FITCHBURG STATE UNIVERSITY

(AN AGENCY OF THE COMMONWEALTH OF MASSACHUSETTS)

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND
OTHER REPORTS

YEARS ENDED JUNE 30, 2023 AND 2022

AND

INDEPENDENT AUDITOR'S REPORT

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

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To the Board of Trustees
Fitchburg State University

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Fitchburg State University, as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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 the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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 opinion. 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 the 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 the 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 on pages 4 through 19 and certain information pertaining to liabilities recorded in accordance with Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* on pages 94 through 102 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 January 30, 2024, 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.

Ballus Lynch, LLP

Worcester, Massachusetts
January 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Introduction

The following discussion and analysis are intended to provide an overview of the financial position and results of operations of Fitchburg State University (the "University") for the fiscal years ended June 30, 2023, 2022 and 2021. 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 2022, there were approximately 2,897 full-time students and hundreds of part-time students enrolled. For fiscal 2023, there was a combined full-time equivalent annual enrollment of approximately 4,028. 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 1,855 graduate and undergraduate degrees in fiscal 2023. The University is accredited by the New England Commission of Higher Education (NECHE), 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 2023 resulting in an increase in net position of approximately 0.7%. 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 $37.7 million in fiscal 2023, $37.4 million in fiscal 2022 as compared with $33.8 million in fiscal 2021.

- The University undergraduate fees increased slightly in fiscal year 2023. The University fees increased by $133 per semester for a total of $3,945 per semester. Total mandatory fees per semester were $4,976, $4,843, and $4,798 in fiscal years 2023, 2022, and 2021, 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 education service fees also had a slight increase of $8 per credit hour to $123 per credit and the Graduate GCE tuition increased by $5 per credit hour to $195 per credit. The total fees were $1,041 in fiscal years 2023 and $1,002 for fiscal years 2022 and 2021. After a number of years of no changes, the fees for the Accelerated Online Programs also saw a slight increase in fiscal year 2023, but this increase only affected only one program. The MBA program increase by $19.00 per credit hour. The Accelerated Online Program now ranges from $963 to $1,308 per 3 credit class in fiscal year 2023 from $963 to $1,251 for fiscal years 2022 and 2021.

- The University expended $9.5 million from current funds for capital additions in fiscal 2023. Projects completed during the year included the renovations to the following: Elliot Field Turf Replacement and upgrading a housing unit. The major projects that are still in process at June 30, 2023 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, and the Theater Storefront units.

- Total assets and deferred outflows of resources at the end of fiscal 2023 were $314.1 million and exceeded liabilities and deferred inflows of resources of $170.4 million by $143.7 million (i.e., net position).

Financial Highlights (Continued)

- Total operating, non-operating, and gift revenue for fiscal 2023 was $121.6 million, while expenses totaled $120.6 million, resulting in an increase to net position of $1.0 million. The increase in net position results from increase in investment income and decrease in operating expenses.

- 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 $15.6 million, $14.1 million, and $25.8 million at June 30, 2023, 2022, and 2021, respectively.

- 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 $7.6 million, $8.9 million, and $20.1 million at June 30, 2023, 2022, and 2021, respectively.

- 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, 2023, 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 2023, 2022 and 2021 are $51.7 million, $56.5 million and $61.7 million, respectively.

- GASB Statement No. 96 requires that subscription-based information technology 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 liability measured at the present value of the fixed minimum lease payments. The related asset will be amortized over the subscription term or the life of the asset and the subscription related liabilities will be treated as a financing lease and interest expense will be recognized. As of July 1, 2022 and retroactive to fiscal year 2022, a number of subscription-based IT contracts have been recognized as Fitchburg State University's assets. The balances of the subscription-based asset IT contracts in fiscal year 2023 and 2022 are $2.89 million and $ 1.9 million.

- Unrestricted net position (before benefits adjustment of $41.2 million at June 30, 2023) available to support short-term operations was $33.9 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 $41.2 million in 2023, $44.9 million in 2022, and $44.3 million in 2021, respectively.

Financial Highlights (Continued)

- **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 $32 million are sufficient to cover current liabilities of $25.7 million. The University's current ratio at June 30 is 1.3 to 1 for 2023, 1.5 to 1 for 2022, and 1.5 to 1 for 2021.

- **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, 2023, 2022, and 2021 was -1.5%, 7.2%, and 10.9%, respectively. Although student tuition and fees remained relatively unchanged from prior year, the decrease in 2023 return on net position was mainly due to decreases in overall income at a higher rate than decreases in current expenses. The 2022 return on net position ratio is mainly caused by both the federal government HEERF grant loss income recovery amount realized in 2022 and state capital grant income. The 2021 return on net position ratio 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.

- **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, 2023, 2022 and 2021 was 36.7%, 43.3% and 44.2%, 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, 2023, 2022 and 2021 was 116.7 %, 110.2 %, and 115.2 %, 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, 2023, 2022 and 2021 was 1.3, 2.5, and 3.3, 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").

Using the Financial Statements (Continued)

Statement 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, 2023, 2022 and 2021, are as follows:

	2023	2022	2021
Assets			
Current assets	$ 32,026	$ 41,976	$ 41,285
Capital assets, net	195,727	194,042	185,530
Right of use asset, net	54,571	58,403	61,655
Other	27,403	29,271	33,131
Total assets	309,727	323,692	321,601
Deferred outflows of resources	4,362	7,398	13,188
Liabilities			
Current liabilities	25,720	27,605	27,663
Long-term liabilities	118,903	134,704	166,378
Total liabilities	144,623	162,309	194,041
Deferred inflows of resources	25,791	26,094	9,934
Net position			
Net investment in capital assets	138,697	132,719	124,688
Restricted			
Nonexpendable	523	531	567
Expendable	11,741	14,967	12,089
Unrestricted			
Designated	18,630	20,157	22,004
Undesignated (deficit)	(25,916)	(25,687)	(28,534)
Total net position	$ 143,675	$ 142,687	$ 130,814

Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

Current assets consist mainly of cash and cash equivalents (89.2%) and accounts receivable (9.8%). Other assets include non-current restricted cash and cash equivalents reserved for debt payments, 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 (12.7%), 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 2021 was primarily the result of the 2021 pandemic. Although we have turned corner on the pandemic in fiscal years 2022 and 2023 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 year 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 2021 and 2022. About a half of this loss revenue was recognized in fiscal year 2021 and the remaining amounts were recognized in fiscal year 2022. In fiscal year 2023, we saw a large decrease in long term liability and this was mainly due to a $8 million decrease in OPEB and pension liability and a $4.3 million decrease in bonds payable. The individual elements of revenue and expenses and their corresponding effect on our net position are illustrated in the following schedule.

Overview of the Financial Statements (Continued)

Statement of Revenues, Expenses and Changes in Net Position (continued)

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, 2023, 2022 and 2021. 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).

	2023	2022	2021
Operating revenues			
Tuition and fees (net)	$ 41,446	$ 39,459	$ 43,352
Grants	9,714	20,457	16,594
Sales and service of educational department	1,397	1,192	1,083
Auxiliary	10,964	11,384	8,583
Right of use asset revenue	-	54	2,759
Other operating revenue	633	755	551
Total operating revenues	64,154	73,301	72,922
Operating expenses			
Instruction	35,185	37,048	37,848
Research and public service	1,384	1,356	1,112
Academic support	10,933	10,385	8,538
Student services	17,812	17,633	14,437
Scholarships	3,037	6,569	4,327
Institutional support	10,333	13,321	17,041
Operations and maintenance	6,982	6,427	11,326
Depreciation	11,942	11,854	11,448
Amortization	5,857	5,387	3,174
Auxiliary	13,034	12,277	8,551
Total operating expenses	116,499	122,257	117,802
Net operating loss	(52,345)	(48,956)	(44,880)
Non-operating revenue and expenses			
State appropriations	52,189	51,097	45,830
Investment income	2,084	(2,638)	3,173
Interest expense and debt issue costs	(4,086)	(4,218)	(5,783)
State capital appropriations	2,894	16,336	10,392
Capital gifts and grants	252	252	255
Total non-operating revenue	53,333	60,829	53,867
Increase (decrease) in net position	988	11,873	8,987
Net position, end of year	142,687	130,814	121,827
Net position, end of year	$ 143,675	$ 142,687	$ 130,814

Overview of the Financial Statements (Continued)

Statement of Revenues, Expenses and Changes in Net Position (continued)

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 2023, 2022 and 2021 was 39.5%, 37.46%, and 36.38%, respectively. The current fringe benefit rate includes group medical insurance (21.54%), retirement (16.70%) and terminal leave (1.26%).

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

	2023	2022	2021
Commonwealth general appropriations	$ 37,688	$ 37,406	$ 33,771
Commonwealth special appropriations	-	-	-
Appropriations to cover fringe benefits provided to employees of the Commonwealth	15,038	14,183	12,528
	52,726	51,589	46,299
Tuition remitted back to the Commonwealth	(537)	(492)	(469)
Net appropriations	52,189	51,097	45,830
Additional state capital appropriations	2,894	16,336	10,392
	$ 55,083	$ 67,433	$ 56,222

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.

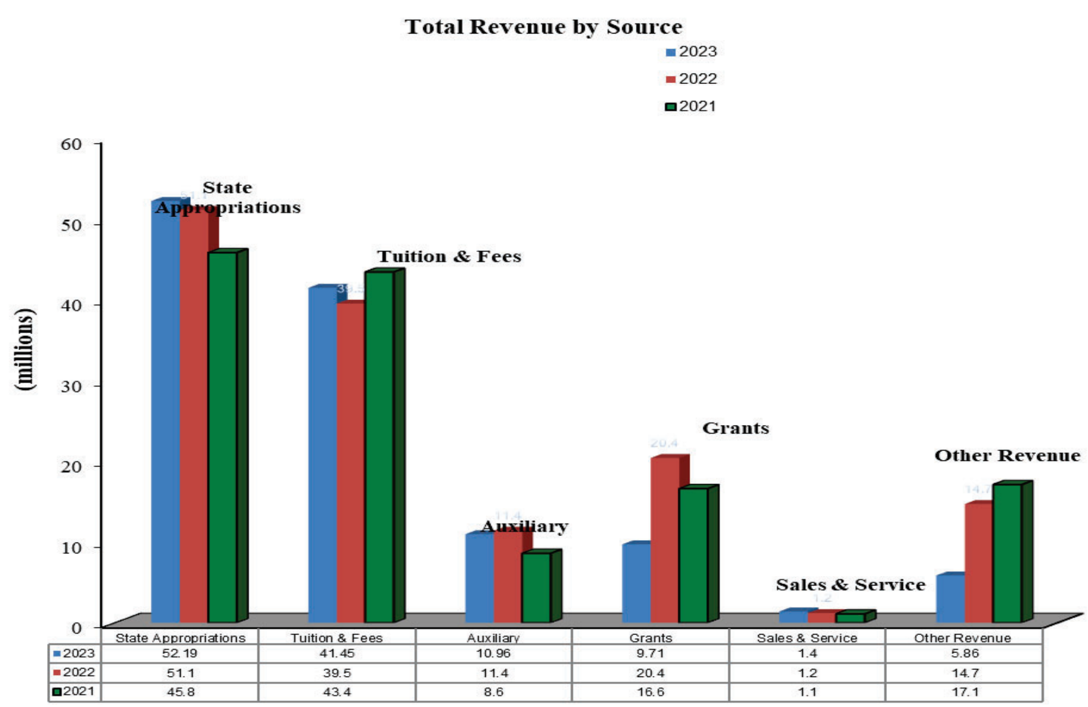
Loss from Operations

The following schedule (condensed, in thousands) illustrates the University's incurred losses from operations for the fiscal years ended June 30, 2023, 2022 and 2021.

	2023	2022	2021
Tuition and fees revenue, net	$ 41,446	$ 39,459	$ 43,352
Other operating revenue	22,708	33,842	29,570
Total operating revenue	64,154	73,301	72,922
Operating expenses	(116,499)	(122,257)	(117,802)
Operating loss	(52,345)	(48,956)	(44,880)
Total state appropriations	52,189	51,097	45,830
Other revenue, net	1,144	9,732	8,037
Increase in net position	$ 988	$ 11,873	$ 8,987

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, 2023, 2022 and 2021, the University's net operating revenues ratio was -5.0%, -3.3%, and 5.6%, 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, 2023, 2022 and 2021 was $121.6 million, $138.3 million, and $132.5 million, respectively.



Loss from Operations (Continued)

State appropriations have increased marginally for the fiscal year 2019 to 2023, and these increases are a result of the state funding of a portion of the collective bargaining agreements including those paid in fiscal year 2023. 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 approved slight tuition and fee increases in 2023. A 3.5% increase of $133 per semester for university fees. A $8 per credit graduate ed service fee. A $5 increase for the graduate GCE program. A $6 increase per credit for the UG GCE program. And a $19 per credit increase for the accelerated online MBA program to $436 per credit hour. In 2022, the board 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. During fiscal years 2023, 2022 and 2021, in-state tuition, fees and room and board for full- time resident students were $11,358, $11,132 and $11,571 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2023, 2022 and 2021 were $5,460, $5,336 and $5,291, respectively. After years of constant growth, it is significant to note that in fiscal year 2023, the online tuition has started to level off and the on-ground tuition has continued its decline.

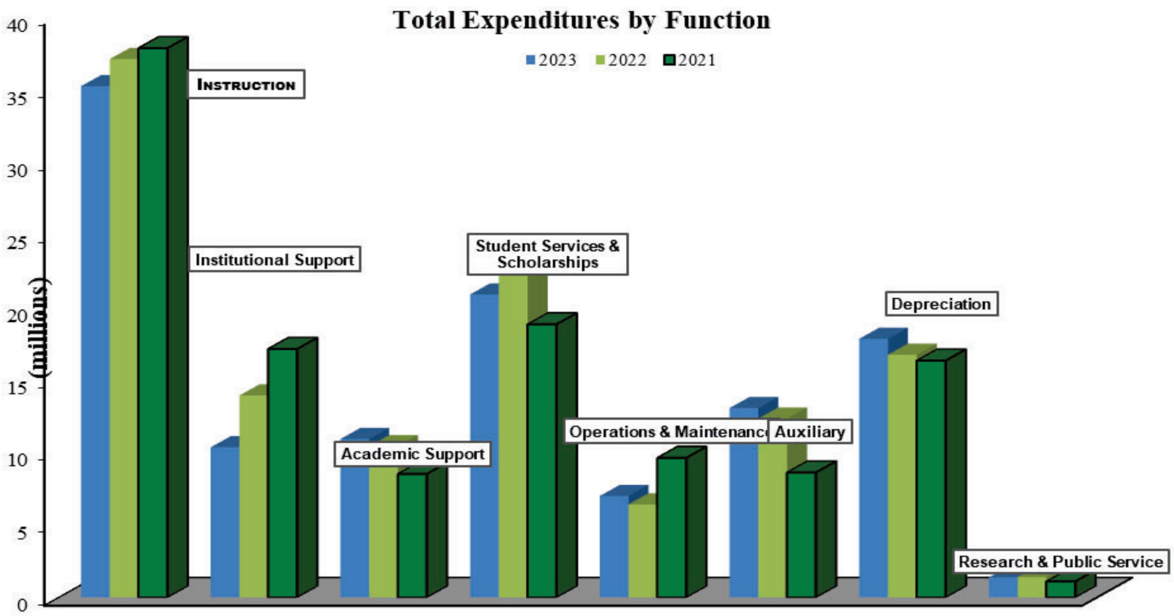
Auxiliary revenue represents revenue received from the operations of the University's residence and dining halls. The average residence hall occupancy rate for the fiscal year 2023 was 52.2% of capacity, 2022 was 60.4% of capacity versus 50.30% of capacity in fiscal year 2021. In fiscal year 2023, the auxiliary department had a 4% decrease in revenue over 2022 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,- 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 2021, the CRRSAA in December 2021 and the ARP grant in March 2022 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. Although there was a slight decrease in tuition and housing income and a slight increase in dining income, the overall change was not by much from fiscal year 2022 to fiscal year 2023. 2023 increase mainly came from a rebound in investment income and an decrease in OPEB and Pension expense of $4.6 million in fiscal year 2023.

Other revenue includes investment and miscellaneous revenue.

Loss from Operations (Continued)

The following is a graphic illustration of total expenditures (operating) by function. Total operating expenditures for the fiscal years ended June 30, 2023, 2022 and 2021 were $116.5 million and $122.3 million, and $117.8 million, respectively.



Expenditures, exclusive of depreciation, amortization, decreased by 6% between fiscal year 2023 and fiscal year 2022, going from $109 million in 2022 to $103 million in 2023. And increased by 3.8% in FY2022 over fiscal year 2021. The fiscal year 2023 decrease occurred in 2 main areas – Instructional expense and institutional support. While the 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 28.2% of total operating expenses in fiscal year 2023, 30.3% of total expenses in fiscal year 2022 and 28% of total expenses in fiscal year 2021. In fiscal year 2023, faculty payroll of ($25.8 million) and related benefits of ($10.2 million) represents approximately 99.5% of Instructional expenses, in 2022 faculty payroll of ($25.9 million) and related benefits of ($9.7 million) represents approximately 96.1% of Instructional expenses while in fiscal year 2021 faculty payroll of ($24.5 million) and related benefits ($9.0 million) represent approximately 88.5% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. In fiscal year 2022, there was a slight increase in payroll and software expenditures, and in fiscal year 2022 and fiscal year 2023 a realignment of GASB OPEB and pension benefit balances 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 $11.9 million, $11.8 million and $11.4 million in depreciation expense for 2023, 2022 and 2021, respectively, and $4.8 million and $4.9 million of GASB87 lease amortization expenses for fiscal year 2023 and 2022, respectively.

Loss from Operations (Continued)

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	2023	2022	2021
Instruction	29.7%	30.40%	31.00%
Institutional support	8.70%	11.40%	14.00%
Academic support	9.20%	8.50%	7.00%
Student services and scholarships	17.6%	19.90%	15.40%
Operations and maintenance	5.90%	5.30%	7.90%
Auxiliary	11.0%	7.20%	7.20%
Depreciation and amortization	15.0%	9.60%	7.60%

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, 2023, 2022 and 2021:

	2023	2022	2021
Cash received from operations	$ 64,328	$ 77,794	$ 65,565
Cash expended for operations	(89,698)	(91,086)	(87,499)
Net cash used in operations	(25,370)	(13,292)	(21,934)
Net cash provided by noncapital financing activities	37,150	36,915	33,385
Net cash used in capital and related financing activities	(25,799)	(12,630)	(8,622)
Net cash provided by (used in) investing activities	1,012	(633)	598
Net increase (decrease) in cash and equivalents	(13,007)	10,360	3,427
Cash and equivalents, beginning of the year	49,248	38,888	35,461
Cash and equivalents, end of year	$ 36,241	$ 49,248	$ 38,888

Statement of Cash Flows (continued)

In fiscal year 2023, the University's cash and cash equivalents decreased by $13 million to $36.2 million. The decrease in cash and cash equivalents in fiscal year 2023, was largely due to a stabilization of normal recurring income, which is a large decrease from HEERF income received in fiscal years 2020-2022. The increase in cash and cash equivalents 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 equivalents 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.

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, 2023, net capital assets increased by $2.1 million to $250 million, net of current depreciation of $17.8 million. As of June 30, 2022, net capital assets increased by $3.4 million to $252 million, net of current depreciation of $17.2 million. At fiscal year ended June 30, 2021, net capital assets increased by $900 thousand to $202 million, net of current depreciation of $11.4 million. During fiscal year 2023 there were $13.6 million additions to capital assets, $19.9 million in 2022 and $15.4 million in 2021. Major capital initiatives either continuing or undertaken during 2023 include:

Electricity infrastructure upgrade	$23 million (to date)
Thompson Hall Renov projects	$6.9 million (to date)
Elliot Field Turf Replacement	$1.5 million (to date)
Theater renovation	$2.4 million (to date)
Recreation Center Roof	$1.6 million (to date)
Theater Storefront	$2.2 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, 2023, 2022 and 2021 was 2.2, 1.0 and 0.8, 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 2023. 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.

MSCBA issued the Series 2021A Bonds on July 1, 2021 in part to refund Bonds maturing in fiscal years 2022 and 2023 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 2022 aggregate debt service assessment was reduced by $52.8 million (approximately 50%), and the fiscal year 2023 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 2021 interest payment, and $400,000 to fund a portion of the spring 2022 interest payment, which further reduced the amount that needed to be assessed to the Universities. In the fall of 2021, 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, 2023 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 Project	1997	$ 6,000,000	DSF	7.65%	$ 501,095	$ 501,095	2023
MSCBA	Holmes Dining Hall Renovations	2005	$ 1,090,000	DSF	5.32%	$ 73,245	$ 310,479	2034
MSCBA	Elliot Athletic Field Improvements	2005	$ 4,020,000	DSF	5.32%	$ 279,771	$ 1,084,461	2034
MSCBA	Holmes Dining Hall Renovations	2006	$ 2,060,000	DSF	2.68%	$ 145,078	$ 666,209	2031
MSCBA	Hammond Campus Center Renovations	2011	$ 11,078,908	DSF	3.92%	$ 893,941	$ 8,362,779	2030
MSCBA	Hammond Campus Center Renovations	2012	$ 7,043,416	DSF	1.99%	$ 395,019	$ 3,977,242	2035
MSCBA	Hammond Campus Center Renovations	2013	$ 11,300,906	DSF	1.76%	$ 439,301	$ 5,359,998	2034
MSCBA	Parking Expansion	2013	$ 2,563,127	DSF	1.76%	$ 98,242	$ 1,415,729	2034
MSCBA	Hammond Campus Center Renovations	2014	$ 12,235,614	DSF	0.78%	$ 560,000	$ 7,886,463	2038
MSCBA	Hammond Campus Center Renovations	2015	$ 10,669,502	DSF & Operating Funds	3.19%	$ 455,000	$ 5,744,014	2035
MSCBA	Landry Area Refurbishment	2017	$ 4,166,418	DSF & Operating Funds	3.22%	$ 169,000	$ 3,537,477	2037
DCAMM	CEIP Funds	2017	$ 5,420,360	DCAMM	3.00%	$ 227,040	$ 4,576,428	2039
MSCBA	Holmes Dining Hall Renovations	2019	$ 1,516,022	DSF	3.65%	$ 55,000	$ 1,532,897	2039
MSCBA	Recreation Center	2019	$ 1,107,123	DSF & Operating Funds	3.65%	$ 40,000	$ 1,186,991	2039
Total			$ 80,271,396			$ 4,331,732	$ 46,142,262	

Long-Term Debt (Continued)

For the fiscal years ended June 30, 2023, 2022 and 2021, the total debt (current and long-term) attributable to interagency payments, bond premiums amounted to $47.4 million, $51.7 million and $55.2 million, respectively.

For the fiscal years ended June 30, 2023, 2022 and 2021, the total debt (current and long-term) attributable to lease and SBITA liability amounted to $62.7 million, $65.6 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 1.06 for June 30, 2023, 1.13 for 2022 and 0.93 for 2021.

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, 2023, 2022 and 2021, the University's debt burden was 4.9%, 3.7% and 2.3%, respectively.

Looking Forward

Fitchburg State University continues to proudly serve the educational needs of its students and "provide an education that make a difference".

The Elaine Nicpon Marieb Foundation has approved grant funding for the Fitchburg State Nursing Initiative. This grant will fund planning and design for a Nursing simulation center and Nursing scholarships. "The goal of this nursing program is to align and transition new students into the new competency-based curriculum and the new simulation center designed to develop critical thinking, clinical judgement and provide faculty with the ability to effectively assess and measure clinical competency. The support of the Elaine Nicpon Marieb Foundation will impact nursing students and the healthcare system for decades to come."

The University has again been listed in the U.S. News & World report's 2024 Best Colleges rankings. They listed Fitchburg State among "the top Regional Universities in the North; among the top public schools in Regional Universities in the North; and a best value in Regional Universities in the North. "

As Fitchburg State University prepared to welcome approximately 800 new freshmen, "Several new academic programs are launching this fall, including an interdisciplinary minor in political journalism, serving students interested in journalism, political science, and the role of reporting in democratic societies. This semester also marks the debut of a new course called "Podcasting the Past," in which students will collaborate across the disciplines of history and communications to integrate historical research and story development with audio production. Their work will be released through Perseverantia: the Fitchburg State Podcast Network (which can be heard at fitchburgstate.edu/podcast)."

Looking Forward (Continued)

Fitchburg State University has had a longstanding educational partnership with Rhein-Waal University of Applied Sciences in Kleve, Germany. The two parties held a virtual signing ceremony on Friday, June 23. The agreement spells out clear transfer opportunities between the institutions, enabling students from both countries to complete baccalaureate degrees. Under terms of the pact, German students may complete Fitchburg State's Bachelor of Science in economics with a concentration in international business and economics, while American students may complete a bachelor of arts in international business.

"Fitchburg State University has once again been recognized by Massachusetts Colleges Online with four Courses of Distinction Awards, including accolades for use of free educational resources."

The University continues to work 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 2023 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:

- Theater Building
- Miller Oval roof & waterproofing.
- Elliot Field Turf Replacement

Underway:

- Theater Renovations, parking deck preconstruction, roof replacement and Theater storefront preconstruction.
- Weston Auditorium roof replacement
- Holmes dining common roof replacement
- Mara 1-5 flooring
- Herlihy Day Care center
- Thompson Hall update
- Electric Infrastructure Project
- South Chiller plant expansion -supporting the Thompson renovation and future capacity for renovations to include Edgerly Hall.

Fitchburg State University continues to look forward to upgrading the Theater Block on Main Street as an exciting way to revitalize downtown Fitchburg and the environ. The university will continue to work to secure funding for this project.

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.

Requests for Information

This financial report is designed to provide a general overview of the finances of Fitchburg State University for anyone interested in this information. Questions concerning any of the data provided in this report or requests for additional financial information should be addressed to Dr. Richard S. Lapidus, President, Fitchburg State University, 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.

FINANCIAL STATEMENTS

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022

	2023	Component Unit Fitchburg State University Foundation, Inc. 2023	2022	Component Unit Fitchburg State University Foundation, Inc. 2022
ASSETS				
Current assets:				
Cash and equivalents	$ 21,333,154	$ 3,361,880	$ 28,365,805	$ 2,676,130
Restricted cash and cash equivalents	7,259,728	-	11,141,043	-
Investments	-	9,639,863	-	9,199,331
Accounts receivable, net	3,143,083	265,238	2,161,271	45,564
Contributions receivable, net	-	1,563,577	-	35,425
Other current assets	290,270	52,808	307,517	62,597
Total current assets	32,026,235	14,883,366	41,975,636	12,019,047
Non-current assets:				
Restricted cash and cash equivalents	7,649,002	-	9,741,533	-
Investments	18,630,878	-	17,655,326	-
Endowment investments	980,146	15,975,563	942,874	13,899,616
Contributions receivable, net	-	-	-	42,979
Loans receivable, net of current portion	99,975	-	886,585	-
Capital assets, net	195,726,771	7,256,688	194,041,852	7,090,912
Right to use asset - property, net	51,680,056	-	56,502,832	-
Right to use asset - SBITA, net	2,891,407	-	1,900,172	-
Other non-current assets	42,135	78,042	44,928	86,733
Total non-current assets	277,700,370	23,310,293	281,716,102	21,120,240
Total assets	309,726,605	38,193,659	323,691,738	33,139,287
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - OPEB	1,576,035	-	3,275,872	-
Deferred outflow for pensions	2,786,519	-	4,122,377	-
Total deferred outflows of resources	4,362,554	-	7,398,249	-

See accompanying independent auditor's report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022
(Continued)

	2023	Component Unit Fitchburg State University Foundation, Inc. 2023	2022	Component Unit Fitchburg State University Foundation, Inc. 2022
LIABILITIES				
Current liabilities:				
Interagency payables, current portion	$ 4,587,341	$ -	$ 4,357,576	$ -
Long-term debt, current portion	-	390,309	-	234,096
Lease obligations - property, current portion	3,055,458	-	3,914,664	-
Lease obligations - SBITA, current portion	1,029,041	-	577,988	-
Accounts payable and accrued liabilities	4,400,047	599,219	4,454,814	114,086
Accounts payable - construction	1,157,191	161,148	1,908,088	198,784
Accrued workers' compensation, current portion	175,952	-	137,942	-
Compensated absences, current portion	3,583,230	-	3,485,913	-
Faculty payroll accrual	4,238,147	-	4,175,556	-
Revenue received in advance	3,272,868	-	4,380,867	-
Deposits	195,450	-	178,500	-
Other current liabilities	25,516	31,080	32,779	31,080
Total current liabilities	25,720,241	1,181,756	27,604,687	578,046
Non-current liabilities:				
Interagency payables , net of current portion	42,840,438	-	47,375,218	-
Lease obligations - property, net of current portion	56,759,897	-	59,815,355	-
Lease obligations - SBITA, net of current portion	1,815,011	-	1,295,620	-
Accrued workers' compensation, net of current portion	944,571	-	1,006,311	-
Compensated absences, net of current portion	2,221,880	-	2,328,307	-
Long-term debt, net of current portion	-	4,020,170	-	4,021,615
Loan payable - federal financial assistance program	33,542	-	794,969	-
Net OPEB liability	7,961,317	-	14,073,004	-
Net pension liability	6,326,084	-	8,015,299	-
Total non-current liabilities	118,902,740	4,020,170	134,704,083	4,021,615
Total liabilities	144,622,981	5,201,926	162,308,770	4,599,661
DEFERRED INFLOWS OF RESOURCES				
Service concession arrangement	252,918	-	505,836	-
Deferred inflow - OPEB	15,583,682	-	14,142,424	-
Deferred inflow for pensions	7,628,785	-	8,917,207	-
Deferred inflow for debt refunding	2,325,693	-	2,528,646	-
Total deferred inflows of resources	25,791,078	-	26,094,113	-

See accompanying independent auditor’s report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2023 AND 2022
(Continued)

	2023	Component Unit Fitchburg State University Foundation, Inc. 2023	2022	Component Unit Fitchburg State University Foundation, Inc. 2022
NET POSITION				
Net investment in capital assets	$ 138,697,199	$ 2,445,291	$ 132,719,069	$ 2,585,199
Restricted for				
Non-expendable				
Scholarships and fellowships	522,969	8,767,229	531,365	6,779,732
Cultural programs	-	5,242,638	-	5,237,328
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	372,721	-	289,581
Expendable				
Scholarships and fellowships	339,746	6,621,423	278,503	5,153,997
Cultural programs	-	4,076,189	-	3,638,416
Loans	219,407	-	195,075	-
Capital projects	1,453,443	-	3,710,674	-
Debt service	9,514,015	-	10,570,560	-
Other	214,038	1,375,115	212,354	902,689
Unrestricted (deficit)	(7,285,717)	2,498,153	(5,530,496)	2,359,710
Total net position	$ 143,675,100	$ 32,991,733	$ 142,687,104	$ 28,539,626

See accompanying independent auditor's report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	Component Unit Fitchburg State University Foundation, Inc. 2023	2022	Component Unit Fitchburg State University Foundation, Inc. 2022
REVENUES				
Operating revenues:				
Student tuition and fees	$ 42,194,445	$ -	$ 42,457,034	$ -
Student fees restricted for repayment of interagency payables	4,545,889	-	4,837,507	-
Less: Scholarship allowance	(5,294,046)	-	(7,835,655)	-
Net student tuition and fees	41,446,288	-	39,458,886	-
Federal grants and contracts	6,529,871	-	18,757,360	-
State and local grants and contracts	1,740,655	1,936,110	682,352	63,050
Non-governmental grants and contracts	1,443,951	-	1,017,652	-
Sales and services of educational departments	1,397,258	1,277,068	1,191,956	905,341
Gifts and contributions	-	1,107,171	-	782,146
Auxiliary enterprises				
Residential life	8,027,456	-	8,473,010	-
Dining hall	2,917,840	-	2,892,019	-
Alcohol awareness and other programs	18,200	-	18,930	-
Right of use asset revenue	-	-	54,281	-
Other operating revenues	632,631	-	754,549	-
Total operating revenues	64,154,150	4,320,349	73,300,995	1,750,537
EXPENSES				
Operating expenses:				
Educational and general				
Instruction	35,184,661	61,133	37,048,138	13,206
Research	75,927	-	90,700	-
Public service	1,308,122	82,358	1,265,684	88,155
Academic support	10,933,293	126,921	10,384,580	20,740
Student services	17,812,465	135,208	17,632,838	17,754
Institutional support	10,332,718	665,591	13,321,531	798,101
Operation and maintenance of plant	6,981,948	1,191,663	6,426,678	444,511
Depreciation	11,942,021	188,731	11,853,909	187,360
Amortization	5,857,206	-	5,386,744	-
Scholarship and awards	3,036,699	630,864	6,568,549	617,059
Auxiliary enterprises				
Residential life	10,079,759	-	9,471,523	-
Dining hall	2,930,994	-	2,788,477	-
Alcohol awareness and other programs	23,687	-	17,978	-
Total operating expenses	116,499,500	3,082,469	122,257,329	2,186,886
Operating income (loss)	(52,345,350)	1,237,880	(48,956,334)	(436,349)

See accompanying independent auditor's report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

	2023	Component Unit Fitchburg State University Foundation, Inc. 2023	2022	Component Unit Fitchburg State University Foundation, Inc. 2022
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	$ 52,188,530	$ -	$ 51,097,469	$ -
Investment income (loss), net of investment expense	1,603,796	575,518	(2,702,759)	(1,086,358)
Investment income (loss) on restricted assets, net of investment expense	479,518	1,997,665	65,153	(3,208,155)
Interest expense on interagency payables and capital asset related debt	(4,085,632)	(194,300)	(4,218,159)	(180,464)
Net non-operating revenues (expenses)	50,186,212	2,378,883	44,241,704	(4,474,977)
Income (loss) before capital and endowment additions	(2,159,138)	3,616,763	(4,714,630)	(4,911,326)
State capital appropriations	2,894,216	-	16,336,392	-
Capital grants	252,918	-	251,520	-
Private gifts for endowment purposes	-	835,344	-	1,008,274
Change in net position	987,996	4,452,107	11,873,282	(3,903,052)
NET POSITION				
Beginning of year	142,687,104	28,539,626	130,813,822	32,442,678
End of year	$ 143,675,100	$ 32,991,733	$ 142,687,104	$ 28,539,626

See accompanying independent auditor's report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Tuition and fees	$ 40,860,495	$ 39,611,183
Research grants and contracts	10,265,507	25,504,157
Payments to suppliers	(25,581,219)	(25,559,663)
Payments to utilities	(5,154,248)	(4,952,785)
Payments to employees	(51,880,399)	(51,841,858)
Payments for benefits	(2,925,999)	(3,221,894)
Payments for scholarships	(3,036,699)	(6,568,549)
Loans issued to students	(5,286)	(1,771)
Collection of loans to students	791,896	156,222
Auxiliary enterprise receipts		
Residential life	7,983,767	8,509,451
Dining hall	2,917,840	2,892,019
Alcohol awareness program	18,200	18,930
Receipts from sales and services of educational departments	1,490,352	1,102,479
Other receipts (disbursements)	(1,114,218)	1,059,938
Net cash used in operating activities	(25,370,011)	(13,292,141)
Cash flows from noncapital financing activities:		
State appropriations	37,687,595	37,407,128
Tuition remitted to state	(537,099)	(492,322)
Net cash provided by noncapital financing activities	37,150,496	36,914,806
Cash flows from capital and related financing activities:		
State capital appropriations	2,894,216	16,336,392
Loan programs net funds receivable	4,268	13,269
Capital grants and gifts activity (DCAM and other)	(1,700,535)	615,530
Federal loan funds received	741,363	346,127
Private gifts for capital purchase	-	49,802
Payments for capital assets	(14,377,836)	(19,854,199)
Debt issuance costs	-	(164,599)
Principal paid on capital debt	(9,274,900)	(4,377,846)
Interest paid on capital debt	(4,085,632)	(5,594,423)
Net cash used in capital and related financing activities	(25,799,056)	(12,629,947)
Cash flows from investing activities:		
Purchases of investments	(5,954,687)	(5,088,692)
Proceeds from sale of investments	5,782,974	3,884,688
Earnings on investments	1,177,929	-
Interest on investments	5,858	571,039
Net cash provided by (used in) investing activities	1,012,074	(632,965)
Net change in cash, cash equivalents, and restricted cash	(13,006,497)	10,359,753
Cash, cash equivalents and restricted cash, beginning of year	49,248,381	38,888,628
Cash, cash equivalents and restricted cash, end of year	$ 36,241,884	$ 49,248,381

See accompanying independent auditor's report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

	2023	2022
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (52,345,350)	$ (48,956,334)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense	106,850	164,148
Depreciation and amortization	17,799,227	17,240,653
Right of use asset revenue applied to bonds	(61)	(54,280)
Fringe benefits paid by the Commonwealth of Massachusetts	15,038,034	14,182,663
Change in net pension liability	(1,641,779)	(674,744)
Change in net OPEB liability	(2,970,592)	(1,380,578)
Changes in assets and liabilities		
Receivables	(1,088,662)	10,272,676
Other current and noncurrent assets	20,040	(36,292)
Accounts payable and accrued liabilities	(5,767)	(242,423)
Accrued workers' compensation	(23,730)	55,828
Compensated absences	(9,110)	452,821
Accrued faculty payroll	62,591	299,228
Revenue received in advance	(1,107,999)	(5,126,622)
Other current liabilities	(7,263)	574,664
Deposits	16,950	(218,000)
Loans to students	786,610	154,451
Net cash used in operating activities	$ (25,370,011)	$ (13,292,141)

See accompanying independent auditor’s report and notes to financial statements.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

	2023	2022
Schedule of noncash and financing activities:		
Acquisition of capital assets	$ 13,626,941	$ 20,365,736
Accounts payable thereon		
Beginning of year	1,908,088	1,396,551
End of year	(1,157,193)	(1,908,088)
Payments for capital assets	$ 14,377,836	$ 19,854,199
Unrealized gain (loss) on investments	$ 701,330	$ (3,762,330)
Fringe benefits paid by the Commonwealth of Massachusetts	$ 15,038,034	$ 14,182,663
Capital grants - amortization of deferred inflows of resources - service concession arrangement	$ 252,918	$ 258,918
Reconciliation of cash, cash equivalents and restricted cash balances:		
Current assets		
Cash and cash equivalents	$ 21,333,154	$ 28,365,805
Restricted cash and cash equivalents	7,259,728	11,141,043
Noncurrent assets		
Restricted cash and cash equivalents	7,649,002	9,741,533
	$ 36,241,884	$ 49,248,381

See accompanying independent auditor's report and notes to financial statements.

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

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, 2023, 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 2023, the Foundation distributed scholarships and awards in the amount of $630,864 directly to students and faculty of the University, and incurred an additional $2,645,905 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 2022, the 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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

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

FSU Foundation, as a 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.

Net position

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

Net investment in capital assts - 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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting 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, 2023 and 2022, the University had $339,746 and $278,503, 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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents and investments (continued)

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.

The 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.

The 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 Foundation's endowments consist of approximately 120 and 110 individual funds at June 30, 2023 and 2022, 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, the 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, 2023, and 2022, the endowment is $25,000.

The 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, the 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 the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the 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 the 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 the Foundation, and (vii) the investment policies of the Foundation.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents and investments (continued)

The 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 the Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the 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.

The 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 the Foundation's asset allocation target percentages over a rolling five-year period. The Foundation's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. The 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, the 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). The 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.

The 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, the Foundation considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, the Foundation expects the current spending policy to be consistent with the 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 the 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, 2023 and 2022, there were no deficiencies of this nature.

The University's and the 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 $103,484 and $115,698 for the years ended June 30, 2023 and 2022, respectively. The Foundation's investment expense amounted to $151,126 and $126,931 for the years ended June 30, 2023 and 2022, 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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable (continued)

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 of the Federal Perkins Loan Program ("Perkins"). The federal government provides the majority of the funds to support these programs. Loan payments received from students made under the Perkins programs may be re-loaned after collection. The portion of the Perkins Loan Program funds provided by the federal government is refundable to the federal government upon the ending (liquidation) of the University's participation in the program. The amount due to the federal government upon liquidation by the University is $33,542 and $794,969 at June 30, 2023 and 2022, respectively. This amount is included as a noncurrent liability in the accompanying statements of net position.

The prescribed practices for the Perkins program do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectability and have been accepted (assigned) by the 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, 5 years for furniture and 3 to 10 years for equipment.

Library materials acquired for the most recent 5-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 5-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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (continued)

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, 2023 and 2022 were $11,356,392 and $5,798,281, 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.

The 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. The Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000.

Contributions and bequests

The Foundation recognizes contribution 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 the 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 the Foundation unless specifically restricted by the donor. The 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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022.

Bond premiums

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

Interest expense

During 2023 and 2022, total interest costs incurred were accounted for as follows:

	2023	2022
Total interest costs incurred	$ 1,638,751	$ 1,694,327
Add: Right to use asset interest costs incurred	2,934,263	2,892,616
Less:		
Bond premium amortization	(202,952)	(220,899)
Loss on refunding	(284,430)	(147,885)
Interest expense	$ 4,085,632	$ 4,218,159

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.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2022 financial statements to conform to the 2023 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 fiscal 2022. 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 2022. In fiscal 2023, the University is no longer battling the effects of COVID and the campus is now fully open, and students have 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 all of the COVID affected budget.

Change in accounting principle

For 2023, the University implemented GASB Statement No. 96, Subscription Based Information Technology Arrangements. GASB Statement No. 96 requires government entities to recognize a right to use subscription asset and corresponding subscription liability for such contracts with specified term. It enhances the relevance and consistency of information of the government's IT subscription activities. It establishes requirements for subscription-based information technology agreement based on the new GASB 87 lease accounting standard, this is based on the principle that IT subscription arrangements are financings of the right to use an underlying asset. A lessee is required to recognize a right to use asset and subscription liability. These changes were incorporated retroactively in the University's 2022 beginning net position of the University.

The impact of implementing GASB Statement No. 96 on the University's financial statements is further discussed in Notes 13 and 28.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2023 and 2022:

	2023		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	$ 14,347,007	$ 6,473,390	$ 4,776,154
Cash and cash equivalents held by MDFA*	-	573,847	-
Cash equivalents held by MSCBA**	-	211,788	2,872,848
Massachusetts State Treasurer***	6,985,406	703	-
Petty cash	741	-	-
	$ 21,333,154	$ 7,259,728	$ 7,649,002

	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 and 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

* 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 $6,985,406 and $4,405,843 at June 30, 2023 and 2022, respectively, for University funds and $703 and $2,746,078 at June 30, 2023 and 2022, 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 $57,520 and $35,146 at June 30, 2023 and 2022, respectively. The Goldman Sachs Financial Square Government Fund invests in U.S. Government securities and repurchase agreements.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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, 2023 and 2022, the fund's investment securities had a weighted average maturity of 35 and 14 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2023 and 2022.

Money market funds include the Northern Institutional U.S. Government Portfolio in the aggregate amount of $514,037 and $300,216 at June 30, 2023 and 2022, 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, 2023 and 2022, the fund's investment securities had a weighted average maturity of 12 days and 28 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2023 and 2022.

Money market funds also include the RWM Cash Management money market account with a balance of $54,664 and $77,573 at June 30, 2023 and 2022, 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, 2023 and 2022, the University had uninsured cash balances totaling $5,068,654 and $5,086,200, 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.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Custodial credit risk (continued)

The following University investments at June 30, 2023 and 2022 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:

	2023	2022
U.S. Treasury notes and government securities	$ 1,808,040	$ 1,950,675
Corporate debt securities	2,015,633	1,857,917
Equity securities	7,586,421	7,521,300
Mutual funds	8,200,930	7,268,308
Total	19,611,024	18,598,200
Less: insured amounts	1,500,000	1,500,000
Amount subject to custodial credit risk	$ 18,111,024	$ 17,098,200

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, 2023 and 2022, the fair values of the University's deposits held at the MMDT were $22,478,286 and $21,325,219, respectively. At June 30, 2023, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 77% at 30 days or less; 11% at 31-90 days; 8% at 91-180 days; and 4% at 181 days or more. At June 30, 2023, 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 $573,847 and $568,655 at June 30, 2023 and 2022, 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, 2023 and 2022. At June 30, 2023 and 2022, the fund's investment securities maintained a weighted average maturity of 25 days.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Credit risk (continued)

At June 30, 2023, certain funds of the University are held at MSCBA. Of the total, $1,973,486 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,111,150 is invested in various funds as listed below:

Investment type	Fair Value	Investment Maturities (in years) Less Than 1	1 to 5	6 to 10	Greater than 10	Credit Rating
Federal Home Bank						
Discount notes	$ 111,320	$ 111,320	$ -	$ -	$ -	N/A
Federal farm credit	458,809	-	458,809	-	-	N/A
Massachusetts ST bonds	541,021	-	-	541,021	-	AA+
Total	$ 1,111,150	$ 111,320	$ 458,809	$ 541,021	$ -	

At June 30, 2022, certain funds of the University 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 to 5	6 to 10	Greater than 10	Credit Rating
Federal Home 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	$ -	

Investment composition

The University's investments in marketable securities are represented by the following at June 30, 2023 and 2022:

	2023 Carrying Value	2023 Fair Value	2022 Carrying Value	2022 Fair Value
U.S. Treasury notes and government securities	$ 1,960,326	$ 1,808,040	$ 2,057,456	$ 1,950,675
Corporate debt securities	2,187,771	2,015,633	1,991,750	1,857,917
Equity securities	5,652,098	7,586,421	6,242,705	7,521,300
Mutual funds	8,781,699	8,200,930	7,982,091	7,268,308
	$ 18,581,894	$ 19,611,024	$ 18,274,002	$ 18,598,200

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

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

	2023	2022
Investments	$ 18,630,878	$ 17,655,326
Endowment investments	980,146	942,874
	$ 19,611,024	$ 18,598,200

At June 30, 2023, 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 to 5	6 to 10	Greater than 10	Credit Rating
U.S. Treasury notes and government securities 1.125 % to 4.000%	$ 1,808,040	$ 198,412	$ 1,111,782	$ 497,846	$ -	AAA
Corporate debt securities 2.000% to 4.875%	438,657	-	164,753	273,904	-	A
Corporate debt securities 1.734% to 4.000%	437,107	-	380,609	56,498	-	A-
Corporate debt securities 2.00% to 3.200%	269,855	-	165,512	104,343	-	A+
Corporate debt securities 2.800% to 3.625%	381,352	-	315,369	65,983	-	AA-
Corporate debt securities 3.200% to 3.200%	48,365	-	48,365	-	-	AA+
Corporate debt securities 3.125% to 3.125%	48,113	-	48,113	-	-	AAA
Corporate debt securities 3.000% to 3.875%	317,267	59,766	190,880	66,621	-	BBB+
Corporate debt securities 3.625% to 3.625%	74,917	74,917	-	-	-	BBB
Total	$ 3,823,673	$ 333,095	$ 2,425,383	$ 1,065,195	$ -	

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 to 5	6 to 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	-	AA+
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	$ -	

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

The Foundation's cash and cash equivalents consist of the following at June 30, 2023 and 2022:

	2023	2022
Cash and other demand deposits	$ 2,098,830	$ 1,827,249
Monday Market fund	1,263,050	848,881
	$ 3,361,880	$ 2,676,130

Money market funds include the SSGA US Government Money Market Fund, the Dreyfus Government Cash Management Fund, RWM Cash Management Money Market and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $579,019, $84,941, $106,669 and $472,421, respectively, at June 30, 2023.

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management Money Market and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $226,031, $30,814, $119,852 and $472,184, respectively, at June 30, 2022.

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

The 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:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Equities	$ 7,149,970	$ 12,700,361	$ 6,220,726	$ 10,095,241
Preferred stock	12,758	12,520	12,758	11,958
Mutual funds	5,493,132	5,917,998	5,587,839	5,737,578
Corporate bonds	4,250,847	3,994,937	3,856,666	3,637,616
U.S. government securities	3,181,494	2,989,610	3,771,154	3,616,554
	$ 20,088,201	$ 25,615,426	$ 19,449,143	$ 23,098,947

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

	2023	2022
Current assets		
Investments	$ 9,639,863	$ 9,199,331
Noncurrent assets		
Endowment investments	15,975,563	13,899,616
	$ 25,615,426	$ 23,098,947

At June 30, 2023 and 2022, net unrealized gains in the Foundation's investment portfolio amounted to $5,527,225 and $3,649,804, respectively.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

At June 30, 2023 and 2022, equities include securities in the consumer goods sector which represent 15% and 14%, respectively, of the fair value of the Foundation's investment portfolio.

At June 30, 2023 and 2022, equities include securities in the technology sector which represent 10% and 9%, respectively, of the fair value of the Foundation's investment portfolio.

At June 30, 2023 and 2022, 4% and 5%, respectively, of the fair value of the Foundation's investment portfolio represents foreign investments.

Investments held by the Foundation with an equivalent fair value of $14,952,516 at June 30, 2023 collateralize certain debt agreements (see Notes 14 and 15).

At June 30, 2023, the Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

		Investment Maturities (in years)				
Investment type	Fair Value	Less Than 1	1 to 5	6 to 10	Greater than 10	Credit Rating
U.S. Treasury notes and government securities 1.125 % to 2.875%	$ 2,989,610	$ 705,970	$ 1,892,176	$ 391,464	$ -	AAA
Corporate debt securities 2.000% to 4.500%	651,599	-	371,497	280,102	-	A
Corporate debt securities 0.810% to 4.750%	1,109,181	62,391	835,445	211,345	-	A-
Corporate debt securities 2.375% to 3.950%	254,129	-	187,878	66,251	-	A+
Corporate debt securities 2.709% to 3.875%	410,653	49,127	295,543	65,983	-	AA-
Corporate debt securities 3.450% to 3.450%	49,273	49,273	-	-	-	AA+
Corporate debt securities 3.125% to 3.125%	24,057	-	24,057	-	-	AAA
Corporate debt securities 0.600% to 5.850%	442,338	139,662	259,068	43,608	-	BBB
Corporate debt securities 1.450% to 3.700%	181,195	37,490	36,002	107,703	-	BBB-
Corporate debt securities 0.800% to 4.493%	872,512	167,019	705,493	-	-	BBB+
Total	$ 6,984,547	$ 1,210,932	$ 4,607,159	$ 1,166,456	$ -	

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

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 Maturities (in years)				
Investment type	Fair Value	Less Than 1	1 to 5	6 to 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	42,799	-	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	45,570	-	BBB+
Total	$ 7,254,170	$ 1,127,827	$ 5,494,445	$ 631,898	$ -	

Investment fair value

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.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment fair value (continued)

The University's investments' fair value measurements are as follows at June 30, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury notes and government securities	$ 1,808,040	$ -	$ 1,808,040	$ -
Corporate debt securities	2,015,633	-	2,015,633	-
Equity securities	7,586,421	7,586,421	-	-
Mutual funds	8,200,930	8,200,930	-	-
	$ 19,611,024	$ 15,787,351	$ 3,823,673	$ -

The University's investments' fair value measurements are as follows at June 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
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	-	-
Total investments, at fair value	$ 18,598,200	$ 14,789,608	$ 3,808,592	$ -

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment fair value (continued)

The Foundation's investments' fair value measurements are as follows at June 30, 2023:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 12,700,361	$ 12,700,361	$ -	$ -
Preferred stock	12,520	-	12,520	-
Mutual funds	5,917,998	5,917,998	-	-
Corporate bonds	3,994,937	-	3,994,937	-
U.S. government securities	2,989,610	-	2,989,610	-
	$ 25,615,426	$ 18,618,359	$ 6,997,067	$ -

The 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)
Equities	$ 10,095,241	$ 10,095,241	$ -	$ -
Preferred stock	11,958	-	11,958	-
Mutual funds	5,737,578	5,737,578	-	-
Corporate bonds	3,637,616	-	3,637,616	-
U.S. government securities	3,616,554	-	3,616,554	-
	$ 23,098,947	$ 15,832,819	$ 7,266,128	$ -

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.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment fair value (continued)

The Foundation's endowment net asset composition by type of fund at June 30, 2023 is as follows:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 9,502,980	$ 9,502,980
Donor restricted amounts required to be held in perpetuity	-	15,975,563	15,975,563
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 25,478,543	$ 25,503,543

Endowment

Changes in the Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 21,919,575	$ 21,944,575
Investment return			
Investment income	-	382,545	382,545
Appreciation, realized and unrealized	-	1,734,319	1,734,319
Total investment return	-	2,116,864	2,116,864
Additions	-	1,954,884	1,954,884
Other income	-	6,950	6,950
Appropriation of endowment assets for expenditure	-	(479,126)	(479,126)
Investment management fees	-	(119,887)	(119,887)
Reclassification of net assets	-	79,283	79,283
Endowment net assets, end of year	$ 25,000	$ 25,478,543	$ 25,503,543

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

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Endowment (continued)

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 assets, beginning of year	$ 25,000	$ 24,619,108	$ 24,644,108
Investment return			
Investment income	-	304,869	304,869
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 assets	-	(64,691)	(64,691)
Endowment net assets, end of year	$ 25,000	$ 21,919,575	$ 21,944,575

3 - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

The University's accounts receivable include the following at June 30, 2023 and 2022:

	2023	2022
Student accounts receivable	$ 2,681,204	$ 2,264,276
Parking and other fines receivable	121,071	78,238
Commissions receivable	2,000	2,000
Grants receivable	259,723	280,999
Fitchburg State University Foundation, Inc.	524,158	-
	3,588,156	2,625,513
Less allowance for doubtful accounts	(445,073)	(464,242)
	$ 3,143,083	$ 2,161,271

3 - ACCOUNTS RECEIVABLE AND CONTRIBUTION RECEIVABLE (Continued)

FSU Foundation's contributions receivable consist of the following at June 30, 2023 and 2022:

	2023	2022
Receivable in less than one year	$ 1,563,577	$ 35,425
Receivable in one to five years	-	45,000
	1,563,577	80,425
Discount on pledges	-	(2,021)
	$ 1,563,577	$ 78,404

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%.

4 - LOANS RECEIVABLE

Loans receivable include the following at June 30, 2023 and 2022:

	2023	2022
Perkins loans receivable	$ -	$ 757,000
Nursing loans receivable	99,175	129,385
Emergency student loans receivable	800	200
	$ 99,975	$ 886,585

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. During fiscal 2023, the University remitted all federal proceeds and loans to the Department of Education.

5 - CAPITAL ASSETS

Capital assets activity of the University for the year ended June 30, 2023 is as follows:

	Totals June 30, 2022 As Restated	Additions	Reclassifications* and Reductions	Totals June 30, 2023
Capital Assets				
Non-depreciable capital assts				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	29,083,661	11,860,155	(866,647)	40,077,169
Total non-depreciable assets	34,561,786	11,860,155	(866,647)	45,555,294
Depreciable capital assets				
Land improvements	18,452,373	1,078,729	411,263	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	183,052,672	935,361	-	183,988,033
Leased buildings and assets	66,224,484	-	-	66,224,484
Subscription based IT	2,464,140	2,025,665	-	4,489,805
Equipment	31,254,403	166,653	-	31,421,056
Furniture	597,676	-	-	597,676
Library materials	284,982	41,426	(98,149)	228,259
Total depreciable assets	382,922,639	4,247,834	313,114	387,483,587
Total capital assets	417,484,425	16,107,989	(553,533)	433,038,881
Less accumulated depreciation				
Land improvements	10,559,199	926,941	-	11,486,140
Buildings	48,035,366	1,153,759	-	49,189,125
Building improvements	76,363,989	8,867,792	-	85,231,781
Leased buildings and assets	9,721,652	4,822,776	-	14,544,428
Subscription based IT	563,968	1,034,430	-	1,598,398
Equipment	19,197,719	895,380	-	20,093,099
Furniture	597,676	-	-	597,676
Library materials	-	98,149	(98,149)	-
Total accumulated depreciation	165,039,569	17,799,227	(98,149)	182,740,647
	$252,444,856	$ (1,691,238)	$ (455,384)	$250,298,234

As of June 30, 2023, capital assets of the University with a cost of $59,591,652 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, 2023.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately $1,250,503 and $3,302,088 at June 30, 2023 and 2022, respectively.

5 - CAPITAL ASSETS (Continued)

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

	Totals June 30, 2021 As Restated	Additions	Reclassifications* and Reductions	Totals June 30, 2022 As Restated
Capital Assets				
Non-depreciable capital assts				
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
Subscription based IT	-	2,464,140	-	2,464,140
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	5,880,931	46,332	382,922,639
Total capital assets	395,094,526	22,829,875	(439,976)	417,484,425
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
Subscription based IT	-	563,968	-	563,968
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	17,240,653	(110,294)	165,039,569
	$247,185,316	$ 5,589,222	$ (329,682)	$252,444,856

As of June 30, 2022, capital assets of the University with a cost of $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 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, 2023 and 2022.

5 - CAPITAL ASSETS (Continued)

Capital assets activity of the Foundation for the year ended June 30, 2023 is as follows:

	Totals June 30, 2022	Additions	Reclassifications* and Reductions	Totals June 30, 2023
Capital Assets				
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
Building	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	699,349	-	-	699,349
Other				
Land	2,136,371	110,618	-	2,246,989
Land improvements	96,228	9,994	-	106,222
Buildings	2,468,774	279,968	(100,956)	2,647,786
Building improvements	1,109,005	-	-	1,109,005
Equipment	759,307	54,883	-	814,190
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,637,028	455,463	(100,956)	6,991,535
Total capital assets	9,638,844	455,463	(100,956)	9,993,351
Less accumulated depreciation				
Real estate under lease to the University				
Buildings	616,599	38,944	-	655,543
Building improvements	91,277	17,104	-	108,381
	707,876	56,048	-	763,924
Real estate used for student housing				
Buildings	163,740	10,856	-	174,596
Building improvements	18,351	1,429	-	19,780
	182,091	12,285	-	194,376
Other				
Land improvements	35,858	4,936	-	40,794
Buildings	369,446	57,167	-	426,613
Building improvements	433,109	55,450	-	488,559
Equipment	759,308	-	-	759,308
Furniture and fixtures	53,674	2,845	-	56,519
Library materials	6,570	-	-	6,570
	1,657,965	120,398	-	1,778,363
Total accumulated depreciation	2,547,932	188,731	-	2,736,663
	$ 7,090,912	$ 266,732	$ (100,956)	$ 7,256,688

5 - CAPITAL ASSETS (Continued)

Non-depreciable capital assets of the Foundation total $2,886,177 at June 30, 2023, which is comprised of land.

At June 30, 2023, capital assets of the Foundation with a cost of $798,204 were fully depreciated and still in service.

On September 2, 2022, 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 $305,259. The Foundation Supporting Organization razed the building and intends to use the land for green space. The acquisition was funded, in part, through the proceeds of an advance of $250,000 on a line of credit.

On July 11, 2022, 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 $354,990. The acquisition was financed, in part, with a mortgage note on the property in the amount of $281,200 and proceeds from an advance from the Foundation. The Foundation Supporting Organization intends to use the property for faculty or staff housing.

On June 23, 2023, 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 $287,377. The Foundation Supporting Organization intends to use this property for open green space.

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 Foundation Supporting Organization razed the building and incurred an impairment loss of $100,956 in 2023. The land is being used for green space.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus to support the downtown Theater project. The property, which consists of land and a building, was purchased for $1 after the Foundation Supporting Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation before the property is usable. The Foundation Supporting Organization razed the building on the property and is actively working on converting the land to a parking lot. During the year ended June 30, 2022, the Foundation Supporting Organization determined that additional costs of the remediation are expected above insured policy limits in the amount of $465,696, which has been and accrued and expensed in the accompanying financial statements. As of June 30, 2023, and 2022, the remaining environmental liability of $161,148 and $198,784, respectively, is shown on the accompanying statements of net position.

In fiscal 2017, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Foundation Supporting Organization's mission and the University's strategic plan, which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 14). The Foundation Supporting Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Foundation Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Markets 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. The Foundation Supporting Organization incurred $26,448 of legal costs related to the project which have been recorded is other assets as of June 30, 2023 and 2022.

5 - CAPITAL ASSETS (Continued)

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

	Totals June 30, 2021	Additions	Reclassifications and Reductions	Totals June 30, 2022
Capital Assets				
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
Building	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	699,349	-	-	699,349
Other				
Land	2,076,858	59,511	-	2,136,369
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				
Buildings	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
	$ 7,218,761	$ (127,849)	$ -	$ 7,090,912

6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts payable - trade	$ 1,426,598	$ 1,244,677
Salaries and fringe benefit payable	2,506,430	2,444,276
Accrued interest payable	326,825	381,536
Tuition due state	30,469	26,616
Other	109,725	357,709
	$ 4,400,047	$ 4,454,814

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, 2023 and 2022. Based upon the Commonwealth's analyses, $1,120,523 and $1,144,253 of accrued workers' compensation has been recorded as a liability at June 30, 2023 and 2022, respectively.

8 - ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are comprised of the following at June 30, 2023 and 2022:

	2023	2022
Vacation time payable	$ 2,939,943	$ 3,057,815
Sick time payable	2,865,167	2,756,405
Total	$ 5,805,110	$ 5,814,220

	2023	2022
Amount representing obligations due to employees funded through sources other than state appropriations	$ 337,534	$ 324,839
Amount representing obligations due to employees compensated through state appropriations	5,467,576	5,489,381
Total	$ 5,805,110	$ 5,814,220

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 $1,480,607 and $2,318,594 at June 30, 2023 and 2022, respectively (see Note 1, Compensated absences).

9 - FACULTY PAYROLL RECEIVABLE

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, 2023 of $4,238,147 will be paid from the University's fiscal 2024 State appropriations. The total amount due at June 30, 2022 of $4,175,556 was paid from the University's fiscal 2023 State appropriations.

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, 2023 and 2022:

	2023	2022
Tuition, fees and processional development	$ 1,935,630	$ 1,870,574
Capital projects	431,688	1,701,238
Grants	802,845	704,075
Other	102,705	104,980
	$ 3,272,868	$ 4,380,867

11 - DEFERRED INFLOWS OF RESOURCES FROM SERVICE CONCESSION ARRAGEMENT

Deferred inflows of resources from service concession arrangement at June 30, 2023 and 2022 in the amounts of $252,918 and $505,836, 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 over the course of 2011 through 2022. To date, the University has received all seven installments from Compass. 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. 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, 2023 and 2022.

12 - INTERAGENCY PAYABLES

The University, in association with the Massachusetts State College Building Authority ("MSCBA"), the Massachusetts Development Fi Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM"), has entered into financing and c campus projects.

The following table summarizes the University's Interagency payables as of June 30, 2023:

	Issue Date	Original Amount	Interest Rates (%)	Due Date	Effective Interest Rates (%)*	Interagency Payable Balance
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	7.65	$ 501,09
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	5.32	1,394,94
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.68	666,20
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.92	8,362,77
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	1.99	3,977,24
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	1.76	6,775,72
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	0.78	7,886,46
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.19	5,744,01
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	4,576,42
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.65	3,537,47
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	2.77	2,719,88
		$ 80,271,396				$ 46,142,26

* Effective interest rates are calculated by dividing total interest paid during the yr by the average outstanding balance of the interagency payable.

12 - INTERAGENCY PAYABLES (Continued)

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
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	0.27	$ 901,09
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	2.89	1,740,04
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.86	809,86
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	7.46	9,225,87
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	3.19	4,366,37
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	2.87	7,228,89
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	4.19	8,421,46
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	4.51	6,164,01
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	6.07	4,796,85
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	4.74	3,698,47
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	4.64	2,809,88
		$ 80,271,396				$ 50,162,84

* Effective interest rates are calculated by dividing total interest paid during the yr by the average outstanding balance of the interagency payable.

12 - INTERAGENCY PAYABLES (Continued)

MDFA Series J-3 bond issuance

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, 2023 of $398,561 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, 2023 and 2022 was 12.684% and 0.352%, respectively. The University is also responsible to pay for program expenses at an annual rate of 1.679% (2023) and 1.252% (2022) 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 2022, the series 2005A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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.

12 - INTERAGENCY PAYABLES (Continued)

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 2022, the series 2006A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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, 2023 and 2022, 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, 2023 and 2022 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, 2022, MSCBA held debt service reserve funds in the amount of $80,326. During fiscal 2023, 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 2022, the Series 2010B bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. 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, 2023 and 2022, MSCBA held debt service reserve funds in the amount of $541,021 and $741,021 respectively, which are included in the accompanying statements of net position at June 30, 2023 and 2022 as noncurrent restricted cash and cash equivalents. $200,000 of the debt service reserve funds was used to defray expense in 2023.

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2012A bond issuance

During January 2012, 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 2022, the series 2012A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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 2022, the Series 2012C bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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.

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 2022, the Series 2014A bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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, 2023 and 2022, 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, 2023 and 2022 as noncurrent restricted cash and cash equivalents.

12 - INTERAGENCY PAYABLES (Continued)

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 2022, the Series 2014C bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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, 2023 and 2022, 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, 2023 and 2022 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. 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, 2021. 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 2022, the series 2017A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. 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.

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2017A bond issuance (continued)

As of June 30, 2023 and 2022, 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, 2023 and 2022 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 2021. The final principal payment is due June 30, 2039. During fiscal 2022, the Series 2019A bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. 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, 2023, the MSCBA did not hold any unexpended debt proceeds. As of June 30, 2022, MSCBA held unexpended debt proceeds in the amount of $7,200, which is included in the accompanying 2022 statement of net position as current restricted cash and cash equivalents.

MSCBA Series 2021A bond refunding

On July 1, 2021, MSCBA closed on Refunding Revenue Bonds Series 2021A for the purpose of providing budgetary relief in fiscal year 2022 and fiscal year 2023 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 2022 debt service assessment was approximately $10,580,000. The reduction of the University's fiscal year 2023 debt service assessment was $3,289,664. During August 2021, MSCBA's board approved the release of a portion of the funds held in the Debt Service Reserve Fund to pay the November 1, 2021 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, 2023 and 2022, there were net deferred gains of $2,325,693 and $2,528,646, respectively, which is included in deferred inflows of resources on the accompanying statements of net position.

12 - INTERAGENCY PAYABLES (Continued)

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
2024	$ 4,324,860	$ 262,481	$ 4,587,341	$ 1,688,227	$ 6,275,568
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	3,777,390	135,275	3,912,665	1,187,499	5,100,164
2028	3,483,388	118,918	3,602,306	1,025,564	4,627,870
2029-2033	16,050,580	406,541	16,457,121	2,912,032	19,369,153
2034-2038	10,390,354	31,216	10,421,570	1,004,060	11,425,630
2039	523,719	975	524,694	16,349	541,043
	$ 46,142,262	$ 1,285,517	$ 47,427,779	$ 10,697,867	$ 58,125,646

(1) The interest rate in effect at June 30, 2023 of 12.684% 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 2023, the University and the Foundation received 2 grants totaling $900,000 to be used to defray the current year expenses on the Theater Storefront project and the University provided equity contributions totaling $1,337,794. In addition, internal transfers were made to fund the following projects: $1,242,818 towards the Theater Storefront project, $97,000 towards the Southside Chiller project, $97,044 towards the Theater Project, $1,809,000 was transferred from the Turf Replacement Project, $327,226 to the Elliot Field Turf Replacement and $365,157 to a miscellaneous project fund and a few smaller project transfers were done.

As of June 30, 2023, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents	
	Current	Noncurrent
University Projects		
Recreation center	$ 65,876	$ 23,600
Theater	14,570	315,581
Theater parking	-	1,805
Theater storefront	80,430	233,330
Theater roof	-	250
Southside chiller	50,912	229,511
Miscellaneous funds	-	365,156
	$ 211,788	$ 1,169,233

12 - INTERAGENCY PAYABLES (Continued)

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	
	Current	Noncurrent
University Projects		
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

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS

University's leases as lessee

The University's lease agreements are summarized as follows:

Leesee	Issued	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2023	Balance at June 30, 2023
09C-FIT_Renewal	12/22/2009	5.28% - 5.83%	6/30/2030	N/A	$ 8,813	$ 851,770
10b-FIT_Renewal	12/17/2010	5.79% - 6.39%	5/1/2030	N/A	15,082	1,479,310
14A-FIT_Aubuchon	1/17/2014	5.00%	5/1/2023	N/A	7,917	200,000
15A-FIT_Renewal	12/17/2015	5.00%	5/1/2023	N/A	10,417	2,290,000
16A-FIT_Cedar [REF 08A]	2/25/2016	4.00%	5/1/2033	N/A	4,847	512,094
16A-FIT_Mara Expansion [REF 08A]	2/25/2016	4.00%	5/1/2036	N/A	30,293	4,966,797
16A-FIT_Mara Renovation [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	9,290	921,995
16A-FIT_Renewal [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	18,831	1,560,024
17A-FIT_Simonds	1/25/2017	3.00% - 5.00%	6/30/2030	N/A	30,167	6,984,000
17A-FIT_Townhouses	1/25/2017	3.00% - 5.00%	5/1/2029	N/A	10,083	2,327,000
17B-FIT_Highland	12/21/2017	4.00% - 5.00%	5/1/2037	N/A	5,000	1,310,000
17B-FIT_Russell	12/21/2017	4.00% - 5.00%	5/1/2037	N/A	13,333	3,640,000
19A-FIT_Mara Accessibility	1/23/2019	3.00% - 5.00%	5/1/2038	N/A	1,667	410,000
19A-FIT_Russell Bathrooms	1/23/2019	3.00% - 5.00%	5/1/2038	N/A	10,000	2,880,000
19A-FIT_Renewal [REF 05A] [REF12B	11/19/2019	1.90% - 2.60%	5/1/2039	N/A	30,607	2,411,469
20A-FIT	7/1/2020	1.41% - 2.57%	5/1/2039	N/A	79,430	23,807,018
03B-FIT_system debt [REF 99A]	7/1/2021	Pooled debt	5/1/2028	N/A	35,446	1,913,560
22A-FIT_Renewal [REF 12C]	2/15/2023	5.00%	5/1/2032	N/A	5,000	1,350,318
						$ 59,815,355

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

At June 30, 2023, the total costs of the University's right to use assets were $66,224,484 less accumulated amortization of $14,544,428. 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.

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

	Principal	Interest
Year ending June 30:		
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	3,780,381	2,669,292
2028 - 2032	24,942,072	4,883,680
2033 - 2037	17,494,587	1,614,819
2038 - 2039	265,000	8,944
	$ 59,815,355	$ 19,496,316

Foundation leases as lessee

On August 6, 2008, the Foundation Supporting Organization entered into a 10-year operating lease agreement with an unrelated third-party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and expired 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. Effective July 1, 2014, the Foundation Supporting Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above-mentioned office space and extended 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 semiannually in installments of $14,247. On July 1, 2017, the annual rent on the lease increased by 7.5% to $30,632 (semiannual installments of $15,316). Effective July 1, 2019, the Foundation Supporting Organization entered into an operating lease agreement with the unrelated third party for the same space. The new lease provides a base annual rent of $30,632 per annum and will increase 2% at the end of each year period of the lease term to be effective commencing July 1st of the following year, including the continuous period of any extension.

Effective July 1, 2022, the Foundation Supporting Organization entered into a three-year operating lease agreement with the unrelated third party for the same space. The new lease provides a base annual rent of $31,870 per annum and will increase 1% at the end of each year period of the lease term to be effective commencing July 1st of the following year, including the continuous period of any extension. 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, 2023 and 2022, rent expense amounted to $31,870 in each year.

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

Foundation leases as lessee (continued)

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2023

Year ending June 30,		
2024	$	32,188
2025		32,510
	$	64,698

On February 1, 2013, the Foundation Supporting Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in semiannual 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, 2023 and 2022, rent expense amounted to $5,696 in each year.

Foundation leases as lessor

The Foundation Supporting Organization entered into a long-term operating lease agreement with DCAM 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, 2023 and 2022, rental income amounted to $165,000 in each year.

The following is a schedule of future minimum rental income under the lease agreement at June 30, 2023:

Year ended June 30,		
2024	$	165,000
2025		165,000
2026		165,000
2027		20,625
	$	515,625

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

Foundation leases as lessor (continued)

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 4 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, 2023 and 2022, license fee income amounted to $496,350 and $450,848, respectively.

On June 22, 2018, the Foundation Supporting Organization entered into a 3-year operating lease agreement with an unrelated third party after purchasing a property for a total cost of $153,096 located in Fitchburg, Massachusetts. The lease agreement provides for monthly lease payment 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 $1,914. For the years ended June 30, 2023, and 2022, rental income amounted to $23,496 for each year. The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2023:

Year ended June 30,	
2024	$ 23,496
2025	23,496
2026	23,496
	$ 70,488

University Subscription Based IT Arrangements

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

	Principal	Interest
Year ending June 30:		
2024	$ 1,029,041	$ 58,706
2025	1,014,100	98,319
2026	549,423	74,252
2027	251,488	45,556
	$ 2,844,052	$ 276,833

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, 2022. 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.

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

University Subscription Based IT Arrangements (continued)

The University's wireless network equipment held under lease totaled $1,261,206 as of both June 30, 2023 and 2022. 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 at both June 30, 2023 and 2022. Depreciation expense totaled $0 and $63,061 for the years ended June 30, 2023 and 2022, respectively. There are no future minimum lease payments under this lease at June 30, 2023.

Interest expense incurred on the lease totaled $1,188 and $5,899 in fiscal years 2023 and 2022, respectively. There are no future minimum lease payments under this lease at June 30, 2023.

14 - FOUNDATION’S LONG-TERM DEBT

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, 2023 and 2022, the outstanding principal balance of this mortgage note payable amounted to $297,982 and $314,142, 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. On December 7, 2020 the Supporting Organization paid off the MDFA note in the amount of $779,258 and it was replaced with a mortgage from Rollstone Bank in the amount of $1,538,000.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Rollstone Bank & Trust provided refinancing to the Supporting Organization in the form of a note, dated December 9, 2020. The proceeds of the note were used to (i) refinance existing debt owed by the 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, 2023, and 2022, the outstanding principal balance of the mortgage loan amounted to $1,334,686 and $1,418,087, respectively.

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, 2023 and 2022 is $52,878.

MDFA is providing financing to the Foundation Supporting 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. The current loan amount of $73,846 is being repaid over a period of 47 months with monthly installments of principal and interest of $1,677. If the Foundation Supporting Organization has a Debt Service Coverage Ratio in any given fiscal year of less than 1.2:1, then Organization may choose to defer payments due by notifying the lender within thirty days of commencement. The debt issuance costs loan balance is $7,638.

Total outstanding principal balance as of June 30, 2023 and 2022 is $57,287 and $73,846, respectively.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

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, 2023 and 2022, the Foundation Supporting Organization has total cash balances of $9,233 and $8,874, 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, 2020, 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, 2023 and 2022, the outstanding principal balance of this first mortgage loan amounted to $439,265 and $469,538, 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, 2023 and 2022, the outstanding principal balance of the mortgage note payable amounted to $156,855 and $167,889, 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 Foundation 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, 2023, and 2022, the outstanding principal balance of the mortgage loan amounted to $1,334,686 and $1,418,087, respectively.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

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 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 through 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 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 with a monthly installment of principal and interest of $450. All other terms, provisions and conditions of the original note agreement remained in full force and effect.

On June 26, 2023, the interest rate was adjusted to a fixed rate of 6.98% per annum until June 26, 2028 with a monthly installment of principal and interest of $521.

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 Organization.

As of June 30, 2023 and 2022, the outstanding principal balance of the mortgage loan amounted to $66,661 and $68,484, 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $88,726 and $93,637, respectively.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

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 proceeds of the loan were used to reimburse the Supporting Organization for the acquisition of two real estate properties in fiscal 2017. The note is secured by a Negative Pledge Agreement on the properties.

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 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $170,104 and $178,835, 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 foregoing, 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $246,118 and $251,983, 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.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

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 foregoing, 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $126,391 and $131,631, 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $171,793 and $186,847, respectively.

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments owned by the Foundation with a fair value of approximately $2,615,000 and $2,357,000 at June 30, 2023 and 2022, 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 loan required monthly installments of principal and interest of $4,122 through May 7, 2012.

The interest rate was adjusted to 2.62% per annum on April 26, 2012 pursuant to the provisions of the loan agreement. Monthly installments of principal and interest were adjusted to $2,875 through April 26, 2017.

The interest rate was adjusted to 3.49% per annum on April 26, 2017 pursuant to the provisions of the loan agreement. Monthly installments of principal and interest were adjusted to $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. Monthly installments of principal and interest were adjusted to $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.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

As of June 30, 2023 and 2022, the outstanding principal balance of the loan amounted to $411,113 and $432,326, respectively.

In June 2019, BankHometown 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $282,715 and $290,537, respectively.

In June 2019, BankHometown 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 $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, 2023, and 2022, the outstanding principal balance of the loan amounted to $125,409 and $128,879, 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, 2023, and 2022, the outstanding principal balance of the loan amounted to $16,601 and $35,633, respectively.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Avidia Bank provided financing to the Organization in the form of a note, dated September 28, 2022, in the amount of $281,200. The note is secured by a first mortgage interest in certain real estate owned by the Organization and an assignment of certain related leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2023, the Organization has total cash balance of $8,461 held at Avidia Bank which serve as additional collateral for the loan.

The mortgage note had an original term of 25 years, expiring on September 28, 2047, and provided for a fixed rate of interest of 4.25% per annum. The interest rate, which has a floor of 4.25% per annum, will be adjusted every 60 months pursuant to the provisions of a loan modification agreement. The note has a fixed rate prepayment charge in the event of the prepayment of the note before September 27, 2027. 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 note requires monthly installments of principal and interest of $1,533 through September 27, 2027. As of June 30, 2023 the outstanding principal balance of the mortgage loan amounted to $276,397.

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

Year ending June 30:	Principal	Interest	Total
2024	$ 243,579	$ 167,339	$ 410,918
2025	236,563	158,686	395,249
2026	245,673	150,446	396,119
2027	302,531	140,153	442,684
2028	245,756	140,970	386,726
Thereafter	3,007,419	459,677	3,467,096
Total	$ 4,281,521	$ 1,217,271	$ 5,498,792

15 - FOUNDATION'S 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, 2020, the line of credit agreement was modified to change the interest rate to The Wall Street Journal Prime Rate plus 1.0%. At June 30, 2022 and 2021, the effective interest rate was 4.75% and 3.25% per annum, respectively. The line of credit was renewed on October 25, 2022 under the existing terms for 5 years. Interest rate as at June 30, 2023 was 9.25%. In fiscal 2023, $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 October 2022. Accordingly, as of June 30, 2023 and 2022, 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 $12,337,000 at June 30, 2023. The line is also collateralized by all funds held by the lender. At June 30, 2023, the Foundation had total cash balances of approximately $58,000 held by the lender.

15 - FOUNDATION'S LINES OF CREDIT (Continued)

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 8.0% at June 30, 2023 and 4.5% at June 30, 2022). The line of credit agreement expires on November 30, 2023. 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, 2023, the Foundation Supporting Organization made payments of $125,000 and borrowings of $250,000 under the line of credit agreement. The balance outstanding as of June 30, 2023 and 2022 was $125,000 and $0 respectively.

16 - LONG-TERM DEBT

Long-term liability activity of the University included the following:

	Totals June 30, 2022	Additions	Reductions	Totals June 30, 2023 Ending Balance	Totals June 30, 2023 Current Balance
Interagency payables	$ 51,732,794	$ -	$ 4,305,015	$ 47,427,779	$ 4,587,341
Total	51,732,794	-	4,305,015	47,427,779	4,587,341
Other liabilities					
Leases	63,730,019	-	3,914,664	59,815,355	3,055,458
SBITA	1,873,608	2,025,665	1,055,221	2,844,052	1,029,041
Worker's compensation	1,144,253	151,808	175,538	1,120,523	175,952
Compensated balances	5,814,220	3,583,230	3,592,340	5,805,110	3,583,230
Loan payable - federal financial assistance	794,969	-	761,427	33,542	-
Net pension liability	8,015,299	-	1,689,215	6,326,084	-
Net OPEB liability	14,073,004	-	6,111,687	7,961,317	-
Total other liabilities	95,445,372	5,760,703	17,300,092	83,905,983	7,843,681
Long-Term Obligations	$ 147,178,166	$ 5,760,703	$ 21,605,107	$ 131,333,762	$ 12,431,022

16 - LONG-TERM DEBT (Continued)

	Totals June 30, 2021	Additions	Reductions	Totals June 30, 2022 Ending Balance	Totals June 30, 2022 Current Balance
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
SBITA	-	2,464,140	590,532	1,873,608	577,988
Worker's compensation	1,088,425	187,008	131,180	1,144,253	137,942
Compensated balances	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	119,628,049	6,374,095	30,556,772	95,445,372	8,116,507
Long-Term Obligations	$ 174,650,507	$ 6,374,095	$ 33,846,436	$ 147,178,166	$ 12,474,083

Long-term liability activity of Foundation for the year ended June 30, 2023 included the following:

	Totals June 30, 2022	Additions	Reductions	Totals June 30, 2023 Ending Balance	Totals June 30, 2023 Current Balance
First mortgage notes payable	$ 3,823,385	$ 281,200	$ 230,219	$ 3,874,366	$ 243,231
Line of credit	-	125,000	-	125,000	125,000
Notes payable - bank	432,326	-	21,213	411,113	22,078
	$ 4,255,711	$ 406,200	$ 251,432	$ 4,410,479	$ 390,309

	Totals June 30, 2021	Additions	Reductions	Totals June 30, 2022 Ending Balance	Totals June 30, 2022 Current Balance
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
	$ 4,373,586	$ -	$ 117,875	$ 4,255,711	$ 234,096

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 $18,630,040 and $20,156,940 at June 30, 2023 and 2022, respectively. Undesignated unrestricted net position was $(25,915,757) and $(25,687,436) at June 30, 2023 and 2022, respectively.

At June 30, 2023 and 2022, the net investment in capital assets amount of $138,697,199 and $132,719,069, 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, 2023 and 2022, $246,435 and $492,872, 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.

18 - NET POSITION ESTRICTED BY ENABLING LEGISLATION

Fitchburg State University Foundation, Inc.'s statements of net position as of June 30, 2023 and 2022 reflect a restricted net position of $28,048,289 and $23,594,717, respectively. Of these amounts, $3,467,931 for each year, are restricted by enabling legislation for the State Matching Funds Program.

19 - OPERATING EXPENSES

The University's operating expenses for the years ended June 30, 2023 and 2022, on a natural classification basis, are comprised of the following:

	2023	2022
Salaries		
Faculty	$ 25,178,624	$ 25,888,717
Exempt wages	4,937,390	4,822,505
Non-exempt wages	21,901,763	21,810,089
Benefits	13,306,190	15,073,299
Scholarships	3,036,699	6,568,549
Utilities	5,260,447	5,088,474
Supplies and other services	24,972,310	25,600,895
Depreciation	11,942,021	11,853,909
Amortization	5,857,206	5,386,744
Bad debt expense	106,850	164,148
	$116,499,500	$122,257,329

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, 2023, 2022, and 2021 were as follows (see State appropriations under Note 23):

	2023	2022	2021
Commonwealth's retirement system contributions	$ 6,837,546	$ 6,515,847	$ 5,416,674
Employers share of health care	$ 8,200,487	$ 7,666,816	$ 7,110,892

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.

21 - RETIREMENT PLAN (Continued)

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 o June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 12% 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 2023, 2022, and 2021 was $6,837,546, $6,515,847, and $5,416,674, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2023, 2022, and 2021 was $695,279, $640,112, and $913,619, respectively. Annual covered payroll was approximately 81%, 80%, and 58% of annual total payroll for the University in 2023, 2022, and 2021, respectively.

At June 30, 2023 and 2022, the University reported a liability of $6,326,084 and $8,015,299, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, 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, 2022 and 2021. 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, 2023, the University's proportion was 0.0496%, which was a decrease of 0.0272% from its proportion measured as of June 30, 2022. At June 30, 2022, the University's proportion was 0.0768%, which was an increase of 0.0403% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the University recognized pension expense of $7,532,825 and $6,774,122, respectively.

21 - RETIREMENT PLAN (Continued)

At June 30, 2023, 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	$ 174,167	$ -
Net difference between projected and actual earnings on pension plan investments	-	33,725
Difference between expected and actual experience	157,364	246,909
Changes in proportion due to internal allocation	1,759,276	7,331,039
Changes in proportion from Commonwealth	433	17,112
University contributions subsequent to the measurement date	695,279	-
	$ 2,786,519	$ 7,628,785

The $695,279 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, 2024. 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 ended June 30,	
2024	$ (1,078,210)
2025	(1,035,649)
2026	(1,391,259)
2027	(2,032,427)
	$ (5,537,545)

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	-
	$ 4,122,377	$ 8,917,207

21 - RETIREMENT PLAN (Continued)

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2022. This valuation used the following assumptions:

1. (a) 2.50% inflation rate (b) 7.00% investment rate of return (7.15% investment rate of return for the year ended June 30, 2021), (c) 3.50% interest rate credited to the annuity savings fund and (d) 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-2021, set forward one year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021, 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 2021 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, 2022 and 2021 are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
Asset Class	2022	2021	2022	2021
Global equity	38.00%	39.00%	4.20%	4.80%
Core fixed income	15.00%	15.00%	0.50%	0.30%
Private equity	15.00%	13.00%	7.30%	7.80%
Portfolio completion strategies	10.00%	11.00%	2.70%	2.90%
Real estate	10.00%	10.00%	3.30%	3.70%
Value added fixed income	8.00%	8.00%	3.70%	3.90%
Timberland/natural resources	4.00%	4.00%	3.90%	4.30%
Total	100.00%	100.00%		

21 - RETIREMENT PLAN (Continued)

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2022 and 2021 was 7.00%. 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% for the measurement years ended June 30, 2022 and 2021, 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% for 2022 and 2021) or 1-percentage-point higher (8.00% for 2022 and 2021) than the current rates:

Measurement year ended	1% Decrease	Discount Rate	1% Increase
June 30, 2022	$ 8,725,105	$ 6,326,084	$ 4,296,159
June 30, 2021	$ 12,268,660	$ 8,015,299	$ 4,519,440

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

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.

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

During the fiscal years ended on June 30, 2023 and 2022, 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, 2023 and 2022 and as of the valuation date (January 1, 2022), 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, 2023 and 2022, the University reported a liability of $7,961,317 and $14,073,004, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and 2021, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 and 2021. 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, 2023, the University's proportion was 0.0596%, which was a decrease of 0.0284% from its proportion measured as of June 30, 2022. As of 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.

The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2023, 2022 and 2021 were $13,306,190, $15,073,299, and $20,531,979, 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 2023, 2022 and 2021 was $2,770,945, $2,896,669, and $2,650,879, 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 2023, 2022 and 2021 was $302,996, $303,997, and $528,286, respectively.

For the years ended June 30, 2023 and 2022, the University recognized OPEB expense of $5,741,538 and $4,227,247, respectively.

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

At June 30, 2023, 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	$ 586,377	$ 2,881,360
Net difference between projected and actual investment earnings on OPEB plan investments	12,102	-
Difference between expected and actual experience	146,557	1,318,082
Changes in proportion due to internal allocation	524,345	11,344,923
Changes in proportion from Commonwealth	3,659	39,317
University contributions subsequent to the measurement date	302,995	-
	$ 1,576,035	$ 15,583,682

The $302,995 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, 2024. 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 ended June 30,	
2024	$ (3,912,074)
2025	(2,847,303)
2026	(2,781,347)
2027	(2,531,107)
2028	(2,238,811)
	$ (14,310,642)

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 difference 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	-
	$ 3,275,872	$ 14,142,424

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

The total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. 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 2022_b. The short-term trend assumptions were based on a review of the plan's historical trend rates during fiscal years 2021 and 2022, 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
2022	5.00%		7.30%
2023	6.80%		9.11%
2024	6.79%		8.82%
2025	4.99%		6.72%
2026	4.99%		6.43%
2031		4.97%	
2041		4.78%	
2051		4.62%	
2061		4.53%	
2071		4.15%	
2075+		3.94%	

Getzen long run growth factors assumptions:

- Inflation: 2.5%
- Real GDP Growth: 1.4%
- Excess Medical Growth: 1.0%

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.

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

(i) 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	62.0%	0.0%
HMO	10.0%	4.0%

The long-term expected rate of return as of June 30, 2022 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, 2022, are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
Asset Class	2022	2021	2022	2021
Global equity	38.00%	39.00%	4.20%	4.80%
Core fixed income	15.00%	15.00%	0.50%	0.70%
Private equity	15.00%	13.00%	7.30%	8.20%
Portfolio completion strategies	10.00%	11.00%	2.70%	3.20%
Real estate	10.00%	10.00%	3.30%	3.50%
Value added fixed income	8.00%	8.00%	3.70%	4.20%
Timberland/natural resources	4.00%	4.00%	3.90%	4.10%
Total	100.00%	100.00%		

The discount rates used to measure the OPEB liability as of June 30, 2022 and 2021 were 4.30% and 2.77%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 3.54% and 2.16%, respectively, as of the measurement dates June 30, 2022 and 2021, respectively, and the expected rate of return on plan investments of 7.00%. 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, 2021). 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, 2022 and 2021.

22 - FRINGE BENEFITS FOR CURRENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

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, 2022 (a)	$ 9,287,736	$ 7,961,317	$ 6,871,761
June 30, 2021 (b)	$ 16,719,365	$ 14,073,004	$ 11,942,548

(a) The discount rates as of June 30, 2022 are as follows: 4.3% (current); 3.3% (1% decrease) and 5.3% (1% increase).

(b) The discount rates as of June 30, 2021 are as follows: 2.77% (current); 1.77% (1% decrease) and 3.77% (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, 2022	$ 6,673,862	$ 7,961,317	$ 9,591,080
June 30, 2021	$ 11,523,411	$ 14,073,004	$ 17,397,427

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.

23 - MANAGEMENT ACCOUNTING AND REPORTING

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.

23 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM (Continued)

State appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Gross state appropriations	$ 40,581,812	$ 53,743,520
Add: Fringe benefits for benefited employees on the Commonwealth payroll	15,038,033	14,182,663
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(537,099)	(492,322)
	$ 55,082,746	$ 67,433,861

$52,188,530 and $51,097,469 represent appropriations for maintenance and payroll and other noncapital appropriations during 2023 and 2022, respectively, and $2,894,216 and $16,336,392 represent appropriations for capital improvements for 2023 and 2022, 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, 2023 and 2022.

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.

25 - COMMITMENT 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 2021, 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.

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 years ended June 30, 2023 and 2022 were $848,168 and $810,487 respectively. 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.

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 2023 and 2022, 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.

28 - RESTATEMENT

In fiscal year 2023, the University adopted Governmental Accounting Standards Board ("GASB") Statement No. 96, Subscription Based Information Technology Agreements. There was no effect on the beginning net position as of July 1, 2021 since the leased asset was equal to the lease liability.

Net position as of June 30, 2022, as originally presented	$142,660,540
Adoption of GASB 96	26,564
Net position as of June 30, 2022, as originally restated	$142,687,104

REQUIRED
SUPPLEMENTARY INFORMATION

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABIL
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2014 through 2022)

	2023	2022	2021	
University's proportion of the collective net pension liability (asset)	0.0496%	0.0768%	0.1171%	
University's proportionate share of the collective net pension liability (asset)	$ 6,326,084	$ 8,015,299	$ 20,091,153	$
University's covered payroll	$ 42,234,316	$ 41,834,201	$ 40,651,993	$
University's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	14.98%	19.16%	49.42%	
Plan fiduciary net position as a percentage of the total pension liability	77.54%	77.54%	62.48%	

	2018	2017	2016	
University's proportion of the collective net pension liability (asset)	0.0891%	0.0912%	0.0878%	
University's proportionate share of the collective net pension liability (asset)	$ 11,430,648	$ 12,580,841	$ 9,995,092	$
University's covered payroll	$ 37,747,018	$ 37,408,274	$ 37,167,634	$
University's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	30.28%	33.63%	26.89%	
Plan fiduciary net position as a percentage of the total pension liability	67.21%	63.48%	67.87%	

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2023

	2023	2022	2021	
Contractually required contribution	$ 7,999,630	$ 7,155,959	$ 6,330,293	$
Contributions in relation to the contractually required contribution	(7,999,630)	(7,155,959)	(6,330,293)	
Contribution deficiency (excess)	$ -	$ -	$ -	$
University's covered payroll	$ 42,234,316	$ 41,834,201	$ 40,651,993	$
Contributions as a percentage of covered payroll	18.94%	17.11%	15.57%	

	2018	2017	2016	
Contractually required contribution	$ 4,756,899	$ 3,977,525	$ 3,799,572	$
Contributions in relation to the contractually required contribution	(4,756,899)	(3,977,525)	(3,799,572)	
Contribution deficiency (excess)	$ -	$ -	$ -	$
University's covered payroll	$ 37,747,018	$ 37,408,274	$ 37,167,634	$
Contributions as a percentage of covered payroll	12.60%	10.63%	10.22%	

See accompanying independent auditor's report.

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF UNIVERSITY CONTRIBUTIONS

JUNE 30, 2014 THROUGH 2023

1 - CHANGES IN PENSION PLAN BENEFIT TERMS AND ASSUMPTIONS

FY2022 Changes in Actuarial Assumptions

Changes in assumptions:

Change in the annual healthcare cost trend rates:

Developed rates based on the Getzen trend rate model, version 2022_f4.

- The healthcare cost trend rate changed from 4.40% in 2021 to 5.00% in 2022 for Medicare benefits and from 7.3% in 2021 to 7.60% in 2022 for non-Medicare benefits, then increasing in 2023 and 2024 before decreasing in 2025 and 2026 to a blended rate of 4.97% in 2031 and additional decrease in 2041, 2051, 2061, 2071, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.4% and excess medical growth of 1.1%.

FY2021 Changes in Actuarial Assumptions

Changes in assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.00% from 7.15%

Changes in mortality

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 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-2021 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 in 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 in assumptions:

Changes in the investment rate of return

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

See accompanying independent auditor's report.

1. CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

FY2018 Changes in Actuarial Assumptions

Changes in assumptions:

Changes in the investment rate of return

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

Changes 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:

Changes in mortality

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

- 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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILIT
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2018 through 2022)

	2023	2022	2021	2020
University's proportion of the collective net OPEB liability (asset)	0.0596%	0.0880%	0.1249%	0.1315%
University's proportionate share of the total OPEB liability (asset)	$ 9,146,898	$ 15,753,852	$ 27,609,783	$ 25,861,235
Less: University's proportionate share of Plan fiduciary net position	1,185,581	1,680,848	1,757,179	1,800,028
University's proportionate share of the collective net OPEB liability (asset)	$ 7,961,317	$ 14,073,004	$ 25,852,604	$ 24,061,207
University's covered payroll	$ 42,234,316	$ 41,834,201	$ 40,651,993	$ 41,831,191
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	18.85%	33.64%	63.59%	57.52%
Plan fiduciary net position as a percentage of the total OPEB liability	10.70%	10.70%	6.96%	0.00%

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2023
(With Comparative Totals for 2018 through 2022)

	2023	2022	2021	2020	
Contractually required contributions	$ 3,073,941	$ 3,200,666	$ 3,179,165	$ 3,047,731	$
Contributions in relation to contractually required contribution	(3,073,941)	(3,200,666)	(3,179,165)	(3,047,731)	
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$
University's covered payroll	$ 42,234,316	$ 41,834,201	$ 40,651,993	$ 41,831,191	$
Contributions as a percentage of covered payroll	7.28%	7.65%	7.82%	7.29%	

See accompanying independent auditor's report.

FITCBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS

JUNE 30, 2018 THROUGH 2023

1 - CHANGES IN OPEB PLAN BENEFIT TERMS AND ASSUMPTIONS

FY2022 Changes in Actuarial Assumptions

Changes in assumptions:

Change in the annual healthcare cost trend rates:

- Developed based on the Getzen trend rate model, version 2022_f4. The healthcare cost trend rate changed from 4.40% in 2021 to 5.00% in 2022 for Medicare benefits and from 7.3% in 2021 to 7.60% in 2022 for non-Medicare benefits, then increasing in 2023 and 2024 before decreasing in 2025 and 2026 to a blended rate of 4.97% in 2031 and additional decrease in 2041, 2051, 2061, 2071, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.4% and excess medical growth of 1.1%.

FY2021 Changes in Actuarial Assumptions

Changes in assumptions:

Changes in discount rate

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

Changes in mortality

The mortality projection scale was updated from MP-2016 to MP-2021.

Change in per capita claims costs

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

Change in health care trend rates

The healthcare trend rates were updated.

Change in demographic and benefit

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

FY2020 Changes in Actuarial Assumptions

Changes in assumptions:

Changes 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.

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

FY2020 Changes in Actuarial Assumptions (continued)

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 covering 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 in assumptions:

Changes in base OPEB rates for medical 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).

Changes 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.

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

FY2019 Changes in Actuarial Assumptions (continued)

Changes 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 in assumptions:

Changes in base OPEB rates for medical 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).

Changes 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.

Changes 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%.

2 - OTHER INFORMATION

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

SUPPLEMENTAL SCHEDULE
PURSUANT TO THE UNIFORM GUIDANCE

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U. S. Department of Education:				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ -	$ 245,710
Federal Work-Study Program	84.033	N/A	-	215,293
Federal Perkins Loans	84.038	N/A	-	136,893
Federal Pell Grant Program	84.063	N/A	-	4,971,265
Federal Direct Student Loans	84.268	N/A	-	20,636,769
Total Student Financial Assistance Cluster			-	26,205,930
TRIO Cluster				
TRIO - Student Support Services	84.042	N/A	-	319,291
TRIO - Upward Bound	84.047A	N/A	-	463,423
TRIO - Upward Bound Math and Science	84.047M	N/A	-	257,861
Total TRIO Cluster			-	1,040,575
Total U. S. Department of Education			-	27,246,505
National Science Foundation				
STEM Education (formerly Education and Human Resources)	47.076	N/A	-	11,865
National Aeronautics and Space Administration				
Science	43.001	N/A	-	45,162
Total Expenditures of Federal Awards			$ -	$ 27,303,532

See accompanying independent auditor's report and notes to schedule.

1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Fitchburg State University (the "University") under programs of the Federal government for the year ended June 30, 2023. 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.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and departments of the federal government.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect cost rate

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

3 - MATCHING COSTS

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

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.

5 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The University did not make any new loans during 2023. The balance of loans outstanding at June 30, 2023 consists of:

	Outstanding Balance as of June 30, 2023
CFDA Number 84.038	
Perkins Loan Program	$ 136,893

5 - FEDERAL STUDENT LOAN PROGRAMS (Continued)

Federally-guaranteed loans issued to students of the University during the year ended June 30, 2023 are summarized as follows:

	Disbursements for the year ended June 30, 2023
CFDA Number 84.268	
Federal Direct Student Loans	$ 20,636,769

The University is only responsible for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's general purpose financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the University as of June 30, 2023.

6 - ADMINISTRATIVE COST ALLOWANCES

The Student Financial Aid Administrative Cost Allowances for the year ended June 30, 2023 are as follows:

Federal Work Study	$ 6,951

OTHER REPORTS

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*

Board of Trustees
Fitchburg State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the business-type activities and discretely presented component unit of Fitchburg State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 30, 2024.

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 a 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*.

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*
(Continued)

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.

Bollus Lynch, LLP

Worcester, Massachusetts
January 30, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 (an agency of the Commonwealth of Massachusetts) (the "University") 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 University's major federal programs for the year ended June 30, 2023. The 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, the 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, 2023.

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 the 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 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 the 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 the 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 the University's compliance with the requirements of each major federal program as a whole.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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 the 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 the 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 the 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.

Bollus Lynch, LLP

Worcester, Massachusetts
January 30, 2024

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____Yes	_X_ No
Significant deficiency(ies) identified?	____Yes	_X_ None Reported
Noncompliance material to financial statements noted?	____Yes	_X_ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____Yes	_X_ No
Significant deficiency(ies) identified?	____Yes	_X_ None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	____Yes	_X_ No

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
Student Financial Assistance Cluster:	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.038	Federal Perkins Loans
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs	$750,000	
Auditee qualified as low-risk auditee?	_X_ Yes	____No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023
(Continued)

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

As disclosed in Section I, the audit of the basic financial statements of Fitchburg State University as of and for the year ended June 30, 2023, disclosed no matters involving the internal control over financial reporting and its operations that are considered to be significant deficiencies or material weaknesses.

B. Compliance Findings

As disclosed in Section I, the audit disclosed no instances of noncompliance which are material to the financial statements of Fitchburg State University as of and for the year ended June 30, 2023.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control Over Compliance

No matters were reported as of and for the year ended June 30, 2023.

B. Compliance Findings

No matters were reported as of and for the year ended June 30, 2023.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs, and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.