



Board of Trustees

Audit Committee

October 21, 2025

8:30 a.m.

President's Boardroom, Horace Mann Center

Committee Members: Chair Theresa Jasmin, Vice Chair William Reichelt, Secretary Michael O'Rourke, Melissa Alvarado, Tessa Lucey, Dr. Gloria Williams

A live stream of the meeting for public viewing will also take place at the following link: <https://www.westfield.ma.edu/live>

1. Call to Order

Committee Chair Jasmin

2. Approval of Minutes

- a. June 11, 2025

Committee Chair Jasmin

3. Items for Action

- a. Motion – FY25 Financial Statements

WithumSmith + Brown

4. Items for Discussion

- a. Internal Audit – Building Access and Security
- b. Internal Audit – Accounts Payable
- c. Next Internal Audit

Boston Consortium, Internal Audit
Boston Consortium, Internal Audit
Boston Consortium, Internal Audit

5. Adjournment

Committee Chair Jasmin

Attachment(s):

- a. Minutes 6-11-25 (Draft)
- b. Motion – FY25 Financial Statements
- c. FY25 Financial Statements (Required Communication)
- d. FY25 Financial Statements (Draft)
- e. Internal Audit – Building Access and Security
- f. Internal Audit – Accounts Payable



Board of Trustees

Audit Committee

June 11, 2025, 8:30 a.m.

Minutes

Conference Rooms A & B, University Hall

A live stream of the meeting for public viewing will also take place at the following link: <https://www.westfield.ma.edu/live>

Committee Members Present: Committee Chair Theresa Jasmin, Vice Chair William Reichelt, Secretary Michael O'Rourke, Melissa Alvarado, Tessa Lucey and Dr. Gloria Williams.

Also present and participating were Westfield State University President, Dr. Linda Thompson; Provost and Vice President for Academic Affairs, Dr. William Salka; Vice President for Administration and Finance, Stephen Taksar; Vice President for Enrollment Management and Student Affairs, Dr. Kevin Hearn; Assistant Vice President for Information and Instructional Technology, Alan Blair; Vice President, Facilities & Capital Planning, Tom Therrien; and Director of Emergency Response and Risk Management, Sam Lemanski. Also participating was Kate Jun and Ryan Sheehan of WithumSmith and Brown P.C. and Samantha Spezeski and Mike Santolucito of Boston Consortium.

Committee Chair Theresa Jasmin called the meeting to order at 8:32 a.m., conducted a roll call of committee members, and stated the meeting was being livestreamed and recorded.

MOTION made by Trustee O'Rourke seconded by Trustee Lucey to approve the meeting minutes of April 22, 2025. A roll call was completed. **Motion passed.**

Audit Committee Charter Review

- The audit committee charter is required to be reviewed annually.

MOTION made by Trustee Reichelt seconded by Trustee O'Rourke; the audit committee recommends to the full board to approve revisions to the Westfield State University, Board of Trustees, Audit Committee Charter, as presented. A roll call was completed. **Motion passed.**

Whistleblower and Bullying Policies

- Motions related to the whistleblower policy and the bullying policy were removed from the agenda for additional refinement.

MOTION made by Trustee Lucey seconded by Trustee Alvarado to take from the table, agenda items 3B and 3C. A roll call was completed. **Motion passed.**

Financial Audit Services for FY25

- The audit is performed under governmental audit standards, which is a higher level than for-profit companies, and includes reporting on compliance with internal controls.
- The board oversees the University's management and the auditors. The board is required to report any fraud they are aware of.
- Management sets accounting policies, safeguards assets, and maintains proper books and records.
- Three attest engagements are being performed: audit of financial statements, single audit, and a mass state aid attestation (every three years).
- Key dates:
 - Engagement letter signed in April.
 - Planning and testing in June/July.
 - Year-end fieldwork in August.
 - Financial statements to the board and state in October (expecting deadline extension to 10/31).
 - Finalizing single audit and monster report by the end of the calendar year.
- The planning phase focuses on compliance of internal controls (cash flow, expenses, receipts, grants, payroll, financial aid).
- Year-end fieldwork tests balances on the balance sheet and income statements (cash, receivables, loans, capital expenditures, leases, pension, OPEB).
- Significant risks identified: management override of controls, improper revenue recognition, and significant accounting estimates.
- The single audit is for federal awards received by the university, with student financial aid typically being a high-risk program.
- There was one minor finding on last year's single audit regarding the timing of reporting to the National Student Loan Data System (NSLDS).
- Auditors are not hired to find fraud but will report it to those charged with governance if discovered.
- The firm is independent from the university.

Non-Attest Services

- The university provides non-attest services outside of the audit opinion.
 - These services include helping with financial preparation and calculating assets/liabilities for leases and subscription services.
- Management takes responsibility for these balances.

Hiring a Student Trustee

- A student trustee is being hired, but their tenure ends before their hiring date, so there shouldn't be a conflict of interest.

New GASB Accounting Pronouncements

- There are new GASB accounting pronouncements for the year.
 - They won't significantly impact the university but will be disclosed in the financial statements.

Peer Review Board

- The accounting firm's peer review board resulted in a pass.

Risk Specific to Westfield State University

- The risk specific to Westfield State relates to estimates.
 - This is due to the value of leases, subscriptions, and capital assets related to depreciation.
 - These are subjective to estimates for the useful lives of those assets.

Internal Audit of Building Security

- An internal audit of building security is in progress, conducted by the Boston Consortium.

- The audit is not yet ready, but the report is being drafted and vetted with management. Will be presented in the fall.
- The presentation will provide an overview of the building access security review.
- The scope includes controls over building access security.
 - Policies and procedures.
 - Key cards and keys (assigning, deleting, monitoring).
 - Access monitoring systems.
 - Coordination between internal departments.
- The system is antiquated (30-35 years old) and lacks key criteria.
- There is one login used by three employees.
- There is no integration with housing systems.
- There is no report that can be pulled from the system to reconcile keys to new hires or terminations.
- A better system for tracking keys is needed.

Residence Life

- Keys were kept in unlocked office bins and scattered on desks.
- Lockboxes for master keys were not in use pending relocation.
- Management had concerns about physical keys and temporary IDs.

Key and ID Card Management Issues

- Manual keys and student ID keys are used.
 - Departments use dummy key cards for students who haven't received their IDs.
 - Physical keys and ID cards reconciliation is inconsistent (annual, biannual, or every other year), leading to unrecorded missing keys.
- Different processes exist for student and administrative keys.
 - Administrative staff assistants have access to spare keys, leading to uncontrolled duplication.
 - Relocation policy isn't followed due to widespread key access.
- Lost keys are handled differently.
 - On the student side, the lock mechanism is replaced and reused after being retooled.
 - On the administrative side, the key is duplicated, potentially risking PII dissemination, especially in areas like grants.

Recommendations and Next Steps

- More regular reconciliation of temporary ID cards is needed.
- A consistent key management process across all departments (student and admin) is recommended.
- More control is needed around the administrative side of things.
- The audit will be finalized in the coming weeks, with the full report, addendum for best practices, and audit committee tracker tool to be presented in the fall.

Key Usage

- Key cards are used for building access, student ID, Owl Bucks, and printing services.
- Manual keys are used for administrative offices, dorm rooms, and suites.
- Some bathrooms were key carded due to vandalism, but many locks are broken and can't be repaired.

Additional Information

- Replacing manual locks with electronic locks costs approximately \$5,000 per door.
- The current key policy was approved around 2003 and needs updating.
- Security protocols are in place, such as changing the lock when a key is lost.
- The findings will be added to the audit tracker to monitor progress.
- "We're waiting for this report to be modest so we can really take an objective assessment."

Enterprise Risk Management Update

- Completed the first round of enterprise risk management in under a year.

- Goals were to identify, assess, and respond to the institution's top risks.
- Top three risks: cybersecurity, deferred maintenance, enrollment and retention.
- Risk leads are tasked with establishing focus areas, developing performance indicators/metrics, and initiating mitigation strategies.

Cybersecurity

- Focus areas included access control and patch management.
- Implementing mitigation strategies (a multi-year process).
- Focusing on automation to get notified quicker and be more proactive.
- Average 581 million attacks on a daily basis.

Deferred Maintenance

- Working on the biggest ticket items (critical studies, steam water infrastructure).
- Steam study should be updated by the end of the month.
- Broke down into infrastructure, building, and decarbonization.
- Using software for tracking critical facilities and condition assessment to identify equipment that needs replacement or poses the greatest risk of failure.
- Partnering with DCAM for large, identified infrastructure projects.
- Advocating for the BRIGHT Act.
- Deferred maintenance adds up to hundreds of millions of dollars.
- Prioritizing with limited resources and strategizing to get external resources.

Enrollment

- Enrollment is a comprehensive term that refers to admissions and retention.
- Strategic Enrollment Committee was created (13 individuals, including faculty representation).
- Three priorities: undergraduate admissions, graduate and continuing educational admissions, and student retention.
- Director of undergraduate admissions chairs the undergraduate admissions subcommittee, the director of DGCE admissions chairs the second subcommittee, and the new associate provost chairs the committee on student retention.

Additional Points

- Running a university is complex and multifaceted.
- The administration is working hard and intelligently.
- The team is fighting the battle against cybersecurity threats every day.

There being no further business, **MOTION** made by Trustee Lucey and seconded by Trustee O'Rourke to adjourn the meeting. There being no discussion, **motion passed unanimously**. Meeting adjourned at 9:12 a.m.

Attachment(s):

- Minutes 4-22-25 (Draft)
- Motion – Audit Committee Charter
- Audit Committee Charter
- Motion – Reporting Violations of Laws, Rules or Regulations (Whistleblower) Policy (0440)
- Reporting Violations of Laws, Rules or Regulations (Whistleblower) Policy (0440) TRACK CHANGES
- Reporting Violations of Laws, Rules or Regulations (Whistleblower) Policy (0440) CLEAN
- Motion – Anti-Bullying, Mobbing and Harassment Policy (1340)
- Anti-Bullying, Mobbing and Harassment Policy (1340) TRACK CHANGES & CLEAN VERSIONS
- Financial Audit Services for FY25 (Planning Presentation)
- Internal Audit Update (Building Security)

k. Enterprise Risk Management Update

Secretary's Certificate

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees, Audit Committee meeting held on June 11, 2025.

Michael O'Rourke, Secretary

Date



Board of Trustees

October 21, 2025

MOTION

The Audit Committee recommends approval to the full Board:

To accept the annual report for fiscal year ending June 30, 2025, as prepared by the university's Administration and Finance Division and to authorize the submission of this report to the State Comptroller's Office, the Massachusetts Department of Higher Education, and the State Auditor's Office, as required by the Massachusetts Department of Higher Education. This annual report includes the Westfield State University FY25 Financial Statements, audited by WithumSmith and Brown, P.C.

Westfield State University

October 21, 2025

Required Communications

AUDITOR'S RESPONSIBILITY UNDER GAAS

We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In carrying out this responsibility, we planned and performed the audit to obtain reasonable – not absolute – assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud.

- We issued an unmodified opinion on the financial statements.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

- No material weaknesses/significant deficiencies were noted within the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Required Communications - Continued

AUDITORS' RESPONSIBILITY UNDER GAAS - continued

We are responsible for communicating significant matters related to the financial statement audit that are, in our professional judgement, relevant to the responsibilities of those charged with governance.

We applied certain limited procedures (such as inquiry of management and comparing for consistency) to the Required Supplementary Information that supplements the financial statements.

Required Communications - Continued

INDEPENDENCE

We are not aware of any relationships between Withum and the University that in our professional judgement may reasonably impact our independence.

- Daniel Currier was previously a board member at the University and he is an incoming new hire at Withum.
- Dan is not a covered member and the Ethics Commission noted that no additional disclosure is required

Based on the factors above, we are independent with respect to the University within the meaning of the pronouncements of the Independence Standards Board, Government Auditing Standards, and under Rule 101 of the AICPA Code of Professional Conduct.

Required Communications - Continued

INDEPENDENCE – continued

No management advisory services were performed by Withum.

Withum assisted in the non-attest services noted below, however, these activities do not impact our independence. These non-attest services were supervised and approved by Lisa Freeman, AVP of Finance

- Assistance with the preparation of the financial statements
- Assistance with the maintenance and calculation of GASB 87, *Leases*, right of use assets and liabilities
- Assistance with the maintenance and calculation of GASB 96, *SBITA*, right of use assets and liabilities
- Related to the single audit which is in process:
 - Assistance with preparation of the financial statements and SEFA
 - Assistance with the preparation of the Data Collection Form

Required Communications - Continued

MANAGEMENT'S RESPONSIBILITY

Selection and use of appropriate accounting policies – Significant policies are found in Note 1 adoption of new policies are found in Note 2 – explained below:

- GASB 101 Compensated Absences – there is an off-balance sheet “sick bank” for certain union employees tracked by the state. This balance is not material to the financial statements and not recorded.
- GASB 102 Risk Disclosures – the documentation of commitments, contingencies, concentrations and constraints in Note 20 of the financial statements has been expanded for this adoption but did not have a material impact on the financial statements.

Selection and use of appropriate accounting estimates – Based on management’s knowledge and experience about past and current events and assumptions about future events

- Allowance for doubtful accounts
- Estimating depreciation and depreciable lives of capital assets
- Fair value of certain investments
- Useful lives of right of use assets and liabilities relating to Leases and SBITAs
- Accrued expenses
- Determining net pension and OPEB liabilities

Required Communications - Continued

MANAGEMENT'S RESPONSIBILITY – continued

No transactions entered into during the year for which there is a lack of authoritative guidance or consensus

All significant transactions have been recognized in the financial statements in the proper period

Required Communications - Continued

SIGNIFICANT COMMUNICATIONS, FINDINGS OR ISSUES

There were NO:

- Disagreements with management
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit
- Audit adjustments or uncorrected misstatements
- Other findings or issues that are significant or relevant to be communicated to those charged with governance

Consultations with other accountants/auditors:

- Consulted with the auditors for the Massachusetts State Employee's Retirement Plan and State Retiree's Benefit Trust

Significant written communications between the auditor and management include:

- Engagement letter
- Management representation letter – to be signed following Board approval

Required Communications - Continued

FINANCIAL STATEMENT FRAUD RISKS

No pervasive financial statement fraud risks were identified

Specific Risks Presumed by Auditing Standards

- Risk of misstatement relating to revenue recognition
- Risk of management override of controls
 - Journal entries and adjustments

Organization specific risks

- None

Other Matters

Discussion of Financial Statements

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Westfield State University:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, Westfield State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the years ended June 30, 2025 and 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial statements of the University and its discretely presented component unit as of June 30, 2025 and 2024, 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 Opinions

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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 and the other required supplementary information as listed in the table of contents 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 and *Government Auditing Standards*, 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the University's basic financial statements. The supplemental schedules listed in the accompanying table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October xx, 2025, 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.

October xx, 2025

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

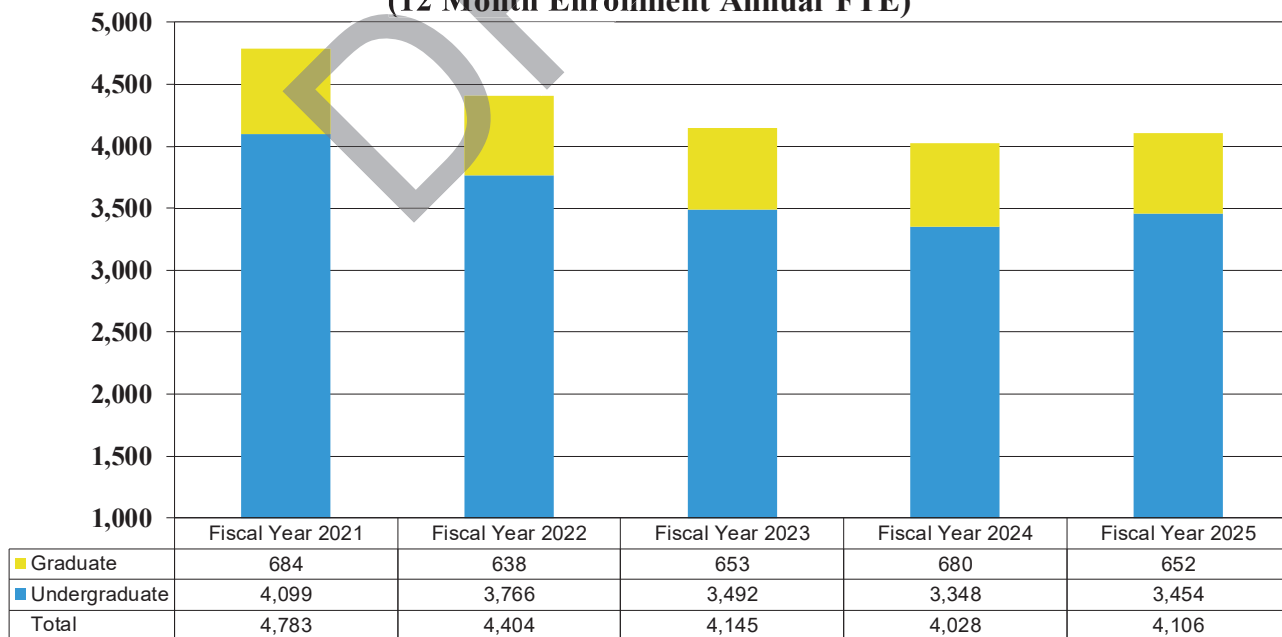
June 30, 2025 and 2024

Introduction

The following discussion and analysis provides an overview of the financial position and results of operations of Westfield State University (the "University") for the fiscal year ended June 30, 2025 with comparative information for the year ended June 30, 2024. This discussion has been prepared by management along with the financial statements and footnotes. Since this analysis is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the basic financial statements and notes thereto. The financial statements, footnotes and this discussion are the responsibility of management.

Westfield State University is a comprehensive public institution of higher learning located in Westfield, Massachusetts and offers undergraduate majors in both the traditional arts and sciences and in professional fields with multiple options for discipline-specific or interdisciplinary minors and concentrations. The University also offers several graduate-level degree and certificate programs. This broad range of graduate programs and undergraduate majors, minors, and concentrations reflect the commitment of Westfield State University to providing quality educational programs. In fiscal year 2025, Full-Time Equivalent (FTE) enrollments were 3,454 (undergraduate) and 652 (graduate). Total FTE enrollment for the past five years is shown below.

**Full-Time Equivalent (FTE) Enrollment
(12 Month Enrollment Annual FTE)**



WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Highlights

- The University's financial position increased during the fiscal year ended June 30, 2025, with a \$13.5 million or 12.8% increase in total net position. Net position, which represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows of resources are deducted, increased to \$118.6 million from \$105.1 million in 2024. The increase was largely related to two factors: the recognition of state capital appropriation revenue in the amount of \$2.3 million for the Parenzo renovation project and \$13.7 million in pension and OPEB expense reductions. **If not for these two factors, the University would have incurred a net loss of \$2.5 million.**
- Expenses incurred during fiscal year 2025 totaled \$137.5 million. Revenues from tuition and fees, state capital support and appropriations, grants, and other sources totaled \$151.0 million resulting in an increase in net position of \$13.5 million.

GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, established standards for how governmental employers (and other entities) that contribute to state and local pension plans report liabilities and plan details on their financial statements. GASB 68 and its required disclosures were implemented in fiscal year 2015. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB.

WESTFIELD STATE UNIVERSITY
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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – Continued

The tables below show the financial statement impact of GASB 68 and GASB 75 in fiscal years 2025 and 2024:

	2025		
	Pension	OPEB	Total
Statement of Net Position (Balance Sheet)			
Deferred outflows (like an Asset)	\$ 4,867,906	\$ 5,141,062	\$ 10,008,968
Net liability (Non-Current Liability)	(21,222,260)	(23,920,107)	(45,142,367)
Deferred inflows (like a Liability)	(6,248,717)	(22,139,787)	(28,388,504)
Net position	<u>\$ (22,603,071)</u>	<u>\$ (40,918,832)</u>	<u>\$ (63,521,903)</u>
Statement of Revenues and Expenses			
Pension benefit, net of subsequent contributions	\$ 3,770,188	\$ -	\$ 3,770,188
OPEB benefit, net of subsequent contributions	-	9,941,262	9,941,262
Total	<u>\$ 3,770,188</u>	<u>\$ 9,941,262</u>	<u>\$ 13,711,450</u>
	2024		
	Pension	OPEB	Total
Statement of Net Position (Balance Sheet)			
Deferred outflows (like an Asset)	\$ 3,989,316	\$ 3,004,548	\$ 6,993,864
Net liability (Non-Current Liability)	(20,731,627)	(22,049,796)	(42,781,423)
Deferred inflows (like a Liability)	(9,630,948)	(31,814,846)	(41,445,794)
Net position	<u>\$ (26,373,259)</u>	<u>\$ (50,860,094)</u>	<u>\$ (77,233,353)</u>
Statement of Revenues and Expenses			
Pension benefit, net of subsequent contributions	\$ 3,559,994	\$ -	\$ 3,559,994
OPEB benefit, net of subsequent contributions	-	9,124,385	9,124,385
Total	<u>\$ 3,559,994</u>	<u>\$ 9,124,385</u>	<u>\$ 12,684,379</u>

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Continued

The required reporting of the pension and OPEB liability on the financial statements of the University reduced the unrestricted net position as follows:

Effect of GASB 68 and GASB 75 on Unrestricted Net Position

	Without Pension/OPEB	Pension/ OPEB Adjustment	With Pension/OPEB
Unrestricted net position, June 30, 2023	\$ 61,424,406	\$ (89,917,732)	\$ (28,493,326)
Change in unrestricted net position for 2024	<u>3,085,926</u>	<u>12,684,379</u>	<u>15,770,305</u>
Unrestricted net position, June 30, 2024	\$ 64,510,332	\$ (77,233,353)	\$ (12,723,021)
Change in unrestricted net position for 2025	<u>(2,596,756)</u>	<u>13,711,450</u>	<u>11,114,694</u>
Unrestricted net position, June 30, 2025	<u>\$ 61,913,576</u>	<u>\$ (63,521,903)</u>	<u>\$ (1,608,327)</u>

The combined impact of the pension and OPEB liabilities for fiscal year 2025 and 2024 is a reduction in unrestricted net position of \$63.5 million and \$77.2 million, respectively. The University's net position continues to be negatively impacted due to the reporting requirements of GASB 68 and 75. The University has limited control over these net long-term obligations as the Commonwealth of Massachusetts controls the statewide plan offerings, funding requirements, investment decisions and actuarial determinations. The shaded column above illustrates what the university's unrestricted net position would be without these adjustments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements. Westfield State University's basic financial statements are comprised of two components: 1) the financial statements and 2) the notes to the financial statements.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of Westfield State University's finances in a manner similar to a private-sector university. The University's financial report includes three financial statements: the *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position* and the *Statements of Cash Flows*.

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Overview of the Financial Statements, Continued

These statements have been prepared in accordance with Government Accounting Standards Board (GASB) principles. These principles establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the institution. A description of the financials is as follows:

The Westfield State Foundation, Inc. (the 'Foundation'), a component unit of the University, is an independent not-for-profit corporation operated exclusively for charitable, scientific, and educational purposes for the benefit of the University. The financial information of the Foundation has been discretely presented and included within these financial statements because of the nature and significance of its relationship with the University. Complete financial statements for the Foundation can be obtained from its administrative office in Westfield, Massachusetts.

The *Statements of Net Position* presents the financial position of the University at the end of the fiscal year and includes all assets and deferred outflows of resources less liabilities and deferred inflows of resources of the University. The difference between these amounts, net position, is one indicator of the current financial position of the University, while the change in net position serves as a useful indicator of whether the financial position of the University is improving or deteriorating.

The *Statements of Revenues, Expenses & Changes in Net Position* presents the University's results of operations and other non-operating revenues, and how the University's net position changed during the most recent fiscal year.

The *Statements of Cash Flows* provides additional information about the University's financial results by reporting the major sources and uses of cash. Government Accounting Standards Board (GASB) Statements 34 and 35 require that the direct method be used to prepare this statement. The direct method of cash flow reporting portrays the net cash flow from operations by major categories of operating receipts and disbursements.

The financial statements can be found on pages 21-25 of this financial report.

Notes to the Financial Statements

The footnotes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 26-60 of this financial report.

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Overview of the Financial Statements, Continued

Other Information

In addition to the financial statements and accompanying footnotes, this financial report also contains certain required supplementary information concerning the University's Building Authority trust fund. This supplementary information can be found on pages 70-71 of this financial report.

Financial Analysis of the University

The University's total net position increased by \$13.5 million or 12.8% in fiscal year 2025 and increased by \$20.0 million or 23.4% in fiscal year 2024. A summary of the University's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, is presented below:

<u>Assets</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current Assets	\$ 89,759,103	\$ 91,852,045	\$ 82,218,821
Capital Assets, net	233,314,795	238,220,426	236,148,647
Other Non-current assets	393,904	531,636	4,802,668
Total Assets	<u>323,467,802</u>	<u>330,604,107</u>	<u>323,170,136</u>
Deferred Outflows of Resources	<u>11,369,943</u>	<u>8,426,470</u>	<u>10,699,369</u>
Total Assets and Deferred Outflows	<u>\$ 334,837,745</u>	<u>\$ 339,030,577</u>	<u>\$ 333,869,505</u>
<u>Liabilities</u>			
Current Liabilities	\$ 30,419,884	\$ 29,373,569	\$ 25,945,437
Non-current Liabilities	152,070,157	157,129,883	174,519,017
Total Liabilities	<u>182,490,041</u>	<u>186,503,452</u>	<u>200,464,454</u>
Deferred Inflows of Resources	<u>33,768,277</u>	<u>47,449,882</u>	<u>48,283,616</u>
<u>Net Position</u>			
Investment in Capital Assets, net	118,808,478	115,993,423	110,809,699
Restricted: Expendable	1,379,276	1,806,841	2,805,062
Unrestricted	(1,608,327)	(12,723,021)	(28,493,326)
Total Net Position	<u>118,579,427</u>	<u>105,077,243</u>	<u>85,121,435</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 334,837,745</u>	<u>\$ 339,030,577</u>	<u>\$ 333,869,505</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University – Continued

Total assets in fiscal year 2025 decreased by \$7.1 million or 2.2% over the prior year due to a decrease in cash and equivalents (\$6.1 million) and a decrease in capital assets (\$4.9 million). Offsetting these decreases was an increase in investments (\$3.7 million) and an increase in other assets (\$0.2 million).

Total liabilities in fiscal year 2025 decreased by \$4.0 million or 2.2% over the prior year due to a decrease in lease liability and bonds and notes payable (\$7.0 million) and a decrease in unearned revenue (\$0.3 million) offset by increases in net pension and OPEB liabilities (\$2.4 million) and increases in accrued salaries, workers' compensation and compensated absences (\$0.9 million).

Deferred outflows of resources increased by \$2.9 million mostly as a result of pension and OPEB activity. Deferred inflows of resources decreased by \$13.7 million due to the adjustments related to the fiscal year 2025 pension and OPEB activity (\$13.1 million) and bond-related inflows (\$0.6 million).

Total assets in fiscal year 2024 increased by \$7.4 million or 2.3% over the prior year due to a decrease in accounts receivable (\$1.3 million), a decrease in cash and equivalents (\$6.6 million) and a decrease in other assets (\$0.2 million). Offsetting these decreases was an increase in investments (\$13.4 million) and an increase in capital assets (\$2.1 million). During fiscal year 2024, the university transferred \$10.0 million in cash and equivalents to investments.

Total liabilities in fiscal year 2024 decreased by \$14.0 million or 7.0% over the prior year due to a decrease in net pension and OPEB liabilities (\$8.0 million), a decrease in lease liability as a result of the Massachusetts State College Building Authority ("MSCBA") debt refunding (\$8.2 million), and a decrease in bonds payable (\$1.4 million) offset by increases in accrued salaries, workers' compensation and compensated absences (\$1.8 million), unearned revenue (\$1.5 million) and other current liabilities (\$0.3 million).

Deferred outflows of resources decreased by \$2.3 million as a result of pension and OPEB activity (\$1.6 million) and a decrease in bond-related outflows (\$0.7 million). Deferred inflows of resources decreased by \$0.8 million due to the adjustments related to the fiscal year 2024 pension and OPEB activity (\$6.3 million) offset by an increase in bond-related inflows (\$5.5 million) due to the MSCBA debt refunding.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University – Continued

A condensed summary of the Statements of Revenues and Expenses for the years ended June 30 is as follows:

<u>Operating Revenues</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Tuition and fees	\$ 51,547,618	\$ 48,620,207	\$ 49,258,184
Residence and dining fees	25,454,956	22,817,978	23,811,504
Less: scholarships and fellowships	(20,392,094)	(18,402,400)	(12,706,931)
Federal, state, and private grants	24,651,150	24,806,059	17,080,596
Other sources	2,642,949	2,575,082	2,314,064
Total Operating Revenues	<u>83,904,579</u>	<u>80,416,926</u>	<u>79,757,417</u>
<u>Operating Expenses</u>			
Compensation and benefits	96,812,065	92,375,575	80,303,871
Supplies and services	29,889,835	27,824,836	27,021,456
Depreciation	12,518,238	12,206,825	12,013,067
Scholarships	6,718,689	5,116,597	4,799,701
GASB 68 pension benefit, net of subsequent contributions	(3,770,188)	(3,559,994)	(2,896,521)
GASB 75 OPEB benefit, net of subsequent contributions	(9,941,262)	(9,124,385)	(5,903,572)
Total Operating Expenses	<u>132,227,377</u>	<u>124,839,454</u>	<u>115,338,002</u>
<u>Non-Operating Revenues (Expenses):</u>			
State appropriations, net	\$ 57,982,834	\$ 55,470,355	\$ 48,107,868
Restricted state appropriations	75,851	-	-
Federal grants	-	-	377,637
Other revenue - MSCBA	238,531	169,648	2,119,553
Net investment income	5,147,883	5,390,449	2,227,388
Loss on disposal of assets	(1,512)	(36,814)	(9,033)
Interest expense	(5,307,723)	(5,781,649)	(6,075,873)
Total Net Non-Operating Revenues	<u>58,135,864</u>	<u>55,211,989</u>	<u>46,747,540</u>
State capital appropriations	<u>3,689,118</u>	<u>9,166,347</u>	<u>11,018,896</u>
Increase in net position	<u>\$ 13,502,184</u>	<u>\$ 19,955,808</u>	<u>\$ 22,185,851</u>

WESTFIELD STATE UNIVERSITY

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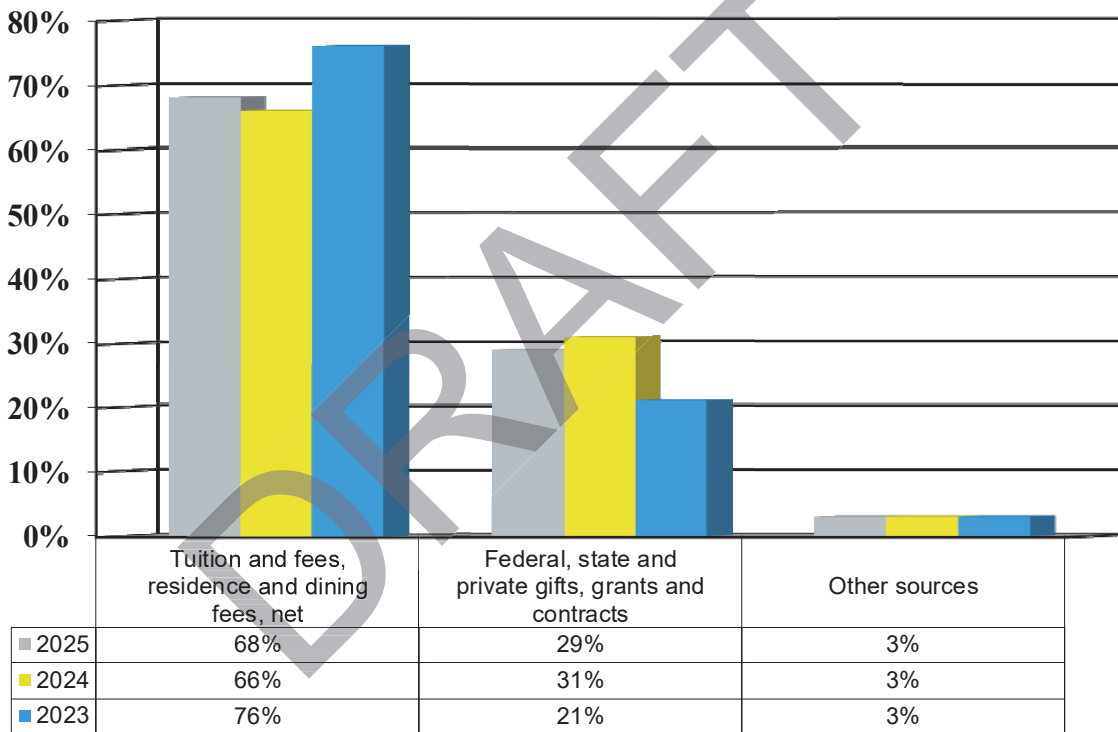
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University - Continued

The following is a graphic illustration of operating revenues by source, as a percent of total operating revenue, which were used to fund the University's operating activities for the years ended June 30, 2025, 2024 and 2023.

Operating Revenues by Source



The University's operating revenues consist primarily of tuition and fee revenues and residence and dining fee revenues. Gross tuition and fees revenue increased \$2.9 million or 6.0% during the fiscal year ended June 30, 2025 and decreased \$0.6 million or 1.3% during the fiscal year ended June 30, 2024. The increase in fiscal year 2025 was due to an increase of 101 students (\$1.2 million impact), an increase in graduate and continuing education tuition and fees (\$0.5 million), an increase in fee revenue generated from mandatory fee increases (\$0.8 million), an increase in other fees (\$0.2 million) and an increase in out of state tuition (\$0.2 million). The decrease in fiscal year 2024 was due to a decline of 122 students (\$1.4 million impact) offset by an increase in graduate and continuing education tuition and fees (\$0.3 million), an increase in fee revenue generated from mandatory fee increases (\$1.1 million) and a decrease in out of state tuition of \$0.6 million.

WESTFIELD STATE UNIVERSITY

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University – Continued

Residence and dining fee revenue generated by the auxiliary operations of the University's food service and building authority trust funds was \$25.4 million, \$22.8 million, and \$23.8 million, for the years ended June 30, 2025, 2024 and 2023, respectively. The \$2.6 million or 11.6% increase in revenues for the year ended June 30, 2025, was the result of an increase in resident students (approximately 96) and dining participants (approximately 71) and an increase in revenues generated from residence and dining fee increases. At June 30, 2024, residence and dining fee revenue decreased \$1.0 million or 4.2% as a result of a decrease in resident students (approximately 127) and dining participants (approximately 150) offset by revenues generated from residence and dining fee increases.

Federal, state and private grant revenue, in total, decreased slightly by \$0.2 million or 0.6% for the year ended June 30, 2025. At June 30, 2024, the significant increase in federal, state and private grants of \$7.7 million or 45.2% was due to an increase in state and federal student financial aid of \$5.7 million and an increase in non-financial aid grants of \$2.0 million.

Tuition and fees received by the University include the following at June 30:

	2025	2024	2023
Tuition	\$16,867,373	\$ 16,090,073	\$ 16,435,145
Student Fees:			
General fees	30,269,111	28,384,970	28,458,857
Student activity fees	1,476,957	1,362,498	1,387,919
Capital improvement fees	296,180	286,070	298,290
Technology fees	2,346,104	2,278,481	2,379,164
Miscellaneous fees	291,893	218,115	298,809
Total	<u>\$ 51,547,618</u>	<u>\$ 48,620,207</u>	<u>\$49,258,184</u>

WESTFIELD STATE UNIVERSITY

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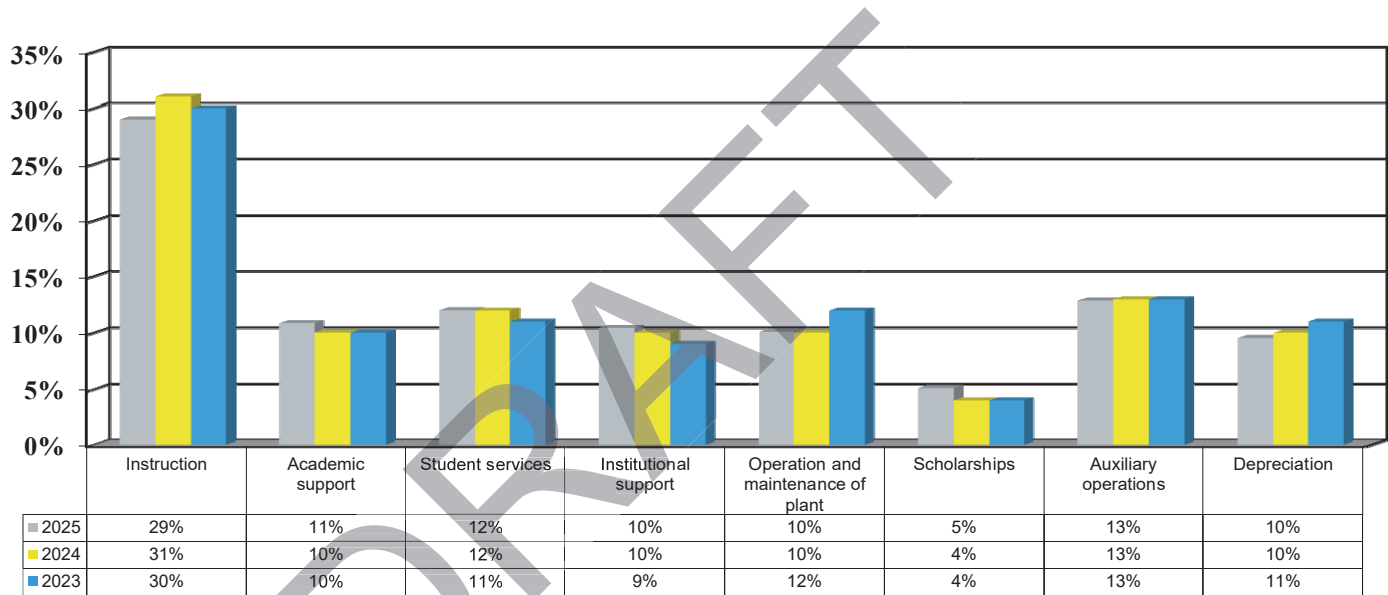
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University - Continued

The following is a graphic illustration of operating expenses by function, shown as a percent of total operating expense, for the years ended June 30, 2025, 2024 and 2023.

Operating Expenses by Function



A summary of the University's expenses by functional classification for the years ended June 30, 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Instruction	\$ 38,092,576	\$ 38,076,249	\$ 34,868,104
Public service	906,661	849,659	542,662
Academic support	14,287,182	12,446,029	11,152,822
Student services	15,796,725	14,284,541	12,792,533
Institutional support	13,706,284	12,889,464	10,665,658
Operation and maintenance of plant	13,254,039	12,962,945	13,164,934
Scholarships and fellowships	6,718,689	5,116,597	4,799,701
Auxiliary operations	16,946,983	16,007,145	15,338,521
Depreciation and amortization	12,518,238	12,206,825	12,013,067
Total	<u>\$ 132,227,377</u>	<u>\$ 124,839,454</u>	<u>\$ 115,338,002</u>

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University - Continued

The University's total operating expenses increased by \$7.4 million or 5.9% as compared to a \$9.5 million or 8.2% increase for the fiscal year ended June 30, 2024. The increase in fiscal year 2025 is a result of compensation and fringe expense increases of \$4.7 million due to collective bargaining and other contractual increases, filling of new and vacant positions, and part-time faculty and staff increases (\$1.4 million), offset by an increase in OPEB and pension expense credits of \$1.3 million. Other factors contributing to the increase are; an increase in scholarships of \$1.6 million, increase in strategic investments of \$1.4 million, an increase in debt expense of \$0.3 million, an increase in other operating costs of \$0.4 million and an increase in depreciation expense of \$0.3 million.

The increase in fiscal year 2024 is primarily a result of compensation and fringe expense increases of \$10.8 million due to collective bargaining increases (\$3.4 million), increased fringe costs due to collective bargaining and an increase in the fringe rate (\$4.5 million), filling of vacant positions, adjunct cost increases and other compensation expenses, offset by a decrease in OPEB and pension expense of \$3.9 million. Other factors contributing to the increase are; an increase in grant expenses of \$0.8 million, consulting expenses of \$0.8 million, strategic investments related to advertising costs of \$0.5 million, an increase in other operating costs of \$0.3 million and an increase in depreciation expense of \$0.2 million.

A condensed summary of the Statements of Cash Flows for years ended June 30, is as follows:

	2025	2024	2023
Cash received from operating activities	\$ 83,649,555	\$ 80,897,863	\$ 80,467,968
Cash expenses for operating activities	<u>(115,115,525)</u>	<u>(106,589,948)</u>	<u>(99,509,387)</u>
Net cash applied to operating activities	(31,465,970)	(25,692,085)	(19,041,419)
Net cash provided by non-capital financing activities	41,254,097	38,705,664	35,652,808
Net cash applied to capital financing activities	(17,330,540)	(11,582,740)	(28,109,060)
Net cash (applied to) provided by investing activities	<u>1,461,423</u>	<u>(7,995,086)</u>	<u>(237,807)</u>
Net decrease in cash and equivalents	(6,080,990)	(6,564,247)	(11,735,478)
Cash and equivalents - beginning of year	53,833,855	60,398,102	72,133,580
Cash and equivalents - end of year	<u>\$ 47,752,865</u>	<u>\$ 53,833,855</u>	<u>\$ 60,398,102</u>

WESTFIELD STATE UNIVERSITY
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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Financial Analysis of the University - Continued

The University's liquidity decreased during the year ended June 30, 2025 with a \$6.1 million decrease in cash and equivalents. The following discussion further amplifies the overview of cash flows presented above.

During the year ended June 30, 2025, the University's net cash applied to operating activities increased by \$5.8 million over the prior year. This was due to an increase in cash received of \$2.7 million offset by an increase in payments made of \$8.5 million. The increase in payments made was related to an increase in compensation and fringe expense payments of \$5.5 million, an increase in scholarships to students of \$1.6 million, and an increase in other operating expense payments of \$1.4 million. Net cash provided by non-capital financing activities increased by \$2.5 million due to a net increase in state appropriation of \$2.0 million, a decrease in federal FEMA grant funding of \$0.4 million and an increase in restricted state appropriations of \$0.9 million. Net cash applied to capital financing activities decreased by \$5.8 million due to a decrease in debt payments of \$3.2 million and a decrease in state capital appropriation of \$2.6 million. The \$9.5 million decrease in net cash provided by investing activities was due to a decrease in the net change in proceeds and purchases of investments of \$8.8 million offset by an increase in interest income of \$0.7 million.

The University's liquidity decreased during the year ended June 30, 2024 with a \$6.6 million decrease in cash and equivalents. The following discussion further amplifies the overview of cash flows presented above.

During the year ended June 30, 2024, the University's net cash applied to operating activities increased by \$6.7 million over the prior year. This was due to an increase in cash received of \$0.4 million offset by an increase in payments made of \$7.1 million. The increase in payments made was mostly related to compensation and fringe expenses. Net cash provided by non-capital financing activities increased by \$3.0 million due to a net increase in state appropriation of \$3.9 million and a decrease in federal FEMA grant funding of \$0.9 million. Net cash applied to capital financing activities decreased by \$16.5 million due to a decrease in purchases of capital assets of \$13.5 million, an increase in state capital appropriation of \$2.0 million, and a decrease in debt payments of \$1.0 million. The \$7.8 million increase in net cash applied to investing activities was due to an increase in the net change in proceeds and purchases of investments of \$9.4 million offset by an increase in interest income of \$1.6 million. In December 2023, the University transferred \$10.0 million from cash into an investment account.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Loss from Operations

The following table presents the University's incurred losses from operations and its net non-operating revenues for the fiscal years ended June 30, 2025, 2024, and 2023.

	2025	2024	2023
Operating revenues, net	\$ 83,904,579	\$ 80,416,926	\$ 79,757,417
Operating expenses	(132,227,377)	(124,839,454)	(115,338,002)
Operating loss	(48,322,798)	(44,422,528)	(35,580,585)
Commonwealth direct appropriation, fringe benefits for Commonwealth employees, net of tuition remitted to the Commonwealth	57,982,834	55,470,355	48,107,868
Restricted state appropriations	75,851	-	-
Net investment income	5,147,883	5,390,449	2,227,388
Loss on disposal of assets	(1,512)	(36,814)	(9,033)
Other revenues	238,531	169,648	2,497,190
Other expenses	(5,307,723)	(5,781,649)	(6,075,873)
Capital appropriations	3,689,118	9,166,347	11,018,896
Net non-operating revenues	61,824,982	64,378,336	57,766,436
Increase in net position	\$ 13,502,184	\$ 19,955,808	\$ 22,185,851

Due to the nature of accounting for appropriations as non-operating revenues in accordance with GASB principles, the University incurred a loss from operations. The Commonwealth's Department of Higher Education establishes tuition rates while the University sets fees and other charges. The University, with the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to mitigate losses after Commonwealth appropriations.

The \$2.6 million decrease in net non-operating revenues during fiscal year 2025 is attributable to a decrease in state capital appropriation of \$5.5 million and a decrease in net investment income of \$0.2 million, offset by an increase in net state appropriation of \$2.6 million and a combined decrease in other revenues and other expenses of \$0.5 million.

The \$6.6 million increase in net non-operating revenues during fiscal year 2024 is attributable to an increase in net investment income of \$3.2 million combined with an increase in net state appropriation of \$7.4 million offset by a decrease in state capital appropriation of \$1.9 million, and a combined decrease in other revenues and other expenses of \$2.1 million.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Capital Assets

A summarized comparison of the University's capital asset categories at June 30, 2025, 2024 and 2023 is as follows:

	2025	2024	2023
Land and improvements	\$ 8,179,065	\$ 7,982,420	\$ 7,982,420
Construction-in-progress	47,638,475	46,221,187	35,604,547
Building and improvements	158,576,013	153,874,358	151,208,698
Infrastructure improvements	11,552,831	11,552,831	11,552,831
Software arrangements	2,039,301	1,882,152	1,155,428
Equipment and furnishings	23,241,601	22,933,032	23,986,325
Library books	7,541,222	7,526,921	7,500,672
Vehicles	902,334	902,334	1,085,396
Leased equipment	1,096,451	1,096,451	1,096,451
Leased real estate	112,402,898	112,402,898	112,402,898
Total	373,170,191	366,374,584	353,575,666
Less: accumulated depreciation	(139,855,396)	(128,154,158)	(117,427,019)
Capital assets, net	\$ 233,314,795	\$ 238,220,426	\$ 236,148,647

As of June 30, 2025, 2024 and 2023, the University's investment in capital assets, net of accumulated depreciation and amortization, was \$233.3 million, \$238.2 million and \$236.1 million, respectively. Investment in capital assets includes land, land improvements, buildings and improvements, infrastructure improvements, furnishings and equipment, construction in progress, library books, software arrangements, and right of use leased equipment and real estate. Net capital assets decreased by \$4.9 million or 2.1% during fiscal year ended June 30, 2025 and increased by \$2.1 million or 0.9% during fiscal year ended June 30, 2024. The decrease in fiscal year 2025 was the result of depreciation expense outpacing capital additions while the increase in fiscal year 2024 was the result of capital additions outpacing depreciation expense.

Capital additions during fiscal year ended June 30, 2025 were \$7.7 million as compared to \$14.3 million for the year ended June 30, 2024.

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Capital Assets – Continued

Major additions during fiscal year 2025 include \$3.3 million in construction in progress (renovation of Parenzo Hall \$2.3 million, Ely pool renovations \$0.3 million, electrical and other upgrades \$0.7 million), \$3.2 million in land and building improvements (dining commons upgrades \$0.3 million, Scanlon and Lammers Hall renovations \$1.3 million, installation of building management system controls \$1.0 million, HVAC and safety system upgrades \$0.5 million, and other projects \$0.1 million), \$0.7 million in GASB96 software arrangement assets, and \$0.5 million in capitalized equipment purchases.

Major additions during fiscal year 2024 include \$9.5 million in construction in progress for the renovation of Parenzo Hall, \$0.9 million for upgrades in the dining commons and \$0.7 million for other construction projects, \$1.7 million for hot water tanks and circulation pumps in Ely Hall, \$0.7 million in GASB96 software arrangement assets, \$0.5 million in other building upgrades, and \$0.3 million in capitalized equipment purchases.

Looking Ahead

The University is nearing completion of a new strategic plan for the next 5 years (2025-2029). The goals in the plan will be aligned to four primary institutional strategies: foster innovative learning, advance student success, optimize stewardship of campus resources, and amplify institutional impact and influence. The strategic plan was approved by the Board of Trustees on October 1, 2025, and will be sent to the Board of Higher Education for final approval later in 2025.

Campus facilities master planning process should be completed in fall of 2025. This will chart out a blueprint aligning facilities to academic program needs for the next 10 years. Deferred maintenance remains a significant challenge in partnership with DCAMM and MSCBA. Average age of campus buildings is 49 years and many building systems are beyond their useful life. Significant state support is needed to begin to close the gap on deferred maintenance. DCAMM is also moving forward with a statewide decarbonization plan as required by Executive Order 594 to be carbon neutral by 2050 and linking all state capital funding to this initiative. The Commonwealth of Massachusetts is putting forward a new bond bill for higher education in the \$2.5B range which would support campus facility needs for several years. Funding is likely to become available in 2027.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Requests for Information

This financial report is designed to provide a general overview of Westfield State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Vice President of Administration and Finance, 333 Western Avenue, Westfield, Massachusetts 01085.

DRAFT

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2025 and 2024

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2025 and 2024

Assets and Deferred Outflow of Resources

	Westfield State University		Component Unit	
	2025 University	2024 University	2025 Foundation	2024 Foundation
Current Assets:				
Cash and equivalents	\$ 40,963,873	\$ 47,180,506	\$ 2,891,359	\$ 3,034,268
Cash held by State Treasurer	4,499,267	4,663,117	-	-
Deposits held by State Treasurer	2,289,725	1,990,232	-	-
Short-term investments	40,466,173	36,779,713	-	-
Accounts receivable, net	1,481,472	1,124,526	178,256	264,270
Perkins loans receivable, net	-	35,177	-	-
Other current assets	58,593	78,774	3,223	12,065
Total Current Assets	89,759,103	91,852,045	3,072,838	3,310,603
Non-Current Assets:				
Debt service reserve	393,904	468,904	-	-
Investments	-	-	21,601,958	18,108,003
Perkins loans receivable, net	-	62,732	-	-
Capital assets, net	233,314,795	238,220,426	380,410	387,912
Total Non-Current Assets	233,708,699	238,752,062	21,982,368	18,495,915
Total Assets	323,467,802	330,604,107	25,055,206	21,806,518
Deferred Outflows of Resources:				
Loss on bond refunding	1,360,975	1,432,606	-	-
Pension related	4,867,906	3,989,316	-	-
OPEB related	5,141,062	3,004,548	-	-
Total Deferred Outflows of Resources	11,369,943	8,426,470	-	-
Total Assets and Deferred Outflows of Resources	\$ 334,837,745	\$ 339,030,577	\$ 25,055,206	\$ 21,806,518

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2025 and 2024

Liabilities, Deferred Inflows of Resources and Net Position

	Westfield State University		Component Unit	
	2025 University	2024 University	2025 Foundation	2024 Foundation
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 3,478,976	\$ 3,424,349	\$ 15,089	\$ 7,767
Accrued salaries, wages and benefits	7,565,993	6,835,752	-	-
Compensated absences	5,364,822	5,076,180	-	-
Accrued workers' compensation	207,373	230,518	-	-
Student deposits and unearned revenue	5,105,745	5,369,246	15,830	27,765
Current portion of notes payable	-	88,098	-	-
Current portion of bonds payable	1,384,981	1,326,565	-	-
Current portion of SBITA liability	471,914	517,569	-	-
Current portion of lease liability	5,729,719	5,470,920	-	-
Other liabilities	1,110,361	1,034,372	258,683	279,328
Total Current Liabilities	30,419,884	29,373,569	289,602	314,860
Non-Current Liabilities:				
Compensated absences, net of current portion	2,501,347	2,463,250	-	-
Accrued workers' compensation, net of current portion	1,440,248	1,623,603	-	-
Grants refundable	-	133,397	-	-
Bonds payable, net of current portion	17,164,692	18,549,673	-	-
SBITA liability, net of current portion	370,950	398,265	-	-
Lease liability, net of current portion	85,450,553	91,180,272	-	-
Net pension liability	21,222,260	20,731,627	-	-
Net OPEB liability	23,920,107	22,049,796	-	-
Total Non-Current Liabilities	152,070,157	157,129,883	-	-
Total Liabilities	182,490,041	186,503,452	289,602	314,860
Deferred Inflows of Resources:				
Gain on bond refunding	536,265	578,474	-	-
Gain on lease modification	4,843,508	5,425,614	-	-
Pension related	6,248,717	9,630,948	-	-
OPEB related	22,139,787	31,814,846	-	-
Total Deferred Inflows of Resources	33,768,277	47,449,882	-	-
Net Position:				
Net investment in capital assets	118,808,478	115,993,423	380,410	387,912
Restricted for:				
Expendable	1,379,276	1,806,841	15,640,067	12,778,095
Non-expendable	-	-	8,380,839	8,018,284
Unrestricted	(1,608,327)	(12,723,021)	364,288	307,367
Total Net Position	118,579,427	105,077,243	24,765,604	21,491,658
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 334,837,745	\$ 339,030,577	\$ 25,055,206	\$ 21,806,518

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2025 and 2024

	2025 Westfield State University	2024 Westfield State University	2025 Component Unit Foundation	2024 Component Unit Foundation
Operating Revenues:				
Tuition and fees	\$ 51,547,618	\$ 48,620,207	\$ -	\$ -
Residence and dining fees	25,454,956	22,817,978	-	-
Less: scholarships and fellowships	<u>(20,392,094)</u>	<u>(18,402,400)</u>	-	-
Net tuition and fees	56,610,480	53,035,785	-	-
Federal grants and contracts	11,284,962	8,913,464	-	-
State grants and contracts	11,862,475	13,931,201	-	-
Private grants and contracts	1,503,713	1,961,394	2,762,678	2,748,270
Public service	707,861	976,345	-	-
Other sources	<u>1,935,088</u>	<u>1,598,737</u>	<u>11,249</u>	<u>14,500</u>
Total Operating Revenues	<u>83,904,579</u>	<u>80,416,926</u>	<u>2,773,927</u>	<u>2,762,770</u>
Operating Expenses:				
Instruction	38,092,576	38,076,249	-	-
Public service	906,661	849,659	-	-
Academic support	14,287,182	12,446,029	52,778	62,652
Student services	15,796,725	14,284,541	-	-
Institutional support	13,706,284	12,889,464	1,056,360	920,182
Operation and maintenance of plant	13,254,039	12,962,945	-	-
Scholarships and fellowships	6,718,689	5,116,597	927,423	948,517
Auxiliary operations	16,946,983	16,007,145	-	-
Depreciation and amortization	<u>12,518,238</u>	<u>12,206,825</u>	<u>7,502</u>	<u>9,754</u>
Total Operating Expenses	<u>132,227,377</u>	<u>124,839,454</u>	<u>2,044,063</u>	<u>1,941,105</u>
Operating (Loss) Income	<u>(48,322,798)</u>	<u>(44,422,528)</u>	<u>729,864</u>	<u>821,665</u>
Non-Operating Revenues (Expenses):				
State appropriations, net	57,982,834	55,470,355	-	-
Restricted state appropriations	75,851	-	-	-
Other revenue - MSCBA	238,531	169,648	-	-
Loss on disposal of capital assets	(1,512)	(36,814)	-	-
Investment income, net of expenses	5,147,883	5,390,449	2,544,082	2,302,638
Interest expense	<u>(5,307,723)</u>	<u>(5,781,649)</u>	-	-
Net Non-Operating Revenues	<u>58,135,864</u>	<u>55,211,989</u>	<u>2,544,082</u>	<u>2,302,638</u>
Increase in Net Position Before Other Revenues	<u>9,813,066</u>	<u>10,789,461</u>	<u>3,273,946</u>	<u>3,124,303</u>
Capital appropriations	<u>3,689,118</u>	<u>9,166,347</u>	-	-
Increase in Net Position	<u>13,502,184</u>	<u>19,955,808</u>	<u>3,273,946</u>	<u>3,124,303</u>
Net Position, at Beginning of Year	<u>105,077,243</u>	<u>85,121,435</u>	<u>21,491,658</u>	<u>18,367,355</u>
Net Position, at End of Year	<u>\$ 118,579,427</u>	<u>\$ 105,077,243</u>	<u>\$ 24,765,604</u>	<u>\$ 21,491,658</u>

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
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Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	Westfield State University	
	2025	2024
Cash Flows from Operating Activities:		
Tuition and fees	\$ 38,628,102	\$ 36,784,014
Residence and dining fees	18,218,803	16,441,786
Grants and contracts	24,381,841	24,795,427
Payments to suppliers	(30,119,114)	(28,461,959)
Payments to employees	(78,277,722)	(73,011,392)
Payments to students	(6,718,689)	(5,116,597)
Collections of loans to students	20,207	35,178
Other receipts	<u>2,400,602</u>	<u>2,841,458</u>
Net Cash Applied to Operating Activities	<u>(31,465,970)</u>	<u>(25,692,085)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriation	41,593,810	39,637,534
Tuition remitted to state	(1,198,402)	(1,309,507)
Federal grants	-	377,637
Restricted state appropriations	<u>858,689</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>41,254,097</u>	<u>38,705,664</u>
Cash Flows from Capital Financing Activities:		
Capital appropriations	222,802	2,831,890
Purchases of capital assets	(4,460,882)	(4,588,714)
Principal paid on notes payable	(88,098)	(85,300)
Interest paid on notes payable	(2,890)	(5,689)
Principal paid on SBITA liability	(660,001)	(645,894)
Interest paid on SBITA liability	(44,622)	(19,966)
Principal paid on bonds payable and lease liability	(6,484,384)	(3,262,727)
Interest paid on bonds payable and lease liability	(5,887,465)	(5,939,491)
Receipts from debt service reserve	<u>75,000</u>	<u>133,151</u>
Net Cash Applied to Capital Financing Activities	<u>(17,330,540)</u>	<u>(11,582,740)</u>
Cash Flows from Investing Activity:		
Proceeds from sales of investments	5,755,958	58,796,562
Purchase of investments	(7,541,086)	(69,313,138)
Interest income	<u>3,246,551</u>	<u>2,521,490</u>
Net Cash Provided by (Applied to) Investing Activities	<u>1,461,423</u>	<u>(7,995,086)</u>
Net Decrease in Cash and Equivalents	(6,080,990)	(6,564,247)
Cash and Equivalents, Beginning of Year	<u>53,833,855</u>	<u>60,398,102</u>
Cash and Equivalents, End of Year	\$ 47,752,865	\$ 53,833,855

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
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Statements of Cash Flows - Continued

For the Years Ended June 30, 2025 and 2024

	Westfield State University	
	2025	2024
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Operating loss	\$ (48,322,798)	\$ (44,422,528)
Adjustments to Reconcile Net Operating Loss to Net Cash Applied to Operating Activities:		
Depreciation	12,518,238	12,206,825
Fringe benefits provided by the State	17,587,426	17,142,328
Bad debts (recoveries)	54,865	(25,163)
Changes in Assets and Liabilities:		
Accounts receivable	(418,045)	902,628
Perkins loans receivable	104,143	38,221
Other current assets	20,181	32,622
Accounts payable and accrued liabilities	(253,987)	(312,317)
Accrued salaries, wages and benefits	730,241	1,101,719
Compensated absences	326,739	598,460
Accrued workers' compensation	(206,500)	131,091
Student deposits and unearned revenue	162,385	(529,717)
Grants refundable	(133,397)	(38,092)
Other liabilities	75,989	166,217
Net pension activity	(3,770,188)	(3,559,994)
Net OPEB activity	(9,941,262)	(9,124,385)
Net Cash Applied to Operating Activities	<u>\$ (31,465,970)</u>	<u>\$ (25,692,085)</u>
Non-Cash Transactions:		
Fringe benefits paid by State	<u>\$ 17,587,426</u>	<u>\$ 17,142,328</u>
Capital improvements provided by capital appropriations	<u>\$ 2,257,592</u>	<u>\$ 8,406,917</u>
Capital additions acquired through SBITAs	<u>\$ 665,310</u>	<u>\$ 726,724</u>
Construction in progress included in accounts payable and accrued liabilities	<u>\$ 308,614</u>	<u>\$ 593,063</u>
Change in deferred revenue related to capital appropriations	<u>\$ 1,208,724</u>	<u>\$ (2,072,460)</u>
MSCBA lease payments paid through grants	<u>\$ 238,531</u>	<u>\$ 169,648</u>
Bond refunding	<u>\$ -</u>	<u>\$ 481,595</u>
Investment income (expense) from amortization of deferred inflows of lease modification	<u>\$ (582,106)</u>	<u>\$ 5,071,755</u>
Cash and Equivalents, End of Year:		
Cash and equivalents	\$ 40,963,873	\$ 47,180,506
Cash held by State Treasurer	4,499,267	4,663,117
Deposits held by State Treasurer	<u>2,289,725</u>	<u>1,990,232</u>
Total	<u>\$ 47,752,865</u>	<u>\$ 53,833,855</u>

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)
Notes to the Financial Statements
June 30, 2025 and 2024

Note 1 - **Summary of Significant Accounting Policies**

Organization

Westfield State University (the "University") is a public, state-supported university located in Westfield, Massachusetts and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and post-graduate degrees in education, business, and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Commission of Higher Education.

Basis of Presentation

The accompanying 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").

Westfield State University Foundation, Inc. (the "Foundation") is a related tax-exempt organization founded to foster and promote the growth, progress and general welfare of the University. The Foundation is included in the University's financial statements and is reported in a separate column from the University to emphasize that it is a Massachusetts not-for-profit organization legally separate from the University. Because of the significance of its financial relationship with the University, the Foundation is included in the University's financial statements. Complete financial statements can be obtained from the Foundation's administrative office in Westfield, Massachusetts.

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. The University's policy for defining operating activities in the statement of revenues, expenses 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 non-operating activities. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts (the "Commonwealth"), net investment income, gifts and interest expense.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues and expenses, changes in net position, and cash flows on a combined University-wide basis.

Net Position

Resources are classified for accounting purposes into the following four net asset categories:

Net Investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair 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 included in this component of net position.

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Restricted - nonexpendable: Net position subject to externally imposed conditions or by law such that the University must maintain the funds in perpetuity.

Restricted - expendable: Net position whose use is subject to externally imposed conditions or by law that can be fulfilled by the actions of the University or the passage of time.

Unrestricted: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the dates of the financial statements and revenues and expenses recognized during the reporting periods. The University's significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, net pension and OPEB liabilities, the allowance for doubtful accounts, and the useful lives of capital assets. Actual results could differ from those estimates.

Trust Funds

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

Cash and Equivalents

The University's cash and equivalents are cash on hand, and cash and deposits held with the Commonwealth's Treasurer, which are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

Accounts and pledges receivable are periodically evaluated for collectability. Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral and current economic conditions.

Investments

Investments in marketable securities are stated at fair value.

Dividends, interest, and net gains or losses on investments of endowments and similar funds 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:

- A) 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;

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Notes to the Financial Statements
June 30, 2025 and 2024

- B) as increases in temporarily 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 generally be classified as restricted - expendable; and
- C) as increases in unrestricted net position in all other cases.

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment, and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the state's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Library materials are generally expenses during the year. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. Leased and subscription-based information technology arrangement assets are amortized over the shorter of the lease/subscription term or useful life of the underlying asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Amortization of leasehold improvements and leased assets is included within depreciation expense.

Restricted Gifts

The University recognizes restricted gifts as revenues or receivables when all applicable eligibility requirements, including time requirements, are met.

Grants and Contracts

The University receives monies from the federal and state government and other private agencies under grants and contracts. The costs, both direct and indirect, charged to these grants and contracts are subject to audit by the granting agency. The University administration believes that any audit adjustments would not have a material adverse effect on the University's financial position, its revenues, expenses and changes in net position, or its cash flows.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave or when using compensatory time. Accrued vacation and compensatory time is the amount earned by all eligible employees through June 30, 2025 and 2024. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more years of state service at June 30, 2025 and 2024. Upon retirement, those employees are entitled to receive payment for this accrued balance. Funding of these amounts is anticipated to be part of the future annual appropriation process from the Commonwealth of Massachusetts.

Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenue are recorded as revenue when earned.

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Notes to the Financial Statements
June 30, 2025 and 2024

Deposits Held by State Treasurer

Deposits held represents funds accessible by the University held by the Commonwealth of Massachusetts for payments on payroll.

Pensions

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 plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. 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.

Post-employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the University's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust ("SRBT") and additions to/deductions from SRBT's fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Student Fees

Student tuition and other fees are presented net of scholarships and fellowships applied to students' accounts. Certain other scholarship amounts paid directly to, or refunded to, the student are generally reflected as expenses.

Fringe Benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and workers' compensation benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation costs are assessed separately based on the University's actual experience. The Commonwealth requires the University to record, as a liability, its portion of the future estimated workers' compensation benefits to be paid.

Income Tax Status

The University is a component unit of the Commonwealth of Massachusetts and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. The Foundation is also exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Future Governmental Accounting Pronouncements

GASB Statement 103 – Financial Reporting Model Improvements is effective for reporting periods beginning after June 15, 2025. The objective of this statement is to improve the financial reporting model to enhance decision making by the organization and assessing a government's accountability.

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Notes to the Financial Statements
June 30, 2025 and 2024

GASB Statement 104 – Disclosure of Certain Capital Assets is effective for fiscal years beginning after June 15, 2025. The objective of this statement is to provide users of governmental financial statements with essential information about certain types of capital assets.

Management has not completed its review of the requirements of these pronouncements and their applicability.

Note 2 - Implementation of Newly Effective Accounting Standards

GASB Statement 101 – Compensated Absences is effective for fiscal years beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences. This GASB has been adopted by the university and has been included within our financial statements and has had no material effect on them.

GASB Statement 102 - Certain Risk Disclosures is effective for fiscal years beginning after June 15, 2024. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This GASB has been adopted by the university and has been included within our financial statements and has had no material effect on them.

The adoption of these statements did not have a material impact to the financial statements.

Note 3 - Cash and Equivalents

The carrying amount of the University's bank deposits and deposits in trust depositories is \$40,963,873 and \$47,180,506 as compared to bank balances of \$41,582,064 and \$47,729,122 at June 30, 2025 and 2024, respectively. The differences between the carrying amount and the bank balances were attributed to deposits in transit and outstanding checks.

At June 30, 2025 and 2024, \$653,181 and \$750,000 were covered by Federal Depository Insurance Corporation (FDIC). In addition to FDIC, the University has deposits insured through collateralization in a pool of eligible securities held by Berkshire Bank's Asset Management/Trust Group as custodian totaling \$5,100,525 and \$10,126,302 at June 30, 2025 and 2024, respectively. Amounts remaining that are exposed to custodial risk at June 30, 2025 and 2024 were \$35,828,358 and \$36,852,820, respectively.

Note 4 - Cash and Deposits Held by the State Treasurer

Accounts payable, accrued salaries, wages and withholdings to be funded from state-appropriated funds totaled \$4,499,267 and \$4,663,117 at June 30, 2025 and 2024, respectively. The University has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the University, which was subsequently used to pay for such liabilities.

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Cash forwarded by the University and held by the State Treasurer for payment of so called “non-appropriated” liabilities through Massachusetts Management Accounting Reporting System (“MMARS”) totaled \$2,289,725 and \$1,990,232 at June 30, 2025 and 2024, respectively.

Note 5 - Investments

University

Short-term investments are categorized according to the level of risk assumed by the University. At June 30, 2025 and 2024, the entire balance of investments are held in trust depository accounts in the name of the University and are uninsured. At June 30, 2025 and 2024, the investments are stated at fair value.

The fair value of the University’s investments in debt securities by contractual maturities as of June 30, is as follows:

June 30, 2025 Investment Maturity in Years

Investment Type:	Fair Value	Less than 1	1-5
Mutual funds			
Short-term U.S. Treasuries	\$ 2,255,328	\$ 2,255,328	\$ -
Short-term bonds	16,539,090	16,539,090	-
Total	18,794,418	\$ 18,794,418	\$ -
Mutual funds and exchange traded funds	21,671,755		
Total investments	\$ 40,466,173		

June 30, 2024 Investment Maturity in Years

Investment Type:	Fair Value	Less than 1	1-5
Mutual funds			
Short-term U.S. Treasuries	\$ 2,226,575	\$ 2,226,575	\$ -
Short-term bonds	15,402,337	15,402,337	-
U.S. Treasuries	200,000	200,000	-
Total	17,828,912	\$ 17,828,912	\$ -
Mutual funds and exchange traded funds	18,950,801		
Total investments	\$ 36,779,713		

At June 30, 2025, the University’s Short-term U.S. Treasury and Short-term bonds credit quality ratings are as follows:

	Quality Ratings								
	Fair Value	Below B	B	BB	BBB	A	AA	AAA	Not Rated
Mutual Funds:									
Short-term U.S. Treasuries	\$ 2,255,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,243,826	\$ 11,502	\$ -
Short-term bonds	16,539,090	9,244	6,872	147,232	634,870	448,957	2,754,558	11,904,813	632,544
Totals	\$ 18,794,418	\$ 9,244	\$ 6,872	\$ 147,232	\$ 634,870	\$ 448,957	\$ 4,998,384	\$ 11,916,315	\$ 632,544

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At June 30, 2024, the University's Short-term U.S. Treasury and Short-term bonds credit quality ratings are as follows:

	Quality Ratings								
	Fair Value	Below B	B	BB	BBB	A	AA	AAA	Not Rated
Mutual Funds:									
Short-term U.S. Treasuries	\$ 2,226,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,226,575	\$ -
Short-term bonds	15,402,337	9,103	13,685	232,983	658,083	442,257	317,561	13,186,842	541,823
U.S. Treasuries	200,000	-	-	-	-	-	-	200,000	-
Totals	\$17,828,912	\$9,103	\$13,685	\$232,983	\$ 658,083	\$442,257	\$317,561	\$15,613,417	\$541,823

Fair Value Hierarchy

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. If the fair value is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority input level that is significant to the entire measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Mutual funds, exchange traded funds, and common stock are valued at daily closing prices as reported by the fund and are deemed to be actively traded. U.S. Treasuries and U.S. Government obligations are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs. These securities are classified as Level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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June 30, 2025

	Level 1	Level 2	Level 3	Total
Mutual funds and Exchange Traded Funds				
International equities	\$ 3,482,571	\$ -	\$ -	\$ 3,482,571
U.S. equities	16,795,066	-	-	16,795,066
Short-term bonds	16,539,090	-	-	16,539,090
Short-term U.S. treasuries	2,255,328	-	-	2,255,328
Diversified emerging markets	1,394,118	-	-	1,394,118
Total investments	<u>\$ 40,466,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$40,466,173</u>

June 30, 2024

	Level 1	Level 2	Level 3	Total
Mutual funds				
International equities	\$ 4,112,087	\$ -	\$ -	\$ 4,112,087
U.S. equities	13,169,508	-	-	13,169,508
Short-term bonds	15,402,337	-	-	15,402,337
Short-term U.S. treasuries	2,226,575	-	-	2,226,575
Diversified emerging markets	1,669,206	-	-	1,669,206
Total mutual funds	36,579,713	-	-	36,579,713
U.S. Treasuries	200,000	-	-	200,000
Total investments	<u>\$ 36,779,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,779,713</u>

Foundation

Investments of the Foundation are categorized as Level 1 investments and are valued at quoted prices of the shares held in an active market at June 30:

	2025	2024
Stock market index fund	9,370,824	7,771,020
Bond market index fund	5,916,463	5,384,732
International stock market index fund	6,314,671	4,952,251
	<u>\$ 21,601,958</u>	<u>\$ 18,108,003</u>

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Note 6 - **Accounts Receivable**

The composition of the University's accounts receivable at June 30, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Student accounts receivable	\$ 2,660,146	\$ 2,589,868
Grants receivable	755,766	518,750
Due from MSCBA	93,650	-
Other receivables	<u>145,787</u>	<u>128,686</u>
	3,655,349	3,237,304
Less: allowance for doubtful accounts	<u>(2,173,877)</u>	<u>(2,112,778)</u>
	<u>\$ 1,481,472</u>	<u>\$ 1,124,526</u>

Note 7 - **Perkins Loans Receivable and Grants Refundable**

Loans receivable consist of the Federal Perkins Loan Program ("Perkins"). The Federal Government provides the majority of the funds to support this program. The portion of the Perkins program provided by the Federal Government, identified as grants refundable on the statements of net position, is refundable to the Federal Government upon the termination of the University's participation in the program.

Loans receivable include the following at June 30:

	<u>2025</u>	<u>2024</u>
Perkins loans receivable	\$ -	\$ 104,143
Less: allowance for doubtful accounts	<u>-</u>	<u>(6,234)</u>
Total loans receivable, net	-	97,909
Less: amount due in one year	<u>-</u>	<u>(35,177)</u>
	-	62,732
Long term loans receivable	<u>\$ -</u>	<u>\$ 62,732</u>

The Federal Perkins Loan Program Extension Act of 2015 (the "Extension Act"), enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. No further extensions were granted for the program as of the date of issuance of these financial statements.

Perkins Loan Program Closeout

In accordance with federal requirements, the University completed the liquidation and closeout of the Perkins program during fiscal year 2025. As part of the closeout process, the college returned its federal capital contribution to the U.S. Department of Education (DOE) and assigned any outstanding Perkins loan receivable to DOE. Consequently, the administration and collection of any loans assigned under the program will be solely the responsibility of the DOE.

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Note 8 - Related Party Transactions

University

The University provides certain personnel and payroll services to the Foundation at no charge.

Note 9 - Capital Assets

The University's capital asset activity for the year ended June 30, 2025 is summarized as follows:

June 30, 2025						
	<u>Estimated lives (in years)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital assets, not depreciable:						
Land	-	\$ 1,223,862	\$ -	\$ -	\$ -	\$ 1,223,862
Construction-in-progress	-	46,221,187	3,332,896	-	(1,915,608)	47,638,475
Total		47,445,049	3,332,896	-	(1,915,608)	48,862,337
Depreciable:						
Buildings, including improvements	20-40	153,603,275	3,011,903	-	1,689,752	158,304,930
Infrastructure improvements	40	11,552,831	-	-	-	11,552,831
Land improvements	20	6,758,558	147,487	-	49,158	6,955,203
Leasehold improvements	5	271,083	-	-	-	271,083
Equipment and furnishings	3-10	22,933,032	520,501	388,630	176,698	23,241,601
Library books	5	7,526,921	14,301	-	-	7,541,222
Vehicles	5	902,334	-	-	-	902,334
Software arrangements	3-5	1,882,152	665,310	508,161	-	2,039,301
Leased equipment	5-7	1,096,451	-	-	-	1,096,451
Leased real estate	8-24	112,402,898	-	-	-	112,402,898
Total		318,929,535	4,359,502	896,791	1,915,608	324,307,854
Less accumulated depreciation:						
Buildings, including improvements		77,715,823	4,495,807	-	-	82,211,630
Infrastructure improvements		577,642	288,821	-	-	866,463
Land improvements		2,896,861	232,393	-	-	3,129,254
Leasehold improvements		271,083	-	-	-	271,083
Equipment and furnishings		19,368,360	769,493	387,117	-	19,750,736
Library books		7,480,059	18,500	-	-	7,498,559
Vehicles		902,334	-	-	-	902,334
Software arrangements		868,495	677,971	429,883	-	1,116,583
Leased equipment		548,615	219,290	-	-	767,905
Leased real estate		17,524,886	5,815,963	-	-	23,340,849
Total accumulated depreciation		128,154,158	12,518,238	817,000	-	139,855,396
Capital Assets, Net		\$ 238,220,426	\$ (4,825,840)	\$ 79,791	\$ -	\$ 233,314,795

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The University's capital asset activity for the year ended June 30, 2024 is summarized as follows:

June 30, 2024						
	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciable:						
Land	-	\$ 1,223,862	\$ -	\$ -	\$ -	\$ 1,223,862
Construction-in-progress	-	35,604,547	11,075,180	-	(458,540)	46,221,187
Total		36,828,409	11,075,180	-	(458,540)	47,445,049
Depreciable:						
Buildings, including improvements	20-40	150,937,615	2,207,120	-	458,540	153,603,275
Infrastructure improvements	40	11,552,831	-	-	-	11,552,831
Land improvements	20	6,758,558	-	-	-	6,758,558
Leasehold improvements	5	271,083	-	-	-	271,083
Equipment and furnishings	3-10	23,986,325	280,145	1,333,438	-	22,933,032
Library books	5	7,500,672	26,249	-	-	7,526,921
Vehicles	5	1,085,396	-	183,062	-	902,334
Software arrangements	3-5	1,155,428	726,724	-	-	1,882,152
Leased equipment	5-7	1,096,451	-	-	-	1,096,451
Leased real estate	8-24	112,402,898	-	-	-	112,402,898
Total		316,747,257	3,240,238	1,516,500	458,540	318,929,535
Less accumulated depreciation:						
Buildings, including improvements		73,371,656	4,344,167	-	-	77,715,823
Infrastructure improvements		288,821	288,821	-	-	577,642
Land improvements		2,671,885	224,976	-	-	2,896,861
Leasehold improvements		271,083	-	-	-	271,083
Equipment and furnishings		19,950,203	708,615	1,290,458	-	19,368,360
Library books		7,454,365	25,694	-	-	7,480,059
Vehicles		1,082,375	9,187	189,228	-	902,334
Software arrangements		298,382	570,113	-	-	868,495
Leased equipment		329,325	219,290	-	-	548,615
Leased real estate		11,708,924	5,815,962	-	-	17,524,886
Total accumulated depreciation		117,427,019	12,206,825	1,479,686	-	128,154,158
Capital Assets, Net		\$ 236,148,647	\$ 2,108,593	\$ 36,814	\$ -	\$ 238,220,426

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Note 10 - Student Deposits and Unearned Revenue

Student deposits and unearned revenue includes tuition received in advance from students for summer courses commencing after June 30, the subsequent fall semester, state capital appropriations, and grant funds received in advance. Student deposits and unearned revenue of the University include the following as of June 30:

	<u>2025</u>	<u>2024</u>
Tuition and fees	\$ 2,176,727	\$ 1,982,050
State capital appropriations	1,239,338	2,448,061
State restricted appropriations	782,838	-
Grants	<u>906,842</u>	<u>939,135</u>
Total student deposits and unearned revenue	<u>\$ 5,105,745</u>	<u>\$ 5,369,246</u>

Note 11 - Line of Credit

The Foundation has a demand line of credit allowing maximum borrowings of \$500,000. Interest on the note is charged at the prime rate minus 0.5% (7% at June 30, 2025 and 8% at June 30, 2024, respectively). There were no borrowings outstanding on the line of credit at June 30, 2025 and 2024. The line of credit agreement renews annually in June at the option of the Foundation.

Note 12 - Long-Term Liabilities

Leases, SBITA, notes and bond payables at June 30, 2025 consist of:

	<u>June 30, 2025</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Leases notes and bonds payable:					
Notes payable	\$ 88,098	\$ -	\$ 88,098	\$ -	\$ -
SBITA liability	915,834	665,310	738,280	842,864	471,914
Lease liability	96,651,192	-	5,470,920	91,180,272	5,729,719
Bonds payable	19,285,499	-	1,251,995	18,033,504	1,313,891
Bonds premium	<u>590,739</u>	<u>-</u>	<u>74,570</u>	<u>516,169</u>	<u>71,090</u>
Total leases notes and bonds payable	<u>117,531,362</u>	<u>665,310</u>	<u>7,623,863</u>	<u>110,572,809</u>	<u>7,586,614</u>
Other long-term liabilities:					
Compensated absences	7,539,430	326,739	-	7,866,169	5,364,822
Workers' compensation	1,854,121	-	206,500	1,647,621	207,373
Grants refundable	133,397	-	133,397	-	-
Net pension liability	20,731,627	490,633	-	21,222,260	-
Net OPEB liability	<u>22,049,796</u>	<u>1,870,311</u>	<u>-</u>	<u>23,920,107</u>	<u>-</u>
Total other long-term liabilities	<u>52,308,371</u>	<u>2,687,683</u>	<u>339,897</u>	<u>54,656,157</u>	<u>5,572,195</u>
Total	<u>\$ 169,839,733</u>	<u>\$ 3,352,993</u>	<u>\$ 7,963,760</u>	<u>\$ 165,228,966</u>	<u>\$ 13,158,809</u>

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Leases, SBITA, notes and bond payables at June 30, 2024 consist of:

	June 30, 2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases notes and bonds payable:					
Notes payable	\$ 173,398	\$ -	\$ 85,300	\$ 88,098	\$ 88,098
SBITA liability	835,004	726,724	645,894	915,834	517,569
Lease liability	105,004,903	-	8,353,711	96,651,192	5,470,920
Bonds payable	20,963,855	4,609,439	6,287,795	19,285,499	1,251,995
Bonds premium	309,260	449,938	168,459	590,739	74,570
Total leases notes and bonds payable	127,286,420	5,786,101	15,541,159	117,531,362	7,403,152
Other long-term liabilities:					
Compensated absences	6,940,970	598,460	-	7,539,430	5,076,180
Workers' compensation	1,723,030	131,091	-	1,854,121	230,518
Grants refundable	171,489	-	38,092	133,397	-
Net pension liability	22,479,727	-	1,748,100	20,731,627	-
Net OPEB liability	28,290,524	-	6,240,728	22,049,796	-
Total other long-term liabilities	59,605,740	729,551	8,026,920	52,308,371	5,306,698
Total	\$ 186,892,160	\$ 6,515,652	\$ 23,568,079	\$ 169,839,733	\$ 12,709,850

MSCBA Bonds Payable

On February 1, 2024, the University's MSCBA Series 2014A, 2014C, and 2020A were refunded, and Series 2019C bonds were partially refunded as part of the MSCBA's Refunding Revenue Bonds Series 2024A. The purpose of the issuance was to provide budgetary relief to the University. This was a non-cash producing transaction to restructure the University's debt schedule and interest payments and resulted in an economic benefit of approximately \$900,000 and deferred gain on refunding of approximately \$450,000. Through its agreement with the MSCBA, the University repays this debt in semi-annual installments, starting on May 1, 2024 and ending at various dates through 2044, at an annual variable rate of 5%. A debt service fund is not required under this financing agreement. At June 30, 2025 and 2024 the outstanding amounts related to all MSCBA bond series was \$18,523,077 and \$19,836,344, respectively and is included in the project related bond payable amounts described below.

Science Center Building:

In December 2014, the University entered into a financing agreement with the MSCBA for partial funding of a new Science Center building. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2014B and 2020A). Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting November 1, 2015 and ending May 1, 2044, at an annual variable coupon rate averaging 5.0%. MSCBA requires that the University maintain a debt service reserve which totaled \$345,000 and \$374,210 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the balance on

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these bonds related to this project was \$11,579,583 and \$11,702,029, respectively.

Ely Hall:

In November 2011, the University entered into a financing agreement with the MSCBA for an expansion of the wellness center, and the relocation of the food services and other student areas in Ely Hall. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2012A, 2019C, 2020A, and 2024A). In fiscal year 2020 the 2012A bond was partially refunded with the Series 2019C bonds resulting in an economic gain of \$414,303 and a deferred gain of \$260,434. As disclosed above, in July 2020 both the Series 2012A and 2019C bonds were partially refunded with the Series 2020A bonds. Through its agreements with MSCBA, the University is to repay this debt in semi-annual installments, starting May 1, 2020 and ending May 1, 2044, at an annual variable coupon rate averaging 2.2%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2025 and 2024, the balance on these bonds related to this project was \$3,863,578 and \$4,653,738, respectively.

Dining Facility:

In December 2010, the University entered into a financing agreement with the MSCBA for an expansion of a dining facility. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2010A, 2010B, 2020A, and 2024A). As disclosed above, in July 2020 the Series 2010A and 2010B bonds were partially refunded with the Series 2020A bonds. Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting May 1, 2011 and ending May 1, 2044, at an annual variable coupon rate averaging 5.5%. MSCBA requires that the University maintain a debt service reserve which totaled \$48,904 and \$94,694 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the balance on these bonds was \$2,061,803 and \$2,324,742, respectively.

Dining Facility Equipment Replacement and Installation:

In February 2022, the University entered into a financing agreement with the MSCBA for the replacement of equipment in the dining facility. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2022A and 2024A). Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting November 1, 2022 and ending May 1, 2032, at an annual coupon rate of 5.0%. MSCBA does not require that the University maintain a debt service reserve. At June 30, 2025 and 2024, the balance on these bonds was \$1,018,113 and \$1,155,835, respectively.

Other Bonds Payable

During November 2010, the University borrowed \$226,065 in clean renewable energy bonds issue Series 2010A-14 with the Massachusetts Development Finance Agency ("MDFA"). The Series 2010A-14 bonds are payable in annual principal installments of \$13,298 through fiscal year 2027. Interest is payable semiannually at a fixed interest rate of 3.5%. MDFA requires no debt reserve. At June 30, 2025 and 2024, the balance on these bonds was \$26,596 and \$39,894, respectively.

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Future Maturities of Bonds Payable

Maturities of the bonds payable subsequent to June 30, 2025 are as follows:

Years Ended June 30,	Principal	Amortization of Bond Premium	Total Principal	Interest	Total
2026	\$ 1,313,891	\$ 71,090	\$ 1,384,981	\$ 619,306	\$ 2,004,287
2027	1,377,280	67,437	1,444,717	559,504	2,004,221
2028	1,218,926	63,600	1,282,526	504,631	1,787,157
2029	1,476,382	57,314	1,533,696	454,116	1,987,812
2030	1,525,672	51,956	1,577,628	400,022	1,977,650
2031-2035	4,850,758	144,539	4,995,297	1,360,205	6,355,502
2036-2040	3,527,818	57,292	3,585,110	738,913	4,324,023
2041-2045	2,742,777	2,941	2,745,718	211,436	2,957,154
	<u>\$ 18,033,504</u>	<u>\$ 516,169</u>	<u>\$ 18,549,673</u>	<u>\$ 4,848,133</u>	<u>\$ 23,397,806</u>

Note 13 - Lease Liability

A summary of the University's leases at June 30, 2025 is as follows:

Description	Expiration Date	Payment Amount	Rate Type	Interest Rate	Lease Liability
Equipment Leases	Various	\$5,112 - \$10,337	IBR	5.00%	\$ 357,149
MSCBA-04A-New Hall	5/1/2043	Varies	Implicit Rate	3.55%	26,256,121
MSCBA-04A-Renewal	5/1/2041	Varies	Implicit Rate	2.63%	253,524
MSCBA-06A-Renewal (2006)	11/1/2040	Varies	Implicit Rate	4.40%	751,520
MSCBA-06A-Renewal (2007)	5/1/2033	Varies	Implicit Rate	3.47%	1,693,539
MSCBA-08A-Renewal (20)	5/1/2042	Varies	Implicit Rate	3.81%	299,102
MSCBA-08A-Renewal (30)	5/1/2042	Varies	Implicit Rate	3.34%	1,954,771
MSCBA-09A-Renewal	5/1/2042	Varies	Implicit Rate	3.89%	892,927
MSCBA-09C-Renewal	5/1/2041	Varies	Implicit Rate	4.99%	1,954,857
MSCBA-10B-Renewal	5/1/2041	Varies	Implicit Rate	5.20%	967,112
MSCBA-12A-Renewal	5/1/2041	Varies	Implicit Rate	3.73%	1,227,019
MSCBA-12A-University Hall	5/1/2044	Varies	Implicit Rate	4.18%	42,344,075
MSCBA-12C-Renewal	11/1/2034	Varies	Implicit Rate	4.22%	2,037,271
MSCBA-14A-Davis	5/1/2043	Varies	Implicit Rate	3.26%	1,493,478
MSCBA-14C-Dickinson	11/1/2042	Varies	Implicit Rate	4.70%	3,163,981
MSCBA-15A-Davis	5/1/2036	Varies	Implicit Rate	4.78%	3,927,935
MSCBA-99A-Pooled Debt Service	5/1/2028	Varies	Implicit Rate	73.65%	1,605,891
					<u>\$ 91,180,272</u>

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A summary of the University's leases at June 30, 2024 is as follows:

<u>Description</u>	<u>Expiration Date</u>	<u>Payment Amount</u>	<u>Rate Type</u>	<u>Interest Rate</u>	<u>Lease Liability</u>
Equipment Leases	Various	\$5,112 - \$10,337	IBR	5.00%	\$ 581,467
MSCBA-04A-New Hall	5/1/2043	Varies	Implicit Rate	3.55%	26,696,051
MSCBA-04A-Renewal	5/1/2041	Varies	Implicit Rate	2.63%	359,147
MSCBA-06A-Renewal (2006)	11/1/2040	Varies	Implicit Rate	4.40%	805,711
MSCBA-06A-Renewal (2007)	5/1/2033	Varies	Implicit Rate	3.47%	1,800,082
MSCBA-08A-Renewal (20)	5/1/2042	Varies	Implicit Rate	3.81%	370,460
MSCBA-08A-Renewal (30)	5/1/2042	Varies	Implicit Rate	3.34%	2,109,648
MSCBA-09A-Renewal	5/1/2042	Varies	Implicit Rate	3.89%	1,061,311
MSCBA-09C-Renewal	5/1/2041	Varies	Implicit Rate	4.99%	2,252,309
MSCBA-10B-Renewal	5/1/2041	Varies	Implicit Rate	5.20%	1,108,761
MSCBA-12A-Renewal	5/1/2041	Varies	Implicit Rate	3.73%	1,277,234
MSCBA-12A-University Hall	5/1/2044	Varies	Implicit Rate	4.18%	45,533,639
MSCBA-12C-Renewal	11/1/2034	Varies	Implicit Rate	4.22%	2,214,710
MSCBA-14A-Davis	5/1/2043	Varies	Implicit Rate	3.26%	1,503,810
MSCBA-14C-Dickinson	11/1/2042	Varies	Implicit Rate	4.70%	3,169,750
MSCBA-15A-Davis	5/1/2036	Varies	Implicit Rate	4.78%	4,144,744
MSCBA-99A-Pooled Debt Service	5/1/2028	Varies	Implicit Rate	73.65%	1,662,358
					<u>\$ 96,651,192</u>

Equipment Leases

In July 2019, the University entered into a seven-year lease agreement for equipment. Payments of \$5,243 are due monthly. There are no options to renew the lease or purchase the leased equipment. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2025 and 2024.

In January 2022, the University entered into a five-year lease agreement for equipment. Payments of \$5,112 are due monthly. There are no options to renew the lease or purchase the leased equipment. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2025 and 2024.

In April 2022, the University entered into a five-year lease agreement for equipment. Payments of \$10,337 are due monthly. There are no options to renew the lease or purchase the leased equipment. The University did not make payments for the lease other than the monthly payments for the years ended June 30, 2025 and 2024.

The University's incremental borrowing rate ("IBR") for a transaction with similar attributes was used to discount the lease payments to recognize the intangible right to use this asset and the associated lease liability.

MSCBA

The land on which the residence hall resides is leased by the Massachusetts State College Building Authority ("MSCBA") from the Commonwealth of Massachusetts. MSCBA has issued bonds to construct and refurbish the University's residence halls. The residence halls and the

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associated liabilities are reflected on the financial statements of MSCBA. MSCBA leases the residence halls to the University.

According to an agreement between the Commonwealth of Massachusetts and the University, the University is responsible for reimbursing MSCBA for debt service payments of the bonds that MSCBA has issued for the residence halls and operating costs for the residence halls incurred by MSCBA.

The lease terms are completed when the final bond payment is made. Final payment for all bonds is scheduled for May 2044. If MSCBA refunds the bonds, any cost savings are passed through to the University. During the year ended June 30, 2024, \$5.7 million of the bonds were refunded. The difference in the lease liability due to the refunding was recognized as deferred outflow of resources.

Payments to MSCBA are due in semi-annual installments that coincide with the fall and spring academic semesters. For the year ended June 30, 2025 and 2024, debt service payments related to leases paid by the University was \$10,495,072 and \$7,742,167, respectively, and other payments of \$1,935,756 and \$1,733,085, respectively.

The total amount of the right of use lease assets was \$113,499,349 as of June 30, 2025 and 2024. Total amount of the accumulated amortization for leases were \$24,108,754 and \$18,073,501 as of June 30, 2025 and 2024, respectively.

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2025 are as follows:

Years Ended				
June 30,	Principal	Interest	Total	
2026	\$ 5,729,719	\$ 4,997,062	\$ 10,726,781	
2027	5,923,395	4,654,106	10,577,501	
2028	6,466,833	4,113,713	10,580,546	
2029	5,673,644	2,873,055	8,546,699	
2030	5,722,717	2,609,762	8,332,479	
2031-2035	25,322,294	9,897,139	35,219,433	
2036-2040	25,478,095	5,087,667	30,565,762	
2041-2044	10,863,575	670,836	11,534,411	
	<u>\$ 91,180,272</u>	<u>\$ 34,903,340</u>	<u>\$ 126,083,612</u>	

Note 14 - Subscription-Based Information Technology Arrangements

The University has entered into subscription-based information technology arrangements (SBITAs) for various software products which were initiated in fiscal years ended ranging from June 30, 2021 to 2025. These agreements have expiration dates ranging from June 2025 to August 2029 and have annual payments ranging from \$17,847 to \$127,270. An IBR of 5% was used to discount all SBITA arrangement payments to recognize the intangible right to use this asset and the associated SBITA liability. There were no payments made for additional services

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not included in the annual SBITA payments. The University has no options to renew these agreements and there is no option to purchase the software products.

At June 30, 2025 and 2024, the total amount of the SBITA right of use assets was \$2,039,301 and \$1,882,152, respectively and at June 30, 2025 and 2024, accumulated amortization for SBITAs was \$1,116,583 and \$868,495, respectively.

Annual requirements to amortize the SBITA liability and related interest subsequent to June 30, 2025 are as follows:

Years Ended				
June 30,	Principal	Interest	Total	
2026	\$ 471,914	\$ 43,122	\$ 515,036	
2027	148,335	18,979	167,314	
2028	106,802	11,389	118,191	
2029	115,813	5,925	121,738	
	<u>\$ 842,864</u>	<u>\$ 79,415</u>	<u>\$ 922,279</u>	

Note 15 - Pension

Defined Benefit Plan Description

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit pension plan - the Massachusetts State Employees' Retirement System - administered by the Massachusetts State Board of Retirement (the "Board"), which is a public employee retirement system ("PERS"). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees' Retirement System does not issue stand-alone financial statements. Additional information regarding the Plan is contained in the Commonwealth's financial statements, which is available on-line from the Office of State Comptroller's website.

Benefit Provisions

SERS 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 based on 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, group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the "Legislature").

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the

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age of 55 with ten 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 and receive benefits prior to age 60.

Contributions

The SERS' 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 SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

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

Hire Date	Percent of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police which is 12% of regular compensation
7/1/2001 to present	11% of regular compensation (for teacher hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000

The Commonwealth does not require the University to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to approximately \$7,543,000, \$6,623,000, and \$5,802,000 for the years ended June 30, 2025, 2024 and 2023, respectively.

For employees covered by SERS but not paid from state appropriations, the University is required to contribute at an actuarially determined rate. The rate was 18.63%, 16.69% and 16.70% of annual covered payroll for the years ended June 30, 2025, 2024 and 2023, respectively. The University contributed \$2,652,470, \$2,270,182 and \$2,086,906 for the years ended June 30, 2025, 2024 and 2023, respectively, equal to 100% of the required contributions for each year. Annual covered payroll was approximately 88%, 88% and 91% of total related payroll for the years ended 2025, 2024 and 2023, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025 and 2024, the University reported a liability of \$21,222,260 and \$20,731,627, respectively for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2025, the reporting date, was measured as of June 30, 2024, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024. The net pension liability as of June 30, 2024, the reporting date, was measured

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as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023.

The University's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the University for the fiscal years 2025 and 2024. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2025 and 2024 relative to total contributions of all participating employers for the fiscal year. At June 30, 2025 and 2024, the University's proportion was 0.150% and 0.142%, respectively.

For the years ended June 30, 2025 and 2024, the University recognized a pension benefit of \$1,117,718 and \$1,289,812, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2025</u>	<u>2024</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 2,652,470	\$ 2,270,182
Differences between expected and actual experience	1,063,649	736,449
Changes in proportion from Commonwealth	-	171
Change in plan actuarial assumptions	152,298	348,430
Changes in proportion due to internal allocation	999,489	76,134
Differences between projected and actual earnings on pension plan investments	-	557,950
Total	<u>\$ 4,867,906</u>	<u>\$ 3,989,316</u>
<u>Deferred Inflows of Resources Related to Pension</u>		
Changes in proportion due to internal allocation	\$ 5,564,487	\$ 8,960,292
Changes in proportion from Commonwealth	136,392	158,380
Differences between expected and actual experience	271,896	512,276
Differences between projected and actual earnings on pension plan investments	275,942	-
Total	<u>\$ 6,248,717</u>	<u>\$ 9,630,948</u>

The University's contributions of \$2,652,470 and \$2,270,182 made during the years ended June 30, 2025 and 2024, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

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Years Ending

June 30,

2026	\$	4,287,868
2027		(8,251,427)
2028		(923,665)
2029		<u>853,943</u>
	\$	<u>(4,033,281)</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2025	2024
Measurement date	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Discount rate for LDROM only	4.76%	N/A
Investment rate of return	7.00%	7.00%
Interest rate credited to annuity savings fund	3.50%	3.50%
Cost of living increase	3.00%	3.00%

For measurement dates June 30, 2024 and 2023, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females.
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

Experience studies were performed as follows:

- Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

The 2025 pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of January 1, 2024 and rolled forward to June 30, 2024.

The 2024 pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 and rolled forward to June 30, 2023.

Investment assets of SERS 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 weighing 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 are summarized in the following table:

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Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.6%	37.0%	4.9%
Portfolio Completion Strategies	10.0%	3.7%	10.0%	3.8%
Core Fixed Income	15.0%	2.1%	15.0%	1.9%
Private Equity	16.0%	7.4%	16.0%	7.4%
Real Estate	10.0%	3.9%	10.0%	3.0%
Value Added Fixed Income	9.0%	5.1%	8.0%	5.1%
Timber/Natural Resources	4.0%	4.4%	4.0%	4.3%
Total	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2025 and 2024. 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 Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan's fiduciary 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

June 30, 2025		
1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00)%
\$ 29,814,532	\$ 21,222,260	\$ 13,953,213
June 30, 2024		
1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00)%
\$ 28,492,826	\$ 20,731,627	\$ 14,163,614

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Note 16 - **OPEB**

Plan Description

As an agency of the Commonwealth, certain employees of the University participate in the Commonwealth's single-employer defined benefit-OPEB plan - the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

Management of the SRBT is vested with the Trustees, which consists of seven members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor, and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board.

The SRBT does not issue stand-alone audited financial statements but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

Benefits Provided

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2025 and 2024 and as of the valuation date (January 1, 2024 and 2023), participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participants' status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs. The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed 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). The University is required to contribute based on Massachusetts General Laws; the rate was 7.49% and 7.83% of annual covered payroll for the fiscal years ended June 30, 2025 and 2024, respectively.

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The University contributed \$1,066,580 and \$1,064,969 for the fiscal years ended June 30, 2025 and 2024, respectively, equal to 100% of the required contribution for the year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025 and 2024, the University reported a liability of \$23,920,107 and \$22,049,796, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability as of June 30, 2025, was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024. The net OPEB liability as of June 30, 2024, was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023. The University's proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the University's share of total covered payroll for the fiscal years 2024 and 2023. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal year. At June 30, 2025 and 2024, the University's proportion was 0.174% and 0.157%, respectively.

For the years ended June 30, 2025 and 2024, the University recognized an OPEB benefit of \$8,874,682 and \$8,059,416, respectively.

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The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	<u>2025</u>	<u>2024</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 1,066,580	\$ 1,064,969
Changes in proportion from Commonwealth	-	2,020
Differences between expected and actual experience	664,878	896,828
Changes of assumptions	466,345	968,660
Changes in proportion due to internal allocation	2,943,259	-
Net differences between projected and actual earnings on OPEB plan investments	-	72,071
Total deferred outflows related to OPEB	<u>\$ 5,141,062</u>	<u>\$ 3,004,548</u>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Differences between expected and actual experience	\$ 1,847,784	\$ 2,476,740
Changes in proportion from Commonwealth	230,378	210,993
Changes in proportion due to internal allocation	14,715,214	23,439,677
Changes in OPEB plan actuarial assumptions	5,336,900	5,687,436
Net differences between projected and actual earnings on OPEB plan investments	9,511	-
Total deferred inflows related to OPEB	<u>\$ 22,139,787</u>	<u>\$ 31,814,846</u>

The University's contributions of \$1,066,580 and \$1,064,969 made during the fiscal years ending 2025 and 2024, respectively, 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 each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

Years Ending	
<u>June 30,</u>	
2026	\$ (5,255,704)
2027	(5,098,760)
2028	(3,706,457)
2029	(3,014,902)
2030	(989,482)
	<u>\$ (18,065,305)</u>

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Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Salary increases	4.0% per year	4.0% per year
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published SOA-Getzen trend rate model, version 2024_1b. Medicare and non-medicare benefits range from 3.94% to 8.03%	Developed based on the most recent published SOA-Getzen trend rate model, version 2023_1f. Medicare and non-medicare benefits range from 3.94% to 8.59%

For measurement dates June 30, 2024 and 2023, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 with females set forward one year.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage are assumed to elect coverage at retirement.
- Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
- 85% of current and future vested terminated participants will elect health care benefits at age 55, or current age if later.
- 100% of spouses are assumed to elect to continue coverage after the retiree's death.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

<u>2025</u>				<u>2024</u>		
				Retirement Age		
		Non-Medicare	Medicare			
				Under 65	Age 65+	
Indemnity	18.0%	Medicare Supplement	96.0%	Indemnity	27.0%	96.0%
HMO	10.0%	Medicare Advantage	4.0%	HMO	10.0%	4.0%
POS/PPO	72.0%			POS/PPO	63.0%	

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The actuarial assumptions used in the January 1, 2024 and 2023 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2022 and 2021 through December 31, 2023 and 2022, depending upon the criteria being evaluated.

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. The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2025 and 2024 are the same as discussed in the pension footnote, and are summarized as follows:

Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.6%	37.0%	4.9%
Portfolio Completion Strategies	10.0%	3.7%	10.0%	3.8%
Core Fixed Income	15.0%	2.1%	15.0%	1.9%
Private Equity	16.0%	7.4%	16.0%	7.4%
Real Estate	10.0%	3.9%	10.0%	3.0%
Value Added Fixed Income	9.0%	5.1%	8.0%	5.1%
Timber/Natural Resources	4.0%	4.4%	4.0%	4.3%
Total	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total OPEB liability for 2025 and 2024 was 4.61% and 4.34%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.93% at June 30, 2024 and 3.65% as of June 30, 2023) as of the measurement date and the expected rates of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% was applied to projected benefit payments through year 2043 and the municipal bond rate was applied to all remaining future years to determine the total OPEB liability.

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net OPEB liability, 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 discount rate:

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		June 30, 2025				
		1.00% Decrease	Current	1.00% Increase		
		3.61%	Discount Rate	5.61%		
Net OPEB Liability	\$	27,859,147	\$	23,920,107	\$	20,669,094

		June 30, 2024				
		1.00% Decrease	Current	1.00% Increase		
		3.34%	Discount Rate	5.34%		
Net OPEB Liability	\$	25,763,022	\$	22,049,796	\$	19,002,881

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

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<u>June 30, 2025</u>		
1.00% Decrease	Current Healthcare	1.00% Increase
(B)	Cost Trend Rate	(C)
	(A)	
\$ 20,080,517	\$ 23,920,107	\$ 28,749,849

<u>June 30, 2024</u>		
1.00% Decrease	Current Healthcare	1.00% Increase
(B)	Cost Trend Rate	(C)
	(A)	
\$ 18,476,055	\$ 22,049,796	\$ 26,570,358

(A) - Current healthcare cost trend rate, as disclosed in the actuarial assumptions

(B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed in the actuarial assumptions

(C) - 1-percentage increase in current healthcare cost trend rate, as disclosed in the actuarial assumptions

Note 17 - **Net Position**

Restricted Net Position

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Restricted - expendable:		
Scholarships and fellowships	\$ 1,032,291	\$ 868,810
Loans	15,095	15,095
Capital projects	118,870	118,870
Grants	<u>213,020</u>	<u>804,066</u>
	<u>\$ 1,379,276</u>	<u>\$ 1,806,841</u>

The Foundation's restricted - nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support as of June 30, 2025 and 2024.

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Note 18 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Compensation and benefits	\$ 83,100,615	\$ 79,691,196
Supplies and services	29,889,835	27,824,836
Depreciation and amortization	12,518,238	12,206,825
Scholarships and fellowships	<u>6,718,689</u>	<u>5,116,597</u>
	<u>\$ 132,227,377</u>	<u>\$ 124,839,454</u>

Note 19 - **Other Fringe Benefits**

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and postemployment health insurance, unemployment, pension and workers' compensation benefits. Health insurance for active employees and retirees is paid through a fringe benefit rate charged to the University by the Commonwealth.

Group Insurance Commission

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors.

GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns, and a small number of municipalities as an agent multiple-employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

The GIC is a quasi-independent state agency governed by an eleven-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2025 and 2024, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain 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), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

Other Retirement Plans

The employees of the University can elect to participate in two defined contribution plans offered and administered by the Massachusetts Department of Higher Education – an IRC 403(b) Tax-Deferred Annuity Plan and an IRC 457 Deferred Compensation SMART Plan. Employees can contribute by payroll deduction a portion of before-tax salary into these plans

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up to certain limits. The University has no obligation to contribute to these plans and no obligation for any future payout.

Note 20 - **Commitments, Contingencies, Concentrations, and Constraints**

Commitments and Contingencies

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.

Various lawsuits are pending or threatened against the University, which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending or threatened that would materially affect the University's financial position.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits become a liability of the University. In the opinion of management, such adjustments, 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 (the "Program"). This Program allows individuals to pay in advance for the future tuition, at the cost of tuition at the time of election to participate, 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 the Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The University participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, and workers' compensation. The Commonwealth is self-insured for employees' workers' compensation, casualty, theft, tort claims, and other losses. Such losses, including estimates of amounts incurred but not reported, are obligations of the Commonwealth. For workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances.

Concentrations and Constraints

State Appropriations

As disclosed in Note 1, the University is a public, State-supported, comprehensive four-year university, located in Westfield, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. As such, the University receives general state appropriations for a portion of its annual operations for employee salaries and fringe benefits reported on the Statement of Revenues and Expenses and Note 21 of these financial statements.

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Lease Agreements

As disclosed in Note 13, the University is a lessee of multiple long-term leases for buildings, dormitories and improvements owned by the Massachusetts College Building Authority (MSCBA). Repayments are pledged and structured based on student occupancy revenues and resources held by the University. Repayment of lease obligations are dictated based on issued public bond debt with the University receiving notice from the MSCBA regarding payments due in November and May of each year.

Debt

In addition to the leases disclosed in the preceding paragraph, MSCBA provides bond funds for the construction of campus buildings and project improvements. Repayment of bond obligations is dictated based on issued public bond debt with the University receiving notice from the MSCBA regarding payments due in November and May of each year. In addition, the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) provides resources to fund capital construction and renovation projects on campus. The University will incur debt owed to DCAMM to pay for certain projects or partially pay for the cost of a project that they manage for the university's benefit. This includes repayment for maintenance and other costs on these projects.

Federal Student Financial Assistance and other grants

The University participates in the Federal Financial Assistance (Title IV) programs along with federal grants related to various university programs and operations. These programs allow for grants, scholarship aid, and other awards to be issued to students and the university to cover qualified education and related costs. During the fiscal year ended June 30, 2025 and 2024, Federal funds expended to students and the university totaled \$34.1 million and \$32.9 million, respectively.

State Student Financial Assistance and other grants

The University participates in the Massachusetts State student financial assistance programs. These programs allow for grants, scholarship aid, and other awards to be issued to students to cover qualified education costs. During the fiscal year ended June 30, 2025 and 2024, expended Massachusetts funds awarded to students totaled \$11.9 million and \$13.9 million, respectively.

Workforce Covered by Collective Bargaining Agreements:

The university is comprised of State Employees hired and employed by the Commonwealth of Massachusetts. The Massachusetts Board of Higher Education negotiates collective bargaining agreements (CBA) with the majority of university employees. During the fiscal years ended June 30, 2025 and 2024, the University employed individuals belonging to the following unions:

American Federation of State, County and Municipal Employees (AFSCME)

The CBA for AFSCME union covers the period from July 1, 2024 to June 30, 2027. This Agreement is entered into by and between the Board of Higher Education and the American Federation of State, County and Municipal Employees Local 1067, Council 93, AFL-CIO and sets forth procedures for the equitable resolution of grievances, the terms of employment with respect to wages and working conditions and means by which the parties may consult periodically on mutually perceived issues.

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Association of Professional Administrators (APA)

The CBA for the APA union covers the period from July 1, 2024 to June 30, 2027. This Agreement is entered into by and between the Board of Higher Education and the Association of Professional Administrators, Massachusetts Teachers Association / National Education Association as the exclusive bargaining agent for positions in the bargaining unit. As of June 30, 2025 negotiations between the Board of Higher Education and APA final legislative approval for the above CBA was signed during August 2025.

Massachusetts State College Association (MSCA)

The CBA for the MSCA covers the period from July 1, 2023, to June 30, 2024. This Agreement is entered into by and between the Board of Higher Education, acting through the Council of Presidents of the State Universities, and the Massachusetts Teachers Association/NEA, acting through the Massachusetts State College Association, as the exclusive collective bargaining agent for members of the bargaining unit. As of June 30, 2025 negotiations between the Board of Higher Education and MSCA are in the process of constructing and obtaining an updated CBA. As of the date of this report, negotiations are still under way for an updated contract with the MSCA.

Limitation on raising tuition rates

Tuition rates are determined by the Massachusetts Board of Higher Education and cannot be adjusted without their authorization. Fees, however, are established by the University's Board of Trustees and adjusted annually as deemed appropriate.

Note 21 - **Massachusetts Management Accounting and Reporting System**

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

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The University's state appropriations are composed of the following at June 30:

	<u>2025</u>	<u>2024</u>
Direct unrestricted appropriations	\$ 41,593,810	\$ 39,637,534
Add: Fringe benefits for benefited employees on the state payroll	17,587,426	17,142,328
Less: Day school tuition remitted to the state and included in tuition and fee revenue	<u>(1,198,402)</u>	<u>(1,309,507)</u>
Total unrestricted appropriations	57,982,834	55,470,355
Capital appropriations	3,689,118	9,166,347
Restricted appropriations	<u>75,851</u>	<u>-</u>
Total appropriations	<u>\$ 61,747,803</u>	<u>\$ 64,636,702</u>

No timing differences occurred where the University had additional revenue that was reported to MMARS for the years ended June 30, 2025 and 2024 (unaudited).

Note 22 - **Pass-Through Grants**

The University distributed \$22,706,413 and \$23,912,551 as of June 30, 2025 and 2024, respectively for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues, or as cash disbursements and cash receipts in the accompanying financial statements.

Note 23 - **Massachusetts State College Building Authority**

MSCBA was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and other facilities for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued by MSCBA for dormitory and other major construction projects for the University. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations and certain MSCBA operating costs.

These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair.

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The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for building leases mainly for residence halls, related maintenance, insurance, other costs, historical pooled obligations and other major renovations and improvements for the University for the year ended June 30, 2025 and 2024 was \$12,430,828 and \$9,475,252, respectively. The debt portion of these payments for building leases are accounted for under GASB 87 and are included within these financial statements within capital assets as right to use assets, net of amortization and offset by a lease liability.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended Measurement date Valuation date	June 30, 2025 June 30, 2024 January 1, 2024	June 30, 2024 June 30, 2023 January 1, 2023	June 30, 2023 June 30, 2022 January 1, 2022	June 30, 2022 June 30, 2021 January 1, 2021	June 30, 2021 June 30, 2020 January 1, 2019	June 30, 2020 June 30, 2019 January 1, 2019	June 30, 2019 June 30, 2018 January 1, 2018	June 30, 2018 June 30, 2017 January 1, 2017	June 30, 2017 June 30, 2016 January 1, 2016	June 30, 2016 June 30, 2015 January 1, 2015
Proportion of the collective net pension liability	0.150%	0.142%	0.162%	0.209%	0.257%	0.256%	0.265%	0.249%	0.240%	0.289%
Proportionate share of the collective net pension liability	\$ 21,222,260	\$ 20,731,627	\$ 22,479,727	\$ 21,788,225	\$ 44,175,215	\$ 37,463,840	\$ 35,031,695	\$ 31,945,217	\$ 30,460,744	\$ 30,111,590
University's covered payroll	\$ 13,602,049	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020	\$ 16,780,213	\$ 15,939,654
University's proportionate share of the net pension liability as a percentage of its covered payroll	156.02%	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.53%	188.91%
Plan fiduciary net position as a percentage of the total pension liability	72.90%	71.05%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
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Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,652,470	\$ 2,270,182	\$ 2,086,906	\$ 2,274,638	\$ 2,483,517	\$ 2,782,307	\$ 2,549,316	\$ 2,421,406	\$ 1,947,416	\$ 1,586,274
Contributions in relation to the statutorily required contribution	(2,652,470)	(2,270,182)	(2,086,906)	(2,274,638)	(2,483,517)	(2,782,307)	(2,549,316)	(2,421,406)	(1,947,416)	(1,586,274)
Contribution (excess)/deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 14,237,627	\$ 13,602,049	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020	\$ 16,780,213
Contribution as a percentage of covered payroll	18.63%	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%

Note:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)
Notes to the Required Supplementary Information - Pension (Unaudited)
June 30, 2025 and 2024

Note 1 - **Change in Plan Actuarial and Assumptions**

Measurement date – June 30, 2023

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date – June 30, 2022

The inflation rate of return changed from 3.00% to 2.50%.

Measurement date – June 30, 2021

The investment rate of return changed from 7.15% to 7.00%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement Date – June 30, 2020

The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement Date – June 30, 2019

The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018

The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

- Disabled members – the amount reflects the same assumptions as for superannuation retirees, but with an age set forward of one year

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Notes to the Required Supplementary Information - Pension (Unaudited) - Continued
June 30, 2025 and 2024

Measurement date – June 30, 2017

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Disability – did not change

Measurement date – June 30, 2016

The assumption for salary increases changed from a range of 3.5% to 9.0% depending on group and length of service to a range of 4.0% to 9.0% depending on group and length of service.

Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan (“ORP”) to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately 400 million as of June 30, 2016.

Measurement date – June 30, 2015

The discount rate to calculate the pension liability decreased from 8.0% to 7.5%

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive (“ERI”) for certain members of SERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability of SERS increased by approximately \$230 million as of June 30, 2015.

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability – was changed from RP-2000 table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct)

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Schedule of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended Measurement date Valuation date	June 30, 2025 June 30, 2024 January 1, 2024	June 30, 2024 June 30, 2023 January 1, 2023	June 30, 2023 June 30, 2022 January 1, 2022	June 30, 2022 June 30, 2021 January 1, 2021	June 30, 2021 June 30, 2020 January 1, 2020	June 30, 2020 June 30, 2019 January 1, 2019	June 30, 2019 June 30, 2018 January 1, 2018	June 30, 2018 June 30, 2017 January 1, 2017
Proportion of the collective net OPEB liability	0.174%	0.157%	0.212%	0.239%	0.275%	0.404%	0.433%	0.373%
Proportionate share of the collective net OPEB liability	\$ 23,920,107	\$ 22,049,796	\$ 28,290,524	\$ 38,255,065	\$ 56,843,150	\$ 70,625,670	\$ 76,656,042	\$ 62,133,611
University's covered payroll	\$ 13,602,049	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	175.86%	176.45%	200.37%	225.82%	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	15.60%	13.80%	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
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Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,066,580	\$ 1,064,969	\$ 909,454	\$ 1,080,253	\$ 1,304,124	\$ 1,441,304	\$ 1,858,947	\$ 1,833,293
Contributions in relation to the statutorily required contribution	(1,066,580)	(1,064,969)	(909,454)	(1,080,253)	(1,304,124)	(1,441,304)	(1,858,947)	(1,833,293)
Contribution (excess)/deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 14,237,627	\$ 13,602,049	\$ 12,496,443	\$ 14,119,417	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,240
Contribution as a percentage of covered payroll	7.49%	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

Notes:

Employers participating in the Massachusetts State Retirees' Benefit Trust are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

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Notes to the Required Supplementary Information – OPEB (Unaudited)
June 30, 2025 and 2024

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2024

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2023_1f. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.34% (based upon a blend of the Bond Buyer Index rate (3.65%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2023

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2022_f4. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.30% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2022

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2021_b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Investment Rate

The investment rate of return decreased from 7.15% to 7.00%.

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Notes to the Required Supplementary Information - OPEB (Unaudited) - Continued
June 30, 2025 and 2024

Change in Mortality Rates

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

Change in Discount Rate

The discount rate was increased to 2.77% (based upon a blend of the Bond Buyer Index rate (2.16%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 20920_b, the impact of the discontinuation of the ACA Health Insurer Fee and Excise Tax.

Change in Investment Rate

The investment rate of return decreased from 7.25% to 7.15%.

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 classification, consistent with SERS.

Change in Discount Rate

The discount rate was decreased to 2.28% (based upon a blend of the Bond Buyer Index rate (2.21%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2020

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

The investment rate of return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.0% to 7.5%, which affects the high-cost excise tax.

Change in Discount Rate

The discount rate was decreased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.51%) as of the measurement date as required by GASB Statement 74.

WESTFIELD STATE UNIVERSITY
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Notes to the Required Supplementary Information - OPEB (Unaudited) - Continued
June 30, 2025 and 2024

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The original healthcare trend rate decreased from 8.5% to 8.0%, which impact the high cost excise tax.

Change in Mortality Rates

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

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

Change in Discount Rate

The discount rate was increased to 3.95% (based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2018

Assumptions:

Change in Discount Rate

The discount rate was increased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

SUPPLEMENTARY INFORMATION

WESTFIELD STATE UNIVERSITY
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**Schedules of Net Position
Dormitory Trust Fund Report (Unaudited)**

As of June 30, 2025 and 2024

Assets

	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and equivalents	\$ 3,218,064	\$ 8,255,731
Accounts receivable, net	29,894	28,454
Deposits held by State Treasurer	296,428	246,649
Other current assets	<u>3,859</u>	<u>270</u>
Total Assets	<u>\$ 3,548,245</u>	<u>\$ 8,531,104</u>

Liabilities and Net Position

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 199,396	\$ 487,692
Accrued employee compensation and benefits	<u>506,895</u>	<u>409,184</u>
Total Current Liabilities	<u>706,291</u>	<u>896,876</u>
Noncurrent Liability:		
Accrued liability for employee compensation and benefits	<u>33,103</u>	<u>40,287</u>
Total Liabilities	<u>739,394</u>	<u>937,163</u>
Net Position:		
Unrestricted	<u>2,808,851</u>	<u>7,593,941</u>
Total Liabilities and Net Position	<u>\$ 3,548,245</u>	<u>\$ 8,531,104</u>

See Independent Auditor's Report.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Schedules of Revenues, Expenses and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)**

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues:		
Room rent	\$ 16,120,718	\$ 14,375,603
Less: Resident Assistant room waivers	(478,471)	(456,171)
Other sources	44,850	50,254
Deposits forfeited	45,350	48,580
Commissions - vending	<u>23,909</u>	<u>18,611</u>
Total Operating Revenues	<u>15,756,356</u>	<u>14,036,877</u>
Operating Expenses:		
Employee compensation	2,614,300	2,284,652
Energy costs	2,048,609	1,962,248
Pension and insurance	1,114,943	960,031
Special employees	121,088	153,237
Operational services	505,298	412,933
Scholarships and Resident Assistant board waivers	743,557	761,835
Repairs and maintenance	730,612	52,916
Facility operations supplies	257,202	230,730
Administrative	19,495	82,337
Equipment purchase	102,893	111,755
Equipment lease, rental and maintenance	152,725	144,323
Consultant services	19,162	24,948
Student travel	3,533	-
Employee related	7,067	7,725
Information technology expenses	105,819	355,680
Annual payment to the Massachusetts State College Building Authority	<u>12,430,828</u>	<u>9,475,252</u>
Total Operating Expenses	<u>20,977,131</u>	<u>17,020,602</u>
Excess of Expenses over Revenues Before Transfers	<u>(5,220,775)</u>	<u>(2,983,725)</u>
Operating Transfers In:		
University support	<u>435,685</u>	<u>5,450,911</u>
(Decrease) Increase in Net Position	(4,785,090)	2,467,186
Net Position, Beginning of Year	<u>7,593,941</u>	<u>5,126,755</u>
Net Position, End of Year	<u>\$ 2,808,851</u>	<u>\$ 7,593,941</u>

See Independent Auditor's Report.

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

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

To the Board of Trustees of
Westfield State University:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Westfield State University (the "University"), and its discretely presented major component unit, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October xx, 2025.

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 an opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October xx, 2025

DRAFT



**INTERNAL AUDIT REPORT
BUILDING ACCESS AND SECURITY REVIEW**

October 21, 2025

To:

Members of the Audit Committee

From:

Samantha Spezeski, *Director of Internal Audit*
Michael Santolucito, *Assistant Director of Internal Audit*
Katrina Santos, *Senior Auditor*

Distribution:

Tom Therrien, *Executive Director, Facilities and Operations*
Stephen Taksar, *Vice President of Administration and Finance*
Lisa Freeman, *Associate Vice President of Finance*

THE BOSTON CONSORTIUM 
FOR HIGHER EDUCATION
Shared Internal Audit Services

Bentley University, Berklee College of Music, Brandeis University,
Emerson College, Rhode Island School of Design, Suffolk University

Executive Summary

Background

Westfield State University employs a dual access system for campus buildings, utilizing both key cards and physical keys. Building entrances are secured with key card swipe access, while interior areas such as dorm rooms, office suites, and storage spaces are accessed with physical keys.

Key cards also serve as official university identification, meal plan access, printing services, and Owl Bucks (declining balance card). To enhance security, Residential Life staff operate secondary inspection desks in all dorms from 9:00 PM to 12:00 AM (Sunday–Thursday) and 9:00 PM to 2:00 AM (Friday–Saturday). During these hours, students must present their ID cards to access building elevators, and visitors must be signed in. After these hours, only students with valid ID cards can access the buildings, and visitor access is restricted unless approved by Campus Police.

The Office of Internal Audit is a shared function provided by the Boston Consortium for Higher Education. One of the goals of this shared function is to share best practices among the member schools. In this spirit, Internal Audit may document and compare policies and procedures for building access and security processes at the institutions that share this internal audit function.

Audit Objectives and Scope

The objective of the audit was to analyze and to assess the effectiveness of controls over building access and security processes. Our audit techniques included interviews, data analysis, observation of processes, and the review of documentation in support of transactions. Special emphasis was placed on the following controls/processes:

- Policies and Procedures
- Building access software
- Beginning/end of semester procedures
- Security Camera Placement
- Assigning cards/keys
- Deleting cards/keys
- Monitoring of card/key usage
- Card/key replacement
- Physical security of inventory
- After hours procedures
- Access Monitoring
- Reconciliation of Systems
- Visitor access
- Internal department coordination

Conclusion

Existing controls over processes and procedures related to building access and security need improvement. Specifically:

- The physical key system is antiquated and needs replacement for a better control environment.

Executive Summary

- There is a lack of oversight, tracking, and communication between Residence Life and other departments pertaining to physical keys and temporary ID cards.
- There are inconsistent processes related to physical keys and temporary ID cards for students and administrative staff. There is also a lack of consistency in key control and adherence to space management procedures across administrative offices.
- The "Owl Bucks" feature does not require a PIN or additional authentication when used for purchases, raising concerns about the security of financial transactions linked to the card.
- There are many outdated policies and procedures related to department operations related to building access and security.

Throughout the review, additional opportunities for improvement to internal controls and procedures were noted. These have been included in the observation section below for your consideration.

Observations are assigned a **high**, **medium**, and **low** risk evaluation. Management is only asked to create action plans for high and medium observations. Those items that are classified as low risk are discussed with management. Factors including inherent, reputational, compliance and financial risks were used to assign a rating to each issue. This rating is to aid management in determining priorities of corrective actions and should be used solely for this purpose.

The courtesies and cooperation extended by the employees of the Facilities, Locksmiths, Academic Affairs, Residential Life, Campus Card Office, Human Resources, Space Management, Conferences and Events, Dining Office, IT, and Campus Police departments were sincerely appreciated. If you have any comments, questions or suggestions with respect to this review, please contact the Director of Internal Audit, Samantha Spezeski at 781-296-7824.

Audit Observations

1.) Physical Keys – System Deficiencies

The Key Wizard system used to manage and track physical key assignments is significantly outdated and in need of an upgrade. While it is intentionally isolated to prevent unauthorized changes or tampering, its current design and limitations create several operational and security challenges:

- **Single-User Access Model:** The system is limited to a single login credential, restricting concurrent access. When multiple users attempt to log in, it can cause lockouts and data inconsistencies.
- **Limited Access and Role Separation:** Only three employees have access. One group maintains the core data but does not actively track key assignments, which are primarily managed by Residential Life and the Housing Director. However, these assignments are not integrated with the housing system, resulting in fragmented oversight and a lack of data consistency.
- **Lack of System Integration:** Key Wizard operates independently and does not support full student profile integration or synchronize with other housing systems, creating inefficiencies and duplicated efforts.
- **Data Reliability Issues:** Sequential edits by different users have led to update delays and conflicting records, impacting the system's reliability.
- **Reporting Limitations:** A reconciliation attempt between Key Wizard records and active students/employees was unsuccessful, as the system cannot generate comprehensive reports. This raises concerns about the accuracy and completeness of the data.

Recommendation:

To address the current limitations of the Key Wizard system and strengthen key management practices, management should consider the following actions:

- **System Upgrade and Access Controls:** Upgrade the Key Wizard system to support multiple, individual user accounts with role-based access controls. The system should include audit logging capabilities to track user activity and ensure accountability.
- **System Integration:** Evaluate opportunities to integrate Key Wizard with housing and student information systems to enable seamless key assignment tracking and improve data accuracy across platforms.
- **Defined Roles and Responsibilities:** Establish clear ownership and accountability for key management functions across relevant departments,

Audit Observations (Cont'd)

- ensuring that roles are properly documented and understood.
- **Enhanced Reporting and Reconciliation:** Ensure that the upgraded or replacement system can generate detailed reports of all key and key card holders and their access levels. Implement a regular reconciliation process to verify the accuracy and completeness of access records.

Management Response:

System Upgrade and Access Controls:

Management agrees with this finding. The Key Wizard system is obsolete and in need of upgrade to provide adequate key management. The University will need to fund the procurement of a new software package estimated at \$25,000.

System Integration:

Management agrees that the software should be integrated to the Residential Life software and will ensure this occurs when software is upgraded.

Defined Roles and Responsibilities:

Management will be reviewing and updating all department policies and procedures to ensure the key management process is defined and essential roles documented. This will involve coordination with Facilities and Operations, Residential Life, Campus Card office, Campus policies and other university stakeholders.

Enhanced Reporting and Reconciliation:

Management agrees with this recommendation

Audit Observations (Cont'd)

2.) Physical Keys – Residential Life

Significant concerns exist regarding the management and oversight of physical keys and temporary ID cards within the department:

- **Lack of Oversight and Tracking:** There is no centralized or comprehensive process to track, monitor, or secure physical keys and temporary ID cards. Visibility into the status of issued items is limited, and there are no routine reconciliations. Missing temporary cards and keys often go unnoticed until an audit is conducted.
- **Student Withdrawals and Communication Gaps:** Residential Life allows a 48-hour window for students to return keys upon withdrawal before initiating a lock change and billing. However, there is insufficient communication from the Registrar and Admissions offices regarding student withdrawals. During semester transitions, Residential Life frequently experiences delays—sometimes several weeks—resulting in students remaining on campus beyond the 48-hour policy window or keys being left unaccounted for.
- **Insecure Key Storage:** At the time of the audit, keys were stored insecurely. Keys were left in open bins or on desks in an unlocked office. Although lockboxes were available, they were not in use due to an anticipated departmental relocation.

Recommendation:

Implement Centralized Key Tracking: Establish a process to document the issuance, return, and status of all physical keys and temporary ID cards. Conduct routine reconciliations (monthly or quarterly) to verify inventory accuracy and identify discrepancies promptly.

Improve Interdepartmental Communication: Develop and formalize a notification process between the Registrar, Admissions, and Residential Life to ensure timely updates on student withdrawals. This process should include clear roles, responsibilities, and defined timelines; typically, within 24 - 48 hours of a status change.

Secure Key Storage: Immediately begin utilizing key lockboxes for secure storage, regardless of any pending relocations. Limit access to these storage areas to authorized personnel only, with access logs maintained and periodically reviewed.

Reconcile Key Assignments: Perform a full reconciliation of key assignments against system records to confirm accuracy and ensure all physical keys are accounted for properly.

Audit Observations (Cont'd)

Management Response:

Implement Centralized Key Tracking:

Residential Life recently implemented a new housing software, StarRez. Through this software, we now have a process to document the issuance, return, and status of all physical keys and temporary ID cards.

Residential Life is in the process of developing a system for weekly reconciliations to verify inventory accuracy and identify discrepancies promptly. In addition to this, we conduct larger reconciliations at the beginning of each semester.

Improve Interdepartmental Communication:

Residential Life agrees with this recommendation and will work with campus partners to develop and formalize a notification process between the Registrar, Admissions, and Residential Life to ensure timely updates and follow-through on student withdrawals. This process will include clear roles, responsibilities, and defined timelines for all external and internal stakeholders in these changes.

Secure Key Storage:

Residential Life has begun to utilize key lockboxes for secure storage. These lockboxes are now behind a locked door where only professional staff have access to the enter and retrieve keys. Access logs will be maintained and periodically reviewed.

Reconcile Key Assignments:

Residential Life performed a full reconciliation of key assignments against system records to confirm accuracy and ensure all physical keys are accounted for properly.

Audit Observations (Cont'd)

3.) Physical Keys – Administrative

While Residential Life at Westfield has implemented a formal Key Policy developed to ensure consistent practices such as rekeying entire suites and issuing new keys to all affected residents when a suite key is lost—there is no equivalent policy or standard in place on the administrative side of campus operations.

In contrast, the administrative side responds to lost keys by simply replacing the individual key without taking further steps to ensure the security of the affected area. This inconsistent approach to key management has resulted in a significant number of untracked and potentially unsecured keys, creating substantial security risks.

There is also a lack of consistency in key control and adherence to space management procedures across administrative offices. Key access varies widely, some keys unlock multiple offices within a suite, while others restrict access to individual offices held only by Directors resulting in uneven and unsecured access control.

Administrative staff, including assistants, often have access to spare keys, enabling departments to relocate or occupy office spaces without following the formal space request process. Despite the approval of a campus-wide Space Policy and request form by the Board in February, the policy is not consistently enforced. Departments frequently move without submitting formal requests, obtaining necessary approvals, or notifying the appropriate Vice President, as required.

Recommendation:

To address inconsistencies in key control and space management, management should:

- **Develop a Comprehensive Key Management Policy:** Establish a campus-wide policy that standardizes key control procedures for both administrative and residential areas.
- **Mandate Rekeying After Key Loss:** Require immediate rekeying and access reassessment following any reported key loss, regardless of the department involved.
- **Assign Clear Ownership:** Designate a responsible office or individual to oversee policy enforcement, provide ongoing training, and monitor compliance.
- **Standardize Administrative Key Procedures:** Implement consistent key control protocols across all administrative suites, including defined access levels and formal key distribution processes.
- **Enforce the Space Management Policy:** Reinforce compliance with the approved Space Policy by requiring use of the official space request form prior to

Audit Observations (Cont'd)

- any departmental move or office change. Ensure all moves are approved and properly documented.
- **Restrict Access to Spare Keys:** Limit spare key access to authorized personnel only and require formal approval for their use.
 - **Establish Accountability Measures:** Implement periodic audits of key control practices and space usage, with oversight and enforcement at the Vice President level.

Management Response:

Management agrees with the findings and will work with University departments on addressing the recommendations. All recommendations will be addressed with the development and review of comprehensive key management procedures and guidelines. Primary areas of focus will be on the following:

- Mandate rekeying after key loss.
- Assign clear ownership.
- Standardize administrative key procedures.
- Restrict access to spare keys.
- Establish accountability measures.

Audit Observations (Cont'd)

4.) Residential Life Communications

There is currently no effective system in place for consistently communicating housing expectations and responsibilities to students. The process of conveying this information has weakened over time, and efforts are now being made to rebuild it.

This could lead to elevated incidents of policy violations, diminished student accountability, and potential liability to the institution.

Recommendation:

Management should continue in rebuilding a new communication system. In the meantime, a plan should be developed and implemented regarding a structured communication plan to clearly convey student housing expectations. This plan should:

- Scheduled messaging before move-in, throughout the semester, and prior to move-out.
- Leverage multiple communication channels (e.g., email, student portal, housing handbook, orientation sessions) to maximize reach and accessibility.
- Incorporate feedback mechanisms (e.g., acknowledgments, surveys, or brief assessments) to verify student understanding and engagement.

Management Response:

Residential Life recently implemented a new housing software, StarRez. Through this software, we now have the means to send automated email messages to students, run regular reports of outstanding resources, and offer more robust communication regarding operational processes. We are in the early stages of developing a comprehensive communication plan and standard operating procedures for all Residential Life housing operations.

Audit Observations (Cont'd)

5.) Owl Bucks Financial Transactions

At Westfield State University, the Campus Card serves multiple functions, including, official University identification, meal plan access, access control for campus facilities, printing services, and optional use as a declining balance card ("Owl Bucks") for purchases.

Notably, the "Owl Bucks" feature does not require a PIN or additional authentication when used for purchases, raising concerns about the security of financial transactions linked to the card.

Best practices in access control and financial transaction security recommend the use of multi-factor authentication (e.g., PIN, biometric, or digital verification) for any card used in financial transactions to prevent unauthorized use and protect cardholder funds.

Recommendation:

Management should evaluate and implement additional security controls for the declining balance feature of the Campus Card, such as requiring a PIN or mobile-based authentication for purchases. Additionally, a risk assessment of the current system to identify other potential vulnerabilities should be conducted.

Management Response:

Management will evaluate additional strategies for security controls that are reasonable and practical with our systems, given shifting technology advancements. There has been no reported fraud in the Owl Bucks Program within the past 10 years.

Audit Observations (Cont'd)

6.) Policies and Procedures

While documentation regarding policies and procedures exist for much of the departmental operations they are outdated and need to be updated to current practice.

Policies are statements of how the organization intends to conduct business. Procedures, which are guided by the established policies, are descriptive in nature and include step by step actions employees take for a business transaction or process.

Without established policies and procedures to guide employees' tasks, the risk exists that departmental functions may be inconsistently processed and may not fully adhere to university policies or applicable regulations. Lack of good procedures may also make it difficult to train new employees or perform daily operations in the event that a veteran employee is unable to fulfill their responsibilities.

Recommendation:

Management should ensure appropriate policies and procedures regarding department processes are properly updated and communicated.

Management Response:

Management Agrees with the findings and will re-establish a building access and security policy team to ensure procedures and guidelines are updated and communicated to the campus community. This team will consist of members from Campus Police, Campus Card Office, Facilities and Operations, Residential life, Information Technology, and Human Resources.

Management would like to note that additional resources may be required to complete the additional work identified. This will be reviewed by Facilities and Operations as well as Residential Life.

Audit Observations (Cont'd)

7.) Department Cross Training

Access to create key cards is restricted to designated personnel. Only the locksmiths are authorized to grant key card access with exception of the Music and Arts department that can grant access to only the Dower center. While Public Safety personnel have system access capable of opening doors and contacting Campus Police, they are not adequately trained—or cross-trained in key card issuance. The lack of cross-training poses a risk of delayed response times and limited access support during critical situations.

Recommendation:

Management should implement cross-training for additional personnel to ensure timely and effective management of granting access. This will likely require updated system access to these individuals. Expanding beyond the current two authorized individuals will enhance operational continuity and reduce delays during critical time of needs.

Management Response:

Management agrees. Continuity of operations will be defined in the comprehensive key management procedures and guidelines. System administrators will be defined and their roles for all departments involved including, but not limited to Facilities and Operations, Campus Police, Campus Card Office, and Residential Life.

Addendum

THE BOSTON CONSORTIUM



FOR HIGHER EDUCATION

Shared Internal Audit Services

BABSON COLLEGE, BENTLEY UNIVERSITY, BERKLEE COLLEGE OF MUSIC, BRANDEIS UNIVERSITY,
EMERSON COLLEGE, RHODE ISLAND SCHOOL OF DESIGN, SUFFOLK UNIVERSITY, WHEATON COLLEGE

To: Tom Therrien, *Executive Director, Facilities and Operations*

From: Samantha Spezeski, *Director of Internal Audit*

CC: Stephen Taksar, *Vice President of Administration and Finance*
Lisa Freeman, *Associate Vice President of Finance*

Subject: Building Access and Security Review 2025-15-O

The shared Internal Audit Services for the Boston Consortium for Higher Education has additional observations that do not require Management responses as these were rated as low risk from an internal controls perspective. These observations represent common operational practices in the higher education industry from both public and private institutions and benchmarked Westfield State's processes, specifically related to Building Access and Security processes.

Key Card Access Control Transition

At Westfield State University, physical keys are still predominantly used to secure interior spaces such as residence hall rooms, offices, storage areas, and utility closets. While key card access is implemented at exterior entrances and select areas, the reliance on physical keys for most interior doors does not align with current best practices in access control. Current standards favor electronic key card systems due to their enhanced security, ability to track access, ease of deactivation when credentials are lost or compromised, and improved operational efficiency. Transitioning from physical keys to a comprehensive key card system would strengthen access control, reduce security risks, and support more effective facility management.



**INTERNAL AUDIT REPORT
ACCOUNTS PAYABLE**

October 21, 2025

To:

Members of the Audit Committee

From:

Samantha Spezeski, *Director of Internal Audit*
Katrina Santos, *Senior Auditor*

Distribution:

Stephen Taksar, *Vice President of Administration & Finance*
Lisa Freeman, *Associate Vice President of Administration & Finance*
Steven Scibelli, *Director of Accounting Operations*



Bentley University, Berklee College of Music, Brandeis University,
Emerson College, Rhode Island School of Design, Suffolk University

Executive Summary

Background

The Accounts Payable (AP) office operates under the Financial Accounting department within the Division of Administration and Finance at Westfield State University. AP is responsible for processing all invoices issued to the University and disbursing payments to vendors and individuals. The office reviews all invoices to ensure compliance with applicable laws, university policies, procedures, and other guidelines. AP staff report to the Director of Accounting Operations and work closely with Financial Accounting, Procurement, and Travel offices to ensure timely processing. Key responsibilities include verifying that expenses are supported by complete and appropriate documentation, ensuring reimbursements align with established timelines, and processing vendor invoices and payments. All payments require a complete Authorization to Pay (ATP) form, and any incomplete forms are returned to the originating department for correction. ATPs must include department-level approvals, Department Head Signatory Authority (DHSA) authorization for Direct Pay ATPs, vendor invoices, original receipts, packing slips, and credit card statements, as applicable. Travel reimbursements must be supported by an approved Request to Travel, including an encumbrance number, and be signed by both the employee and their supervisor.

The Office of Internal Audit is a shared function provided by the Boston Consortium for Higher Education. One of the goals of this shared function is to share best practices among the member schools. In this spirit, Internal Audit may document and compare policies and procedures for the Accounts Payable processes at the institutions that share this internal audit function.

Audit Objectives and Scope

The objective of the audit was to analyze and assess the effectiveness of controls over processes employed by Westfield's Accounts Payable department. Our audit techniques included interviews, analysis and the review of documentation in support of transactions. Specifically, the scope of the audit included review and testing on the following controls/processes:

- Segregation of duties
- Process to re-issue checks
- Approval processes
- Payment Processing
- Review of Policies and Procedures
- Unauthorized payment modifications
- Check printing process
- Authorized signers
- Monthly reconciliations
- Transaction Testing
- Duplicate Payments
- Verification of business purpose and supporting documentation for AP transactions

Executive Summary

Conclusion

Based on the results of our review, controls over Accounts Payable appear to be operating as designed. However, certain areas could benefit from improvement, including:

- Auto-Debits: Despite mitigating controls such as ACH and check positive pay. There are instances in which the University allows three vendors to auto-debit its operating account.
- Vendor Addresses: When there are different remit-to addresses, a new W-9 is obtained, but no further verification is conducted using the existing contact information on file.
- Process Exceptions: There are understood exceptions to processes that are currently not reflected in written policies or procedures.

Throughout the review, additional opportunities for improvement to internal controls and procedures were noted. These have been included in the observation section below for your consideration.

Observations are assigned a **high**, **medium**, and **low** risk evaluation. Management is only asked to create action plans for high and medium observations. Those items that are classified as low risk are discussed with management. Factors including inherent, reputational, compliance and financial risks were used to assign a rating to each issue. This rating is to aid management in determining priorities of corrective actions and should be used solely for this purpose.

The courtesies and cooperation extended by the employees of the Accounts Payable department during the review were sincerely appreciated. If you have any comments, questions or suggestions with respect to this review, please contact the Director of Internal Audit, Samantha Spezeski at 781-296-7824.

Audit Observations

1.) Inconsistent Payment Addresses:

Through detailed testing, Internal Audit identified instances where the payment address on issued checks differed from the address listed on corresponding purchase orders.

While documented procedures indicate that remit-to address changes should be vetted through the IRS website and supported by updated W-9 forms, in practice Procurement staff only request a new W-9 when a different remit-to address is provided and do not perform additional verification (e.g., confirmation with the vendor using existing contact information on file). Without independent verification of vendor payment address changes, there is an elevated risk of payments being misdirected to an incorrect or unauthorized party.

Internal Audit has led special investigations for multiple institutions where funds were diverted under similar circumstances in recent years.

Recommendation:

The University should update its formal process to independently verify any new or updated vendor payment addresses before updating the vendor master file or issuing payments. Verification should be conducted using existing contact information on file (e.g., phone or email) rather than relying on the information provided on the invoice to ensure payment information is accurate.

Management Response:

Management agrees with this recommendation. The Procurement Department has implemented an interim practice for remit address verification. Vendors with a remit address which is not on file in Banner must complete a new W-9 including their remit address in the “requester’s name and address” section along with their legal name and tax ID in order to confirm their identity. Management will review and evaluate for a permanent solution which reduces risk of fraud while continuing to remit vendor payments in a timely manner.

Audit Observations

2.) Auto-Debits:

Accounts Payable noted that they have three vendors that don't accept paper checks and have requested ACH payments. In these cases, the University allows vendors to auto-debit its operating account. This practice increases the risk of unauthorized or unexpected withdrawals. It should be noted that the University has mitigating controls in place, such as ACH and check positive pay.

Recommendation:

The University should minimize the use of vendor-initiated auto-debits from its operating account and consider using zero based accounts (ZBAs) for these transactions. ZBAs help minimize risk by maintaining a zero balance until funds are transferred in to cover authorized transactions. This will help limit exposure to potential unauthorized transactions. Additionally, management should evaluate opportunities to transition these vendors to standard ACH payments initiated by the University to enhance oversight.

Management Response:

Management agrees with this recommendation; however, ACH positive pay is a control feature which limits the ACH debit amount and does not allow unauthorized vendors to debit the university's bank account. The University has one zero-based account for a separate purpose. Management will explore the option of opening another bank account with our banking institution both inclusive and exclusive of any potential implementation of ACH payments.

Audit Observations (Cont'd)

3. Undocumented Exceptions to Accounts Payable Procedures:

Through detailed testing, Internal Audit identified instances where certain practices are being followed but are not documented in the University's formal policies or procedures:

- Authorization to Pay (ATP) forms were signed by an Accountant rather than the required department head or chair. The Athletics Department allows an Accountant to sign ATP forms due to invoice volume. Management noted that this exception was documented previously; however, the documentation is outdated and not included in current policies and procedures.
- Purchase orders were not obtained for amounts over \$200, as per the policy. Per management, Athletics has a long-standing practice for not requiring POs for athletic officials even when payments exceed \$200, due to officials not being known in advance of events.

Lack of documented practices may result in the risk of functions being inconsistently processed and may not adhere to university guidelines. Additionally, it may be difficult to train new employees or perform daily operations if a veteran employee is unable to perform their responsibilities.

Recommendation:

Management should formally document all established practices within the University's policies and procedures to ensure consistency. Additionally, policies and procedures should be reviewed and updated periodically to reflect the current control environment and practices.

Management Response:

Management agrees with this recommendation. The dollar amount threshold for purchase orders is documented within Procurement policies and procedures although exceptions are not. Purchasing policies and procedures will be reviewed to require documentation for exceptions for purchase orders. The purchase order threshold of \$200 will be increased to \$500 at our earliest possible opportunity.

Addendum

THE BOSTON CONSORTIUM

FOR HIGHER EDUCATION



Shared Internal Audit Services

BABSON COLLEGE, BENTLEY UNIVERSITY, BERKLEE COLLEGE OF MUSIC, BRANDEIS UNIVERSITY,
EMERSON COLLEGE, RHODE ISLAND SCHOOL OF DESIGN, SUFFOLK UNIVERSITY, WHEATON COLLEGE

To: Lisa Freeman, *Associate Vice President of Administration & Finance*

From: Samantha Spezeski, *Director of Internal Audit*

CC: Stephen Taksar, *Vice President of Administration and Finance*
Steven Scibelli, *Director of Accounting Operations*

Subject: Accounts Payable Audit 2025-27-O

The shared Internal Audit Services for the Boston Consortium for Higher Education has additional observations that do not require Management responses as these were rated as low risk from an internal controls perspective. These observations represent common operational practices in the higher education industry from both public and private institutions and benchmarked Westfield State's processes, specifically related to Accounts Payable processes.

Standard Payment Method: Paper Checks

Although a few vendors have requested ACH payments, the University primarily relies on paper checks as its standard payment method. Best practice recommends minimizing the use of paper checks due to their increased risk of error, and inefficiency. There is also an increased cost for printing and sending paper checks that do not exist for ACH payments. Management should conduct a review of all instances where paper checks are issued and assess whether alternative, automated processes can be implemented. Automated payment methods (e.g., ACH, wire, or system generated checks) offer stronger audit trails and reduce processing time.

Conflicting Policies and Procedures:

The current policies related to travel reimbursement forms and Authorization to Pay forms are inconsistent. The Travel Procedures note, "the traveler must complete and submit a Travel Reimbursement Form ("TRF") while the Authorization to Pay Guidelines note "An Authorization to Pay Form must be provided with each invoice or reimbursement submitted for payment." These conflicting statements may lead to confusion and inconsistent application of procedures. Management should clarify and align the language between the Travel Procedures and Authorization to Pay Guidelines to ensure consistency and avoid any potential confusion.