

WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES MEETING
Tuesday, March 7, 2023
4:00 PM
Sheehan Hall, Room SHR109
(Sheehan Multipurpose Room)

Meeting Called By: David Tuttle(Chair)

Minutes: Nikki Kapurch

Board Members: Lisa Colombo (Vice-Chair); Aleta Fazzone; Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor (Vice-Chair); David Tuttle (Chair); Lawrence Sasso

WSU Staff: Barry Maloney; Ashlynn Allain; Nikki Kapurch; Carl Herrin; Kathy Eichelroth; Stacey Luster

All documents considered to be **drafts** until discussed and/or approved by the Board

AGENDA		
ITEM	RESPONSIBLE	ACTION
1. <i>Administrative Business</i> A. Call to Order B. Approval of the Minutes: I. Full Board - December 6, 2022* II. Full Board - February 6, 2023*	David Tuttle	I. vote required II. vote required
2. <i>Presentation - 30 minutes w/ Q&A</i> A. A Comprehensive Approach to Operational Excellence: Lean Higher Education* Bill Balzer, Ph.D., Emeritus Professor of Industrial-Organizational Psychology	Kathy Eichelroth Bill Balzer	A. Informational
3. <i>Presentation</i> A. FY 2022 Federal Funds Audit Report*	Kathy Eichelroth Jim Johnston	A. Informational & vote required
4. <i>Equity, Diversity and Inclusion Presentation - 15 minutes w/ Q&A</i> A. Campus Climate Committee Powerpoint* Edgar Moros, Director, Intensive English Language Institute & Alex Briesacher, Associate Professor, Department of Sociology	Maria Gariepy Edgar Moros Alex Briesacher	A. Informational
5. <i>Human Resources Committee Report</i> A. Human Resources Committee Meeting Packet	Dina Nichols	A. Informational & vote required
6. <i>Administrative Updates</i> A. Report of the Chairman I. Next meeting: April 13, 2023 B. Report of the Student Trustee C. Report of the President I. President's Update* II. FY 2023 Quarter 1 Comparative Financial Reports*	David Tuttle Emma Polak President Maloney	I. Informational II. Informational
7. <i>Adjournment</i>	David Tuttle	7. vote required

*Attachments

**WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES MEETING
Meeting Minutes**

CHAIR:	David Tuttle (Chair)	DATE:	December 6, 2022
LOCATION:	May Street Banquet Hall	MINUTES BY:	Nikki Kapurch
TIME:	4:00 PM		
MEMBERS PRESENT:	Lisa Colombo (Vice-Chair); Aleta Fazzone; Stephen Madaus; William Mosley; Dina Nichols; Emma Polak; Marina Taylor; David Tuttle; Lawrence Sasso.		
MEMBERS ABSENT:	Karen Lafond; Amy Peterson		
WSU STAFF:	Barry Maloney; Ashlynn Allain; Kathy Eichelroth; Carl Herrin; Nikki Kapurch; Stacey Luster; Ryan Forsythe; Julie Kazarian; Tom McNamara; Maureen Stokes; Jonathan Walker; Lois Wims		

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, December 6, 2022, in the May Street Banquet Hall. Chair Tuttle called the meeting to order at 4:01 p.m. Chair Tuttle reported that one trustee will participate by remote access and announced that all votes will be by recorded roll call.

ADMINISTRATIVE BUSINESS:

APPROVAL OF THE MINUTES - Academic & Student Development Committee Meeting -November 22, 2022

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

VOTED: **to approve the minutes of the November 22, 2022, Academic & Student Development Committee meeting as presented.**

ROLL CALL VOTE: **2 approved. Emma Polak; Lawrence Sasso.**
 Abstained: Aleta Fazzone

APPROVAL OF THE MINUTES - Full Board Meeting - November 22, 2022

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

VOTED: **to approve the November 22, 2022, minutes of the full Board meeting as presented.**

ROLL CALL VOTE: **7 approved. Lisa Colombo; Stephen Madaus; Dina Nichols; Emma Polak; Marina Taylor; David Tuttle; Lawrence Sasso.**

Abstained: Aleta Fazzone; William Mosley

PRESENTATION

Financial Sustainability Task Force Presentation (FSTF)

Phase Two: Final Report Overview

- The Financial Sustainability Task Force was created in January 2022 to address a structural gap in the University's budget. Primary drivers of the budget gap include declining enrollment and the pandemic.
- President Maloney presented the comprehensive final report of the 71-member Phase Two work group of the Financial Sustainability Task Force (FSTF) to the Board of Trustees members.
- The board members acknowledged the report and the President mentioned that we are not looking for certain steps to be voted on or certain actions to be approved.
- President Maloney thanked the campus community for serving on Phase Two.
- President Maloney addressed the board on how the process has been developed and how the recommendations were put together. The recommendations that were sent to me were very rich and they give us a whole host of things to work on and for developing action steps.
- President Maloney went through the report and talked about the next steps in terms of implementation. We will take the recommendations that have been put together and start developing them over the next few months. There will be a number of areas that will take more than the spring semester to implement and there will certainly be some that will take several years to develop and implement. There will also be aspects of certain recommendations that will be kept in reserve or archived.
- We drew and will continue to draw upon the expertise of EAB and Dr. William K. Balzer, author of "Lean Higher Education," whose work on continuous improvement is evident throughout the report and will continue to help us with this work.
- The report serves as the framework for the work that is slated to begin after the new year.
- VP Eichelroth went through the 70 recommendations. They have assigned 33 of the 34 short-term-impact recommendations, and 34 of the 36 "future consideration" items to one of 3 follow-up pathways:
 - **CI Implementation Group:** A total of 13 high-priority recommendations were identified and will be assigned to several CI Implementation Groups for immediate action. These recommendations were selected based on their impact to the University and the anticipated timeframe for implementation. Each group will be charged with implementing the assigned recommendation(s) and developing metrics to measure the impact to the University.
 - **Continuous Improvement Pilot Program (CIPP):** Similar to above, but will be longer-term working groups. This group will address seven high-priority recommendations immediately, with the remaining 30 broadly categorized as longer-term initiatives. It is intended that the process, structure and best practices identified by CIPP will inform the University's long-term approach to continuous improvement.
 - **Continuous Improvement Council:** In the coming months, the University will formalize its plans to strategically move toward a culture of continuous improvement. This group will

address the 17 long-term recommendations that were not assigned to the CI Implementation Groups or the CIPP. Items such as membership, reporting structure, training, and charter will be developed by July 1, 2023.

Jonathan Walker, Director of Internal Controls & Risk Assessment who also served as a lead author and compiler of the report, walked the board members through the summary, results, and the next steps.

Next Steps:

- Anticipated that the work of the CI Implementation Groups and CIPP will begin in January 2023.
- Groups will develop fully functional process improvements which will be tested by the team and ready for implementation in an actual operational environment. Consideration will be given to the predicted process performance, cost, implementation demands, and risks when identifying priority initiatives.
- Throughout this process A&F, with assistance from the FSTF Support Team, will be gathering and recording the success and impact (financial and otherwise) of the change initiatives. As projected financial benefits are identified, consideration will be given as to how the anticipated results will influence the 2024 budget and future financial planning exercises.
- The FY24 budget process will incorporate high-priority short-term recommendations of the FSTF.

The Board asked follow-up questions of President Maloney, Vice President for Administration and Finance Kathleen Eichelroth, and others on the Steering Committee charged with reviewing and categorizing the recommendations.

- Trustee Will Mosley asked the President about time caps on immediate goals and an interval review process. President Maloney stated, "We will utilize the Finance and Facilities Committee and establish a schedule of meetings, which will be open meetings, as a process for review and validation of the Phase Two recommendations."
- Student Trustee Emma Polak asked whether adjustments to the recommendations will be made before they are piloted, such as the one related to class sizes, given that spring semester registration has already begun. "As it is done each semester, the Provost will review planned class enrollments, evaluate what is needed for students to persist towards graduation, and make appropriate scheduling changes for low enrolled courses. However, given the date of the completion of the FSTF report and the recently completed Spring registration process, we will strive to keep schedule disruptions to a minimum for the spring 2023 semester."
- Trustee Polak inquired about student involvement in the process, with the President outlining their past and future involvement. The intent was and is to engage students in the next steps of continuous improvement.
- Trustee Marina Taylor thanked the faculty that took time away from their regular classes to participate in the process, stating "it speaks volumes to their dedication to the work of Worcester State University," and thanked the staff for their commitment.

Chairman Tuttle referred the report to the Finance & Facilities Committee to review the recommendations and develop a schedule and to bring the report to the March 7, 2023, Board of Trustees meeting to formally accept the report.

WSU Board of Trustees
December 6, 2022

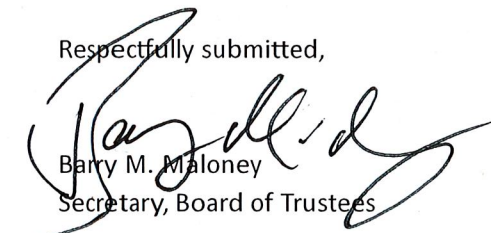
With there being no further business, the WSU Board of Trustees meeting was adjourned.

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

VOTED: to adjourn the meeting at 4:57 p.m.

ROLL CALL VOTE: 9 approved. Lisa Colombo; Aleta Fazzone; Stephen Madaus; William Mosley; Dina Nichols; Emma Polak; Marina Taylor; David Tuttle; Lawrence Sasso.

Respectfully submitted,



Barry M. Maloney

Secretary, Board of Trustees

WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES MEETING
Meeting Minutes

CHAIR:	David Tuttle (Chair)	DATE:	February 6, 2023
LOCATION:	Remote Participation	MINUTES BY:	Nikki Kapurch
TIME:	8:30 AM		
MEMBERS PRESENT:	Lisa Colombo (Vice-Chair); Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor; David Tuttle; Lawrence Sasso		
MEMBERS ABSENT:	Aleta Fazzone		
WSU STAFF:	Barry Maloney; Kathy Eichelroth; Carl Herrin; Nikki Kapurch; Stacey Luster; Ryan Forsythe; Julie Kazarian; Tom McNamara; Maureen Stokes; Lois Wims		

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 Monday, February 6, 2023, through a Zoom remote call. Chair Tuttle called the meeting to order at 8:31 a.m. Trustee Tuttle reported that all Trustees will participate by remote access and announced that all votes will be by recorded roll call.

Administrative Business:

Chairman Tuttle introduced our new trustee, Ms. Maureen Power.

President Maloney's Memo to Trustees

President Maloney went through the process on the call for speakers, honorary degree recipients, and community service awards.

- Approval of Nominees For Speaker/Awards Pool
 - Nominees for commencement speaker, honorary degree recipients, and community service awards are accepted throughout the year. They are evaluated by the Speakers and Awards Committee on a rolling basis; applications are reviewed during both the Fall and Spring semesters. The committee then develops a list to recommend to the All-University Committee which then forwards all finalists as recommendations to the President. Final approval is granted by the Board of Trustees, upon recommendation by the President.
- Attached is a list of my recommendations for commencement speaker, honorary degree, and community service award recipients, for inclusion in the pool of approved speakers and award recipients.
- Also included in the packet is the current Pool of Commencement Speakers and Award Recipients

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

VOTED: to approve the following nominees for inclusion in the Speaker/Awards pool:

Her Excellency Hajia Alima Mahama

Bob Cousy

Dr. Kristen Lee

Kristine Lilly

Mary Jo Lorei

Megan Marshall

Jesse Williams

Ann Ash Zelesky

ROLL CALL VOTE: **10 approved.** Lisa Colombo (Vice-Chair); Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor; David Tuttle; Lawrence Sasso.

Approval of Honorary Degree Memo

- The President provided two memoranda in the packet seeking approval to award three honorary degrees.
- President Maloney accepted the recommendation of the Senior Class Committee and informed the board that Dr. Kristen Lee will serve as our 2023 Commencement Speaker at our undergraduate Commencement. Dr. Lee's speaker nomination was vetted through the Speaker/Awards Committee and approved by the All-University Committee. President asked the Board to consider awarding Dr. Kristen Lee an honorary degree.
- In addition to an honorary degree for our 2023 Commencement Speaker, I seek the Board's approval to award an honorary degree to Bob Cousy and Ann Ash Zelesky '73 for 2023.

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

VOTED: to approve the awarding of the following honorary degree:
Dr. Kristen Lee, Doctor of Humane Letters, *Honoris Causa*, at Undergraduate Commencement on May 13, 2023.

ROLL CALL VOTE: **10 approved.** Lisa Colombo (Vice-Chair); Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor; David Tuttle; Lawrence Sasso.

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

VOTED: to approve the awarding of the following honorary degree:
Bob Cousy, Doctor of Humane Letters, *Honoris Causa*, at Undergraduate Commencement on May 13, 2023.

ROLL CALL VOTE: **10 approved.** Lisa Colombo (Vice-Chair); Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor; David Tuttle; Lawrence Sasso.

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

VOTED: to approve the awarding of the following honorary degree:
Ann Ash Zelesky, Doctor of Humane Letters, *Honoris Causa*, at Undergraduate Commencement on May 13, 2023.

ROLL CALL VOTE: **10 approved.** Lisa Colombo (Vice-Chair); Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor; David Tuttle; Lawrence Sasso.

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

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

VOTED: to adjourn the meeting at 8:46 a.m.

ROLL CALL VOTE: **10 approved.** Lisa Colombo (Vice-Chair); Karen Lafond; William Mosley; Dina Nichols; Amy Peterson; Emma Polak; Maureen Power; Marina Taylor; David Tuttle; Lawrence Sasso.

Respectfully submitted,



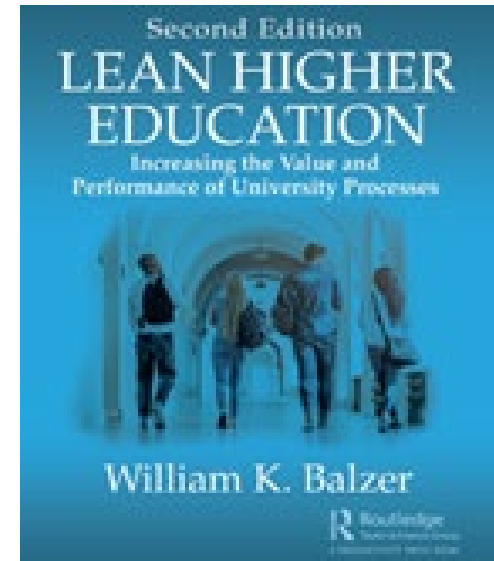
Barry M. Maloney

Secretary, Board of Trustees

A Comprehensive Approach to Operational Excellence: Lean Higher Education

Presentation to Board of Trustees
Worcester State University

March 7, 2023



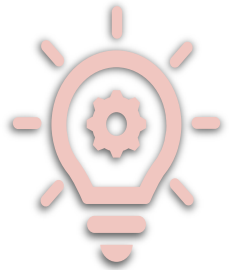
Bill Balzer

Emeritus Professor, Industrial Organizational Psychology, Bowling Green State University

Former Department Chair, Regional College Dean, VP for Faculty Affairs & Strategic Initiatives (BGSU), and Interim President (Owens Community College)

Lean Six Sigma Black Belt

Need for Change in Higher Education



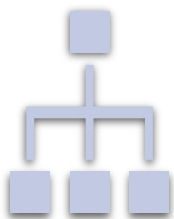
Competitive advantage in an increasingly competitive marketplace:

Commoditization of HE;
Technological advances in the design and delivery of HE



Funding challenges:

Financial support (HE) has eroded and shows no sign of returning to previous levels of support



Accountability to our “beneficiaries:”

Labor intensive sector relying on a “cost-plus” business model;
Increasing student loan burden impacts career choices and standard of living



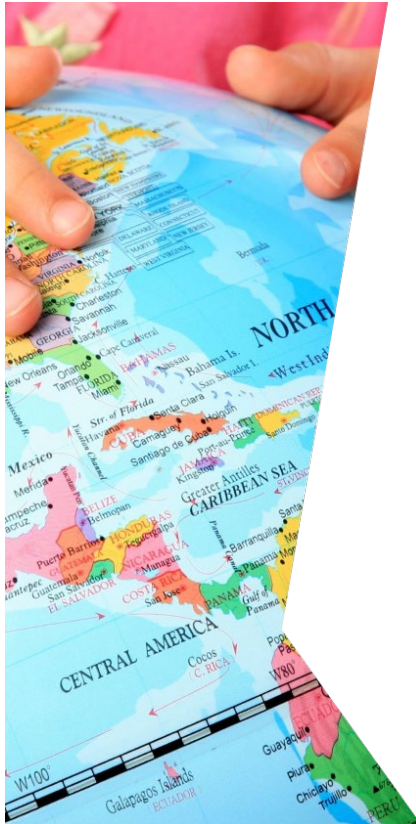
Accountability to our “sponsors:”

Perception of HE as inefficient and expensive has led to external pressures to contain costs;
Greater public accountability of HE is demanded

Lean Higher Education (LHE)

- Provides a **comprehensive approach to operational excellence**
- Offers a **practical framework and tools** (supported by research) to support relentless continuous improvement
- Favors **implementing solutions quickly**
- **Meets the expectations** of internal and external beneficiaries
- Values, engages, & develops the **full potential of employees**
- **Frees up resources** for savings and/or reinvestment
- **Every business and industry sector**

Lean HE Institutions Around the World



- Boston University
- Worcester Polytechnic Institute
- Yale
- Des Moines Area Community College (IA)
- Everett Community College (WA)
- Ivy Tech Community College (IN)
- Mt Hood Community College (OR)
- Northwood Technical College (WI)
- West Shore Community College (MI)
- Bowling Green State University
- Miami University
- Michigan Technological University
- University of Central Oklahoma
- University of Michigan
- University of Iowa
- University of North Alabama
- University of Texas
- University of Washington
- University of Wisconsin
- Western Governors University
- Carleton University (Canada)
- Edinburgh Napier University (Scotland)
- Macquarie University (Australia)
- UiT the Arctic University of Norway
- University of Sheffield (Great Britain)
- University of St Andrews (Scotland)
- University of Strathclyde (Scotland)
- University of Waterloo (Canada)

Application of Lean to HE Processes (That Benefit Students, Faculty, Staff, and Institution)

Admitting students

New course offering

Student mental
health assessment
& therapy services

Course scheduling

Partnering with
international
institutions for
education abroad

Integration of IT
software

Approving a grant
submission

Advising students

Teaching
Improvement

Purchasing supplies
or services

Travel
reimbursement

Hiring faculty &
staff

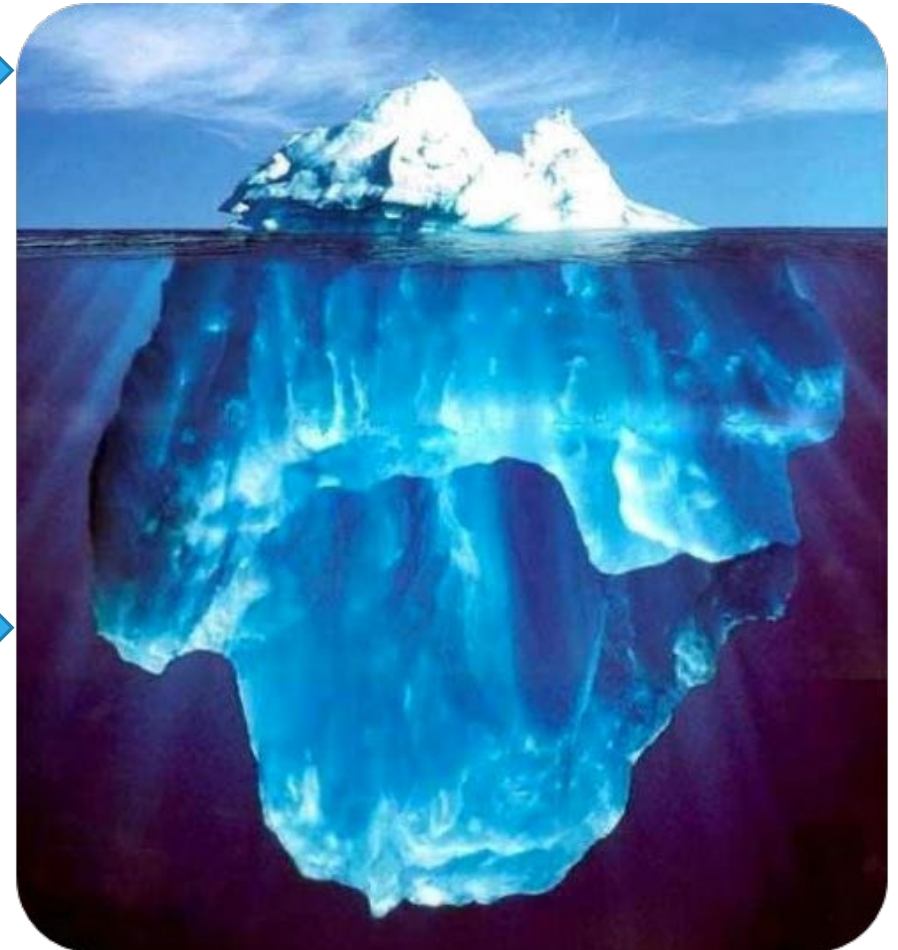
Key to LHE: Learning to See Waste

WHAT WE CAN SEE

- Phone Calls/ Complaints/Loss
- Waiting
- Mistakes (and Corrections)
- Stress & Dissatisfaction

WHAT WE CAN'T SEE

- Hidden Waste in Process
- Unevenness in Process
- Overburdened by Process



Waste Examples in Higher Education

Overproduction: not maximizing course enrollment due to inefficient scheduling

Transport: staff walking to a centralized located printer

Waiting: members waiting for meeting to start/arrival of chair

Overprocessing: maintaining a shadow alumni database; preparing and distributing materials to students that are ignored or immediately discarded

Inventory: ordering too much printing paper; boxes of brochures that are out-of-date before they can be used

Movement: difficulty locating files in multiple locations/systems

Correction: revisiting a transaction due to lack of standard process

Overburdening: understaffing during peak periods; needing to enter data in multiple systems

Unevenness: short deadlines for multiple reports due at same time

Poor Flow: long time from invoice to payment; long lines at conference registration desk

Lean Applications Supporting Higher Education

- **Rapid Improvement Event (RIE)**
- Lean Structured Problem Solving
- 5S Workplace Organization / Training
 - Sort, Set in Order, Shine, Standardize, Sustain
- Lean in Daily Work: Lean Stand Ups/Huddles, “Just Do It”
- Lean Meetings
- Strategic Planning/Deployment (Hoshin Kanri)

Rapid Improvement Event: Overview

1. Determine **who are the beneficiaries** (internal and external stakeholders) and what they value from an improved process
2. **Analyze the current process** from perspectives of both university & beneficiaries to identify steps that add or don't add value
3. Propose a new process using LHE to (a) **eliminate waste** and (b) **improve flow** - with no new resources assumed
4. **Implement** the new process and evaluate performance against established metrics
5. Achieve perfection through **continuous improvement** & radical transformation of process (& maybe resources later)

Five Day RIE Roadmap and Milestones

DAY 1 (Learning): review baseline performance; create current state process map

Day 2 (Discovery): identify waste, poor flow, unevenness; brainstorm improvement solutions

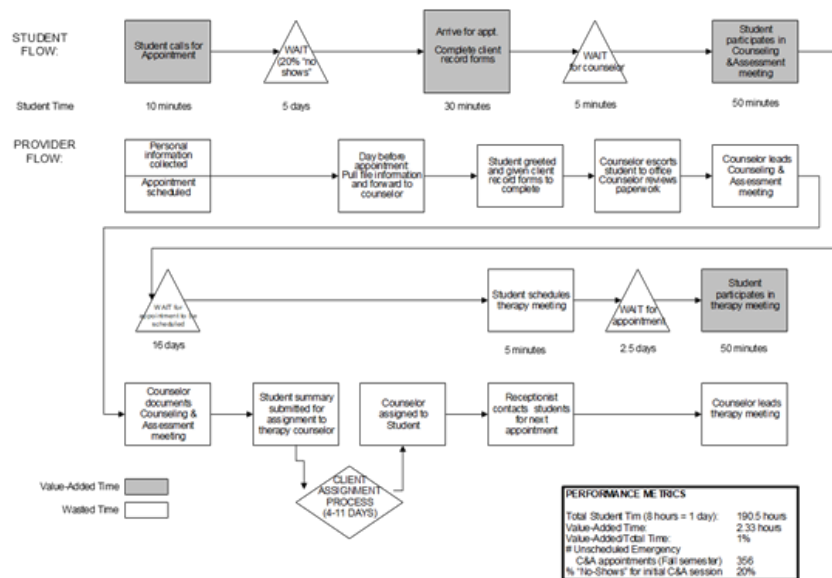
Day 3 (Improvement): prioritize improvement solutions; create future state process map

Day 4 (Finalizing Process Design): finalize and verify future state process map

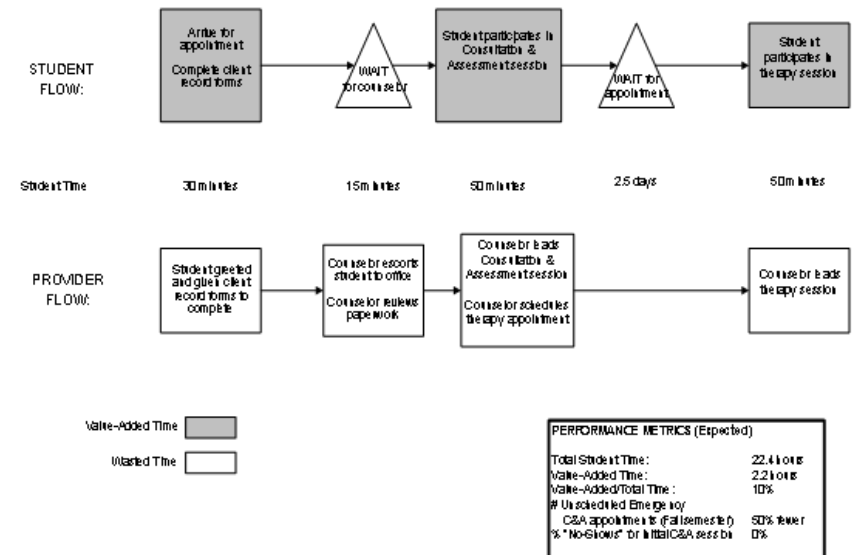
Day 5 (Planned Implementation): establish action plans; identify post-RIE activities to sustain future state process; close out with RIE sponsor

Benchmark the Improved Process (Example: BGSU Counseling Center)


Current “Is Now” Process:



Future “Should Be” Process:



Results of Improved Process (Example: BGSU Counseling Center)

	Before	After	% Improvement
Student waiting time until initial appointment (days)	5 days	< .1 (same day)	99.8%
Student waiting time from initial appointment to assignment to counselor (days)	16 days	< .1 (same day)	99.9% 
Number of emergency counseling service interviews	356	213	40.2%
% "No Shows" for consultation & assessment interviews	20%	< 1%	95.0%
Number of students requesting counseling services	761	950	24.8% increase
Number of counseling staff	12 FT 1 PT	12 FT 1 PT	NO INCREASE

Rapid Improvement Event (RIE) Performance Scorecard

LHE: A New Mindset to Execute HE Strategy

LHE rethinks the historical costing model

- Historical: $\text{Tuition} = \text{Cost} + \text{Net Revenue}$ vs. LHE: $\text{Tuition} - \text{Cost} = \text{Net Revenue}$
- Focus on cost reduction for savings/investment

LHE “Non-Zero Sum” approach: Operational tactics for doing more with less

- Engaging employees’ minds in LHE problem-solving approach (remove waste) to use fewer resources while adding value to beneficiaries

LHE is “fast and nimble:” Accelerating the speed of change

- Teams are “deputized” to implement changes immediately following the 3-5 day Rapid Improvement Event

LHE executes strategy using a common “problem-solving” management system

- Comprehensive, integrated, and proven problem-solving process for choosing, diagnosing, and fixing broken processes

LHE: A New Mindset for Leaders

- **Connect Work** to Strategic Plan's Vision and Goals
 - Align each direct report's efforts to university priorities*
 - Communicate deeply, regularly, and consistently*
- **Build Capacity for Continuous Improvement**
 - Apply CI approach to improve processes*
 - Align institutional practices (e.g., decision-making) to support LHE*
- **Develop Self and Coach Others**
 - Master LHE principles and practices*
 - Mentor others to make improvements in targeted areas using LHE*
- **Align** Institutional Practices (e.g., motivation, decision-making) to Support LHE
- **Advocate** and Support Operational Excellence (e.g., support LHE practices; sustain improved processes)

One Metric: Financial Improvements

(Flagship Example - Miami University of Ohio)

LHE efforts (since inception in 2011 through May 2019):

- Number of Lean Ideas Submitted: 1853
- Number of Projects Completed: 1514
- Cost Reduction: \$27.5M*
- Cost Avoidance: \$42.6M*
- Revenue Generated: \$13.1M*

**Note. Calculated savings for first year of LHE project, providing a conservative estimate of financial impact on the university*

One Metric: Financial Improvements University of Strathclyde (UK)

Documented improved performance against strategic key performance indicators:

- Cumulative Number of Improvements: Over 4000
- Staffing Capacity Released **Annually**: 27,000 Hours (i.e., the equivalent of 675 weeks of full-time work or 13.5 FTE employees)
- **Annual** Efficiency Savings: £450,000 (\$585K)
- Increase to University Revenue: £15 Million (\$19.5M)

Second Metric: Continuous Improvement

- **SIMPLER:** Fewer process steps
- **FASTER:** Shorter process time
- **BETTER:** For beneficiaries and university
- **EFFICIENT:** Cost reduction, cost avoidance, and revenue generation

Overall: Adding **VALUE that benefits Beneficiaries, Employees, and Institution**

Third Metric: Respect for People

- Acknowledging the expertise and ideas of all employees (especially those involved in the process)
- Professional growth and development: LHE knowledge and skills for all employees
- Improved job enrichment, responsibility, communication, and decision making
- Reduced stress/burnout
- Improved engagement/satisfaction

Overall: VALUING Employees

The Promise of LHE

- Focuses on the individuals we serve, not ourselves
- Empowers all employees involved in the process to help improve it
- An integrated set of principles & practices that have been demonstrated to work

**OVERALL: Win-Win-Win for beneficiary, employee,
and university**

Thank You!

Questions and
Comments?



END

WORCESTER STATE UNIVERSITY
(AN AGENCY OF THE COMMONWEALTH OF
MASSACHUSETTS)
FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND
OTHER REPORTS
YEARS ENDED JUNE 30, 2022 AND 2021
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 AND OTHER REPORTS

YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 15
Financial Statements:	
Statements of Net Position	16
Statements of Revenues, Expenses and Changes in Net Position	17
Statements of Cash Flows	18 - 19
Notes to Financial Statements	20 - 46
Required Supplementary Information:	
Schedule 1 - Schedule of the University's Proportionate Share of the Net Pension Liability	47
Schedule 2 - Schedule of University Pension Contributions	48
Notes to Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Pension Contributions	49 - 50
Schedule 3 - Schedule of the University's Proportionate Share of the Net OPEB Liability	51
Schedule 4 - Schedule of University OPEB Contributions	52
Notes to Schedule of the University's Proportionate Share of the Net OPEB Liability and Schedule of University OPEB Contributions	53 - 54
Supplemental Schedule Pursuant to the Uniform Guidance:	
Schedule of Expenditures of Federal Awards	55
Notes to Schedule of Expenditures of Federal Awards	56 - 57
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 <i>Government Auditing Standards</i>	58 - 59
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	60 - 61
Schedule of Findings and Questioned Costs	62 - 63
Summary Schedule of Prior Audit Findings	64

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Worcester State University

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and the discretely presented component unit of Worcester State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Worcester State University, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2022, the University adopted GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15 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 47 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Worcester, Massachusetts
_____, 2023

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, 2022. 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 4,477 full and part-time undergraduate students and 766 full and part-time graduate and professional students.

Financial Highlights

- The assets and deferred outflows of resources of Worcester State University exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$63,269,610 inclusive of year end accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position) of \$31,194,951.
- The University's total net position increased by \$7,350,266. Pension and insurance expense decreased by \$4,245,427, as a result of recording the University's portion of the Commonwealth's postretirement obligations. When the Commonwealth's postretirement obligation adjustments are removed from the University's operating expenses, Pension and insurance costs as reported on Schedule 6 of the accompanying supplementary information, increases to \$16,738,234, and the University's total change net position at June 30, 2022 is reduced to \$3,104,839. The positive change in net position is attributable to savings in direct labor costs compared to budget as a result of unfilled vacancies due to a tight labor market, and the capitalized costs of lease payments.
- The University's Net Position as June 30, 2022 was \$63,269,610. Unrestricted Net Position from Operations as of June 30, 2022 was \$54,812,359. The healthy operational reserves is offset by the University's allocation of the Commonwealth's accumulated Net Retirement Obligations of \$17,673,734 related to Pensions and \$36,325,782 related to OPEB, resulting in Net Unrestricted Reserves of \$812,843
- The adoption of GASB Statement No. 87, *Leases* (GASB 87), has a significant impact on Auxiliary Services, specifically Residence Life and Housing, in FY 2022. Prior to adoption of the standard, Residence Life and Housing operations reported building assessments of \$4,600,155 as of June 30, 2022 and \$3,693,913 as of June 30, 2021. MSCBA had taken advantage of bond refunding opportunities during the pandemic in an effort to provide financial relief to the residential and housing operations on the State University campuses. The restructuring of outstanding debt by the MSCBA provided Worcester State University the ability to maintain adequate fund balances of \$4,002,454 and \$1,584,710 for the years ended June 30, 2022 and 2021, respectively, prior to the adoption. The effect of adopting GASB 87 is an increase in assets of \$96,620,659 at June 30, 2022 reflecting the value of buildings owned by the MSCBA and leased to Worcester State University. In addition, liabilities have increased \$106,999,077 reflecting the value of future lease payments due to the MSCBA as of June 30, 2022. Changes in reporting on the Statement of Revenue, Expenses, and Changes in Net Position include a reclassification of lease payments from Building Assessments to a reduction in liability and straight line amortization of the new asset as interest expense. Interest expense of \$8,829,993 and \$8,995,169 was recorded as of June 30, 2022 and June 30, 2021, respectively. As a result of the adoption of GASB 87, the restated net assets of Residence Life and Housing were (\$5,127,757) and (\$3,892,826) as of June 30, 2022 and June 30, 2021, respectively.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements

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

The Financial Statements are designed to provide readers with a broad overview of Worcester State University's finances in a manner similar to a private sector college. The Statement of Net Position presents information on all of the University's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference between these 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 presents 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,269,610 at the close of Fiscal Year 2022.

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 used to acquire those assets that are still outstanding, including capital leases. 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 and lease obligations.

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, 2022, with comparative data as of June 30, 2021**

	2022	2021
Current and other assets	\$ 79,134,203	\$ 71,611,180
Capital assets	188,926,012	203,818,767
Total assets	268,060,215	275,429,947
Deferred outflows of resources	9,562,053	15,587,867
Non-current outstanding liabilities	160,067,057	193,343,384
Other liabilities	18,222,534	16,962,893
Total liabilities	178,289,591	210,306,277
Deferred inflows of resources	36,063,067	24,792,193
Net position		
Invested in capital assets, net of related debt	60,690,515	64,602,986
Restricted	1,766,252	1,046,341
Unrestricted	812,843	(9,729,983)
Total net position	\$ 63,269,610	\$ 55,919,344

The following schedule presents an analysis of Worcester State University's net position as of June 30, 2022 and 2021, respectively:

	2022	2021
Invested in capital assets, net	\$ 60,690,515	\$ 64,602,986
Restricted reserves, expendable for:		
Other	1,866,205	902,011
Capital projects	(99,953)	144,330
Total restricted reserves, expendable	1,766,252	1,046,341
Unrestricted net position		
Unrestricted reserves from operations	54,812,359	48,514,956
Accumulated Commonwealth of Massachusetts retirement obligations - Pension	(17,673,734)	(19,435,051)
Accumulated Commonwealth of Massachusetts retirement obligations - OPEB	(36,325,782)	(38,809,888)
Total net unrestricted reserves	812,843	(9,729,983)
Total net position	\$ 63,269,610	\$ 55,919,343

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 (2.8%) as of June 30, 2022, represent funds that are subject to external restrictions on how they must be used. Unrestricted net reserves from operations of \$54,812,359 at June 30, 2022 may be used to meet the University's ongoing obligations to its stakeholders. The University's net position increased by \$7,350,266 during the year ended June 30, 2022. 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 Massachusetts pension and OPEB plans.

The University's primary reserve ratio, calculated as expendable net position divided by total expenses, is 45.87% and 43.09%, respectively, for the years ended June 30, 2022 and June 30, 2021. 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 GASB 68 and GASB 75 requires the annual accrual of the University's allocation of the Commonwealth's Net Pension and OPEB Liability. The University had a reduction of \$4,245,427 in accrual of pension and insurance expense in FY 2022 and an increase of \$1,259,106 in FY 2021 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) and the Commonwealth of Massachusetts Other Post-Employment Benefit (OPEB) Plan. 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 and OPEB liability related to its participation in MSERS and OPEB. The University's participation in MSERS and OPEB is directly related to the share of annual payroll subject to retirement assessment that is funded from campus-based resources in contrast to payroll expended from annual operating appropriations allocated to the University from Commonwealth resources. In FY 2022 annual payroll subject to retirement assessment that was funded from campus-based resources was \$8,249,357; total payroll costs subject to retirement assessment for FY 2021 was \$41,327,584

The University's return on net position ratio, calculated as the change in total net position divided by total net position – beginning of the year, is 13.14% and (4.96)%, respectively, for the years ended June 30, 2022 and June 30, 2021. This ratio measures total economic return including capital investment and positive operating results. An improving trend indicates increasing net position which provides for increased financial flexibility.

The ratios in FY 2022 and FY 2021 are impacted by the GASB required postretirement benefit accruals necessary to reflect the campus share of the Commonwealth's liability related to the third party management of the retirement assets. When the postretirement benefit accruals are removed the return on net position ratios improve respectively, at 7.80% and 1.25%, for the years ended June 30, 2022 and June 30, 2021.

The net operating revenue ratio is 0.57% and (6.20)%, respectively, for the years ended June 30, 2022, and June 30, 2021. 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 ratio and maintain a healthy annual return on net position. These ratios are also deflated as a result of the postretirement benefit accruals at year end

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In FY 2022 the University experienced a net operating surplus of \$7,350,266, inclusive of the net posting of year end reduction of accruals related to the Commonwealth of Massachusetts Pension and Other Postemployment Benefits (OPEB) (net position) of \$4,245,427.

The net operating surplus is partly the results of capital appropriations received from the Commonwealth of Massachusetts as part of a five-year spending plan benefitting public higher education institutions. Despite the ongoing demands of the pandemic, the University continued to provide matching funds to the program in order that grants funds provided by the program would remain available to address critical infrastructure repairs. Critical repair projects completed during the year included the second more extensive phase of wiring upgrades and ceiling replacement in the LRC, in addition to the second phase of a three phased approach to replacing the fume hoods and exhausts in the Ghosh Science and Technology Building. Other critical repairs included replacement of the elevators in the Student Center and boiler and control replacement in the LRC. Major renovations were completed to improve the Counseling Center in response to increased demand for services as students are facing increased challenges post pandemic. Large scale, multi-year, renovations to Eager Auditorium kicked off in FY 2022 and will be completed in FY 2023. The large-scale electrical infrastructure relocation project began in FY 2023 and is being funded with a grant from the Commonwealth through the Department of Capital Asset Management & Maintenance.

Net capital assets other than leased right of use assets increased by \$825,314 in FY 2022, while depreciation expense on capital assets was \$5,723,887. Improvements to the campus electrical infrastructure of \$4,452,358 have been capitalized as construction in progress. Additionally, furnishings and equipment of \$446,215 was capitalized.

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, 2022 with comparative data for the year ended June 30, 2021.

	2022	2021
Operating Revenues		
Tuition and fees, net of scholarships discounts and allowances	\$ 48,724,511	\$ 45,695,427
Operating grants and contributions	14,575,427	12,508,421
Sales and services of auxiliary enterprises and other sources	1,882,287	642,714
Total operating revenues	65,182,225	58,846,562
Operating Expenses		
Instruction	44,439,331	43,227,647
Public support	-	350,653
Academic support	6,110,093	5,814,204
Student service	11,403,400	11,193,797
Institutional support	13,241,102	12,973,893
Operations and maintenance of plant	16,756,036	15,387,414
Scholarships	9,813,443	4,801,269
Depreciation	5,723,887	5,600,362
Debt service	1,540,052	1,686,962
Auxiliary enterprises	14,330,551	13,991,283
Total operating expense	123,357,895	115,027,484
Net operating loss	(58,175,670)	(56,180,922)
Non-operating revenues		
State appropriation, including fringe benefits provided to employees by the Commonwealth, net of tuition remitted to the Commonwealth	46,843,303	42,192,196
Federal Assistance	13,392,111	7,525,638
Investment income	(1,334,412)	(217,423)
Other and transfers	(19,561)	(33,387)
Total non-operating revenues	58,881,441	49,467,024
Loss before other revenues, expenses, gains or losses	705,771	(6,713,718)
Capital appropriations	6,644,495	3,792,834
Change in net position	7,350,266	(2,920,064)
Net position - July 1	55,919,344	58,840,408
Net position - June 30	\$ 63,269,610	\$ 55,919,344

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Federal relief grants continued to provide resources to fund the Safe Return to Campus Budget. In FY 2022 the costs associated with the University's pandemic response stabilized with less resources needed to address ongoing costs associated with supporting student learning and providing a safe environment on campus. Institutional CARES Higher Education Emergency Relief Funds (HEERF) II of \$1,645,690 provided resources to address our continued pandemic response. In addition, HEERF II funds were programed as an offset to operating expenditures in the FY 2022 budget in anticipation of sustained curtailment of revenue generating opportunities across University programs due to the continued impact of the pandemic. Realized revenue losses when compared to pre-pandemic program revenue for the same period of time in FY 2019 supported the draw of loss revenue of \$4,196,875 from HEERF II funds. Continued operational relief was available through FEMA as it was in the prior year. WSU was able to avail itself of federal funds reimbursement for its COVID testing plan for the spring semester of 2022 in the amount of \$684,210. As of June 30, 2022, the University has approximately \$3,871,463 of HEERF II funds available for FY 2023. Funds have been set aside for lingering pandemic related costs of \$374,573 and \$3,496,890 has been budgeted to recover a portion of the ongoing loss of revenue since FY 2019.

Direct grants to students of \$6,885,896 were made during FY 2022 as provided for in the CARES Higher Education Emergency Relief Funds to Students.

In FY 2022 the University received its fourth 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 2022 over \$4,500,000 of critical repair, small repairs and deferred maintenance projects were accomplished.

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, 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
State Appropriations	\$ 34,552,580	\$ 31,123,377
Appropriations to cover fringe benefits provided to employees of the Commonwealth	12,738,492	11,571,048
Tuition remitted back to the State	<u>(447,769)</u>	<u>(502,229)</u>
Net appropriations	46,843,303	42,192,196
Additional State capital appropriations	<u>6,644,495</u>	<u>3,792,834</u>
Total appropriations	<u>\$ 53,487,798</u>	<u>\$ 45,985,030</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, 2022 and 2021, respectively.

	2022	2021	Change
Net Tuition and Fee Revenue	\$ 48,724,511	\$ 45,695,427	\$ 3,029,084
Other Revenue, net of Student Financial Aid	16,457,714	13,151,135	3,306,579
Operational Expenses	<u>(123,357,895)</u>	<u>(115,027,484)</u>	<u>(8,330,411)</u>
Operating loss	(58,175,670)	(56,180,922)	(1,994,748)
Direct State appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth	46,843,303	42,192,196	4,651,107
Federal assistance	13,392,111	7,525,638	5,866,473
Investment and non-operating income	(1,353,973)	(250,810)	(1,103,163)
Capital appropriations	<u>6,644,495</u>	<u>3,792,834</u>	<u>2,851,661</u>
Change in net position	<u>\$ 7,350,266</u>	<u>\$ (2,921,064)</u>	<u>\$ 10,271,330</u>

Capital Assets and Debts of the University

Capital Assets: Worcester State University's investment in capital assets as of June 30, 2022 amounts to \$188,926,012 net of accumulated depreciation, compared to \$203,818,767 net of accumulated depreciation and amortization as of June 30, 2021. The University's investment in capital assets includes, land (including improvements), building (including improvements,) furnishings and equipment, and books. In FY 2022 gross capital assets decreased by \$3,006,262. The decrease was related to land improvements and capitalized leases related to GASB 87.

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

Long-Term Debt

Compensated Absences

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

MHEFA Financing

On December 4, 2002, the College entered into 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 \$665,000 to \$875,000 through November of 2032.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Massachusetts Development Financing Agency (MDFA) Clean Renewable Energy Bond.

On November 9, 2007, the University 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. This obligation was paid in full in December 2021.

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, provided the resources for construction of a new Wellness Center at WSU. The Wellness Center is an asset of the Commonwealth and recorded as a fixed asset on the University's financial records. On July 1, 2020, MSCBA closed on a restructuring of outstanding debt from a multiple series of bonds including those issued to finance the Wellness Center. The restructuring provided for debt service relief in FY 2022 with interest only payments during the year and a 50% reduction in principal payment in FY 2022. On February 15, 2022, MSCBA initiated another restructuring of outstanding debt, including the last series of bonds issued to finance the Wellness Center. This final piece of debt restructuring for the Wellness Center defers future principal payments to May of 2025. In addition, the previously held Debt Service Reserve Funds of \$249,214, were released to facilitate funding of the debt restructuring. The project debt remains on schedule to be extinguished in May 2042 with annual principal payments ranging from \$342,496 to \$742,778. Campus trust funds provide the revenue source for the annual debt service.

Right of Use Assets

GASB Statement #87 Leases is effective July 1, 2021. The statement requires leases previously recorded as operating leases to be recognized as a right-to-use lease asset and related lease liability for the term of the lease in accordance with the payment terms of the contract. GASB Summary – Statement 87 states "A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction."

This change in presentation has a significant impact on the University's financial statements when recording the long-term lease agreements with the MSCBA. The University has long-term lease agreements with the MSCBA for use of all of its residence halls; Chandler Village, Dowden Hall, Wasylean Hall and Sheehan Hall, in addition to the parking garage on lower campus. The impact on the Statement of Net Position at June 30, 2022 is an increase in non-current assets of \$96,620,659 reflecting the current value of the long-term use of MSCBA owned properties. Liabilities increased \$106,999,077 to reflect the long-term lease obligation. GASB 87 also affects the Statement of Changes in Net Position with the annual lease payments being redirected as a reduction to the lease liability and annualized straight-line amortization of the right of use asset being recorded as interest expense. The net effect in FY 2022 is a \$6,051,931 increase in operating expense in the Residence Life Trust Fund which is recorded in Auxiliary expenditures on the Statement of Changes in Net assets.

The University has other leases also effected by this change in presentation. Other leased assets requiring a change in presentation include various information technology devices. At June 30, 2022, these leases are valued at \$446,215.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Economic Factors that will affect the Future

Financial Resources

The FY 2022 budget reflected a sustained decline in revenue, in addition to the need to restore various spending categories which resulted in a projected budget deficit of \$4,677,152. The projected budget deficit was directly attributable to the projected decline in revenue in response to changes in student attitudes and preferences and suspended activities in response to the worldwide pandemic. FY 2022 closed on June 30, 2022 with a drawdown of Institutional CARES Higher Education Emergency Relief Funds (HEERF) II of \$4,196,875 to replace the revenue decline attributable to the pandemic. In FY 2023 we continue to experience that initial projected revenue shortfall from FY 2019 while the budget gap has grown. As we close FY 2022 we anticipate having \$3,871,463 of Federal COVID relief funds available for FY 2023. Funds have been set aside for lingering pandemic related costs of \$374,573 and \$3,496,890 has been budgeted to recover a portion of the ongoing loss of revenue since FY 2019.

In FY 2023 the state university system will be receiving American Recovery Plan Act (ARPA) funds from the Commonwealth of Massachusetts. The funds have been authorized by Chapter 102 of the Acts of 2021 which appropriates \$4 billion to support recovery from the pandemic, including \$2.55 billion in spending from the ARPA Coronavirus State Fiscal Recovery Funds (CSFRF) and \$1.45 billion in spending from the Transitional Escrow Fund, made up of state fiscal 2021 surplus funds. The bill assigns the Secretary of Administration and Finance the responsibility of matching expenditures to the most appropriate funding source, which provides important flexibility in recognition of the significant federal rules and regulations associated with federal funds. WSU will be accessing \$2M in state funds from the Transitional Escrow Fund in FY 2023. This allocation represents a one-time grant.

In FY 2022 WSU was the recipient of a multi-year grant from the DHE to fund operating costs associated with transitioning Becker College nursing students to WSU's nursing program. The FY 2023 budget continues to carry costs associated with supporting this cohort of students which are offset by the second year of state funding of \$649,118.

Total operational costs for FY 2023 are budgeted at \$97,919,586. Total resources identified include State appropriations, State fringe benefits, State operating grants, institutional revenue and Federal COVID relief funds which cumulatively offset costs in the amount of \$95,045,956. The remaining budget gap of \$2,873,630 is proposed to be funded by an appropriation of unrestricted reserves.

This resource plan reflects reliance on \$6,520,581 of one time grants from the federal and state government, in addition to a draw on reserves. This plan to offset the budget gap of approximately \$9 million is not sustainable beyond FY 2023. The FY 2023 budget as approved by the Board of Trustees is viewed as a bridge budget to allow the University a period of intense analysis of operations with the intent of identifying and implementing organizational change across all university functions to be realized over several years.

Operational Costs

During FY 2022 University operations began to return to a more traditional model. The Administration expects operations to be relatively free of pandemic restrictions in FY 2023 and consideration has been given to the prioritization of limited resources in an effort to ensure a quality experience for the student body and funding for existing obligations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The most financially significant obligation is the \$1.3 million net increase in labor costs after considering the \$5 million increase in state funding for collective bargaining agreements. Labor costs that fall to campus trust funds are not eligible for state funding. As a result, collective bargaining increases on those labor costs must be funded with campus resources. In addition, campus resources are necessary to fund the fringe benefit costs assessed by the State Comptroller's Office on those direct labor costs. Contributing to the financial impact, the fringe benefit back charge from the state has increased to 41.89% for FY 2023. Additional funds have also been added to the budget to address sabbatical deferrals due to COVID 19 response.

The FY 2023 budget includes \$4 million for full funding of the annual Capital Adaptation and Renewal line in an effort to maintain the integrity of campus infrastructure which is subjected to constant use and reconfiguration. We have not increased the funding of this line in years and more recently reduced it by 50% in FY 2020 and FY 2021. Restoration of funds to pre-COVID levels along with an infusion of state funds for critical repairs projects will ensure buildings are safe and in good repair. This level of funding is not sufficient to address programmatic needs necessary to remain competitive with other institutions.

Information technology services and agreements, in addition to library license agreement costs, increase annually. It is a challenge to keep pace with these rising costs and maintain a consistent level of service and offerings. Similarly, the costs associated with maintaining employee access to current technology and maintaining quality technology in the classroom is an ongoing fiscal challenge. In the past we have been able to fund several small replacement cycles for employee equipment. Those resources have created a baseline of funding to create a multi-year renewal cycle for a small portion of existing inventory. Plans were being developed to upgrade classroom technology prior to the pandemic. Classroom technology needs should be evaluated post-pandemic and a financing plan developed that could be worked into future budget plans. The FY2023 budget does include funding to address increasing technology and library costs in the coming year and an additional replacement cycle for IT equipment at a combined cost of approximately \$600,000.

The restoration of all in person programming, events, activities and operations requires the selective add back of scaled funding for expenses such as food, speakers and travel at a cost of approximately \$900,000. Activities restored include 100% programming for Division III athletic programs, Graduate School commencement, student and parent orientation, family weekend, fund raising events, admissions events and centralized travel funds with each division.

The items highlighted above have been added to the operating budget at a cost of approximately \$4.8 million increasing the operating budget shortfall to over \$9 million.

Planning for the Future

In January 2022 a Task Force on Financial Sustainability was convened. The group's charge was to develop and propose a series of recommendations focusing on strategies to create intentional efficiencies across all areas of the University, in addition to opportunities for revenue enhancement, which can be achieved over the next three fiscal years and provide relief to the FY 2024, FY 2025, and FY 2026 WSU comprehensive annual budget.

A task force focused on organizational change with a heavy reliance on sharing of best practices across the higher education industry is intended to strengthen the university. Institutions across the country are engaging in similar exercises with an eye towards updating practices to reflect current technology and student demand while reducing redundancies and unintentional inefficiencies. Faculty and staff time is valuable and should be focused on activities that will lead us to achieving our strategic plan. Successful process improvement will allow for a refocus and shift of time to strategic matters to progress the mission of the University. Throughout this process data sets, definitions and terminology will be discussed with the goal of achieving a community wide understanding of these tools for assessment and decision making. While the momentum for this effort is the financial sustainability of WSU, the process of operational review is intended to strengthen our roles within our operational areas and ensure our collective time and financial resources are best used on activities that will prepare WSU for the future.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The objective for Phase One of the FSTF was to identify the overall scope of inquiry that will shape the more detailed analyses for Phase Two of this project. Phase Two began its work in July 2022 and will deliver a report of its recommendations to the Board of Trustees on December 6, 2022. The anticipated outcomes for Phase Two are the development of recommendations to University leadership that focus on operational changes in an effort to bring about cost reductions, process efficiencies leading to realized cost savings, and potential revenue enhancements. The FSTF charge is to provide a roadmap to develop a sustainable model that supports the University's academic mission and institutional priorities, invests in physical infrastructure and technology, and demonstrates a commitment to financial and environmental sustainability in alignment with the University's Strategic Plan.

Campus Infrastructure

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 \$250 million 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 assessment. Worcester State University will have received \$12.4 million 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.

In June of 2022 the Commonwealth announced a second, five year round of Critical Repair funds for the Massachusetts Higher Education Campuses. An additional \$250 million is being provided over a second five year period (FY24 to FY 28). Worcester State University will receive \$12.1 million of the second round of critical repair funds through 2028. When combined with the campus funded match, resources dedicated to infrastructure repair for FY 2024 through FY 2028 will be \$20.8 million.

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 02.21.2023

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	Worcester State University		Component Unit Worcester State Foundation	
	2022	2021	2022	2021
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 41,256,456	\$ 32,092,870	\$ 2,626,403	\$ 2,002,315
Cash held by State Treasurer	6,463,480	6,493,862	-	-
Cash held by Foundation	-	82,004	-	-
Accounts receivable, net	3,372,098	3,123,416	3,188	18,279
Current portion of loans receivable	110,293	109,011	-	-
Current portion of contributions receivable	-	-	476,244	453,587
Inventories	189,801	67,798	80,888	77,425
Prepaid expenses and other current assets	163,922	204,420	38,761	18,939
Total current assets	51,556,050	42,173,381	3,225,484	2,570,545
Non-current assets:				
Investments	20,687,556	22,043,626	34,953,420	41,638,113
Deposits held with trustee	-	249,214	-	-
Loans receivable, less current portion	194,379	232,930	-	-
Contributions receivable, less current portion	-	-	476,283	640,862
Other non-current assets	6,696,218	6,912,029	37,117	95,320
Capital assets, net of accumulated depreciation	188,926,012	203,818,767	3,897,360	3,917,575
Total non-current assets	216,504,165	233,256,566	39,364,180	46,291,870
Total assets	268,060,215	275,429,947	42,589,664	48,862,415
DEFERRED OUTFLOWS OF RESOURCES				
Resources related to pension and OPEB obligations	9,185,413	15,185,860	-	-
Loss on refunding of long-term debt	376,640	402,007	-	-
Total deferred outflows of resources	9,562,053	15,587,867	-	-
LIABILITIES				
Current liabilities:				
Current portion of bonds payable	325,000	547,983	20,776	2,219,922
Current portion of lease obligations	3,028,695	2,425,886	-	-
Accounts payable	3,823,936	3,493,810	198,249	103,621
Accrued payroll and fringe benefits	5,396,800	4,679,624	-	-
Accrued interest and other liabilities	99,953	104,884	36,241	35,364
Funds held for others	-	-	5,509	97,446
Student deposits and unearned revenue	2,101,991	2,062,704	88,765	74,736
Current portion of split-interest agreements	-	-	7,850	16,253
Current portion of accrued workers' compensation	174,219	153,665	-	-
Current portion of accrued compensated absences	3,271,940	3,494,337	-	-
Total current liabilities	18,222,534	16,962,893	357,390	2,547,342
Non-current liabilities:				
Bonds payable, less current portion	20,152,301	21,376,518	1,879,892	450,744
Lease obligations, less current portion	104,538,243	115,162,517	-	-
Accrued workers' compensation, less current portion	1,381,919	1,368,789	-	-
Accrued compensated absences, less current portion	2,453,592	2,339,126	-	-
Accrued pension and OPEB obligations	31,194,951	52,672,987	-	-
Refundable grant - federal financial assistance program	346,051	423,447	-	-
Total liabilities	178,289,591	210,306,277	2,237,282	2,998,086
DEFERRED INFLOWS OF RESOURCES				
Resources related to pension and OPEB obligations	31,989,978	20,757,812	-	-
Deferred service concession arrangements	3,605,144	4,034,381	-	-
Gain on refunding of long-term debt	467,945	-	-	-
Total deferred inflows of resources	36,063,067	24,792,193	-	-
NET POSITION				
Invested in capital assets, net	60,690,515	64,602,986	-	-
Restricted - Non-expendable	-	-	21,148,406	20,177,209
Restricted - Expendable	1,766,252	1,046,341	13,094,219	19,438,746
Unrestricted	812,843	(9,729,983)	6,109,757	6,248,374
Total net position	\$ 63,269,610	\$ 55,919,344	\$ 40,352,382	\$ 45,864,329

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, 2022 AND 2021

	Worcester State University		Component Unit Worcester State Foundation	
	2022	2021	2022	2021
REVENUES				
Operating revenues:				
Student tuition and fees	\$ 45,003,788	\$ 46,997,815	\$ 415,378	\$ 275,945
Auxiliary enterprises, student housing	10,968,038	7,155,836	-	-
Less: Scholarship discounts and allowance	7,247,315	8,458,224	-	-
Net student tuition and fees	48,724,511	45,695,427	415,378	275,945
Contributions	-	-	2,815,765	2,035,684
Federal grants and contracts	7,588,095	7,502,779	-	-
State and local grants and contracts	3,221,911	1,520,493	-	-
Nongovernmental grants and contracts	2,420,950	2,543,206	-	-
Auxiliary enterprises, other	1,882,287	642,714	192,891	115,388
Other operating revenues	1,344,471	941,943	251,099	350,070
Total operating revenues	65,182,225	58,846,562	3,675,133	2,777,087
EXPENSES				
Operating expenses:				
Instruction	44,439,331	43,227,647	-	-
Public support	-	350,653	-	-
Academic support	6,110,093	5,814,204	-	-
Student services	11,403,400	11,193,797	-	-
Institutional support	13,241,102	12,973,893	1,387,282	1,135,153
Operation and maintenance of plant	16,756,036	15,387,414	282,562	94,453
Scholarship	9,813,443	4,801,269	770,980	625,826
Depreciation	5,723,887	5,600,362	170,073	163,049
Debt service	1,540,052	1,686,962	96,811	102,504
Auxiliary enterprises	14,330,551	13,991,283	-	-
Total operating expenses	123,357,895	115,027,484	2,707,708	2,120,985
Operating loss	(58,175,670)	(56,180,922)	967,425	656,102
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	46,843,303	42,192,196	-	-
Federal assistance	13,392,111	7,525,638	-	-
Interest and investment income (loss)	(1,334,412)	(217,423)	(6,593,331)	10,259,781
Other payments to Worcester State University	-	-	(1,238,943)	(1,222,720)
Other non-operating losses	(19,561)	(33,387)	(42,985)	-
Net non-operating revenues	58,881,441	49,467,024	(7,875,259)	9,037,061
Income (loss) before other revenues, expenses, gains, or losses	705,771	(6,713,898)	(6,907,834)	9,693,163
Capital appropriations	6,644,495	3,792,834	-	-
Additions to permanent endowments	-	-	1,395,887	1,054,893
Change in net position	7,350,266	(2,921,064)	(5,511,947)	10,748,056
NET POSITION				
Beginning of year	55,919,344	58,840,408	45,864,329	35,116,273
End of year	\$ 63,269,610	\$ 55,919,344	\$ 40,352,382	\$ 45,864,329

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, 2022 AND 2021

	Primary Government	
	2022	2021
Cash flows from operating activities:		
Student tuition, fees and charges	\$ 38,690,086	\$ 41,279,761
Federal grants and contracts	7,588,095	7,502,779
State and local grants and contracts	3,221,911	1,520,493
Nongovernmental grants and contracts	2,420,950	2,543,206
Auxiliary enterprise charges	1,882,287	642,714
Employee compensation and fringe benefit payments	(70,449,623)	(65,919,937)
Payments to suppliers	(33,556,563)	(28,576,585)
Interest paid	(775,026)	(892,273)
Loans repaid by students	37,269	64,682
Other receipts (payments)	913,272	(1,241,036)
Net cash used in operating activities	<u>(50,027,342)</u>	<u>(43,076,196)</u>
Cash flows from noncapital financing activities:		
State appropriations	46,843,303	42,192,196
Federal assistance	13,392,111	7,525,638
Net deposits	13,548	27,089
Net cash provided by noncapital financing activities	<u>60,248,962</u>	<u>49,744,923</u>
Cash flows from capital and related financing activities:		
Capital appropriations	6,644,495	3,792,834
Purchases of capital assets	(4,452,358)	(525,120)
Proceeds from bonds payable	11,569,398	12,926,359
Principal payments of bonds payable	(13,016,598)	(12,957,938)
Deferred gain (loss) on refunding of bonds payable	467,945	(351,359)
Principal payments of capital lease obligation	(2,562,845)	(810,097)
Decrease in cash restricted for capital activities	249,214	-
Perkins loan program, net funds paid	(77,396)	(115,005)
Other activities	(19,561)	(33,387)
Net cash provided by (used in) capital and related financing activities	<u>(1,197,706)</u>	<u>1,926,287</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	6,530,335	4,427,558
Purchases of investments	(6,873,849)	(5,315,243)
Interest and investment income	370,800	376,811
Net cash provided by (used in) investing activities	<u>27,286</u>	<u>(510,874)</u>
Net change in cash and cash equivalents	9,051,200	8,084,140
Cash and cash equivalents, beginning of year	<u>38,668,736</u>	<u>30,584,596</u>
Cash and cash equivalents, end of year	<u><u>\$ 47,719,936</u></u>	<u><u>\$ 38,668,736</u></u>

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, 2022 AND 2021

(Continued)

	Primary Government	
	2022	2021
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (58,175,670)	\$ (56,180,922)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	5,723,887	5,600,362
Amortization of leased assets	6,162,606	6,467,611
Amortization of other assets	215,811	215,810
Accretion of deferred service concession arrangements	(429,237)	(423,930)
Decrease in deferred loss on refunding of bonds payable	25,367	25,367
(Increase) decrease in operating assets and deferred outflows:		
Accounts receivable, net	(248,682)	(1,726,121)
Loans receivable	37,269	64,682
Inventories	(122,003)	246,318
Prepaid expenses and other assets	34,870	203,378
Resources related to pension and OPEB obligations	6,000,447	(133,336)
Increase (decrease) in operating liabilities and deferred inflows:		
Accounts payable	330,126	677,875
Accrued payroll and fringe benefits	717,176	(610,623)
Accrued interest and other liabilities	(4,931)	(4,896)
Accrued workers' compensation	33,684	543,984
Student deposits and unearned revenue	25,739	352,675
Accrued compensated absences	(107,931)	213,128
Accrued pension and OPEB obligations	(21,478,036)	(3,105,458)
Resources related to pension and OPEB obligations	11,232,166	4,497,900
Net cash used in operating activities	<u>\$ (50,027,342)</u>	<u>\$ (43,076,196)</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, 2022 and 2021, the Foundation distributed \$2,009,923 and \$1,848,546, 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 unit, 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 November 18, 2022, 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.

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 \$47,291,072 and \$42,694,425 for the years ended June 30, 2022 and 2021, respectively. State supported tuition, in the amounts of \$447,769 and \$502,229 for the years ended June 30, 2022 and 2021, 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 to the Commonwealth of \$13,723 and \$3,661 as of June 30, 2022 and 2021, 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, 2022. 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. 96, *Subscription-Based Information Technology Arrangements (SBITA)* is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-to-use asset and a corresponding liability would be recognized for SBITAs. Management has not completed its review of the requirements of this Standard and its applicability.

GASB Statement No. 101, *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences, aligning such guidance under a unified model and by amending certain previously required disclosures. Management has not completed its review of the requirements of this Standard and its applicability.

2 - ADOPTION OF ACCOUNTING PRINCIPLE

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. 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 a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. GASB Statement No. 87 is effective for financial statements for periods beginning after June 15, 2021. The adoption of this statement requires the University to recognize certain leased assets as capital assets and related lease liabilities on the Statement of Net Position as of June 30, 2022 and 2021. Previously, some of these agreements were classified as operating leases expensed through the Statement of Revenues, Expenses and Changes in Net Position. The adoption of GASB Statement No. 87 resulted in a restatement of the University's net position by (\$6,251,754) for the year ended June 30, 2021.

Net position, as originally presented	\$ 62,171,098
Adoption of GASB 87	<u>(6,251,754)</u>
Net position, as restated	<u>\$ 55,919,344</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - RISKS AND UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global economies experienced significant uncertainty caused by the pandemic. The University is closely monitoring its liquidity and is actively working to minimize the impact of this situation. The extent of the impact of COVID-19 on the University's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the University's students, donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the University's financial position, changes in net position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

During the year ended June 30, 2021, the University was a recipient of allocations from Higher Education Emergency Relief Fund ("HEERF") of the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA Act") in the amount of \$5,283,382. A portion of these funds were to be refunded to students, with the remaining funds available for general institutional costs related to the coronavirus.

During the year ended June 30, 2022, the University was a recipient of allocations from HEERF of the American Rescue Plan Act ("ARP Act") in the amount of \$6,610,518.

Additionally, it is possible that estimates made in the financial statements may be materially impacted in the near term as a result of these conditions, including the allowances for uncollectible accounts and contributions receivable and valuation of investments.

4 - CASH AND CASH EQUIVALENTS

The University's cash and temporary investments are as follows as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Carrying amount	<u>\$ 41,256,456</u>	<u>\$ 32,092,870</u>
Bank balance	\$ 43,931,639	\$ 35,517,057
Less amounts		
Covered by depository insurance	1,517,890	1,528,074
Collateralized repurchase agreements	<u>36,673,924</u>	<u>27,011,785</u>
Remaining bank balance	<u>\$ 5,739,825</u>	<u>\$ 6,977,198</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, 2022 and 2021, the University held \$248,494 and \$301,651 respectively, in money market funds maintained by its investment custodian.

As of June 30, 2022 and 2021, the University was party to a repurchase agreement with a bank. The value of this agreement was \$36,673,924 and \$27,011,785 as of June 30, 2022 and 2021, 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)

5 - 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 \$1,437,742 and \$1,595,294 as of June 30, 2022 and 2021, respectively. In addition, the State Treasurer held cash for certain University trust funds in the amounts of \$5,025,738 and \$4,898,568 as of June 30, 2022 and 2021, respectively. None of these cash balances are insured or collateralized.

6 - 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, 2022 and 2021 are as follows:

	Investment Maturities (in years)		
	Fair Value	Less Than 1	Greater than 5
<u>June 30, 2022</u>			
Investment type			
U.S. Treasuries	\$ 18,093,962	\$ -	\$ 4,996,317
U.S. Agencies	2,593,594	-	-
Total	<u>\$ 20,687,556</u>	<u>\$ -</u>	<u>\$ 4,996,317</u>
	Investment Maturities (in years)		
	Fair Value	Less Than 1	Greater than 5
<u>June 30, 2021</u>			
Investment type			
U.S. Treasuries	\$ 19,498,689	\$ -	\$ 6,550,201
U.S. Agencies	2,544,937	1,088,158	-
Total	<u>\$ 22,043,626</u>	<u>\$ 1,088,158</u>	<u>\$ 6,550,201</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, 2022 was 3.71 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)

6 - INVESTMENTS (Continued)

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

	2022	2021
Interest	\$ 365,171	\$ 370,788
Realized gain (loss) on investments	(34,542)	43,867
Unrealized loss on investments	(1,665,041)	(632,078)
	<u>\$ (1,334,412)</u>	<u>\$ (217,423)</u>

Component Unit

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

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Money market funds	\$ 60,660	\$ 60,660	\$ 991,114	\$ 991,114
Mutual funds - equity based	24,680,470	26,122,640	23,112,674	31,504,184
Mutual funds - bonds based	9,039,889	8,270,547	8,368,712	8,650,882
Limited partnership interest	250,000	499,573	250,000	491,933
	<u>\$ 34,031,019</u>	<u>\$ 34,953,420</u>	<u>\$ 32,722,500</u>	<u>\$ 41,638,113</u>

7 - 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, 2022 and 2021.

U.S. treasury securities and U.S. agency securities: Valued at the closing price reported in the 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, 2022 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
U.S. Treasuries	\$ -	\$ 18,093,962	\$ -	\$ 18,093,962
U.S. Agencies	-	2,593,594	-	2,593,594
Total investments, at fair value	<u>\$ -</u>	<u>\$ 20,687,556</u>	<u>\$ -</u>	<u>\$ 20,687,556</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - 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, 2021 as follows:

	Level 1	Level 2	Level 3	Total
Investments				
U.S. Treasuries	\$ -	\$ 19,498,689	\$ -	\$ 19,498,689
U.S. Agencies	-	2,544,937	-	2,544,937
Total investments, at fair value	<u>\$ -</u>	<u>\$ 22,043,626</u>	<u>\$ -</u>	<u>\$ 22,043,626</u>

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

8 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2022 and 2021:

	2022	2021
Students	\$ 1,170,902	\$ 764,715
Other	2,627,918	2,644,493
	3,798,820	3,409,208
Less: Allowance for uncollectible accounts	426,722	285,792
	<u>\$ 3,372,098</u>	<u>\$ 3,123,416</u>

9 - 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, 2022 are expected to be received as follows:

2023	\$ 476,244
2024	180,497
2025	143,587
2026	128,892
2027	71,946
	<u>1,001,166</u>
Less: Discount on contributions receivable	8,000
Less: Allowance for uncollectible contributions receivable	40,639
	<u>\$ 952,527</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - 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 were held in various trust accounts and were available for future debt service of \$249,214 as of June 30, 2021. These deposits were applied to debt service payments in 2022 and there are no remaining deposits with bank trustees as of June 30, 2022.

11 - 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 \$304,672 and \$341,941 as of June 30, 2022 and 2021, respectively, represents student loans issued through the Perkins Loans program and consists of the following as of June 30, 2022 and 2021:

	2022	2021
Enrolled students	\$ 11,791	\$ 24,924
Repayment on schedule	15,866	29,332
In default	277,015	287,685
	<u>\$ 304,672</u>	<u>\$ 341,941</u>

12 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	554,620	4,452,358	-	5,006,978
Capital assets, being depreciated				
Land improvements	9,965,277	-	-	9,965,277
Buildings, including improvements	155,173,706	-	-	155,173,706
Furnishings and equipment	14,089,733	-	-	14,089,733
Leased buildings	117,155,712	-	7,904,835	109,250,877
Leased furnishings and equipment	1,636,111	446,215	-	2,082,326
Total capital assets	<u>298,763,809</u>	<u>4,898,573</u>	<u>7,904,835</u>	<u>295,757,547</u>
Less accumulated depreciation for				
Land improvements	5,348,769	591,912	-	5,940,681
Buildings, including improvements	69,549,960	4,225,203	-	73,775,163
Furnishings and equipment	13,040,271	483,530	-	13,523,801
Less accumulated amortization for				
Leased assets	<u>7,006,042</u>	<u>6,585,848</u>	<u>-</u>	<u>13,591,890</u>
Total accumulated depreciation and amortization	<u>94,945,042</u>	<u>11,886,493</u>	<u>-</u>	<u>106,831,535</u>
Capital assets, net	<u>\$203,818,767</u>	<u>\$ (6,987,920)</u>	<u>\$ 7,904,835</u>	<u>\$188,926,012</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 188,650	\$ -	\$ -	\$ 188,650
Construction in process	29,500	554,620	29,500	554,620
Capital assets, being depreciated				
Land improvements	9,965,277	-	-	9,965,277
Buildings, including improvements	155,173,706	-	-	155,173,706
Furnishings and equipment	14,089,733	-	-	14,089,733
Leased buildings	117,155,712	-	-	117,155,712
Leased furnishings and equipment	1,127,728	508,383	-	1,636,111
Total capital assets	<u>297,730,306</u>	<u>1,063,003</u>	<u>29,500</u>	<u>298,763,809</u>
Less accumulated depreciation for				
Land improvements	4,756,857	591,912	-	5,348,769
Buildings, including improvements	65,324,757	4,225,203	-	69,549,960
Furnishings and equipment	12,556,741	483,530	-	13,040,271
Less accumulated amortization for				
Leased assets	<u>538,431</u>	<u>6,467,611</u>	<u>-</u>	<u>7,006,042</u>
Total accumulated depreciation and amortization	<u>83,176,786</u>	<u>11,768,256</u>	<u>-</u>	<u>94,945,042</u>
Capital assets, net	<u><u>\$214,553,520</u></u>	<u><u>\$ (10,705,253)</u></u>	<u><u>\$ 29,500</u></u>	<u><u>\$203,818,767</u></u>

13. 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. The Commonwealth of Massachusetts also executed a lease with MSCBA for land on which a parking garage is located. MSCBA owns the residence halls and parking garage and has entered into long-term lease agreements with the University to occupy and operate the facilities.

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, 2022 and 2021, in the amounts of \$1,510,568 and \$761,454, respectively, and have been recorded as auxiliary enterprise expenditures.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

14. DEFERRED SERVICE CONCESSION ARRANGEMENTS

Deferred service concession arrangements as of June 30, 2022 and 2021 in the amounts of \$3,605,144 and \$4,034,381, 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 \$429,238 and \$423,930 for the years ended June 2022 and 2021, respectively.

15. LONG-TERM LIABILITIES

Long-term liabilities of the University as of June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 21,924,501	\$ 11,569,398	\$ 13,016,598	\$ 20,477,301	\$ 325,000
Lease obligations	117,588,403	446,215	10,467,680	107,566,938	3,028,695
Accrued workers' compensation	1,522,454	33,684	-	1,556,138	174,219
Accrued compensated absences	5,833,463	-	107,931	5,725,532	3,271,940
Accrued pension and OPEB obligations	52,672,987	-	21,478,036	31,194,951	-
Refundable grant	423,447	-	77,396	346,051	-
	<u>\$199,965,255</u>	<u>\$ 12,049,297</u>	<u>\$ 45,147,641</u>	<u>\$166,866,911</u>	<u>\$ 6,799,854</u>

Long-term liabilities of the University as of June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 21,956,080	\$ 12,926,359	\$ 12,957,938	\$ 21,924,501	\$ 547,983
Lease obligations	117,890,117	508,383	810,097	117,588,403	2,425,886
Accrued workers' compensation	978,470	543,984	-	1,522,454	153,665
Accrued compensated absences	5,620,335	213,128	-	5,833,463	3,494,337
Accrued pension and OPEB obligations	55,778,445	-	3,105,458	52,672,987	-
Refundable grant	538,452	-	115,005	423,447	-
	<u>\$202,761,899</u>	<u>\$ 14,191,854</u>	<u>\$ 16,988,498</u>	<u>\$199,965,255</u>	<u>\$ 6,621,871</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

16. 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 was 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, 2022, was \$5,847. The remaining loss to be amortized as June 30, 2022 is \$64,321.
- (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 were used for the construction of a new Wellness Center. A call provision became available on this bond issue and the issue was partially refunded on July 1, 2020 with the MSCBA 2020 Series revenue bond. The remaining balance on this bond issue was refunded on February 2022 with the MSCBA 2022 Series revenue bond.
- (D) On July 1, 2020, the University signed a financing agreement to receive \$681,052 from the MSCBA 2020 Series revenue bond in a partial refunding of the 2012 Series revenue bond. Interest on the bonds is due in semi-annual installments at varying rates ranging from 1.044% to 3.072%. Annual principal installments ranging from \$69,460 to \$117,000 are due May 2032 through May 2039. The refunding of the MSCBA 2012 Series 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, 2022, was \$19,520. The remaining loss to be amortized as June 30, 2022 is \$312,319.
- (E) On February 15, 2022, the University signed a financing agreement to receive \$9,509,327 from the MSCBA 2022 Series revenue bond in a partial refunding of the 2012 Series revenue bond. Interest on the bonds is due in semi-annual installments at varying rates ranging from 4.00% to 5.00%. Annual principal installments ranging from \$342,496 to \$742,778 are due May 2025 through May 2042. The refunding of the MSCBA 2012 Series bonds resulted in a gain, which is included in deferred inflows of resources and will be amortized over the term of the bond. There was no amortization of this gain for the year ended June 30, 2022. The remaining gain to be amortized as June 30, 2022 is \$467,945.

The composition of the University's Bonds payable for the year ended June 30, 2022 is as follows:

	2022	2021
(A) Bond payable, MDFA 2007 Series	\$ -	\$ 20,667
(B) Bond payable, MDFA 2012 Series	8,226,851	8,557,474
(C) Bond payable, MSCBA 2012 Series	-	12,665,308
(D) Bond payable, MSCBA 2020 Series	681,052	681,052
(E) Bond payable, MSCBA 2022 Series	11,569,398	-
	20,477,301	21,924,501
Less: Current maturities	325,000	547,983
	<u>\$ 20,152,301</u>	<u>\$ 21,376,518</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - BOND PAYABLE (Continued)

Debt service requirements as of June 30, 2022 are as follows:

Year Ended June 30	Principal	Interest
2023	\$ 325,000	\$ 786,130
2024	665,000	675,743
2025	1,037,496	648,543
2026	1,080,221	606,081
2027	1,117,432	566,458
2028 - 2032	6,330,396	2,191,408
2033 - 2037	4,085,430	1,134,364
2038 - 2042	3,604,404	430,636
	18,245,379	7,039,363
Unamortized premium	2,231,922	-
	<u>\$ 20,477,301</u>	<u>\$ 7,039,363</u>

17 - LEASE OBLIGATIONS

The University leases its residence halls and parking garage from MSCBA, as well as other furnishings and equipment under various lease agreements.

Future minimum lease payments as of June 30, 2022 are as follows:

Year Ended June 30	Principal	Interest
2023	\$ 3,028,695	\$ 4,410,319
2024	3,179,428	3,951,348
2025	4,225,849	3,864,445
2026	4,358,861	3,717,494
2027	4,472,586	3,580,163
2028 - 2032	26,133,405	14,018,198
2033 - 2037	31,113,632	8,758,978
2038 - 2042	26,952,954	3,382,693
2043	4,101,528	138,345
	<u>\$107,566,938</u>	<u>\$ 45,821,983</u>

18 - 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, 2022 and 2021, unrestricted net position from operations of \$30,081,266 and \$28,070,033, respectively, has been internally designated by the University for future capital investments. The remaining undesignated unrestricted net position from operations was \$24,731,093 and \$20,444,923 as of June 30, 2022 and 2021, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - NET POSITION (Continued)

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

	<u>2022</u>	<u>2021</u>
Restricted - expendable		
Capital projects	\$ (99,953)	\$ 144,330
Scholarships and other grants	<u>1,866,205</u>	<u>902,011</u>
	<u>\$ 1,766,252</u>	<u>\$ 1,046,341</u>

The component unit's restricted - expendable net position consists of funds whose income is mainly used for scholarships and grants. The component unit's 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.

19 - 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, 2022 and 2021 of \$2,826,090 and \$2,296,128 respectively, has been included in accrued payroll and fringe benefits in the statement of net position.

20 - 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, 2022 and 2021. Based upon the Commonwealth's analyses, accrued workers' compensation in the amount of \$1,556,138 and \$1,522,454 as of June 30, 2022 and 2021, respectively have been recorded in the unrestricted current fund. Workers' compensation expense charged to operations was \$457,366 and \$1,121,301 in 2022 and 2021, respectively. The actual workers' compensation paid by the University was \$423,682 and \$577,317 in 2022 and 2021, respectively.

21 - ACCRUED COMPENSATED ABSENCES

Included in accrued compensated absences are \$3,054,172 for accrued vacation time and \$2,671,360 for accrued sick time as of June 30, 2022 and \$3,163,110 for accrued vacation time and \$2,670,353 for accrued sick time as of June 30, 2021. Of these balances, \$535,190 and \$560,452 for June 30, 2022 and 2021, respectively, represent obligations due to employees funded through sources other than State appropriations, and \$5,190,342 and \$5,273,011 as of June 30, 2022 and 2021, 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - 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 2022, the University reimbursed the State a total of \$3,922,565 (\$1,802,036 for pensions and \$2,120,529 for health care premiums). For 2021, the University reimbursed the State a total of \$4,694,473 (\$2,029,890 for pensions and \$2,664,583 for health care premiums).

23 - 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 is a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts State Retirement Board. Under the cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan.

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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - RETIREMENT PLAN (Continued)

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

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

In addition, members of Group 1 who join the system after April 2, 2021 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate determined by the State. The rate was 16.11% and 14.66% of annual covered payroll for the fiscal years ended June 30, 2022 and June 30, 2021, respectively. The University contributed \$1,290,957 and \$1,290,288 for the fiscal years ended June 30, 2022 and June 30, 2021, 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, 2022 and 2021, the University reported a net pension liability of \$11,319,876 and \$23,033,837, 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, 2021, 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 2021 and 2020. The Commonwealth's proportionate share was based on actual employer contributions to the MSERS for fiscal years 2021 and 2020 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2021 and 2020, the University's proportion was 0.15%. For the years ended June 30, 2022 and 2021, the University recognized pension benefit of \$403,299 and expense of \$2,975,864, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - RETIREMENT PLAN (Continued)

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

As of June 30, 2022 and 2021, the University reported in the statement of net position deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2022	2021
Deferred outflows of resources:		
Change in plan actuarial assumptions	\$ 771,721	\$ 1,305,985
Differences between expected and actual experience	390,604	732,903
Differences between projected and actual earnings on plan investments	-	1,266,180
Changes in proportion from Commonwealth due to internal allocation	747,804	1,177,694
Contributions subsequent to the measurement date	1,290,957	1,290,289
	<u>\$ 3,201,086</u>	<u>\$ 5,773,051</u>
Deferred inflows of resources:		
Differences between expected and actual experience	\$ 819,550	\$ 149,046
Differences between projected and actual earnings on plan investments	4,438,048	-
Changes in proportion from Commonwealth due to internal allocation	4,297,346	2,025,219
	<u>\$ 9,554,944</u>	<u>\$ 2,174,265</u>

Contributions of \$1,290,957 and \$1,290,289, respectively, are reported as deferred outflows of resources related to pensions resulting from the University contributions in fiscal years 2022 and 2021 subsequent to the measurement date, which will be recognized as a reduction of the net pension liability for the years ended June 30, 2023 and 2022. 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:

2023	\$ (1,603,107)
2024	(1,954,775)
2025	(1,739,554)
2026	(2,312,602)
2027	(34,777)
	<u>\$ (7,644,815)</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:

	2021	2020
Cost of living increases (on the first \$13,000 per year for 2021 and 2020)	3.00%	3.00%
Salary increases	4.00 to 9.00%	4.00 to 9.00%
Investment rate of return	7.00%	7.15%
Interest rate credit to the annuity savings fund	3.50%	3.50%

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - RETIREMENT PLAN (Continued)

Pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2020 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-2020 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-2020 and set forward one year.

Experience studies were performed as of February 27, 2014, encompassing the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

Investment assets of MSERS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target assets allocation as of June 30, 2021 and 2020 are summarized in the following table:

Asset Class	Target allocation	Long-term expected real Rate of return	
		2021	2020
Global equity	39%	4.80%	4.80%
Core fixed income	15%	0.30%	0.70%
Private equity	13%	7.80%	8.20%
Real estate	10%	3.70%	3.50%
Value added fixed income	8%	3.90%	4.20%
Portfolio completion strategies	11%	2.90%	3.20%
Timber/natural resources	4%	4.30%	4.10%
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 7.15% for 2021 and 2020, 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - RETIREMENT PLAN (Continued)

Sensitivity Analysis

The following illustrates the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2021 and 2020. 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:

	2021	2020
1% decrease to 6.00% for 2021 and 6.15% for 2020	\$ 17,326,743	\$ 30,348,505
Current discount rate 7.00% for 2021 and 7.15% for 2020	11,319,876	23,033,837
1% increase to 8.00% for 2021 and 8.15% for 2020	6,382,700	17,021,751

24 - 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 single-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, 2021 and 2020 and as of the valuation date (January 1, 2021), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

As of June 30, 2022 and 2021, the University reported a net OPEB liability of \$19,875,075 and \$29,639,150, 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, 2021, 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 2021 and 2020. The Commonwealth's proportionate share was based on actual employer contributions to the OPEB Plan for fiscal year 2021 relative to total contributions of all participating employers for each respective fiscal year. As of June 30, 2021 and 2020, the University's proportion was 0.13% and 0.15% respectively. For the years end June 30, 2021 and 2020, the University recognized OPEB benefit of \$1,807,039 and expense of \$303,690, respectively.

As of June 30, 2022 and 2021, 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:

	2022	2021
Deferred outflows of resources:		
Changes in proportion from Commonwealth due to internal allocation	\$ 3,162,854	\$ 5,390,748
Changes in plan actuarial assumption	1,669,183	2,440,834
Differences between expected and actual experience	-	817,983
Differences between projected and actual earnings on plan investments	507,349	85,698
Contributions subsequent to the measurement date	644,941	677,546
	<u>\$ 5,984,327</u>	<u>\$ 9,412,809</u>
Deferred inflows of resources:		
Changes in proportion from Commonwealth due to internal allocation	\$ 14,785,133	\$ 14,987,430
Change in plan actuarial assumptions	3,909,728	2,864,522
Differences between expected and actual experience	3,498,647	731,595
Differences between projected and actual earnings on plan investments	241,526	-
	<u>\$ 22,435,034</u>	<u>\$ 18,583,547</u>

Contributions of \$644,941 and \$677,546, respectively are reported as deferred outflows of resources related to OPEB resulting from the University contributions in fiscal years 2022 and 2021 subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability for the years ended June 30, 2023 and 2022. 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:

2023	\$ (3,847,579)
2024	(4,097,163)
2025	(4,743,589)
2026	(3,009,206)
2027	(1,398,111)
	<u>\$ (17,095,648)</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions

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

1. For 2021, the annual healthcare cost trend rates were developed based on the Getzen trend rate model, version 2021_b. The healthcare cost trend rate changed from 4.90% in 2020 to 4.40% for Medicare benefits and 7.3% for non-Medicare benefits, then decreasing 0.24% each year to a blended rate of 5.18% in 2030 and additional decrease in 2060, 2070, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.5% and excess medical growth of 1.1%.
2. For 2020, the annual healthcare cost trend rates were developed based on the Getzen trend rate model, version 2021_b. The healthcare cost trend rate changed from 7.5% in 2019 to 4.9% for Medicare benefits and 6.7% for non-Medicare benefits, then decreasing 0.1% each year to a blended rate of 5.18% in 2030 and additional decrease in 2060, 2070, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.5% and excess medical growth of 1.1%.
3. For 2021 and 2020, respectively, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2020 and MP-2016 from the central year, with females set forward one year.
4. Participation rates, for 2021 and 2020:
 - a. 100% of employees currently electing health care coverage are assumed to elect coverage at retirement.
 - b. 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
 - c. 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.
 - d. Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
 - e. 100% of spouses are assumed to elect to continue coverage after the retiree's death.
 - f. Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Indemnity plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type.
 - g. Future retirees are assumed to enroll in the existing plans in the same proportion as the current retiree mix, as shown in the table below. These proportions are established separately for non-Medicare and Medicare coverage for each product type.

	Retirement Age	
	Under 65	Age 65+
Indemnity	28%	96%
POS/PPO	60%	0%
HMO	12%	4%

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Actuarial Assumptions (continued)

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, 2021 and 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real Rate of return	
		2021	2020
Global equity	39%	4.80%	4.80%
Portfolio completion strategies	11%	2.90%	3.20%
Core fixed income	15%	0.30%	0.70%
Private equity	13%	7.80%	8.20%
Value added fixed income	8%	3.90%	4.20%
Real Estate	10%	3.70%	3.50%
Timber/natural resources	4%	4.30%	4.10%
Total	100%		

Discount Rate

The discount rates used to measure the OPEB liability as of June 30, 2021 and 2020 was 2.77% and 2.28%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 2.16% and 2.21% as of the measurement date of June 30, 2021 and 2020, 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 2028 and 2025 as of the measurement date of June 30, 2021 and 2020, respectively. Therefore, the long-term expected rate of return on plan investments of 7.00% and 7.15% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021 and 2020, 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:

	2021	2020
1% decrease to 1.77% for 2021 and 1.28% for 2020	\$ 23,611,433	\$ 35,617,977
Current discount rate 2.77% for 2021 and 2.28% for 2020	19,875,075	29,639,150
1% increase to 3.77% for 2021 and 3.28% for 2020	16,865,513	24,915,150

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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:

	2021	2020
1% decrease for Medical and EGWP and Administrative costs	\$ 16,273,600	\$ 24,073,853
Current discount as described on page 42 for 2021, 4.40% for Medical and 7.3% for EGWP and administrative costs for 2020	19,875,075	29,639,150
1% increase for Medical and EGWP and Administrative costs	24,569,007	37,033,135

25 - 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 2022 were \$5,852,063 and \$6,886,429, respectively. The estimated amounts of funding attributable for the State retirement system contribution and the employer's share of health care premiums for 2021 were \$5,003,321 and \$6,567,727, respectively.

26 - 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:

	2022	2021
Direct unrestricted appropriations	\$ 34,552,580	\$ 31,123,377
Fringe benefits for benefitted employees on state payroll	12,738,492	11,571,048
Tuition remitted	(447,769)	(502,229)
Total appropriations	<u>\$ 46,843,303</u>	<u>\$ 42,192,196</u>

A reconciliation between the University and MMARS fund 901 activity as of June 30, 2022 is as follows:

Revenue per MMARS	\$ 84,077,520
Revenue per University	<u>84,039,470</u>
Net reporting classification and differences	<u>\$ 38,050</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

27 - RELATED PARTY TRANSACTIONS

The University provided, at no cost, office space and certain personnel services to the Worcester State Foundation, Inc. (the "Foundation"). The value of this support is estimated to be \$220,239 and \$150,144 for the years ended June 30, 2022 and 2021 respectively.

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 service fees for allowing the University to use the facilities. Service agreement fees were \$250,000 for the years ended June 30, 2022 and 2021. 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 \$354,493 and \$322,608 for the years ended June 30, 2022 and 2021 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 \$107,961 and \$115,468 during the years ended June 30, 2022 and 2021, respectively.

28 - 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, 2022 and 2021 are as follows:

	2022		2021	
	Residence Life and Housing	Health Services	Residence Life and Housing	Health Services
Total revenue	\$ 12,469,906	\$ 380,419	\$ 7,386,427	\$ 412,123
Total expenses	13,704,837	625,715	13,491,089	500,373
Decrease in net position before transfers	<u>\$ (1,234,931)</u>	<u>\$ (245,296)</u>	<u>\$ (6,104,662)</u>	<u>\$ (88,250)</u>

29 - 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

30 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2021 financial statements, with no effect on change in net position, to conform to the 2022 presentation.

DISCUSSION DRAFT 02.21.2023

REQUIRED
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, 2022
(With Comparative Totals for 2014 through 2021)

	2022	2021	2020	2019	2018
University's proportion of the net pension liability	0.15%	0.15%	0.14%	0.17%	0.15%
University's proportion of the net pension liability	\$ 11,319,876	\$ 23,033,837	\$ 19,332,813	\$ 20,564,468	\$ 18,014,320
University's covered-employee payroll	\$ 9,176,617	\$ 10,458,847	\$ 12,561,991	\$ 12,922,066	\$ 11,336,488
University's proportionate share of the net pension liability as a percentage of its covered employee payroll	123.36%	220.23%	153.90%	159.14%	158.91%
Plan fiduciary net position as a percentage of the total pension liability	77.54%	62.48%	66.28%	67.91%	67.21%
	2017	2016	2015	2014	
University's proportion of the net pension liability	0.15%	0.18%	0.14%	0.14%	
University's proportion of the net pension liability	\$ 18,674,184	\$ 18,901,770	\$ 9,357,928	\$ 11,308,376	
University's covered-employee payroll	\$ 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	164.79%	171.63%	91.34%	101.30%	
Plan fiduciary net position as a percentage of the total pension liability	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, 2022
(With Comparative Totals for 2014 through 2021)

	2022	2021	2020	2019	2018
Statutorily required contribution*	\$ 1,290,289	\$ 1,450,748	\$ 1,315,547	\$ 1,421,424	\$ 1,098,173
Contributions in relation to the statutorily required contribution*	1,290,289	1,450,748	1,315,547	1,421,424	1,098,173
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 9,176,617	\$ 10,458,847	\$ 12,561,991	\$ 12,922,066	\$ 11,336,488
Contributions as a percentage of covered-employee payroll	14.06%	13.87%	10.47%	11.00%	9.69%
	2017	2016	2015	2014	
Statutorily required contribution*	\$ 972,477	\$ 1,039,592	\$ 741,444	\$ 700,426	
Contributions in relation to the statutorily required contribution*	972,477	1,039,592	741,444	700,426	
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
University's covered-employee payroll	\$ 11,331,835	\$ 11,013,323	\$ 10,245,240	\$ 11,163,731	
Contributions as a percentage of covered-employee payroll	8.58%	9.44%	7.24%	6.27%	

*Annual contribution are reported one year in arrears
as required by GASB 68

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 2022

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in the investment rate of return from 7.15% in 2020 to 7.00% for 2021.

The actuarial assumptions used as of the June 30, 2021 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-2020 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-2020 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-2020 and set forward one year.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in the investment rate of return from 7.25% in 2019 to 7.15% for 2020.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the investment rate of return from 7.35% in 2018 to 7.25% for 2019.

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.

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 2022
(Continued)

1. CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

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, 2022
(With Comparative Totals for 2017 through 2021)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
University's proportion of the net OPEB liability	0.13%	0.15%	0.21%	0.25%	0.21%	0.18%
University's proportion of the net OPEB liability	\$ 19,875,075	\$ 29,639,150	\$ 36,445,632	\$ 44,998,975	\$ 35,037,942	\$ 33,225,679
University's covered-employee payroll	\$ 9,176,617	\$ 10,458,847	\$ 12,561,991	\$ 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	216.58%	283.39%	290.13%	348.23%	309.07%	293.21%
Plan fiduciary net position as a percentage of the total OPEB liability	10.70%	6.40%	6.96%	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, 2022
(With Comparative Totals for 2017 through 2021)

	2022	2021	2020	2019	2018	2017
Statutorily required contribution*	\$ 677,546	\$ 751,524	\$ 959,290	\$ 1,076,188	\$ 882,031	\$ 745,202
Contributions in relation to the statutorily required contribution*	<u>677,546</u>	<u>751,524</u>	<u>959,290</u>	<u>1,076,188</u>	<u>882,031</u>	<u>745,202</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$ 9,176,617	\$ 10,458,847	\$ 12,561,991	\$ 12,922,066	\$ 11,336,488	\$ 11,331,835
Contributions as a percentage of covered-employee payroll	7.38%	7.19%	7.64%	8.33%	7.78%	6.58%

*Annual contribution are reported one year in arrears
as required by GASB 75

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, 2018 THROUGH 2022

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the Getzen trend rate model, version 2021_b. The healthcare cost trend rate changed from 4.9% in 2020 to 4.4% for Medicare benefits and from 6.7% in 2020 to 7.3% in 2021 for non-Medicare benefits, then decreasing 0.24% each year to a blended rate of 5.18% in 2030 and additional decrease in 2060, 2070, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.5% and excess medical growth of 1.1%.

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in discount rate used to measure the OPEB liability. The discount rates used to measure the OPEB liability as of June 30, 2021 and 2020 was 2.77% and 2.28%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 2.16% and 2.21% as of the measurement date of June 30, 2021 and 2020, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in the long-term expected rate of return on plan investments from 7.15% to 7.15%.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the Getzen trend rate model, version 2021_b. The healthcare cost trend rate changed from 7.5% in 2019 to 4.9% for Medicare benefits and 6.7% for non-Medicare benefits, then decreasing 0.1% each year to a blended rate of 5.18% in 2030 and additional decrease in 2060, 2070, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.5% and excess medical growth of 1.1%.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in participant rates whereby 35% of employees currently opting out of active employee health coverage are assumed to enroll in retiree coverage. Also, 100% of spouses are assumed to elect to continue coverage after the retiree's death.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in participant rates whereby in 2019 actives under age 65 taking coverage were assumed to have indemnity (25%), POS/PPO (60%) or HMO (15%) have been adjusted in 2020 to indemnity (28%), POS/PPO (60%) or HMO (12%).

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in participant rates whereby in 2019 actives over age 65 taking coverage were assumed to have indemnity (85%), POS/PPO (0%) or HMO (15%) have been adjusted in 2020 to indemnity (96%), POS/PPO (0%) or HMO (4%).

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in the long-term expected rate of return on plan investments from 7.35% to 7.15%.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability decreasing from 8.0% in 2018 to 7.5% in 2019, then decreasing 0.5% each year to an ultimate rate of 4.5% in 2026 for medical and (2) 4.5% for administration costs. Healthcare costs are offset by reimbursements for Employer Group Waiver Plans (EGWP), which are assumed to increase 5.0% per year until 2025, then decrease to 4.5% in 2026.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in participant rates whereby 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later was increased to 85% in 2019.

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, 2018 THROUGH 2022
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in participant rates whereby in 2018 actives under age 65 taking coverage were assumed to have indemnity (40%), POS/PPO (50%) or HMO (10%) have been adjusted in 2019 to indemnity (25%), POS/PPO (60%) or HMO (15%).

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the long-term expected rate of return on plan investments from 7.35% to 7.25%.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the discount rates used to measure the OPEB liability from 3.92% to 3.63%. This rate was based on a blend of the Bond Buyer Index rates of 3.51% and 3.87% as of the measurement date of June 30, 2019 and 2018, respectively and the expected rates of return.

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 3.65% to 3.92%. 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, 2019 and 2018, 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.

SUPPLEMENTAL SCHEDULE
PURSUANT TO THE UNIFORM GUIDANCE

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U. S. Department of Education:				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 225,703
Federal Work-Study Program	84.033	N/A	-	189,719
Federal Perkins Loans	84.038	N/A	-	303,363
Federal Pell Grant Program	84.063	N/A	-	6,473,585
Federal Direct Student Loans	84.268	N/A	-	17,257,138
Teacher Education Assistance for College and Higher Education Grants	84.379	N/A	-	11,316
Total Student Financial Assistance Cluster			-	24,460,824
Education Stabilization Fund				
Higher Education Emergency Relief Fund (HEERF)				
Student Aid Portion	84.425E		-	5,843,143
HEERF Institutional Portion	84.425F	N/A	-	6,919,496
Total Education Stabilization Fund			-	12,762,639
Passed through U.S. Department of Education Institute of Education Sciences				
Education Research, Development and Dissemination	84.305A	S-00015000	-	24,707
Total U. S. Department of Education			-	37,248,170
U.S. Department of Health and Human Services				
Passed through Quinsigamond Community College Nursing Workforce Diversity	93.178	1D19HP30851-01-00	-	3,059
Passed through U.S. Center for Disease Control/City of Worcester Racial and Ethnic Approaches to Community Health (REACH)	93.738	N/A	-	302,814
Total U. S. U.S. Department of Health and Human Services			-	305,873
National Science Foundation				
Passed through Massachusetts Department of Higher Education Education and Human Resources	47.076	ISARGT70661575WOR19A	-	37,787
National Aeronautics and Space Administration				
Science	43.001	NNA17BF53C	-	25,916
U.S. Department of State				
Academic Exchange Programs - Undergraduate Programs	19.009	SECAGD19CA0115	-	13,010
			\$ -	\$ 37,630,756

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

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1 - BASIS OF PRESENTATION

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect cost rate

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

3 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The University did not make any new loans during 2021. The balance of loans outstanding at June 30, 2022 consists of:

	<u>Outstanding Balance as of June 30, 2022</u>
CFDA Number 84.038	
Perkins Loan Program	\$ 303,363

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

3 - FEDERAL STUDENT LOAN PROGRAMS (Continued)

Federally-guaranteed loans issued to students of the University during the year ended June 30, 2022 are summarized as follows:

	Disbursements for the year ended <u>June 30, 2022</u>
CFDA Number 84.268	
Federal Direct Student Loans	\$ 17,257,138

The University is only responsible for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's general purpose financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the University as of June 30, 2022.

4 - ADMINISTRATIVE COST ALLOWANCES

The Student Financial Aid Administrative Cost Allowances for the year ended June 30, 2022 are as follows:

Federal Work Study	\$ 25,498
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DISCUSSION DRAFT 02.21.2023

OTHER REPORTS

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

Board of Trustees
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 the business-type activities and the discretely presented component unit of Worcester State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the year ended June 30, 2022, 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 _____, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of this Report

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

Worcester, Massachusetts
_____, 2023

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

Board of Trustees
Worcester State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Worcester, Massachusetts
_____, 2023

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes

☒ No

Significant deficiency(ies) identified?

☐ Yes

☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes

☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ Yes

☒ No

Significant deficiency(ies) identified?

☐ Yes

☒ None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

☐ Yes

☒ No

Identification of major programs:

Federal Assistance Listing Number(s)

Name of Federal Program or Cluster

Student Financial Assistance Cluster:

84.007

Federal Supplemental Educational Opportunity Grant

84.033

Federal Work Study Program

84.038

Federal Perkins Loans

84.063

Federal Pell Grant Program

84.268

Federal Direct Student Loans

84.379

Teacher Education Assistance for College and Higher Education Grants

Education Stabilization Fund:

84.425E

HEERF Student Aid Portion

84.425F

HEERF Institutional Portion

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes

☐ No

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022
(Continued)

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

As disclosed in Section I, the audit of the basic financial statements of Worcester State University as of and for the year ended June 30, 2022, disclosed no matters involving the internal control over financial reporting and its operations that are considered to be significant deficiencies or material weaknesses.

B. Compliance Findings

As disclosed in Section I, the audit disclosed no instances of noncompliance which are material to the financial statements of Worcester State University as of and for the year ended June 30, 2022.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control Over Compliance

No matters were reported as of and for the year ended June 30, 2022.

B. Compliance Findings

No matters were reported as of and for the year ended June 30, 2022.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

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

DISCUSSION DRAFT 02.21.2023



WORCESTER
STATE
UNIVERSITY

Campus Climate Committee

2022-2023 Work Plan

Presenters: Alex Briesacher and Edgar Moros



Campus Climate Committee Members

- Alex Briesacher, Associate Professor History/Political Science (Co-chair)
- Alexandra Burgess, Assistant Professor Psychology
- Briana Chang, Student
- Brandol Ogando Saladin, Student
- Edgar Moros, Director of Intensive English Language Institute Intensive English Lang Inst. (Co-chair)
- Henry Theriault, Associate Vice President Academic Affairs
- Laxmi Bissoondial, Director - Office of Multicultural Affairs Alternatives for Individual Development
- Luis Rosado, Assistant Professor - Biology
- Lois Wims, Provost/Vice President of Academic Affairs (Executive Chair)
- Maria Gariepy, Executive Director of AA & EO Chief Diversity & Equity Officer (Ex-officio)
- Mary Jo Marion, Assistant Vice President - Latino Education Institute
- Nabin Malakar, Assistant Professor of Earth, Environ., & Physics
- Rynne McGowan, Student
- Stacey Luster, General Counselor, Assistant to the President for Employment and Equal Opportunity (Ex-officio)
- Sarah Strout, Assistant Vice President - Office of Assessment and Planning
- Yan Hu, Assistant Professor - Biology

HISTORY OF THE COMMITTEE

- Work started in 2017 under leadership of Pres. Maloney.
- Annual reports with recommendations sent to Pres. Maloney.
- Structure of the committee:
- Executive Chair
 - Provost Lois Wims
- Two co-chairs:
 - Alex Briesacher, Associate Professor History/Political Science
 - Edgar Moros, Director of Intensive English Language Institute
Intensive English Lang Inst.
- Students, faculty, and staff.

CHARGE OF THE COMMITTEE

- The Campus Climate Committee (CCC) works collaboratively on a multi-stage approach to evaluating diversity, inclusion and equity, utilizing quantitative and qualitative data, to propose, design and assess short- and long-term systemic initiatives.

2022-2023 ACTION ITEMS

- Climate Survey
- Sub-group working on promoting the work of the committee
- Sub-group working on student belongingness
- Sub-group working on faculty and staff belongingness

WORCESTER STATE UNIVERSITY
BOARD OF TRUSTEES
HUMAN RESOURCES COMMITTEE MEETING
Monday, March 6, 2023
3:00 pm
REMOTE PARTICIPATION
Join Zoom Meeting
<https://worcester.zoom.us/j/7540181608>
Meeting ID: 754 018 1608

Meeting Called By: Dina Nicholas(Chair)

Minutes: Nikki Kapurch

Board Members: Dina Nichols (Chair); Karen LaFond; Will Mosley; Amy Peterson; Marina Taylor

WSU Staff: Barry Maloney; Ashlynn Allain; Juie Kazarian; Stacey Luster; Kathy Eichelroth

AGENDA		
ITEM	RESPONSIBLE	ACTION
1. <i>Administrative Business</i> A. Call to Order	Dina Nichols	
2. <i>Human Resources Committee Report</i> A. Appointment of Assistant Vice President for Employee Services, Chief Human Resources Officer	Dina Nichols Kathy Eichelroth	A. Informational and vote Required
3. <i>Administrative Updates</i> A. Other Business	Dina Nichols	A. Informational
4. <i>Adjournment</i>	Dina Nichols	4. vote required

*Attachments

President's Update

March 2023



President's Message

I've often said that at Worcester State University, students come first. This issue of the Update offers insight into the student experience. Through an enrollment lens, we look at the number of students on campus and the makeup of the student body. As indicated in the October 2022 President's Update on the Financial Sustainability Task Force, the enrollment number has a

substantial impact on the University's budget. This spring, we have less full-timers and more are enrolled in online courses than in our recent past. Nearly half are first generation, with well over a third of our students identifying as African, Latine, Asian, and/or Native American and/or Black, Indigenous, People of Color (ALANA/BIPOC).

We've seen an increase in student activism in recent years, with the formation, for example, of the Black Student Union, positively impacting the campus climate. Diversity Across the Curriculum implementation, Unity Day, and the Common Ground flag-raising events are also creating a more welcoming campus climate. This February's ALANA Preview Day and African American Read-In Day brought dozens of high school students to campus, and we expect a large high-school contingent for our early March Brotherhood and Sisterhood Leadership Conference.

The pandemic, as well as mental health trends prior to it, have had an impact on today's students. A higher percentage of students than ever are drawing on the resources of our Counseling Center, Student Accessibility Services Office, and the Student Success office.

Alumni like Dr. Imoigele Aisiku have targeted funds to diverse students and to faculty research, helping us to close achievement gaps between white and ALANA/BIPOC students. And our incredible donors continue to expand and provide scholarships to address students' financial needs as soon as our Advancement staff identifies them.

The pages that follow offer a sense of how Academic Year 2022-2023 students are doing at Worcester State University and what the University is doing to help them succeed.



Contents

Our Entering Students	2
Student Well-Being.....	4
Expanding Awareness and Opportunities.....	6
Financial Support	8
Appendix.....	9

PRESIDENT'S OFFICE

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

Our Entering Students

Fall '22 First-Year Enrollment

Worcester State University's [Fall 2022 first-year enrollment](#) reached about 825 students from 16 states and five countries, marking a significant recovery from pandemic-period new student levels. Several factors contributed to this, such as the declining worries over COVID-19, the [Common Application](#), and the [MajorPlus](#) program, which redesigned the undergraduate curriculum to help students graduate with two majors or a major and a minor within four years. MajorPlus was cited by 63% of new students who responded to a survey as somewhat important, important, or very important in considering WSU and was one of reasons some out-of-state students chose Worcester State. The number of ALANA/BIPOC students increased, with about 37% of the incoming class identifying as such. However, transfer student enrollment declined. The reasons for that are complex and largely dependent on the economy and community college enrollments. Currently, 79% of Worcester State students receive some form of aid with an average annual award of \$10,524.

Spring '23 Enrollment

Worcester State University's [enrollment has increased by 4.2% from the previous year](#), with 5,209 undergraduate and graduate students currently enrolled for Spring 2023. The increase in undergraduate enrollment is primarily due to non-degree-seeking students in [dual enrollment and early college programs](#), however, so the financial return for the uptick in enrollment is not as robust as it would be for full-time students. The University's persistence rate for first-year undergraduate students returning for the spring has also increased slightly. However, transfer student applicants have decreased by 2%, while transfer student enrollment from Quinsigamond Community College has increased by 36%. Worcester State's overall undergraduate applications for Spring 2023 have risen by 11.4%, with a new undergraduate acceptance rate of 58.5%. Forty-seven percent of newly enrolled students were first-generation, and 35% identified as ALANA/BIPOC. Although the current enrollment falls below the university's 2027 target of 6,500 students, the increase in undergraduate enrollment and first-year persistence rate is a positive sign for the university's future.

Incoming Fall '22 Class Profile

Freshman GPA	3.36
Transfer GPA	3.09
Average No of Credits	51
Female	59%
Male	41%
ALANA/BIPOC	35%
In-state	93%
Out-of-State	7%



Student Well-Being

Student Leadership

The March 4 [Brotherhood and Sisterhood Leadership Conference](#) (learn more below) and the March 6-8 [Student Leadership Symposium](#), provide opportunities for students to improve their leadership abilities by learning from Worcester community leaders, staff, and faculty.

The multi-day symposium includes workshops covering a range of topics, allowing students to create their own schedule of sessions to attend. The series culminates with a Young Alumni Panel and Reception at 5:30 p.m. on March 8, co-sponsored by the Alumni Association Advisory Board and the Alumni Office.

This spring, the [Circles of Leadership Program](#) is being undertaken by 25 students, who will progress through the three-tier program – Emerge, Engage, and Excel –and take part in weekly workshops to enhance their leadership skills. The program covers a range of topics, including communication and public speaking, values and ethical leadership, culturally competent leadership, and self-care.

The [Office of Student Involvement and Leadership Development and Student Organizations](#) (OSILD) has organized a total of 143 events for the spring semester. These include major events like the Intercultural Student Association Multicultural Show, Drag Show, Spring Week, Party on the Eve, Commuter Appreciation Week, and the Black Student Union's Spring Cookout.

ResilientU@WooState

In December, the Counseling Center launched [ResilientU@WooState](#), a pilot mental health program to support full-time matriculated students and those in the Intensive English Language Institute (IELI). This program, which is funded by a grant from the U.S. Department of Higher Education, supplements the University's on-campus counseling center. WSU has seen a 17% increase in students accessing services compared to last semester, indicating the challenges our students face. The University remains committed to providing additional support anytime, anywhere. Over 54% of WSU students have accessed the ResilientU website. As part of this program, WSU offers free access to mental health resources, such as:

- A 24/7/365 mental health support line
- Free telehealth
- Virtual prescribing
- Online peer counseling
- Access to Meditation and Mindfulness App
- Self-guided online mental health & wellness program
- The Wellness Hub

Culture of Respect Initiative

Worcester State University has joined the [Culture of Respect Initiative](#), led by the Office of Title IX and the Counseling Center, to end campus sexual violence. This two-year program is supported by a Student Behavioral and Mental Health Grant award. The Culture of Respect Initiative guides higher education institutions through self-assessment, analysis of current prevention efforts, advocacy, response protocols, and cross-campus collaboration to strengthen their efforts to prevent campus sexual violence.



Expanding Awareness and Opportunities

National African American Read-In Day

Worcester State University celebrated [National African American Read-In Day](#) on February 8, 2023. This event, organized by the Office of Multicultural Affairs and sponsored by the Department of English, featured a keynote appearance from alumna Dianne Langford-James. The event included a live virtual reading from Langford-James' new book, **The Soul of a Mother**, and was followed by a Q&A session. The National African American Read-In Day is an annual event designed to promote literacy and increase awareness of African American literature. The event at Worcester State University was attended by students, faculty, and staff, and was open to the public, and was a part of the University's ALANA Preview Day, which brings high-school students - especially those from diverse backgrounds - to campus.

Prior Learning Portfolio Program

The WSU [Prior Learning Portfolio Program](#) provides matriculated undergraduate adult students the opportunity to receive credit for knowledge that maps to specific courses at the University by completing a portfolio evaluated by WSU faculty members. Undergraduate matriculated students in good standing with the designation of "Adult Learner," those who are 24 years old or older, or those with less than 12 college credits and out of high school for three or more years, can access the program. Students may request a Prior Learning Portfolio in any area of undergraduate work at WSU except for major capstone courses.

International Music

On February 1, Dr. Damascus Kafumbe, a world-class musician, composer, ethnomusicologist, and Professor of Music at Middlebury College, visited the WSU campus to offer a lecture/performance for students. The event, sponsored by the Visual and Performing Arts department and the Office of Multicultural Affairs, focused on principles of community building through a range of Ugandan musical traditions. Students had the opportunity to participate and engage with Dr. Kafumbe, learning about the cultural and musical practices of Uganda.

MBI Grant

Worcester State University has been awarded a [Massachusetts Biomedical Initiatives \(MBI\) Increasing Diversity in STEM Grant](#) that will enable the university to continue providing STEM enrichment programs. These programs offer hands-on experiences to middle and high school students, adult learners, and families, and provide STEM field trips and internship scholarships. The grant will support WSU's efforts to promote diversity in the STEM fields and will help to make STEM education more accessible and inclusive. The grant will also allow WSU to expand its STEM outreach and develop new programs that will engage students and promote STEM education in the community.

Brotherhood and Sisterhood Conference

On March 4, 2023, WSU [will build upon its successful 2022 Brotherhood Conference](#) by hosting the [Brotherhood and Sisterhood Leadership Conference](#), expected to bring together more than 200 young men and women of color from central Massachusetts and beyond to learn about leadership and the pursuit of higher education. The conference, which is free to attend, features a keynote speaker and workshops led by community and University ALANA/BIPOC leaders on a variety of topics, including college admissions, financial literacy, and community engagement. The goal of the conference is to inspire and empower young people of color to pursue their dreams and become leaders in their communities. The event is organized by the Worcester Public Schools and the WSU Office of Diversity, Inclusion, and Equal Opportunity.

Artificial Intelligence

Worcester State University recently held its first faculty meeting to discuss the implications of AI on higher education. The group, consisting of more than 25 faculty members from diverse disciplines, aimed to explore how this emerging technology can be used ethically and responsibly to benefit students.

The Faculty AI Group discussed the potential of using generative AI as a teaching tool to provide students with engaging learning experiences, including personalized simulations and virtual reality environments. The group also highlighted how AI can support historically underserved students through language translation and by identifying at-risk students for early intervention. However, ethical concerns were acknowledged, including perpetuating biases and the need for transparency in data collection and use.

The Faculty AI Group plans to continue discussions in future meetings this semester and provide a practical, hands-on workshop on using AI in the classroom. Furthermore, WSU aims to collaborate with other institutions and stakeholders to establish best practices for the ethical use of AI in higher education.



Financial Support

Donor-funded Scholarships

The Worcester State Foundation provides almost \$500K in donor-funded scholarships annually based on academic standing and other criteria, with students applying through the online scholarship application system. The system matches students with scholarships they are qualified for based on their general application answers, along with application and other data located in the University's primary information system and recommends additional scholarships that may require more information. The scholarship committee, appointed by the President, selects students based on donor-established criteria, with decisions made after the close of the spring semester.

In 2022, 935 students applied, with 345 receiving awards ranging from \$1,000 to \$2,500. Awards appear as a credit on student invoices. Scholarship support has increased by 74% in the past six years, with the Foundation supporting Presidential Scholarships. Since 1998, scholarship and award support has grown significantly, from \$15K to over \$900K.

Worcester State Foundation Faculty and Student Research Grant Support

The Worcester State Foundation has been offering mini-grants to support research and scholarly activities for faculty and students since the 2011-2012 academic year. Invitations to apply for these grants, which can provide up to \$1,000 per person or \$2,000 for group projects, are extended through the respective academic Dean's Offices. The Foundation currently allocates up to \$60K annually for these grants. The funds may be used to cover a variety of research-related expenses, such as equipment or supplies, editing or indexing of publications, and travel for research or conference presentations.



Appendix

[Enrollment Update: Board of Trustees September 13, 2022](#)




**WORCESTER
STATE
UNIVERSITY**

Enrollment Update

Ryan Forsythe, Vice President for Enrollment
WSU Board of Trustees Meeting
September 13, 2022



[Enrollment Overview: Campus Conversation February 1, 2021](#)



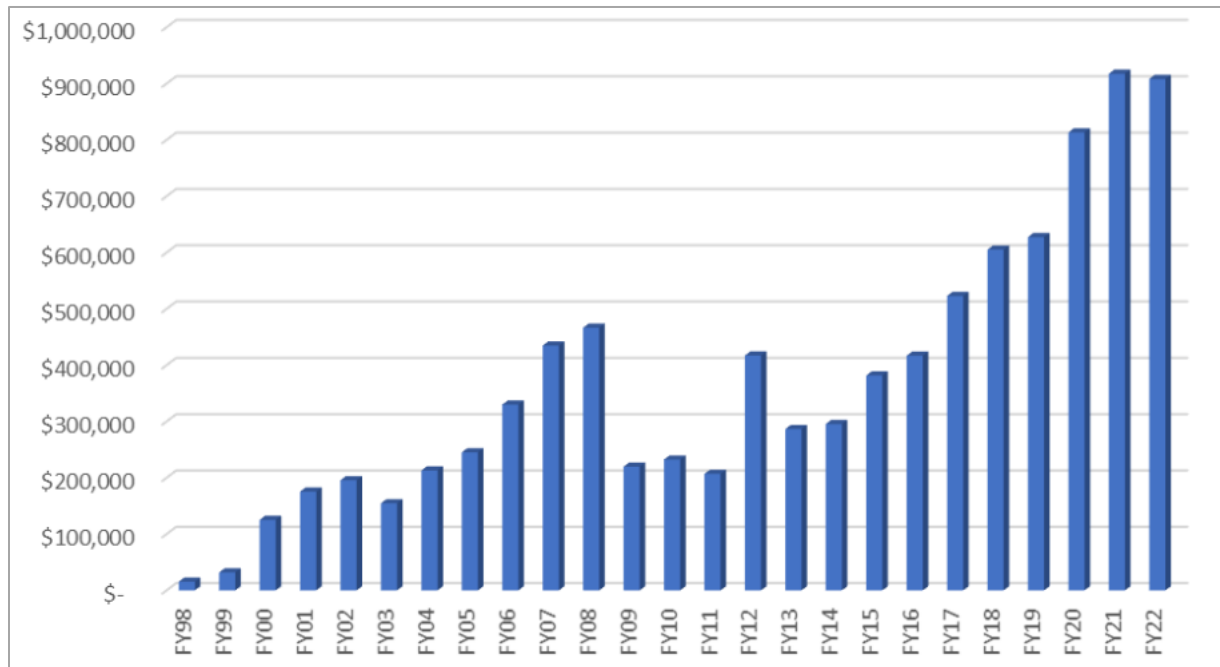
**WORCESTER
STATE
UNIVERSITY**

Enrollment Overview

Ryan G. Forsythe, Ed.D., Vice President for Enrollment
Campus Conversation
February 1, 2023



Total Scholarships & Awards Provided by University Advancement



FY 2023 Quarter 1 Comparative Financial Reports

All Trust Funds

Comparative Revenue through September 30, 2022 and 2021

Comparative Expenses through September 30, 2022 and 2021

Operating Budget (*State Appropriations and General Purpose Trust Fund*)

Comparative Revenue through September 30, 2022 and 2021

Comparative Expenses through September 30, 2022 and 2021

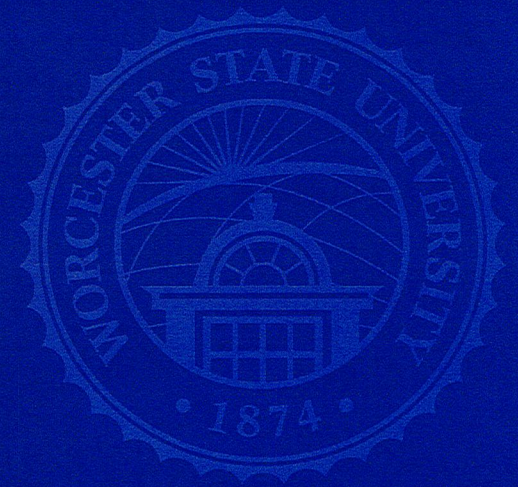
Resident Hall Trust Fund

Comparative Revenue through September 30, 2022 and 2021

Comparative Expenses through September 30, 2022 and 2021



All Trust Funds



Worcester State University
All Trust Fund Report - Quarter 1
FY23 vs FY22 Budget vs Actuals
Revenues 9/30/2022 & 9/30/2021

Account Description	FY 2023					FY 2022				
	Original	Revenue Budget	Revenue Earned	Percent of	Unearned	Amendment #3	Revenue Budget	Revenue Earned	Percent of	Unearned
	Budget - BOT	Excluding Transfers	Actual	Budget Earned		Budget - BOT	Excluding Transfers	Actual	Budget Earned	
General Trust Fund (400)	49,463,260.00	40,069,049.00	19,904,473.21	49.68%	20,164,575.79	45,903,186.00	44,871,936.00	20,273,683.24	45.18%	24,598,252.76
Capital Improvement Trust Fund (405)	2,740,301.00	2,740,301.00	1,318,993.10	48.13%	1,421,307.90	2,740,301.00	2,740,301.00	1,415,351.97	51.65%	1,324,949.03
Parking Garage Operating Fund (408)	761,893.00	-	-	0.00%	-	744,174.00	-	-	0.00%	-
Strategic Plan Trust Fund (410)	102,500.00	-	-	0.00%	-	524,831.00	-	-	0.00%	-
Wellness Center Trust Fund (429)	85,200.00	28,661.00	23,455.59	81.84%	5,205.41	45,000.00	45,000.00	4,109.63	9.13%	40,890.37
Parking Fines Fund (439)	90,000.00	43,715.00	4,595.00	10.51%	39,120.00	90,000.00	25,000.00	3,370.00	13.48%	21,630.00
Health Services Trust Fund (442)	695,400.00	695,400.00	516,908.06	74.33%	178,491.94	410,243.00	410,243.00	201,365.82	49.08%	208,877.18
Resident Hall Trust Fund (445)	12,420,520.00	12,420,520.00	5,735,578.50	46.18%	6,684,941.50	7,798,282.00	7,798,282.00	5,520,251.33	70.79%	2,278,030.67
Student Activities Trust Fund (446)	440,567.00	250,414.00	119,644.78	47.78%	130,769.22	267,076.00	267,076.00	131,533.08	49.25%	135,542.92
Residence Hall Technology and Equipment Trust Fund (448)	336,380.00	336,380.00	140,910.00	41.89%	195,470.00	268,934.00	174,570.00	140,910.00	80.72%	33,660.00
	67,136,021.00	56,584,440.00	27,764,558.24	49.07%	28,819,881.76	58,792,027.00	56,332,408.00	27,690,575.07	49.16%	28,641,832.93

Approved Budget	67,136,021.00
Amount is not earned revenue but transfers to fund current activity	(761,893.00)
Amount is not earned revenue but reserve balances budgeted to fund current activity	(395,477.00)
Amount Transferred in from Reserves	(2,873,630.00)
Amount Transferred in from State Grant Becker Nursing (src 600)	(649,118.00)
Amount Transferred in from ARPA Allocation	(2,000,000.00)
Amount Transferred in from HEERF	(3,871,463.00)
	56,584,440.00
Variance	-

58,792,027.00	Approved Budget
218,750.00	Budget Load for Women's Ice Hockey
(744,174.00)	Amount is transfers to fund current activity
(589,831.00)	Amount is reserve balances budgeted to fund current activity
(94,364.00)	Amount Transferred in from Reserves
(1,250,000.00)	Amount Transferred in from Reserves - Amend. 3
56,332,408.00	
-	Variance

Worcester State University
All Trust Fund Report - Quarter 1
FY23 vs FY22 Budget vs Actuals
Expenses 9/30/2022 & 9/30/2021

Account Description	FY2023					FY2022				
	Original Budget - BOT	Expenditure Budget	Expenditure Actual	Percent of Budget Spent	Available	Amendment #3 Budget - BOT	Expenditure Budget	Expenditure Actual	Percent of Budget Spent	Available
General Trust Fund (400)	49,463,260.00	49,088,687.00	7,739,404.49	15.77%	41,349,282.51	45,903,186.00	46,121,936.00	8,012,264.32	17.37%	38,109,671.68
Capital Improvement Trust Fund (405)	2,740,301.00	1,286,617.00	-	0.00%	1,286,617.00	2,740,301.00	1,429,087.00	-	0.00%	1,429,087.00
Parking Garage Operating Fund (408)	761,893.00	761,893.00	14,247.57	1.87%	747,645.43	744,174.00	744,174.00	9,440.59	1.27%	734,733.41
Strategic Plan Trust Fund (410)	102,500.00	102,500.00	-	0.00%	102,500.00	524,831.00	524,831.00	-	0.00%	524,831.00
Wellness Center Trust Fund (429)	85,200.00	85,200.00	9,942.26	11.67%	75,257.74	45,000.00	45,000.00	8,414.15	18.70%	36,585.85
Parking Fines Fund (439)	90,000.00	90,000.00	10,387.68	11.54%	79,612.32	90,000.00	90,000.00	5,755.14	6.39%	84,244.86
Health Services Trust Fund (442)	695,400.00	572,337.00	23,500.85	4.11%	548,836.15	410,243.00	332,347.00	29,469.73	8.87%	302,877.27
Resident Hall Trust Fund (445)	12,420,520.00	11,594,294.00	649,657.82	5.60%	10,944,636.18	7,798,282.00	7,798,282.00	635,715.30	8.15%	7,162,566.70
Student Activities Trust Fund (446)	440,567.00	440,567.00	36,717.29	8.33%	403,849.71	267,076.00	267,076.00	18,031.97	6.75%	249,044.03
Residence Hall Technology and Equipment Trust Fund (448)	336,380.00	221,880.00	-	0.00%	221,880.00	268,934.00	268,934.00	-	0.00%	268,934.00
	67,136,021.00	64,243,975.00	8,483,857.96	13.21%	55,760,117.04	58,792,027.00	57,621,667.00	8,719,091.20	15.13%	48,902,575.80

Approved Budget

67,136,021.00

58,792,027.00 Approved Budget

Amount reflects a budgeted transfer from fund 405 to fund 408
Amount reflects a transfer to fund balance to increase reserves in fund 442
Amount reflects a transfer to fund balance to increase reserves in fund 405
Amount reflects a transfer to fund balance to increase reserves in fund 445
Amount reflects a transfer to fund balance to increase reserves in fund 448
Amount Loaded into Safe Return Budget - HEERF II

(761,893.00)
(123,063.00)
(691,791.00)
(826,226.00)
(114,500.00)
(374,573.00)

64,243,975.00

Variance

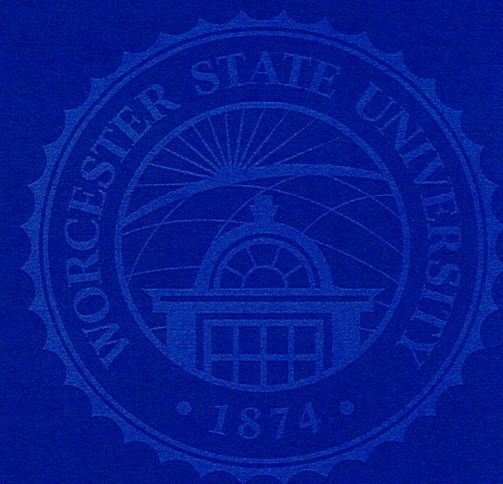
-

218,750.00 Budget Load for Women's Ice Hockey
(744,174.00) Amount is a transfer from fund 405 to fund 408
(77,896.00) Amount is a transfer to increase reserves in fund 442
(567,040.00) Amount is a transfer to increase reserves in fund 405

57,621,667.00

-

Operating Budget



Worcester State University
FY23 vs FY22 Budget vs Actuals - Quarter 1
Revenues 400, 111, & Closing Sources
9/30/2022 & 9/30/2021

FY 2023					
Description	Original Budget - Upload	Revenue Budget Excluding Transfers	Revenue Earned Actual	Percent of Budget Earned	Unearned
Academic Fees	(34,199,916.00)	(34,199,916.00)	(17,210,239.68)	50.32%	(16,989,676.32)
Fee Waivers	797,610.00	797,610.00	687,333.80	86.17%	110,276.20
Tuition	(6,604,137.00)	(7,204,137.00)	(3,406,789.27)	47.29%	(3,797,347.73)
Tuition Waivers	298,616.00	298,616.00	141,966.01	47.54%	156,649.99
Activity Income	(170,174.00)	(170,174.00)	(301.14)	0.18%	(169,872.86)
Other Student Charges	(191,048.00)	(241,448.00)	(139,018.55)	57.58%	(102,429.45)
State Maintenance	(48,456,326.00)	(48,456,326.00)	(11,278,804.66)	23.28%	(37,177,521.34)
	(88,525,375.00)	(89,175,775.00)	(31,205,853.49)	34.99%	(57,969,921.51)

Approved Budget	(97,919,586.00)
Amount Transferred in from Reserves	2,873,630.00
Transferred in from State Grant Becker Nursing (src 600)	649,118.00
Amount Transferred in from HEERF II	3,871,463.00
Amount Transferred in for ARPA Allocation	2,000,000.00
Sources Closing to 400	(650,400.00)
	(89,175,775.00)
Variance	-

FY 2022					
Amendment #4 Budget - BOT	Revenue Budget Excluding Transfers	Revenue Earned Actual	Percent of Budget Earned	Unearned	
(34,068,433.00)	(34,068,433.00)	(18,040,443.09)	52.95%	(16,027,989.91)	
797,610.00	797,610.00	435,997.49	54.66%	361,612.51	
(6,642,605.00)	(6,842,605.00)	(2,761,097.12)	40.35%	(4,081,507.88)	
298,616.00	298,616.00	130,415.50	43.67%	168,200.50	
(170,174.00)	(388,924.00)	-	0.00%	(388,924.00)	
(4,868,200.00)	(4,916,600.00)	(79,414.35)	1.62%	(4,837,185.65)	
(43,496,325.00)	(43,496,325.00)	(10,400,466.00)	23.91%	(33,095,859.00)	
(88,149,511.00)	(88,616,661.00)	(30,715,007.57)	34.66%	(57,901,653.43)	

(92,644,806.00)	Approved Budget
(218,750.00)	Budget Load for Women's Ice Hockey Anticipated Revenue
(248,400.00)	Sources Closing to 400
1,250,000.00	Amount Transferred in from Reserves
3,245,295.00	Amount Transferred in from HEERF II
(88,616,661.00)	
-	Variance

Worcester State University
FY23 vs FY22 Budget vs Actuals - Quarter 1
Expenses 400, 111, & Closing Sources
9/30/2022 & 9/30/2021

FY 2023						
Account Description	Object	Original Budget - BOT	Current Budget	Actual	Percent of Budget Spent	Available
Regular Employees	AAA	45,663,441.00	45,663,441.00	9,657,252.92	21.15%	36,006,188.08
Employee Related Expenses	BBB	575,973.00	623,111.06	204,753.78	32.86%	418,357.28
Temporary Part-Time Employees	CCC	9,558,506.00	9,556,606.00	1,397,777.67	14.63%	8,158,828.33
Staff Benefit Expenses	DDD	19,431,033.00	19,431,033.00	18,398.06	0.09%	19,412,634.94
Administrative Expenses	EEE	3,038,535.00	3,038,285.93	698,144.02	22.98%	2,340,141.91
Facility Operation Supplies	FFF	2,055,529.00	1,720,792.52	256,584.17	14.91%	1,464,208.35
Energy/Space Rental	GGG	2,500,519.00	2,400,719.00	282,540.78	11.77%	2,118,178.22
Professional Services	HHH	771,602.00	1,413,027.00	585,579.38	41.44%	827,447.62
Operational Services	JJJ	1,099,900.00	1,149,295.76	336,119.79	29.25%	813,175.97
Equipment Purchase	KKK	-	8,998.52	120,782.35	0.00%	(111,783.83)
Equipment Lease, Maintenance, Repair	LLL	1,626,268.00	1,642,760.86	159,069.29	9.68%	1,483,691.57
Infrastructure & Building Improvements	NNN	5,521,100.00	5,538,587.00	757,246.48	13.67%	4,781,340.52
Educational Assistance	RRR	2,457,611.00	2,464,886.00	12,533.00	0.51%	2,452,353.00
Debt Service	SSS	325,000.00	325,000.00	-	0.00%	325,000.00
Loans & Special Pmts	TTT	-	-	-	0.00%	-
Technology Expenses	UUU	3,294,569.00	3,218,869.35	1,144,598.37	35.56%	2,074,270.98
		97,919,586.00	98,195,413.00	15,631,380.06	15.92%	82,564,032.94

Approved Budget	97,919,586.00
Amount Loaded into Safe Return Budget - HEERF II	(374,573.00)
Sources Closing to 400	650,400.00
	<u>98,195,413.00</u>
Variance	-

FY 2022					
Amendment #4	Current		Percent of		
Budget - BOT	Budget	Actual	Budget Spent	Available	
44,321,187.00	43,918,108.00	9,538,054.02	21.72%	34,380,053.98	
411,973.00	559,503.00	245,981.10	43.96%	313,521.90	
8,803,385.00	8,814,735.00	1,679,338.97	19.05%	7,135,396.03	
16,911,605.00	16,826,721.00	629,889.82	3.74%	16,196,831.18	
2,815,672.00	2,695,013.20	658,469.13	24.43%	2,036,544.07	
1,834,922.00	1,444,052.02	113,183.88	7.84%	1,330,868.14	
2,500,519.00	2,401,467.00	340,477.04	14.18%	2,060,989.96	
837,364.00	1,255,587.00	285,461.21	22.74%	970,125.79	
2,237,801.00	1,149,724.34	283,922.96	24.69%	865,801.38	
3,200.00	39,198.00	-	0.00%	39,198.00	
2,026,365.00	1,682,123.59	270,468.99	16.08%	1,411,654.60	
4,007,100.00	3,458,250.00	491,140.17	14.20%	2,967,109.83	
2,545,961.00	2,527,561.00	4,806.00	0.19%	2,522,755.00	
315,000.00	315,000.00	-	0.00%	315,000.00	
-	-	10,000.00	0.00%	(10,000.00)	
3,072,752.00	2,779,617.85	1,243,270.30	44.73%	1,536,347.55	
92,644,806.00	89,866,661.00	15,794,463.59	17.58%	74,072,197.41	

92,644,806.00	Approved Budget
218,750.00	Budget Load for Women's Ice Hockey
248,400.00	Sources Closing to 400
(3,245,295.00)	Amount Loaded into Safe Return Budget - Amd. 2 from HEERF II
<u>89,866,661.00</u>	
-	Variance

Residence Hall Trust Fund



Worcester State University
FY23 vs FY22 Budget vs Actuals - Quarter 1
Residence Hall Trust Fund Revenue (Source 445)
9/30/2022 & 9/30/2021

FY 2023						FY 2022				
Description	Original Budget - Upload	Revenue Budget Excluding Transfers	Revenue Earned Actual	Percent of Budget Earned	Unearned	Original Budget - Upload	Revenue Budget Excluding Transfers	Revenue Earned Actual	Percent of Budget Earned	Unearned
Academic Fees	-	-	32,025.00	0.00%	(32,025.00)	-	-	32,025.00	0.00%	(32,025.00)
Res Hall Room Charges	12,420,520.00	12,420,520.00	5,583,303.14	44.95%	6,837,216.86	7,798,282.00	7,798,282.00	5,482,983.07	70.31%	2,315,298.93
Other Student Charges	-	-	120,250.36	0.00%	(120,250.36)	-	-	5,243.26	0.00%	(5,243.26)
	12,420,520.00	12,420,520.00	5,735,578.50	46.18%	6,684,941.50	7,798,282.00	7,798,282.00	5,520,251.33	70.79%	2,278,030.67

Worcester State University
FY23 vs FY22 Budget vs Actuals - Quarter 1
Residence Hall Trust Fund Expenses (Source 445)
9/30/2022 & 9/30/2021

FY 2023							FY 2022					
Account Description	Object	Original Budget - BOT	Current Budget	Actual	Percent of Budget Spent	Available	Original Budget - BOT	Current Budget	Actual	Percent of Budget Spent	Available	
Regular Employees	AAA	1,401,791.00	1,401,791.00	274,351.06	19.57%	1,127,439.94	1,234,392.00	1,234,392.00	257,018.67	20.82%	977,373.33	
Employee Related Expenses	BBB	-	-	-	0.00%	-	-	-	8.82	0.00%	(8.82)	
Temporary Part-Time Employees	CCC	200,000.00	200,000.00	32,936.59	16.47%	167,063.41	225,000.00	225,000.00	21,029.07	9.35%	203,970.93	
Staff Benefit Expenses	DDD	552,726.00	552,726.00	-	0.00%	552,726.00	479,932.00	479,932.00	98,326.99	20.49%	381,605.01	
Administrative Expenses	EEE	20,000.00	32,000.00	2,349.06	7.34%	29,650.94	39,270.00	49,883.20	274.33	0.55%	49,608.87	
Facility Operation Supplies	FFF	200,000.00	217,500.00	22,501.48	10.35%	194,998.52	50,872.00	70,872.00	22,627.03	31.93%	48,244.97	
Energy/Space Rental	GGG	7,938,879.00	7,938,879.00	20,799.03	0.26%	7,918,079.97	5,043,508.00	5,039,955.00	96,602.63	1.92%	4,943,352.37	
Professional Services	HHH	-	8,500.00	-	0.00%	8,500.00	3,677.00	3,677.00	-	0.00%	3,677.00	
Operational Services	JJJ	-	-	-	0.00%	-	1,250.00	1,250.00	-	0.00%	1,250.00	
Equipment Purchase	KKK	-	11,784.00	-	0.00%	11,784.00	-	-	-	0.00%	-	
Equipment Lease, Maintenance, Repair	LLL	94,104.00	32,500.00	925.74	2.85%	31,574.26	6,426.00	18,876.00	3,548.06	18.80%	15,327.94	
Infrastructure & Building Improvements	NNN	584,000.00	591,820.00	244,049.62	41.24%	347,770.38	347,245.00	304,181.80	89,098.71	29.29%	215,083.09	
Educational Assistance	RRR	434,000.00	434,000.00	50,182.25	11.56%	383,817.75	356,000.00	356,000.00	45,530.25	12.79%	310,469.75	
Debt Service	SSS	-	-	-	0.00%	-	-	-	-	0.00%	-	
Technology Expenses	UUU	168,794.00	172,794.00	1,562.99	0.90%	171,231.01	10,710.00	14,263.00	1,650.74	11.57%	12,612.26	
		11,594,294.00	11,594,294.00	649,657.82	5.60%	10,944,636.18	7,798,282.00	7,798,282.00	635,715.30	8.15%	7,162,566.70	

Approved Budget 12,420,520.00

Amount is a transfer to increase reserves in fund 445 (826,226.00)

11,594,294.00

Variance -

7,798,282.00 Approved Budget

- Amount is a transfer to increase reserves in fund 445

7,798,282.00

- Variance