

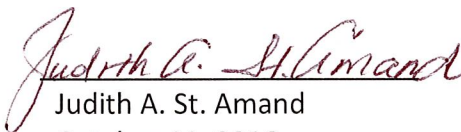
Finance and Facilities Sub Committee Meeting



NOTICE

A MEETING OF THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES FINANCE & FACILITIES COMMITTEE WILL BE HELD ON TUESDAY, OCTOBER 18, 2016 AT 4:00 P.M. IN THE MULTI-PURPOSE ROOM LOCATED IN SHEEHAN HALL.

1. CALL TO ORDER – Notice/Agenda (Attachment 1)
2. VOTES (Attachment 2)
3. FY 2016 DRAFT AUDIT REPORT (Attachment 3)
4. EMERGENCY REPAIRS TO 535 CHANDLER STREET – PRESIDENT'S RESIDENCE (Attachment 4)
5. OTHER BUSINESS
6. ADJOURNMENT


Judith A. St. Amand
October 11, 2016

Finance & Facilities Committee

Trustee Blais, Chair
Trustee Fazzone
Trustee Madaus
Trustee Steele
Trustee Taylor
Trustee Albro, Ex-Officio Voting Member
President Maloney, Ex-Officio Non-Voting Member

Finance & Facilities Committee

Upon a motion made and seconded, it was

VOTED: to recommend to the full Board the approval of the FY 2016 Draft Audit Report as presented.

Upon a motion made and seconded, it was

VOTED: to recommend to the full Board the approval of emergency repairs at 535 Chandler Street, President's Residence in the amount of \$12,781.44, as described in the memorandum of October 5, 2016 from VP Kathy Eichelroth.

Upon a motion made and seconded, it was

VOTED: to adjourn the meeting at



Memorandum

DATE: October 4, 2016

TO: Barry M. Maloney, President

FROM: Kathleen Eichelroth, Vice President for Administration and Finance *Kathy*

RE: **DRAFT FY 2016 AUDITED FINANCIAL STATEMENTS**

Attached is a comprehensive draft of the FY 2016 audited financial statements examined by Bollus Lynch, LLP. The first two pages contain the Independent Auditor's Report. The Management Discussion and Analysis, which is prepared internally, is on pages 3-10. The Basic Financial Statements and related footnotes, which are subject to audit, are reflected on pages 11-34. Additional supplementary schedules and the report on internal controls comprise the remainder of the report.

The attached draft represents the results of operations for the year ended June 30, 2016, prior to the posting of the FY 2016 Commonwealth of Massachusetts pension obligation as required by the Commonwealth of Massachusetts State Comptroller in compliance with the Government Accounting Standard Board Bulletin #68.

The pension adjustment is provided to the state university campuses as part of the Commonwealth's obligation to record and disclose all pension obligations. The adjustment to Worcester State University's records is material in nature, and as such is subject to independent audit procedures. The adjustment is also financially significant and must be recorded in order to comply with Generally Accepted Accounting Principles.

The attached draft more closely represents of the result of operations of Worcester State University as of June 30, 2016, and the year then ended, than the final draft inclusive of the pension obligation adjustments. We are currently working with our audit firm to determine if an additional supplemental schedule will be added to the report that would provide a summary of operating results exclusive of the required pension disclosure. A final draft of the audited financial statements will be provided to board members at the Finance and Facilities committee meeting. The draft will be presented by representatives of the firm Bollus Lynch, LLP, who will offer comments on changes made to the attached draft, and the results of their independent examination.

**WORCESTER STATE UNIVERSITY
(AN AGENCY OF THE COMMONWEALTH OF
MASSACHUSETTS)**

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

YEARS ENDED JUNE 30, 2016 AND 2015

AND

INDEPENDENT AUDITOR'S REPORT

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

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

YEARS ENDED JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Worcester State University
Worcester, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Worcester State University (an agency of the Commonwealth of Massachusetts) (the "University") and the financial statements of Worcester State Foundation, Inc., its discretely presented component unit, as of and for the years ended June 30, 2016 and 2015 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Worcester State University and Worcester State Foundation, Inc., its discretely presented component unit, as of June 30, 2016 and 2015, and the changes in its financial position, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2015 the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statements No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Worcester State University's basic financial statements. The supplemental schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules on pages 36 through 41 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information on pages 42 through 47 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 ____ __, 2016, on our consideration of Worcester State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Worcester State University's internal control over financial reporting and compliance.

Worcester, Massachusetts
____ __, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Worcester State University, we offer readers of Worcester State University's financial statements this narrative overview and analysis of the financial activities of Worcester State University for the fiscal year ended June 30, 2016. This discussion is provided by management and should be read in conjunction with the financial statements and notes thereto.

Worcester State University was founded in 1871, and is one of nine comprehensive public colleges/universities in the Commonwealth of Massachusetts. The University affirms the principles of liberal learning as the foundation for all advanced programs of study and offers programs in the traditional liberal arts and science disciplines, while maintaining its historical focus on teacher education. The University offers 62 undergraduate majors and minors, 31 graduate programs, 80 study abroad programs, 18 honor societies and a student-to-faculty ratio of 17:1. The University currently has 5,514 full and part-time undergraduate students and 792 full and part-time graduate students.

Financial Highlights

- The assets of Worcester State University exceeded its liabilities at the close of the most recent fiscal year by \$106,048,583 (net assets). Of this amount, \$15,361,708 is classified as unrestricted net assets. The figure is down from FY 2016 due to the draw of \$9,500,000 of reserve funds as an equity contribution to the construction of the Wellness Center that occurred in September of 2015.
- The University's total unrestricted net assets decreased by \$8,742,570, with a total change in net position of \$23,176,998. Operational items that influenced the total change in net position includes income before other revenues, expenses, gains, or losses of \$138,474, in addition to capital appropriations of \$23,038,527 to fund Wellness Center Construction.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Worcester State University's basic financial statements. Worcester State University's basic financial statements comprise two components: 1) the financial statements and 2) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Financial Statements are designed to provide readers with a broad overview of Worcester State University's finances in a manner similar to a private sector college.

The Statement of Net Assets presents information on all of the University's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the University is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets present information showing how the University's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. the accrual for compensated absences.)

The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services.) The Government Accounting Standards Board (GASB) Statements 34 and 35 require this method to be used.

The financial statements and related footnotes are presented separately from this Management Discussion and Analysis.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The University reports its activity as a business-type activity using the full accrual measurement focus and basis of accounting. The University is a component unit of the Commonwealth of Massachusetts. Therefore, the results of the University's operations, its net assets and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements and are presented separately.

Other information: In addition to the financial statements and accompanying notes, this report also contains certain required supplementary information concerning Worcester State University.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indication of Worcester State University's financial position. In the case of Worcester State University, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$106,048,583 at the close of fiscal year 2016.

By far the largest portion of the Worcester State University's net assets reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt, including capital leases, used to acquire those assets that are still outstanding. Worcester State University uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Worcester State University's investment in its capital assets is reported net of related debt.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

**Worcester State University's Net Position as of
June 30, 2016, with comparative data as of June 30, 2015**

	2016	2015
Current and other assets	\$ 61,506,343	\$ 66,590,902
Capital assets	104,522,725	77,084,437
Total assets	166,029,068	143,675,339
Deferred outflows of resources	1,244,190	1,250,036
Non-current outstanding liabilities	37,532,555	37,975,821
Other liabilities	15,575,584	15,549,661
Total liabilities	53,108,139	53,525,482
Deferred inflows of resources	8,116,536	8,528,311
Net position		
Invested in capital assets, net of related debt	87,321,688	56,137,097
Restricted	3,565,187	2,630,207
Unrestricted	15,361,708	24,104,278
Total net position	\$ 106,248,583	\$ 82,871,582

A portion of the Worcester State University's net assets (3.4 percent) as of June 30, 2016 represent funds that are subject to external restrictions on how they must be used. Unrestricted net assets of \$15,361,708 may be used to meet the University's ongoing obligations to its stakeholders. The University's net assets increased by \$23,377,001 during the year ended June 30, 2016. At the end of the current fiscal year, Worcester State University reports a positive balance in unrestricted and restricted fund balances.

The University's primary reserve ratio, calculated as expendable net assets divided by total expenses, is 19.98% and 29.68%, respectively, for the years ended June 30, 2016 and June 30, 2015. This ratio provides a snapshot of financial strength and flexibility by indicating the percent of operating expenses that could be funded by expendable reserves without relying on additional net assets generated by operations.

In prior years reserves were being accumulated in the Capital Improvement Trust Fund for the specific purpose of financing the Wellness Center and other capital improvement projects. The University transferred \$9.5M of reserves to the Department of Capital Asset Management in September of 2015 as part of the financing plan for the Wellness Center. The University has begun updating its Capital Financing Plan and will establish a percentage goal and timeline to improve its primary reserve ratio so that it can be used as financial leverage when planning future capital projects.

The University's return on net asset ratio, calculated as the change in total net assets divided by total net assets – beginning of the year, is 27.97% and 2.38%, respectively, for the years ended June 30, 2016 and June 30, 2015. This ratio measures total economic return including capital investment and positive operating results. An improving trend indicates increasing net assets which provide for increased financial flexibility.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In FY 2016 construction of the Wellness Center was funded by the Commonwealth of Massachusetts general obligation bonds in the amount of \$22,240,844 in addition to \$5,998,592 of the \$15M bond proceeds the University borrowed for the project in 2012 through the MSCBA and placed on deposit with the Commonwealth Division of Capital Asset Management. An additional \$1,300,891 was incurred to outfit the furniture and equipment needs of the facility. Purchases to fit out the facility continued into the fall of 2016. The General Obligation bonds expended by the Commonwealth to construct the facility add a significant boost to the University net asset balances at year end as they are funds for which the University receives without obligation for repayment. The spending of MSCBA bond proceeds had a neutral effect on net assets as the funds moved from cash held by the State Treasurer to Construction in Progress. In addition, the University's investment in the contents of the facility also provided a boost to the campuses net asset value. In years of significant infrastructure investment, the net asset ratio experiences a spike in value which levels out when the campus returns to traditional deferred maintenance and infrastructure investments levels.

The net operating revenue ratio, calculated as operating income plus non-operating revenue divided by operating revenue plus non-operating revenue, is .15% and (.75)%, respectively, for the years ended June 30, 2016, and June 30, 2015. The ratio measures whether an institution is living within its available resources. Worcester State University strives to achieve an annual operating surplus as measured by this ratio as part of its long-term plan to improve its primary reserve and viability ratios and maintain a healthy annual return on net assets.

In FY 2016 the University closed the year with a slight operating surplus of \$138,474, compared with a loss of \$673,465 at June 30, 2015. Student fee revenue from all categories, (day, evening and graduate) was slightly lower than budget and spending during the year was pressed to the edges of the operating budget and little spending capacity was returned to reserves at year end.

The increase in net capital assets in FY 2016, was \$27,438,288, while depreciation expense on capital assets was \$4,664,588. During the year \$29,997,376 was expended on construction of the Wellness Center and building improvements were completed to the Student Center and the Learning Resource Center. The University received deferred maintenance funding to assist with the LRC and Student Center projects and to pay for several project planning studies.

The University's viability ratio, calculated as expendable net assets divided by long term debt, is

1 : .76 and 1 : 1.05 respectively, as of June 30, 2016 and June 30, 2015. The viability ratio measures the availability of expendable net assets to cover debt as of the balance sheet date. A ratio of 1:1 or greater indicates an institution has sufficient expendable net assets to satisfy its debt obligations as of the balance sheet date.

The University anticipated a significant downturn in its viability ratio in FY 2016 in anticipation of transferring \$9.5M to DCAM in September of 2016 in accordance with the financing plan for the Wellness Center. In the coming year a plan will be put in place to restore reserves and improve the University's operational ratios.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Worcester State University's Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2016 with comparative data for the year ended June 30, 2015

	2016	2015
Operating Revenues		
Tuition and fees, net of scholarships discounts and allowances	\$ 45,601,581	\$ 44,591,923
Operating grants and contributions	13,605,430	11,634,043
Sales and services of auxiliary enterprises and other sources	236,258	873,017
Total operating revenues	59,443,269	57,098,983
Operating Expenses		
Instruction	33,871,481	33,402,333
Public service	933,890	1,149,664
Academic support	7,591,317	6,607,824
Student service	9,182,276	8,625,036
Institutional support	15,094,794	13,432,296
Operations and maintenance of plant	9,085,364	9,342,808
Scholarships	1,170,665	729,898
Depreciation	4,664,588	4,224,797
Debt service	289,560	270,821
Auxiliary enterprises	11,838,607	12,299,488
Total operating expense	93,722,542	90,084,965
Net operating loss	(34,279,273)	(32,985,982)
Non-operating revenues (expenses)		
State appropriation, including fringe benefits provided to employees by the Commonwealth, net of tuition remitted to the Commonwealth	33,605,906	31,840,805
Investment income	801,365	467,982
Other and transfers	10,476	3,730
Total non-operating revenues	34,417,747	32,312,517
Income before other revenues, expenses, gains or losses	138,474	(673,465)
Capital appropriations	23,038,527	2,645,362
Increase in net assets	23,177,001	1,971,897
Net position - July 1	82,871,582	91,466,817
Adoption of accounting principle	-	(10,567,132)
Net position - June 30	\$ 106,048,583	\$ 82,871,582

State appropriations for operations, including fringe benefits and net of tuition remission, experienced a net increase in FY 2016. The Commonwealth of Massachusetts final budget for FY 2016 did not include any additional dollars for collective bargaining obligations. However, it did include, \$5.5M for the State University system that was distributed in accordance with a funding formula developed by the Massachusetts Department of Higher Education. The formula provided additional resources of \$873,943 to Worcester State University in FY16.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

State appropriations are reported net of the amount of in-state day school tuition collected by the University on behalf of the Commonwealth. The in-state day tuition collected is remitted back to the Commonwealth as dictated by Massachusetts General Law. Included in State appropriations are the fringe benefit costs for University employees paid by the Commonwealth. In addition to operating appropriations, in FY2016 the University received capital appropriations for the construction of the Wellness Center. Capital appropriations are funded by Massachusetts General Obligation Bonds which are issued to fund Commonwealth infrastructure improvements. The funds are provided to the campus in the form of a capital grant and as such the University is not responsible for repayment of the funds.

The following schedule details the Commonwealth appropriations received by the University for the years ending June 30, 2016 and June 30, 2015, respectively.

	2016	2015
State Appropriations	\$ 26,390,124	\$ 25,638,417
Appropriations to cover fringe benefits provided to employees of the Commonwealth	7,821,097	7,102,873
Tuition remitted back to the State	(605,315)	(538,563)
Transfer to cover 9C reductions	-	(361,922)
Net appropriations	33,605,906	31,840,805
Additional State capital appropriations	23,038,527	2,645,362
Total Appropriations	<u>\$ 56,644,433</u>	<u>\$ 34,486,167</u>

Loss from Operations

State appropriations are a significant source of funding for the University. Under GASB 35, appropriations are considered non-operating revenue. As such, the University incurs a loss from operations. The Commonwealth's Board of Higher Education sets tuition for the day division. The University's Board of Trustees sets all fees and tuition of the Division of Graduate and Continuing Education. The University's Board of Trustees approves the annual budget with the intention of mitigating losses after consideration of Commonwealth appropriations while balancing educational and operational needs. The following schedule presents Worcester State University's incurred losses from operations for the fiscal years ended June 30, 2015 and 2013, respectively.

	2016	2015	Change
Net Tuition and Fee Revenue	\$ 45,601,581	\$ 44,591,923	\$ 1,009,658
Other Revenue, net of Student Financial Aid	13,841,688	12,507,060	1,334,628
Operational Expenses	<u>(93,722,542)</u>	<u>(90,084,965)</u>	<u>(3,637,577)</u>
Operating loss	(34,279,273)	(32,985,982)	(1,293,291)
Commonwealth direct appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth	33,605,906	31,840,805	1,765,101
Investment and non-operating income	811,841	471,712	340,129
Capital appropriations	<u>23,038,527</u>	<u>2,645,362</u>	<u>20,393,165</u>
Change in net position	<u>\$ 23,177,001</u>	<u>\$ 1,971,897</u>	<u>\$ 21,205,104</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets and Debts of the University

Capital Assets: Worcester State University's investment in capital assets as of June 30, 2016 amounts to \$104,522,724, net of accumulated depreciation, compared to \$77,084,437 net of accumulated depreciation as of June 30, 2015. The University's investment in capital assets includes, land (including improvements), building (including improvements,) furnishings and equipment, and books. In FY 2016 gross capital assets increased by \$31,609,994. The majority of the increase was for Wellness Center construction. The Wellness Center opened for business in September 2016. Project closeout continues and the University anticipates all open items and fit out of the facility will be complete by the end of the calendar year.

Capital assets are defined by the University and the Commonwealth of Massachusetts as assets with an initial, individual cost of \$50,000 or greater. Information about the Worcester State University's capital assets can be found in the notes to the financial statements.

Long-Term Debt

Compensated Absences: The accrual for compensated absences consists of the long-term portion of sick and vacation pay relating to employees on the University's payroll and is anticipated to be funded by future state appropriations.

MHEFA Financing: On December 4, 2002, the College entered in to a financing agreement with MHEFA to receive \$14,000,000 for renovations to the Sullivan and Administration Buildings. A call provision became available on this bond issue in December 2012. As a result, the issue was refunded on December 18, 2012, with \$10,585,000 MDFA Revenue Bonds, Worcester State University Series 2012. There is no debt service reserve related to this issue. Annual principal payments range from \$255,000 to \$325,000 through November of 2022. Annual principal payments range from \$665,000 to \$875,000 through November of 2032.

Massachusetts Development Financing Agency (MDFA) Clean Renewable Energy Bond: On November 9, 2007, the College entered into a financing agreement with MDFA to receive \$310,000 to facilitate the financing of the installation of a 100 KW Photovoltaic Panel, mounting system and inverter on the roof of the Learning Resource Center. The bond proceeds are non-interest bearing and are to be re-paid in equal annual installments of \$20,666.67 over a fifteen-year period beginning December 31, 2007.

Massachusetts State College Building Authority (MSCBA) WSU Student Life Project: MSCBA issued revenue bonds for various projects on December 20, 2012. Included in the issue was a component to provide \$15,000,000 of debt financing to Worcester State University's Wellness Center in accordance with the Memorandum of Agreement between, the Commonwealth, MSCBA and the University. The proceeds from the bond issue, combined with funds earmarked by the University and General Obligation bond funds earmarked by the Commonwealth, provide the resources for construction of a new Wellness Center at WSU. The Wellness Center will be an asset of the Commonwealth and will be recorded as a fixed asset on the University's financial records. The MSCBA holds Debt Service Reserve funds of \$249,214.06 on this component of the issue. Annual principal payments ranging from \$135,000 to \$787,950 are scheduled through May, 2042. Campus trust funds provide the revenue source for the annual debt service.

WORCESTER STATE UNIVERSITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Economic Factors that will affect the Future:

In FY2016 the University announced a campus-based early retirement incentive program. The programs offered a bonus payment, scaled to number of years of service, to employees that had at least ten years of service. The plan stipulated that employees commit to retiring by June 30, 2016 in order to receive a bonus. Thirty six employees chose to participate in the retirement incentive program. Years of service for these employees ranged from ten to fifty-one years. All vacated positions are intended to be filled, though some will be re-distributed across the institution. Projected net salary savings from the program, once vacancies have been filled, is anticipated in the range of \$1.4M. The savings were allocated in the FY17 budget to support new programming.

The FY 2107 budget process focused heavily on resources necessary to open the new Wellness Center. During the budget process a reconciliation of operating expenses and revenues was finalized. The existing athletic department budget was analyzed and reconciled to ensure there was no duplication and funding matched the new operational plan. New and expanded programming for the center in the areas of recreational sports, fitness and intramural programs were funded with an increase in student fees. The large scale of the new facility and advance operational technology also placed an increased demand on operational resources which were funded by the savings achieved through the early retirement incentive program. Savings from the early retirement incentive program also provided resources to address other institutional priorities linked to the strategic plan.

During the budget process the President and his direct reports discussed and prioritized the top budget requests from each area. Budget requests linked directly to the Strategic Plan or fitting the criteria of a "foundation level investment", were funded from the remaining re-allocation of retirement incentive savings. There was an extensive list of division priorities that deserved funding and attention, and behind that list were many other requests that could have been further prioritized.

The state university campuses continue to advocate for full funding of collective bargaining obligations. Despite that effort, the University was not allocated resources to fund contract obligations in FY 2017, or raises previously implemented in FY 2016. Student fees were increased to fund the FY 2017 obligation and the University does not foresee receiving Commonwealth funding for the contracted raises anytime in the near future.

An analysis of the University's unrestricted reserves was presented to the Board at the March meeting. Unrestricted reserves have been significantly depleted as a result of the \$9.M equity contribution to the Wellness Center and the Commonwealth's decision to distribute the reporting of pension liability to the higher education campuses in Massachusetts. Analysis indicates that planned contributions should be made to the Capital Improvement Trust Fund, in addition to an increase in the Capital Improvement Fee, to increase the base of unrestricted resources that can be purposefully leveraged for, or invested in, infrastructure improvements on campus. Due to many competing needs demonstrated by numerous funding requests, the alignment of requests to the Strategic Plan, and the goals set by the DHE for future retention and graduation rates, stabilizing the University reserves was not identified as a top priority for the FY 2017 budget. However, future infrastructure improvements to the campus will be dependent on the University's ability to develop a financing model that will provide the capacity to borrow or liquidate reserves to fund infrastructure improvements.

Requests for Information

This financial report is designed to provide a general overview of the Worcester 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 the Office of the Vice President of Administration and Finance, 486 Chandler Street, Worcester, MA 01602-2597.

DISCUSSION DRAFT 10/4/16

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015

	Worcester State University		Component Unit Worcester State Foundation	
	2016	2015	2016	2015
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 14,954,373	\$ 23,781,381	\$ 854,102	\$ 800,282
Cash held by State Treasurer	14,603,183	12,455,374	-	-
Cash held by Foundation	139,172	145,680	-	-
Accounts receivable, net	1,810,502	1,161,850	2,750	7,970
Current portion of loans receivable	169,159	153,424	-	-
Current portion of contributions receivable	-	-	546,355	397,770
Inventories	33,889	41,769	58,392	53,566
Prepaid expenses and other current assets	270,789	225,337	13,830	15,097
Total current assets	31,981,067	37,964,815	1,475,429	1,274,685
Non-current Assets:				
Investments	20,444,141	19,239,634	19,672,076	19,503,793
Deposits held with trustee	249,214	254,295	-	-
Loans receivable, less current portion	785,842	850,269	-	-
Contributions receivable, less current portion	-	-	467,175	442,770
Other non-current assets	8,046,079	8,281,889	338,659	348,571
Capital assets, net of accumulated depreciation	104,522,725	77,084,437	4,598,879	4,785,499
Total non-current assets	134,048,001	105,710,524	25,076,789	25,080,633
Total assets	166,029,068	143,675,339	26,552,218	26,355,318
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pension obligations	1,144,785	1,144,785	-	-
Loss on refunding of long-term debt	99,405	105,251	-	-
Total deferred outflows of resources	1,244,190	1,250,036	-	-
LIABILITIES				
Current Liabilities:				
Current portion of long-term debt	635,667	615,667	39,225	38,364
Current portion of capital lease obligation	467,514	197,403	-	-
Accounts payable	2,396,043	2,641,613	1,129,327	105,449
Accrued payroll and fringe benefits	6,994,985	6,527,207	-	-
Accrued interest and other liabilities	125,395	127,952	21,623	18,606
Funds held for others	-	-	177,227	180,145
Student deposits and unearned revenue	1,486,828	1,698,266	61,608	50,912
Current portion of split-interest agreements	-	-	49,536	40,048
Current portion of accrued workers' compensation	114,672	172,589	-	-
Current portion of accrued compensated absences	3,354,480	3,568,964	-	-
Total current liabilities	15,575,584	15,549,661	1,478,546	433,524
Non-current liabilities:				
Long-term debt, less current portion	24,145,858	24,817,219	2,683,858	2,724,450
Capital lease obligation, less current portion	451,100	303,600	-	-
Split-interest agreements, less current portion	-	-	122,518	120,234
Advance payable to the University	-	-	-	-
Accrued workers' compensation, less current portion	498,568	560,660	-	-
Accrued compensated absences, less current portion	2,085,323	1,893,542	-	-
Accrued pension obligations	9,357,928	9,357,928	-	-
Refundable grant - federal financial assistance program	993,778	1,042,872	-	-
Total liabilities	53,108,139	53,525,482	4,284,922	3,278,208
DEFERRED INFLOWS OF RESOURCES				
Resources related to pension obligations	1,991,459	1,991,459	-	-
Deferred service concession arrangements	6,125,077	6,536,852	-	-
Total deferred inflows of resources	8,116,536	8,528,311	-	-
NET POSITION				
Invested in capital assets, net	87,321,688	56,137,097	-	-
Restricted - Non-expendable:				
Other	-	-	13,009,586	12,309,121
Restricted - Expendable for:				
Other	3,241,368	2,503,864	5,478,062	6,092,331
Capital projects	123,819	126,343	395,447	1,163,436
Unrestricted	15,361,708	24,104,278	3,384,201	3,512,222
Total net position	\$ 106,048,583	\$ 82,871,582	\$ 22,267,296	\$ 23,077,110

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	Worcester State University		Component Unit Worcester State Foundation	
	2016	2015	2016	2015
REVENUES				
Operating Revenues:				
Student tuition and fees	\$ 42,447,361	\$ 42,564,442	\$ 331,475	\$ 259,043
Auxiliary enterprises, student housing	11,906,540	10,888,328	-	-
Less: Scholarship discounts and allowance	8,752,320	8,350,165	-	-
Net student tuition and fees	45,601,581	45,102,605	331,475	259,043
Contributions	-	-	2,137,750	1,865,899
Federal grants and contracts	7,172,962	7,511,031	-	-
State and local grants and contracts	1,259,516	1,366,407	-	-
Nongovernmental grants and contracts	2,492,114	1,697,789	-	-
Auxiliary enterprises, other	236,258	362,335	227,567	212,284
Other operating revenues	2,680,838	1,058,816	254,716	255,221
Total operating revenues	59,443,269	57,098,983	2,951,508	2,592,447
EXPENSES				
Operating expenses:				
Instruction	33,871,481	33,402,333	-	-
Public service	933,890	1,149,664	-	-
Academic support	7,591,317	6,607,824	-	-
Student services	9,182,276	8,625,036	-	-
Institutional support	15,094,794	13,432,296	528,435	616,978
Operation and maintenance of plant	9,085,364	9,342,808	171,219	199,203
Scholarship	1,170,665	1,165,796	477,563	326,575
Depreciation	4,664,588	4,224,797	213,749	150,993
Debt service	289,560	270,821	50,865	24,867
Auxiliary enterprises	11,838,607	11,863,590	-	-
Total operating expenses	93,722,542	90,084,965	1,441,831	1,318,616
Operating loss	(34,279,273)	(32,985,982)	1,509,677	1,273,831
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	33,605,906	31,840,805	-	-
Interest and investment income	801,365	467,982	(393,759)	(66,973)
Payments to Worcester State University	-	-	(2,671,576)	(1,702,748)
Other non-operating revenues	10,476	3,730	-	-
Net non-operating revenues	34,417,747	32,312,517	(3,065,335)	(1,769,721)
Income (loss) before other revenues, expenses, gains, or losses	138,474	(673,465)	(1,555,658)	(495,890)
Capital appropriations	23,038,527	2,645,362	-	-
Additions to permanent endowments	-	-	745,844	575,046
Change in net position	23,177,001	1,971,897	(809,814)	79,156
NET POSITION				
Beginning of year	82,871,582	91,466,817	23,077,110	22,997,954
Adoption of accounting principle	-	(10,567,132)	-	-
End of year	\$ 106,048,583	\$ 82,871,582	\$ 22,267,296	\$ 23,077,110

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

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	Primary Government	
	2016	2015
Cash flows from operating activities:		
Student tuition, fees and charges	\$ 45,535,296	\$ 44,531,324
Federal grants and contracts	7,172,962	7,511,031
State and local grants and contracts	1,259,516	1,366,407
Nongovernmental grants and contracts	2,492,114	1,697,789
Auxiliary enterprise charges	236,258	873,017
Employee compensation and fringe benefit payments	(58,194,972)	(55,163,191)
Payments to suppliers	(30,250,235)	(30,650,898)
Interest paid	(366,018)	(350,401)
Loans issued to students	48,692	(71,262)
Other receipts	1,547,098	193,696
Net cash used in operating activities	(30,519,289)	(30,062,488)
Cash flows from noncapital financing activities:		
State appropriations	33,605,906	31,840,805
Net deposits	(71,840)	(178,887)
Net cash provided by noncapital financing activities	33,534,066	31,661,918
Cash flows from capital and related financing activities:		
Capital appropriations	23,038,527	2,645,362
Purchases of capital assets	(31,185,547)	(15,316,090)
Principal payments of capital related debt	(651,361)	(651,433)
Principal payments of capital lease obligation	(425,818)	(193,497)
Decrease in cash restricted for capital activities	5,081	-
Decrease (increase) in deferred loss on refunding of capital related debt	5,846	5,848
Perkins loan program, net funds paid	(49,094)	(1,782)
Other activities	10,476	3,730
Net cash used in capital and related financing activities	(9,251,890)	(13,507,862)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	-	9,403,194
Purchases of investments	(1,022,703)	(5,896,812)
Interest and investment income	574,109	603,919
Net cash provided by (used in) investing activities	(448,594)	4,110,301
Net decrease in cash and cash equivalents	(6,685,707)	(7,798,131)
Cash and cash equivalents, beginning of year	36,382,435	44,180,566
Cash and cash equivalents, end of year	\$ 29,696,728	\$ 36,382,435

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

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

STATEMENTS OF CASH FLOWS
(Continued)

YEARS ENDED JUNE 30, 2016 AND 2015

	Primary Government	
	2016	2015
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (34,279,273)	\$ (32,985,982)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	4,664,588	4,224,797
Amortization of other assets	235,810	235,810
(Increase) decrease in operating assets and deferred outflows:		
Accounts receivable, net	(648,652)	(245,980)
Loans receivable	48,692	(71,262)
Inventories	7,880	5,618
Prepaid expenses and other assets	-	(2,008,914)
Resources related to pension obligations	-	(362,530)
Increase (decrease) in operating liabilities and deferred inflows:		
Accounts payable	(245,570)	594,988
Accrued payroll and fringe benefits	467,778	733,490
Accrued interest and other liabilities	(76,457)	(79,580)
Accrued workers' compensation	(120,009)	(75,589)
Student deposits and unearned revenue	(139,598)	(59,870)
Accrued compensated absences	(22,703)	652,385
Deferred service concession arrangements	(411,775)	(619,869)
Net cash used in operating activities	<u>\$ (30,519,289)</u>	<u>\$ (30,062,488)</u>

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

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

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Worcester State University (the "University") is a public, state-supported University, located in Worcester, Massachusetts. The University is governed by a local Board of Trustees. As one of nine four-year, state-supported colleges and universities, the University is empowered to award baccalaureate and masters' degrees in education and in the arts and sciences, as well as programs of continuing education.

The University is an agency of the Commonwealth of Massachusetts (the "State", the "Commonwealth"). Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated as an independent institution.

Component units

Worcester State Foundation, Inc. (the "Foundation") is a legally separate, tax exempt component unit of the University. The Foundation's primary role is to prudently manage and steward privately contributed resources meant to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2016 and 2015, the Foundation distributed \$2,671,576 and \$1,702,748, respectively, to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Worcester State University Business Office at 486 Chandler Street, Worcester, MA 01602.

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 U.S. generally accepted accounting principles (US GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The accompanying statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of interfund 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 including the University's discretely presented component units, and required supplementary information. The University presents statements of net position, revenues, expenses, and changes in net position and cash flows on a University-wide basis.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation (continued)

The University's policies for defining operating activities in the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts ("Commonwealth"), and net investment income.

Net position

GASB establishes accounting and financial reporting standards for public colleges and universities. These standards require that, for accounting and reporting purposes, resources be classified into four net position categories, described as follows:

Invested in capital assets, net of related debt - Includes all capital assets, net of accumulated depreciation and the principal balances of any outstanding debt used to construct, acquire or improve the assets.

Restricted net position - These resources are further differentiated between those that are nonexpendable and expendable.

Nonexpendable resources are those that are subject to externally imposed constraints that they be maintained permanently.

Expendable resources are those whose use is subject to externally imposed constraints that can be satisfied by specific actions or by the passage of time.

Unrestricted - These resources are not subject to any externally imposed constraints. Such net position may be designated for specific purposes by action of the governing Board.

Management accounting and reporting system

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

Accounting estimates

The preparation of financial statements in conformity 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent events

The University has evaluated the financial statement impact of subsequent events occurring through _____, 2016, the date that the financial statements were available to be issued.

Cash, temporary investments, and investments

The University considers its cash on hand, cash held by the State Treasurer for the benefit of the University and all debt securities with a maturity of three months or less to be cash equivalents.

The University's investments are recorded at fair value. Realized and unrealized gains and losses are included in non-operating revenues. Realized gains and losses are determined based on the specific identification of the securities sold. Investment income is recognized when earned. The method of allocated interest earned on pooled cash and investments among fund types provides that, unless otherwise restricted, all interest is recorded in the unrestricted current fund. All gains and losses arising from the sale, maturity, or other disposition of investments are accounted for in the trust fund which owns the related asset. Ordinary income derived from investments is accounted for in the trust fund owning such assets.

The Governmental Accounting Standards Board requires government entities to categorize investments to give an indication of the level of credit risk assumed by the University at year end. Category 1 includes investments that are insured or registered, or for which securities are held by the University or its agent in the name of the University. Category 2 includes uninsured and unregistered investments for which securities are held by a trust department in the name of the University. Category 3 includes uninsured and unregistered investments for which the securities are held by a trust department but not in the University's name.

Allowance for doubtful accounts

Accounts 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 portfolio, and current economic conditions.

Inventories

The University's inventories consist primarily of operating supplies which are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Loans receivable and payable

Loans receivable consist of the Federal Perkins Loan Program ("Perkins"). The federal government provides 90% of the funds to support this program. Loan payments received from students made under the Perkins program may be re-loaned after collection. The 90% portion of the Perkins Loan Program provided by the federal government is refundable back to the federal government upon the termination of the University's participation in the program.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are controlled, but not owned by the University. The University is not able to sell or otherwise encumber these assets since they are owned by the Commonwealth of Massachusetts. All capital assets acquired prior to June 30, 1990 are stated at cost or estimated historical cost. Capital assets acquired subsequent to June 30, 1990 are stated at cost. All additions of individual capital assets greater than or equal to \$50,000 are capitalized, in accordance with the Commonwealth's capitalization policy. Donated capital assets are recorded at the estimated fair value at the date of the donation.

Capital assets, with the exception of land, are depreciated using the straight-line method over the estimated useful life of the asset, which range from 3 to 40 years.

All library books are capitalized at actual cost for purchased materials and at fair value for donated items. The cost of such books is expensed after five years.

Student deposits and unearned revenue

Deposits and advance payments received for tuition and fees related to the University's Summer Session II program are deferred and are recorded as unrestricted current funds unearned revenue.

Bond premiums

Bond premiums are being amortized on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreements.

Funds held for others

Funds held for others are agency funds consisting of resources held by the University as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to assets and liability accounts.

Pension plan

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

State appropriations

The University's unrestricted State appropriations amounted to \$34,211,221 and \$32,379,368 for the years ended June 30, 2016 and 2015, respectively. State supported tuition, in the amounts of \$605,315 and \$538,563 for the years ended June 30, 2016 and 2015, respectively, were remitted to the State and have been offset against these appropriations. State supported tuition receipts and transfers have been recorded in an agency fund during the year with a net amount due the Commonwealth of \$26,081 and \$16,146 as of June 30, 2016 and 2015, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Liability for vacation leave is the amount earned by all eligible employees through June 30, 2016. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20 percent of amounts earned by those University employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance.

Fringe benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, pension and workers' compensation benefits. Health insurance, pension and administrative costs are billed through a fringe benefit rate charged to the University. The University's workers' compensation program is administered by the Commonwealth's Division of Public Employee Retirement Administration. Workers' compensation costs are assessed separately based on the University's actual experience.

Trust funds

The University's operations are accounted for in different trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Tax status

The University is an agency of the Commonwealth of Massachusetts and is therefore exempt from federal and state income taxes under Code Section 115 of the Internal Revenue Code. The Foundation is exempt from income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code.

New government accounting pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, is required for periods beginning after June 15, 2017. This Statement addresses accounting and financial reporting for other post-employment benefits provided to employees of state and local governmental employers, as well as establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Management is in the process of reviewing this statement and potential effects on their financial reporting.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New government accounting pronouncements (continued)

ADDITIONAL NEW GASB PRONOUNCEMENTS TO BE ADDED

2 - ADOPTION OF ACCOUNTING PRINCIPLE

In June 2012, the GASB issued GASB Statement No.68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB Statement No. 68 is effective for financial statements for periods beginning after June 15, 2014. The adoption of this statement requires the University, as an Agency of the Commonwealth of Massachusetts, to recognize a proportionate share of the Commonwealth's unfunded pension liabilities from which certain University employees receive benefits, along with related deferred inflows and outflows. The adoption of GASB Statement No. 68 resulted in a restatement of opening net position by (\$10,567,132) for the year ended June 30, 2015.

3 - CASH AND TEMPORARY INVESTMENTS

The University's cash and temporary investments are as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Carrying amount	<u>\$ 14,954,373</u>	<u>\$ 23,781,381</u>
Bank balance	\$ 16,360,935	\$ 25,218,478
Less amounts		
Covered by depository insurance	1,523,204	1,509,598
Collateralized repurchase agreements	<u>10,360,119</u>	<u>18,674,905</u>
Remaining bank balance	<u>\$ 4,477,612</u>	<u>\$ 5,033,975</u>

The differences between the carrying amounts and the bank balances are attributable to deposits-in-transit and outstanding checks. While the remaining bank balance is uninsured and uncollateralized, the University has lowered its risk of loss by maintaining these funds in high quality financial institutions. Further, as of June 30, 2016 and 2015, the University held \$95,814 and \$596,429 respectively, of the funds in money market mutual funds invested in federal securities.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - CASH AND TEMPORARY INVESTMENTS (Continued)

As of June 30, 2016 and 2015, the University was party to a repurchase agreement with a bank. The value of this agreement was \$10,360,119 and \$18,674,905 as of June 30, 2016 and 2015, respectively.

The money market mutual funds constitute a Category 2 investment and the repurchase agreements constitute a Category 3 investment, as defined under GASB regulations.

4 - CASH HELD BY STATE TREASURER

The University has recorded cash held for the benefit of the University by the State Treasurer in the amounts of \$7,768,475 and \$4,791,855 as of June 30, 2016 and 2015, respectively. In addition, the State Treasurer held cash for certain University trust funds in the amounts of \$6,834,708 and \$7,663,519 as of June 30, 2016 and 2015, respectively. None of these cash balances are insured or collateralized.

5 - INVESTMENTS

The University maintains pooled investments in long-term U.S. Treasury and Agency Securities. The fair value of these investments as of June 30, 2016 and 2015 are as follows:

	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2016</u>				
Investment type				
U.S. Treasuries	\$ 11,972,598	\$ -	\$ 8,472,035	\$ 3,500,563
U.S. Agencies	8,471,543	2,010,905	4,983,144	1,477,494
Total	<u>\$ 20,444,141</u>	<u>\$ 2,010,905</u>	<u>\$ 13,455,179</u>	<u>\$ 4,978,057</u>
	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2015</u>				
Investment type				
U.S. Treasuries	\$ 11,195,109	\$ 706,078	\$ 6,425,325	\$ 4,063,706
U.S. Agencies	8,044,525	2,390,576	4,565,544	1,088,405
Total	<u>\$ 19,239,634</u>	<u>\$ 3,096,654</u>	<u>\$ 10,990,869</u>	<u>\$ 5,152,111</u>

Interest Rate Risk

The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The weighted average life of the maturities is evaluated regularly with the weighted average life of the portfolio being limited to five years or less, whenever possible. The weighted average life of the portfolio at June 30, 2016 was 3.9 years.

Credit Risk

The University manages its exposure to credit risk by investing solely in U.S. Treasury and U.S. Agency securities.

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Concentration of Credit Risk

The University places no limit on the amount that may be invested in one issuer, maintaining its cash in bank deposit accounts which, at times, may exceed federally insured limits.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University controls this risk by placing its securities in a trust account with a safekeeping agent other than the counterparty.

The components of investment income, including investment return on deposits held with trustee, are as follows:

	2016	2015
Interest	\$ 619,561	\$ 569,068
Realized loss on investments	(69,975)	(226,261)
Unrealized gain on investments	251,779	125,175
	<u>\$ 801,365</u>	<u>\$ 467,982</u>

Investments of the component unit are stated at fair value and are composed of the following:

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Money market funds	\$ 700,578	\$ 700,578	\$ 694,876	\$ 694,876
Equity securities	9,258,622	9,967,260	8,306,197	9,338,907
Bonds and notes	4,073,576	3,879,351	4,062,240	3,960,058
Security based investment fund	5,282,644	4,801,034	5,270,324	5,165,319
Limited partnership interest	250,000	323,853	250,000	344,633
	<u>\$ 19,565,420</u>	<u>\$ 19,672,076</u>	<u>\$ 18,583,637</u>	<u>\$ 19,503,793</u>

6 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2016 and 2015:

	2016	2015
Students	\$ 676,619	\$ 788,906
Other	1,381,589	657,904
	2,058,208	1,446,810
Less: Allowance for uncollectible accounts	247,706	284,960
	<u>\$ 1,810,502</u>	<u>\$ 1,161,850</u>

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - CONTRIBUTIONS RECEIVABLE – COMPONENT UNIT

Contributions receivable consist of unconditional promises to give from individuals. Management initially records these contributions at their estimated fair value and has set up an allowance for doubtful accounts. A discount rate has been used to reflect the present value of the non-current portion of the unconditional promises to give.

Payments of contributions receivable as of June 30, 2016 are expected to be received as follows:

2017	\$ 602,931
2018	210,735
2019	152,310
2020	33,710
2021	3,972
Thereafter	80,855
	<hr/> 1,084,513
Less: Allowance for uncollectible contributions receivable	(56,576)
Discount on contributions receivable	(14,407)
	<hr/> <hr/> \$ 1,013,530

8 - DEPOSITS HELD WITH TRUSTEE

The University's bond payable indentures require the maintenance of restricted construction and debt service reserve funds on deposit with a bank trustee. Deposits with bank trustee are held in various trust accounts and are available for future debt service of \$249,214 and 254,295 as of June 30, 2016 and 2015, respectively.

9 - LOANS RECEIVABLE

Loans receivable consist of the following Perkins Loans as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Enrolled students	\$ 487,131	\$ 573,076
Repayment on schedule	132,097	103,775
In default	<hr/> 335,773	<hr/> 326,842
	<hr/> <hr/> \$ 955,001	<hr/> <hr/> \$ 1,003,693

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	18,398,236	31,335,546	1,259,476	48,474,306
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	99,057,836	1,183,377	-	100,241,213
Furnishings and equipment	10,473,461	843,429	-	11,316,890
Books	728,586	-	492,882	235,704
Total capital assets	134,120,678	33,362,352	1,752,358	165,730,672
Less accumulated depreciation for				
Land improvements	3,414,865	242,349	-	3,657,214
Buildings, including improvements	44,317,685	3,410,650	-	47,728,335
Furnishings and equipment	9,303,691	518,707	-	9,822,398
Total accumulated depreciation	57,036,241	4,171,706	-	61,207,947
Capital assets, net	<u>\$ 77,084,437</u>	<u>\$ 29,190,646</u>	<u>\$ 1,752,358</u>	<u>\$104,522,725</u>

Capital assets activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	8,141,599	13,661,967	3,405,330	18,398,236
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	93,922,282	5,135,554	-	99,057,836
Furnishings and equipment	10,473,461	-	-	10,473,461
Books	1,118,878	-	390,292	728,586
Total capital assets	119,118,779	18,797,521	3,795,622	134,120,678
Less accumulated depreciation for				
Land improvements	3,172,516	242,349	-	3,414,865
Buildings, including improvements	41,149,166	3,168,519	-	44,317,685
Furnishings and equipment	8,880,052	423,639	-	9,303,691
Total accumulated depreciation	53,201,734	3,834,507	-	57,036,241
Capital assets, net	<u>\$ 65,917,045</u>	<u>\$ 14,963,014</u>	<u>\$ 3,795,622</u>	<u>\$ 77,084,437</u>

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

The land on which the dormitory residence halls are located is leased by the Massachusetts State College Building Authority (MSCBA) from the Commonwealth of Massachusetts at a yearly cost of one dollar. The residence halls have various lease terms which extend to the year 2016 and 2022. The leases can be extended at the end of these terms for additional ten year periods.

The University, under the terms of a management and service agreement between MSCBA and the Commonwealth, is charged a semi-annual revenue assessment which is based on the certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations are guaranteed by the Commonwealth. The assessments charged for the years ended June 30, 2016 and 2015, in the amounts of \$8,244,800 and \$8,365,295, respectively, and have been recorded as auxiliary enterprise expenditures.

The Commonwealth of Massachusetts also executed a lease with MSCBA for land on which a parking garage is located. MSCBA owns the parking garage and has entered in to a long-term lease agreement with the University to occupy and operate the facility.

All facilities and obligations of the MSCBA are included in the financial statements of MSCBA. The specific asset cost or liability attributable to the University cannot be reasonably determined. The leases, therefore, have been accounted for under the operating method for financial statement purposes.

12 - DEFERRED SERVICE CONCESSION ARRANGEMENTS

Deferred service concession arrangements at June 30, 2016 and 2015 in the amounts of \$6,125,077 and \$6,536,852, respectively, consist of the unamortized balances of multiple food service agreements with an outside party. This outside party contributed multiple payments since 2004 totaling \$8,788,017, to upgrade the food service facilities. The contributions are being amortized over various periods ranging from 12 to 18 years. Amortization of these contributions was \$572,201 as of June 2016 and 2015.

13 - LONG-TERM DEBT

(A) On November 9, 2007, the University signed a financing agreement to receive \$310,000 from a Massachusetts Development Financing Agency (MDFA) clean renewable energy bond. These funds have been received and were used for the installation of a 100 KW photovoltaic panel, mounting system and inverter on the roof of the Learning Resource Center. The bond is non-interest bearing with annual principal installments of \$20,667 due through 2022.

(B) On December 4, 2002, the University signed a financing agreement used for the renovation of the Sullivan and Administration Buildings, which was completed in 2009. A call provision became available on this bond issue in and the issue was refunded on December 18, 2012, with \$10,585,000 of Massachusetts Development Financing Agency (MDFA) Revenue Bonds. The obligation is being repaid solely by the University through revenues. Interest on the MDFA bonds is due in semi-annual installments at varying rates ranging from 2.00% to 4.00%. Annual principal installments ranging from \$255,000 to \$875,000 are due through November 2032. The refunding of the MHEFA bonds resulted in a loss, which is included in deferred outflows of resources and will be amortized over the term of the bond. Amortization of this loss for the year ended June 30, 2016, was 5,846. The remaining loss to be amortized at June 30, 2016 is \$99,405.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LONG-TERM DEBT (Continued)

(C) On December 20, 2012, the University signed a financing agreement to receive \$15,000,000 from a Massachusetts State College Building Authority (MSCBA) revenue bond. These funds will be used for the construction of a new Wellness Center. Interest on the bonds is due in semi-annual installments at varying rates ranging from 2.00% to 5.00%. Annual principal installments ranging from \$135,000 to \$765,000 are due through May 2042.

The composition of the University's Bonds payable for the year ended June 30, 2016 is as follows:

	Beginning Balance	Issuances	Retirements and Premium Amortization	Ending Balance	Current Portion of Principal
(A) Bond payable, MDFA 2007 Series	\$ 144,667	\$ -	\$ 20,667	\$ 124,000	\$ 20,667
(B) Bonds payable, MDFA 2012 Series	10,351,211	-	280,623	10,070,588	270,000
(C) Bonds payable, MSCBA	14,937,008	-	350,071	14,586,937	345,000
	<u>\$ 25,432,886</u>	<u>\$ -</u>	<u>\$ 651,361</u>	<u>\$ 24,781,525</u>	<u>\$ 635,667</u>

Debt service requirements as of June 30, 2016 are as follows:

Year Ended June 30	Principal	Interest
2017	\$ 635,667	\$ 750,113
2018	660,667	729,413
2019	680,667	705,948
2020	705,667	679,088
2021	730,667	654,488
2022 – 2026	5,015,664	2,781,727
2027 – 2031	6,525,000	1,889,057
2032 – 2036	4,750,000	969,750
2037 - 2041	3,505,000	436,500
2042 – 2043	765,000	22,950
	<u>23,973,999</u>	<u>9,619,034</u>
Unamortized premium	807,526	-
	<u>\$ 24,781,525</u>	<u>\$ 9,619,034</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - LEASE COMMITMENTS

The University leases property, a motor vehicle, modular building, and furniture and equipment under various lease agreements. These leases are classified as either capital or operating in the financial statements. Operating lease expenditures were \$6,727 and \$17,427 for 2016 and 2015, respectively.

Property and equipment includes the following acquired under capital lease agreements:

	2016	2015
Buildings, including improvements	\$ 789,809	\$ 789,809
Furnishings and equipment	843,430	-
Total capital assets	1,633,239	789,809
Less: Accumulated depreciation	645,855	312,633
	<u>\$ 987,384</u>	<u>\$ 477,176</u>

Future minimum lease payments under leases, together with the present value of future minimum lease payments as of June 30, 2016 are as follows:

Year Ending	Capital Lease	Operating Lease
2017	\$ 482,904	\$ 26,565
2018	380,094	12,080
2019	58,647	5,487
2020	18,425	-
2021	1,535	-
Total minimum lease payments	941,605	<u>\$ 44,132</u>
Less: Amount representing interest	22,991	
Present value of minimum lease payments	<u>\$ 918,614</u>	

15 - GOVERNMENT ADVANCES REFUNDABLE

The University participates in the Federal Perkins Loan Program. This program is funded through a combination of Federal and institutional resources. The portion of this program that has been funded with Federal funds is ultimately refundable to the U.S. government upon the termination of the University's participation in the program. The loans receivable balance of \$955,001 and \$1,003,693 at June 30, 2016 and 2015, respectively, represents student loans issued through this program.

16 - NET POSITION

Unrestricted net position is not subject to externally imposed stipulations; however, it may be subject to internal restrictions. For example, unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. As of June 30, 2016 and 2015, unrestricted net position of \$_____ and \$11,688,452, respectively, has been internally designated by the University for future capital investments. Undesignated unrestricted net position was \$_____ and \$12,415,826 at June 30, 2016 and 2015, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - NET POSITION (Continued)

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:

	2016	2015
Restricted - expendable		
Capital projects	\$ 123,819	\$ 126,343
Scholar ships and other grants	3,241,368	2,503,864
	<u>\$ 3,365,187</u>	<u>\$ 2,630,207</u>

The component units' restricted - expendable net position consists of funds whose income is mainly used for scholarships and grants. The component units' restricted-nonexpendable net position consists of investments to be held in perpetuity and the income is restricted for the purpose of providing scholarships and other activities that benefit the University.

17 - FACULTY COMPENSATION

Contracts for full-time faculty begin on September 1, and end May 31 of any given academic year. The Commonwealth of Massachusetts and the University pay all faculty members over the twelve-month period of September 1 through August 31. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's appropriation. The balance due as of June 30, 2016 and 2015 of \$2,490,975 and \$2,568,440 respectively, has been recorded in the financial statements.

18 - ACCRUED WORKERS' COMPENSATION

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth of Massachusetts' self-insured Workers' Compensation program were conducted as of June 30, 2016 and 2015. Based upon the Commonwealth's analyses, accrued workers' compensation in the amount of \$613,240 and \$733,249 as of June 30, 2016 and 2015, respectively have been recorded in the unrestricted current fund. Workers' compensation expense charged to operations was \$102,624 and \$157,487 in 2016 and 2015, respectively. The actual workers' compensation paid by the University was \$222,634 and \$233,075 in 2016 and 2015, respectively.

19 - ACCRUED COMPENSATED ABSENCES

Included in accrued compensated absences are \$2,759,023 for accrued vacation time and \$2,680,781 for accrued sick time as of June 30, 2016 and \$2,621,964 for accrued vacation time and \$2,840,542 for accrued sick time as of June 30, 2015. Of these balances, \$300,677 and \$219,048 for June 30, 2016 and 2015, respectively, represent obligations due to employees funded through sources other than State appropriations, and \$5,139,126 and \$5,243,457 as of June 30, 2016 and 2015, respectively, represent obligations to employees funded through State appropriations. The University anticipates that the obligations due to employees funded by State appropriations will be discharged through future State appropriations.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

20 - FRINGE BENEFIT CHARGES

Certain fringe benefit costs associated with University staff, compensated through State appropriations, are paid out of non-University State budget line items. The University is required to reimburse the State for such costs for employees funded from other than State appropriations, based on a percentage of payroll. For 2016, the University reimbursed the State a total of \$3,657,781 (\$1,303,999 for pensions and \$2,353,782 for health care premiums). For 2015, the University reimbursed the State a total of \$4,008,433 (\$1,662,297 for pensions and \$2,346,136 for health care premiums).

21 - RETIREMENT PLAN

The University reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the Massachusetts State Employee's Retirement System (MSERS). The following information is about MERS:

Plan Description

The Massachusetts State Employees' Retirement System (MSERS) is a public employee retirement system (PERS), covering substantially all of the University's non-student full-time employees. It is a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts State Retirement Board. Under the 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, disability and death benefits to plan members and beneficiaries.

Benefit Provisions

MSERS provides retirement, disability, survivor and death benefits to plan members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service and group classification. The authority for establishing and amending these provisions rests with the Massachusetts Legislature, Chapter 32A of the General Laws of the Commonwealth of Massachusetts.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the 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 are not eligible for retirement prior to age 60.

Contributions

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

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Contributions (continued)

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

<u>Hire Date</u>	<u>Percentage of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate determined by the State. The rate was ____% and 10.39% of annual covered payroll for the fiscal years ended June 30, 2016 and June 30, 2015, respectively. The University contributed \$____ and \$1,039,592 for the fiscal years ended June 30, 2016 and June 30, 2015, equal to 100% of the required contributions for the year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016 and 2015, the University reported a net pension liability of \$____ and \$9,357,928 for its proportionate share of the net pension liability related to its participation in MSERS. The net pension liability was measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015. 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 the University for the fiscal years 2015 and 2014. The Commonwealth's proportionate share was based on actual employer contributions to the MSERS for fiscal years 2015 and 2014 relative to total contributions of all participating employers for each respective fiscal year. At June 30, 2015 and 2014, the University's proportion was ____% and 0.138% respectively. For the year end June 30, 2016 and 2015, the University recognized pension expense of \$____ and \$677,063, respectively.

At June 30, 2016 and 2015, the University reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources

Change in plan actuarial assumptions	\$
Contributions subsequent to the measurement date	
Total	<u>\$ -</u>

Deferred inflows of resources

Differences between projected and actual earnings on plan investments	\$
Change in proportion	
	<u>\$ -</u>

WORCESTER STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
(continued)

Contributions of \$_____ and \$1,039,592, respectively, are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal year 2016 and 2015 subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2017 and 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in pension expense as follows:

2017	\$ xxx,xxx
2018	xxx,xxx
2019	xxx,xxx
2020	xxx,xxx
	<hr/>
	\$ -
	<hr/>

Actuarial Assumptions

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

• Cost of living increases	x.x%
• Salary increases	x.x% to x.x%
• Investment rate of return	x.x%
• Interest rate credit to the annuity savings fund	x.x%

Pre-retirement mortality rates reflect the RP-2000 Employees table, projected 20 years with Scale AA (gender distinct). Post-retirement mortality rates reflect the Healthy Annuitant table projected 15 years with Scale AA (gender distinct). Mortality rates for disability were assumed to be in accordance with the RP-2000 table projected 5 years with Scale AA (gender distinct) set forward 3 years for males.

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of January 1, 2015, rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014, rolled forward to June 30, 2014.

Investment assets of MSERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target assets allocation as of June 30, 2015 and 2014 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

Actuarial Assumptions (continued)

Asset Class	Target allocation	Long-term expected real Rate of return	
		2015	2014
Global equity	xx%	x.xx %	7.20%
Core fixed income	xx%	x.xx %	2.50%
Hedge funds	xx%	x.xx %	5.50%
Private equity	xx%	x.xx %	8.80%
Real estate	xx%	x.xx %	6.30%
Value added fixed income	xx%	x.xx %	6.30%
Timber/natural resources	xx%	x.xx %	5.00%
Total	xxx%		

Discount Rate

The discount rate used to measure the total pension liability was ___% and 8.0% for 2015 and 2014, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

22 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The University provides postretirement health care and life insurance benefits through the State, in accordance with State statutes. All full-time employees and their dependents who retire from the University on or after attaining age 55 with 10 years of credited service or at any age with 20 years of credited service are eligible. Costs for such benefits are appropriated in non-University line items of the State budget. The costs of these benefits are not material to the University's financial statements.

23 - STATE CONTROLLED ACCOUNTS

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled and reported by the State through non-University line items in the State's budget. Under accounting principles generally accepted in the United States of America such transactions must be recorded in the financial statements of the University. These transactions include payments by the State for the employer's share of funding the Massachusetts State Employee's Retirement System and for the employer's share of health care premiums. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2016 were \$2,788,221 and \$5,032,876, respectively. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2015 were \$2,923,020 and \$4,125,497, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM - (UNAUDITED)

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

The University's State appropriations are composed of the following for the years ended June 30:

	2016	2015
Direct unrestricted appropriations	\$ 26,390,124	\$ 25,638,417
Fringe benefits for benefitted employees on state payroll	7,821,097	7,102,873
Tuition remitted	(605,315)	(538,563)
Transfer from trust funds	-	(361,922)
Total appropriations	<u>\$ 33,605,906</u>	<u>\$ 31,840,805</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2016 is as follows:

Revenue per MMARS	\$ 69,899,005
Revenue per University	<u>70,447,089</u>
	(548,084)
Reporting classification differences	(74,058)
Other timing differences	<u>622,142</u>
	<u>\$ -</u>

25 - RELATED PARTY TRANSACTIONS

The University provided, at no cost, office space and certain personnel services to the Worcester State Foundation, Inc. (the "Foundation").

Worcester State Foundation, Inc. acts as an agent for the University by periodically accepting grants on its behalf. The proceeds of the grants are recorded as an asset of the Foundation until remitted to the University.

The University and the Foundation have entered into an affiliation agreement with the Worcester Center for Crafts, Inc. to collaboratively offer venues for teaching and learning in the arts, new exhibition space, safe, well-equipped studios for community-based programs as well as undergraduate visual and performing art classes. As part of the agreement, the University provides various forms of support to the Crafts Center including annual fees of \$250,000 for allowing the University to use the facilities. Service agreement fees were \$250,000 for the years ended June 30, 2016 and 2015. In addition, the University provided support including personnel, equipment, repairs and maintenance and other operating expenses. The value of this support is estimated to be \$315,664 and \$294,652 for the years ended June 30, 2016 and 2015 respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

26 - AUXILIARY ENTERPRISES

The University's auxiliary enterprises consist of residence life and housing and health services. The related revenues and expenses for the years ended June 30, 2016 and 2015 are as follows:

	2016		2015	
	Residence Life and Housing	Health Services	Residence Life and Housing	Health Services
Total revenue	\$ 11,698,320	\$ 444,478	\$ 10,807,574	\$ 461,041
Total expenses	11,948,788	442,515	11,835,337	461,041
Increase (decrease) in net position before transfers	<u>\$ (250,468)</u>	<u>\$ 1,963</u>	<u>\$ (1,027,763)</u>	<u>\$ -</u>

27 - COMMITMENTS AND CONTINGENCIES

Litigation

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any pending legal actions involving the University will not have a material adverse effect on the financial position of the University.

Grants and entitlements

The University receives financial assistance from federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit by the granting agency. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of the University's administration, the outcome of any findings with respect to disallowed expenditures will not have a material adverse effect on the financial position of the University.

28 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2015 financial statements, with no effect on change in net position, to conform to the 2016 presentation.

DISCUSSION DRAFT 10/4/16

SUPPLEMENTARY INFORMATION

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

FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	Instruction	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship	Totals	
								2016	2015
Regular employee compensation	\$ 19,358,878	\$ 260,779	\$ 3,616,990	\$ 4,231,951	\$ 7,364,684	\$ 2,945,310	\$ -	\$ 37,778,592	\$ 36,936,622
Special employee contracted services	7,138,060	348,028	513,303	742,543	608,729	47,907	-	9,398,570	9,188,263
Pension and insurance	5,061,362	143,564	1,143,507	1,371,393	2,266,207	1,356,843	-	11,342,876	9,986,062
Total payroll and employee benefits	31,558,300	752,371	5,273,800	6,345,887	10,239,620	4,350,060	-	58,520,038	56,110,947
Regular employee related expenses	176,441	5,684	183,651	115,413	267,698	47,350	-	796,237	734,832
Administrative	920,585	32,976	1,179,448	587,856	1,950,620	291,726	-	4,963,211	4,106,419
Facility operations support and related expenses	271,264	60,502	314,884	587,611	453,301	15,695	-	1,703,257	1,757,555
Energy and space rental	11,866	327	2,659	829,515	709,091	1,437,662	-	2,991,120	2,530,632
Professional services	271,829	15,078	127,825	166,148	448,269	212,963	-	1,242,112	1,370,493
Operational services	258,339	35,778	293,175	199,628	279,372	36,386	-	1,102,678	894,196
Equipment purchases	308,350	7,726	183,013	77,242	165,050	134,121	-	875,502	1,687,968
Equipment lease and maintenance	94,507	23,448	32,862	272,976	581,773	190,299	-	1,195,865	1,202,392
Construction and building improvements	-	-	-	-	-	2,369,102	-	2,369,102	2,164,527
Benefits programs	-	-	-	-	-	-	1,170,665	1,170,665	1,165,796
Total operating expenses	2,313,181	181,519	2,317,517	2,836,389	4,855,174	4,735,304	1,170,665	18,409,749	17,614,810
Total educational and general expenses	\$ 33,871,481	\$ 933,890	\$ 7,591,317	\$ 9,182,276	\$ 15,094,794	\$ 9,085,364	\$ 1,170,665	\$ 76,929,787	\$ 73,725,757

See accompanying independent auditor's report.

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

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

YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	2016	2015
University's proportion of the net pension liability		0.14%
University's proportion of the net pension liability		\$ 9,357,928
Plan fiduciary net position as a percentage of the total pension liability		76.32%

See accompanying independent auditor's report.

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

SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2016
(With Comparative Totals for 2015)

	2016	2015
Statutorily required contribution		\$ 741,444
Contributions in relation to the statutorily required contribution		741,444
Annual contribution deficiency (excess)	\$ -	\$ -

See accompanying independent auditor's report.

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

RESIDENCE LIFE AND HOUSING

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash	\$ 3,899,989	\$ 4,130,519
Accounts receivable, net	86,506	97,186
Total assets	3,986,495	4,227,705
LIABILITIES		
Unearned rental income	262,525	245,117
Accrued and other liabilities	226,705	234,854
Total liabilities	489,230	479,971
NET POSITION		
Unrestricted	\$ 3,497,265	\$ 3,747,734

See accompanying independent auditor's report.

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

RESIDENCE LIFE AND HOUSING

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
REVENUES		
Fees	\$ 11,462,173	\$ 10,445,446
Other income	236,147	362,128
Total revenues	11,698,320	10,807,574
EXPENSES		
Regular employee compensation	1,116,442	1,133,410
Special employee contracted services	97,581	97,428
Pension and insurance	343,792	314,654
Regular employee related expenses	30,043	42,627
Administrative	150,113	203,169
Debt payment	7,607,741	7,725,217
Facility operations support and related expenses	237,892	216,041
Energy and space rental	813,959	908,642
Professional services	19,469	8,090
Operational services	140,879	141,559
Equipment purchases	21,103	38,817
Equipment lease and maintenance	96,781	94,624
Building improvements	714,120	475,599
Benefits programs	558,873	435,460
Total expenses	11,948,788	11,835,337
Change in net position	(250,468)	(1,027,763)
NET POSITION		
Beginning of year	3,747,733	4,775,496
End of year	\$ 3,497,265	\$ 3,747,733

See accompanying independent auditor's report.

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

HEALTH SERVICES

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
REVENUES		
Fees	\$ 444,367	\$ 441,915
Other income	111	1,173
Transfer from reserves	-	17,952
	<hr/>	<hr/>
Total revenues	444,478	461,040
	<hr/>	<hr/>
EXPENSES		
Regular employee compensation	116,254	113,095
Special employee contracted services	5,637	5,448
Pension and insurance	37,587	34,820
Regular employee related expenses	6,622	1,159
Administrative	1,681	1,736
Facility operations support and related expenses	18,087	19,113
Professional services	254,800	284,876
Operational services	905	30
Equipment maintenance	325	325
Benefits programs	617	438
	<hr/>	<hr/>
Total expenses	442,515	461,040
	<hr/>	<hr/>
Change in net position	\$ 1,963	\$ -
	<hr/>	<hr/>

See accompanying independent auditor's report.

DISCUSSION DRAFT 10/4/16

STATISTICAL INFORMATION
(UNAUDITED)

Worcester State University
Schedule of Net Position by Component
June 30, 2010 through 2015

Exhibit E-1

	2011		2012		2013		2014		2015		2016	
Invested in capital assets, net of related debt	\$	56,195,538	\$	54,324,836	\$	53,993,527	\$	54,295,189	\$	56,137,097	\$	88,029,807
Restricted-expendable		3,160,760		3,561,378		3,150,370		3,120,338		3,902,909		3,565,187
Restricted-nonexpendable		-		-		-		-		-		-
Unrestricted		27,806,659		30,428,591		30,722,888		34,051,290		22,831,576		14,453,587
Total primary government net position	\$	87,162,957	\$	88,314,805	\$	87,866,785	\$	91,466,817	\$	82,871,582	\$	106,048,581

**Worcester State University
Tuition & Mandatory Fees**

Exhibit E-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Resident Undergraduate</i>										
Tuition	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970
Mandatory Fees	4,569	4,894	5,200	5,636	6,186	6,683	7,187	7,587	7,587	8,232
<i>Total Annual</i>	\$ 5,539	\$ 5,864	\$ 6,170	\$ 6,606	\$ 7,156	\$ 7,653	\$ 8,157	\$ 8,557	\$ 8,557	\$ 9,202
<i>Non Resident Undergraduate</i>										
Tuition	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050	\$ 7,050
Mandatory Fees	4,569	4,894	5,200	5,636	6,186	6,683	7,187	7,587	7,587	8,232
<i>Total Annual</i>	\$ 11,619	\$ 11,944	\$ 12,250	\$ 12,686	\$ 13,236	\$ 13,733	\$ 14,237	\$ 14,637	\$ 14,637	\$ 15,282
<i>Resident Graduate</i>										
Tuition	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150
Mandatory Fees	95	95	95	95	112	115	115	117	117	147
<i>Total per Credit Hours</i>	\$ 245	\$ 245	\$ 245	\$ 245	\$ 262	\$ 265	\$ 265	\$ 267	\$ 267	\$ 297

Worcester State University
Schedule of Employment
2011-2015

Exhibit E-3

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Faculty - Primary Instruction ^{/1}	420	420	405	512	416
Part-time	233	225	204	306	214
Full-time	187	195	201	206	202
Staff and Administrators	325	335	339	339	353
Part-time	15	13	15	12	13
Full-time	310	322	324	351	340
Total Faculty & Staff Employees	745	755	744	875	769
Part-time	248	238	219	318	227
Full-time	497	517	525	557	542
Non-Benefitted Employees ^{/2}	612	657	609	651	615
Contract Workers	70	77	63	103	141
Coaches	41	38	38	31	474
Student Workers	325	355	325	347	
Work Study Students	176	187	183	170	
Total All Employees	1,357	1,412	1,353	1,526	1,384

/1 Includes Instruction, Research & Public Service

Notes: 1) This schedule reflects personnel as of November 1 and includes employees paid from both state appropriation and local trust funds.

2) Beginning 2009 all benefitted and non-benefitted personnel are reflected regardless of funding source.

Worcester State University
Admissions, Enrollment, and Degree Statistics
Last Five Years

Exhibit E-4

	Fall Term				
Admissions-Freshman /1	2011	2012	2013	2014	2015
Applications	4,706	4,425	5,632	5,662	4,828
Applications accepted	3,257	3,189	3,467	3,479	3,458
Accepted as a percentage of applications	69.21%	72.07%	61.56%	61.44%	71.62%
Students enrolled /2	1,365	1,345	1,415	1,409	1,454
Enrolled as a percentage of accepted	41.91%	42.18%	40.81%	40.50%	42.05%

/1 Includes all undergraduate admissions including transfer students.

/2 Includes only students who were accepted and enrolled. Enrolled alone would include students who were not accepted but enrolled as non-degree seeking students.

	Annual				
Enrollment	FY12	FY13	FY14	FY15	FY16
Full-time equivalent	5,228.5	5,337.7	5,437.3	5,373.0	5,339.5
Unduplicated credit headcount	9,939	10,063	10,078	9,797	9,774
Percent undergraduate /3	85.06%	85.31%	86.18%	87.61%	87.44%
Percent graduate	14.94%	14.69%	13.82%	12.39%	12.56%

/3 Percent undergraduate/graduate based on Fall semester registration, unduplicated headcount.

	Fall Term				
Student Population Demographics /4	2011	2012	2013	2014	2015
Percentage of men	38.54%	37.69%	38.03%	38.27%	38.31%
Percentage of women	61.46%	62.31%	61.97%	61.73%	67.69%
Percentage of African-American	5.30%	5.19%	5.43%	6.13%	6.85%
Percentage of White	76.13%	75.21%	72.79%	71.09%	70.42%
Percentage of Latino	6.30%	6.56%	6.95%	7.94%	8.18%
Percentage of Other /5	4.82%	5.51%	6.08%	6.72%	6.77%
< 20	25.16%	24.44%	23.26%	23.60%	24.08%
20 to 30	57.09%	57.63%	58.98%	59.10%	58.76%
31 to 40	8.05%	8.64%	7.67%	7.40%	7.96%
41 & Over	9.70%	9.93%	10.08%	9.60%	9.20%

/4 Percents within category are based on population of students who reported this information (gender, race/ethnicity, and age).

/5 Other includes American Indian/Alaskan Native, Asian, Native Hawaiian or Other Pacific Islander, Cape Verdean and Two or more races.

Degrees Granted	FY12	FY13	FY14	FY15	FY16
Bachelor's	861	924	986	1,008	1,115
Master's	195	191	262	192	205

Worcester State University
Schedule of Capital Asset Information

Exhibit E-5

	Academic Year	
	<u>2015</u>	<u>2016</u>
Land (acreage)	57	57
Buildings (square feet)		
100 Instruction/classroom	56,585	56,585
200 Labs	54,633	54,613
300 Administrative	111,142	111,966
400 Study facilities	27,870	27,870
52x Athletic	1,845	1,845
5xx Other Special Use	6,470	6,470
600 General Use	79,444	75,885
700 Support facilities	172,937	172,937
000 Unclassified	-	-
Unassigned/unassignable	295,700	307,890
Total Sq Ft	806,626	816,061
Residence Halls	459,583	462,513
Rental space	-	-
Dormitories - # of residents	1,577	1,577

Note: Classification of facilities space is consistent with Facilities Inventory & Classification Code guide.

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Source of Revenue					
Student charges (net of scholarships)	\$ 38,583,870	\$ 41,388,967	\$ 41,992,749	\$ 44,591,923	\$ 45,601,581
Grants & contracts	8,333,005	8,463,834	9,404,005	10,575,227	10,924,591
Auxiliary enterprises	700,495	695,533	754,505	873,017	236,258
Other operating revenue	1,197,025	1,281,025	1,574,697	1,058,816	2,680,838
Total operating revenue	48,814,395	51,829,359	53,725,956	57,098,983	59,443,268
State support	25,412,179	26,483,839	30,055,723	31,840,805	33,605,906
Other non-operating revenue	1,057,625	(126,317)	420,498	471,712	811,841
Total non-operating revenue	26,469,804	26,357,522	30,476,221	32,312,517	34,417,747
Total revenue	\$ 75,284,199	\$ 78,186,881	\$ 84,202,177	\$ 89,411,500	\$ 93,861,015
Functional Expense					
Instruction	\$ 29,123,787	\$ 31,349,284	\$ 32,780,505	\$ 33,402,333	\$ 33,871,481
Academic support	6,214,371	6,782,540	7,025,574	6,607,824	7,591,316
Student services	6,578,675	7,220,968	7,469,711	8,625,036	9,182,276
Institutional support	10,016,600	11,443,858	13,443,252	13,432,296	15,094,794
Plant operations & maintenance	7,784,839	7,622,055	7,409,398	9,342,808	9,085,364
Research	-	-	-	-	-
Public service	609,273	675,857	520,666	1,149,664	933,890
Scholarships	596,114	1,207,642	1,033,633	729,898	1,170,665
Sub-total	60,923,659	66,302,204	69,682,739	73,289,859	76,929,786
Auxiliary enterprises	8,082,112	7,423,424	8,243,709	12,299,488	11,838,607
Independent operations	-	-	-	-	-
All other	572,724	734,283	574,866	270,821	4,954,150
Total operating expense	\$ 69,578,495	\$ 74,459,911	\$ 78,501,314	\$ 85,860,168	\$ 93,722,543
Memo: Depreciation	\$ 4,402,075	\$ 4,174,992	\$ 4,158,890	\$ 4,224,797	\$ 4,664,589

Note: This schedule does not include component units, such as foundations. Total operating expense does not include depreciation.

DISCUSSION DRAFT 10/4/16

OTHER REPORTS

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

To the Board of Trustees
Worcester State University
Worcester, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Worcester State University, an agency of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Worcester State University's basic financial statements, and have issued our report thereon dated _____, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Worcester State 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

(Continued)

Purpose of this Report

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

Worcester, Massachusetts
_____, 2016



Memorandum

DATE: October 5, 2016

TO: Craig Blais, Chair, Finance and Facilities Subcommittee

FROM: Kathleen Eichelroth, Vice President for Administration and Finance *Kathy*

RE: **EMERGENCY REPAIRS – 535 CHANDLER STREET**

I am writing to inform the Board of emergency repairs we had completed at the President's residence at 535 Chandler Street. As you may recall the property is owned by Worcester State Foundation. The University entered in to a Use Agreement with the Foundation when the property was acquired. The agreement calls for the property to be used as the primary residence for the University President. The University is responsible for all maintenance and repairs of the property.

In August I was made aware of concerns about the electrical system at the residence and disruptions of power to the property. Staff from the Facilities Department began to investigate the matter and deemed the situation a safety hazard requiring emergency action. National Grid was contacted and the electrical contractor under agreement with the University was brought on site to perform repairs. The repairs required trench work for which another contracted vendor was brought in to perform that work. All work was completed expeditiously and a permanent solution to address the situation was put in place. The cost of the emergency repairs was \$12,781.44. Attached are the vendor invoices related to the repairs.

Brite-Lite Electrical Co., Inc.

11 Front Street,
Weymouth, MA 02188
781-340-9102
derek@brite-lite-electrical.com

535
CHANDLER

2016 AUG 2 10:40

PURCHASING/AD

Invoice

DATE	INVOICE #
8/18/16	14460
TERMS	DUE DATE
Net 30 days	9/18/2016

BILL TO

Worcester State College
Accounts Payable
486 Chandler Street
Worcester, MA 01602-2597

Attention: John Capuano
P.O. # B016

DATE	WORK PERFORMED	QUANTITY	RATE	AMOUNT
8/2/16	Investigate issue with GFCI Labor	2	86.15	172.30
8/17/16	Investigate Issue with GFCI still tripping. President discovered the GFCI trips when garbage disposal is turned on. Investigated and discovered a bad surge protection strip on the load side of the GFCI President reported a receptacle in the family room was bad. Removed and replaced with new. Discovered a tripped two pole breaker in the panel. Investigated and discovered two UF cable to garage. Put a megger tester on and discover underground cables are bad. Identified one conductor out of the four that was fine. Installed all circuits on one cable. CABLE TO GARAGE SHOULD BE REPLACED President also complained of flickering lights and TV shutting off. Investigated and discover unbalanced Voltage. John notified National Grid and they determined the underground conductors from the pole to the house need to be replaced. Replaced conduit and wiring with Copper conductors from the pole to the meter socket. Pulled a permit and paid for an off hour inspection. Nation Grid was notified by the Electrical Inspector to reconnect the service. Tested voltages and found the service to be operating as intended. Labor			
	Labor Off Hours Emergency service	10	86.15	861.50
	Bucket Truck off hours emergency service	20	129.25	2,585.00
	Inspectional services off hours fee	6	210.00	1,260.00
	Permit Fee	1	220.00	220.00
	Material	1	200.00	200.00
		1	1,412.00	1,412.00
TOTAL AMOUNT DUE				\$6,710.80

PO/BO #

Vendor #

Voucher #

Voucher Date

Entered By

414135

8/31

LL

RICCIARDI BROS., INC.
20 ENVELOPE TERRACE
WORCESTER, MA 01604

Invoice

Phone #
 508-753-0175

Fax #
 508-753-2868

10/2
 2016 SEP -9 PM 1:25
 PURCHASING/AP

DATE	INVOICE #
9/7/2016	7144

BILL TO
ACCOUNTS PAYABLE WORCESTER STATE UNIVERSITY 486 CHANDLER ST WORCESTER, MA 01602

Ret. Jones

P.O. NO.	TERMS	PROJECT
B0170784	DUE UPON RECEI...	1435

QUANTITY	DESCRIPTION	RATE	AMOUNT
	SUPPLY LABOR AND EQUIPMENT FOR EMERGENCY UNDERGROUND TRENCH, EXCAVATION AND BACKFILL FOR POWER OUTAGE AT 535 CHANDLER ST. ON 8/17/2016	6,070.64	6,070.64
<div> <p>OKAY TO PAY SEP 15 2016</p> <p>PO/BO # <u>170784</u></p> <p>Vendor # _____</p> <p>Voucher # <u>414497</u></p> <p>Voucher Date <u>9/12</u></p> <p>Entered By <u>W. J. Jones</u></p> <p><i>Simon R. Oben</i></p> </div>			
		Total	\$6,070.64
		Payments/Credits	\$0.00
www.ricciardibrosinc.com		Current Balance Due	\$6,070.64

Full Board Meeting

NOTICE

A MEETING OF THE WORCESTER STATE UNIVERSITY BOARD OF TRUSTEES WILL BE HELD ON TUESDAY, OCTOBER 18, 2016 AT 6:30 P.M. IN THE MULTI-PURPOSE ROOM LOCATED IN SHEEHAN HALL.

1. CALL TO ORDER – Notice/Agenda (Attachment 1)
2. VOTES (Attachment 2)
3. PRESENTATION – Partnership with Office of Naval Research
Dr. Hemant Pendharkar, Professor, Department of Computer Science (Attachment 3)
4. APPROVAL OF MINUTES – September 13, 2016 (Attachment 4)
5. CHAIR’S UPDATE
6. PRESIDENT’S REPORT
 - *President’s Update* (Attachment 5)
 - *Five Years of Leadership and Progress: 2011-2016* (Attachment 6)
 - Clery Report Update – (Attachment 7)
7. APPOINTMENT OF INTERIM DEAN SCHOOL OF HUMANITIES AND SOCIAL SCIENCES
Dr. Raynold Lewis (Attachment 8)
8. FINANCE & FACILITIES COMMITTEE REPORT
9. OTHER BUSINESS
10. ADJOURNMENT

Judith A. St. Amand
October 11, 2016

WSU BOARD OF TRUSTEES
October 18, 2016

VOTES

Upon a motion made and seconded, it was

VOTED: **to approve the minutes of the September 13, 2016 meeting as presented.**

Upon a motion made and seconded, it was

VOTED: **to approve the appointment of Dr. Raynold M. Lewis to the position of Interim Dean for the School of Humanities and Social Sciences, based upon the terms described in his letter of appointment dated October 6, 2016.**

Upon a motion made and seconded, it was

VOTED: **to accept the recommendation of the Finance & Facilities Committee to approve the FY 2016 Audit Report as presented and to authorize the administration to submit the report as required.**

Upon a motion made and seconded, it was

VOTED: **to accept the recommendation of the Finance & Facilities Committee to approve the emergency repairs in the amount of \$12,781.44 at 535 Chandler Street, President's Residence, as described in the memo of October 5, 2016 from VP Kathleen Eichelroth.**

Upon a motion made and seconded, it was

VOTED: **to adjourn the meeting at**

Hemant Pendharkar

E-mail: pendharkar@alumni.unh.edu

EDUCATION

- **Ph.D.** Mathematics, University of New Hampshire, July '99: **Dissertation:** *Central Sequences and C* algebras*;
 - **M.S.** Mathematics, **Diploma** Computer Programming and Applications, **B.Sc.** Math & Computer Programming
- Research Interests:** *Operator Algebras, Theoretical Physics, Data Mining and Algorithms, Pedagogy*

POSITIONS: Academic

- **Professor (CS/MA):** Worcester State University, 9/2012 on; (joined: Assistant Professor: 2002; Tenured/Promoted: 2005)
- **Visiting Professor:** Israel Academic College/Clark Univ. COPACE, Israel; summer 2009. 2010, 2011
- **Professor** (part time): Clark University, <http://aleph0.clarku.edu/faculty/faculty.php>, since 9/2004
- **Assistant Professor:** Elizabeth City State University; 08/1999-12/2001
- **Instructor:** Master of Science in Mathematics for Teachers, UNH: Summer 1996-99, 2002-03

POSITIONS: Honorary

- **Honorary Adjunct Professor:** Computer Sc. & Eng., University of South Carolina, Columbia, 2008-10

POSITIONS: Research and Corporate training

- **Office of Naval Research Faculty Fellow**, SPAWAR Atlantic Center, Joint Base-Charleston, SC, Summer 2016
- **Hanover Insurance Corporate Training:** Invited to carry out Analysis, training for migration to JAVA platform Spring '13
- **AT&T Research** (formerly **The BELL LABS Labs**, (**Research**) Statistics & Visualization, Spring-Summer 2009
- **Research Assistant:** Department of Mathematics, University of New Hampshire, Summers 1995-99

RESEARCH/PROJECTS: Externally Funded (NSF, ONR, NASA, Department of Education, DOD-ARO, College Board)

- NASA/TEAMS grant for the Governor's School for Science and Math, Robotics Team: \$6000.00 (PI), 2008-09
- "GIS in curriculum", an **inter-disciplinary** grant Funded by the **NSF**, 2006-08, \$134,000 (co-PI),
- "Conjuncto-Experimental", critical thinking project for high school minority students, 2006-07 (Co PI)
- "Faculty mini-grant to develop **Parallel processing cluster/course development**", WSU, 2004-05, \$3000 (PI)
- "Instrumentation grant for Computer Science at Elizabeth City State University", an **Institutional infrastructure** grant; **Department of Defense, Army Research Office**, 09/2001 to 08/2002, \$198,000 (co-PI)
- "Air Traffic Analysis II", an **unsolicited grant, NASA Glenn Research Center**; 08/2001 to 08/02, \$5,000 (PI)
- "Air Traffic Analysis I", an **unsolicited grant, NASA Glenn Research Center**; 02/2000 to 08/01, \$35,000 (PI)
- "Duck 94", compilation and analysis of Oceanographic data, **Office of Naval Research** 09/99-12/00, joint project with Army Corps of Engineers, Duck, NC. http://www.onr.navy.mil/sci_tech/ocean/reports/docs/cd/00/cdbirk.pdf
- "Controlling Chaos in Josephson Junction", funded by **NASA Glenn Research Center** 1999 – 2001 (Co PI)
- "Nurturing ECSU Research Talent", funded by **Office of Naval Research** 09/1999 – 12/2000 (Faculty Participant)
- "Developing Rich and Engaging Activities in Mathematics (**DREAM**)", D. Eisenhower Grant, **Department of Education**, at the University of New Hampshire 1998-99 (Graduate Student participant – involvement from writing the project to execution)

RESEARCH: Publications (Published in refereed research journals in Mathematics, Physics, and Computer Science)

- "Cohomology of certain operator algebras" – in progress
- "An experimental investigation into the practical performance of lattice reduction algorithm on ideal lattices" with Batson, et., al, submitted to SIAM Conference on Computational Science and Engineering, presentation in 2017
- "Suitability of Lattices for Project Based Introduction to Cryptography", with Batson, et., al, Submitted to JMM 2016
- "A note on central sequences", Accepted, (under revision) Intl. J. Applied Mathematics and Statistics
- "On the Implementation of a Discrete Mathematics Course", Inroads, with SIGCSE committee, 2007
- "Frequent pattern mining with preferences – Utility functions approach", with Elena Braynova, Springer's Lecture Notes in Artificial Intelligence-Foundations of Intelligent Systems - LNAI 3488, pp 364-372, 2005
- "Preference based frequent pattern mining – From base preferences to combined preferences", IPSI-MIT 2005
- "Wormhole generated physical universe", with L. Choudhury, Hadronic J. Vol. 24, issue 4, pp 275-290, 2001
- "Derivations of Certain Operator Algebras", with J. Li, Int. J. of Math., Vol. 24 issue 5, pp 345-351, 2000

RESEARCH: Undergraduate student research mentoring

- "Cloud Computing", CCSCNE-2013, Student research publication, JCSC pp. 30, April 2013
- "Multiple search techniques", student research project presented at the Central Plains Conference, University of Central Missouri; **Third place: Best student research award:** April 2011
- "Securing the VOIP", CCSCNE, 2011, Student research publication, JCSC pp. 1, April 2011
- "Multi-Platform Video Game Engine", Student research project presented at the Eastern regional conference at Mary Washington University; **First Place: Best Student Research Award**, proceedings of the JCSC pp. 55, Vol. 22, issue 3, 2007
- "Primes, Algorithms and Applications", 50th MAA-NE Sectional meeting, at the UNH, 2005
- "Analysis of Difference of Primes", poster presentation, CCSCNE conference, Proceedings of JCSC pp. 2005

Hemant Pendharkar

E-mail: pendharkar@alumni.unh.edu

RESEARCH: Presentations (Conferences/Invited Lectures (Mathematics, Physics, and Computer Science))

- **Invited Lectures:** *Borel Structure for Econometrics*, Department of Economics, University of Bombay, 8/2013
- **Invited Lecture** on *Cyber Security*, Constituent Colleges, University of Bombay, India 8/2013
- **Invited Lecture** on *Cyber Security and Data Mining*, Constituent Colleges-University of Nagpur, India, 8/2013
- **Invited organizer and presenter:** *Faculty Leadership Institute on C and Data Structures* at Jawaharlal Nehru Technological University, INDIA, for the **Indo-US Collaboration for Engineering Education (IUCEE)**, 2011
- “*Frequent Pattern mining with Preferences – Utility Functions Approach*”, with Elena Braynova, International Conference on Intelligent Systems, Saratoga Springs, NY, May 05
- “*Frequent Pattern Mining with Preferences-From Base Preferences to Combined Preferences*”, with Elena Braynova, IPSI-2005 MIT-Cambridge an international inter-disciplinary Conference, July 05
- “*Math techniques in Computer Science*”, invited speaker at the Math-Computer Science club, WSU April, 03
- “*Wormhole generated physical universe*”, at the American Physical Society meeting, Charlottesville, NC, 2001
- “*Program design using mathematical tools*”, invited lecture at the Summer workshop for High School Students at the Center for Science and Scientific Visualization, ECSU, June 01
- “*Central sequences and C^* -algebras*”, invited lecture at ECSU-CSV center, October 01
- “*Derivations of certain operator algebras*”, at the Great Plains Operator Theory Symposium (GPOTS) May 98
- “*Derivations of Triangular operator algebras*”, at the Northeastern section of the MAA, Keene, NH, June 98
- “*Integrating Calculus, Geometry and Linear Algebra*”, Invited lecture: PME chapter of the UNH, Spring 97
- “*Geometry of Normalization*”, Department of Math, UNH (PhD minor in Algebraic Geometry) Spring 97

SERVICE: Editorial and Advisory Assignments/Conference Board/committee memberships

- **Chair, Board of Trustees, Spirit of Knowledge Charter School**, Worcester, MA, to June 2011
- **Member** of the Scientific Committee: International Conference of Mathematical Sciences, Turkey, 2009
- **Board member and Secretary** of the Consortium for Computing in Colleges, South Eastern section, 2007-09
- **Board member** of the Consortium for Computing in Colleges, North Eastern section, 2006 to 2014
- **Editorial board member and reviewer** for Scientific Journals International, 2005 to present
- **Associate Editor and reviewer**, International Journal of Applied Math and Statistics, 2005 to 2007
- **Invited member** of the **Engineering Advisory Team** of the **Massachusetts Biomedical Initiative** 2003 - 06
- **Best Paper award Committee**, CCSCNE conference 2005, 2006, 2007
- **Contributing Editor and Paper’s Chair** and reviewer, Journal of Computing Sciences in Colleges, 2003
- **Programming contest judge**, Student Poster session judge, CCSCNE 2002

SERVICE: Significant contributions to the department and college infrastructure

- Carried out the **Computer Science Program Review**, 2006-07
- First **Networked UNIX** lab at Worcester State University and established the **CS-Demilitarized Zone** 2002-03
- Built a **parallel computing cluster** that was available for research, teaching at Worcester State College, 2004-05
- Built the **UNIX research lab** at ECSU using my grant from the DOD, Army Research Office, 2000-01

ADMINISTRATION: Academic Affairs, Student Affairs, Information Technology

- **University-wide Chair, Liberal Arts and Sciences (Gen Ed) Program:** Worcester State University 2011-13
- **Vice President for Academic Affairs:** Governor’s School for Science and Mathematics, 2007-09
- **Associate Vice President Student Affairs Fellow:** Worcester State University, 2006-07
- **IT-Administrator:** Department of Mathematics, University of New Hampshire, 1996-98

TEACHING: (Internship supervision) Networked with the local industry and generated 22 **Industry Internships**, 01/2002– Internship coordinator for Computer Science department. I supervised these internships.

TEACHING: New Courses Developed

- UNIX Systems Programming – CS282, a Required course in CS curriculum
- One-credit equivalent of Linear Algebra content in the existing Discrete Math II, a required course in CS
- System and Network Administration, a new elective course
- Systems Programming - CS380, revamped the course with relevant content
- Computers in Society – UR191, new Freshman Orientation course for the department of Urban Studies
- Perl Programming, new elective course in Computer Science
- **Developed the entire FIVE course Certificate Program in System and Network Administration at WSU**

Hemant Pendharkar

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TEACHING: Traditional/Online/Hybrid)

	<u>Mathematics</u>	<u>Computer Science</u>	<u>Statistics</u>	<u>Management</u>	<u>Core Curriculum</u>
<u>Graduate</u>	Algebra I Algebra II Analysis I Analysis II Discrete Mathematics for Teachers			Information Technology – Core course in the MS program in Management	
<u>Undergraduate</u>	Survey of Math College Algebra Pre-Calculus Honors Calculus II Calculus I Calculus II Calculus III Number Theory Differential Equations Discrete Math I Discrete Math II Linear Algebra Abstract Algebra	Introduction to Comp Sc CS I with C++ & JAVA CS II with C++ & JAVA Data Structures Automata Theory Unix Syst. Programming Operating Systems Sys/Net Administration Computer Architecture Data-Comm & Network Prog. in C under Unix Scientific Programming Assembly Programming Networking & Security	Probability and Statistics Environmental Statistics Intro to Statistics	Micro-Computer Application in Business	Computers in Society (Urban Studies Dept.) Freshman Orientation Seminar
<u>Non Credit Courses</u>		Survey of Op. Systems System Administration Network Administration Shell Programming Large Storage Admin (Developed with EMC)			
<u>High School</u>	Abstract Algebra (Yes!)				
<u>Middle School</u>	Problem Solving skills for mathematics competitions				
<u>Teach Overseas Semester Courses/ Workshops/ Seminars</u>	<u>Borel Structures</u> and related Math background for Graduate Students Bombay University Economics Dept. <u>Cyber-Security</u> Nagpur University constituent colleges-India Bombay University constituent colleges-India	Data Communication & Networking (Tel Aviv, Israel) Faculty Leadership Institute C-Data Structures (2011) INDIA 10 Lecture Webinar Course on C and Data Structures for IUCEE (2012) INDIA		Systems Analysis and Design (Tel Aviv, Israel) Human Resource Development (Tel Aviv, Israel)	

Shared Governance (in Collective Bargaining Framework)

- Member, **Student Affairs Committee**, WSU, 2006-07, 2015-16
- Member/Chair, Department of **Mathematics Peer Evaluation Committee** 2005-07, 2013-14
- Elected officer (**Secretary**) of the **MSCA Worcester Chapter**, since 2010
- Elected member, University Wide **Tenure Committee**, Worcester State University, 2009-2011
- Chair, Computer Science Peer Evaluation 2005-07
- Member, Worcester State University Vice President for Academic Affairs Search Committee, 2006-07
- Chair, **core curriculum** reform sub-committee on **Quantitative Reasoning** requirement, 2005-06.
- Mentor to a new tenure-track faculty in Worcester State College Computer Science department, 2003-04
- Liaison, **Department of CS and Information Technology**: Responsible for representing the department to IT
- Member, inter-disciplinary concentration in **Bio-Informatics committee**
- Member, WSU **President's Strategic Planning Committee on Retention**
- Member, College-wide **Scholarship Committee**: 2005, 2006 and 2011

Hemant Pendharkar

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- Member, Elizabeth City State University, University-wide SACS Committee on Standards, 1999 - 01
- Member, Elizabeth City State University – Information Technology Council, 1999-01
- Member, Elizabeth City State University Department of Math and CS Curriculum Committee, 1999-00
- Member of the Comprehensive Examinations committee, MS for Teachers of Math Program, UNH, 1996-1998

Business and Industry 1984-1994: Pendharkar Engineering Pvt. Ltd & Pendharkar Consultancy (Metal Finishing)

Honors and Awards (Fellowship, Academic Merit Scholarship, Athletic Scholarship, Travel Grants)

- **Alden Teaching Fellowship**, member of the first teaching fellows cohort, WSU 2006-07
- **Faculty Excellence in Scholarship and Research Award**, Worcester State University, 2006
- **Teacher of the year Award Nominee and finalist**, Worcester State University, Academic year 2005-06
- **Merit Bonus Award:** Worcester State University, Academic year 2002-03
- **Appreciation Award:** Worcester State University: Advisor to the ACM Student Chapter, 2003-04
- **Educators Grant:** *Special Interest Group on Computer Science Education*, Charlotte, NC, 2002
- **Educators Grant:** *Special Interest Group on Computer Science Education*, Austin TX, 2001
- **Travel Grant from ACM:** *Programming Languages (PLDI2001)* Conference in Snowbird, Utah, 06/2001
- **Travel Grant from ACM:** *Programming Languages (PLDI2000)* Conference in Vancouver, Canada, 06/2000
- **Mathematical Sciences Research Institute, Berkeley Scholarship:** Summer 2000: *Operator Algebras program*
- **Dissertation Fellowship:** (One among fifteen recipients) University of New Hampshire, 1998-99
- **Travel Grant** to attend the *International Conference on Operator Algebras* in Shanghai, China, July, 1997
- **Travel Grant (National Board for Higher Mathematics, INDIA):** to attend the *International Conference on Operator Algebras* in Chennai, India, January, 1997
- **Merit Scholarship** (tuition): Department of Mathematics, University of Bombay, 1992-93 and 1993-94
- **Athletic Scholarship** (tuition): University of Bombay, 1984-85; winner of the **Gold Medal**, Bombay University **Boxing Championship**, (selected to and) Represented the University at the **National Boxing Championship**.

Hemant Pendharkar, PhD

Professor

Computer Science

Worcester State University

2016 – Office of Naval Research Faculty Fellow

I was one among the four faculty chosen as a Faculty research Fellow at the SPAWAR Atlantic Center, joint Base Charleston.

Results of this Ten week Fellowship

- One paper submitted and accepted to be read at the special Cryptology session at the joint Mathematics meeting
- Second paper submitted to SIAM conference

Results of this fellowship

My collaborators are here for a follow-up visit all the way from Charleston to

- discuss future projects – solidify ideas
- figure possible avenues for a collaboration between SPAWAR and WSU

My collaborators at SPAWAR

- Dr. Scott Batson
- Dr. Bryan Williams

My background

- ----

Areas of my Research contributions

- Mathematics
- Computer Science
- Theoretical Physics
- Pedagogy

Area of Research ... Mathematics

Specific area: Operator algebras

Contributions in the areas of: Self-adjoint and non-self-adjoint operator algebras

My specific contributions have been in the area of C^* -algebras and classification of certain non-self adjoint algebras:

"A note on central sequences" has been accepted for publication in the International Journal of Mathematics and Statistics. This paper endeavors to use the analysis of central sequences to obtain classification results for certain sub algebras of continuous trace C^* algebras. This line of research is aimed at establishing connections between derivations, automorphisms and completely bounded maps on certain C^* -algebras using the analysis of central sequences. Previously, our paper, *"Derivations of certain operator algebras"*, with J. Li, published in the International Journal of Mathematics and Mathematical Sciences, deals with the cohomological aspects of certain non-self-adjoint algebras that include large classes of triangular and nest algebras. In this paper, we simplify several previous results and also establish an important criterion for understanding the cohomology. We are working on a more general and inclusive way of describing these in our next paper: *"Cohomology of certain operator algebras"*.

Areas of research ... Mathematics ...contd.

Applied inter-disciplinary area:

Cryptographic protocols

My current collaborative research endeavors at solving problems that are considered “hard” in certain structures to figure the suitability of these structures for strengthening or developing new cryptographic protocols.

Area of research ... Computer Science

I have published in the area of data mining and algorithms.

We developed algorithms for mining using human preferences, a concept relatively new to the data-mining and search engine community. In our paper, “*Frequent pattern mining with preference – Utility functions approach*”, with E. Braynova

We published further work in this area in our paper “*Frequent pattern mining with preference-from base preferences to combined preferences*”, which shows how to combine two or more distinct preferences, explains the mathematics of such combinations, develops algorithms for these combined preferences and creates a framework for mining using combined preferences, something human-beings might naturally prefer.

Current project ... Computer Science

Develop a web-plugin for mining/searching with preferences

Research ... Theoretical physics

I have published in the area of cosmology and theoretical physics

“Wormhole generated physical universe”, with A. L. Choudhury, deals with ratifying some of the empirical results established previously.

Teacher training ...

I have served as a faculty on Master of Science for Teachers (Math) Program at UNH for six years.

I have also worked with school teachers in developing rich and engaging activities in mathematics – an endeavor that was funded by the department of education, Eisenhower grant.

I worked with college board in carrying our AP CS content teacher training, when they changed their programming language from C++ to JAVA.

WSU – SPAWAR Collaboration ...

Would bring to WSU:

- Undergraduate research independent study
- Internships
- Exposure to cutting edge research possibly of national importance

My track-record with Undergraduate research

Award winning student projects:

Most recently, my student received an undergraduate **runner-up award** at the CCSC-Central Plains conference student research competition, April 2011.

Previous student from Worcester State to win such an award was also my student, who at the CCSCE06 conference won the **First-Place award in student research**. Both of these students successfully won their awards beating competition that included graduate students.

My experience with Externally funded projects:

Each Grant proposal that I have written has been funded

Unsolicited grant:

NASA Glenn Research Center (PI)

Funded projects ... contd.

Solicited grants:

DOD – ARO (PI)

NSF (Co-PI)

Department of Education (Graduate student participant)

ONR (Co-PI)

Research positions I have held ...

Corporate
Non-profit
DOD

Research positions ... contd.

Corporate:

I carried out Analysis and Training for **Hanover Insurance** Software Development Team of twelve senior developers enabling the migration to JAVA platform

Research positions: non-profit

AT&T Research Labs (Formerly, the Bell Labs)

My research projects at the AT&T Research Lab involved creating automation tools that help solve optimization problems.

Research positions - DOD

Office of Naval Research Faculty Fellow (Summer 2016)

- In this role, I worked with ...
- Scientists and engineers at the SPAWAR Atlantic center (Joint base, Charleston)
- ONR – SMART Fellows as well as summer high school student visitors.

Honorary and visiting positions:

Visiting faculty: Israel Academic College (Tel Aviv – for Clark University):
2009-11

Honorary Research Professorship (Bombay University, CCSS,
Economics): 2013 -

Honorary Adjunct Professorship (University of South Carolina:
Columbia) 2008-10

Teaching:

I consider myself to be truly an inter-disciplinary academic.

I have taught courses in Mathematics, Computer Science, Business administration and gen Ed.

Administrative experience - Academic

- University wide Chair – Liberal Arts and Sciences Curriculum area (Gen Ed) (2011-13)
- Vice President for Academic Affairs (2007-09)

Personal

- I have served in business and industry for over a decade
- As a college student, I earned both, academic merit scholarship (cash award) and athletic scholarship (Tuition)
- And with this background, of Academic research, academic administration, business and industry, as well as athletic achievements, students have been able to find in me a sounding board for reflecting on their concerns, ambitions, self-doubts, uncertainties, etc.

Personal ... contd

- I live in Worcester, MA with my wife Jyothi and daughter Aarushi

And ...

- Go Lancers!

9/13/2011

To Whom It May Concern,

Please allow me to share with you my experience under the supervision of Dr. Hemant Pendharkar.

In college I was dual-hatted as a student at Worcester State University pursuing a degree in Communication Sciences and Disorders and an Air Force ROTC cadet pursuing a commission as a Second Lieutenant in the United States Air Force. None of my plans for the future involved having any knowledge or practice in the fields of Information Technology, Computer Security, or Data Communication and Networking, but when the Air Forces needed able bodied officers, I received an unexpected career assignment: Cyberspace Operations Officer; a very technically-oriented and IT-centric career field.

Panicking, I ran to the Computer Sciences department and explained to the department chairperson that I had no background experience in IT and had to start a highly competitive cyber-training course in less than 12 months. With only one semester of college left, I asked if there was any professor willing to mentor me and help increase my chances of success at cyber-training.

Dr. Pendharkar's mentorship and advising over the next 5 months was outstanding. He and I developed a highly customized independent study project that concentrated on the construction of a well-versed foundation of understanding in IT Fundamentals and Computer Security. Every week we would meet for a few hours to discuss selected topics that focused on the expected material to be covered in the cyber training course. He provided me with the direction and instruction I needed to prepare myself.

Dr. Pendharkar also ensured that our independent study was flexible enough to make room for any necessary adjustments in content. Mid-semester, I acquired a textbook directly from the cyber-training course curriculum. This book was a preparation guide for the CompTIA Security+ Certification. Immediately, he switched gears and concentrated his efforts at helping me gain a working knowledge some broad topics covered by the Security+ exam.

In addition to our independent study, Dr. Pendarkar, oversaw my internship at Worcester State University's IT Helpdesk, where I was provided with even more opportunities to expand my knowledge of IT and hands-on work with computer hard-ware.

I started cyber-training in July and Dr. Pendarkar's efforts at preparing me have shown in my success thus far. I achieved excellent scores in the IT Fundamentals training block, I am officially CompTIA Security+ certified, and well on my way to earning the title of a "Cyberspace Operations Officer" in the United States Air Force. There is no doubt in my mind that without the guidance and mentoring of Dr. Hemant Pendharkar, I would not have been nearly as successful as I have been at training thus far.

Sincerely,

MICHAEL M. STAAB, 2d Lt, USAF

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES**

September 13, 2016

PRESENT: Trustee George Albro, Chair
Trustee Craig Blais, Vice Chair
Trustee Maryanne Hammond, Vice Chair
Trustee Corey Laite
Trustee Aleta Fazzone
Trustee Karen LaFond
Trustee Stephen Madaus
Trustee Dina Nichols
Trustee Shirley Steele
Trustee Marina Taylor
Trustee David Tuttle
President Barry Maloney, Secretary
Ms. Judith St. Amand, Assistant Secretary
Ms. Nikki Kapurch, Special Assistant to the President

The provision of General Laws, Chapter 30A having been complied with, and a quorum present, a meeting of the Board of Trustees was held on Tuesday, September 13, 2016, in room 204 of the Wellness Center. Chairman Albro called the meeting to order at 7:00 p.m.

INTRODUCTION OF NEW TRUSTEE

Chairman Albro welcomed newly appointed David Tuttle to the Board

- Mr. Tuttle was appointed to the Board of Trustees in June of 2016
- He is a graduate of WSU earning a Bachelor of Science degree in Economics
- Presently, he is employed as the Superintendent/Special Sheriff at the Worcester County Sheriff's Department in West Boylston, Massachusetts, previously serving as the Chief Deputy Sheriff, and has been employed there since 2011 to the present
- He also served as the Executive Director of the Molly Bish Center & Government Relations at Anna Maria College; the State Director for Rural Development for the US Department of Agriculture in Amherst, MA; State Representative for the 5th Worcester District for the Massachusetts General Court from 1997-2001; and served from 1993 to 1996 as a Congressional Aide for the 3rd Congressional District of the United States House of Representatives
- Mr. Tuttle also served from 2006 to 2016 as a Selectman for the town of Barre, serving on the Finance Committee as chair. A member of the United States Army Reserves/Massachusetts Army National Guard, he served as an infantry medic and as a leader provided supervision and oversight of a six-person medical squad
- The Board gave Trustee Tuttle a warm welcome.

EXECUTIVE COMMITTEE – Election of Member and Alternate

- Chairman Albro reported to the Board that the Nominating Committee voted at their June 7th meeting to recommend to the full Board the election of Trustee Hammond to serve on the Executive Committee with Trustee Steele as the alternate

- After reviewing results of the election, it was noted that Trustee Hammond is a member of the Executive Committee by means of her position as a Vice Chair. Therefore, she cannot serve in two roles and a new election must be held.
- Trustee Albro nominated Trustee Steele to serve on the Executive Committee and Trustee Aleta Fazzone to serve as the alternate.

Upon a motion by Trustee Blais and seconded by Trustee Madaus, it was unanimously

VOTED: to approve the nomination as presented and elect Trustee Shirley Steele to serve on the Executive Committee and Trustee Aleta Fazzone as the alternate.

MINUTES – June 7, 2016

Upon a motion by Trustee Laite and seconded by Trustee Blais, it was unanimously

VOTED: to approve the minutes of June 7, 2016 with amendment to vote of the Executive Committee.

CHAIR OF THE BOARD UPDATE

- A special thank you was extended to all who attended the Ribbon Cutting ceremony today for the Wellness Center and also to those who worked to make the program a success
- Tremendous job done by all to bring this dream to fruition, almost on time and under budget
- First day there were 1200 guests and today there were approximately 700
- Chairman Albro appointed Trustee Tuttle to serve on the Academic Affairs/Student Development Committee and the Planning and Development Committee.

PRESIDENT'S REPORT

- Also provided a warm welcome to Trustee David Tuttle and mentioned the full day orientation provided the last week in August for Trustee Laite and Trustee Tuttle
- This year's Statewide Trustee Conference will be held on October 27th at the UMass Lowell Inn and Conference Center at 10:00 am. This will be a great opportunity to network with fellow trustees, to hear from public higher education leaders, and to gain new skills and tools as a trustee – more information to follow
- Today was a very special and historic day for Worcester State University. The official opening of our Wellness Center has been a long anticipated addition to the campus community
- Special thanks to all that attended including Lt. Governor Polito
- Trustee Blais inquired if there was a plan yet for the renovation and proposed use of the May Street property. President assured Trustee Blais that all plans will be brought forward to the Finance and Facilities Committee for review at the appropriate time
- Presently Rickes Associates is conducting a space utilization study for the campus and when the results are in they will be shared with the trustees. Will engage trustees throughout the planning process
- Sightlines will also be presenting to the Board an update on campus facilities and how they compare to sister institutions

- Trustees were reminded that the Temple property was purchased by the Foundation in the amount of \$2.7 million with a three year loan and a two year option for extension
- WSU paid \$400,000 down payment and will continue to cover operating expenses
- Still waiting for updated budget information based on the formula funding process
- Last year WSU received approximately \$800,000 - hoping to receive funding in October in the amount of \$250,000 - \$300,000 and budgeting of monies will be brought before the Finance Committee.

HUMAN RESOURCES COMMITTEE REPORT

- Trustee Maryanne Hammond, Chair of the HR Committee was charged with conducting the annual evaluation of President Maloney as called for in his appointment contract and also in accordance with the Massachusetts Board of Higher Education Compensation and Evaluation Guidelines for University and Community College Presidents
- Chairman Hammond was assisted by Trustees LaFond, Laite, Nichols and Taylor
- The evaluation was completed and reported out at the September 13th Board of Trustees meeting
- Once approved by the full Board, an Executive Summary will be prepared and forwarded to the Commissioner by Chairman Albro (draft of both provided)
- Following the review and comments by all members of the HR Committee it was agreed that President Maloney continues to serve in a very positive manner
- Again, using the rating format of whole numbers from 1 to 5 for the 11 areas identified for evaluation, the 6 members of the HR Committee gave President Maloney an overall average total of 28.5 and his overall average rating total was 4.8
- The full Board suggested that the broader description be included in future documents describing each area being used for evaluation
- Possible long range goals to be included for future (not expected but desired) – may be included under “*Challenges*”
- Framework for evaluation is open for suggestions from the Board as long as the DHE requirements are met
- Goals may be a joint effort between the President and the Board – maybe developed collaboratively
- For this year will proceed with information presented by the HR Committee and will define changes in guidelines for next year
- Since there were no guidelines for presidential compensation, the HR Committee did not make a recommendation for any monetary adjustments and wanted to be on record that they feel strongly that President Maloney is deserving of the maximum of any merit/salary increase that may be proposed and will revisit at the appropriate time

Upon a motion by Trustee Blais and seconded by Trustee LaFond, it was unanimously

VOTED: **to accept the recommendation of the HR Committee and approve the 2016 Annual Evaluation of President Maloney as presented.**

SALARY INEQUITY – Position of President

- At the September 8, 2015 meeting of the Board, Chairman Valerio brought to the attention of the HR Committee that the position of President at Worcester State University was clearly at the lower end of the salary scale when compared to sister institutions and area colleges
- Chairman Valerio charged the HR Committee with reviewing all documents and to provide some direction and guidance to the full Board to include a recommended salary increase
- Trustee Albro reported that this would not be the first request to the Commissioner to address a salary inequity for an existing president
- The Board voted to refer the matter of the salary inequity that exists for the position of President at Worcester State University to the HR Committee and to report their findings to the full Board at the October 20, 2015 meeting and to include a recommendation for salary adjustment
- The HR Committee did investigate the salary inequity and recommended to the full Board a salary adjustment to address the inequity and voted that members of the HR Committee would work with Chairman Valerio to develop the justification for a salary adjustment
- The Board acknowledged today that Trustee Valerio had unexpected major surgery and action was not taken on this matter prior to his term expiring
- Therefore, Chairman Albro asked the HR Committee to once again review all materials relating to the salary inequity issue (to include updated information) and advise the Board how to proceed
- Materials from the September and October 2015 meetings to be shared with the HR Committee.

Upon a motion by Trustee Blais and seconded by Trustee Hammond, it was unanimously

VOTED: to adjourn the meeting at 8:05 p.m.

Respectfully submitted,

Judith A. St. Amand
Assistant Secretary

President's Update

October 2016

President's Message



This October's board meeting is dedicated to our audit report, as presented by the Division for Administration and Finance, so this issue of the **President's Update** will focus on its corresponding goal in Worcester State's Strategic Plan: **Promote financial strength and organizational stability**, with

action items from every other division.

To help board members more easily see how divisional and cross-divisional activities relate to our strategic imperatives, we have adopted a new format for the **Update**. No longer will you see items about upcoming or recently completed events, which will be covered in detail when we address Strategic Goal #4: **Cultivate a vibrant campus life and a collaborative work and learning environment in which all members of the WSU community feel welcomed, included, respected, empowered, and valued**. Instead, we will focus on specific strategic initiatives and how they are being assessed.

In order to stay up to date on what's happening on campus, be sure to read the campus news and events recaps at news.worcester.edu and to look for upcoming campus events on Worcester State's homepage, worcester.edu, where our calendar of public events appears on the bottom. In addition, the [alumni page of our website](#), as well as the alumni e-newsletter, showcase upcoming alumni events, such as Homecoming (October 15, 2016).

It is my hope that the **Update's** new format will promote a better understanding of the campus's progress toward achieving our strategic goals and show how we carry out the mission of "championing academic excellence in a diverse, student-centered environment that fosters scholarship, creativity, and global awareness." I welcome any feedback that you may have for me.



**WORCESTER
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UNIVERSITY**

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PRESIDENT'S OFFICE

Worcester State University
486 Chandler Street
Worcester, MA 01602
508-929-8000
www.worcester.edu

Strategic Initiatives #5:

Promote financial strength and organizational sustainability while continuing to secure and invest the resources required to maintain WSU's reputation for excellence and value.

Key Strategy: Mitigate uncertainty and offset reductions in state funding by identifying and growing new streams of revenue.

Action Item #1 (Sponsoring Division: Academic Affairs)

Under Worcester State's recent partnership with Massachusetts College of Pharmacy and Health Sciences, MCPHS recruits abroad to build its entering classes. Students who are academically admissible but who need language skills will be conditionally admitted to MCPHS, with the requirement that they will enroll in Worcester State's Intensive English Language Institute for academic English language training.

Measurements for Success

Increase number of students enrolled in Intensive English Language Institute.

(In Collaboration with Enrollment Management)

Action Item #2 (Sponsoring Division: Academic Affairs)

The Center for Business & Industry continues to contract with local industry to provide training. Reestablishing the Center for Business & Industry and hiring a full-time director has been instrumental in realizing new business and increased revenue for DGCE.

Measurements for Success

Greater than \$250,000 growth in CBI training initiatives each year.

Action Item #3 (Sponsoring Division: Academic Affairs)

Worcester State will establish paid work-based-learning opportunities and support efforts to increase the preparedness of the K-12 pipeline, which will increase student retention rates.

Measurements for Success

Raise \$480,000 in this fiscal year.

(In Collaboration with University Advancement)

Action Item #4 (Sponsoring Division: Student Affairs)

Contract spaces with new outside groups/organizations.

Measurements for Success

New revenue generation and long-term contracts with outside clients.

Action Item #5 (Sponsoring Division: Student Affairs)

Sell sponsorships for athletic venues and targeted ticket sales for athletic events.

Measurements for Success

Meet established yearly goals in both areas.

(In Collaboration with University Advancement)

Action Item #6 (Sponsoring Division: Student Affairs)

Secure grant funded revenue streams for mental health initiatives and suicide prevention programs.

Measurements for Success

Secure funding for Jed Foundation and Education Development Center's certification programs.

(In Collaboration with University Advancement)



Key Strategy: Align programs and allocate academic resources in response to student interest and strategic priorities that support the academic vision of the University.

Action Item #1 (Sponsoring Division: Student Affairs)

Track university events budgets to provide a complete budget projection for future event planning purposes.

Measurements for Success

Complete budget picture per event and an ability to plan ahead for expected/unexpected event costs.

(In Collaboration with Administration and Finance)

Action Item #2 (Sponsoring Division: Student Affairs)

Continue to develop career networking events with Worcester State alumni to strengthen field-related skills and internships opportunities.

Measurements for Success

Increased participation from students in formalized, career-focused events.

(In Collaboration with Academic Affairs and University Advancement)

Action Item #3 (Sponsoring Division: Academic Affairs)

Collaboration between the Graduate School and Urban Studies department to finalize a DHE application for two new graduate degrees: Masters in Public Administration and Policy; Masters in Public Management.

Measurements for Success

New programs approved by DHE; enrolling students by Fall of 2017

(In Collaboration with Enrollment Management)



Key Strategy: Bolster WSU's technology capacity and infrastructure through investment in administrative and instructional technology and through collaborations that maximize savings and efficiencies.

Action Item #1 (Sponsoring Division: Enrollment Management)

Recruit and retain students to maintain/modestly grow enrollment at Worcester State University.

Measurements for Success

Leverage university's technology and reporting capabilities to provide data on retention success activity.

(In Collaboration with Academic Affairs, Administration and Finance, Student Affairs, University Advancement)

Action Item #2 (Sponsoring Division: Academic Affairs)

The Division of Graduate and Continuing Education (DGCE) has been involved with the development and implementation of the Elevate software, which will allow for improved non-credit registrations for workshops and training programs. Phase two will involve credit-bearing programs, such as the Center for Effective Instruction.

Measurements for Success

Efficiency improvement and data collection enhancement for non-credit and, eventually, credit bearing offerings of DGCE.

(In Collaboration with Administration and Finance and Enrollment Management)



Action Item #3 (Sponsoring Division: Academic Affairs)

DGCE is reviewing its processes in an effort to remove unnecessary barriers to registering for graduate and continuing education classes.

Measurements for Success

Increased graduate and continuing education enrollment.

(In Collaboration with Administration and Finance)

Action Item #4 (Sponsoring Division: Enrollment Management)

Implement decision making based on more robust student experience/preference information.

Measurements for Success

Implement customer relations management (CRM) software to better identify and track student interest information.

(In Collaboration with Academic Affairs)



Key Strategy: Develop a long-term plan for increasing financial support and professional development opportunities for faculty and staff through enhanced operational efficiencies and fundraising.

Action Item #1 (Sponsoring Division: Academic Affairs)

Academic Affairs collaborates with University Advancement to write proposals to support faculty and students. The university has received several Massachusetts DHE grants, as well as funding from private foundations.

Measurements for Success

Increased grants and funding.

(In Collaboration with University Advancement)

Action Item #2 (Sponsoring Division: Academic Affairs)

Worcester State faculty collaborated with Academic Affairs and University Advancement to realize an alumni pledge of \$1,000,000 over ten years to support interdisciplinary STEM student/faculty research teams and to name the STEM Center (the Imoigele P. Aisiku, MD, STEM Center).

Measurements for Success

Student and faculty participation in interdisciplinary STEM research.

(In Collaboration with: University Advancement)



Action Item #3 (Sponsoring Division: University Advancement)

- Secure \$31,000 contribution from GB and Lexi Singh '85 to refurbish the Nursing Department's simulation lab with updated equipment and technology. The lab will be renamed the GB and Alexandra Singh '85 Nursing Simulation Lab.
- Engage Worcester State hockey alumni to financially support the university's investment in the downtown hockey rink, giving the Lancers their first-ever home ice with dedicated locker room. Goal for alumni investment is \$50,000.

Measurements for Success

Financial commitments secured and/or completed.

(In Collaboration with: Academic Affairs, Administration and Finance, Student Affairs)





WORCESTER
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FIVE YEARS OF LEADERSHIP AND PROGRESS: 2011–2016

PUTTING STUDENTS FIRST

A report from President Barry M. Maloney
October 2016

PUTTING STUDENTS FIRST



Introduction

President Barry Maloney’s five-year anniversary at Worcester State University provides an opportunity to reflect on progress that WSU has made during that time. As the immediate past chair of the Board of Trustees, I have participated in annual and comprehensive evaluations of the president. I can say with great pride – and as anyone who has been on the campus recently will tell you – the WSU of 2016 is not the same campus President Maloney inherited five years ago.

Today, WSU is experiencing a period of stability supported by wise fiscal management that has allowed the institution to plan for priorities like improving retention and graduation rates, tackling rising costs as state budgets remain tight, and addressing the declining high school student population. Furthermore, there is a vitality and positive intensity to university work that is driving demand for new ideas, new ways of thinking, and new ways of educating students. Everyone expects more from themselves and each other.

That is welcome news for the Worcester State community as well as the community at large, many of whom got behind the youngest president in the Massachusetts state university system, unsure of where that journey might take them.

It has taken us far, indeed. This report outlines some of the successes of WSU under President Maloney’s leadership.

Sincerely,

Ronald R. Valerio, Class of 1975

WSU Board of Trustees (2005–2016; chair, 2011–2016)

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Improved Student Experience and Student Success

Today's WSU: a Student-Centered, Vibrant Campus

2011

- Students were often frustrated with enrollment, registration, financial services, etc.

2016

- Enrollment Management Division has been established.
- Full-time retention director has been hired and Academic Success Center established.

- Website was outdated; did not serve as a recruitment tool.

- Website is redesigned.

- WSU was a "commuter" campus in every sense.

- A 24/7 campus life is emerging.



Academic Mall



Sheehan Hall



Wellness Center

We offer:

- A student-first Academic Mall for one-stop shopping for financial aid, registrar, advising, and accessibility services;
- A campus life that includes a new 600-seat dining hall, new evening eating options, wellness programming, fitness, intramural and recreational sports opportunities; and
- Expanded library hours, at students' request.

Student Success Efforts = Student Gains

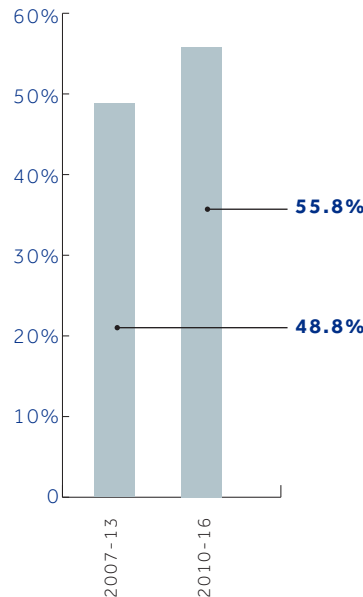
Our **Succeed in 4** initiative kicked off in 2011, under a grant from the Massachusetts Department of Higher Education, which provided the start-up funding for changing the way we do business. Since then, every relevant department across the university has engaged in the effort to eliminate barriers to graduation that are within our control.

These efforts are paying off. They have resulted in increases in both retention and graduation rates.

Retention Rate



Graduation Rate (6-year)





Opportunities for Learning Outside the Classroom

In the 21st century global economy, our graduates must be prepared to work with people around the world and with those from diverse backgrounds. Worcester State draws its students primarily from Central Massachusetts, and 96 percent come from the Commonwealth. Worcester State has increased “study away” opportunities by 160 percent since 2010. Our civic engagement efforts have earned us the Carnegie Foundation’s designation as a Community-Engaged Campus.

2011

- Few options for Study Away
- Civic engagement dispersed
- Limited student research and internship opportunities

2016

- 160% growth in Study Away
- Binienda Center & “Community Engaged Campus” designation
- Internship and undergraduate research opportunities growing

2011

140,000
HOURS OF COMMUNITY
ENGAGEMENT

2016

162,198
HOURS
345 Placements
275 Partners
2,450 Students

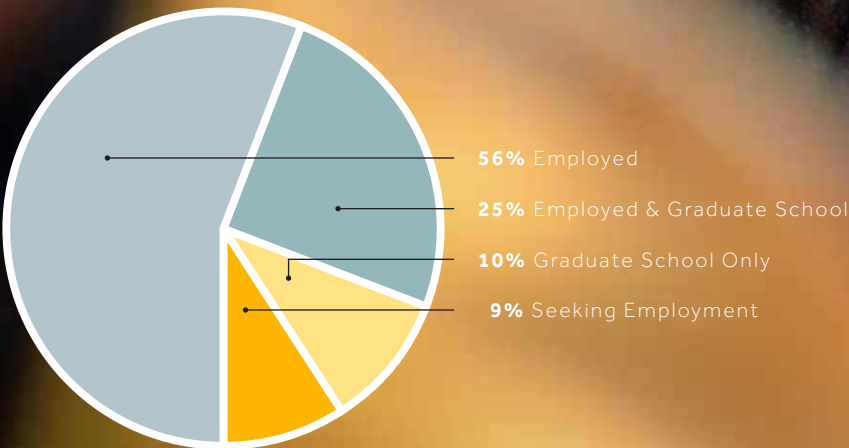
Students’ Graduate Outcomes Positive

The University’s most extensive Outcomes Assessment Report was completed in the summer of 2016, surveying 2015 graduates.

The average salary in that first year out of WSU?

\$40,357

91% were either employed or in graduate school – or both – within 6 months of graduation.



Investing in Academic Excellence

New Faculty

Since 2011

- 17 new full-time positions were created.
- 90+ faculty have been hired — close to half of WSU's full-time faculty.
- New hires have terminal degrees.



New Faculty Fall 2016

New Academic Programming in High-Demand Areas

- Big Data concentration in Computer Science
- Mathematics for Elementary Education 1-6
- Liberal Studies
- Industry-sponsored education programs via Center for Business and Industry

In addition, two new master's degree programs are in the approval process pipeline. They would be the first new graduate programs offered at WSU in eight years.

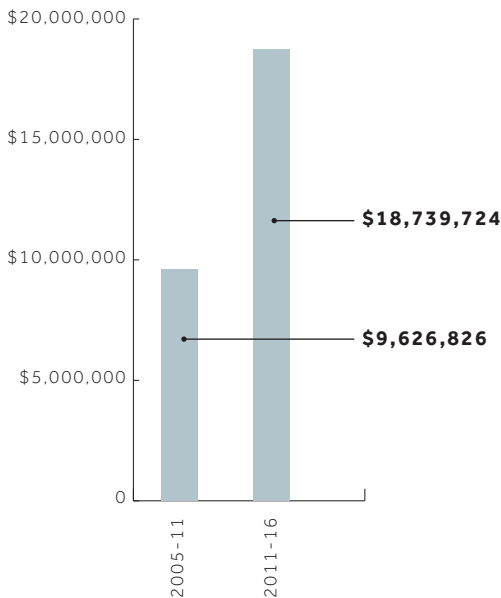


Private Support Growing

Fundraising Doubled

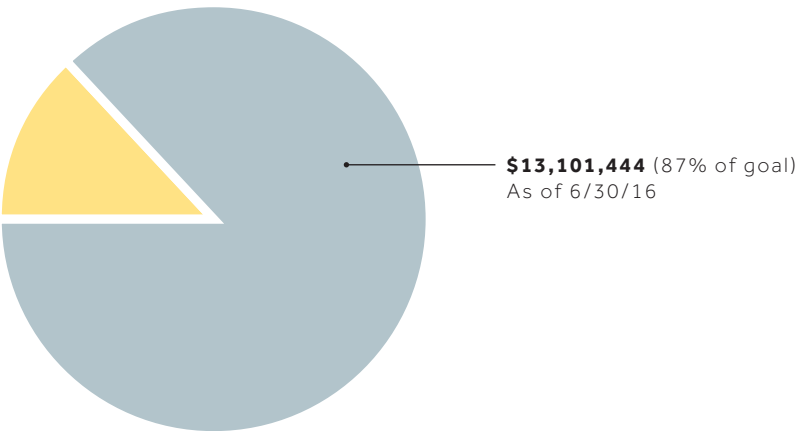
Worcester State's donations and endowment growth in the past five years earned the University twice as much as the previous five-year period.

The University's largest single gift in its history (\$3M) was donated by Lt. Col. James F. Sheehan '55, USMC Ret., in 2014. The University gratefully named its residence hall after him when it opened in September of that year.



Capital Campaign Succeeding

The University's "Change Lives" capital campaign launched publicly in May 2015 and was nearing its goal of **\$15 million.**



Scholarships and Endowment Growth Aid Student Success

The first-year to sophomore year retention rate for scholarship recipients: **100%.**

The graduation rate for first-time, full-time undergraduate scholarship recipients in the 2008 cohort: **15% points above the WSU rate.**



Well-Managed Campus

Purchasing power via the Central Massachusetts higher education consortium has saved the campus **\$826,812.**

A Period of Stability

Worcester State is experiencing a period of stability supported by wise fiscal management and sound oversight from the Trustee, Foundation, and Alumni boards that has allowed the institution to plan for priorities, such as:

- Continued re-investment in academic programs and more than 20 graduate programs;
- Becoming a state leader in Latino/a education initiatives via the Latino Education Institute at Worcester State, to address the needs of one of the Commonwealth's largest growing populations;
- Strongly supporting sustainability initiatives, including installation of on-campus electric car chargers; and
- Fully funding Strategic Plan initiatives and implementing the multi-year plan.

Sound Fiscal Management

- Moody's ratings excellent and audits clean
- New efficiency measures and revenue raising
- Energy conservation and and sustainable practices:
 - LED lighting
 - Net metering to save roughly **\$500,000**
 - Solar arrays heat water for Wellness Center

Inclusively Developed Strategic Plan Underway

The university's strategic plan was developed with input from all stakeholders, including the Board of Trustees, which approved it in 2013. Two goals and progress toward meeting them:

- 1. Cultivate a Vibrant and Collaborative Campus**, one that offers an open exchange of ideas, and that promotes inclusiveness, civility, and integrity.
 - Implemented a "Talent Management Plan" and cultural competency trainings.
 - As part of President Maloney's Five Points of Action Toward a More Inclusive Campus Climate:
 - The Ethnic Studies concentration rolled out in Fall 2016.
 - We have increased opportunities for cross-racial interaction.
 - 30% of the 2016 faculty hires hail from diverse backgrounds.

2. Promote Academic Excellence and Innovation.

- The Worcester State Foundation has committed \$50,000 a year for WSU's Honors Program.
- New faculty conduct research and are leading study away opportunities.
- Support continues for the annual Celebration of Scholarship and Creativity event.
- Investments in new faculty lines, is keeping our faculty-to-student ratio low.

WORCESTER STATE UNIVERSITY'S STRATEGIC PLAN 2020 GOALS



Promote academic excellence and innovation



Prepare students to lead and impact the wider world



Cultivate a vibrant and collaborative campus



Enroll and retain diverse and motivated students



Promote financial strength and stability



Buildings that Help Students Thrive

The campus invested in a decade-long plan that has transitioned Worcester State fully from a commuter college with a small percentage of resident students, to a university with a substantial residential population and 24/7 campus life that will benefit commuting and residential students alike.

2011

- LRC Building, other student buildings, and related service offerings needed attention.

- New residence hall and dining facility were in the planning stage.

- Leasing arrangement with owners of Temple Emanuel limited WSU’s use of the facility.

- New Wellness Center was in the planning stage.

2016

- Library building and library hours have been revamped and expanded, and the Student Center was renovated, making it more Inviting and student-centric.

- Sheehan Residence Hall, with a 600 seat dining hall, was completed and housing hundreds of students by Fall 2014.

- Temple Emanuel — now May Street Building — and the associated auditorium and parking lot are now owned by the Worcester State Foundation for use by the University.

- The \$52.6 million Wellness Center is operational, with expanded programming.

“Expectations are high by everyone for everyone.”
—Former Board of Trustees Chair Ronald Valerio



LRC



Student Center



Sheehan Hall



May Street Building



Wellness Center

Board of Trustees 2016-17

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Worcester State University Leadership Team

Barry M. Maloney, President

Lois A. Wims, Ph.D., Provost

Kathleen M. Eichelroth, Vice President for Administration and Finance

Ryan G. Forsythe, Ed.D, Vice President for Enrollment Management

Carl A. Herrin, Assistant to the President for International, Community, and Governmental Affairs

Julie A. Kazarian, Dean of Students / Chief Student Affairs Officer

Renae Lias Claffey, Assistant to the President for Campus Communications

Stacey D. Luster, J.D., Assistant Vice President for HR/PS/AAEO

Thomas M. McNamara, Vice President for University Advancement



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Worcester State University

486 Chandler St.

Worcester, MA 01602

508-929-8000

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The Clery Act began when Congress enacted the *Crime Awareness and Campus Security Act of 1990*. This mandated all postsecondary institutions who participate in Title IV student financial assistance to disclose campus crime statistics and security information. The Act was created in honor of Jeanne Clery, a Lehigh University student who was raped and murdered in her dorm room after she awoke and found her would-be killer to be burglarizing her room. Jeanne Clery's parents chose to honor her by pursuing efforts that would make all institutions disclose their crimes, so families could choose an institution based on a full understanding of the safety afforded to their student.

As a result of the Clery's efforts, the original Act established the 1st of many amendments concerning campus safety to the *Higher Education Act*. In the years since, additional amendments have added more regulations on institutions to report crimes and publish them annually. In 1998, the Act was renamed the *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics* or the abbreviated version, the *Clery Report*.

Each year, all postsecondary institutions must disclose their crime statistics by October 1st for the previous three calendar years. Within the report, institutions are required to publish various policies and crime statistics such as Murder, Manslaughter by negligence, Rape, Fondling, Incest, Statutory Rape, Robbery, Burglary, Aggravated Assaults, Motor Vehicle Theft, and Arson. Additionally, the *Clery Report* has incorporated specific points which include the VAWA or Violence Against Women Act in an effort to stop domestic violence, dating violence, sexual assaults, and stalking against women. Within the *Clery Report* all reported Hate Crimes must be accounted for as well as alcohol, drug, and weapon arrests or referrals to the University's judicial process. Within the aforementioned categories, each institution must further breakdown the statistics into four geographic locations: On-campus and On-campus Housing, Non-campus, and public property

To accomplish this, University Police review and sort all reported incidents through their data system as well as collaborate with Title IX, Student Conduct, and local police departments where the University has students outside of our own police department's jurisdiction; for example, Worcester Police Department for our public property statistics, Auburn Police and Holy Cross police for the arenas our hockey team utilize. Some of the new additions include educational programs to encourage bystander intervention, Title IX definitions and policy requirements, and alcohol education programs.

You can obtain a copy of this report by contacting the Worcester State University Police Department located in Wasylean Hall 1st floor or by accessing the University Police website at: <http://www.worcester.edu/University-Police/> The report is located on the left side, under the related links heading.



WORCESTER STATE UNIVERSITY

To: Barry Maloney, President

From: Lois A. Wims, Provost/VPAA

Date: October 5, 2016

As you know, Interim Dean of Humanities and Social Sciences, Dr. Jane Friederichs, stepped down on October 1, 2016 due to an unforeseen personal matter. The search for a permanent dean for the School has entered its final phase of finalist candidates on campus.

We bring forward for your approval a recommendation of Dr. Raynold Lewis as Interim Dean for the School of Humanities and Social Sciences, effective October 19, 2016. Dr. Lewis is currently the Associate Dean of Education, and has served Worcester State University with distinction since his arrival in 1998.

Dr. Lewis earned a degree in Theology from Northern Caribbean University, a Masters degree in Education with a concentration in mathematics from Worcester State University, and a Ph.D. in mathematics education from Illinois State University. Dr. Lewis was hired in 1998 as a Joint-Appointment in the departments of mathematics and education. His efforts over the years in collaboration with the mathematics department resulted in development of a new interdisciplinary degree, the Bachelor of Science in Mathematics for Elementary Education 1-6, which was first offered in 2014. Dr. Lewis currently serves as Associate Dean of Education and chairs the SCOPE group which consists of Education Deans of the Massachusetts State Universities. This summer he was selected by the Council for the Accreditation of Educator Preparation to be a site visitor for that accreditation body. Among other significant projects he is involved in, a successful grant proposal which will aid the development of a pipeline of teachers of color is due to be launched in fall 2017. His curriculum vitae is attached.



WORCESTER
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President's Office
Phone: 508-929-8020
Fax: 508-929-8191
Email: bmaloney@worchester.edu

October 6, 2016

Dr. Raynold M. Lewis
8 Tucker Street
Worcester, MA 01606

Dear Dr. Lewis,

I am pleased to offer you the position of Interim Dean for the School of Humanities and Social Sciences, effective October 19, 2016 at an annual salary of \$130,000.00, which equates to \$5,000.00 bi-weekly. This offer is contingent upon approval by the Board of Trustees.


This is an exempt, non-unit professional position, with the terms and conditions of your appointment governed by the Massachusetts Department of Higher Education, as well as all applicable state and federal laws. Your interim appointment will terminate upon the employment of an appointed dean or upon notice from the university. At that time you will revert to the title of Associate Dean at \$114,198.76. There will be no change in benefits, as your regular position with the university is as a non-unit professional.

If, during your interim appointment, a non-unit professional increase is awarded, your pay increase will be calculated based upon your Associate Dean salary, that is, \$114,198.76. The dollar amount of that increase will then be added onto your interim salary for the duration of your interim appointment. Upon return to Associate Dean, your salary will continue to reflect the non-unit professional increase. Therefore, the interim nature of this appointment will have no bearing on the increase itself, should one be awarded.

I extend to you my best wishes for a challenging and rewarding work experience. If I can be of assistance at any time, please do not hesitate to contact me.

Please indicate your acceptance of this offer by signing below and returning the original to me within 3 business days.

Sincerely,



Barry M. Maloney
President

I accept the offer of appointment as Interim Dean of the School of Humanities and Social Sciences and agree to the terms as stated above.

Dr. Raynold M. Lewis

Date

Cc: Dr. Lois A. Wims, Provost
Cc: Ms. Susan L. Moore, Director of Human Resources

486 Chandler Street • Worcester, Massachusetts 01602-2597 • 508-929-8000 • www.worcester.edu

Curriculum Vitae



Associate Dean of Education

EDUCATION

- 1996 PhD in Mathematics Education from *Illinois State University*. Dissertation: "The Knowledge of Equivalent Fractions that Children in Grades 1, 2, and 3 bring to Formal Instruction".
- 1985 MEd. Masters in Education with a concentration in Mathematics: *Worcester State College*.
- 1983 – 1984 Mathematics courses at *Worcester Polytechnic Institute* towards the masters in teaching degree.
- 1980 BTh. Bachelors in Theology with a minor in Education from *Northern Caribbean University* (formerly West Indies College) in Mandeville, Jamaica.
- 1975 Five General Certificate of Examinations (GCE) subjects from *London University*.
- 1970 Six College of Preceptors subjects from *Cambridge University*, England.

PROFESSIONAL EXPERIENCE

- 1973 - 1976 Pupil Teacher at *St. Aidan's Anglican School*. Preparing students in grade 11 and 12 for Overseas Examination from London and Cambridge Universities.
- 1977 – 1981 Teacher of Mathematics and Religious Education at *West Indies College High School* in Mandeville, Jamaica. Preparing students in grades 12 for Overseas Examinations from London and Cambridge Universities.
- 1982 – 1984 Teacher of Mathematics at *Grafton Job Corps Center* in North Grafton, Ma. Preparing students for the GED examination.

1984 – 1985	Teacher of Mathematics for Workforce Development at <i>The Career Center</i> , Worcester, MA
1985 – 1991	Teacher of Mathematics at <i>Worcester Public Schools</i> , Grade 11 & 12.
1985 -	Adjunct Professor of Mathematics at <i>Quinsigamond Community College</i> .
1991 – 1994	Graduate Teaching Assistant at <i>Illinois State University</i> . Teacher of College Algebra.
1994 – 1998	Teacher of Mathematics for Medical & Technical Careers at <i>Worcester Technical Institute</i> .
1998 – 2000	Adjunct Professor of Mathematics at <i>Atlantic Union College</i> . Taught statistics, college algebra, pre-calculus, and number theory.
1998 – 2016	Associate Professor & Joint Appointment in the Mathematics and Education Departments Education at Worcester State College. Involved in the teaching of mathematics content and mathematics pedagogy for Early Childhood and Elementary pre-service teachers.
2002	Received Tenure at Worcester State College
2005	Full Professor of Mathematics Education at Worcester State College.
2006 Spring	Interim Chair of the Education Department
2006 – 2007	Chair of the Search Committee to fill the position of Associate Professor in Science/Mathematics Education.
2007 – 2010	Chair of Education Department
2010 - 2012	Interim Associate Dean of Education
2012 January	Associate Dean of Education

PROFESIONAL ARTICLES, PUBLICATIONS & PRESENTATIONS

- Lewis (submitted for publication). Childrens' informal knowledge of fractions. Submitted to the Journal of Mathematics Behavior..
- Lewis (submitted for publication). Changing prospective teachers' beliefs about what it means to do mathematics. Submitted to the teaching Children Mathematics Journal, NCTM.
- Lewis, R. (2006). Redesigning the methods course for prospective elementary school teachers. Paper Presented at the Eastern Regional Conference of the NCTM, Atlantic City, New Jersey, October 19 – 21.
- Lewis, R. (2006). Number in Scripture. A Presentation for the 9th Annual Bible Conference at Northboro Seventh-day Adventist Church, November 10-11.
- Lewis, R. (2004). The role of case studies and experience in Professional Development Schools on Preservice Teachers Development of Pedagogical Content Knowledge. Paper Presented at the 82nd Annual Meeting of the NCTM, Philadelphia, Pennsylvania, April 13 – 15.
- Lewis, R. (2004). From Arithmetic to Algebra: Concepts and Complexities. Presentation at the Worcester State College Faculty Forum, October 22, 2003, Worcester, MA.
- Lewis, R. (2003). The Bathtub Problem: Preservice Teachers Conceptions and Misconceptions. Paper Presented at the 81st Annual Meeting of the NCTM, San Antonio, Texas, April 9 – 12.
- Lewis, R. (2002). The Bathtub Problem: Preservice Teachers Misconceptions. Presentation at the Worcester State College On Teaching Series, March 12, Worcester, MA
- Lewis, R. (2000). Strategies for linking Whole Number Thinking and Initial Fraction Concepts. Paper Presented at the Eastern Regional Conference of the NCTM, Philadelphia, Pennsylvania, 12 – 14, October.

- Lewis, R. (2000). From Whole Numbers to Fractions: Making Meaningful Connections. Paper Presented at the 78th Annual Meeting of the NCTM, Chicago, Illinois, 12 – 15.
- Lewis, R. (1999). Effective Teaching: The Case of Mathematics Education. Presentation at the Worcester State College On Teaching Series, February 15, Worcester, MA.
- Lewis, R. (1998). What Children know about equivalent Fractions Before they are Taught. Paper presented at the 76th Annual Meeting of the NCTM, Minneapolis, Minnesota, April 12 – 15.
- Lewis, R. (1997). Problem solving: A Biblical perspective. Teacher professional workshop for Northeastern Conference of Seventh-Day Adventist, September, 1997.
- Lewis, R. M. (1996). The knowledge of equivalent fractions that children in grades 1, 2, and 3 bring to formal instruction. (Doctoral Dissertation, Illinois State University, 1996). Dissertation Abstracts International, 57, 6A. (University Microfilms No. 96-33409.

PROFESSIONAL ACTIVITIES

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| 1998 – 2000 | Massachusetts Department of Education (DOE).
Committee member for development of the content and learning standards for the 4 th section of the Massachusetts Comprehensive Assessment System (MCAS). |
| 1999 | Massachusetts Department of Education (DOE).
Standards Setting Meeting Panel to determine cut scores for the Advanced, Proficient, Needs Improvement, and Failing reporting categories of the MCAS. |
| 2000 | French River Educational Center. “Linking Procedural and Conceptual Knowledge in Mathematics”. |
| 2000 – 2001 | Item review and Objective review Conferences for the New Secondary Mathematics MTEL test. The goal was to validate the test objectives and to set qualifying scores for the exam. |

2001	Workshop conducted for Leicester Elementary Schools. This professional development workshop was designed to determine causal reasons for the low achievement scores of students on the MCAS, and to provide teachers with insight into the content requirements and grading strategies.
2002	Workshop conducted for Leicester Primary School. This professional development workshop was designed to provide teachers with insight into the teaching and learning of fractions in the elementary grades.
2002	Workshop Conducted for Hadley Primary School. This was a Professional Day for teachers. This workshop provided teachers with insight into selected MCAS test items and the expectations of teachers and students.
2003	Workshop Conducted for Breor Elementary School The goal was to provide teachers with assistance in aligning their local mathematics curriculum with the textbook, frameworks, and MCAS.
2003	Scoring Session for MTEL “Secondary Mathematics”, December. Participation in the MTEL Qualifying Score Conference “Secondary Mathematics”.
2003 – 2004	Objective and Item Review Conference for the New Elementary Mathematics Specialist Examination. Participated in the selection of test responses to serve as historic anchors for the Open Response questions on the Elementary Mathematics Specialist Test.
2006 Spring	Acting Chair, Education Department at Worcester State College
2007 Spring	Formal class for Elementary Students taking the Elementary Subject Test (MTEL)

2007 June	Objective Review Conference for the New Elementary Mathematics Sub-Test II
2008 January	Item Review Conference for the New Elementary Mathematics Sub-Test II
2012	Development of a new degree in Mathematics for Elementary Educators (MEE)
2015 spring	Chandler Magnet Elementary School Professional Development for Teachers
2016 January	Mathematics Professional Development at Uxbridge Public Schools
2016 June	Bancroft School Professional Development for PreK-6 Teachers
2016 June	Training as a Site Visitor for Council for the Accreditation of Educator Preparation (CAEP)
2016 June	Chair of the Standing Committee for Professional Education (SCOPE)