	2035
MSCBA	Landry Area Refurbishment	2017	$ 4,166,418	DSF & Operating Funds	4.74%	$ 161,000	$ 3,698,477	2037
DCAMM	CEIP Funds	2017	$ 5,420,360	DCAMM	6.07%	$ 220,428	$ 4,796,856	2039
MSCBA	Holmes Dining Hall Renovations	2019	$ 1,516,022	DSF	4.57%	$ 50,000	$ 1,582,897	2039
MSCBA	Recreation Center	2019	$ 1,107,123	DSF & Operating Funds	4.57%	$ 40,000	$ 1,226,991	2039
Total			$ 85,128,145			$ 3,940,066	$ 50,162,847	

For the fiscal years ended June 30, 2022, 2021 and 2020, the total debt (current and long-term) attributable to interagency payments, bond premiums and capital lease payments amounted to $50.2 million, $55.2 million and $58.6 million, respectively.

For the fiscal years ended June 30, 2022 and 2021, the total debt (current and long-term) attributable to lease liability amounted to $63.7 million and $66.2 million, respectively.

Additional information on Fitchburg State University's long-term debt activity can be found in Notes 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 expandable 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 0.98 for June 30, 2022, 0.84 for 2021 and 0.58 for 2020.

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 set the upper threshold for institutional debt burden at 7%. As of June 30, 2022, 2021 and 2020, the University's debt burden was 3.6%, 2.3% and 5.5%, respectively.

Looking Forward

Fitchburg State University is continuing on its mission to be a change agent. A change agent to the current student, the prospective student, the parent or guardian and the Fitchburg community in which it resides. 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." Goal one of this plan is to "forge innovative paths to knowledge acquisition, career readiness, social mobility, and lifelong learning."

According to the Massachusetts Department of Elementary and Secondary Education, 40% of students in the public-school system are a minority while only 10% of its teachers are minority. The University wants to change this and thus has launched a program targeting local high school students called the Future Educator Academy. This program will not only include scholarships for qualified applicants, but summer jobs and guarantees of employment in the Fitchburg Public Schools for qualified applicants.

The University has maintained its ranking as a top university in the US News and World Report:

#85 in Regional Universities North

#34 in Best College for Veterans

#38 in Best Value Colleges

#50 in Top Performers on Social Mobility

#24 in Top Public Schools

Fitchburg State University's Moot Club has been nationally ranked for years and recently scored second in the country in the brief-writing competition.

The University is working hard to be a change agent in the Fitchburg community by trying to ensure that the picture of the University that is seen and felt by prospective students, new students, and the greater Fitchburg community at large is that of a thriving, modern, state of the art, welcoming campus. In order to achieve that goal, the University has continued its investment in its infrastructure as that is one of the best ways to show that it is fiscally responsible and is a good steward of the property it has been entrusted with.

A number of the projects undertaken in fiscal year 2022 are being done in collaboration with funding from the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance (“DCAMM”).

Renovations have been completed in the following areas:

- McKay - Final phase - the remainder of the classrooms, computer lab, etc.
- Anthony Admissions Suite - updated to offer an expanded seating and welcoming area for new students and their families.

Underway:

- Thompson Hall - to make it fully accessible and to update its classrooms.
- Electric Infrastructure project - fully funded by DCAMM. Replaces an obsolete electrical distribution system, eliminates oil #6 combustion and is expected to achieve $9 million in lifetime energy cost savings.
- Recreation Center roofing
- Theater storefront renovation
- Elliot Field turf replacement
- South Chiller plant expansion -supporting the Thompson renovation and future capacity for renovations to include Edgerly Hall.

Fitchburg State University is committed to the upgrading of the Theater Block on Main Street as this is a sure way to revitalize downtown Fitchburg and the environment. In the words of President Lapidus, "It is a priority project for the University.” The University is working diligently to secure funding for this project. The project received a boost recently when it received state and federal investments worth $3.5 million.

As a community resource, Fitchburg State University continues to provide leadership and support for the economic, environmental, social, and cultural needs of Fitchburg, north central Massachusetts, and the Commonwealth.

<u>Requests for Information</u>

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, and 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, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Current assets				
Cash and equivalents	$ 28,365,805	$ 2,676,130	$ 21,401,963	$ 2,499,955
Restricted cash and cash equivalents	11,141,043	-	6,997,652	-
Investments	-	13,899,616	-	14,595,376
Accounts receivable, net	2,161,271	45,564	12,668,794	37,849
Contributions receivable, net	-	35,425	-	311,428
Other current assets	307,517	62,597	216,532	69,247
Total current assets	41,975,636	16,719,332	41,284,941	17,513,855
Noncurrent assets				
Restricted cash and cash equivalents	9,741,533	-	10,489,013	-
Investments	17,655,326	-	20,429,198	-
Endowment investments	942,874	9,199,331	1,109,576	12,564,448
Contributions receivable, net	-	42,978	-	61,346
Loans receivable, net of current portion	886,585	-	1,041,035	-
Capital assets, net	194,041,852	7,090,912	185,530,026	7,218,761
Right to use asset, net	56,502,832	-	61,655,290	-
Other noncurrent assets	44,928	86,734	61,942	140,920
Total noncurrent assets	279,815,930	16,419,955	280,316,080	19,985,475
Total assets	321,791,566	33,139,287	321,601,021	37,499,330
Deferred outflows of resources				
Deferred outflow - OPEB	3,275,872	-	5,802,040	-
Deferred outflow for pensions	4,122,377	-	7,386,093	-
Total deferred outflows of resources	7,398,249	-	13,188,133	-

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

Statements of Net Position
June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Current liabilities				
Interagency payables - current portion	4,357,576	-	2,523,772	-
Long-term debt - current portion	-	234,096	-	225,884
Lease obligations - current portion	3,914,664	-	2,019,976	-
Accounts payable and accrued liabilities	4,454,814	114,087	4,624,744	85,085
Accounts payable - construction	1,908,088	198,784	1,396,551	536,901
Accrued workers' compensation - current portion	137,942	-	131,181	-
Compensated absences - current portion	3,485,913	-	3,243,931	-
Faculty payroll accrual	4,175,556	-	3,876,328	-
Revenue received in advance	4,380,867	-	8,891,959	30,000
Deposits	178,500	-	396,500	-
Other current liabilities	32,779	31,080	73,453	31,080
Total current liabilities	27,026,699	578,047	27,178,395	908,950
Noncurrent liabilities				
Interagency payables, net of current portion	47,375,218	-	52,498,686	-
Lease obligations - net of current portion	59,815,355	-	64,190,994	-
Accrued workers' compensation, net of current portion	1,006,311	-	957,244	-
Compensated absences, net of current portion	2,328,307	-	2,117,468	-
Long-term debt, net of current portion	-	4,021,615	-	4,147,702
Loan payable - federal financial assistance program	794,969	-	1,154,792	-
Net OPEB liability	14,073,004	-	25,852,605	-
Net pension liability	8,015,299	-	20,091,153	-
Total noncurrent liabilities	133,408,463	4,021,615	166,862,942	4,147,702
Total liabilities	160,435,162	4,599,662	194,041,337	5,056,652
Deferred inflows of resources				
Service concession arrangement	505,836	-	758,754	-
Deferred inflow - OPEB	14,142,424	-	6,269,569	-
Deferred inflow for pensions	8,917,207	-	779,813	-
Deferred inflow for debt refunding	2,528,646	-	2,125,859	-
Total deferred inflows of resources	26,094,113	-	9,933,995	-

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

Statements of Net Position
June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Net investment in capital assets	132,692,505	2,585,199	124,688,228	3,239,383
Restricted for				
Nonexpendable				
Scholarships and fellowships	531,365	6,779,732	567,112	6,453,507
Cultural programs	-	5,237,328	-	4,251,160
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	289,581	-	266,808
Expendable				
Scholarships and fellowships	278,503	5,153,997	474,923	7,608,222
Cultural programs	-	3,638,416	-	5,047,976
Loans	195,075	-	168,109	-
Capital projects	3,710,674	-	86,750	-
Debt service	10,570,560	-	11,182,545	-
Other	212,354	902,689	176,755	685,962
Unrestricted (deficit)	(5,530,496)	2,359,709	(6,530,600)	3,296,686
Total net position	$ 142,660,540	$ 28,539,625	$ 130,813,822	$ 32,442,678

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, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Operating revenues				
Student tuition and fees	$ 42,457,034	$ -	$ 44,257,345	$ -
Student fees restricted for repayment of				
Interagency payables	4,837,507	-	5,276,977	-
Less: Scholarship allowances	(7,835,655)	-	(6,182,413)	-
Net student tuition and fees	39,458,886	-	43,351,909	-
Federal grants and contracts	18,757,360	-	14,698,939	-
State and local grants and contracts	682,352	63,050	987,641	-
Nongovernmental grants and contracts	1,017,652	-	907,446	-
Sales and services of educational departments	1,191,956	905,341	1,082,948	600,556
Gifts and contributions	-	782,146	-	1,432,611
Auxiliary enterprises:				
Residential life	8,473,010	-	6,470,991	95,326
Dining hall	2,892,019	-	2,094,729	-
Alcohol awareness and other programs	18,930	-	17,150	-
Right of use asset revenue	54,281	-	2,759,166	-
Other operating revenues	754,549	-	550,859	-
Total operating revenues	73,300,995	1,750,537	72,921,778	2,128,493
Operating expenses				
Educational and general				
Instruction	37,048,138	13,206	37,848,073	-
Research	90,700	-	118,083	-
Public service	1,265,684	88,155	994,361	19,198
Academic support	10,384,580	20,740	8,537,515	17,300
Student services	17,632,838	17,754	14,436,572	53,283
Institutional support	13,912,063	798,100	17,041,392	625,848
Operations and maintenance of plant	6,426,678	444,511	11,325,627	645,509
Depreciation	11,853,909	187,362	11,447,580	176,705
Amortization	4,822,776	-	3,173,710	-
Scholarships and awards	6,568,549	617,059	4,326,742	535,218
Auxiliary enterprises				
Residential life	9,471,523	-	6,330,598	39,091
Dining hall	2,788,477	-	2,219,352	-
Alcohol awareness and other programs	17,978	-	1,961	-
Total operating expenses	122,283,893	2,186,887	117,801,566	2,112,152
Operating income (loss)	(48,982,898)	(436,350)	(44,879,788)	16,341

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Nonoperating revenues (expenses)				
State appropriations	51,097,469	-	45,829,701	-
Investment income (loss), net of investment expense	(2,702,759)	(1,086,358)	3,126,637	1,610,654
Investment income (loss) on restricted assets, net of investment expense	65,153	(3,208,155)	45,573	4,665,478
Interest expense on Interagency payables and capital asset related debt	(4,218,159)	(180,464)	(5,782,650)	(192,661)
Loss on sale of capital assets	-	-	-	(587,581)
Net nonoperating revenues (expenses)	44,241,704	(4,474,977)	43,219,261	5,495,890
Income (loss) before capital and endowment additions	(4,741,194)	(4,911,327)	(1,660,527)	5,512,231
State capital appropriations	16,336,392	-	10,391,679	-
Capital grants	251,520	-	255,292	-
Private gifts for endowment purposes	-	1,008,274	-	334,214
Total capital and endowment additions	16,587,912	1,008,274	10,646,971	334,214
Increase (decrease) in net position	11,846,718	(3,903,053)	8,986,444	5,846,445
Net position - beginning of year	130,813,822	32,442,678	121,827,378	26,596,233
Net position - end of the year	$ 142,660,540	$ 28,539,625	$ 130,813,822	$ 32,442,678

See Notes to Financial Statements.

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

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Tuition and fees	$ 39,611,183	$ 43,677,925
Research grants and contracts	25,504,157	11,902,872
Payments to suppliers	(26,150,195)	(24,531,396)
Payments to utilities	(4,952,785)	(4,445,721)
Payments to employees	(51,841,858)	(49,402,176)
Payments for benefits	(3,221,894)	(3,849,370)
Payments for scholarships	(6,568,549)	(4,683,734)
Loans issued to students	(1,771)	(1,540)
Collection of loans to students	156,222	235,049
Auxiliary enterprise receipts		
Residential life	8,509,451	6,469,330
Dining hall	2,892,019	2,094,729
Alcohol awareness program	18,930	17,150
Receipts from sales and services of educational departments	1,102,479	1,167,142
Other receipts (disbursements)	1,059,938	(584,965)
Net cash provided by (used in) operating activities	(13,882,673)	(21,934,705)
Cash flows from noncapital financing activities		
State appropriations	37,407,128	33,771,117
Tuition remitted to State	(492,322)	(468,982)
Gifts from grants for other than capital purposes	-	83,330
Net cash provided by (used in) noncapital financing activities	36,914,806	33,385,465
Cash flows from capital and related financing activities		
State capital appropriations	16,336,392	9,169,661
Loan programs net funds received	13,269	40,607
Capital grants and gifts received (DCAM and other)	615,530	-
Federal loan funds received	346,127	269,425
Private gifts for capital purchase	49,802	(1,200)
Payments for capital assets	(19,854,199)	(15,480,678)
Debt issuance costs	(164,599)	-
Principal paid on capital debt	(3,787,314)	(1,050,856)
Interest paid on capital debt	(5,594,423)	(1,568,632)
Net cash provided by (used in) capital and related financing activities	(12,039,415)	(8,621,673)

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

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from investing activities		
Purchase of investments	(5,088,692)	(5,263,668)
Proceeds from sale of investments	3,884,688	4,819,705
Earnings on investments	-	625,955
Interest on investments	571,039	416,581
Net cash provided by (used in) investing activities	(632,965)	598,573
Net increase (decrease) in cash, cash equivalents and restricted cash	10,359,753	3,427,660
Cash, cash equivalents and restricted cash, beginning of year	38,888,628	35,460,968
Cash, cash equivalents and restricted cash, end of year	$ 49,248,381	$ 38,888,628

	2022	2021
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	$ (48,982,898)	$ (44,879,788)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense	164,148	103,825
Depreciation and amortization	16,676,685	11,447,580
Right of use asset revenue applied to bonds	(54,280)	-
Fringe benefits paid by the Commonwealth of Massachusetts	14,182,663	12,527,566
Change in net pension liability	(674,744)	2,812,130
Change in net OPEB liability	(1,380,578)	1,039,645
Changes in assets and liabilities		
Receivables	10,272,676	(9,778,459)
Other current and noncurrent assets	(36,292)	(38,418)
Accounts payable and accrued liabilities	(242,423)	411,078
Accrued workers' compensation	55,828	610,301
Compensated absences	452,821	(380,344)
Accrued faculty payroll	299,228	(354,983)
Revenue received in advance	(5,126,622)	5,495,857
Other current liabilities	574,664	(1,209,554)
Deposits	(218,000)	25,350
Loans to students	154,451	233,509
Net cash provided by (used in) operating activities	$ (13,882,673)	$ (21,934,705)

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

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Schedule of noncash investing and financing activities		
Acquisition of capital assets	$ 20,365,736	$ 15,507,540
Accounts payable thereon		
Beginning of year	1,396,551	1,369,689
End of year	(1,908,088)	(1,396,551)
Payments for capital assets	$ 19,854,199	$ 15,480,678
Unrealized gain (loss) on investments	$ (3,762,330)	$ 2,381,159
Fringe benefits paid by the Commonwealth of Massachusetts	$ 14,182,663	$ 12,527,566
Capital grants - amortization of deferred inflows of resources - service concession arrangement	$ 258,918	$ 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	$ 28,365,805	$ 21,401,963
Restricted cash and cash equivalents	11,141,043	6,997,652
Noncurrent assets		
Restricted cash and cash equivalents	9,741,533	10,489,013
Total cash and cash equivalents	$ 49,248,381	$ 38,888,628

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, 2022, 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 2022, FSU Foundation distributed scholarships and awards in the amount of $617,059 directly to students and faculty of the University, and incurred an additional $1,750,292 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 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.

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, 2022 and 2021, the University had $278,503 and $474,923, 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 110 and 121 individual funds at June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 $115,698 and $111,077 for the years ended June 30, 2022 and 2021, respectively. FSU Foundation's investment expense amounted to $126,931 and $158,354 for the years ended June 30, 2022 and 2021, 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 $794,969 and $978,870 for Perkins and $0 and $175,922 for NSL at June 30, 2022 and 2021, 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, 2022 and 2021 were $5,798,281 and $2,895,881, 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.

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 30th 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, 2022 and 2021.

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

Interest expense
During 2022 and 2021, total interest costs incurred were accounted for as follows:

	2022	2021
Total interest costs incurred	$ 1,694,327	$ 1,591,143
Add: Right to use asset interest costs incurred	2,892,616	4,475,520
Less: Interest income on unused funds from tax exempt borrowings	-	-
Bond premium amortization	(220,899)	(220,909)
Gain (loss) on refunding	(147,885)	(63,104)
Interest expense	$ 4,218,159	$ 5,782,650

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 2021 financial statements to conform to the 2022 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 marginally 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") Act 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 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.

Change in accounting principle
For 2022, the University implemented GASB Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a right to use asset and lease liability. These changes were incorporated in the University's 2022 financial statements but had no effect on the beginning net position of the University since right to use asset equals the amount of the lease liability.

The impact of implementing GASB Statement No. 87 on the University's financial statements is further discussed in Notes 13 and 28.

Note 2 - Cash and cash equivalents, and investments

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2022 and 2021:

	2022		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, money market, Massachusetts Municipal Depository Trust accounts	$ 23,959,277	$ 7,573,883	$ 4,382,218
Cash equivalents held by MDFA *	-	370,341	198,314
Cash equivalents held by MSCBA **	-	450,741	5,161,001
Massachusetts State Treasurer ***	4,405,843	2,746,078	-
Petty cash	685	-	-
	$ 28,365,805	$ 11,141,043	$ 9,741,533

	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

* 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 $4,405,843 and $4,072,522 at June 30, 2022 and 2021, respectively, for University funds and $2,746,078 and $2,094,392 at June 30, 2022 and 2021, 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 $35,146 and $48,451 at June 30, 2022 and 2021, 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, 2022 and 2021, the fund's investment securities had a weighted average maturity of 14 and 44 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2022 and 2021.

Money market funds include the Northern Institutional U.S. Government Portfolio in the aggregate amount of $300,216 and $136,777 at June 30, 2022 and 2021, 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, 2022 and 2021, the fund's investment securities had a weighted average maturity of 28 days and 43 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2022 and 2021.

Money market funds also include the RWM Cash Management money market account with a balance of $77,573 and $184,000 at June 30, 2022 and 2021, 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, 2022 and 2021, the University had uninsured cash balances totaling approximately $5,086,200 and $5,059,100, 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, 2022 and 2021 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:

	2022	2021
U.S. Treasury Notes and Government Securities	$ 1,950,675	$ 1,937,473
Corporate Debt Securities	1,857,917	1,846,884
Equity Securities	7,521,300	10,011,807
Mutual Funds	7,268,308	7,742,610
Total	18,598,200	21,538,774
Less insured amounts	1,500,000	1,500,000
Amount subject to Custodial Credit Risk	$ 17,098,200	$ 20,038,774

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, 2022 and 2021, the fair values of the University's deposits held at the MMDT were $21,325,219 and $6,282,776, respectively. At June 30, 2022, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 73% at 30 days or less; 21% at 31-90 days; 4% at 91-180 days; and 2% at 181 days or more. At June 30, 2022, 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 $568,655 and $596,926 at June 30, 2022 and 2021, 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, 2022 and 2021. At June 30, 2022 and 2021, the fund's investment securities maintained a weighted average maturity of 25 and 52 days, respectively.

At June 30, 2022, certain of the University's funds are held at MSCBA. Of the total, $4,246,154 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,365,588 is invested in various funds as listed below:

Investment type	Fair value	Investment maturities (in years) 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	513,247	513,247	-	-	-	N/A
Massachusetts ST Bonds	741,021	-	-	741,021	-	AA+
Total	$ 1,365,588	$ 624,567	$ -	$ 741,021	$ -	

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 type	Fair value	Investment maturities (in years) 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	$ -	

The University's investments in marketable securities are represented by the following at June 30, 2022 and 2021:

	2022		2021	
	Cost	Fair value	Cost	Fair value
U.S. Treasury Notes and Government Securities	$ 2,057,456	$ 1,950,675	$ 1,891,624	$ 1,937,473
Corporate Debt Securities	1,991,750	1,857,917	1,783,159	1,846,884
Equity Securities	6,242,705	7,521,300	6,430,105	10,011,807
Mutual Funds	7,982,091	7,268,308	7,243,803	7,742,610
	$ 18,274,002	$ 18,598,200	$ 17,348,691	$ 21,538,774

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

	2022	2021
Investments	$ 17,655,326	$ 20,429,198
Endowment investments	942,874	1,109,576
	$ 18,598,200	$ 21,538,774

At June 30, 2022, 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%	$ 1,950,675	$ 299,641	$ 1,143,434	$ 507,600	$ -	AA+
Corporate Debt Securities 2.800% to 2.950%	130,217	60,076	-	70,141	-	A
Corporate Debt Securities 1.734% to 4.125%	373,473	60,066	116,368	197,039	-	A-
Corporate Debt Securities 2.000% to 3.750%	524,651	-	353,603	171,048	-	A+
Corporate Debt Securities 2.800% to 2.800%	59,579	-	59,579	-	-	AA
Corporate Debt Securities 1.995% to 3.625%	262,975	59,955	203,020	-	-	AA-
Corporate Debt Securities 3.200% to 3.200%	50,106	-	50,106	-	-	AA+
Corporate Debt Securities 3.125% to 3.125%	50,013	-	50,013	-	-	AAA
Corporate Debt Securities 3.000% to 4.000%	406,903	-	264,389	142,514	-	BBB+
Total	$ 3,808,592	$ 479,738	$ 2,240,512	$ 1,088,342	$ -	

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	$ -	

FSU Foundation's cash and cash equivalents consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash and other demand deposits	$ 1,827,249	$ 1,452,405
Money Market Funds	848,881	1,047,550
	$ 2,676,130	$ 2,499,955

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 $226,031, $30,814, $119,852, and $472,184 at June 30, 2022.

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.

The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000.

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:

	2022		2021	
	Cost	Fair value	Cost	Fair value
Equities	$ 6,220,726	$ 10,095,241	$ 7,887,838	$ 14,066,746
Preferred Stocks	12,758	11,958	25,220	26,665
Mutual Funds	5,587,839	5,737,578	3,452,953	6,907,972
Corporate Bonds	3,856,666	3,637,616	3,317,945	3,367,705
U.S. Government Securities	3,771,154	3,616,554	2,754,977	2,790,736
	$ 19,449,143	$ 23,098,947	$ 17,438,933	$ 27,159,824

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

	2022	2021
Current assets		
Investments	$ 13,899,616	$ 14,595,376
Noncurrent assets		
Endowment investments	9,199,331	12,564,448
	$ 23,098,947	$ 27,159,824

At June 30, 2022, net unrealized gains in FSU Foundation's investment portfolio amounted to $3,649,804. At June 30, 2021, net unrealized gains in FSU Foundation's investment portfolio amounted to $9,720,891.

At June 30, 2022 and 2021, equities include securities in the consumer goods sector which represent 14% and 16%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2022 and 2021, equities include securities in the technology sector which represent 9% and 10%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2022 and 2021, 5% and 6%, 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 $13,361,371 at June 30, 2022 collateralize certain debt agreements (see Notes 14 and 15).

At June 30, 2022, 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 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 0.125% to 2.875%	$ 3,616,554	$ 927,763	$ 2,461,135	$ 227,656	$ -	AAA
Corporate Debt Securities 0.450% to 3.450%	448,264	99,886	301,239	47,139	-	A
Corporate Debt Securities 0.810% to 3.3750%	612,124	-	548,338	63,786	-	A-
Corporate Debt Securities 1.350% to 3.7660%	761,718	50,005	506,765	204,948	-	A+
Corporate Debt Securities 0.3750% to 1.650%	92,682	-	92,682	-	-	AA
Corporate Debt Securities 0.4260% to 3.000%	280,030	-	280,030	-	-	AA-
Corporate Debt Securities 3.450%	50,208	-	50,208	-	-	AA+
Corporate Debt Securities 3.125%	25,007	-	25,007	-	-	AAA
Corporate Debt Securities 0.600% to 3.700%	450,455	-	407,656	42,802	-	BBB
Corporate Debt Securities 1.450%	36,732	-	36,732	-	-	BBB-
Corporate Debt Securities 0.80% to 4.750%	880,396	50,173	784,653	45,567	-	BBB+
Total	$ 7,254,170	$ 1,127,827	$ 5,494,445	$ 631,898	$ -	

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 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 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	$ -	

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 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, 2022:

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	$ 1,950,675	$ -	$ 1,950,675	$ -
Corporate Debt Securities	1,857,917	-	1,857,917	-
Equity Securities	7,521,300	7,521,300	-	-
Mutual Funds	7,268,308	7,268,308	-	-
	$ 18,598,200	$ 14,789,608	$ 3,808,592	$ -

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	$ -

FSU Foundation's investments' fair value measurements are as follows at June 30, 2022:

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	$ 3,616,554	$ -	$ 3,616,554	$ -
Preferred Stocks	11,958	-	11,958	-
Corporate Bonds	3,637,616	-	3,637,616	-
Equity Securities	10,095,241	10,095,241	-	-
Mutual Funds	5,737,578	5,737,578	-	-
	$ 23,098,947	$ 15,832,819	$ 7,266,128	$ -

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	$ -

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, 2022 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 8,019,959	$ 8,019,959
Donor-restricted amounts required to be held in perpetuity	-	13,899,616	13,899,616
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 21,919,575	$ 21,944,575

Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 24,619,108	$ 24,644,108
Investment return			
Investment income	-	304,869	304,869
Appreciation (depreciation), realized and unrealized	-	(3,388,048)	(3,388,048)
Total investment return	-	(3,083,179)	(3,083,179)
Contributions	-	1,069,085	1,069,085
Appropriation of endowment assets for expenditure	-	(493,980)	(493,980)
Investment management fees	-	(126,768)	(126,768)
Reclassification of net position	-	(64,691)	(64,691)
Endowment net position, end of year	$ 25,000	$ 21,919,575	$ 21,944,575

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	-	263,690	263,690
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

Note 3 - Accounts and contributions receivable

The University's accounts receivable include the following at June 30, 2022 and 2021:

	2022	2021
Student accounts receivable	$ 2,264,276	$ 2,842,261
Parking and other fines receivable	40,890	112,130
Commissions receivable	2,000	11,629
Grants receivable	280,999	191,449
Federal grants receivable	-	9,991,935
Compass receivable, including accrued interest of $0 and $4,155 (see Note 11)	-	49,406
FSU Foundation receivable	37,348	45,715
	2,625,513	13,244,525
Less allowance for doubtful accounts	(464,242)	(575,731)
	$ 2,161,271	$ 12,668,794

FSU Foundation's contributions receivable consist of the following at June 30, 2022 and 2021:

	2022	2021
Receivable in less than one year	$ 35,425	$ 311,428
Receivable in one to five years	45,000	70,000
	80,425	381,428
Discount on pledges	(2,022)	(8,654)
	$ 78,403	$ 372,774

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, 2022 and 2021:

	2022	2021
Perkins loans receivable	$ 757,000	$ 877,365
Nursing loans receivable	129,385	163,340
Emergency student loans receivable	200	330
	$ 886,585	$ 1,041,035

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, 2022 is as follows:

Capital assets	Totals June 30, 2021, as restated	Additions	Reclassifications* and reductions	Totals June 30, 2022
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	12,621,025	16,948,944	(486,308)	29,083,661
Total non-depreciable assets	18,099,150	16,948,944	(486,308)	34,561,786
Depreciable capital assets				
Land improvements	18,452,373	-	-	18,452,373
Buildings	80,591,909	-	-	80,591,909
Building improvements	179,349,226	3,217,138	486,308	183,052,672
Leased buildings and assets	66,554,166	-	(329,682)	66,224,484
Equipment	31,086,375	168,028	-	31,254,403
Furniture	597,676	-	-	597,676
Library materials	363,651	31,625	(110,294)	284,982
Total depreciable assets	376,995,376	3,416,791	46,332	380,458,499
Total capital assets	395,094,526	20,365,735	(439,976)	415,020,285
Less accumulated depreciation				
Land improvements	9,632,258	926,941	-	10,559,199
Buildings	46,881,607	1,153,759	-	48,035,366
Building improvements	67,666,345	8,697,644	-	76,363,989
Leased buildings and assets	4,898,876	4,822,776		9,721,652
Equipment	18,232,448	965,271	-	19,197,719
Furniture	597,676	-	-	597,676
Library materials	-	110,294	(110,294)	-
Total accumulated depreciation	147,909,210	16,676,685	(110,294)	164,475,601
Capital assets, net	$ 247,185,316	$ 3,689,050	$ (329,682)	$ 250,544,684

As of June 30, 2022, capital assets of the University with a cost of approximately $57,614,942 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, 2022.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately $3,302,088 and $1,792,700 at June 30, 2022 and 2021, respectively.

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

Capital assets:	Totals June 30, 2020, as restated	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
Leased buildings and assets	66,554,166	-	-	66,554,166
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	364,312,301	6,150,965	6,532,110	376,995,376
Total capital assets	379,703,590	15,507,540	(116,604)	395,094,526
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
Leased buildings and assets	1,725,166	3,173,710	-	4,898,876
Equipment	17,161,285	1,071,163	-	18,232,448
Furniture	597,676	-	-	597,676
Library materials	-	116,604	(116,604)	-
Total accumulated depreciation	133,404,524	14,621,290	(116,604)	147,909,210
Capital assets, net	$ 246,299,066	$ 886,250	$ -	$ 247,185,316

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 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, 2022 and 2021.

Capital assets activity of FSU Foundation for the year ended June 30, 2022 is as follows:

Capital assets	Totals June 30, 2021	Additions	Reclassifications and reductions	Totals June 30, 2022
Real estate under lease to the University				
Land	$ 402,664	$ -	$ -	$ 402,664
Building	1,557,724	-	-	1,557,724
Building improvements	342,079	-	-	342,079
	2,302,467	-	-	2,302,467
Real estate used for student housing				
Land	236,524	-	-	236,524
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	699,349	-	-	699,349
Other				
Land	2,076,858	59,513		2,136,371
Land improvements	96,228	-	-	96,228
Buildings	2,468,774	-	-	2,468,774
Building improvements	1,109,005	-	-	1,109,005
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,577,515	59,513	-	6,637,028
Total capital assets	9,579,331	59,513	-	9,638,844
Less accumulated depreciation				
Real estate under lease to the University				
Building	577,656	38,943	-	616,599
Building improvements	74,173	17,104	-	91,277
	651,829	56,047	-	707,876
Real estate used for student housing				
Buildings	152,884	10,856	-	163,740
Building improvements	16,922	1,429	-	18,351
	169,806	12,285	-	182,091
Other				
Land improvements	31,047	4,811		35,858
Buildings	311,544	57,902		369,446
Building improvements	379,637	53,472	-	433,109
Equipment	759,308	-	-	759,308
Furniture and fixtures	50,829	2,845	-	53,674
Library materials	6,570	-	-	6,570
	1,538,935	119,030	-	1,657,965
Total accumulated depreciation	2,360,570	187,362	-	2,547,932
Capital assets, net	$ 7,218,761	$ (127,849)	$ -	$ 7,090,912

Non-depreciable capital assets of FSU Foundation total $2,775,559 at June 30, 2022, which is comprised of land.

At June 30, 2022, capital assets of FSU Foundation with a cost of approximately $798,000 were fully depreciated and still in service.

On June 23, 2022, the 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 $59,513. The Supporting Organization intends to use this property for open green space.

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. During 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 year ended June 30, 2021 and included in environmental costs in the accompanying 2021 schedule of functional expenses. As of June 30, 2022 and 2021, respectively, the remaining environmental liability of $198,784 and $536,901 is reflected as accounts payable - construction in 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 years ended June 30, 2022 and 2021, the Organization has incurred $26,448 and $73,491, respectively, of legal costs related to the project which have been included in other noncurrent assets in the accompanying statements of net position.

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

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.

Non-depreciable capital assets of FSU Foundation totaled $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.

Note 6 - Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following at June 30, 2022 and 2021:

	2022	2021
Accounts payable - trade	$ 1,244,677	$ 864,962
Salaries and fringe benefits payable	2,444,276	2,848,635
Accrued interest payable	381,536	357,062
Tuition due State	26,616	47,674
Other	357,709	506,408
	$ 4,454,814	$ 4,624,741

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, 2022 and 2021. Based upon the Commonwealth's analyses, $1,144,253 and $1,088,425 of accrued workers' compensation has been recorded as a liability at June 30, 2022 and 2021, respectively.

Note 8 - Accrued compensated absences

Accrued compensated absences are comprised of the following at June 30, 2022 and 2021:

	2022	2021
Vacation time payable	$ 3,057,815	$ 2,872,809
Sick time payable	2,756,405	2,488,590
Total	$ 5,814,220	$ 5,361,399
Amount representing obligations due to employees funded through sources other than State appropriations	$ 324,839	$ 350,760
Amount representing obligations due to employees compensated through State appropriations	5,489,381	5,010,639
Total	$ 5,814,220	$ 5,361,399

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 $2,318,594 and $1,776,725 at June 30, 2022 and 2021, 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, 2022 of $4,175,556 will be paid from the University's fiscal 2023 State appropriations. The total amount due at June 30, 2021 of $3,876,328 was paid from the University's fiscal 2022 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, 2022 and 2021:

	2022	2021
Tuition, fees and professional development	$ 1,870,574	$ 2,182,704
Capital projects	1,701,238	1,085,708
Grants	704,075	5,559,668
Other	104,980	63,879
	$ 4,380,867	$ 8,891,959

Note 11 - Deferred inflows of resources from service concession arrangement

Deferred inflows of resources from service concession arrangement at June 30, 2022 and 2021 in the amounts of $505,836 and $758,754, 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 seven installments from Compass, of which $50,000 was received in fiscal 2022. In addition, Compass has agreed to pay the University specified percentages of 4%, 4.5% 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. During the year ended June 30, 2022, the University collected the remaining balance from Compass, including accrued interest thereon. 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). 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, 2022 and 2021.

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, 2022:

	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	0.27	$ 901,095	$ -	$ 901,095
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	2.89	1,740,047	-	1,740,047
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.86	809,869	-	809,869
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	7.46	9,225,870	-	9,225,870
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	3.19	4,366,375	-	4,366,375
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	2.87	7,228,893	925,467	8,154,360
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	4.19	8,421,463	74,109	8,495,572
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	4.51	6,164,014	288,930	6,452,944
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	6.07	4,796,856	-	4,796,856
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	4.74	3,698,477	151,098	3,849,575
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	4.64	2,809,888	130,343	2,940,231
Total		$ 80,271,396				$ 50,162,847	$ 1,569,947	$ 51,732,794

*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, 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.

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, 2022 of $370,341 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, 2022 and 2021 was .352% and .318%, respectively. The University is also responsible to pay for program expenses at an annual rate of 1.252% (2022) and 1.085% (2021) 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, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $111,320, which are included in the accompanying statements of net position at June 30, 2022 and 2021 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. 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, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $741,021, which are included in the accompanying statements of net position at June 30, 2022 and 2021 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, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $0 and $164,599, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 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, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $513,247, which are included in the accompanying statements of net position at June 30, 2022 and 2021 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, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $458,809, which are included in the accompanying statements of net position at June 30, 2022 and 2021 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, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $79,218, which are included in the accompanying statements of net position at June 30, 2022 and 2021 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, 2022, MSCBA held unexpended debt proceeds in the amount of $7,200, of which $7,200 is included in the accompanying 2022 statement of net position as current restricted cash and cash equivalents and $0 is included in the accompanying 2022 statement of net position as noncurrent restricted cash and cash equivalents. 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.

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 was $3,289,664. 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, 2022, there were net deferred gains of $2,528,646, which is included in deferred inflows of resources on the accompanying 2022 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
2023	$ 4,073,146	$ 284,430	$ 4,357,576	$ 1,933,736	$ 6,291,312
2024	4,332,299	262,481	4,594,780	1,697,493	6,292,273
2025	3,980,720	178,967	4,159,687	1,519,863	5,679,550
2026	3,611,251	151,144	3,762,395	1,344,273	5,106,668
2027	4,476,799	135,275	4,612,074	1,454,845	6,066,919
2028 - 2032	16,634,911	513,185	17,148,096	3,244,146	20,392,242
2033 - 2037	11,897,080	41,605	11,938,685	1,783,901	13,722,586
2038 - 2042	1,156,641	2,860	1,159,501	567,643	1,727,144
Total	$ 50,162,847	$ 1,569,947	$ 51,732,794	$ 13,545,900	$ 65,278,694

(1) The interest rate in effect at June 30, 2022 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 2022, the University provided equity contributions totaling $4,254,130, $300,000 toward the Theater Project, $1,809,000 towards the Turf Replacement Project, $305,000 towards the Holmes Kitchen Floor Project (of which $15,325 of these funds were subsequently transferred to the 164 Highland Ave Project account), $160,000 towards the 164 Highland Ave Project, $81,455 towards the Theater Roof Replacement Project, $110,000 towards the Southside Chiller Project, $326,889 towards the Theater Parking Deck Project, and $1,161,786 towards the Theater Storefront Project. During fiscal 2021, the University provided an equity contribution of $670,000 toward the Theater Project.

As of June 30, 2022, 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	$ -	$ 113,364
Theater	-	352,217
Theater parking	-	142,444
Theater storefront	73,560	984,323
Theater roof	7,200	24,541
Southside chiller	7,560	90,652
Turf replacement	353,421	1,398,702
Holmes kitchen	-	115
164 Highland Ave	9,000	151,028
	$ 450,741	$ 3,257,386

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

Note 13 - Leases

Lease agreements are summarized as follows:

Lessee	Issued	Payment terms	Expiration date	Renewal options	Monthly payment at June 30, 2022	Balance at June 30, 2022
09C-FIT_Renewal	12/22/2009	5.28%-5.83%	6/30/2030	N/A	$ 8,971	$ 957,522
10B-FIT_Renewal	12/17/2010	5.79%-6.39%	5/1/2030	N/A	16,213	1,660,289
11A-FIT_Renewal [REF 03A]	6/8/2011	5.00%	5/1/2023	N/A	12,256	488,078
11A-FIT_Renewal [REF 04A]	6/8/2011	5.00%	5/1/2023	N/A	21,204	465,079
14A-FIT_Aubuchon	1/7/2014	5.00%	5/1/2033	N/A	5,167	295,000
15A-FIT_Renewal	12/17/2015	5.00%	5/1/2036	N/A	14,903	2,415,000
16A-FIT_Cedar [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	4,441	570,256
16A-FIT_Mara Expansion [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	31,314	5,330,317
16A-FIT_Mara Renovation [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	8,101	1,033,475
16A-FIT_Renewal [REF 09A]	2/25/2016	4.00%	5/1/2029	N/A	15,354	1,785,997
17A-FIT_Simonds	1/25/2017	3.00%-5.00%	5/1/2037	N/A	37,660	7,346,000
17A-FIT_Townhouses	1/25/2017	3.00%-5.00%	5/1/2037	N/A	12,551	2,448,000
17B-FIT_Highland	12/21/2017	4.00%-5.00%	5/1/2038	N/A	7,967	1,370,000
17B-FIT_Russell	12/21/2017	4.00%-5.00%	5/1/2038	N/A	21,602	3,800,000
19A-FIT_Mara Accessibility	1/23/2019	3.00%-5.00%	5/1/2039	N/A	2,041	430,000
19A-FIT_Russell Bathrooms	1/23/2019	3.00%-5.00%	5/1/2039	N/A	14,667	3,000,000
19C-FIT_Renewal [REF 05A] [REF 12B]	11/19/2019	1.90%-2.60%	5/1/2026	N/A	7,186	2,778,748
20A-FIT	7/1/2020	1.41%-2.57%	5/1/2038	N/A	44,809	23,807,018
03B-FIT_system debt [REF 99A]	7/1/2020	Pooled Debt	5/1/2028	N/A	98,660	2,338,918
22A-FIT_Renewal [REF 12C]	2/15/2022	5.00%	5/1/2032	N/A	503	1,410,322
						$ 63,730,019

The lease agreements noted above include leases with MSCBA for the use of student dormitories, parking, lecture halls and student center.

At June 30, 2022, the total costs of the University's right to use assets were $66,224,484 less accumulated amortization of $9,721,652. At June 30, 2021, the total costs of the University's right to use assets were $66,554,166, less accumulated amortization of $4,898,876.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year ending June 30,	Principal	Interest
2023	$ 3,914,664	$ 2,894,463
2024	3,055,458	2,734,328
2025	3,321,373	2,640,484
2026	3,476,335	2,531,433
2027	3,480,149	2,413,336
2028 - 2032	23,705,703	6,826,874
2033 - 2037	19,813,061	2,196,547
2038 - 2042	2,963,276	103,312
Total	$ 63,730,019	$ 22,340,777

During fiscal year 2017, the University entered into a noncancellable 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 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 lease obligation is secured by the related assets.

The University's wireless network equipment held under lease totaled $1,261,206 as of both June 30, 2022 and 2021. The assets under the 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 $1,261,206 and $1,198,145 at June 30, 2022 and 2021, respectively. Depreciation expense totaled $63,061 and $252,241 for the years ended June 30, 2022 and 2021, respectively.

Interest expense incurred on the lease totaled $1,188 and $5,899 in fiscal years 2021 and 2020, respectively. There are no future minimum lease payments under this lease at June 30, 2022.

As disclosed in Note 14, the Foundation Supporting Organization entered into a long-term 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, 2022 and 2021, 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 lease agreement at June 30, 2022:

Year ending June 30,	Amount
2023	$ 165,000
2024	165,000
2025	165,000
2026	165,000
2027	20,625
	$ 680,625

On August 6, 2008, the Foundation Supporting Organization entered into a 10-year 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 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, 2022 and 2021, rent expense amounted to $31,870 and $31,245, respectively.

The future minimum rental payments under this lease agreement at June 30, 2022 is $32,507 for the fiscal year ending June 30, 2023.

On February 1, 2013, the Foundation Supporting Organization entered into a 10-year 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, 2022 and 2021, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this lease agreement at June 30, 2022:

Year ending June 30,	Amount
2023	$ 5,696

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, 2022 and 2021, license fee income for the Foundation Supporting Organization amounted to $450,849 and $365,337, 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 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, 2022 and 2021, rental income amounted to $23,496 and $22,968, respectively.

The following is a schedule of future minimum rental payments under this lease agreement at June 30, 2022:

Year ending June 30,	Amount
2023	$ 23,496
2024	23,496
2025	23,496
2026	23,496
	$ 93,984

Note 14 - FSU Foundation's long-term debt

FSU Foundation's long-term debt consists of the following at June 30, 2022 and 2021:

	2022	2021
First mortgage notes payable	$ 3,823,385	$ 3,940,299
Notes payable - bank	432,326	453,794
	4,255,711	4,394,093
Less net debt issuance costs	-	(20,507)
	4,255,711	4,373,586
Less current portion	(234,096)	(225,884)
	$ 4,021,615	$ 4,147,702

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, 2022 and 2021, the outstanding principal balance of this mortgage note payable amounted to $314,142 and $329,618, 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 13). 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.

Debt issuance costs, net of accumulated amortization, totaled $0 and $20,507 as of June 30, 2022 and 2021, 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, 2022 and 2021, amortization expenses of $20,507 and $14,813, 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%.

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 five 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. Total amount disbursed to June 30, 2022 and 2021 is $73,846 and $0, respectively.

MDFA is providing financing to the Organization in the form of a Brownfields 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 remediation 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 15 Central Street and 675 Main Street and 689-717 Main Street, Fitchburg, Massachusetts. The note has a term of 10 years, amortizing over 30 years, and provides for a fixed rate of interest of 3% per annum. The loan requires monthly installments of interest for the first twelve months after closing; and thereafter principal and interest payable over 30 years.

Total outstanding principal balance as of June 30, 2022 and 2021 is $52,878 and $0, respectively.

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, 2022 and 2021, the Foundation Supporting Organization has total cash balances of $8,874 and $8,456, 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 five-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, 2022 and 2021, the outstanding principal balance of this first mortgage loan amounted to $469,538 and $498,266, 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, 2022 and 2021, the outstanding principal balance of the mortgage note payable amounted to $167,889 and $178,567, 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, 2022, and 2021, the outstanding principal balance of the mortgage loan amounted to $1,418,087 and $1,498,585, respectively.

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, 2022 and 2021, the outstanding principal balance of the mortgage note payable amounted to $68,484 and $70,255, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $93,637 and $98,339, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $178,835 and $187,181, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $251,983 and $257,596, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $186,847 and $201,340, 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 $2,357,000 and $2,855,000 at June 30, 2022 and 2021, 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% on April 26, 2012, 3.49% on April 26, 2017 and 4.24% on April 26, 2022 per annum, pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $4,122 through May 7, 2012, $2,875 through April 26, 2017 and $3,115 through April 26, 2022. The interest rate was adjusted to 4.24% per annum on April 26, 2022 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $3,280 until the next five-year interval adjustment date of April 26, 2027. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2022 and 2021, the outstanding principal balance of this note payable amounted to $432,326 and $453,794, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $131,631 and $136,612, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $290,537 and $298,009, 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, 2022 and 2021, the outstanding principal balance of the loan amounted to $128,879 and $132,193, 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 on 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 five-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $35,633 and $53,738, respectively.

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

Year ending June 30,	Principal	Interest	Total
2023	$ 234,096	$ 168,218	$ 402,314
2024	218,309	160,125	378,434
2025	210,403	151,794	362,197
2026	219,118	143,857	362,975
2027	295,005	133,881	428,886
Thereafter	3,078,780	457,885	3,536,665
Total	$ 4,255,711	$ 1,215,760	$ 5,471,471

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, 2022 and 2021, the effective interest rate was 4.75% and 3.25% per annum, respectively. 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, 2022 and 2021, there was no outstanding liability under the line of credit.

Borrowings under the line were secured by investments with an equivalent fair value of approximately $12,544,000 at June 30, 2021. The line is also collateralized by all funds held by the lender. At June 30, 2021, the Foundation had total cash balances of approximately $59,000 held by the lender. The line of credit agreement expired 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 4.5% at June 30, 2022 and 3.0% at June 30, 2021). 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, again through November 30, 2021, and again through November 30, 2022. 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, 2022, the Foundation Supporting Organization had no amounts outstanding on this line of credit. For the year ended June 30, 2021, the Foundation Supporting Organization made payments of $250,000 under the line of credit agreement. No borrowings occurred in fiscal year 2022. There was no balance outstanding as of June 30, 2022 and 2021.

Note 16 - Long-term liabilities

Long-term liability activity of the University for the year ended June 30, 2022 included the following:

	Totals June 30, 2021, as restated	Additions	Reductions	Totals June 30, 2022 Ending balance	Totals June 30, 2022 Current portion
Interagency payables	$ 55,022,458	$ -	$ 3,289,664	$ 51,732,794	$ 4,357,576
Total	55,022,458	-	3,289,664	51,732,794	4,357,576
Other liabilities:					
Leases	66,079,675	-	2,349,656	63,730,019	3,914,664
Lease obligation	131,295	-	131,295	-	-
Workers' compensation	1,088,425	187,008	131,180	1,144,253	137,942
Compensated absences	5,361,399	3,696,752	3,243,931	5,814,220	3,485,913
Loan payable - federal financial assistance	1,154,792	26,195	386,018	794,969	-
Net pension liability	20,091,153	-	12,075,854	8,015,299	-
Net OPEB liability	25,852,605	-	11,779,601	14,073,004	-
Total other liabilities	119,759,344	3,909,955	30,097,535	93,571,764	7,538,519
Long-term obligations	$ 174,781,802	$ 3,909,955	$ 33,387,199	$ 145,304,558	$ 11,896,095

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

	Totals June 30, 2020, as restated	Additions	Reductions	Totals June 30, 2021 Ending balance	Totals June 30, 2021 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:					
Leases	64,829,000	1,250,675	-	66,079,675	1,888,681
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	109,618,223	14,324,338	4,183,217	119,759,344	5,395,088
Long-term obligations	$ 167,558,328	$ 14,324,338	$ 7,100,864	$ 174,781,802	$ 7,918,860

Long-term liability activity of FSU Foundation for the year ended June 30, 2022 included the following:

	Totals June 30, 2021	Additions	Reductions	Ending balance	Current portion
First mortgage notes payable	$ 3,919,792	$ -	$ 96,407	$ 3,823,385	$ 212,900
Notes payable - bank	453,794	-	21,468	432,326	21,196
Long-term obligations	$ 4,373,586	$ -	$ 117,875	$ 4,255,711	$ 234,096

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

	Totals June 30, 2020	Additions	Reductions	Ending balance	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

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 $20,156,940 and $22,004,241 at June 30, 2022 and 2021, respectively. Undesignated unrestricted net position was $(25,687,436) and $(28,534,841) at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, the net investment in capital assets amount of $132,692,505 and $124,688,228, 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, 2022 and 2021, $492,872 and $739,306, 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, 2022 and 2021 reflect a restricted net position of $23,594,717 and $25,906,609, 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, 2022 and 2021, on a natural classification basis, are comprised of the following:

	2022	2021
Salaries		
Faculty	$ 25,888,717	$ 24,429,739
Exempt wages	4,822,505	4,260,161
Non-exempt wages	21,810,089	20,526,788
Benefits	15,073,299	20,531,979
Scholarships	6,568,549	4,683,734
Utilities	5,088,474	4,384,739
Supplies and other services	26,191,427	24,259,311
Depreciation	11,853,909	11,447,580
Amortization	4,822,776	3,173,710
Bad debt expense	164,148	103,825
Total operating expenses	$ 122,283,893	$ 117,801,566

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, 2022, 2021, and 2020 were as follows (see State appropriations under Note 23):

	2022	2021	2020
Commonwealth's retirement system contributions	$ 6,515,847	$ 5,416,674	$ 5,021,593
Employers share of health care premium	$ 7,666,816	$ 7,110,892	$ 6,615,645

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 2022, 2021, and 2020 was $6,515,847, $5,416,674, and $5,021,593, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2022, 2021, and 2020 was $640,112, $913,619, and $1,265,410, respectively. Annual covered payroll was approximately 80%, 58%, and 81% of annual total payroll for the University in 2022, 2021, and 2020, respectively.

At June 30, 2022 and 2021, the University reported a liability of $8,015,299 and $20,091,153, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, 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, 2020 and 2019. 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, 2022, the University's proportion was 0.0768%, which was a decrease of 0.0403% from its proportion measured as of June 30, 2021. 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.

For the years ended June 30, 2022 and 2021, the University recognized pension expense of $6,774,122 and $8,771,712, respectively.

At June 30, 2022, 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	$ 546,435	$ -
Net difference between projected and actual earnings on pension plan investments	-	3,142,462
Difference between expected and actual experience	276,576	580,302
Changes in proportion due to internal allocation	2,656,050	5,169,119
Changes in proportion from Commonwealth	3,204	25,324
University contributions subsequent to the measurement date	640,112	-
Total	$ 4,122,377	$ 8,917,207

The $640,112 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, 2023. 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,	
2023	$ (1,058,233)
2024	(1,016,460)
2025	(1,365,481)
2026	(1,994,768)
Total	$ (5,434,942)

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 total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2021. This valuation used the following assumptions:

1. (a) 7.00% investment rate of return (7.15% investment rate of return for the year ended June 30, 2020), (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-2020, set forward one year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020, set forward one year for females.

   (iii) Disability - the mortality rate reflects the post-retirement mortality described above, set forward one 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 2020 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, 2021 and 2020 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2021	2020	2021	2020
Global equity	39.00%	39.00%	4.80%	4.80%
Core fixed income	15.00%	15.00%	0.30%	0.70%
Private equity	13.00%	13.00%	7.80%	8.20%
Portfolio completion strategies	11.00%	11.00%	2.90%	3.20%
Real estate	10.00%	10.00%	3.70%	3.50%
Value added fixed income	8.00%	8.00%	3.90%	4.20%
Timberland/natural resources	4.00%	4.00%	4.30%	4.10%
Total	100.00%	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2021 and 2020 was 7.00% and 7.15%, 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 7.00% and 7.15%, respectively, for the measurement years ended June 30, 2021 and 2020, 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 (6.00%, 2021, and 6.15%, 2020) or 1-percentage-point higher (8.00%, 2021, and 8.15%, 2020) than the current rates:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2021	$ 12,268,660	$ 8,015,299	$ 4,519,440
June 30, 2020	$ 26,471,563	$ 20,091,153	$ 14,847,267

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 seven 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, 2022 and 2021, 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, 2022 and 2021 and as of the valuation date (January 1, 2021), 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, 2022 and 2021, the University reported a liability of $14,073,004 and $25,852,605, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and 2020, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 and 2020. 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, 2022, the University's proportion was 0.0880%, which was a decrease of 0.0369% from its proportion measured as of June 30, 2021. As of 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.

The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2022, 2021 and 2020 were $15,073,299, $20,531,979, and $17,961,852, 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 2022, 2021 and 2020 was $2,896,669, $2,650,879, and $2,392,217, 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 2022, 2021 and 2020 was $303,997, $528,286, and $655,514, respectively.

For the years ended June 30, 2022 and 2021, the University recognized OPEB expense of $4,227,247 and $4,218,809, respectively.

At June 30, 2022, 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	$ 1,181,904	$ 2,768,373
Net differences between projected and actual investment earnings on OPEB plan investments	-	171,018
Difference between expected and actual experience	359,240	2,477,298
Changes in proportion due to internal allocation	1,414,953	8,664,612
Changes in proportion from Commonwealth	15,778	61,123
University contributions subsequent to the measurement date	303,997	-
Total	$ 3,275,872	$ 14,142,424

The $303,997 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, 2023. 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,	
2023	$ (3,053,674)
2024	(2,222,539)
2025	(2,171,055)
2026	(1,975,723)
2027	(1,747,558)
Total	$ (11,170,549)

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 total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

1. The annual healthcare cost trend rates were developed based on the most recent published SOA-Getzen trend rate model, version 2021_b. The short-term trend assumptions were based on a review of the plan's historical trend rates during fiscal years 2020 and 2021, along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2022 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

Year	Medicare Benefits		Non-Medicare Benefits
2021	4.40%		7.30%
2022	4.49%		7.06%
2023	4.57%		6.83%
2024	4.66%		6.59%
2025	4.75%		6.36%
2030		5.18%	
2040		5.18%	
2050		5.18%	
2060		4.83%	
2070		4.38%	
2075+		4.04%	

Getzen long run growth factors assumptions:

- Inflation: 2.5%
- Real GDP Growth: 1.5%
- Excess Medical Growth: 1.1%

2. The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2020 from the central year, with females set forward one year.

3. Participation rates:

(i) 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.

(ii) 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.

(iii) 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.

(iv) Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.

(v) 100% of spouses are assumed to elect to continue coverage after the retiree's death.

(vi) Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Indemnity plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity/POS/PPO/HMO).

Future retirees are assumed to enroll in the existing plans in the same proportion as the current retiree mix, as shown in the table below. These proportions are established separately for non-Medicare and Medicare coverage for each product type.

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

The long-term expected rate of return as of June 30, 2021 was 7.00%. Investment assets of the Plan are held by 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, 2021, are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2021	2020	2021	2020
Global equity	39.00%	39.00%	4.80%	4.80%
Core fixed income	15.00%	15.00%	0.30%	0.70%
Private equity	13.00%	13.00%	7.80%	8.20%
Portfolio completion strategies	11.00%	11.00%	2.90%	3.20%
Real estate	10.00%	10.00%	3.70%	3.50%
Value added fixed income	8.00%	8.00%	3.90%	4.20%
Timberland/natural resources	4.00%	4.00%	4.30%	4.10%
Total	100.00%	100.00%		

The discount rates used to measure the OPEB liability as of June 30, 2021 and 2020 were 2.77% and 2.28%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 2.16% and 2.21%, respectively, as of the measurement dates June 30, 2021 and 2020, respectively, and the expected rates of return on plan investments of 7.00% and 7.15%, 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 2041 (2028 for the year ended June 30, 2020). 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, 2021 and 2020.

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, 2021 (a)	$ 16,719,365	$ 14,073,004	$ 11,942,548
June 30, 2020 (b)	31,067,852	25,852,605	21,732,290

(a) The discount rates as of June 30, 2021 are as follows: 2.77% (current); 1.77% (1% decrease) and 3.77% (1% increase).

(b) The discount rates as of June 30, 2020 are as follows: 2.28% (current); 1.28% (1% decrease) and 3.28% (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, as disclosed on page 88:

Measurement year ended	1% decrease	Healthcare cost trend rates	1% increase
June 30, 2021	$ 11,523,411	$ 14,073,004	$ 17,397,427
June 30, 2020	21,075,698	25,852,605	32,302,227

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 - 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, 2022 and 2021:

	2022	2021
Gross State appropriations	$ 53,743,520	$ 44,162,796
Add: Fringe benefits for benefited employees on the Commonwealth payroll	14,182,663	12,527,566
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(492,322)	(468,982)
Net State appropriations	$ 67,433,861	$ 56,221,380

$51,097,469 and $45,829,701 represent appropriations for maintenance and payroll and other noncapital appropriations during 2022 and 2021, respectively, and $16,336,392 and $10,391,679 represent appropriations for capital improvements for 2022 and 2021, 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, 2022 and 2021.

Note 24 - 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 25 - 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.

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the University's financial position, results of operations and cash flows. The University is not able to estimate the length or severity of this outbreak and the related financial impact.

Note 26 - 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, 2022 and 2021 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 27 - 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 2022 and 2021, 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.

Note 28 - Restatement

In fiscal year 2022, the University adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases.* There was no effect on the beginning net position as of July 1, 2020 since the leased asset was equal to the lease liability.

Net Position June 30, 2020	$ 121,827,378
Adjustments:	
Net Book Value Leased Asset	64,829,000
Lease Liability	(64,829,000)
Restated Net Position June 30, 2020	$ 121,827,378

The following financial statement line items for fiscal year 2021 were affected by the adoption of the new standard:

	2021 (as previously reported)	2021 (as restated)	Effect of change
Statement of Net Position:			
Right to use asset, net	$ -	$ 61,655,290	$ 61,655,290
Lease obligations	-	(66,079,675)	(66,079,675)
Net investment in capital assets	129,112,613	124,688,228	(4,424,385)
Total net position	135,238,207	130,813,822	(4,424,385)
Statement of Revenues, Expenses and Changes in Net Position:			
Right of use asset revenue	$ -	$ (2,759,166)	$ (2,759,166)
Operations and maintenance of plant	11,791,306	11,325,627	(465,679)
Amortization	-	3,173,710	3,173,710
Interest expense	1,307,130	5,782,650	4,475,520
Increase (decrease) in net position	13,410,829	8,986,444	4,424,385

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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the collective net pension liability (asset)	0.0768%	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)	$ 8,015,299	$ 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	$ 41,834,201	$ 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	19.16%	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	77.54%	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.

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 7,155,959	$ 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	(7,155,959)	(6,330,293)	(6,287,003)	(5,295,643)	(4,756,899)	(3,977,525)	(2,912,032)	(2,912,032)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 887,540	$ 1,034,658
University's covered payroll	$ 41,834,201	$ 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	17.11%	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

FY2021 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.00% from 7.15%.

Change in mortality

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 set forward 1 year for females from MP-2016 Employees table.
- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 set forward 1 year for females from MP-2016 Healthy Annuitant table.
- Disabled members - is assumed to be in accordance with the post-retirement mortality described above, set forth one year.

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, 2022

	2022	2021	2020	2019	2018
University's proportion of the collective net OPEB liability (asset)	0.0880%	0.1249%	0.1315%	0.1471%	0.1272%
University's proportionate share of the total OPEB liability (asset)	$ 15,753,852	$ 27,609,783	$ 25,861,235	$ 29,068,920	$ 23,499,661
Less: University's proportionate share of Plan fiduciary net position	1,680,848	1,757,179	1,800,028	1,750,656	1,266,987
University's proportionate share of the collective net OPEB liability (asset)	$ 14,073,004	$ 25,852,605	$ 24,061,207	$ 27,318,264	$ 22,232,674
University's covered payroll	$ 41,834,201	$ 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	33.64%	63.59%	57.52%	67.35%	58.90%
Plan fiduciary net position as a percentage of the total OPEB liability	10.70%	6.40%	6.96%	6.01%	5.39%

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

	2022	2021	2020	2019	2018
Contractually required contribution	$ 3,200,666	$ 3,179,165	$ 3,047,731	$ 3,556,181	$ 3,366,603
Contributions in relation to the contractually required contribution	(3,200,666)	(3,179,165)	(3,047,731)	(3,556,181)	(3,366,603)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 41,834,201	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018
Contributions as a percentage of covered payroll	7.65%	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

FY2021 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was increased to 2.77% (based on a blend of the Bond Buyer Index rate of 2.16%).

Change in mortality

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in per capita claims costs

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

Change in healthcare trend rates

The healthcare trend rates were updated.

Change in demographic and benefit

Demographic and benefits were updated based on changes to the underlying payment process.

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, 2022

The University's Residence Hall Fund and Residence Hall Damage Fund non-classified Statements of Net Position at June 30, 2022 are as follows:

Statements of Net Position

	Residence Hall Fund	Residence Hall Damage Fund
Assets		
Cash	$ 2,362,803	$ 6,955
Cash held by State Treasurer	239,427	-
Investments	952,596	279,888
Prepaid expenses	5,037	-
Accounts receivable, net	122,537	25,955
Total assets	3,682,400	312,798
Liabilities		
Accounts payable	83,038	-
Deposits	178,500	-
Salaries payable	119,718	-
Compensated absences	106,953	-
Deferred rental income	2,500	-
Total liabilities	490,709	-
Net position	$ 3,191,691	$ 312,798

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, 2022

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, 2022 are as follows:

	Residence Hall Fund	Residence Hall Damage Fund
Revenues		
Student fees	$ 8,427,995	$ -
Interest	27,131	1,560
Investment income (loss)	(203,176)	(11,682)
Commissions	66,317	-
Rentals	124,586	-
Room damage assessments	-	40,258
Miscellaneous	-	21
Total revenues	8,442,853	30,157
Expenses		
Regular employee compensation	1,173,476	-
Regular employee related expenses	5,615	-
Special employee/contract services	109,557	-
Pension and insurance	453,859	-
Facility operating supplies and related expenses	55,949	-
Administrative expenses	15,567	-
Energy and space rental	1,070,975	-
Performers	750	-
Operational services	9,520	-
Equipment purchases	15,769	-
Equipment lease - purchase, lease, rent, repair	4,104	-
Purchased client services and programs	900	-
Construction and improvements	556,096	19,571
Benefit program	98,803	-
Loans and special payments	5,806,385	-
Other - bad debt expense (recovery)	41,676	385
Information technology expenses	32,566	-
Miscellaneous	-	-
Total expenses	9,451,567	19,956
Transfers (in)/out		
Interdepartmental rental expense	60	-
Miscellaneous income	(47,902)	-
Total transfers	(47,842)	-
Total expenses and transfers	9,403,725	19,956
Increase (decrease) in net position	(960,872)	10,201
Net position - beginning of year	4,152,563	302,597
Net position - end of year	$ 3,191,691	$ 312,798

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.

Supplementary Information and Reports Required by the Uniform Guidance

CohnReznick LLP
cohnreznick.com

CohnReznick
ADVISORY • ASSURANCE • TAX

Independent Auditor's Report on Supplementary Information
Required by the Uniform Guidance

To the Board of Trustees
Fitchburg State University

We have audited the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (a department of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fitchburg State University's basic financial statements, and our report thereon dated November 18, 2022, which included emphasis of matter paragraphs as indicated on page 4, expressed unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the 2022 basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the 2022 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statements or to the 2022 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2022 basic financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
November 18, 2022

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

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Passed through to Subrecipients	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	$ -	$ 245,710
Federal Work-Study Program	84.033	-	142,710
Federal Perkins Loan Program	84.038	-	794,969
Federal Pell Grant Program	84.063	-	5,261,732
Federal Direct Student Loans	84.268	-	22,004,019
Total U.S. Department of Education		-	28,449,140
U.S. Department of Health and Human Services			
Nursing Student Loans	93.364	-	-
Total U.S. Department of Health and Human Services		-	-
Total Student Financial Assistance Cluster		-	28,449,140
TRIO Cluster			
U.S. Department of Education			
TRIO - Student Support Services	84.042A	-	301,844
TRIO - Upward Bound	84.047A	-	453,731
TRIO - Upward Bound Math and Science	84.047M	-	333,080
Total U.S. Department of Education		-	1,088,655
Total TRIO Cluster		-	1,088,655

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

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Passed through to Subrecipients	Federal Expenditures
COVID-19 CARES Act - HEERF - Education Stabilization Fund			
U.S. Department of Education			
COVID-19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	-	5,808,791
COVID-19 Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F	-	1,089,138
COVID-19 Higher Education Emergency Relief Fund (HEERF) Strengthening Institutions Program	84.425M	-	8,461
Total U.S. Department of Education		-	6,906,390
Total COVID-19 CARES Act - HEERF		-	6,906,390
Total U.S. Department of Education		-	36,444,185
National Science Foundation NSF 19-609			
Education and Human Resources	47.076	-	2,802
Total National Science Foundation		-	2,802
Total Expenditures - U.S. Department of Health and Human Services		-	-
Total Expenditures of Federal Awards		$ -	$ 36,446,987

See Independent Auditor's Report on Supplementary Information Required by the Uniform Guidance on Page 107 and Notes to Schedule of Expenditures of Federal Awards.

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

Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards ("SEFA" or "Schedule") includes the federal award activity of Fitchburg State University (the "University"), under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Fitchburg State University has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Matching costs

Matching costs, i.e., the nonfederal share of certain program costs, are not included in the accompanying Schedule.

Note 4 - Relationship to federal financial reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

Note 5 - Federal Direct Student Loans ("FDL")

The Schedule includes FDL ("Assistance Listing Number 84.268") which are made directly by the U.S. Department of Education to individual students.

Note 6 - Federal Perkins Loan Program

The Federal Perkins Loan Program ("Assistance Listing Number 84.038") is administered by Fitchburg State University. Fiscal year 2022 activity included loan funds disbursed of $0. The outstanding liability to the federal government under this loan program at June 30, 2022 totaled $794,969.

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 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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 18, 2022, which included emphasis of matter paragraphs as indicated on page 4. Our report includes a reference to other auditors who audited the financial statements of Fitchburg State University Foundation, Inc. as described in our report on Fitchburg State University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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

Hartford, Connecticut
November 18, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Fitchburg State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fitchburg State University's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Fitchburg State University's major federal programs for the year ended June 30, 2022. Fitchburg State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fitchburg State University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fitchburg State University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fitchburg State University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Fitchburg State University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fitchburg State University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fitchburg State University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fitchburg State University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fitchburg State University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fitchburg State University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CohnReznick LLP

Hartford, Connecticut
November 18, 2022

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified opinion

Internal control over financial reporting

• Material weakness(es) identified?	__ yes	✓ no
• Significant deficiency(ies) identified?	__ yes	✓ none reported
Noncompliance material to financial statements noted?	__ yes	✓ no

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?	__ yes	✓ no
• Significant deficiency(ies) identified?	__ yes	✓ none reported

Type of auditor's report issued on compliance for major federal programs:	Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__ yes	✓ no

Identification of major federal programs:

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

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Agency	Title	Assistance Listing #
Student Financial Assistance Cluster:		
U.S. Department of Education	Federal Supplemental Educational Opportunity Grants	84.007
U.S. Department of Education	Federal Work-Study Program	84.033
U.S. Department of Education	Federal Perkins Loan Program	84.038
U.S. Department of Education	Federal Pell Grant Program	84.063
U.S. Department of Education	Federal Direct Student Loans	84.268
TRIO Cluster:		
U.S. Department of Education	TRIO - Student Support Services	84.042A
U.S. Department of Education	TRIO - Upward Bound	84.047A
U.S. Department of Education	TRIO - Upward Bound Math and Science	84.047M
HEERF Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act		
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Student Aid Portion	84.425E
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Institutional Portion	84.425F
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Strengthening Institutions Program	84.425M

Dollar threshold used to distinguish between type A and B programs: $750,000

Auditee qualified as low-risk auditee? ✓ yes ___ no

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

CohnReznick
ADVISORY • ASSURANCE • TAX

Independent Member of Nexia International

cohnreznick.com