

WORCESTER STATE UNIVERSITY

BOARD OF TRUSTEES MEETING

Tuesday, October 15, 2019

Sheehan Hall

Sheehan Multipurpose Room, SRH 109

6:30 – 8:00 PM

Meeting Called By: Craig Blais (Chair)

Minutes: Nikki Kapurch

Board Members: Craig Blais (Chair); Lisa Colombo; Aleta Fazzone; Maryanne Hammond (Vice-Chair); Karen Lafond; Stephen Madaus (Vice-Chair); Dina Nichols; Manuel Reyes-Ponce; Shirley Steele; Marina Taylor; David Tuttle

WSU Staff: Mr. Barry Maloney; Ms. Nikki Kapurch; Mr. Carl Herrin; Mr. Patrick Hare; Tom McNamara; Ryan Forsythe; Lois Wims

AGENDA		
ITEM	RESPONSIBLE	ACTION
1. <i>Administrative Business</i> A. Call to Order B. Minutes: September 10, 2019*	Craig Blais, Chair	B. Vote Required
2. <i>Presentation - Fundraising</i> A. WSF Financial Snapshot- June 30, 2019* B. June 30, 2019 Dashboard* C. August 31, 2019 Dashboard* D. WSF 2019 Annual Report*	Tom McNamara	A. Informational B. Informational C. Informational D. Informational
3. <i>Finance & Facilities Committee Report</i>	Stephen Madaus	3. Informational and 3 Votes Required
4. <i>Administrative Updates</i> A. Report of the Chairman i. Next meeting: Tuesday, November 12, 2019 B. Report of the President i. President's Update* ii. RASE Plan/Strategic Plan Update C. Other Business	Craig Blais Barry Maloney Lois Wims/Ryan Forsythe	A. Informational B. Informational
5. <i>Adjournment</i>	Craig Blais	5. Vote Required

*Attachments

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES MEETING
MEETING MINUTES - SEPTEMBER 10, 2019**

CHAIR: _____ Mr. Craig Blais (Chair)
10, 2019

DATE: _____ September

LOCATION: Wellness Center Building Room 204 (2nd Floor) MINUTES BY: Nikki Kapurch

TIME: 7:00 PM

MEMBERS PRESENT: Craig Blais (Chair); Lisa Colombo; Aleta Fazzone; Maryanne Hammond
(Vice-Chair);. Karen Lafond; Stephen Madaus (Vice-Chair); Dina Nichols;
Manuel Reyes-Ponce; Marina Taylor; David Tuttle

MEMBERS ABSENT: Shirley Steele

WSU STAFF: Barry Maloney; Nikki Kapurch; Carl Herrin; Patrick Hare, Kathy Eichelroth

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 10, 2019, in room 204 of the Wellness Center. Chairman Blais called the meeting to order at 6:57 pm

Administrative Business:

APPROVAL OF THE MINUTES - June 04, 2019

Upon a motion made by Trustee Columbo and seconded by Trustee Nichols, it was unanimously

VOTED: _____ To approve the minutes of the June 04, 2019 meeting as submitted.

ARCHITECTURAL RESOURCES CAMBRIDGE (ARC) PRESENTATION

- President Maloney introduced members of the Worcester State Foundation Real Estate Committee that were present - Gregg Rosen, Chair of the Real Estate Committee, Robert Morton and George Tetler
- Vice President Kathy Eichelroth introduced Bryan Thorp, Associate Principal and Senior Project Manager, ARC and Janet Chrisos, Deputy Director, Massachusetts State College Building Authority (MSCBA)
- Bryan Thorp provided the draft report findings for the May Street Building.
- Some highlights from the draft report presentation:
 - Challenges - Develop optimal program mix, assess the value of the existing building/ understand budget, respect historical precedents of site, and campus crossing over May Street

- Opportunities - Expand WSU educational opportunities, create a “front door” and engage the public and develop enabling space for future campus planning needs
- Existing Building - Building is important to the community - a landmark, existing conditions – original 1949 and 1959 construction outdated, complete replacement/ upgrade of building systems required, accessibility and structural upgrades for code compliance, HazMat – Significant remediation work will be required
- Met with the users of the site and broke it into four groups: Academic Space- Departments, Academic Space - Shared, Cultural & Student Activity Space and Student Housing
- Presented four options of layouts:
 - Option R would require renovation/addition and the associated costs would be very high.
 - Option 1 - New construction and removal of the existing building
 - Option 2 - New Construction with Housing
 - Option 3 - New Construction with Housing - housing is above
- Still looking at pricing information for each of the options and then we will have a better idea of what we can afford and go from there. As of right now, we do not have the final numbers/prices.
- Questions?
 - On Option 2 why didn't you go up to four stories on both wings?
 - Trying to stay in the proposed square footage
 - Any conversations with the Students?
 - We did have a few forums /focus groups with students and met with the faculty for input
 - Do any of these options have onsite parking included?
 - No
- The Administration is no longer considering options with housing and is leaning towards Option 1.
- We need to deal with a traffic solution with the number of pedestrians crossing.

HUMAN RESOURCES COMMITTEE REPORT

Trustee Maryanne Hammond, Chair of the Human Resources Committee, reported to the full board that the committee convened today to discuss the promotions of Joseph DiCarlo and Sandra Olson.

Following discussion, a motion was made by Trustee Fazzone and seconded by Trustee LaFond, it was unanimously

VOTED: _____ To accept the recommendation of the Human Resources Committee and approve the promotion for Joseph DiCarlo to Dean of Enrollment and Director of Admissions as presented

To accept the recommendation of the Human Resources Committee and approve the promotion for Sandra Olson to Assistant Vice President for Facilities Operations and Planning as presented.

FINANCE & FACILITIES COMMITTEE REPORT

Trustee Stephen Madaus, Chair of the Finance and Facilities Committee reported to the full board that the committee convened to discuss the FY2020 Strategic Plan Trust Fund. Trustee Madaus provided a brief breakdown of the budget amendment that provides funding for the strategic planning process that is being initiated in FY20 expenses of the additional cost of the Strategic Plan. The cost includes contracting with a strategic planning consultant, SOS Consulting and additional ancillary costs associated with the visioning, goal setting, strategy, and action planning meetings that will occur throughout the coming year.

Upon a motion made by Trustee Taylor and seconded by Trustee LaFaond, it was unanimously

VOTED: To accept the recommendation of the Finance and Facilities Committee and approve the FY 2020 Strategic Plan Trust Fund as presented.

Administrative Updates:

REPORT OF THE CHAIRMAN

- Appointment of Standing Committees
 - Chairman Blais appointed Student Trustee, Manual Reyes- Ponce to the Academic /Student Development Committee.
- The Chairman announced two important fall events for public higher education trustees:
 - DHE's New Trustee Orientation and Training
Friday, September 27, 2019 - 10am-2pm
Middlesex Community College, Bedford campus
 - DHE Statewide Trustee Convening
Thursday, October 31, 2019 - 9:30 am
Doubletree Hotel, Westborough, MA
- Next BOT meeting: Tuesday, October 15, 2019

REPORT OF THE PRESIDENT

- President's Report in the packet.
 - This academic year's Updates will center on closing out our current 2015 - 2020 strategic plan, as well as preparing for our upcoming work on the next strategic plan. In the 2015 - 2020 Strategic Plan, there are five overarching goals. For each Update, we will focus on a specific overarching goal. This month's report focuses on goal #4.
 - The plan will be driven by the campus community

- Will be bringing the final draft of the New Strategic Plan to the June meeting for review and endorsement of the plan
- Trustee Fazzone has been reappointed for another 5-year term

OTHER BUSINESS:

Executive Session

- Legal Briefing

Upon a motion made by Trustee Colombo and seconded by Trustee Nichols, it was unanimously

VOTED: _____ **By recorded roll call to enter into an Executive Session at 7:54 pm to discuss pending legal issues and to reconvene in open session for the sole purpose of adjournment of the meeting.**

ROLL CALL VOTE: **10 yes - Craig Blais; Lisa Colombo; Aleta Fazzone; Maryanne Hammond; Karen Lafond; Stephen Madaus; Dina Nichols; Manuel Reyes-Ponce; Marina Taylor; David Tuttle**

With there being no further business, the WSU Board of Trustees meeting was adjourned

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

VOTED: _____ **By recorded roll call to adjourn the meeting at 8:25 pm**

ROLL CALL VOTE: **10 yes - Craig Blais; Lisa Colombo; Aleta Fazzone; Maryanne Hammond; Karen Lafond; Stephen Madaus; Dina Nichols; Manuel Reyes-Ponce; Marina Taylor; David Tuttle**

WORCESTER STATE FOUNDATION

FINANCIAL SNAPSHOT AS OF JUNE 30, 2019

Total Net Assets as of 6/30/2019		Net Assets: \$32,859,733 Assets Under Management: \$27,892,184*		
How the funds are invested		How the funds are restricted (includes pledges)		
Domestic Equities	35.8 %	Permanently Restricted	54.67 %	\$17,963,764
Fixed Income & Cash Equivalents	30.3 %	Temporarily Restricted	33.59 %	\$11,037,165
Real Estate	5.1 %	Unrestricted	11.74 %	\$3,858,804
Emerging Markets	9.7 %	* Indicates invested funds of WSF and WCC		
International Developed	19.1 %			

Analysis of Foundation Expenses FY19					
Awards, Scholarship & Internship	Plant, Property & Equipment	Programs and Community Involvement	Faculty & Student Support	Cultivation Expenses	Operating (Investment, bank, and accounting fees, taxes, etc.)
\$ 627,477	\$ 102,653	\$ 562,438	\$ 190,345	\$ 35,496	\$ 80,311
39.25%	6.42%	35.18%	11.91%	2.22%	5.02%

Enriching the WSU Culture of Philanthropy -

The Division of University Advancement's mission is to enhance the **Culture of Philanthropy** on campus. The Division and the Worcester State Foundation are positioned to continue this work by leveraging alumni, friends, faculty, and staff, corporations and foundations and strategically engaging all stakeholders to fulfill the vision and strategic goals of Worcester State University. The basis from which we look ahead to Fiscal Year 2020 includes these recent accomplishments over the past fiscal year:

- \$4.47 million raised in cash and pledges
- 40% over goal on Corporate & Foundation giving (\$1.4 Million raised)
- 10% increase in President's Circle and higher donors (giving of \$1,000.00 or more)
- Reached 4,000 donors for the second time in history
- 20% increase in the number of scholarship awards in the past two years
- \$1.5 million in support to fund University Priorities

A Look Ahead –

- OUA and WSF plan to continue to support the student experience. Major engagement and fundraising efforts will be the continuation of:
 - Student Engagement & Philanthropic Education
 - Capital – May Street and Programmatic
 - Student and Faculty Research
 - Adopt a Scholar Scholarships
 - Young Alumni Engagement and Giving
 - Scholarships, Internship Stipends
 - Unrestricted Dollars
 - Academic Achievement Awards
 - Department funding
- Only 11.74 % of the Foundation endowment is unrestricted. Most of the funds, around 70%, are restricted for scholarship support. Therefore, more private funding will be needed to fulfill the goals of the University.
- The OUA plan and goals align with and support the University's Strategic Plan, which provides the articulation and communication of a powerful yet realistic vision of what the University wants to accomplish.

June Highlights

Alumni Engagement

- Lancer Athletic Golf Tournament- 105
- Birthday Brunch- 62
- Farewell Fundraiser- 174
- 80s Reunion Decade-49
- Birthday Emails- 19% Open Rate
- June Enewsletter- 21% Open Rate

Major Gifts

- \$1,000 gift from Allen and Barbara A. '59 Levesque to The Allen and Barbara (Lyons) '59 Levesque Endowed Book Fund
- Over \$16,200 raised for the Kathleen O'Hare Havens Memorial Fund in honor of Camilla Caffrey's retirement
- \$780,000 pledge from Pepsi in support of Worcester State
- \$1,000 gift from Robert Bouffard '60 for the Worcester State Fund
- \$15,000 gift from Stephen M. Benjamin '86 to the Football Program
- \$6,000 gift from Cornerstone Bank to The Cornerstone STEM Scholars Fund
- \$5,000 gift from National Grid to support The National Grid Scholarship in Science, Tech and Math
- \$11,200 from various corporations to support the 26th Annual Worcester State Foundation Golf Tournament

Advancement Update

- Scholarship Committee met on June 21st and made final selections. Of the applicants for the donor funded scholarships that students apply for there were 1099 applications received and 323 individual awards made
- In addition 57 renewable "Adopt a Scholar" and Pilon scholarships were renewed and awarded by University Advancement and credited to the students' accounts by Financial Aid.
- In all over \$338,000 in annual student support was committed to the University from the Worcester State Foundation as a result of the generosity of our donors

Annual Giving Update

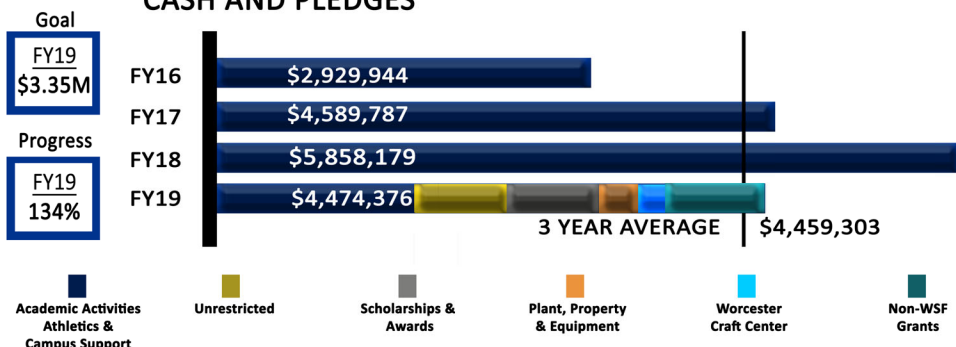
- Finished FY19 with the Spring Singh Challenge "It's not too late" appeal that highlighted Keyla Vargas '19 research into the community effect of the opioid crisis.
- Spring Singh Challenge secured a \$250,000 gift from GB and Lexi '85 Singh.
- Division of University Advancement staff sent over 400 personal cards to our past donors to solicit year-end gifts

UNIVERSITY ADVANCEMENT

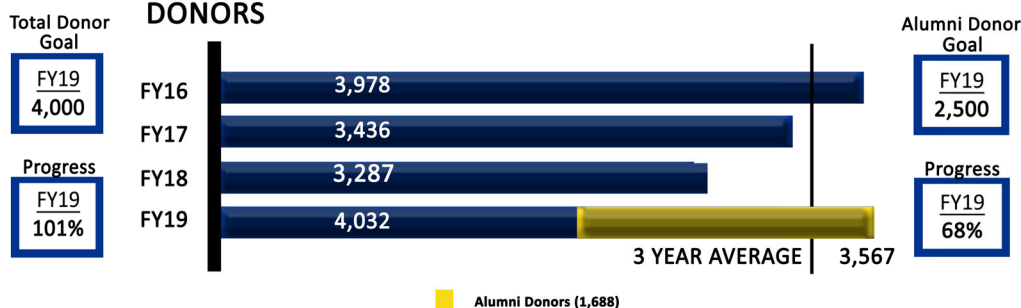
Dashboard

July 1, 2018 - June 30, 2019

CASH AND PLEDGES



DONORS

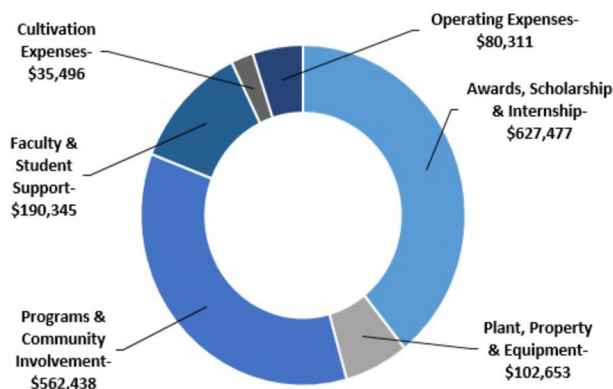


GRANTS, CORPORATE GIFTS & SPONSORSHIPS



FOUNDATION FUNDING OF UNIVERSITY PRIORITIES

\$1,598,721



FY19 Board Giving	Cash and Pledges	Cash	Participation
Trustees	\$15,694.38	\$ 15,694.38	100%
Foundation Board	\$70,839.58	\$65,239.58	100%
Alumni Association	\$45,979.50	\$ 21,688.60	100%
Cabinet	\$18,153.12	\$17,378.12	88.46%



WORCESTER
STATE
FOUNDATION

August Highlights

Alumni Engagement

- RI Alumni Event- 43
- Foundation Golf Tournament- 163
- Birthday Emails- 21% Open Rate
- July Enewsletter- 21% Open Rate

Major Gifts

- \$6,000 in kind donation of fabric from designer James Hogan to VPA
- \$30,000 pledge with \$24,000 received from the Nellie Mae Education Foundation to the LEI
- \$1,000 gift from David M. Mastrorio to The Aaron E. Mastrorio Memorial ROTC Scholarship
- Digital Federal Credit Union (DCU) renewed their sponsorship of select University programs with a \$60,000 grant that will support campus and community-based programs led by The WSU Speech-Language-Hearing Center (SLHC), The WSU Urban Action Institute (UAI), The WSU Latino Education Institute (LEI), and The WSU Office of Student Accessibility Services.

Advancement Update

- The Worcester State Foundation Golf Tournament celebrated 26 years of support for students, raising over \$117,000 from 49 cash sponsorships and 83 in-kind donors. Save the Date for the 27th Annual Worcester State Foundation on June 1, 2020.

Annual Giving Update

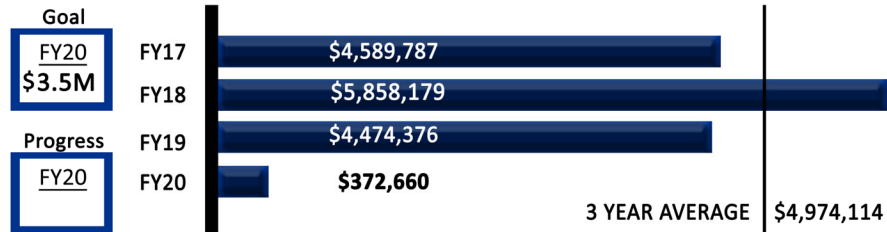
- The Annual Giving Department has developed a revised key prospective donor list for FY20 with the focus on increased alumni donors
- Planning is underway for the March Days of Giving 2020.

UNIVERSITY ADVANCEMENT

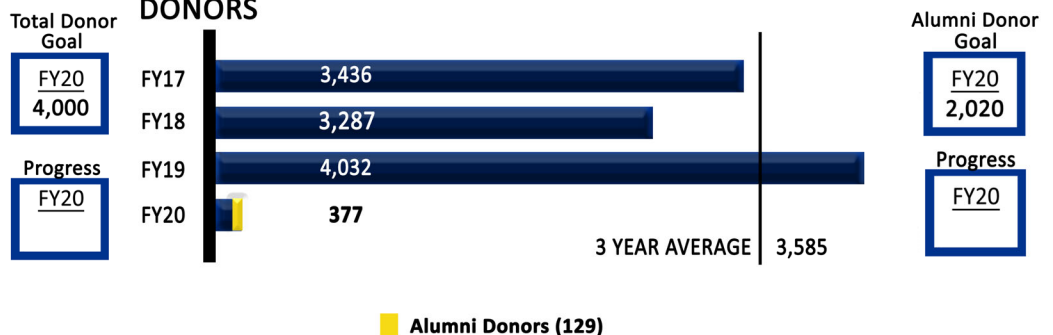
Dashboard

July 1, 2019 - August 31 2019

CASH AND PLEDGES



DONORS

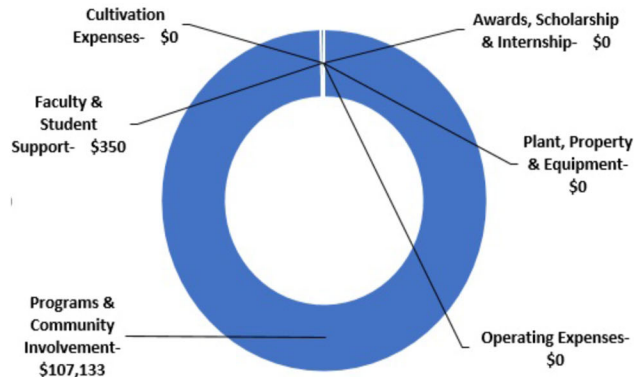


GRANTS, CORPORATE GIFTS & SPONSORSHIPS



FOUNDATION FUNDING OF UNIVERSITY PRIORITIES

\$107,483



FY20 Board Giving	Cash and Pledges	Cash	Participation
Trustees	\$ 1,041.66	\$ 1,041.66	33.33%
Foundation Board	\$ 2,500.00	\$ 2,500.00	10.81%
Alumni Association	\$ 712.50	\$ 712.50	26.32%
Cabinet	\$ 3010.48	\$ 2,935.48	53.85%



WORCESTER
STATE
FOUNDATION

2019

Worcester State Foundation



Annual Report

June 30, 2019

Inspire Generosity. Transform Lives.

The mission of the Worcester State Foundation is to promote the growth and progress of Worcester State University beyond what is possible with state funding.

Points of Pride for Fiscal Year 2019

- More than 4,000 donors supported Worcester State in FY19, the second-highest number of supporters in our history.
- G.B. and Lexi '85 Singh donated \$250,000 to support the Dr. Lillian R. Goodman Department of Nursing. The gift was also used to leverage other gifts at the end of FY19.
- Over \$16,200 was raised for the Kathleen O'Hare Havens Memorial Fund in honor of Assistant Vice President of Alumni Affairs Camilla Caffrey's retirement.
- Teams competing in the March Madness, the 2019 Days of Giving, received more than 1,500 gifts totaling over \$72,000, including \$12,500 in donated prize money.
- We received over \$400,000 in cash and pledges from newly formed scholarships.

At A Glance

(July 1, 2018-June 30, 2019)

\$4.47 million

Gifts Received

4,032

Donors

\$1.6 million

Transferred from the Foundation
for University priorities

including

625,000

in direct student support.

\$32.5 million

Total Endowment

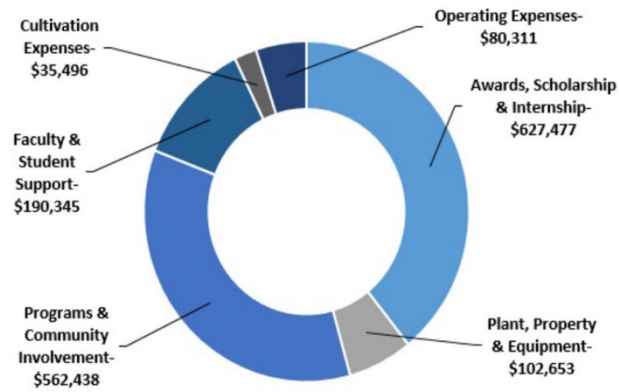
3.4 percent

Investment Return

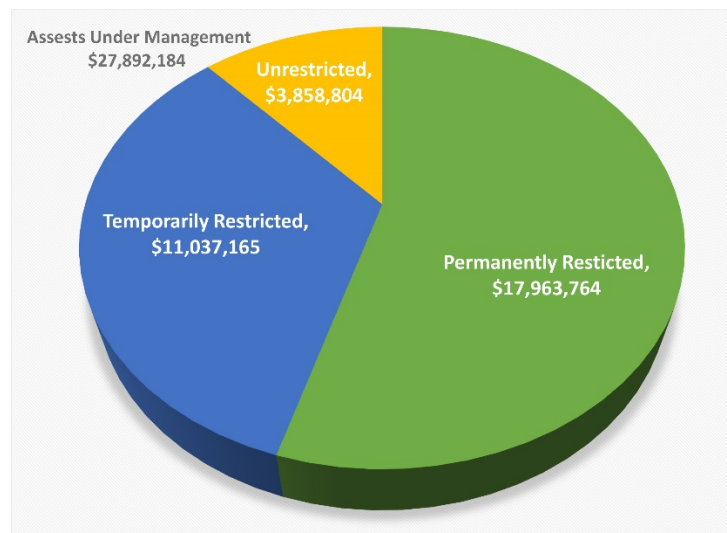
20 percent

Increase in the number of scholarships
awarded in the past two years

FOUNDATION FUNDING OF UNIVERSITY PRIORITIES **\$1,598,721**



Net Assets: \$32,859,733



Assets Under Management indicates invested funds of WSF and WCC.

Fundraising Effort Receives National Award for Overall Performance

The Council for Advancement and Support of Education (CASE) honored Worcester State with the CASE 2019 Educational Fundraising Award, an honor given each year to exceptional fundraising programs at educational institutions in the United States.

CASE's Educational Fundraising Awards recognize exemplary fundraising programs and activities. To be considered for the award, Worcester State University had to demonstrate the



highest levels of professionalism and best practice in its fundraising efforts and contribute to the betterment of educational advancement worldwide by serving as a model to which others can aspire

Worcester State was awarded the *Overall Performance* distinction given to colleges and universities that show solid program growth, breadth in the base of support, and other indications of a mature, well-maintained

program, and was based on a blind analysis of three years of fundraising data each institution submits to CASE.

"The beauty of this awards program is that we look at the data not knowing what institution is being represented. In showcasing these best-of-the-best programs, CASE helps its members identify institutions doing smart and innovative work from which everyone can learn," said Sue Kubik, an accomplished educational fundraiser and long-time CASE volunteer who led the judging panel this year. This is the first time Worcester State has been honored with an award, one of 29 institutions recognized for the first time.

A Fond Farewell

More than \$16,200 was raised for the Kathleen O'Hare Havens Memorial Fund in honor of Assistant Vice President of Alumni Affairs Camilla Caffrey's retirement. For over 20 years, Camilla worked tirelessly to build and shape an alumni office that epitomizes professionalism and dedication to each and every constituency within the University. Her passion and commitment will leave an indelible mark. Many people attended a reception honoring Camilla on Friday, June 28. Vice President of University Advancement Thomas McNamara '94 said he was excited for her as she begins the next chapter of her life, devoted to her children and grandchildren.

Major Gifts and Initiatives

80 Years Later, Scholarship Honors Sarah Ella Wilson

Saul Feingold established an endowed scholarship to honor his first grade teacher, Sarah Ella Wilson, Class of 1894, for Worcester State students studying to become teachers. Miss Wilson, one of the first African American school teachers in Worcester who taught first grade at the Belmont Street Community School for almost 50 years, jumped him up to first grade, six months sooner than his classmates. He said, "I truly believe that decision changed my life."



Feingold is CEO of the Feingold Companies, an insurance and financial service company founded by his father, who began his career selling dime-a-week life insurance policies. Feingold focused on pension planning and became a specialist in setting up 401Ks for small businesses. He grew the firm over the years before passing off day-to-day management to his son-in-law. Now 86, the spry Feingold splits his time between homes in Worcester and Florida while also traveling around the world for fun.

Spring Singh Challenge Met

G.B. and Lexi '85 Singh donated \$250,000 for new simulation equipment for the Dr. GB and Lexi Singh Simulation Center in the Dr. Lillian R. Goodman Department of Nursing. The equipment includes life-like simulation dummies, one of which can simulate giving birth, and an Anatomage Table, which is a 3-D virtual dissection table. The Singhs offered a challenge to other donors, called the Spring Singh Challenge, to encourage end-of-year giving.

Scholarship Support From an Early Alumna

The Foundation received \$111,111 for scholarships from the disposition of the estate of **Eleanor (Totilas) Depenbrock '37**, who passed away in 2018 at the age of 102. After graduation, she moved to Washington, D.C., in 1942 and worked for the U.S. Employment Service, the U.S. Army Air Corps, the Pentagon, and the U.S. Air Force Headquarters. She joined the Federal Research Division of the Library of Congress, where she worked until she retired.

Individual Gifts

- **Gene J. DeFeudis** continues to generously support Worcester State, giving a total of \$84,500 to support scholarships and the Foundation's golf tournament, as well as hosting an annual alumni event at The La Playa Club in Naples, Fla.
- **Imoigele P. Aisiku '92, M.D.**, gave \$83,500 to continue supporting interdisciplinary STEM research initiatives, as well as the Bridge to Excellence lecture series, which brings faculty experts from Brigham & Women's Hospital to campus to speak to students.
- **Robert K. O'Brien '58** gave \$54,600 for scholarships and for continued support of the Robert K. O'Brien '58 Next Big Idea Contest.
- **Edward and Gail Mastrorio** set up the Aaron E. Mastrorio '08 Memorial ROTC Scholarship using \$36,100 that was donated to a memorial fund in their son's honor. Aaron died tragically in November 2018 after suffering a massive heart attack while training to become an expert U.S. Army combat medic at Fort Bragg in North Carolina. The scholarship will be given to a junior or senior who is active in extracurricular activities and also a member of ROTC.
- **Joan M. Merrill '67, M.Ed. '73, Ph.D.**, donated \$30,000 to create The Dr. Joan M. Merrill Endowed Scholarship. The former principal of the Clark Street School and Goddard School of Science and Technology said she want to help future Worcester State students take advantage of the same opportunities she was given.
- **David A. '76 and Ellen J., M.Ed. '88, Meyers** pledged \$30,000 to establish The David '76 and Ellen Meyers, M.Ed. '88, Endowed Scholarship to honor Ellen's father, Richard Sussman, who died in 2018. Ellen also passed away in February 2019. Donations in her memory established an academic achievement award for students with disabilities.
- The late **Thomas Todd Jr. '52** gave \$29,635 through one of the first charitable gift annuities established at Worcester State. His gift will be used where it is needed most.
- A surprise gift of \$25,000 from the estate of **Kai Hekker** created the Geraldine Condon Memorial Scholarship, which will be awarded to a female business major with a concentration in accounting. The gift honors an act of kindness by an early Worcester State alumna, Geraldine Condon, Class of 1914, who helped Hekker's wife attend college.



- **Richard S. Juralewicz** gave \$25,000 to create the Dr. Joan Keller Juralewicz and Dr. Richard S. Juralewicz Scholarship, to be awarded to a student majoring in education or business.
- **Dorothy J. Manning, M.Ed. '88**, donated \$16,650 to establish The Manning Family Endowed Scholarship for Criminal Justice to honor her late husband, Dan Manning Sr., who passed away in 1997. Don was chief of police in Sherborn, Mass., and at UMass Medical School.
- **Stephen M. Benjamin '86** gave \$15,000 to support the football program, which celebrated its 50th anniversary in 2019.
- **SALMON Health and Retirement** gave \$15,000 in support of the SALMON Health and Retirement Scholarship for seniors majoring in business, communication sciences & disorders, nursing, and occupational therapy. This financial support, coupled with the hands-on work experience as a future SALMON employee, will provide recipients with a greater opportunity for success in their healthcare careers.
- **Dale H. Allen, Ph.D.**, donated \$12,000 to support the women's basketball program.
- **Gregg '86 and Pamela '87 Rosen** donated \$11,156 to the Vincent R. Benedictis Memorial Scholarship and the Worcester State Foundation Golf Tournament.
- **Margaret M. Curran '54, M.Ed. '56**, donated \$10,000 to establish her second scholarship, The Margaret M. Curran Endowed Scholarship for Business Students, in honor of her 65th reunion.
- **John and Kelley A. Joseph '87** donated \$10,000 to the John & Kelly (Gallagher) Endowed Scholarship for Elementary Education.
- **Nichlas J. Monfreda '00** gave \$10,000 to the Nick and Anna Monfreda Endowed Scholarship for nontraditional students majoring in economics or business administration.
- **James M. Ricciardi** gave \$10,000 to the James and Sharon Ricciardi Family Endowed Scholarship for full-time undergraduate students who excel in a STEM field.

At the end of FY18, after the 2018 Annual Report was written, **Donald F. Cushing '66, M.Ed. '71**, donated \$20,000 to create the Donald F. Cushing '66, '71 and Kathleen M. (Kane) Cushing '65, '71 Endowed Scholarship for a full-time undergraduate student majoring in English who wants to be a high school English teacher. At right, Emma Gosselin '20, the first recipient of the scholarship, with Don.



March Madness Teams Secure 1,500 gifts in 48 Hours



Teams competing in the March Madness, the 2019 Days of Giving, received more than 1,500 gifts totaling over \$72,000, including \$12,500 in donated prize money. Teams raising money for Thea's Pantry, the softball team, and the cheerleaders won their respective brackets, earning an additional \$1,000 for their cause.

In this first-of-its-kind crowdfunding competition, teams representing academic centers and programs, student groups, and athletic programs tapped their social networks to see who could raise the most gifts per team member over two days, March 19-20. The bracketed competition replicated the thrill of the NCAA's iconic basketball tournament, with teams advancing to the next round by raising more gifts per team member than their competition.

Phil Wasylean III '63, Gregg Rosen '86, and President Barry M. Maloney each sponsored a bracket and provided prize money for the winning teams, as well as additional prizes for Power Hour winners. Certain hours were designated as Power Hours throughout the 48 hour competition, and teams that raised the most gifts per team member during those hours, no matter their status in the brackets, received an additional \$250.

The Latino Education Institute (LEI)

- Renewal grants totaling \$43,000 from the **Greater Worcester Community Foundation** enabled the LEI to sustain their Early Connections and ENLACE (Encouraging Latinos to Achieve Excellence) programming improving the educational outcomes of more Latino children and teens from the city of Worcester.
- The **Quality Enhancements in After-School and Out-of-School Time (ASOST-Q)** grant program from the MA Department of Elementary and Secondary Education awarded the LEI a two-year grant of \$60,000.
- An award of \$20,000 from the **Massachusetts United for Puerto Rico Fund at The Boston Foundation** supported the LEI's Club Educación (Club E) program. Through this initiative, the LEI



enhanced its family programming to reach Hurricane Maria evacuees and their children living in Central Massachusetts.

- **Eversource** awarded the LEI a \$2,500 grant from to support the Club Educación (Club E) program.
- The **Ruth H. and Warren A. Ellsworth Foundation** awarded a \$7,500 grant to support the LEI's WIPLE program supporting parent engagement in Worcester County.
- A sponsorship of \$30,000 from **American Student Assistance** enabled the LEI to expand educational programming in Springfield.
- **The Nellie Mae Foundation** committed multiple awards to the LEI providing more than \$100,000 to support their role furthering civic engagement by Latino youth and for educational outreach at the statewide level.
- **The Lloyd G. Balfour Foundation, Bank of America, N.A., Trustee**, awarded LEI a renewal grant of \$75,000 from for the continuation and expansion of the Latinos Involved in Discovering Educational Resources (LIDER): College Readiness & Success Program for Underserved Youth in Worcester and Springfield.
- **The United Way of Central Massachusetts** renewed their support via the United Way Women's Initiative grant program funding the LEI's Latina Achievers in Search of Success (LASOS) with a \$36,000 grant.
- **The George F. and Sybil H. Fuller Foundation** continued its generous scholarship funding with a \$10,000 grant to support former participants of the LEI programs.

Academic Excellence

- **The Scholarship Committee** reviewed 1,099 applications from Worcester State students and made 323 individual awards. In all, over \$338,000 in annual student support was committed to the University from the Worcester State Foundation as a result of the generosity of our donors.
- The Dr. Lillian R. Goodman Department of Nursing was awarded a multi-year grant of \$180,000 from the **E. Rhodes and Leona B. Carpenter Foundation** in support of the M.S. in Nursing—Community and Public Health Nursing Specialization program.
- **National Grid** gave \$5,000 award to support scholarships for undergraduate students studying in the STEM field.
- **TJX Foundation** renewed funding for the TJX/Robin Kaplan Scholarship with a \$10,000 grant, providing 10 deserving students with important financial aid each year. Since the Scholarship's inception over 190 students have been the recipient of this generous fund.
- To mark the 65th Anniversary of its founding, **Leominster Credit Union (LCU)** established an endowed scholarship at Worcester State University to help LCU employees, members of the Board of Directors, and LCU members—or their children or grandchildren—pay for college. This gift represents the second time LCU has offered

significant support to Worcester State. The Leominster Credit Union Cardio Area in the DeFeudis Fitness Center provides students with a space they can use to improve their stamina and speed.

Vibrant Campus Life, Civic Engagement, Promoting Success

- **Digital Federal Credit Union** awarded renewed support at the \$50,000 level to pilot and sustain experiential learning in Worcester County. Unique campus and community-based programs that were enhanced include:
 - The WSU **Speech-Language-Hearing Center (SLHC)** partnership with the Nativity School in Worcester to provide community-based screenings.
 - **The Aisiku '92 STEM (Science, Technology, Engineering & Mathematics) Center** expansion of academic support programs for disadvantaged youth from Worcester and freshman WSU students including:
 - The Chemistry Department's second annual Environmental STEM Connections, a summer academic-enrichment program supporting Worcester high-school students.
 - The Bridge to Excellence: Summer STEM Retention Program, which helps underprepared students meet the rigors of higher education by providing personalized academic support to improve their readiness for their first semester as a college student.
 - **The Urban Action Institute**, the outreach and community action arm of the University's Urban Studies Department, used its allocation to continue several community-based programs: Thea's Food Pantry, the WSU Teaching Garden, and the Making Worcester Home project.
 - **The Latino Education Institute** allocated their investment into expanding their adult English-as-a-Second Language (ESL) courses for hurricane evacuees in Worcester, offered as a special module of LEI's Club Educación (Club E) ESL program.
 - **The WSU Office of Student Accessibility Services (SAS)** has allocated its funding to increase the department's capacity. Through the purchase of a variety of assistive devices the University is well-positioned to meet the unique teaching and learning needs of students with temporary or permanent challenges with mental health, chronic health, sensory ability, physical health/mobility, and learning ability.
- **The Worcester Center for Crafts** was awarded \$2,500 from the Ramsey-McCluskey Foundation and \$2,500 from the Schwartz Charitable Foundation to support youth programming.

Engaging Students

Alumni returned to campus to share their career knowledge with Worcester State students about to enter the professional world. Called “**Backpack to Briefcase**,” the seminars covered essential skills, such as dining etiquette, interviewing, and social media use, culminating in an student-alumni networking dinner Thursday, March 7.

Sponsored by the Alumni Office and the student group Enactus, the two weeks of seminars included presentations on dining etiquette; “Social Media Dos & Don’t” by Lauren O’Neill ’13, assistant director of career services at the College of the Holy Cross; and the art of the elevator pitch, by Derek Canton ’15, entrepreneur and founder of the restaurant bill paying app Paerpay. Photographer Matt Wright ’10 also took free portraits for use in LinkedIn profiles.



The final event, **Dinner with Strangers**, connected students with successful alumni across a wide-range of careers and graduation years. Throughout the academic year, the successful **Alumni Connection series** also offered students the opportunity to gather together for an evening event panel and networking with our best and brightest alumni.

Events

- Alumni celebrated **Reunion 2019** on May 17-18, starting first with the very popular Golden Graduates luncheon and the Party on the Eve, honoring the Class of 2019, both on May 17, and Class Dinners on May 18. Several members of the Class of 1969, marking their 50th Reunion, walked in the Commencement procession at the DCU Center with Board of Trustees Vice Chair Maryanne Hammond '69, M.A. '72, leading the way.

Of particular note:

- \$80,000 was raised for University initiatives from the classes of 1954, 1959, 1964, 1969, 1974, and 1979.
- Since their 40th reunion, members of the Class of 1969 have raised enough money to award three scholarships.
- Margaret Curran '54, M.Ed. '56, donated \$10,000 to establish her second scholarship, The Margaret M. Curran Endowed Scholarship for Business Students, in honor of her 65th reunion.



- Tom '59 and Rachel Costello '59 and Paul '59 and Ellen Cuddy '59 created Adopt-A-Scholar scholarships in honor of their 60th reunions.

- **Renee King Diaz '12**, owner of the Queen's Cups, was the keynote speaker at Worcester State University's 143rd commencement exercises, May 18. In all, 1,236 students were eligible to walk across the DCU stage. The graduates' walk through life, although it may turn out to be equally as rewarding, will nevertheless be much more complex, Diaz told the Class of 2019. Before the conferral of degrees, the University presented Diaz with a Community Service Award, highlighting the many contributions she has made to organizations, groups, and the communities of Worcester and Millbury.



- **Robert K. O'Brien '58** received the **2019 I. Robert Freeland Award** at the Worcester State Foundation Board meeting on Thursday, June 13, in appreciation for his support of scholarships, academic programs, and a student entrepreneurship contest that has inspired at least two young alumni to found their own startups. According to Vice President for Advancement Thomas McNamara '94, O'Brien received the award "for the gifts that he has given, but more importantly perhaps, for the lives he has changed with those gifts."

The I. Robert Freeland Award is given to an individual or organization whose professional accomplishments, devotion, and philanthropic support of Worcester State University represents and reflects the principles, ideals, spirit, and benevolence of the late I. Robert Freeland, a founding member of the Worcester State Foundation.



- The annual **Young Alumni President's Circle (YAPC)** donor recognition event was well attended on Saturday, Jan. 26, at the Worcester Club. Members of this premier recognition club are graduates of the past 10 years who have committed to gifts of \$500 (6-10 years out) or \$250 (1-5 years out) spread over five years. In addition to showing their support of Worcester State, YAPC members are able to network and learn from each other, and reach out to students to help them prepare for their future careers.



- Five alumni were awarded the highest non-degree honor bestowed by the University at the **Distinguished Alumni Awards** on Sept. 20. Honored were:

- Jamie Binienda '99, *Outstanding Volunteer Service to the Community*
- James M. Lewis '94, *Outstanding Achievement in the Field of Education*
- Susan R. (Harris) O'Connor '85, MSW, LICSW, *Distinguished Professional Achievement*
- Sharon S. (Valiquette) McDonald '86, *Outstanding Service to Alma Mater*
- Joseph D. Nawn '13, *Outstanding Young Alumnus*



- Students met donors at the **Scholars and Sponsors Salute** in the Wellness Center on Saturday, Sept. 29. The celebration allowed donors to meet and talk with the students who directly benefit from their generosity. And it gave students the opportunity to thank the many alumni and friends who support Worcester State.
- The Reach Out and Touch Somebody's Hand Alumni Council continued its engagement efforts through the **Birthday Brunch with the President**. Held three times a year, the brunch gathers together alumni to celebrate their birthdays, complete with a cupcake from The Queen's Cups, owned by alumna Renee King '12.

Enrollment, Retention, and Student Success

- **The Student Research, Scholarship and Creativity Program** awarded \$16,542 to students over two semesters. The program supports full-time, undergraduate and graduate students in creative, scholarly, or research projects related to their academic programs, including supporting approved travel expenses for presentations or competition in professional or academic conferences or competitions.
- Jacklyn Joncas, T.J. Mulgrew, and Dominique Lee won first prize in the **2018 Robert K. O'Brien '58 Next Big Idea Contest** on Tuesday, Dec. 11, for proposing a solution to the daily frustration of parking on campus: an app that combines ride sharing technology with a valet parking system. PRK (pronounced “park”) would allow a student to indicate through the app that he or she is arriving on campus and in need of a parking space. The user would arrange to meet an Uber-like contractor, who might be a fellow student looking for some extra money, and hand off the car for parking. The PRK employee would find a parking spot, return the keys to the student (perhaps in class or at a central location), and let the customer know where it is located.
- More than 50 nursing alumni, faculty, and friends gathered for a reunion to honor Professor Emerita Barbara Giguere, R.N., Ed.D, on Saturday, Oct. 13, to mark her retirement after more than 37 years at Worcester State. To celebrate her service, **The Barbara Giguere R.N., Ed.D Global Nursing Exchange Program Fund** has been established to support various global nursing exchange opportunities throughout the world.
- **Worcester’s own nationally noted fashion designer James Hogan** donated more than \$5,000 in fabric to WSU’s costume design shop. He also spoke to the costume design and theater classes, telling stories of his younger days as a frequent patron of New York City’s legendary Studio 54 nightclub.



Helping Ensure Financial Stability

- The Athletic Department hosted the first **all-athletics golf tournament** on June 3, at the Wachusett Country Club, raising almost \$10,000 for Lancer athletic teams. During the tournament, there was a special recognition of former athletic trainer Oscar Larson, who passed away at age 100 in August.
- Golfers and sponsors of the 26th Annual **Worcester State Foundation Golf Tournament** raised more than \$100,000 for scholarships and other University priorities. The tournament took place at Wachusett Country Club in West Boylston and Kettle Brook Golf Club in Paxton on Monday, Aug. 5. Once again, Gene J. DeFeudis was the tournament's Presenting Sponsor.
- **The Office of Corporate and Foundation Relations (OCFR)** directed philanthropic activities last year to support faculty development, student scholarship, academic research, and community-based programming. The OCFR led cross-department planning, facilitated the private corporate and foundation grants program, and supported major gift initiatives. In FY19, the Foundation exceeded its \$1 million-dollar goal for corporate and foundation funding by raising \$1,427,000 in private grants, corporate gifts, and sponsorships.



WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE & FACILITIES MEETING
Tuesday, October 15, 2019
Sheehan Hall
Sheehan Multipurpose Room, SRH 109
4:30 – 5:30 PM

Meeting Called By: Stephen Madaus (Chair)

Minutes: Nikki Kapurch

Board Members: Stephen Madaus (Chair); Aleta Fazzone; Dina Nichols; Shirley Steele; Marina Taylor

WSU Staff: Barry Maloney; Nikki Kapurch; Carl Herrin; Patrick Hare, Kathy Eichelroth

AGENDA		
ITEM	RESPONSIBLE	ACTION
1. <i>Administrative Business</i> A. Call to Order B. Minutes: September 10, 2019*	Stephen Madaus	B. Vote Required
2. <i>Finance & Facilities Committee Report</i> A. FY2019 Draft Audit Report* B. FY2020 Rate Setting for Online Graduate Programs* C. FY 2019 Budget Amendment #4* D. FY2020 Trust Fund Reports, Quarter 4* E. Grant Update*	Stephen Madaus Kathy Eichelroth	Recommendation to the Full Board (3 Votes Required) A. Vote required B. Vote required C. Vote required D. Informational E. Informational
3. <i>Administrative Updates</i> A. Other Business	Stephen Madaus	A. Informational
4. <i>Adjournment</i>	Stephen Madaus	4. Vote Required

*Attachments

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES
FINANCE FACILITIES COMMITTEE MEETING
MEETING MINUTES - SEPTEMBER 10, 2019**

CHAIR: _____ Stephen Madaus
2019

DATE: _____ September 10,

LOCATION: Wellness Center Building Room 204 (2nd Floor) MINUTES BY: Nikki Kapurch

TIME: 4:30 PM

MEMBERS PRESENT: Stephen Madaus (Chair); Aleta Fazzone; Dina Nichols; Marina Taylor

MEMBERS ABSENT: Shirley Steele

WSU STAFF: Barry Maloney; Nikki Kapurch; Carl Herrin; Patrick Hare, Kathy Eichelroth

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 10, 2019, in room 204 of the Wellness Center. Trustee Madaus called the meeting to order at 4:31 pm

Finance & Facilities Committee Report

FY2020 Strategic Plan Trust Fund presented by Vice President Kathy Eichelroth

- FY 2020 Strategic Plan Trust Fund has been activated as of July 1, 2019, with a transfer of funds from FY 2019 reserves as approved by the Board in the FY 2020 budget package. The initial funds of \$562,582 have been loaded to an unallocated line.
- VP Eichelroth went through the budget amendment that provides funding for the strategic planning process that is being initiated in FY20 expenses of the additional cost of the Strategic Plan. The cost includes contracting with a strategic planning consultant, Linda Campanella and additional ancillary costs associated with the visioning, goal setting, strategy, and action planning meetings that will occur throughout the coming year.
- VP Eichelroth explained the Trust Fund Agreement and how it has been amended to allow for funding of the costs associated with conducting a cyclical strategic planning process.
- A question was asked on how the methodology used in the last Strategic Plan would differ from the new plan.
 - In the 2015-2020 plan, we used a grant process for the unallocated funds. In the 2020-2025 plan, the majority of the funds will remain unallocated until it's determined through the strategic planning process how the funds could be most effectively budgeted to achieve a new strategic plan.
- We will not be looking to draw out additional resources.

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

VOTED: _____ to recommend to the full Board the approval of the FY 2020 Strategic Plan

Trust Fund as presented.

Administrative Updates

OTHER BUSINESS

President Maloney provided some general updates:

- It was a busy summer for many faculty and staff, as working groups met over the summer on how to move forward with the positioning study's findings. Five working groups were established: Student Life; Liberal Arts and Sciences Curriculum (LASC); First-Year Experience; Advising; and Majors/Minors. Those reports are expected to form the basis of our next strategic planning process, which has kicked off this Fall.
- It was also a busy summer of campus improvements.
- Lastly, last Friday the Governor filed a \$650 million FY19 supplemental budget. We are hoping to gain additional dollars from for one time projects.

With there being no further business, the WSU Board of Trustees meeting was adjourned

Upon a motion made by Trustee Fazzone and seconded by Trustee Nichols, it was unanimously

VOTED: **To adjourn the meeting at 4:58 pm**

**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, 2019 AND 2018
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, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
Basic Financial Statements:	
Statements of Net Position	13
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15 - 16
Notes to Financial Statements	17 - 42
Supplementary Information:	
Schedule 1 - Schedule of the University's Proportionate Share of the Net Pension Liability	43
Schedule 2 - Schedule of University Pension Contributions	44
Notes to Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Pension Contributions	45
Schedule 3 - Schedule of the University's Proportionate Share of the Net OPEB Liability	46
Schedule 4 - Schedule of University OPEB Contributions	47
Notes to Schedule of the University's Proportionate Share of the Net OPEB Liability and Schedule of University OPEB Contributions	48
Schedule 5 - University Net Position Analysis	49
Schedule 6 - Functional Expenses	50
Schedule 7 - Residence Life and Housing Statements of Net Position	51
Schedule 8 - Residence Life and Housing Statements of Revenues, Expenses, and Changes in Net Position	52
Schedule 9 - Health Services Statements of Revenues, Expenses, and Changes in Net Position	53
Statistical Information	54 - 59
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	60 - 61

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Worcester State University

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, 2019 and 2018 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 opinion.

Opinion

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, 2019 and 2018, and the changes in its net position, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2018 financial statements have been restated to correct a misstatement related to the University's adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 12 and certain information pertaining to liabilities recorded in accordance with Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* on pages 43 through 48 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 49 through 53 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 54 through 59 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 _____, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Worcester State University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Worcester State University's internal control over financial reporting and compliance.

Worcester, Massachusetts
_____, 2019

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, 2019. 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 59 undergraduate majors and minors, 29 graduate programs, 82 study abroad programs, and a student-to-faculty ratio of 17:1. The University currently has 5,380 full and part-time undergraduate students and 837 full and part-time graduate and professional students.

Financial Highlights

- The assets of Worcester State University exceeded its liabilities at the close of the most recent fiscal year by \$62,698,382, inclusive of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position) of \$56,685,255.
- The University's total net position increased by \$89,625. Pension and insurance expense increased by \$3,693,137 as a result of recording University's portion of the Commonwealth's postretirement obligations. Overall the revenues earned, when combined with non-operating revenues, exceeded operating expenses excluding depreciation expense (non-cash item) and the additional pension accrual to reflect the University's portion of the Commonwealth's liability.
- The Commonwealth of Massachusetts adjusted its estimate for the OPEB accrual after the publication of our June 30, 2018 audited financial statements. As a result the June 30, 2019 Statement of Changes in Net Position beginning balance as of July 1, 2018, had been re-stated to reflected the accrual adjustment. The prior period adjustment increases University Net Position at the beginning of the fiscal year by \$5,152,655.
- The University's Net Position as June 30, 2019 was \$62,698,382. Unrestricted Net Position from Operations as of June 30, 2019 was \$40,687,978. The healthy operational reserves is offset by the University's allocation of the Commonwealth's accumulated Net Retirement Obligations of \$20,564,468 related to Pensions and \$36,120,787 related to OPEB, resulting in Net Unrestricted Reserves of (\$15,997,277).
- Auxiliary Services, specifically Residence Life and Housing, closed the year with an operating surplus of \$381,403 for the year ended June 30, 2019. For the second consecutive year this trust fund closed the year in a favorable position, despite occupancy being below 100%, as the result of strict budget oversight that included budget adjustments to reduce spending as a result of a mid- year review

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Statement of Net Position presents information on all of the University's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position present information showing how the University's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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.

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 position 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 position may serve over time as a useful indication of Worcester State University's financial position. In the case of Worcester State University, assets exceeded liabilities by \$62,698,382 at the close of Fiscal Year 2019.

By far the largest portion of the Worcester State University's net position 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, 2019, with comparative data as of June 30, 2018**

	2019	2018
Current and other assets	\$ 63,619,523	\$ 53,513,360
Capital assets	100,696,221	102,366,458
Total assets	164,315,744	155,879,818
Deferred outflows of resources	18,134,838	11,186,473
Non-current outstanding liabilities	82,728,381	79,488,069
Other liabilities	18,415,410	12,953,007
Total liabilities	101,143,791	92,441,076
Deferred inflows of resources	18,608,419	12,016,458
Net position		
Invested in capital assets, net of related debt	78,092,336	79,046,212
Restricted	603,323	221,020
Unrestricted	(15,997,277)	(16,658,475)
Total net position	\$ 62,698,382	\$ 62,608,757

The following schedule presents an analysis of Worcester State University's net position as of June 30, 2019 and 2018, respectively:

	2019	2018
Invested in capital assets, net	\$ 78,092,336	\$ 79,046,212
Restricted reserves, expendable for:		
Other	467,961	90,205
Capital projects	135,362	130,815
Total restricted reserves, expendable	603,323	221,020
Unrestricted net position		
Accumulated Commonwealth of Massachusetts retirement obligations - Pension	(20,564,468)	(18,014,320)
Accumulated Commonwealth of Massachusetts retirement obligations - OPEB	(36,120,787)	(35,037,942)
Unrestricted reserves from operations	40,687,978	36,393,787
Total net unrestricted reserves	(15,997,277)	(16,658,475)
Total net position	\$ 62,698,382	\$ 62,608,757

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A portion of the Worcester State University's net position (less than 1.0 percent) as of June 30, 2019, represent funds that are subject to external restrictions on how they must be used. Unrestricted net reserves from operations of \$40,687,978 at June 30, 2019 may be used to meet the University's ongoing obligations to its stakeholders. The University's net position increased by \$89,625 during the year ended June 30, 2019. At the end of the current fiscal year, Worcester State University reports a positive balance in restricted reserves, a positive balance in unrestricted reserves from operations and accumulated net negative obligations for the allocated share of the Commonwealth of MA pension and OPEB plans.

The University's primary reserve ratio, calculated as expendable net position divided by total expenses, is 36.67% and 34.61%, respectively, for the years ended June 30, 2019 and June 30, 2018. 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 position generated by operations.

The implementation of Government Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment benefits Other Than Pensions (OPEB), for the fiscal year ended June 30, 2018 requires the posting of a prior period adjustment as of July 1, 2017 to record the University's allocation of the Commonwealth's Net OPEB Liability. The prior period adjustment reduces University net position at the beginning of the fiscal year by \$32,243,936. In addition, implementation of GASB 68 and GASB 75 required the annual accrual of the University's allocation of the Commonwealth's Net Pension and OPEB Liability. The additional accrual of pension and insurance expense of \$3,693,137 in FY 2019 and \$2,907,012 in FY 2018 was recorded to reflect the University's allocation of the Commonwealth's accrued obligation of Pension and OPEB liabilities.

The application of GASB 68 and GASB 75 requires certain reporting and disclosures with regard to the Massachusetts State Employees' Retirement System (MSERS). The authority for establishing and amending these provisions rests with the Massachusetts Legislature, Chapter 32A of the General Laws of the Commonwealth of Massachusetts. The allocation provided to the University from the Commonwealth of Massachusetts Comptroller's Office reflects the University's proportionate share of the net pension liability related to its participation in MSERS. The University's participation in MSERS is directly related to the share of annual payroll costs funded from campus-based trust funds in contrast to payroll expended from annual operating appropriations allocated to the University from Commonwealth resources. In FY 2019 payroll funded from campus-based trust funds was \$12,922,066 total payroll costs for FY 2019 were \$40,065,816.

The University's return on net asset ratio, calculated as the change in total net position divided by total net position – beginning of the year, is 0.14% and (7.39)%, respectively, for the years ended June 30, 2019 and June 30, 2018. This ratio measures total economic return including capital investment and positive operating results. An improving trend indicates increasing net position which provide for increased financial flexibility.

Return on net position ratio was high as we completed construction of the Wellness Center. The decline in FY 2017 and FY 2018 is the result of the GASB required postretirement benefit accruals to reflect the campus share of the Commonwealth's liability related to the third-party management of the retirement assets. In FY 2019 the University closed the year with a slight increase in net position despite the magnitude of the accrual adjustment related to the post retirement benefit plans. We had positive operating results in FY 2019, including the receipt of collective bargaining funds that had not been anticipated and positive return on investment assets.

The net operating revenue ratio is 0.08% and (4.95)%, respectively, for the years ended June 30, 2019, and June 30, 2018. 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 position.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In FY 2019 the University experienced a net operating surplus of \$89,625, inclusive of the net posting of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position) of \$3,693,137. Operating results, exclusive of the retirement and OPEB accruals and posting of annual depreciation, met annual budget expectations including a planned transfer of over \$3 million to reserves and a contribution to the Strategic Plan Trust Fund.

Net capital assets decreased by \$1,670,237 in FY 2019, while depreciation expense on capital assets was \$5,448,274, building improvements of \$2,940,085 were capitalized, and leases of \$832,285 were capitalized.

The University's viability ratio, calculated as expendable net position divided by long term debt, is 1 : 1.88 and 1 : 1.55 respectively, as of June 30, 2019 and June 30, 2018. The viability ratio measures the availability of expendable net position to cover debt as of the balance sheet date. A ratio of 1:1 or greater indicates an institution has sufficient expendable net position to satisfy its debt obligations as of the balance sheet date.

The University's results from operations for the year ended June 30, 2019 were in line with the approved budget for the year. The annual operating budget excludes accruals for depreciation expense and the allocation of Commonwealth of Massachusetts liabilities for pension and postemployment benefits other than pensions (OPEB), which significantly impact the presentation of the University's operating results. As anticipated through the budget process the University ended the year with a planned operating surplus in the Capital Improvement Trust Fund and planned transfers of operating surplus in the General Purpose Trust Fund to the Strategic Plan Trust Fund and an additional contribution to the Capital Improvement Trust Fund. The results are also consistent with the University's five year capital financing plan which focuses on growth of unrestricted reserves from operations through net revenue accumulation in the Capital Improvement Trust Fund and a targeted annual operating surplus in the General Purpose Trust Fund. While Net Unrestricted Reserves and Total Net Position are significantly impacted by depreciation expense and the required allocation of retirement plan accruals to the University, we are progressing toward University goals with regard to the growth of unrestricted cash within the campus based trust funds.

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, 2019 with comparative data for the year ended June 30, 2018.

	2019	2018
Operating Revenues		
Tuition and fees, net of scholarships discounts and allowances	\$ 52,375,323	\$ 50,357,398
Operating grants and contributions	14,232,338	13,902,376
Sales and services of auxiliary enterprises and other sources	854,299	796,446
Total operating revenues	67,461,960	65,056,220
Operating Expenses		
Instruction	42,272,512	38,782,984
Academic support	6,349,744	7,376,332
Student service	11,685,388	1,109,900
Institutional support	13,662,914	13,736,523
Operations and maintenance of plant	17,493,866	13,958,602
Scholarships	2,089,119	2,634,749
Depreciation	5,448,274	5,655,439
Debt service	672,047	695,557
Auxiliary enterprises	12,954,983	11,839,524
Total operating expense	112,628,847	105,778,610
Net operating loss	(45,166,887)	(40,722,390)
Non-operating revenues (expenses)		
State appropriation, including fringe benefits provided to employees by the Commonwealth, net of tuition remitted to the Commonwealth	39,400,435	35,415,371
Investment income (loss)	1,188,164	(77,486)
Other and transfers	-	38,429
Total non-operating revenues	40,588,599	35,376,314
Loss before other revenues, expenses, gains or losses	(4,578,288)	(5,346,076)
Capital appropriations	4,667,913	352,719
Change in net position	89,625	(4,993,357)
Net position - July 1	62,608,757	99,846,050
Adoption of accounting principle	-	(32,243,936)
Net position - June 30	\$ 62,698,382	\$ 62,608,757

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

State appropriations for operations, including fringe benefits and net of tuition remission, were up in FY 2019 compared to FY 2018. The increase in state appropriations of \$3,985,064 is attributable to the release of collective bargaining funds to provide partial funding of AFSCME, APA and MSCA retroactive pay increases back to July 1, 2017. It is important to note that this was one time funding for the retroactive amount due but does not provide funding in a prospective manner to address the increase in base salaries of the unit members.

In FY 2019 the University received its first year of funding with regard to the Commonwealth's five year campus infrastructure critical repair funds in the form of state capital appropriations. During FY 2019 over \$8 million of critical repair and deferred maintenance projects were accomplished of which approximately \$3 million worth of improvements were capitalized.

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. 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, 2019 and June 30, 2018, respectively.

	<u>2019</u>	<u>2018</u>
State Appropriations	\$ 29,413,422	\$ 26,633,223
Appropriations to cover fringe benefits provided to employees of the Commonwealth	10,096,880	9,264,372
Tuition remitted back to the State	<u>(381,197)</u>	<u>(482,224)</u>
Net appropriations	39,129,105	35,415,371
Additional State capital appropriations	<u>4,667,913</u>	<u>352,719</u>
Total Appropriations	<u><u>\$ 43,797,018</u></u>	<u><u>\$ 35,768,090</u></u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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, 2018 and 2017, respectively.

	2019	2018	Change
Net Tuition and Fee Revenue	\$ 52,375,323	\$ 50,357,398	\$ 2,017,925
Other Revenue, net of Student Financial Aid	15,086,637	14,698,822	387,815
Operational Expenses	<u>(112,628,847)</u>	<u>(105,778,610)</u>	<u>(6,850,237)</u>
Operating loss	(45,166,887)	(40,722,390)	(4,444,497)
Direct State appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth	39,400,435	35,415,371	3,985,064
Investment and non-operating income	1,188,164	(39,057)	1,227,221
Capital appropriations	<u>4,667,913</u>	<u>352,719</u>	<u>4,315,194</u>
Change in net position	<u>\$ 89,625</u>	<u>\$ (4,993,357)</u>	<u>\$ 5,082,982</u>

Capital Assets and Debts of the University

Capital Assets: Worcester State University's investment in capital assets as of June 30, 2019 amounts to \$100,696,221 net of accumulated depreciation, compared to \$102,366,458 net of accumulated depreciation as of June 30, 2018. The University's investment in capital assets includes, land (including improvements), building (including improvements,) furnishings and equipment, and books. In FY 2019 gross capital assets increased by \$3,778,037. The increase was related roadway improvements, track and field replacement and capitalized leases for information technology equipment.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 2032. 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 \$20,667 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 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.

Economic Factors that will affect the Future

In June of 2018 the Commonwealth announced a plan to address the backlog of infrastructure repairs on Massachusetts Higher Education campuses. The Governor's Capital Investment Plan includes \$250M over a five year period (FY19-23) to address Critical Repairs. Critical Repairs projects are smaller scale, building-specific, and involve renewal, repair and replacement of equipment and systems. Critical Repairs projects are managed directly by the individual campuses. The five-year allocation represents a new approach that provides predictable discretionary funds, allows more autonomy in campus prioritization over five years, and addresses the highest priority needs as identified through an independent facility condition assessments. Worcester State University will be receiving \$12.4M of critical repairs funds through 2023. When combined with projected local funding of 5% capital adaptation and renewal funds, the University is on track to invest \$32.4 million in campus infrastructure repairs and improvements through 2023.

During fiscal year 2019 Worcester State University expended approximately \$8 million on critical repair projects. The majority of projects were accomplished from mid-May through mid-August during the break from traditional semester terms. Projects accomplished during this period included athletic field turf and track replacement, paving and repairs to campus parking lots and roadways, mechanical system upgrades in the Ghosh Science Building, relocation of electrical utilities, installation of security cameras, in addition to numerous other repair and renewal projects. Studies included the completion of the parking garage planning study, IT Classroom Master Plan, and May Street preliminary design. The extent of work accomplished during the short window of time over the past summer is double the approximate budget for annual capital adaptation and repairs spending during a traditional year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The administration began the FY 2020 budget cycle in October 2018 with a recommendation to the Board of Trustees to freeze the General Fee at the FY 2019 rate. Through the spring of 2019 operating expenditures were reconciled, sub groups of Cabinet were convened to evaluate various cost containment and budget alignment strategies and requests for funding that align with the universities priorities were gathered across divisions. Throughout the fiscal year supplemental funds had been received from the Commonwealth to alleviate the pressures of collective bargaining costs. The administration strategically aligned those resources, through various budget amendments, with the intent of optimizing their use to address the broader strategic priorities of the University

The FY 2020 budget includes a carry forward of FY 2019 Amendment #1 which funded a contribution to the Capital Improvement Trust Fund of \$1,210,431. This was approved as a one-time investment in FY 2019. The FY 2020 budget reflects this contribution becoming an annual investment to the Capital Improvement Trust Fund. This annual investment supports the Strategic Plan 2015-2020 strategy under goal number five to "implement the campus master plan based on evolving strategic priorities and consistent with principles of green building and environmental sustainability" and will provide much needed resources for future capital investment.

FY 2019 Amendment #2 provided one-time resources of \$562,582 to fund the dormant Strategic Plan Trust Fund (SPTF). The FY 2020 Budget includes the Strategic Plan Trust Fund referencing the available resources. University leadership intends to evaluate how best to administer the funds as we close out The Strategic Plan 2015-2020 and look towards developing a new plan. Initially, a budget has been approved to fund the strategic planning process that has begun in FY 2020. As the new strategic plan is formed a revised trust fund guideline will be prepared and brought to the board for approval.

In April 2019 the University received an additional \$225,195 to cover collective bargaining costs related to the APA and AFSCME agreements. The timing of the receipt of the funds made it impractical to program the costs in the FY 2019 budget. FY 2019 Amendment #3 provided for the funds to fall to surplus as FY 2019 fiscal year was closed. The FY 2020 budget includes a one-time appropriation of the \$225,195 from the unrestricted reserve balance at July 1, 2019 to address divisional priorities in FY 2020.

The budget also reflects anticipated formula funding of \$261,795 that will provide an increase to base funding on an ongoing basis. This resource has also been set aside in the FY 2020 budget to address prioritized initiatives. There are a multitude of initiatives in process, some of which are in study and other for which we are entering the initial implementation phase. Initiatives in process include implementing recommendations in the areas of strategic positioning and enrollment, the master plan study of classroom technology and furnishings, an assessment of information technology infrastructure and resources, and implementation of online degree programs, in addition to a significant list of additional competing requests for funds to address strategic priorities and sustain existing University operations.

Fortunately, the University received additional state resources in FY 2019 to provide for financial flexibility and an opportunity to invest in strategic initiatives. The investment of these resources is intended to assist the University in navigating through the current higher education landscape that has become increasingly more competitive to attract, enroll and retain students due to a shrinking pool of prospective students.

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 10/8/19

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

	Worcester State University		Component Unit Worcester State Foundation	
	2019	2018	2019	2018
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 23,315,422	\$ 18,222,388	\$ 1,891,264	\$ 1,464,949
Cash held by State Treasurer	9,138,015	5,354,491	-	-
Cash held by Foundation	39,004	82,004	-	-
Accounts receivable, net	1,891,119	1,234,089	10,114	2,036
Current portion of loans receivable	154,327	196,129	-	-
Current portion of contributions receivable	-	-	447,801	422,410
Inventories	50,885	35,465	88,783	70,540
Prepaid expenses and other current assets	219,902	207,136	18,023	17,017
Total current assets	<u>34,808,674</u>	<u>25,331,702</u>	<u>2,455,985</u>	<u>1,976,952</u>
Non-current assets:				
Investments	20,846,622	19,868,723	28,457,872	27,418,177
Deposits held with trustee	249,214	249,214	-	-
Loans receivable, less current portion	371,364	489,262	-	-
Contributions receivable, less current portion	-	-	999,122	965,109
Other non-current assets	7,343,649	7,574,459	348,764	348,747
Capital assets, net of accumulated depreciation	100,696,221	102,366,458	4,243,322	4,259,184
Total non-current assets	<u>129,507,070</u>	<u>130,548,116</u>	<u>34,049,080</u>	<u>32,991,217</u>
Total assets	<u>164,315,744</u>	<u>155,879,818</u>	<u>36,505,065</u>	<u>34,968,169</u>
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pension and OPEB obligations	18,052,985	11,098,763	-	-
Loss on refunding of long-term debt	81,863	87,710	-	-
Total deferred outflows of resources	<u>18,134,848</u>	<u>11,186,473</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Current portion of bonds payable	705,667	680,667	2,218,199	17,504
Current portion of capital lease obligation	275,694	115,923	-	-
Accounts payable	6,311,410	1,448,856	104,192	93,647
Accrued payroll and fringe benefits	5,745,610	4,989,805	-	-
Accrued interest and other liabilities	451,709	674,976	43,866	39,001
Funds held for others	-	-	61,696	108,446
Student deposits and unearned revenue	1,233,698	1,313,189	77,448	82,369
Current portion of split-interest agreements	-	-	37,454	49,536
Current portion of accrued workers' compensation	226,897	256,260	-	-
Current portion of accrued compensated absences	3,464,725	3,473,331	-	-
Total current liabilities	<u>18,415,410</u>	<u>12,953,007</u>	<u>2,542,855</u>	<u>390,503</u>
Non-current liabilities:				
Bonds payable, less current portion	21,991,774	22,733,135	491,335	2,709,528
Capital lease obligation, less current portion	296,515	40,211	-	-
Split-interest agreements, less current portion	-	-	-	32,518
Accrued workers' compensation, less current portion	718,032	734,091	-	-
Accrued compensated absences, less current portion	2,256,195	2,150,057	-	-
Accrued pension and OPEB obligations	56,685,255	53,052,262	-	-
Refundable grant - federal financial assistance program	780,610	778,313	-	-
Total liabilities	<u>101,143,791</u>	<u>92,441,076</u>	<u>3,034,190</u>	<u>3,132,549</u>
DEFERRED INFLOWS OF RESOURCES				
Resources related to pension and OPEB obligations	13,729,296	6,714,930	-	-
Deferred service concession arrangements	4,879,123	5,301,528	-	-
Total deferred inflows of resources	<u>18,608,419</u>	<u>12,016,458</u>	<u>-</u>	<u>-</u>
NET POSITION				
Invested in capital assets, net	78,092,336	79,046,212	-	-
Restricted - Non-expendable	-	-	18,098,848	17,560,594
Restricted - Expendable	603,323	221,020	780,610	10,054,915
Unrestricted	(15,997,277)	(16,658,475)	4,143,421	4,220,111
Total net position	<u>\$ 62,698,382</u>	<u>\$ 62,608,757</u>	<u>\$ 23,022,879</u>	<u>\$ 31,835,620</u>

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, 2019 AND 2018

	Worcester State University		Component Unit Worcester State Foundation	
	2019	2018	2019	2018
REVENUES				
Operating Revenues:				
Student tuition and fees	\$ 49,364,735	\$ 47,455,790	\$ 445,311	\$ 408,874
Auxiliary enterprises, student housing	12,437,212	12,163,982	-	-
Less: Scholarship discounts and allowance	9,426,624	9,262,374	-	-
Net student tuition and fees	52,375,323	50,357,398	445,311	408,874
Contributions	-	-	2,476,507	2,402,945
Federal grants and contracts	8,341,655	8,133,879	-	-
State and local grants and contracts	1,575,071	1,340,704	-	-
Nongovernmental grants and contracts	2,846,919	3,162,615	-	-
Auxiliary enterprises, other	854,299	796,446	230,933	227,550
Other operating revenues	1,468,693	1,265,178	208,381	251,925
Total operating revenues	67,461,960	65,056,220	3,361,132	3,291,294
EXPENSES				
Operating expenses:				
Instruction	42,272,512	38,782,984	-	-
Academic support	6,349,745	7,376,332	-	-
Student services	11,685,388	11,098,900	-	-
Institutional support	13,662,913	13,736,523	1,318,083	1,267,637
Operation and maintenance of plant	17,493,866	13,958,602	79,232	137,070
Scholarship	2,089,119	2,634,749	496,695	520,698
Depreciation	5,448,274	5,655,439	198,110	207,874
Debt service	672,047	695,557	104,011	98,453
Auxiliary enterprises	12,954,983	11,839,524	-	-
Total operating expenses	112,628,847	105,778,610	2,196,131	2,231,732
Operating loss	(45,166,887)	(40,722,390)	1,165,001	1,059,562
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	39,400,435	35,415,371	-	-
Interest and investment income (loss)	1,188,164	(77,486)	1,040,264	1,928,480
Other payments to Worcester State University	-	-	(1,047,815)	(982,032)
Other non-operating revenues	-	38,429	-	-
Net non-operating revenues	40,588,599	35,376,314	(7,551)	946,448
Income (loss) before other revenues, expenses, gains, or losses	(4,578,288)	(5,346,076)	1,157,450	2,006,010
Capital appropriations	4,667,913	352,719	-	-
Additions to permanent endowments	-	-	477,805	3,253,896
Change in net position	89,625	(4,993,357)	1,635,255	5,259,906
NET POSITION				
Beginning of year	62,608,757	99,846,050	31,835,620	26,575,714
Adoption of accounting principle	-	(32,243,936)	-	-
End of year	\$ 62,698,382	\$ 62,608,757	\$ 33,470,875	\$ 31,835,620

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, 2019 AND 2018

	Primary Government	
	2019	2018
Cash flows from operating activities:		
Student tuition, fees and charges	\$ 50,053,195	\$ 47,617,572
Federal grants and contracts	8,341,655	8,133,879
State and local grants and contracts	1,575,071	1,340,704
Nongovernmental grants and contracts	2,846,919	3,162,615
Auxiliary enterprise charges	854,299	796,446
Employee compensation and fringe benefit payments	(65,014,034)	(61,594,717)
Payments to suppliers	(30,549,843)	(32,245,818)
Interest paid	(895,314)	(142,778)
Loans repaid by students	159,700	160,121
Other receipts	512,307	884,756
Net cash used in operating activities	(32,116,045)	(31,887,220)
Cash flows from noncapital financing activities:		
State appropriations	39,400,435	35,415,371
Net deposits	30,469	(3,545)
Net cash provided by noncapital financing activities	39,430,904	35,411,826
Cash flows from capital and related financing activities:		
Capital appropriations	4,667,913	352,719
Purchases of capital assets	(3,010,839)	(474,363)
Principal payments of bonds payable	(716,362)	(696,362)
Principal payments of capital lease obligation	(351,123)	(433,497)
Decrease in deferred loss on refunding of bonds payable	5,847	5,847
Perkins loan program, net funds paid	2,297	(211,532)
Other activities	-	38,429
Net cash used in capital and related financing activities	597,733	(1,418,759)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	5,255,542	2,679,387
Purchases of investments	(5,527,277)	(3,023,347)
Interest and investment income	1,192,701	434,256
Net cash provided by investing activities	920,966	90,296
Net increase in cash and cash equivalents	8,833,558	2,196,143
Cash and cash equivalents, beginning of year	23,658,883	21,462,740
Cash and cash equivalents, end of year	\$ 32,492,441	\$ 23,658,883

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, 2019 AND 2018
(Continued)

	Primary Government	
	2019	2018
Reconciliation of operating loss to		
net cash used in operating activities:		
Operating loss	\$ (45,166,887)	\$ (40,722,390)
Adjustments to reconcile operating loss to net cash		
used in operating activities:		
Depreciation expense	5,448,274	5,655,439
Amortization of other assets	230,810	235,810
Accretion of deferred service concession arrangements	(422,405)	(411,774)
(Increase) decrease in operating assets and		
deferred outflows:		
Accounts receivable, net	(657,030)	(59,545)
Loans receivable	159,700	160,121
Inventories	(15,420)	(872)
Prepaid expenses and other assets	(8,230)	(16,996)
Resources related to pension and OPEB obligations	2,977,902	2,907,012
Increase (decrease) in operating liabilities and		
deferred inflows:		
Accounts payable	4,862,554	(393,891)
Accrued payroll and fringe benefits	755,805	720,760
Accrued interest and other liabilities	(223,267)	552,779
Accrued workers' compensation	(45,422)	200,418
Student deposits and unearned revenue	(109,961)	(537,016)
Accrued compensated absences	97,532	(177,075)
Net cash used in operating activities	<u>\$ (32,116,045)</u>	<u>\$ (31,887,220)</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 under the discretion of the Massachusetts Department of Higher Education. 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, 2019 and 2018, the Foundation distributed \$1,544,510 and \$1,502,730, 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).

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 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.

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.

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 accounting standards. These non-operating activities include the University's operating and capital appropriations from the Commonwealth of Massachusetts, 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.

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.

Subsequent events

The University has evaluated the financial statement impact of subsequent events occurring through _____, 2019, 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 both the State Treasurer and Worcester State Foundation, Inc. for the benefit of the University and all debt securities with a maturity of three months or less to be cash equivalents.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, temporary investments, and investments (continued)

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.

Fair value measurements

The University follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). This Statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements.

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with GASB 72, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based on quoted market prices. However, in many instances, there may be no quoted market prices for the University's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

In accordance with GASB 72, the University groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1: Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The University's component unit utilizes a similar market approach which uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities.

Allowance for doubtful accounts

Accounts receivable are reported at the amount management expects to collect in the future on balances outstanding at year end. Management estimates allowances for losses based on the history of collections and the knowledge acquired about specific items. Adjustments to the allowance are charged to bad debt expense. Interest is not charged on accounts receivable. Uncollectible amounts are written off against the reserve when deemed uncollectible; recoveries are recorded when received. An amount is considered uncollectible when reasonable efforts to collect the account have been exhausted.

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.

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. 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

State appropriations

The University's unrestricted State appropriations amounted to \$39,781,632 and \$35,897,594 for the years ended June 30, 2019 and 2018, respectively. State supported tuition, in the amounts of \$381,197 and \$482,224 for the years ended June 30, 2019 and 2018, 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 \$64,854 and \$57,404 as of June 30, 2019 and 2018, respectively.

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State 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.

Other postemployment benefits plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions Plan and additions to/deductions from this plan's fiduciary net position have been determined on the same basis as they are reported by the Commonwealth of Massachusetts. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation leave is the amount earned by all eligible employees through June 30, 2019. 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 87, *Leases* is required for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement established as single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. It requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. 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)

2 - ADOPTION OF ACCOUNTING PRINCIPLE

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of this Statement is to improve 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. GASB Statement No. 75 is effective for financial statements for periods beginning after June 15, 2017. 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 other post-employment benefits from which certain University employees receive benefits, along with related deferred inflows and outflows. The adoption of GASB Statement No. 75 resulted in a restatement of opening net position by (\$37,396,591) for the year ended June 30, 2018. As allowed by GASB 75, management has reviewed the available pension information and determined a full restatement of the 2017 financial statements to be impractical.

In December 2018 the University was notified by the Commonwealth of Massachusetts of errors in the actuarial calculations and reports used to account for its proportionate share of the Commonwealth's unfunded other post-employment benefits. Revised calculations were issued and the 2018 financial statement have been adjusted accordingly though the following prior period adjustment:

Adjustment for adoption of GASB Statement No. 75, as originally reported	\$(37,396,591)
Correction of error in adopting GASB Statement No. 75	<u>5,152,655</u>
Adjustment for adoption of GASB Statement No. 75, as restated	<u><u>\$(32,243,936)</u></u>

3 - CASH AND CASH EQUIVALENTS

The University's cash and temporary investments are as follows as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Carrying amount	<u>\$ 23,315,422</u>	<u>\$ 18,222,388</u>
Bank balance	\$ 26,673,611	\$ 20,594,083
Less amounts		
Covered by depository insurance	1,530,652	1,523,204
Collateralized repurchase agreements	<u>18,034,634</u>	<u>13,501,575</u>
Remaining bank balance	<u><u>\$ 7,108,325</u></u>	<u><u>\$ 5,569,304</u></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, 2019 and 2018, the University held \$329,950 and \$228,757 respectively, in money market funds maintained by its investment custodian.

As of June 30, 2019 and 2018, the University was party to a repurchase agreement with a bank. The value of this agreement was \$18,034,634 and \$13,501,575 as of June 30, 2019 and 2018, respectively.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$3,601,527 and \$940,391 as of June 30, 2019 and 2018, respectively. In addition, the State Treasurer held cash for certain University trust funds in the amounts of \$5,536,488 and \$4,414,100 as of June 30, 2019 and 2018, 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, 2019 and 2018 are as follows:

	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2019</u>				
Investment type				
U.S. Treasuries	\$ 15,425,842	\$ 1,383,237	\$ 8,534,363	\$ 5,508,242
U.S. Agencies	5,420,780	1,477,831	3,613,068	326,881
Total	<u>\$ 20,846,622</u>	<u>\$ 2,861,068</u>	<u>\$ 12,147,431</u>	<u>\$ 5,835,123</u>
	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	Greater than 5
<u>June 30, 2018</u>				
Investment type				
U.S. Treasuries	\$ 15,329,717	\$ 182,414	\$ 11,093,763	\$ 4,053,540
U.S. Agencies	4,539,006	1,328,709	2,900,542	309,755
Total	<u>\$ 19,868,723</u>	<u>\$ 1,511,123</u>	<u>\$ 13,994,305</u>	<u>\$ 4,363,295</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 as of June 30, 2019 was 3.6 years.

Credit Risk

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

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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Custodial Credit Risk (continued)

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

	2019	2018
Interest	\$ 487,546	\$ 443,811
Realized loss on investments	(5,546)	-
Unrealized gain (loss) on investments	706,164	(521,297)
	<u>\$ 1,188,164</u>	<u>\$ (77,486)</u>

Component Unit

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

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Money market funds	\$ 309,669	\$ 309,669	\$ 371,393	\$ 371,393
Mutual funds - equity based	17,136,675	19,595,626	12,273,521	15,254,046
Mutual funds - bonds based	8,078,591	8,115,076	6,849,863	6,618,181
Security based investment fund	-	-	5,086,768	4,738,805
Limited partnership interest	250,000	437,501	250,000	435,752
	<u>\$ 25,774,935</u>	<u>\$ 28,457,872</u>	<u>\$ 24,831,545</u>	<u>\$ 27,418,177</u>

6 - FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2019 and 2018.

U.S. treasury securities and U.S. agency securities: Valued at the closing price reported in the active market in which the individual securities are traded. Fair value hierarchy for each is based on the level of active trading within the respective markets for each asset or liability.

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

The University's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy as of June 30, 2019 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
U.S. Treasuries	\$ 15,425,842	\$ -	\$ -	\$ 15,425,842
U.S. Agencies	5,420,780	-	-	5,420,780
Total investments, at fair value	<u>\$ 20,846,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,846,622</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FAIR VALUE MEASUREMENTS (Continued)

The University's financial assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy as of June 30, 2018 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
U.S. Treasuries	\$ 15,329,717	\$ -	\$ -	\$ 15,329,717
U.S. Agencies	4,539,006	-	-	4,539,006
Total investments, at fair value	<u>\$ 19,868,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,868,723</u>

The University does not measure any liabilities at fair value on a recurring or non-recurring basis on the statement of net position.

7 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2019 and 2018:

	2019	2018
Students	\$ 824,428	\$ 803,705
Other	1,373,156	729,741
	2,197,584	1,533,446
Less: Allowance for uncollectible accounts	306,465	299,357
	<u>\$ 1,891,119</u>	<u>\$ 1,234,089</u>

8 - CONTRIBUTIONS RECEIVABLE – COMPONENT UNIT

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

Payments of contributions receivable as of June 30, 2019 are expected to be received as follows:

2020	\$ 462,801
2021	243,719
2022	275,828
2023	157,949
2024	106,503
Thereafter	280,751
	1,527,551
Less: Discount on contributions receivable	65,628
Less: Allowance for uncollectible contributions receivable	15,000
	<u>\$ 1,446,923</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - 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 as of June 30, 2019 and 2018.

10 - LOANS RECEIVABLE

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 \$525,691 and \$685,391 as of June 30, 2019 and 2018, respectively, represents student loans issued through the Perkins Loans program and consists of the following as of June 30, 2019 and 2018:

	2019	2018
Enrolled students	\$ 17,777	\$ 139,424
Repayment on schedule	212,927	234,793
In default	294,987	311,174
	<u>\$ 525,691</u>	<u>\$ 685,391</u>

11 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	-	2,940,085	-	2,940,085
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	155,173,706	-	-	155,173,706
Furnishings and equipment	13,686,298	837,952	-	14,524,250
Books	-	-	-	-
Total capital assets	<u>174,322,563</u>	<u>3,778,037</u>	<u>-</u>	<u>178,100,600</u>
Less accumulated depreciation for				
Land improvements	4,141,911	177,778	-	4,319,689
Buildings, including improvements	56,553,529	4,470,314	-	61,023,843
Furnishings and equipment	11,260,665	800,182	-	12,060,847
Total accumulated depreciation	<u>71,956,105</u>	<u>5,448,274</u>	<u>-</u>	<u>77,404,379</u>
Capital assets, net	<u>\$102,366,458</u>	<u>\$ (1,670,237)</u>	<u>\$ -</u>	<u>\$100,696,221</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	1,066,764	-	1,066,764	-
Capital assets, being depreciated				
Land improvements	5,273,909	-	-	5,273,909
Buildings, including improvements	153,632,580	1,541,126	-	155,173,706
Furnishings and equipment	13,624,845	61,453	-	13,686,298
Books	-	-	-	-
Total capital assets	173,786,748	1,602,579	1,066,764	174,322,563
Less accumulated depreciation for				
Land improvements	3,899,563	242,348	-	4,141,911
Buildings, including improvements	51,905,634	4,647,895	-	56,553,529
Furnishings and equipment	10,495,470	765,195	-	11,260,665
Total accumulated depreciation	66,300,667	5,655,438	-	71,956,105
Capital assets, net	<u>\$107,486,081</u>	<u>\$ (4,052,859)</u>	<u>\$ 1,066,764</u>	<u>\$102,366,458</u>

12 - 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 and 2022 and 2026. 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, 2019 and 2018, in the amounts of \$9,133,569 and \$8,971,063, 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 into 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - DEFERRED SERVICE CONCESSION ARRANGEMENTS

Deferred service concession arrangements as of June 30, 2019 and 2018 in the amounts of \$4,879,123 and \$5,301,528, 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 \$422,405 and \$411,775 for the years ended June 2019 and 2018, respectively.

14 - LONG-TERM LIABILITIES

Long-term liabilities of the university as of June 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 23,413,802	\$ -	\$ 716,361	\$ 22,697,441	\$ 705,667
Capital lease obligations	156,134	767,198	351,123	572,209	275,694
Accrued workers' compensation	990,351	-	45,422	944,929	226,897
Accrued compensated absences	5,623,388	97,532	-	5,720,920	3,464,725
Accrued pension and OPEB obligations	53,052,262	3,632,993	-	56,685,255	-
Refundable grant	778,313	2,297	-	780,610	-
	<u>\$ 84,014,250</u>	<u>\$ 4,500,020</u>	<u>\$ 1,112,906</u>	<u>\$ 87,401,364</u>	<u>\$ 4,672,983</u>

Long-term liabilities of the university as of June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 24,110,164	\$ -	\$ 696,362	\$ 23,413,802	\$ 680,667
Capital lease obligations	528,178	61,453	433,497	156,134	115,923
Accrued workers' compensation	789,933	200,418	-	990,351	256,260
Accrued compensated absences	5,800,463	-	177,075	5,623,388	3,473,331
Accrued pension and OPEB obligations	18,674,184	34,378,078	-	53,052,262	-
Refundable grant	989,845	-	211,532	778,313	-
	<u>\$ 50,892,767</u>	<u>\$ 34,639,949</u>	<u>\$ 1,518,466</u>	<u>\$ 84,014,250</u>	<u>\$ 4,526,181</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

15 - BONDS PAYABLE

- (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 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, 2019, was \$5,847. The remaining loss to be amortized as June 30, 2019 is \$81,863.
- (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, 2019 is as follows:

	2019	2018
(A) Bond payable, MDFA 2007 Series	\$ 62,000	\$ 82,667
(B) Bond payable, MDFA 2012 Series	8,970,000	9,489,342
(C) Bond payable, MSCBA	12,965,000	13,841,793
	21,997,000	23,413,802
Less: Current maturities	705,667	680,667
	<u>\$ 21,291,333</u>	<u>\$ 22,733,135</u>

Debt service requirements as of June 30, 2019 are as follows:

Year Ended June 30	Principal	Interest
2020	\$ 705,667	\$ 679,088
2021	730,667	654,488
2022	760,666	623,363
2023	770,000	593,563
2024	1,120,000	560,413
2025 - 2029	6,165,000	2,253,470
2030 - 2034	6,215,000	1,296,525
2035 - 2039	3,300,000	637,500
2040 - 2044	2,230,000	135,150
	21,997,000	7,433,560
Unamortized premium	700,441	-
	<u>\$ 22,697,441</u>	<u>\$ 7,433,560</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - 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 \$7,302 and \$6,727 for 2019 and 2018, respectively.

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

	2019	2018
Buildings, including improvements	\$ 789,809	\$ 789,809
Furnishings and equipment	1,786,568	1,019,371
Total capital assets	2,576,377	1,809,180
Less: Accumulated depreciation	1,837,953	1,250,496
	<u>\$ 738,424</u>	<u>\$ 558,684</u>

Future minimum lease payments under leases, together with the present value of future minimum lease payments as of June 30, 2019 are as follows:

Year Ending	Capital Lease	Operating Lease
2020	\$ 286,066	\$ 6,420
2021	248,286	1,070
2022	39,447	-
2023	9,964	-
2024	4,981	-
Total minimum lease payments	588,744	<u>\$ 7,490</u>
Less: Amount representing interest	16,535	
Present value of minimum lease payments	<u>\$ 572,209</u>	

17 - NET POSITION

Unrestricted net position from operations is not subject to externally imposed stipulations; however, it may be subject to internal restrictions. For example, unrestricted net position from operations 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, 2019 and 2018, unrestricted net position from operations of \$22,272,641 and \$18,020,120, respectively, has been internally designated by the University for future capital investments. Undesignated unrestricted net position from operations was \$39,987,537 and \$36,393,787 as of June 30, 2019 and 2018, respectively.

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 as of June 30:

	2019	2018
Restricted - expendable		
Capital projects	\$ 467,961	\$ 130,815
Scholarships and other grants	135,362	90,205
	<u>\$ 603,323</u>	<u>\$ 221,020</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

17 - NET POSITION (Continued)

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.

18 - 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, 2019 and 2018 of \$2,604,019 and \$2,658,463 respectively, has been recorded as accrued payroll in the financial statements.

19 - 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, 2019 and 2018. Based upon the Commonwealth's analyses, accrued workers' compensation in the amount of \$944,929 and \$990,351 as of June 30, 2019 and 2018, respectively have been recorded in the unrestricted current fund. Workers' compensation expense charged to operations was \$406,136 and \$601,826 in 2019 and 2018, respectively. The actual workers' compensation paid by the University was \$451,558 and \$391,868 in 2019 and 2018, respectively.

20 - ACCRUED COMPENSATED ABSENCES

Included in accrued compensated absences are \$2,880,435 for accrued vacation time and \$2,840,485 for accrued sick time as of June 30, 2019 and \$2,921,378 for accrued vacation time and \$2,702,010 for accrued sick time as of June 30, 2018. Of these balances, \$248,194 and \$262,485 for June 30, 2019 and 2018, respectively, represent obligations due to employees funded through sources other than State appropriations, and \$5,391,512 and \$5,360,903 as of June 30, 2019 and 2018, 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.

21 - 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 2019, the University reimbursed the State a total of \$4,430,811 (\$1,691,684 for pensions and \$2,739,127 for health care premiums). For 2018, the University reimbursed the State a total of \$4,712,200 (\$1,730,320 for pensions and \$2,981,880 for health care premiums).

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN

The University reports a liability, deferred outflows and 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 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 credible 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.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN (Continued)

Contributions (continued)

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 12.06% and 11.78% of annual covered payroll for the fiscal years ended June 30, 2019 and June 30, 2018, respectively. The University contributed \$1,315,547 and \$1,421,424 for the fiscal years ended June 30, 2019 and June 30, 2018, equal to 100% of the required contributions for the year.

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

As of June 30, 2019 and 2018, the University reported a net pension liability of \$20,564,468 and \$18,014,320, respectively, 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, 2018, the measurement date, as determined by an actuarial valuation. 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 2018 and 2017. The Commonwealth's proportionate share was based on actual employer contributions to the MSERS for fiscal years 2018 and 2017 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2018 and 2017, the University's proportion was 0.169% and 0.153% respectively. For the year end June 30, 2019 and 2018, the University recognized pension expense of \$3,029,723 and \$2,435,838, respectively.

As of June 30, 2019 and 2018, the University reported in the statement of net position deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2019	2018
Deferred outflows of resources:		
Change in plan actuarial assumptions	\$ 2,084,081	\$ 1,874,665
Differences between expected and actual experience	652,131	696,507
Changes in proportion from Commonwealth of due to internal allocation	2,730,789	2,091,868
Contributions subsequent to the measurement date	1,315,547	1,421,424
	<u>\$ 6,782,548</u>	<u>\$ 6,084,464</u>
Deferred inflows of resources:		
Differences between expected and actual experience	\$ 419,105	\$ 490,124
Differences between projected and actual earnings on plan investments	714,800	214,641
Changes in proportion from Commonwealth of due to internal allocation	1,330,242	1,897,273
	<u>\$ 2,464,147</u>	<u>\$ 2,602,038</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN (Continued)

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

Contributions of \$1,315,547 and \$1,421,424, respectively, are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal year 2019 and 2018 subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the year ended June 30, 2019 and 2018. 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:

2020	\$ 1,812,912
2021	454,620
2022	218,119
2023	434,435
2024	82,768
	<u>\$ 3,002,854</u>

Actuarial Assumptions

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

	2018	2017
Cost of living increases (on the first \$13,000 per year for 2018)	3.00%	3.00%
Salary increases	4.00 to 9.00%	4.00 to 9.00%
Investment rate of return	7.35%	7.50%
Interest rate credit to the annuity savings fund	3.50%	3.50%

Pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2016 and set forward one year for females. Post-retirement mortality rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year for females. Mortality rates for disability reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year.

Experience studies were performed as of February 27, 2014, encompassing the period January 1, 2006 to December 31, 2011.

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, 2018 and 2017 are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - RETIREMENT PLAN (Continued)

Actuarial Assumptions (continued)

Asset Class	Target allocation	Long-term expected real Rate of return	
		2018	2017
Global equity	39%	5.00%	5.00%
Core fixed income	12%	0.90%	1.10%
Hedge funds	-	-	3.60%
Private equity	12%	6.60%	6.60%
Real estate	10%	3.80%	3.60%
Value added fixed income	10%	3.80%	3.80%
Portfolio completion strategies	13%	3.70%	3.60%
Timber/natural resources	4%	3.40%	3.20%
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability was 7.35% and 7.50% for 2018 and 2017, 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.

Sensitivity Analysis

The following illustrates the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2018 and 2017. In particular, the table presents the MSERS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one percentage-point higher than the current discount rate:

	2018	2017
1% decrease to 6.35% for 2018 and 6.50% for 2017	\$ 27,717,465	\$ 24,534,754
Current discount rate 7.35% for 2018 and 7.50% for 2017	20,564,468	18,014,320
1% increase to 8.35% for 2018 and 7.50% for 2017	14,452,507	12,761,954

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The University reports a liability, deferred outflows and inflows of resources, and expense as a result of its statutory requirement to contribute to the Commonwealth of Massachusetts Postemployment Benefits Other than Pensions (OPEB) Plan. The following information is about the OPEB Plan:

Plan Description

The Commonwealth of Massachusetts Postemployment Benefits Other than Pensions (OPEB) Plan covers substantially all of the University's non-student full-time employees. It's a cost-sharing multiple-employer defined benefit pension plan administered by the Commonwealth of Massachusetts. Under the cost-sharing plan, certain benefits for retired 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 obligations to the plan. The plan provides health care and life insurance to plan members and beneficiaries.

Benefit Provisions

Chapter 32A of the General Laws of the Commonwealth (MGL), requires the Commonwealth of Massachusetts to provide certain health care and life insurance benefits for retired employees. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are compatible to contributions required from employees.

Contributions

Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2018 and 2017 and as of the valuation date (January 1, 2018), Commonwealth participants contributed 0% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status. As part of the FY10 General Appropriation Act, all active employees pay an additional 5% of premium costs.

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

As of June 30, 2018 and 2017, the University reported a net OPEB liability of \$36,120,787 and \$35,037,942, respectively, for its proportionate share of the net OPEB liability related to its participation in the OPEB Plan. The net OPEB liability was measured as of June 30, 2018, the measurement date, as determined by an actuarial valuation. The University's proportion of the net OPEB liability was based on its share of the Commonwealth of Massachusetts' collective OPEB amounts allocated on the basis of actual fringe benefit charges assessed the University for the fiscal years 2018 and 2017. The Commonwealth's proportionate share was based on actual employer contributions to the OPEB Plan for fiscal years 2018 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2018 and 2017, the University's proportion was 0.253% and 0.210% respectively. For the year end June 30, 2018 and 2017, the University recognized OPEB expense of \$3,174,645 and \$2,924,016, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

As of June 30, 2018 and 2017, the University reported in the statement of net position deferred outflows and deferred inflows of resources related to postemployment benefits other than pensions from the following sources:

Deferred outflows of resources:

Changes in proportion from Commonwealth of due to internal allocation	\$ 9,872,428	\$ 3,938,111
Differences between expected and actual experience	438,719	-
Contributions subsequent to the measurement date	959,290	1,076,188
	<u>\$ 11,270,437</u>	<u>\$ 5,014,299</u>

Deferred inflows of resources:

Change in plan actuarial assumptions	\$ 11,097,857	\$ 3,968,408
Differences between expected and actual experience	77,097	80,559
Differences between projected and actual earnings on plan investments	90,195	63,925
	<u>\$ 11,265,149</u>	<u>\$ 4,112,892</u>

Contributions of \$959,290 and \$1,076,188, respectively are reported as deferred outflows of resources related to OPEB resulting from the University contributions in fiscal year 2019 and 2018 subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability for the year ended June 30, 2019 and 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction in OPEB expense as follows:

2020	\$ -
2021	-
2022	-
2023	-
2024	-
	<u>\$ -</u>

Actuarial Assumptions

The total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. This valuation used the following assumptions:

- For 2018, the following annual healthcare cost trend rates: (1) 8.0%, decreasing by 0.5% each year to 5.5% in 2023 and then decreasing 0.25% each year to an ultimate rate of 5.0% in 2025 for medical and (2) 5.0% for administration costs. Healthcare costs are offset by reimbursements for Employer Group Waiver Plans (EGWP), which are assumed to increase 5.0% per year.
- For 2018 and 2017, the following annual healthcare cost trend rates: (1) 8.5%, decreasing by 0.5% each year to an ultimate rate of 5.0% in 2024 for medical, (2) 5.0% for EGWP and (3) 5.0% for administration costs.
- For 2018 and 2017, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 form the central year, with females set forward one year.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions (continued)

4. Participation rates:

- a. 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.
- b. All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- c. 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
- d. Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65+
Indemnity	40.0%	85.0%
POS/PPO	50.0%	0.0%
HMO	10.0%	15.0%

Investment assets of the Plan are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real Rate of return	
		2018	2017
Global equity	39%	5.00%	5.00%
Portfolio completion strategies	13%	3.70%	3.60%
Core fixed income	12%	0.90%	1.11%
Private equity	12%	6.60%	6.60%
Value added fixed income	10%	3.80%	3.80%
Real Estate	10%	3.80%	3.60%
Timber/natural resources	4%	4.00%	3.20%
Hedge funds	-	-	3.60%
Total	100%		

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Discount Rate

The discount rates used to measure the OPEB liability as of June 30, 2018 and 2017 was 3.95% and 3.63%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 3.87% and 3.58% as of the measurement date of June 30, 2018 and 2017, respectively and the expected rates of return. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2025. Therefore, the long-term expected rate of return on plan investments of 7.35% and 7.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018 and 2017, respectively.

Sensitivity Analysis

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

	2018	2017
1% decrease to 2.95% for 2018 and 2.63% for 2017	\$ 42,652,452	\$ 41,592,841
Current discount rate 3.95% for 2018 and 3.63% for 2017	36,120,787	35,037,942
1% increase to 4.95% for 2018 and 4.63% for 2017	30,898,818	29,826,287

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

	2018	2017
1% decrease to for Medical and EGWP and Administrative costs	\$ 30,010,139	\$ 28,989,441
Current discount rate 8.5% for Medical and 5% for EGWP and Administrative costs	36,120,787	35,037,942
1% increase for Medical and EGWP and Administrative costs	44,097,962	42,997,403

24 - 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 2019 were \$3,958,583 and \$6,409,627, respectively. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2018 were \$3,401,877 and \$5,862,495, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

25 - 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:

	<u>2019</u>	<u>2018</u>
Direct unrestricted appropriations	\$ 29,413,422	\$ 26,633,223
Fringe benefits for benefitted employees on state payroll	10,096,880	9,264,372
Tuition remitted	<u>(381,197)</u>	<u>(482,224)</u>
Total appropriations	<u>\$ 39,129,105</u>	<u>\$ 35,415,371</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2019 is as follows:

Revenue per MMARS	\$ 65,916,880
Revenue per University	<u>65,577,518</u>
Net reporting classification and differences	<u>\$ 339,362</u>

26 - 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, 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, 2019 and 2018. 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 \$354,412 and \$329,178 for the years ended June 30, 2019 and 2018 respectively.

The University provides certain operating costs for WSF Real Estate, Inc. in exchange of the use property adjacent to the University campus for various purposes. WSF Real Estate, Inc. is under the control and holds property on behalf of the Foundation. Operating costs provided by the University were \$79,623 and \$126,139 during the years ended June 30, 2019 and 2018, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

27 - 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, 2019 and 2018 are as follows:

	2019		2018	
	Residence Life and Housing	Health Services	Residence Life and Housing	Health Services
Total revenue	\$ 12,843,230	\$ 448,282	\$ 12,514,466	\$ 447,962
Total expenses	12,461,827	493,157	11,885,854	477,507
Increase (decrease) in net position before transfers	<u>\$ 381,403</u>	<u>\$ (44,875)</u>	<u>\$ 628,612</u>	<u>\$ (29,545)</u>

28 - 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.

29 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2018 financial statements, with no effect on change in net position, to conform to the 2019 presentation.

DISCUSSION DRAFT 10/8/19

SUPPLEMENTARY INFORMATION

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, 2019
(With Comparative Totals for 2014 through 2018)

	2019	2018	2017	2016	2015	2014
University's proportion of the net pension liability	0.17%	0.15%	0.15%	0.18%	0.14%	0.14%
University's proportion of the net pension liability	\$ 20,564,468	\$ 18,014,320	\$ 18,674,184	\$ 18,901,770	\$ 9,357,928	\$ 11,308,376
University's covered-employee payroll	\$ 12,922,066	\$ 11,336,488	\$ 11,331,835	\$ 11,013,323	\$ 10,245,240	\$ 11,163,731
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	159.14%	158.91%	164.79%	171.63%	91.34%	101.30%
Plan fiduciary net position as a percentage of the total pension liability	67.91%	67.21%	63.48%	67.87%	76.32%	70.31%

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, 2019
(With Comparative Totals for 2014 through 2018)

	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 1,421,424	\$ 1,098,173	\$ 972,477	\$ 1,039,592	\$ 741,444	\$ 700,426
Contributions in relation to the statutorily required contribution	<u>1,421,424</u>	<u>1,098,173</u>	<u>972,477</u>	<u>1,039,592</u>	<u>741,444</u>	<u>700,426</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 12,922,066	\$ 11,336,488	\$ 11,331,835	\$ 11,013,323	\$ 10,245,240	\$ 11,163,731
Contributions as a percentage of covered-employee payroll	11.00%	9.69%	8.58%	9.44%	7.24%	6.27%

See accompanying independent auditor's report.

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

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

JUNE 30, 2014 THROUGH 2019

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in mortality rates for disability. As of this date, mortality rates for disability reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year.

The actuarial assumptions used as of the June 30, 2017 measurement date included a change cost of living increases whereby such increases are on only the first \$13,000 per year.

The Actuarial assumptions used as of the June 30, 2017 measurement date included a change in mortality rates. As of this date, pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2016 and set forward one year for females. Post-retirement mortality rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year for females. Mortality rates for disability were assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct).

The actuarial assumptions used as of the June 30, 2016 measurement date included a change in the range of assumed salary increases from 3.5% to 9.0% in 2015 to 4.0% to 9.0%.

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

The actuarial assumptions used as of the June 30, 2015 measurement date included a change in the investment rate of return and discount rate from 8.0% to 7.5%. The projection of cash flows used to determine the investment rate of return and discount rate assumed that plan member contributions will be made at the current contributions rates and the members rates.

In May 2015, an early retirement incentive (ERI) was created for certain members MSERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability of MSERS has increased by approximately \$230 million as of the June 30, 2015 measurement date.

The Actuarial assumptions used as of the June 30, 2015 measurement date included a change in mortality rates. As of this date, pre-retirement mortality rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-retirement mortality rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scan BB (gender distinct). Disability rates were assumed to be in accordance with the RP- 2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct).

Mortality rates included as of the June 30, 2014 included pre-retirement mortality rates reflecting the RP-2000 Employees table projected 20 years with Scale AA (gender distinct). Post-retirement mortality rates reflect the RP-2000 Healthy Annuitant table projected 15 years with Scan AA (gender distinct). Disability rates 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.

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 OPEB LIABILITY
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018 and 2017)

	2019	2018 (as restated)	2017 (as restated)
University's proportion of the net OPEB liability	0.25%	0.21%	0.18%
University's proportion of the net OPEB liability	\$ 36,120,787	\$ 35,037,942	\$ 33,225,679
University's covered-employee payroll	\$ 12,922,066	\$ 11,336,488	\$ 11,331,835
University's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	279.53%	309.07%	293.21%
Plan fiduciary net position as a percentage of the total OPEB liability	7.38%	5.39%	4.37%

See accompanying independent auditor's report.

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

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

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018 and 2017)

	2019	2018 (as restated)	2017 (as restated)
Statutorily required contribution	\$ 1,076,188	\$ 882,031	\$ 745,202
Contributions in relation to the statutorily required contribution	<u>1,076,188</u>	<u>882,031</u>	<u>745,202</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 12,922,066	\$ 11,336,488	\$ 11,331,835
Contributions as a percentage of covered-employee payroll	8.33%	7.78%	6.58%

See accompanying independent auditor's report.

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

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

JUNE 30, 2017 THROUGH 2019

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the discount rates used to measure the OPEB liability from 3.63% to 3.95%. This rate was based on a blend of the Bond Buyer Index rates of 3.87% and 3.58% as of the measurement date of June 30, 2018 and 2017, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the long-term expected rate of return on plan investments from 7.50% to 7.35%.

See accompanying independent auditor's report.

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

UNIVERSITY NET POSITION ANALYSIS

JUNE 30, 2019
(With Comparative Totals for 2014 through 2018)

	2019	2018 (as restated)	2017	2016	2015	2014
Invested in Capital Assets, Net	\$ 78,092,336	\$ 79,046,212	\$ 83,469,474	\$ 87,321,688	\$ 56,137,097	\$ 54,295,189
Restricted - Expendable for						
Other	467,961	90,205	178,233	3,241,368	2,503,864	2,997,476
Capital Projects	135,362	130,815	127,017	123,819	126,343	122,862
Total expendable	603,323	221,020	305,250	3,365,187	2,630,207	3,120,338
Unrestricted						
Unrestricted from operations	40,687,978	36,393,787	34,745,510	32,494,088	33,462,206	34,051,290
Accumulated Commonwealth pension obligations	(20,564,468)	(18,014,320)	(18,674,184)	(18,901,770)	(9,357,928)	(10,567,132)
Accumulated Commonwealth OPEB obligations	(36,120,787)	(35,037,942)	-	-	-	-
Total unrestricted	(15,997,277)	(16,658,475)	16,071,326	13,592,318	24,104,278	23,484,158
Total Net Position	\$ 62,698,382	\$ 62,608,757	\$ 99,846,050	\$ 104,279,193	\$ 82,871,582	\$ 80,899,685

See accompanying independent auditor's report.

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

FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

	Instruction	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Totals	
						2019	2018
Regular employee compensation	\$ 21,791,036	\$ 3,494,971	\$ 4,703,802	\$ 6,769,334	\$ 3,306,672	\$ 40,065,815	\$ 38,319,515
Special employee contracted services	8,373,227	322,658	954,413	466,217	87,499	10,204,014	9,862,077
Pension and insurance	8,553,840	1,315,897	2,362,813	2,761,576	3,535,896	18,530,022	17,064,241
Total payroll and employee benefits	38,718,103	5,133,526	8,021,028	9,997,127	6,930,067	68,799,851	65,245,833
Regular employee related expenses	256,719	91,192	107,555	201,841	62,018	719,325	705,902
Administrative	1,480,643	760,545	676,179	1,882,968	470,663	5,270,998	4,744,888
Facility operations support and related expenses	539,906	171,284	733,848	461,793	235,166	2,141,997	1,860,912
Energy and space rental	152,395	22,891	613,747	49,520	2,411,263	3,249,816	3,327,626
Professional services	369,800	71,305	377,579	541,409	1,090,281	2,450,374	2,039,710
Operational services	332,927	61,543	446,245	269,589	52,689	1,162,993	1,187,227
Equipment purchases	287,449	18,205	63,097	66,960	204,321	640,032	690,491
Equipment lease and maintenance	134,570	19,254	646,110	191,706	316,030	1,307,670	1,326,343
Construction and building improvements	-	-	-	-	5,721,368	5,721,368	3,824,409
Total operating expenses	3,554,409	1,216,219	3,664,360	3,665,786	10,563,799	22,664,573	19,707,508
Total educational and general expenses	\$ 42,272,512	\$ 6,349,745	\$ 11,685,388	\$ 13,662,913	\$ 17,493,866	\$ 91,464,424	\$ 84,953,341

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, 2019 AND 2018

	2019	2018
ASSETS		
Cash	\$ 4,300,250	\$ 3,953,368
Accounts receivable, net	106,049	103,457
Total assets	<u>4,406,299</u>	<u>4,056,825</u>
LIABILITIES		
Unearned rental income	245,598	261,684
Accrued and other liabilities	214,238	230,081
Total liabilities	<u>459,836</u>	<u>491,765</u>
NET POSITION		
Unrestricted	<u><u>\$ 3,946,463</u></u>	<u><u>\$ 3,565,060</u></u>

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, 2019 AND 2018

	2019	2018
REVENUES		
Fees	\$ 12,437,212	\$ 12,163,982
Other income	406,018	350,484
Total revenues	<u>12,843,230</u>	<u>12,514,466</u>
EXPENSES		
Regular employee compensation	1,134,982	1,120,809
Special employees/contracted services	263,347	210,250
Pension and insurance	408,391	386,031
Regular employee related expenses	9,848	14,546
Administrative	138,270	158,683
Debt payment	8,076,627	7,909,758
Facility operations support and related expenses	220,825	218,190
Energy and space rental	725,259	513,634
Professional services	12,730	26,890
Operational services	3,499	3,465
Equipment purchases	8,950	1,954
Equipment lease and maintenance	108,046	108,800
Building improvements	778,194	690,007
Benefits programs	572,860	522,837
Total expenses	<u>12,461,827</u>	<u>11,885,854</u>
Change in net position	381,403	628,612
NET POSITION		
Beginning of year	<u>3,565,060</u>	<u>2,936,448</u>
End of year	<u><u>\$ 3,946,463</u></u>	<u><u>\$ 3,565,060</u></u>

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, 2019 AND 2018

	2019	2018
REVENUES		
Fees	\$ 448,193	\$ 447,851
Other income	88	111
Total revenues	<u>448,282</u>	<u>447,962</u>
EXPENSES		
Regular employee compensation	85,315	117,034
Special employees/contracted services	7,800	9,858
Pension and insurance	46,416	42,143
Regular employee related expenses	3,073	2,589
Administrative	4,187	1,460
Facility operations support and related expenses	13,204	17,731
Professional services	302,188	286,077
Operational services	30,399	-
Equipment maintenance	325	325
Benefits programs	250	290
Total expenses	<u>493,157</u>	<u>477,507</u>
Change in net position	<u><u>\$ (44,875)</u></u>	<u><u>\$ (29,545)</u></u>

See accompanying independent auditor's report.

DISCUSSION DRAFT 10/8/19

STATISTICAL INFORMATION
(UNAUDITED)

Worcester State University
Schedule of Net Position by Component
June 30, 2014 through 2019

Exhibit E-1

	2014		2015		2016		2017		2018		2019	
Invested in capital assets, net of related debt	\$	54,295,189	\$	56,137,097	\$	87,321,688	\$	83,469,474	\$	79,046,212	\$	78,092,336
Restricted-expendable		3,120,338		3,902,909		3,365,187		305,250		221,020		603,323
Restricted-nonexpendable		-		-		-		-		-		-
Unrestricted		34,051,290		22,831,576		13,592,318		16,071,326		(16,658,475)		(15,997,277)
Total primary government net position	\$	91,466,817	\$	82,871,582	\$	104,279,193	\$	99,846,050	\$	62,608,757	\$	62,698,382

**Worcester State University
Tuition & Mandatory Fees**

Exhibit E-2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<i>Resident Undergraduate</i>										
Tuition	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970
Mandatory Fees	5,636	6,186	6,683	7,187	7,587	7,587	7,887	8,232	8,562	8,562
<i>Total Annual</i>	\$ 6,606	\$ 7,156	\$ 7,653	\$ 8,157	\$ 8,557	\$ 8,557	\$ 8,857	\$ 9,202	\$ 9,532	\$ 9,532
<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	5,636	6,186	6,683	7,187	7,587	7,587	7,887	8,232	8,562	8,562
<i>Total Annual</i>	\$ 12,686	\$ 13,236	\$ 13,733	\$ 14,237	\$ 14,637	\$ 14,637	\$ 14,937	\$ 15,282	\$ 15,612	\$ 15,612
<i>Resident Graduate</i>										
Tuition	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 169	\$ 169
Mandatory Fees	95	112	115	115	117	117	138	148	153	153
<i>Total per Credit Hours</i>	\$ 245	\$ 262	\$ 265	\$ 265	\$ 267	\$ 267	\$ 288	\$ 298	\$ 322	\$ 322

Worcester State University
Schedule of Employment
2014-2018

Exhibit E-3

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Faculty - Primary Instruction ^{/1}	512	416	419	441	-
Part-time	306	214	215	230	
Full-time	206	202	204	211	
Staff and Administrators	363	353	354	356	-
Part-time	12	13	12	12	
Full-time	351	340	342	344	
Total Faculty & Staff Employees	875	769	773	797	-
Part-time	318	227	227	242	
Full-time	557	542	546	555	
Non-Benefitted Employees ^{/2}	651	615	385	436	-
Contract Workers	134	141	174	214	
Student Workers	517	474	211	222	
Total All Employees	1,526	1,384	1,158	1,233	-

/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	2014	2015	2016	2017	2018
Applications	5,662	4,828	4,963	4,822	5,123
Applications accepted	3,479	3,458	3,651	3,742	4,062
Accepted as a percentage of applications	61.44%	71.62%	73.56%	77.60%	79.29%
Students enrolled /2	1,409	1,454	1,366	1,494	1,461
Enrolled as a percentage of accepted	40.50%	42.05%	37.41%	39.93%	35.97%

/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	FY15	FY16	FY17	FY18	FY19
Full-time equivalent	5,373.0	5,339.5	5,409.8	5,449.0	5,465.3
Unduplicated credit headcount	9,797	9,774	10,679	10,276	9,691
Percent undergraduate /3	87.61%	87.44%	83.16%	85.41%	86.54%
Percent graduate	12.39%	12.56%	16.84%	14.59%	13.46%

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

	Fall Term				
Student Population Demographics /4	2014	2015	2016	2017	2018
Percentage of men	38.27%	38.31%	37.09%	38.72%	38.06%
Percentage of women	61.73%	61.69%	62.91%	61.28%	61.94%
Percentage of African-American	6.13%	6.85%	7.08%	7.77%	8.09%
Percentage of White	71.09%	70.42%	68.95%	66.86%	65.03%
Percentage of Latino	7.94%	8.18%	9.21%	10.68%	11.60%
Percentage of Other /5	6.72%	6.77%	6.75%	6.92%	7.32%
< 20	23.60%	24.08%	23.74%	25.58%	27.19%
20 to 30	59.10%	58.76%	56.35%	57.09%	57.23%
31 to 40	7.40%	7.96%	8.54%	7.44%	6.89%
41 & Over	9.60%	9.20%	11.36%	9.89%	8.69%

/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	FY15	FY16	FY17	FY18	FY19
Bachelor's	1008	1,115	1,076	1,095	1,112
Master's	192	205	225	227	234

Worcester State University
Schedule of Capital Asset Information

Exhibit E-5

	Academic Year	
	<u>2018</u>	<u>2019</u>
Land (acreage)	57	57
Buildings (square feet)		
100 Instruction/classroom	58,544	57,369
200 Labs	54,613	55,893
300 Administrative	118,199	117,172
400 Study facilities	27,870	27,750
52x Athletic	66,049	66,049
5xx Other Special Use	6,470	6,470
600 General Use	77,211	77,736
700 Support facilities	173,012	173,502
000 Unclassified	-	-
Unassigned/unassignable	379,910	379,910
Total Sq Ft	961,878	961,851
Residence Halls	462,513	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				
	2015	2016	2017	2018	2019
Source of Revenue					
Student charges (net of scholarships)	\$ 44,591,923	\$ 48,411,331	\$ 48,483,889	\$ 50,357,398	\$ 52,375,323
Grants & contracts	10,575,227	10,924,592	11,975,305	12,637,198	12,763,645
Auxiliary enterprises	873,017	444,478	440,172	796,446	854,299
Other operating revenue	1,058,816	1,146,016	1,032,424	1,265,178	1,468,693
Total operating revenue	57,098,983	60,926,417	61,931,790	65,056,220	67,461,960
State support	31,840,805	33,605,906	35,169,690	35,415,371	39,400,435
Other non-operating revenue	471,712	811,842	(188,427)	(39,057)	1,188,164
Total non-operating revenue	32,312,517	34,417,748	34,981,263	35,376,314	40,588,599
Total revenue	\$ 89,411,500	\$ 95,344,165	\$ 96,913,053	\$ 100,432,534	\$ 108,050,559
Functional Expense					
Instruction	\$ 33,402,333	\$ 34,662,566	\$ 35,523,651	\$ 38,782,984	\$ 42,272,512
Academic support	6,607,824	7,768,616	7,072,401	7,376,332	6,349,745
Student services	8,625,036	9,396,733	11,153,602	11,098,900	11,685,388
Institutional support	13,432,296	15,447,340	14,397,858	13,736,523	13,662,913
Plant operations & maintenance	9,342,808	9,297,557	11,230,348	13,958,602	17,493,866
Research	-	-	-	-	-
Public service	1,149,664	955,701	1,270,991	-	-
Scholarships	729,898	2,653,815	2,763,487	2,634,749	2,089,119
Sub-total	73,289,859	80,182,328	83,412,338	87,588,090	93,553,543
Auxiliary enterprises	12,299,488	11,838,607	12,170,935	11,839,524	12,954,983
Independent operations	-	-	-	-	-
All other	270,821	289,560	497,152	695,557	672,047
Total operating expense	\$ 85,860,168	\$ 92,310,495	\$ 96,080,425	\$ 100,123,171	\$ 107,180,573
Memo: Depreciation	\$ 4,224,797	\$ 4,664,588	\$ 5,328,423	\$ 5,655,439	\$ 5,448,274

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

DISCUSSION DRAFT 10/8/19

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

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, 2019, 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 _____, 2019.

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

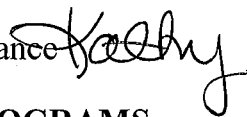
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in 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
_____, 2019

Memorandum

DATE: September 30, 2019

TO: Barry M. Maloney, President

FROM: Kathleen Eichelroth, Vice President for Administration and Finance 

RE: **FY 2020 RATE SETTING FOR ONLINE GRADUATE PROGRAMS**

In spring 2020 WSU Division of Graduate and Continuing Education (DGCE) will be rolling out comprehensive online graduate programs. WSU faculty and administrators have been working with an online learning specialist to develop graduate programming in Education. Degree programs to be launched in 2020 include Master of Education in Moderate Disabilities, Master of Education in Early Childhood Education and Master in Education in Elementary Education.

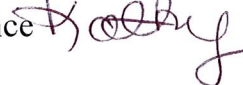
The University has been developing the course schedules and content and will begin marketing the offerings with assistance from our online learning specialist. Baseline program pro-forma budgets and projections have been developed and will be closely monitored and updated throughout the initial launch period through FY 2020 continuing in to the coming fiscal year. In the short-term all financial activity related to the new programs will be isolated within the general ledger and reported on independently of already established academic programs.

After careful consideration of the various competitive offerings, including DGCE's in person graduate offerings, the administration is requesting the rate for the Master in Education comprehensive online graduate programs be set at a flat rate of \$365 per credit hour. A three credit course will cost \$1,095. The Master in Education degree could be earned in less than year and a half at an approximate cost of \$15,000.

Memorandum

DATE: September 30, 2019

TO: Barry M. Maloney, President

FROM: Kathleen Eichelroth, Vice President for Administration and Finance 

RE: **FY 2019 BUDGET AMENDMENT #4**

We did not anticipate the need for an additional budget amendment in FY 2019, however as we reconciled and closed the financial records of the University as of June 30, 2019, we found ourselves in a situation that requires a 4th amendment to the FY 2019 budget.

Creating an unprecedented situation, the Commonwealth's Executive Office of Administration and Finance (A&F) initiated the process to fund MSCA retro-active collective bargaining increases in August of 2019, with retro-active implementation to June 30, 2019. The administration had been anticipating the receipt of funds from the Commonwealth for the FY 2018 and FY 2019 increases after July 1, 2019 as an increase in the FY 2020 operating appropriation account. The FY 2020 budget approved by the board included the pay out of the collective bargaining increases per the MSCA contract for FY 2018 through FY 2020.

Since the FY 2019 state appropriation account was funded after the close of the fiscal year the administration recorded in its June 30, 2019 financial statement accrued payroll and fringe benefits related to the FY 2018 and FY 2019 retroactive adjustments. This amendment increases total payroll costs by the retroactive amount due to the MSCA of \$944,284, in addition to related fringe benefit costs of \$74,378. A&F has provided \$777,674 of state funds, approximately 82%, towards the cumulative amount due to MSCA members since July 1, 2017. The University is required to fund the balance of payroll costs of \$166,610 in addition to the related out of pocket fringe benefit costs of \$74,378. This local share has been funded through a reserve draw in the FY 2019 budget as it had been anticipated to occur in FY 2020.

It is the administrations understanding that the ongoing cost of the retro-active increases will remain unfunded by the Commonwealth in FY 2020 and beyond. The FY 2020 budget was prepared with this underlying assumption with the ongoing costs funded by the General Purpose Trust Fund. The university is still awaiting the FY 2020 MSCA collective bargaining funds from the Commonwealth, which is already reflected in the FY 2020 budget.

Worcester State University
General Operating Budget (111 & 400)
FY 2019 Budget Amendment #1, #2, #3 & 4

		Cumulative change from Original FY2019 Budget	FY2019 Approved Budget Amendment #4	FY2019 Approved Budget Amendment #3	FY2019 Approved Budget Amendment #2	FY2019 Approved Budget Amendment #1
<u>Sources of Funds:</u>						
	State Appropriations	2,775,882	777,674	225,195	562,582	1,210,431
	Transfer in - Reserves	166,610	166,610			
	Transfer in- Reserves Fringe	74,378	74,378			
	Total Sources	3,016,870	1,018,662	225,195	562,582	1,210,431
<u>Uses of Funds:</u>						
AA	Regular Employees	944,284	944,284	-	-	-
BB	Employee Related Expenses					
CC	Temporary Part-Time Employees					
DD	Staff Benefit Expenses	74,378	74,378	-	-	
EE	Administrative Expenses					
FF	Facility Operation Supplies					
GG	Energy/Space Rental					
HH	Professional Services					
JJ	Operational Services					
KK	Equipment Purchase					
LL	Equipment Lease, Maintenance, Repair					
NN	Infrastructure & Building Improvements					
RR	Educational Assistance					
SS	Debt Service					
UU	Technology Expenses					
	Transfer to - Capital Improvement Reserves	1,210,431		-	-	1,210,431
	Transfer to - Strategic Plan Trust Fund	562,582			562,582	-
	Transfer to- Reserves	225,195		225,195		
	Total Uses	3,016,870	1,018,662	225,195	562,582	1,210,431
	Net Sources / (Uses)	-	-	-	-	-

Worcester State University
Summary of Sources and Uses of Funds
FY 2019 - All Sources and Trust Funds - Amendment #1 ,#2,#3 & #4

Sources of Funds:

State Appropriation	\$ 29,408,254	26%
State Supported Fringe Benefits	\$ 9,891,263	9%
Other State Revenues	989,226	1%
Federal Student Aid	7,852,543	7%
Institutional Sources	65,927,349	58%
Transfer in - Reserves	240,988	
Total Sources	<u>\$ 114,309,623</u>	

Uses of Funds:

AA	Regular Employees	\$ 42,987,924	38%
BB	Employee Related Expenses	795,862	1%
CC	Temporary Part-Time Employees	8,418,922	7%
DD	Staff Benefit Expenses	15,799,232	14%
EE	Administrative Expenses	2,705,746	2%
FF	Facility Operation Supplies	1,991,726	2%
GG	Energy/Space Rental	12,083,598	11%
HH	Professional Services	1,526,625	1%
JJ	Operational Services	782,227	1%
KK	Equipment Purchase	155,748	0%
LL	Equipment Lease, Maintenance, Repair	1,427,706	1%
NN	Infrastructure & Building Improvements	5,889,198	5%
RR	Educational Assistance	12,020,698	11%
SS	Debt Service	1,097,063	1%
UU	Information Technology	2,181,427	2%
	Transfer Out	2,447,713	2%
	Transfer to Other Trust Funds	1,998,208	
	Total Uses	<u>\$ 114,309,623</u>	

Worcester State University

Summary of Sources

FY 2019 Budget Amendment #1,#2 ,#3 - All Sources and Trust Funds

State Sources

Annual State Maintenance Appropriation		\$ 29,408,254
State Supported Fringe Benefits	9,891,263	
Student Aid Program (Cash Grant & PT Student)	989,226	
Total Other State Sources		10,880,489
Total State Sources		40,288,743

Federal Sources

SEOG Program	225,853	
College Work Study Program	102,794	
Pell Grants	7,397,621	
Local match (Transfer from General Trust Fund Reserve)	126,275	
Total Federal Sources		7,852,543

Institutional Sources

Revenue		
General Fund	47,822,100	
Parking Fines Scholarship Fund	110,086	
Health Services Fund	445,623	
Residence Halls Fund	12,682,765	
Student Activities Fund	288,872	
Residence Hall Technology and Equip. Fund	346,940	
Capital Improvement Fund	3,232,677	
Transfers In		
*Transfer from Health Services Fund Reserve	121,299	
*Transfer from Student Activities Trust Fund Reserve	126,128	
*Transfer from Capital Improvement Trust Fund	750,859	
*Transfer from Reserves	240,988	
Total Institutional Sources		66,168,337
Total Sources		\$ 114,309,623

Worcester State University
General Operating Budget (111 & 400)
FY 2019 Budget Amendment #1,#2,#3 & #4

	FY2019 Approved Budget Amendment #1,#2,#3 & #4	FY2019 Final Budget	FY2018 Final Budget
Sources of Funds:			
State Appropriations	\$ 29,408,254	\$ 26,632,372	\$ 26,632,372
State Funded Fringe Benefits	\$ 9,891,263	\$ 9,891,263	\$ 9,289,371
Revenues	\$ 47,822,100	\$ 47,822,100	\$ 45,250,975
Transfer in - Reserves	\$ 166,610		
Transfer in- Reserves Fringe	\$ 74,378		
Total Sources	\$ 87,362,605	\$ 84,345,735	\$ 81,172,718
Uses of Funds:			
AA Regular Employees	\$ 41,609,321	\$ 40,665,037	\$ 39,603,454
BB Employee Related Expenses	748,462	748,462	763,103
CC Temporary Part-Time Employees	8,135,822	8,135,822	8,198,116
DD Staff Benefit Expenses	15,293,931	15,219,553	13,612,705
EE Administrative Expenses	2,500,496	2,500,496	2,586,107
FF Facility Operation Supplies	1,499,726	1,499,726	1,615,714
GG Energy/Space Rental	2,389,498	2,389,498	2,389,498
HH Professional Services	1,068,325	1,068,325	1,089,533
JJ Operational Services	761,227	761,227	772,564
KK Equipment Purchase	120,748	120,748	94,748
LL Equipment Lease, Maintenance, Repair	1,256,681	1,256,681	1,262,104
NN Infrastructure & Building Improvements	5,064,969	5,064,969	4,348,744
RR Educational Assistance	2,510,961	2,510,961	2,517,439
SS Debt Service	307,013	307,013	307,013
UU Technology Expenses	2,097,217	2,097,217	2,011,876
Transfer to- Capital Improvement Reserves	1,210,431	-	-
Transfer to - Strategic Plan Trust Fund	562,582		
Transfer to- Reserves	225,195		
Transfer to- Reserves			
Total Uses	\$ 87,362,605	\$ 84,345,735	\$ 81,172,718
Net Sources / (Uses)	\$ -	\$ -	\$ -

Worcester State University
State Maintenance Appropriation (111)
FY2019 Budget Amendment #1,#2 ,#3 & #4

		FY2019 Approved Budget Amendment #1,#2,#3 	FY2019 Final Budget	FY2018 Final Budget
<u>Sources of Funds:</u>				
	State Appropriation	\$29,408,254	\$26,632,372	\$ 26,632,372
	State Funded Fringe Benefits	9,891,263	9,891,263	9,289,371
	Total Sources	\$39,299,517	\$36,523,635	\$ 35,921,743
<u>Uses of Funds:</u>				
AA	Regular Employees	\$29,408,254	\$26,632,372	\$ 26,632,372
BB	Employee Related Expenses	-	-	-
CC	Temporary Part-Time Employees	-	-	-
DD	Staff Benefit Expenses	9,891,263	9,891,263	9,289,371
EE	Administrative Expenses	-	-	-
FF	Facility Operation Supplies	-	-	-
GG	Energy/Space Rental	-	-	-
HH	Professional Services	-	-	-
JJ	Operational Services	-	-	-
KK	Equipment Purchase	-	-	-
NN	Infrastructure & Building Improvements	-	-	-
	Total Uses	\$39,299,517	\$36,523,635	\$ 35,921,743
	Net Sources / (Uses)	\$ -	\$ -	\$ -

Worcester State University
General Trust Fund (400)
FY2019 Budget Amendment #1,#2,#3 & #4

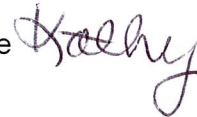
	FY2019 Approved Budget Amendment #1,#2,#3 & #4	FY2019 Final Budget	FY2018 Final Budget
<u>Sources of Funds:</u>			
Revenues	\$ 47,822,100	\$ 47,822,100	\$ 45,250,975
Transfer in - Reserves	\$ 166,610		
Transfer in- Reserves Fringe	\$ 74,378		
Total Sources	\$ 48,063,088	\$ 47,822,100	\$ 45,250,975
<u>Uses of Funds:</u>			
AA Regular Employees	\$ 12,201,067	\$ 14,032,665	\$ 12,971,082
BB Employee Related Expenses	748,462	748,462	763,103
CC Temporary Part-Time Employees	8,135,822	8,135,822	8,198,116
DD Staff Benefit Expenses	5,402,668	5,328,290	4,323,334
EE Administrative Expenses	2,500,496	2,500,496	2,586,107
FF Facility Operation Supplies	1,499,726	1,499,726	1,615,714
GG Energy/Space Rental	2,389,498	2,389,498	2,389,498
HH Professional Services	1,068,325	1,068,325	1,089,533
JJ Operational Services	761,227	761,227	772,564
KK Equipment Purchase	120,748	120,748	94,748
LL Equipment Lease, Maintenance, Repair	1,256,681	1,256,681	1,262,104
NN Infrastructure & Building Improvements	5,064,969	5,064,969	4,348,744
RR Educational Assistance	2,510,961	2,510,961	2,517,439
SS Debt Service	307,013	307,013	307,013
UU Technology Expenses	2,097,217	2,097,217	2,011,876
Transfer to - Capital Improvement Trust Fund	1,210,431	-	-
Transfer to - Strategic Plan Trust Fund	562,582		
Transfer to- Reserves	225,195		
Transfer to- Reserves			
Total Uses	\$ 48,063,088	\$ 47,822,100	\$ 45,250,975
Net Sources / (Uses)	\$ -	\$ -	\$ -

Memorandum

DATE: September 19, 2019

TO: Steve Madaus, Chair, Finance and Facilities Subcommittee

FROM: Kathleen Eichelroth, Vice President for Administration and Finance



RE: FY 2019 TRUST FUND REPORTS– QUARTER 4

Attached are the Trust Fund Reports for the fourth quarter of Fiscal Year 2019, ended June 30, 2019.

The reports include the “All Trust Funds” revenue and expenditure reports in the same format as presented for previous quarters. There is also a set of “Operating Budget” reports that present the year to date revenue and expenditure results for the combined state appropriated funds and the General Purpose Trust Fund.

As indicated on the “All Trust Funds” report for Revenue, the net percent of earned revenue is 102.51%. The Parking Fines Trust Fund closed the year 7% below budget due to a decrease in parking tickets being issued. The Residence Hall Technology and Equipment Trust Fund also came in below budget due to housing being below 100% occupancy and the fact we did not adjust the budget mid-year to reflect lighter occupancy.

The “All Trust Funds” Expenditure report reflects anticipated incremental monthly spending within the trust fund accounts. The expenditures are reported as of June 30 and do not reflect any year end accruals for the close of the fiscal year. Through the close of the fiscal year significant postings will be made to various funds to accrue payroll and fringe benefit costs, in addition to the posting of invoices for goods and/or services rendered through the fiscal year end. Once all accruals are entered it is anticipated that the cumulative percent of budget spent to be at 100% or higher.

The “Operating Budget Revenue” report includes all sources that directly support the operating budget. The June 30 revenue reported, prior to year end accruals, does not reflect the in-kind funding by the Commonwealth of approximately \$9M of fringe benefit related costs for state employees paid from State appropriated funds. That figure is also absent from the Staff Benefit Expense (DDD) line on the “Operating Budget Expenses” report as of June 30, 2018. In addition, accruals will be made to the Regular Employee (AAA) and Staff Benefit (DDD) expense line as part of year end closing.

FY 2019 – Quarter 4
12 Months Ended June 30, 2019
All Trust Funds

- Revenue - to date
- Expenditures to –date

Worcester State University
All Trust Fund Report - Quarter 4
FY19 Budget vs Actuals
Revenues 6/30/2019 (Without Accruals)

Account Description	Original Budget - BOT	Revenue Budget Excluding Transfers	Revenue Earned Actual	Percent of Budget Earned	Unearned
General Trust Fund (400)	47,822,100.00	47,822,100.00	49,092,264.40	102.66%	(1,270,164.40)
Capital Improvement Trust Fund (405)	3,232,677.00	3,232,677.00	3,411,572.13	105.53%	(178,895.13)
Parking Garage Operating Fund (408)	750,859.00	-	-	0.00%	-
Wellness Center Trust Fund (429)	135,832.00	54,304.00	137,757.65	253.68%	(83,453.65)
Parking Fines Scholarship Fund (439)	110,086.00	110,086.00	102,555.49	93.16%	7,530.51
Health Services Trust Fund (442)	566,922.00	445,623.00	448,198.64	100.58%	(2,575.64)
Resident Hall Trust Fund (445)	12,682,765.00	12,682,765.00	12,783,538.76	100.79%	(100,773.76)
Student Activities Trust Fund (446)	415,000.00	288,872.00	310,362.13	107.44%	(21,490.13)
Residence Hall Technology and Equipment Trust Fund (448)	346,940.00	346,940.00	327,580.00	94.42%	19,360.00
	66,063,181.00	64,983,367.00	66,613,829.20	102.51%	(1,630,462.20)

Approved Budget 66,063,181.00

Amount is not earned revenue but transfers to fund current activity (750,859.00)

Amount is not earned revenue but reserve balances budgeted to fund current activity (247,427.00)

Budget transfer needed for wellness center reserves (81,528.00)

64,983,367.00

Variance -

Worcester State University
All Trust Fund Report - Quarter 4
FY19 Budget vs Actuals
Expenses 6/30/2019 (Without Accruals)

Account Description	Original Budget - BOT	Expenditure Budget	Expenditure Actual	Percent of Budget Spent	Available
General Trust Fund (400)	47,822,100	46,049,087.00	38,305,672.89	83.18%	7,743,414.11
Capital Improvement Trust Fund (405)	3,232,677	790,050.00	412,528.12	52.22%	377,521.88
Parking Garage Operating Fund (408)	750,859	750,859.00	713,743.59	95.06%	37,115.41
Wellness Center Trust Fund (429)	135,832	54,304.00	10,003.07	18.42%	44,300.93
Parking Fines Scholarship Fund (439)	110,086	105,000.00	99,387.85	94.66%	5,612.15
Health Services Trust Fund (442)	566,922	566,922.00	421,627.52	74.37%	145,294.48
Resident Hall Trust Fund (445)	12,682,765	12,682,765.00	11,884,998.21	93.71%	797,766.79
Student Activities Trust Fund (446)	415,000	455,000.00	386,129.78	84.86%	68,870.22
Residence Hall Technology and Equipment Trust Fund (448)	346,940	346,940.00	347,197.76	100.07%	(257.76)
					-
	66,063,181.00	61,800,927.00	52,581,288.79	85.08%	9,219,638.21

Approved Budget	66,063,181.00
Amount reflects a budgeted transfer from fund 405 to fund 408	(750,859.00)
Amount reflects a transfer to fund balance to increase reserves in fund 405	(1,691,768.00)
Amount reflects a transfer to fund balance to increase reserves in fund 439	(5,086.00)
Amount reflects a transfer from reserves in fund 446	40,000.00
Amount reflects the Amendment 1 transfer from fund 400 to fund 405	(1,210,431.00)
Transfer to fund Startegic Plan Trust Fund 410 Amendment #2	(562,582.00)
Transfer to Wellness Center Trust Fund 429 to establish initial reserve balance	(81,528.00)
	<u>61,800,927.00</u>

Variance

-

FY 2019 – Quarter 4
12 Months Ended June 30, 2019

Operating Budget

(State Appropriations and General Purpose Trust Fund Only)

- Revenue - to date
- Expenditures to –date

Worcester State University
FY19 Budget vs Actuals - Quarter 4
Operating Budget Revenue (Source 400 & 111)
6/30/2019 (Before Accruals)

Description	Original Budget - Upload	Revenue Earned Actual	Percent of Budget Earned	Unearned
Academic Fees	(38,707,500.00)	(39,305,203.30)	101.54%	597,703.30
Fee Waivers	908,000.00	799,279.67	88.03%	108,720.33
Tuition	(9,351,000.00)	(9,297,065.66)	99.42%	(53,934.34)
Tuition Waivers	419,000.00	489,834.45	116.91%	(70,834.45)
Activity Income	(328,000.00)	(432,523.31)	131.87%	104,523.31
Other Student Charges	(762,600.00)	(1,945,992.33)	255.18%	1,183,392.33
State Maintenance	(36,523,635.00)	(28,635,109.18)	78.40%	(7,888,525.82)
	(84,345,735.00)	(78,326,779.66)	92.86%	(6,018,955.34)

Worcester State University
FY19 Budget vs Actuals - Quarter 4
Operating Budget Expenses (Source 400 & 111)
6/30/2019 (Before Accruals)

Account Description	Object	Original Budget - BOT	Actual	Percent of Budget Spent	Available
Regular Employees	AAA	40,665,037.00	37,048,903.69	91.11%	3,616,133.31
Employee Related Expenses	BBB	748,462.00	633,933.52	84.70%	114,528.48
Temporary Part-Time Employees	CCC	8,135,822.00	8,812,711.53	108.32%	(676,889.53)
Staff Benefit Expenses	DDD	15,219,553.00	2,562,194.31	16.83%	12,657,358.69
Administrative Expenses	EEE	2,500,496.00	2,554,031.25	102.14%	(53,535.25)
Facility Operation Supplies	FFF	1,499,726.00	1,445,203.53	96.36%	54,522.47
Energy/Space Rental	GGG	2,389,498.00	2,119,297.53	88.69%	270,200.47
Professional Services	HHH	1,068,325.00	2,067,423.06	193.52%	(999,098.06)
Operational Services	JJJ	761,227.00	893,682.81	117.40%	(132,455.81)
Equipment Purchase	KKK	120,748.00	266,093.52	220.37%	(145,345.52)
Equipment Lease, Maintenance, Repair	LLL	1,256,681.00	1,337,507.00	106.43%	(80,826.00)
Infrastructure & Building Improvements	NNN	5,064,969.00	2,772,206.71	54.73%	2,292,762.29
Educational Assistance	RRR	2,510,961.00	2,298,343.60	91.53%	212,617.40
Debt Service	SSS	307,013.00	279,590.99	91.07%	27,422.01
Technology Expenses	UUU	2,097,217.00	2,066,721.84	98.55%	30,495.16
		84,345,735.00	67,157,844.89	79.62%	17,187,890.11

Worcester State University

Report of Grant Activity for the year
ended June 30, 2019,
by quarter

GRANTS IN FY2019												
Grant Name	Source of Funds	Type	Amount Applied For	Amount awarded	Dept.	PI	Grant Start	Grant End	Report Due	Unit	Source	Comments
Total Grant Dollars 7/1/18-6/30/19:			\$1,416,906.94	42 Grants Awarded								
4th Quarter: 4/1/19-6/30/19												
Federal												
Kowalewski Summer 2019	National Science Foundation	Federal	33,114.00	33,114.00	EEP	D. Kowalewski	5/30/2019	8/31/2019	NA	651	280	
Volunteer Income Tax Assistance	IRS/ Worcester Community Action Council	Federal	0.00	1,018.25	Business	M. Love / M. Shamgochian	1/1/2019	6/30/2019		661	280	
State												
Worcester Public School Gateway	Dept. of Elementary and Secondary Ed.	State	0.00	15,000.00	LEI	H. Ramirez	5/1/2019	6/30/2019	7/31/2019	687	280	
WSU Private												
Summer Learning Lab	Southbridge Public Schools	WSU Revenue	0.00	15,000.00	LEI	M. Marion	6/23/2019	8/2/2019	9/30/2019	687	500	
WS Foundation												
Latinos Involved in Discovering Educational Resources	Balfour Foundation	Foundation Revenue	88,371.00	75,000.00	LEI	M. Marion	5/1/19	5/1/20	Annual	687	831	
STEM Connections	Kresge Endowment, Worcester State Foundation	Foundation Revenue	0.00	6,400.00	Chemistry	K. Murphy	5/3/2019	8/31/2019	9/30/2019	642	831	
STEM Connections	DCU, Worcester State Foundation	Foundation Revenue	0.00	7,500.00	Chemistry	K. Murphy	5/3/2019	8/31/2019	9/30/2019	642	831	
Teen Circle	Nellie Mae Foundation	Foundation Revenue	0.00	2,500.00	LEI	H. Ramirez	6/25/2019	7/31/2019	Annual	687	831	Additional funds given to original grant.
Parent Institute for Quality Education	Springfield Empowerment Zone	Foundation Revenue	0.00	9,500.00	LEI	M. Marion	6/24/2019	7/31/2019	8/30/2019	687	831	Additional funds given to original grant.
Total 4th Quarter Grant Dollars				165,032.25								

GRANTS IN FY2019												
Grant Name	Source of Funds	Type	Amount Applied For	Amount awarded	Dept.	PI	Grant Start	Grant End	Report Due	Unit	Source	Comments
3rd Quarter: 1/1/19-3/31/19												
Federal												
Title III Worcester Public School, Worcester Institute for Parent Leadership and Engagement	U.S. Department of Education/ Worcester Public Schools	Federal	9,366.00	9,366.00	LEI	H. Ramirez	3/1/2019	5/31/2019	6/30/2019	687	280	
Volunteer Income Tax Assistance (VITA) Community Builders	Community Builders/U.S. HUD, CDBG	Federal	0.00	4,566.00	Business	M. Love/M. Shamgochian	1/15/19	4/17/19	Final	661	280	
Using Relational Scaffolding to Develop Innovative	U.S. Department of Education /College of Holy Cross	Federal	342,498.00	0.00	Psychology	B. Jee						Declined
CB-SA: Experiential Learning Abroad for Worcester's Working Adult	U.S. Department of State	Federal	35,000.00	0.00	Academic Affairs, Intern'l Programs, President's Office	M. Campbell, K. Palumbo, C. Herrin						Declined
Community Development Block Grant, My Voice, My Community	U.S. Housing & Urban Development/ City of Worcester	Federal	10,000.00	0.00	LEI	H. Ramirez						Declined
State												
Open Sky Feasibility Plan	Open Sky/Mass Development	State	7,733.52	7,733.52	Center for Social Innovation	M. Johnsen & P. Friedland	1/20/19	6/30/19	Final	676	600	
Dept. of Higher Ed. Housing Pilot	Department of Higher Education	State	30,000.00	30,000.00	Student Affairs	J. Kazarian	1/11/19	6/30/19	7/31/19	700	600	
WSU Early College	Department of Higher Education/ Quinsigamond Community College	State	50,880.52	50,880.52	Enrollment Management	R. Forsythe & M. Marion	3/10/19	6/30/19	7/1/19	819	600	
Mass Transfer Pathways	Department of Higher Education	State	0.00	508.65	Academic Affairs	H. Theriault	1/7/18	6/30/19		600	163	
Marketing Early College	Department of Higher Education/ Quinsigamond Community College	State	0.00	3,017.00	LEI	M. Marion	3/15/19	6/30/19	7/31/19	687	600	
WSU Private												
Today's Vote	Campus Compact /Kennedy Institute	WSU revenue	1,850.00	1,850.00	History / Binienda Center	A. Dell'Aera & M. Wagner	2/12/19	6/30/19	Annual	665	500	

GRANTS IN FY2019												
Grant Name	Source of Funds	Type	Amount Applied For	Amount awarded	Dept.	PI	Grant Start	Grant End	Report Due	Unit	Source	Comments
Parent Institute for Quality Education	Springfield Empowerment Zone	WSU revenue	13,946.00	13,946.00	LEI	M. Marion	1/29/19	7/31/19	8/31/19	687	500	
WS Foundation Private												
Volunteer Income Tax Assistance	United Way	Foundation Revenue	1,000.00	1,000.00	Business	M. Love /M. Shamgochian	2/14/19	5/1/19	End grant period	687	831	
Research & Development	Nellie Mae Foundation	Foundation Revenue	0.00	45,000.00	LEI	M. Marion	1/11/19	1/10/20	Annual	687	831	
Space Between Concern & Crime	National Collaborative on Gun Violence Research	Foundation Revenue	652,889.00	0.00	Criminal Justice	J. Silver						Declined
Total 3rd Quarter Grant Dollars				167,867.69								

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[illegible]

GRANTS IN FY2019												
Grant Name	Source of Funds	Type	Amount Applied For	Amount awarded	Dept.	PI	Grant Start	Grant End	Report Due	Unit	Source	Comments
Worcester Institute for Parent Leadership & Engagement	Ellsworth Foundation	Foundation Revenue	10,000.00	7,500.00	L.E.I.	H. Ramirez	12/13/18	12/12/19	Annual	687	831	
Family Engagement	Greater Worcester Community Foundation	Foundation Revenue	25,000.00	25,000.00	L.E.I.	M. Marion	12/4/18	12/3/19	Annual	687	831	
Facilitating International Teaching & Learning	Mary Street Jenkins Foundation	Foundation Revenue	9,350.00	0.00	World Languages	A. Perez-Manrique						Declined
Encouraging Latinos to Achieve Excellence	Greater Worcester Community Foundation	Foundation Revenue	25,000.00	18,000.00	L.E.I.	M. Marion	1/1/19	12/31/19	Annual	687	831	
Afterschool & Out of School Time Quality	Dept. of Elementary and Secondary Ed.	Foundation Revenue	30,000.00	30,000.00	L.E.I.	M. Marion	10/1/18	8/31/20	Annual	687	831	
Total 2nd Quarter Grant Dollars				265,855.00								

GRANTS IN FY2019												
Grant Name	Source of Funds	Type	Amount Applied For	Amount awarded	Dept.	PI	Grant Start	Grant End	Report Due	Unit	Source	Comments
1st Quarter 7/1/18-9/30/18												
Federal												
Health Occupations Students of America (HOSA)	U.S. Dept. of Ed., Perkins / Dept. of Elementary and Secondary Ed.	Federal	60,000.00	60,000.00	Health Sciences	J. Vallejos	10/31/18	8/31/19	Annual	646	280	State Coordinator for MA schools in Health Occupations Students of America.
Worcester Public Schools Immigrant Program	U.S. Dept. of Education, Title III / Worcester Public Schools	Federal	20,000.00	20,000.00	LEI	M. Marion	7/1/18	8/31/18	Annual	687	280	
Using Relational Scaffolding to Develop an Innovative Curriculum for Model-based Learning	U.S. Department of Education, Institute of Education Services	Federal	342,498.00	0.00	Psychology	B. Jee						Declined
Noyce Teacher Fellowships, Mass Teach	National Science Foundation / Dept. of Higher Ed.	Federal	411,635.00	411,635.00	SHENS	D. Barnard & L. Larrivee	7/1/18	6/30/23	Annual	640	280	
State												
Family Services Central MA/Educator & Provider Support	Early Ed. And Care /Family Services Central MA	State	37,750.00	37,750.00	Education	C. Donnelly	7/1/18	6/30/19	Annual	645	600	
Commonwealth Dual Enrollment Program 100 Males To College	Department of Higher Education	State	30,000.00	30,000.00	Enrollment Management	R. Forsythe, M. Marion, M. Uribe-Jennings	7/1/18	6/30/19	7/1/19	819	600	
Dual Enrollment	Department of Higher Education	State	40,000.00	40,000.00	Enrollment Management	R. Forsythe	7/1/18	6/30/19	Annual	819	600	
Quinsigamond Community College Early College	Department of Higher Education	State	16,500.00	16,500.00	Enrollment Management/LEI	R. Forsythe & M. Marion	7/1/18	6/30/19	Annual	687	600	
WS Foundation												
Private												
Springfield Empowerment Zone	Springfield Empowerment Zone	Foundation Revenue	30,000.00	27,440.00	L.E.I.	M. Marion	8/15/18	6/30/19	Annual	687	831	
Teen Circle	Nellie Mae Foundation	Foundation Revenue	74,827.00	74,827.00	L.E.I.	M. Marion	8/1/18	7/31/19	Annual	687	831	

GRANTS IN FY2019

7

Grant Name	Source of Funds	Type	Amount Applied For	Amount awarded	Dept.	PI	Grant Start	Grant End	Report Due	Unit	Source	Comments
Latinos Involved in Discovering Educational Resources	People's United Community Foundation	Foundation Revenue	4,000.00	4,000.00	L.E.I.	M. Marion	7/11/18	7/10/19	Annual	687	831	
Family Engagement	Barr Foundation	Foundation Revenue	93,975.00	0.00	L.E.I.	M. Marion						Declined
Mass Humanities Springfield	Mass Humanities	Foundation Revenue	10,000.00	10,000.00	L.E.I.	M. Marion	7/1/18	8/31/19	Annual	687	831	
Boston Fnd Puerto Rico	Boston Foundation	Foundation Revenue	20,032.00	20,000.00	L.E.I.	M. Marion	7/1/18	6/30/19	Annual	687	831	
Families Active in the Mission of Education, Springfield	Mass Mutual	Foundation Revenue	30,000.00	30,000.00	L.E.I.	M. Marion	7/1/18	6/30/19	Annual	687	831	
United Way - Latina Achievers in Search of Success	United Way	Foundation Revenue	36,000.00	36,000.00	L.E.I.	M. Marion	7/1/18	6/30/19	Annual	687	831	
Total 1st Quarter Grant Dollars				818,152.00								

President's Update

October 2019



President's Message

Promoting student excellence is the unifying goal for everyone in the Worcester State University community. Our 2015-2020 Strategic Plan challenges each of us to move student excellence from a concept into action.

Goal #2 of that plan, "**Leverage WSU's distinctive strengths, both to enhance the**

University's reputation and to *prepare students to lead, serve, and make a difference in the world,*" approaches student excellence through the perspective of the italicized words. One of those distinctive strengths is our location in a mid-sized city that is experiencing a renaissance. We've made strides advancing our relationship with the city of Worcester – its leaders, its cultural and athletic organizations, its business community. Enhanced partnerships with, for example, the Worcester Art Museum, the Hanover Theatre, the Idea Lab, the Antiquarian Society, and the Hector Reyes House, have resulted in more experiential learning opportunities. A growing number of internship opportunities and the sheer number of nearby clinical placements in health care facilities and schools are two clear benefits we offer students.

These connections enable our students to foster leadership skills, provide service to others, and test out their value systems in the world outside of WSU. Working in the wider community also helps students gain confidence and poise – traits that will serve our graduates for the rest of their lives.

So, I ask the members of our community: When talking with potential students, their families, your neighbors, or business associates, don't forget that the **Worcester** in Worcester State University is a great selling point.



Contents

President's Message	1
Multiple Divisions	2
Academic Affairs	4
Administration & Finance..	6
Enrollment Management...	8
Student Affairs	9
University Advancement .	11
Data and Reports	12

PRESIDENT'S OFFICE

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

**Highlights of Progress Since 2015 on Strategic Plan Goal #2:
Leverage WSU's distinctive strengths, both to enhance the University's
reputation and to prepare students to lead, serve, and make a difference in the
world.**

Multiple Divisions

The Imoigele P. Aisiku, M.D., '92 STEM Center has been a catalyst for enhanced student learning and increased faculty research since its inception in 2017 with a \$1 million donation. Its success is reflected in the size and scope of the interdisciplinary initiatives led by the Center aimed at increasing student retention and providing pathways for academic excellence.

The Center's offerings provide students with a wide range of academic support and experiential learning opportunities, such as: the Aisiku PAL (Peer Assisted Learning) Program, which provides academic support to students in key STEM courses and serves over 600 students per semester; the Summer Research Fellowship program, which has supported student research on soil samples in Antarctica and museum spider specimens in the Dominican Republic, among other projects; the Bridge to Excellence Program, which brings experts from Brigham and Women's Hospital to campus to offer guidance to students interested in pursuing careers in medicine.

In 2019, the Aisiku Interdisciplinary STEM Research Program awarded its second grant to support faculty teams leading innovative, scientific research on campus. To date, this program has awarded more than \$80,000 in faculty funding advancing STEM research. The Center also hosted two guest lecturers through the Aisiku Bridge-to-Excellence Lecture series, reaching hundreds of undergraduate students. Lastly, the Center led two academic support programs for disadvantaged youth from Worcester and Worcester State freshmen: ***The Bridge to Excellence: Summer STEM Retention Program*** and the ***Environmental STEM Connections Program***.

One of Worcester State University's strengths is that it is a public university that partners with other colleges and universities. In fact, the statewide [Commonwealth Commitment](#) transfer pathway program was based on the 2015 "\$30K Commitment" program that Worcester State pioneered with Quinsigamond Community College, in conjunction with Fitchburg State and Mount Wachusett Community College. In the past five years, Worcester State also has increased opportunities for students to transfer smoothly to us (or smoothly from us) through various articulation agreements:

- Massachusetts College of Pharmacy and Health Sciences: Master of Physician Assistant
- Mount Wachusett Community College: Biotechnology; Environmental Science
- Nichols College: 4+1 Degree Program - Criminal Justice to Counterterrorism; 4+1 Degree Program - History of Counterterrorism
- Quinsigamond Community College: Computer Science; Environmental Science; RN-to-BS
- Springfield Technical Community College: Urban Studies
- UMass School of Law: 3+3 Degree Program studying Law
- Western New England University School of Law: 3+3 Degree Program studying Law



Academic Affairs

To better connect academic experiences in the classroom with workplace expectations, the following programs have been developed in the past five years:

- Since its establishment in 2015, the Environmental Science major has enrolled 185 students. The number of majors has more than doubled from 26 in 2015 to 60 in 2018. A total of 28 students have graduated with a degree in Environmental Science since 2015;
- An Addictions Counseling minor and an Addictions Counseling certificate (for non-matriculating students) was established in 2019;
- A Master of Public Administration and Policy and a Master of Public Management programs have been approved.

To promote curricular interdisciplinarity, thus improving academic offerings for students, the following programs have been developed in the past five years:

- The Liberal Studies major was created in 2015. 218 students have enrolled in the Liberal Studies major since its inception. The number of majors has nearly doubled, from 37 in 2015 to 69 in 2018. In addition, 58 students have graduated with a degree in Liberal Studies since 2015.
- Two new interdisciplinary minors were approved since 2015: Forensic Science and Psychobiology. 45 students have enrolled in one of these interdisciplinary minors in the last year.
- Four interdisciplinary concentrations are available: Women's Gender and Sexuality Studies; Global Studies; Ethnic Studies; and Environment and Sustainability Studies. Currently, there are 60 students enrolled in an interdisciplinary concentration in 2019. Over the past five years, 110 students have enrolled in an interdisciplinary concentration.

-

The Worcester State University Honors Program expands opportunities that promote student academic excellence and leadership.

- Over 100 Honors course sections were offered in 2018-2019.
- In the past two years, 60 students (50% of WSU Honors Program) have received the Commonwealth Honors designation by completing the requirements for the Worcester State Honors Program and presenting a research project at the Massachusetts Undergraduate Research Conference.
- Approximately \$10,000 is allocated each year to help fund Honors students for travel for study abroad, leadership, and conference opportunities.

President's Update

To cultivate global connections, Worcester State offers study away opportunities for students. 229 students have participated in a traditional Study Away program from Fall 2015 to Spring 2018. During this same time period, 286 students have participated in a Faculty-led Study Away program.



Administration & Finance

Graduating with an ability to work well in diverse settings is a must in today's world, so preparing students to do that is one way we promote student excellence. Worcester State University has been proactive in establishing a climate of respect. All students complete Diversity Across the Curriculum (DAC) courses; university-wide committees, which include students, staff, and faculty, address issues relating to campus climate, bias incidents, and diversity hiring and retention. Additionally, the university has demonstrated a strong commitment to diversity and inclusion in its communication, marketing, and outreach initiatives, including the President's Five Points of Action Toward a More Inclusive Campus Climate, initiated in 2016.

During the period of our current strategic plan, campus renovations and construction have played prominent roles in promoting student wellness and social and recreational opportunities. All construction activities, from planning and design through completion, are cross-divisional by nature, while led by the A&F Division. Several of these were developed and implemented in close consultation with the Student Affairs Division.

- The Wellness Center enhances student life by offering programming for student athletes and non-athletes. Activity spaces were designed to encourage the entire campus community to participate in many forms of physical activity.
- Using student feedback, the entire student organization space was redesigned and relocated to a more visible position in the Student Center. This transformation has helped to engage more students in campus activities and serve in leadership roles.
- A new Counseling Center was constructed, which supports improved student health and success.
- The construction of Sheehan Hall assists the development and retention of students. The new campus dining center meets student demand and provides a locale that enhances student life.
- Adhering to a commitment made to Worcester State's LGBTQ+ Pride student organization, all new or renovated buildings will have gender-neutral facilities to provide all students with the opportunity to belong to the Worcester State community.
- A classroom master plan has been developed, in close coordination with the Academic Affairs Division, which specifies classroom furniture, along with equipment and fixtures to provide a learning environment that meets today's standards for technology and advanced active learning environments.



Enrollment Management

- The new SAT-optional admission program began in November 2017, with the first students admitted under this flexible criterion. To date, over 1,000 accepted students have been considered in this admission category. The SAT optional admission program is expected to enhance the number of accepted applicants from diverse backgrounds by as many as 69 additional students per year.
- The university has developed a new employee recognition award called WooBuntu. The name is a play on the African word “ubuntu,” which some define as a philosophy espousing connectedness among and between people. This award recognizes the positive contributions to the campus community by staff or faculty from any division.
- Worcester State established a new partnership with the Massachusetts Education and Career Opportunities Organization (MassEdCO) to bring increased financial aid service to Worcester State University students. MassEdCO’s Educational Opportunity Center has begun helping students with FAFSA completion, financial aid verification processes, and more – practices that are shown to be beneficial for all, especially families with no prior college application experience.



Student Affairs

To expand opportunities and foster student leadership, Office of Student Involvement and Leadership Development (OSILD) created a new three-phase training model, Circle of Leadership: Emerge, Engage, Excel.

- **The Emerge Leadership Circle** is a weekly workshop program held each semester to help students build their foundational leadership skills while developing a personal leadership philosophy. Students must apply for Emerge.
- **The Engage Leadership Circle** is the second level of our weekly workshop programs, and it is structured for students who have previously completed Emerge. The Engage program focuses on expanding on the ideas introduced through Emerge while incorporating new topics that are more relevant for students who have already built their foundational leadership skills.
- **The Excel Leadership Circle** is the culminating Leadership Circle experience and is open to students who have completed both Emerge and Engage.

Residence Life and Housing introduced **FYRE** (First Year Residential Experience) for all incoming first-year resident students to nurture student interest in, and appreciation for, diversity, global awareness, and engaged citizenship. The goal is to connect peers in a diverse, shared-living environment, with essential academic and co-curricular support services.

Entering its fifth year of partnership, Worcester State's Department of Education and the Binienda Center for Civic Engagement, along with the Boston-based Jumpstart, aim to address literacy among under-resourced families in Worcester. Worcester State students actively are completing training, classroom literacy work, and observation hours in a preschool setting. This ongoing relationship provides students with connections to the local community, along with leadership and workplace experiences.



University Advancement

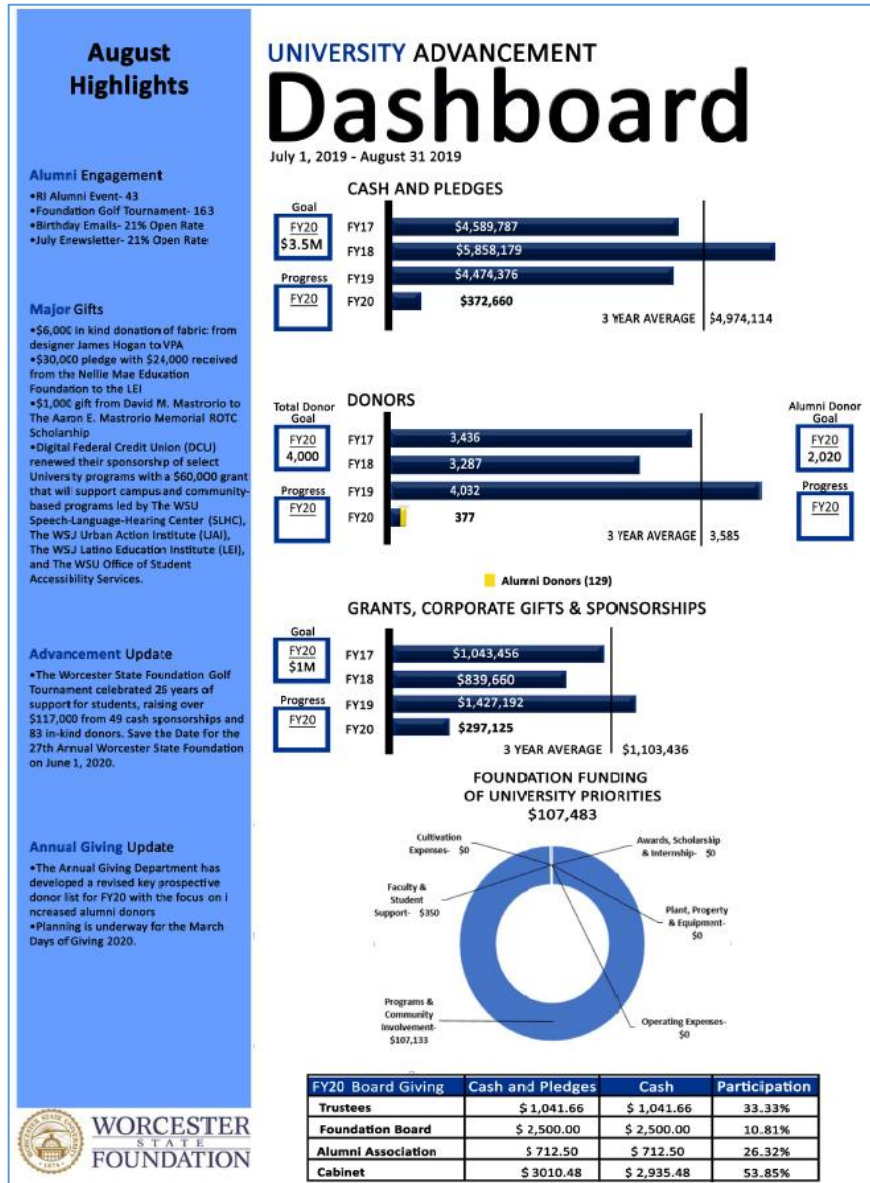
Showcasing alumni and providing engagement opportunities for our students is a top priority. The **Backpack to Briefcase: Professional Advice for Life after WSU** series received 122 student registrations in 2019, a 32% increase from 2018. Two new alumni workshops were added to the series, increasing the total workshops offered to eight.

Lancers Across the Nations continues to expand its programming by offering regional events throughout the country. In 2019, outreach was increased to nine alumni gatherings, nearly tripling the number of events from the previous year, in locations as far away as California.



University Advancement Dashboard

[View August's Dashboard](#)



Campus Climate Committee's Executive Report

[View Climate Committee's Executive Report](#)

The Campus Climate Committee's Executive Report

Submitted to: President Maloney

Friday, April 6, 2018

By: Alex Briesacher, Ph.D. & Isaac Tesfay, ABD, MBA
Executive Chair, Provost Lois Wims

Community Leadership Experience (CLEWS)

[View CLEWS Report](#)

Community Leadership Experience (CLEWS)

Learning that we most readily lose students in the middle tier (2.6 – 3.2 GPA) to transfer or attrition, Mark Wagner and Adrian Gage designed a living learning program called the Community leadership Experience at WSU (CLEWS). Each year, we invite 20 students to participate in a program designed around leadership and community engagement as a way to retain this group. We were, in part, using Care Theory as theoretical backdrop, and our practice would be to live together, include First Year Seminar and a HIPS approach to build social bonds and ties to both the campus and wider community. CLEWS was designed as a 5-year study, but we have continued the project because it shows considerable promise. Here are numbers from *our first four cohorts*, as well as numbers on a control group, also resident students in the 2.6- 3.2 GPA range on entry to the university:

CLEWS: N = 84

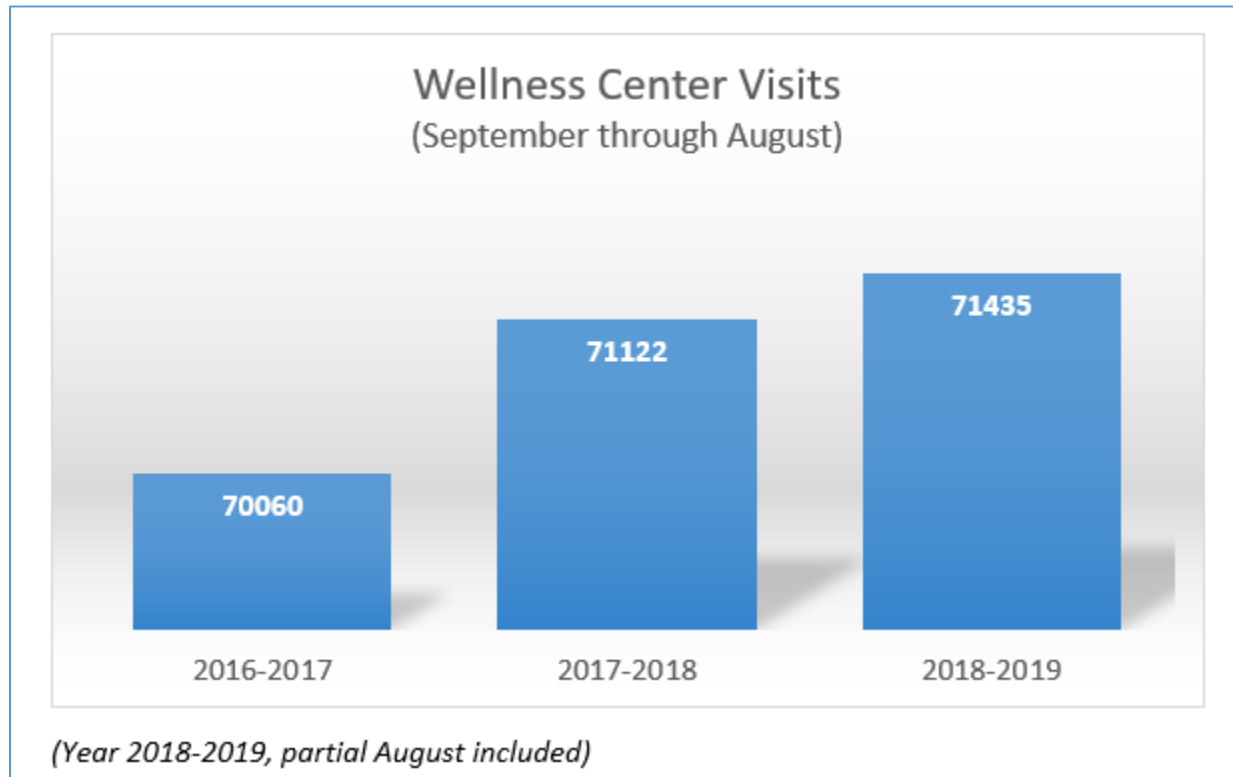
Graduates	59	70%
Active	5	5%
Lost / Transferred	20	24%

Control: N = 80

Graduates	49	61%
Active	7	8%
Lost / Transferred	25	31%

Wellness Center Usage

[View Wellness Center Usage Data](#)



Faculty Diversity Report

[View Faculty Diversity Report](#)

Dept	FALL 2018								FALL 2015							
	Female	Male	Total	Percentage Female	Minority	White	Total	Percentage Minority	Female	Male	Total	Percentage Female	Minority	White	Total	Percentage Minority
641 - Biology	8	6	14	57%	3	11	14	21%	6	7	13	46%	1	12	13	8%
642 - Chemistry	5	5	10	50%	3	7	10	30%	6	4	10	60%	2	8	10	20%
643 - CSD	4	3	7	57%	0	7	7	0%	4	3	7	57%	0	7	7	0%
644 - Comp Sci	3	2	5	60%	3	2	5	60%	2	2	4	50%	2	2	4	50%
645 - Education	11	1	12	92%	2	10	12	17%	12	2	14	86%	2	12	14	14%
646 - Health Sciences	2	3	5	40%	3	2	5	60%	4	1	5	80%	2	3	5	40%
647 - Mathematics	7	5	12	58%	2	10	12	17%	6	6	12	50%	3	9	12	25%
648 - Nursing	15	1	16	94%	1	15	16	6%	14	1	15	93%	2	13	15	13%
650 - Occup Therapy	5	0	5	100%	0	5	5	0%	7	0	7	100%	0	7	7	0%
651 - DEEP	3	5	8	38%	2	6	8	25%	4	6	10	40%	2	8	10	20%
661 - Business Admin	9	11	20	45%	5	15	20	25%	10	11	21	48%	6	15	21	29%
662 - Communication	4	5	9	44%	3	6	9	33%	5	4	9	56%	3	6	9	33%
663 - Crim Justice	3	6	9	33%	3	6	9	33%	5	3	8	63%	2	6	8	25%
664 - English	8	7	15	53%	3	12	15	20%	7	8	15	47%	1	14	15	7%
665 - History Poli Sci	5	9	14	36%	3	11	14	21%	4	10	14	29%	2	12	14	14%
666 - Philosophy	2	2	4	50%	1	3	4	25%	2	2	4	50%	0	4	4	0%
667 - Psychology	12	5	17	71%	2	15	17	12%	10	7	17	59%	2	15	17	12%
668 - Sociology	1	4	5	20%	1	4	5	20%	2	4	6	33%	1	5	6	17%
669 - Urban Studies	2	3	5	40%	1	4	5	20%	3	1	4	75%	1	3	4	25%
672 - World Languages	4	1	5	80%	3	2	5	60%	3	2	5	60%	3	2	5	60%
673 - VPA	4	6	10	40%	0	10	10	0%	4	6	10	40%	0	10	10	0%
TOTALS	117	90	207	57%	44	163	207	21%	120	90	210	57%	37	173	210	18%
SEHNS	63	31	94	67%	19	75	94	20%	65	32	97	67%	16	81	97	16%
HSS	54	59	113	48%	25	88	113	22%	55	58	113	49%	21	92	113	19%
TOTALS	117	90	207	57%	44	163	207	21%	120	90	210	57%	37	173	210	18%