



Fitchburg State University

Board of Trustee Finance Committee Meeting

Finance Committee Meeting

Published on October 16, 2026 at 12:00 PM EDT

Date and Time

Tuesday October 20, 2026 at 12:00 PM EDT

Location

This is a remote meeting and it will be livestreamed

Public Live Stream:

<https://www.fitchburgstate.edu/live>

Agenda

	Purpose	Presenter	Time
I. Opening Items			12:00 PM
A. Record Attendance		Karen Spinelli	1 m
B. Call the Meeting to Order		Karen Spinelli	1 m
C. Approve Minutes from the August 5, 2026 Meeting	Approve Minutes	Karen Spinelli	1 m
D. Update from the President		Donna Hodge	10 m
II. Presentation by Auditors (Bollus Lynch)			12:13 PM

	Purpose	Presenter	Time
A. Audit Presentation	Discuss	James Johnston	35 m
B. Vote to Recommend Audit to the Full Board	Vote	Karen Spinelli	1 m
III. Budget Update			12:49 PM
A. Budget Summary	Discuss	Travis Chambers	10 m
IV. Closing Items			12:59 PM
A. Adjourn Meeting	Vote	Karen Spinelli	1 m

Coversheet

Approve Minutes from the August 5, 2026 Meeting

Section: I. Opening Items
Item: C. Approve Minutes from the August 5, 2026 Meeting
Purpose: Approve Minutes
Submitted by:
Related Material:
Minutes for Board of Trustee Finance Committee Meeting on August 5, 2026
VOTE Minutes 08052026.pdf



Fitchburg State University

Minutes

Board of Trustee Finance Committee Meeting

Finance Committee Meeting

Date and Time

Wednesday August 5, 2026 at 11:00 AM

Location

This is a virtual only meeting and it will be live streamed.

Public Live Stream:

<https://www.fitchburgstate.edu/live>

Committee Members Present

D. Tiernan (remote), E. Gregoire (remote), K. Spinelli (remote), M. Fiorentino, Jr. (remote), M. Morris (remote)

Committee Members Absent

None

Guests Present

D. Hodge (remote), Franca Barricelli (remote), Jannette McMenamy (remote), K. Lundgren (remote), L. Barrieau (remote), M. Chadwick (remote), Matt Bruun (remote), Matt Burke (remote), Michael Cloutier (remote), Nate Robichaud (remote), Pam McCafferty (remote), S. King-Goodwin (remote), Stacey Luster (remote), Tim St. John (remote), Travis Chambers (remote)

I. Opening Items

A. Record Attendance

B.

Call the Meeting to Order

K. Spinelli called a meeting of the Finance Committee Committee of Fitchburg State University to order on Wednesday Aug 5, 2026 at 11:03 AM.

C. Approve Minutes

E. Gregoire made a motion to approve the minutes from Board of Trustee Finance Committee Meeting on 05-04-26.

D. Tiernan seconded the motion.

The committee **VOTED** to approve the motion.

Roll Call

M. Fiorentino, Jr. Aye

E. Gregoire Aye

M. Morris Aye

K. Spinelli Aye

D. Tiernan Aye

II. Update from the President

A. Update from President Hodge

President's Report (President Donna Hodge)

- Strategic Priorities: Emphasized alignment between enrollment strategies, student success, and financial sustainability.
- Undergraduate Focus: Stated that while graduate/online education sets a statewide pace, stabilizing traditional undergraduate day enrollment is the primary focus following six prior years of decline.
- Regional Commitment: Re-centered recruitment focus on North Central Massachusetts and local high schools via initiatives like the Fitchburg Promise.

III. Enrollment Management Update

A. Enrollment Management Update

Undergraduate Day & Freshmen Indicators

- Freshman Deposits: Up 33% over the previous year, returning to/exceeding Fall 2024 target levels.
- Applications & Yield: Applications increased by 9%; yield improved by 3 percentage points (bringing it in line with the state university average).
- Local Demographics: Local North Central MA market accounts for 50% of total freshman deposits.
- Class Profile: Average high school GPA stands at 3.3; class is approximately 48% diverse and 54% first-generation.
- Fitchburg Promise Impact:

- 30% of total deposits came through direct admissions pathways.
- 85% of direct admission students qualified for the Fitchburg Promise.
- 80% of qualified students had total tuition/fees covered by state aid (requiring institutional discount dollars for only 20% of the cohort).

Student Experience & On-Campus Housing

- Orientation: Recorded a 91% registration rate and a 93% show rate for June orientation.
- Housing Occupancy: As of early August, residential headcount stood at 1,027 (up from 950 last fall).

Anna Maria College & Athletics Expansion

- Transfer Yield: Yielded 20 enrolled transfer students from Anna Maria College, generating over \$200,000 in revenue.
- Men's Lacrosse Launch:
 - Hired Head Coach Tommy Moorshead.
 - Projected 25 players for Fall 2026.
 - Strong early recruitment trajectory for Fall 2027 (33 serious recruits, ~120 prospect inquiries).
 - Filling conference scheduling gaps left by Anna Maria's closure.

IV. Budget Update

A. FY26 Snapshot

Fiscal Year 2026 Budget Snapshot (Travis Chambers)

- Revenue Overview (as of July 22, 2026):
 - State Appropriations: ~\$47.9M.
 - Tuition & Fees: Met target at ~\$24.7M.
 - GCE Revenue: Met and exceeded projections.
 - Investment Income: Generated ~\$3M in high-yield interest; budgeted usage of \$3.3M remained untouched as of the meeting date.
 - Reserves/Fund Balance: No drawdowns from checking/savings reserves as of July 22. Total revenues collected stood at 97% of budget.
- Expenditures & Operational Notes:
 - Compensation: Regular employee compensation at \$46.5M (with 1.5 payroll periods remaining to reconcile). Special/contracted services reached \$8.6M.
 - Capital & Facilities: Construction/improvements budget absorbed necessary capital projects, including restarting the Conlon project to capture ~\$1M in state matching funds.
 - Academic Program Adjustments: Discussed strategies to address enrollment drops in rise-point partner programs (MBA, M.Ed.) and CPS,

including renegotiating the Rise Point contract for improved revenue share and relocating the CPS team back to main campus.

B. FY27 Final Budget

Fiscal Year 2027 Budget Presentation (Travis Chambers)

- Revenue Projections:
 - State Appropriations: Projected at \$46.9M base plus \$1.3M for Student Success.
 - Tuition & Fees: Conservatively budgeted at \$24.2M (accounting for Fitchburg Promise waivers).
 - Housing: Budgeted conservatively at \$9.0M.
 - Reserve Allocations: Budget plans for utilizing \$3M from cash/checking reserves plus \$3.3M from investment savings if necessary.
- Expenditure Drivers & Mitigations:
 - Personnel Costs: Projected at \$51.1M for regular employee compensation.
 - Fringe Rate Impact: Addressed the Commonwealth fringe benefit rate increase to 43.9%. Mitigated partly by strategically reallocating out-of-state tuition reserves (\$3M) to balance non-appropriated full-time compensation.
 - Fleet Management: Operational shift moving vehicle costs from CPM to an equipment lease/rental model managed via UPD.
 - Efficiency Targets: Priority placed on position management and auditing special employee/contracted services before evaluating potential fee increases for FY28.

V. FY27 Budget Vote

A. FY27 Budget - VOTE (CM02-2026-2027)

M. Morris made a motion to Approve the FY27 Final Budget.

E. Gregoire seconded the motion.

The committee **VOTED** to approve the motion.

Roll Call

E. Gregoire	Aye
D. Tiernan	Aye
M. Morris	Aye
M. Fiorentino, Jr.	Aye
K. Spinelli	Aye

VI. Closing Items

A. Adjourn Meeting

M. Fiorentino, Jr. made a motion to Adjourn the meeting.

D. Tiernan seconded the motion.

The committee **VOTED** to approve the motion.

Roll Call

K. Spinelli Aye

E. Gregoire Aye

M. Morris Aye

D. Tiernan Aye

M. Fiorentino, Jr. Aye

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 12:33 PM.

Respectfully Submitted,

K. Spinelli

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees Finance Committee Meeting	DATE: October 20, 2026
FROM: The President	REQUEST NUMBER: CM08-2026-2027
SUBJECT: August 5, 2026 Meeting Minutes	

It is requested that the Fitchburg State University Finance Committee vote to approve the minutes from the August 5, 2026 meeting.

Coversheet

Audit Presentation

Section:	II. Presentation by Auditors (Bollus Lynch)
Item:	A. Audit Presentation
Purpose:	Discuss
Submitted by:	
Related Material:	Fitchburg State University 2026 FS - DRAFT 10.15.2026.pdf

FITCHBURG STATE UNIVERSITY
(AN AGENCY OF THE COMMONWEALTH OF
MASSACHUSETTS)
FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND
OTHER REPORTS
YEARS ENDED JUNE 30, 2026 AND 2025
AND
INDEPENDENT AUDITOR'S REPORT

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

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

YEARS ENDED JUNE 30, 2026 AND 2025

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 14
Financial Statements:	
Statements of Net Position	15 - 17
Statements of Revenues, Expenses and Changes in Net Position	18 - 19
Statements of Cash Flows	20 - 22
Notes to Financial Statements	23 - 60
Supplementary Information:	
Schedule 1 - Schedule of the University's Proportionate Share of the Net Pension Liability	61
Schedule 2 - Schedule of University Pension Contributions	62
Notes to Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Pension Contributions	63 - 64
Schedule 3 - Schedule of the University's Proportionate Share of the Net OPEB Liability	65
Schedule 4 - Schedule of University OPEB Contributions	66
Notes to Schedule of the University's Proportionate Share of the Net OPEB Liability and Schedule of University OPEB Contributions	67 - 69
Schedule 5 - Residence Hall Fund and Residence Hall Damage Fund Activity Statement of Net Position	70
Schedule 6 - Residence Hall Fund and Residence Hall Damage Fund Activity Statement of Revenues, Expenses and Changes in Net Position	71
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>	72 - 73



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fitchburg State University

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Fitchburg State University, as of June 30, 2026 and 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 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 XX through XX and certain information pertaining to liabilities recorded in accordance with Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* on pages 88 through 96 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The supplementary information on pages XX and XX is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2026, 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
_____, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following Management's Discussion and Analysis (MD&A), prepared by the management of Fitchburg State University (the "University"), provides an overview of the University's financial position and results of operations for the fiscal years ended June 30, 2026 and 2025. This discussion is intended to provide context for understanding the University's financial statements, highlight significant changes in its financial position and operating results, and explain how its financial activities support the University's mission. The MD&A should be read in conjunction with the accompanying financial statements and notes thereto.

The University, located in North Central Massachusetts, is one of the nine comprehensive public universities in the Commonwealth of Massachusetts (the "Commonwealth"). These institutions, along with the five-campus University of Massachusetts system and the fifteen community colleges comprise public higher education in Massachusetts. The University offers more than 39 undergraduate degree programs in fifteen academic departments, 24 graduate degree programs and several Graduate Certificates of Advanced Study. During fiscal 2026, the University served over 9,000 full and part-time students in both its undergrad and graduate programs. There was a combined full-time equivalent annual enrollment of approximately 4,347 and the university awarded 1,624 graduate and undergraduate degrees in fiscal 2026. The University is accredited by the New England Commission of Higher Education (NECHE), and many of the University's programs are accredited by program-specific accrediting bodies.

Funding the University

As a public institution, the University receives support from the Commonwealth of Massachusetts in the form of an annual operating state appropriation. The University is also funded through tuition and fees, auxiliary (residence hall) fees, government grants from (Federal, State and local), capital appropriations from the Commonwealth of Massachusetts, and other miscellaneous sources including investment income.

The University's annual state appropriation is established through the Commonwealth's annual budget process. The appropriation may vary from year to year based on changes in state revenues, budgetary priorities, enrollment and other higher education funding considerations of the Commonwealth..

State tuition rates are determined by the Commonwealth. Tuition rates have not changed in more than two decades and as such represent a smaller portion of student revenues. Fees are set by the Board of Trustees of the University and have increased over time. For fiscal 2026, the University opted not to raise any fees to help counter other inflationary pressures that could impact a student's ability to attend.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements

Statement of Net Position

The statement of net position presents the financial position of the University at the end of the year. It includes the year-end balances of all assets, liabilities, and deferred inflows and outflows of resources of the University with the difference reported as net position. The statements of net position (condensed in thousands) on June 30, 2026, and 2025 are as follows:

	2026	2025
Assets		
Current assets	\$ 35,059	\$ 38,682
Capital assets, net	169,286	177,808
Right-of use assets, net	36,995	43,085
Other	32,778	29,582
Total assets	274,118	289,157
Deferred outflows of resources	1,585	1,763
Liabilities		
Current liabilities	34,201	33,360
Long-term liabilities	88,601	101,767
Total liabilities	122,802	135,127
Deferred inflows of resources	11,938	14,309
Net position		
Net investment in capital assets	120,891	124,975
Restricted		
Nonexpendable	624	589
Expendable	10,341	10,631
Unrestricted		
Designated	18,731	17,451
Undesignated (deficit)	(9,624)	(12,162)
Total net position	\$ 140,963	\$ 141,484

FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

Current assets consist mainly of cash and cash equivalents (90%) and accounts receivable (9%). Other assets include non-current restricted cash and cash equivalents reserved for debt payments, investments in marketable securities and loans receivable. Capital assets are the land, buildings, infrastructure and equipment that make up the campus.

Current liabilities primarily include revenue received in advance, the current portion of bond and lease liabilities, trade accounts and salaries payable, accounts payable - construction, the current portion of compensated absences and accrued faculty payroll.

Deferred inflows and outflows of resources represent either the acquisition or use of resources applicable to future periods and are distinct from assets and liabilities.

Details of the University's assets are:

	2026	2025	Change
Assets			
Cash	37,050	41,511	(4,461)
Investments	26,999	23,418	3,581
Accounts Receivable	3,517	3,053	464
Capital assets, net	169,286	177,808	(8,522)
Right of use assets	36,995	43,085	(6,090)
Other assets	271	282	(11)
Total Assets	<u>274,118</u>	<u>\$ 289,157</u>	

Analysis of changes in assets:

- Cash decreased by nearly \$4.5 million during FY 26. This is related to operating losses which are due to a decline in enrollment along with inflationary pressures.
- Investments increased by over \$3.5 million due to favorable market conditions.
- Accounts receivable increased slightly due to an increase in student accounts payable
- Capital assets, net of depreciation decreased by \$8.5 million in FY 26. There are two factors that contribute to this. First, is the annual charge for depreciation of \$14 million which decreases the value of the assets and secondly, the University added \$5.4 million in additional fixed assets during the year. The fixed asset additions were paid for with \$3.8 million of capital appropriation and \$1.6 million from the Universities operating budget.

FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

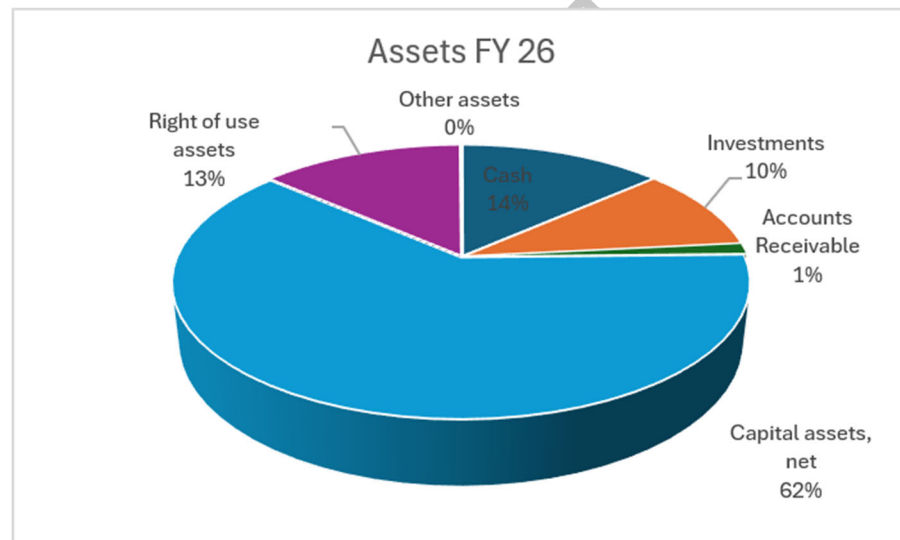
Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

- Under GASB guidelines, certain long-term leases must be capitalized as right of use assets and amortized over the life of the lease. This decrease is based on an amortization schedule established when the lease took effect. Right of use assets consist of the following:

	2026	2025
Residence Halls	34,617	40,702
Software licenses	2,378	2,383
Total right to use assets	<u>36,995</u>	<u>43,085</u>

The graph below illustrates the composition of the University's assets as of June 30, 2026:



Details of the University's liabilities are:

	2026	2025	Change
Liabilities			
Accounts payable and accruals	13,122	11,489	1,633
Deferred revenue	8,864	9,829	(965)
Bonds Payable	34,906	38,638	(3,732)
Lease obligations	49,453	54,507	(5,054)
Workers Comp and Comp absences	7,743	7,472	271
OPEB & Pension	8,697	13,176	(4,479)
Other	17	16	1
Total Liabilities	<u>122,802</u>	<u>\$ 135,127</u>	

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

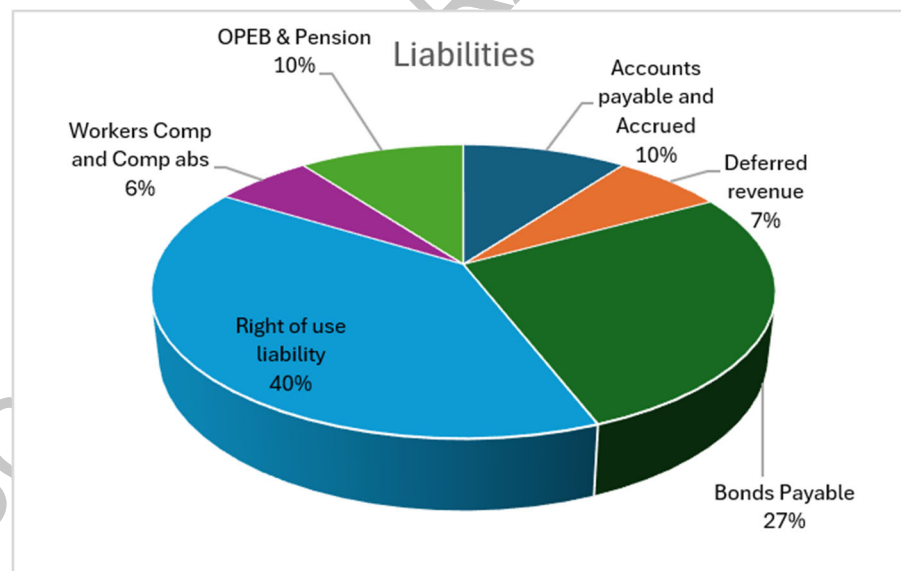
Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

Analysis of changes in liabilities:

- Accounts payable increased by \$1.6 million. This was due to an increase in construction accounts payable for capital projects. This increase is due to an increase in construction activity in order to utilize the University's \$6 million capital allocation. This increase in payables will be funded through that appropriation.
- Deferred revenues are revenues that have been received to be applied to a future fiscal period. Examples would be student deposits for the fall semester, or grant monies which must be returned if not expended. The decrease in fiscal 2026 is related to capital appropriations received in fiscal 2025 and spent in fiscal 2026
- The decrease in bond payable of \$3.7 million is due to the University's annual debt service for bonds related to capital improvements to the campus
- The right of use liability is the counter entry to the right of use asset discussed in the asset section. Annual payments on these leases directly reduce this liability.

The graph below illustrates the composition of the University's liabilities as of June 30, 2026:



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

Statement of Revenue Expenses and Change in Net Position

The following Statements of Revenues, Expenses and Changes in Net Position (condensed, in thousands) presents information showing the University's results of operations for the fiscal years ended June 30, 2026 and 2025. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., the accrual for compensated absences).

	2026	2025
Operating revenues		
Tuition and fees (net)	35,658	36,843
Grants	10,729	11,725
Sales and services of educational department	1,699	1,624
Auxiliary	12,863	12,803
Right-of-use asset revenue		
Other operating revenue	657	807
Total operating revenues	61,606	63,802
Operating expenses		
Instruction	38,320	37,633
Research and public service	1,005	1,170
Academic support	13,938	13,702
Student services	19,176	18,613
Scholarships	2,461	3,524
Institutional support	8,954	10,615
Operations and maintenance	9,619	9,715
Depreciation	14,074	13,637
Amortization	5,222	5,170
Auxiliary	14,794	14,469
Total operating expenses	127,563	128,248
Net operating loss	(65,957)	(64,446)
Non Capital Subsidies		
State Appropriation	61,380	62,480
Operating loss and non-capital subsidies	(4,577)	(1,966)
Other non-operating revenue and expense		
Investment income	3,702	3,307
Interest expense and debt issuance costs	(3,588)	(3,906)
State capital appropriations	3,942	131
Capital gifts and grants		
Total non-operating revenues and expenses	4,056	(468)
Increase(decrease) in net position	(521)	(2,434)
Net position, beginning of year	141,484	143,918
Net position, end of year	140,963	141,484

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

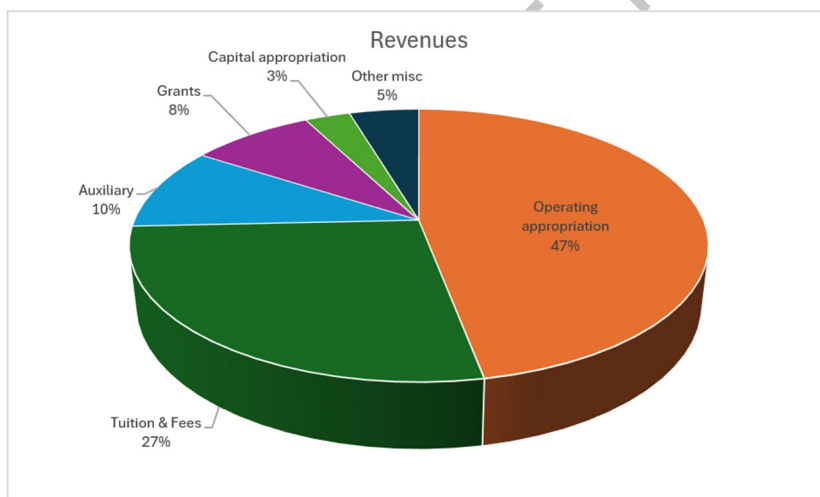
Statement of Revenues, Expenses and Changes in Net Position (continued)

Appropriations are a significant source of funding for the University's operations, however, due to the nature of public higher education accounting as it pertains to state appropriations, state appropriations are considered non-operating revenue. Therefore, the University will show a net operating loss before adding in the annual state appropriation.

Other non-operating revenues and expenses consist of revenues and costs that are not directly related to the University's primary operating activities, such as investment income, interest expense, and other miscellaneous non-operating items.

For the University, net operating loss and non-capital subsidies amounted to \$4,577. This loss was reduced to \$521 after adding in the annual state appropriation. Non-operating revenues and expenses added another \$4 million to the University's net position

The following pie chart illustrates the breakdown of the University's revenue sources.



Analysis of revenue:

The annual State appropriation is the largest funding source for the University, making up nearly 50% of its funding. Tuition and fees along with auxiliary (residence and dining fees) comprise 37%.

Although the Commonwealth's direct appropriation to the University was lower in FY 2026 than in the prior year, this decrease does not reflect a reduction in the University's overall state support. In fact, FSU's underlying appropriation allocation increased year over year. The apparent decrease in the reported appropriation is primarily attributable to the treatment of fringe benefit costs. In addition to the direct appropriation, the Commonwealth funds the fringe benefit costs associated with wages supported by the appropriation. This funding is provided at the state level and is recognized by the University through an annual accrual as an indirect appropriation. Because the amount of this indirect appropriation is significantly affected by the Commonwealth's fringe benefit rate, changes in that rate can materially affect the total appropriation recognized by the University from year to year. The fringe benefit rate decreased from 43.44% in FY 2025 to 35.60% in FY 2026, resulting in the following calculation and explaining the apparent decrease in total appropriation revenue.

FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Overview of the Financial Statements (Continued)

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

	<u>2026</u>	<u>2025</u>	Change
Direct State Approp	\$ 46,069,155	\$ 44,333,068	\$ 1,736,087
Fringe Benefits	15,893,601	18,582,212	(2,688,611)
Less Tuition Remitted	(582,405)	(434,956)	(147,449)
Net appropriation	<u>\$ 61,380,351</u>	<u>\$ 62,480,324</u>	<u>\$ (1,099,973)</u>

Thus, while the University's direct appropriation increased by approximately \$1.7 million, the amount accrued for the related fringe benefits decreased by approximately \$2.7 million due to the lower fringe benefit rate. It is important to note that the University records an offsetting fringe benefit expense of the same amount. Accordingly, the recognition of this indirect appropriation has no net impact on the University's annual surplus or deficit.

Tuition and fees are the second largest source of revenue for the University. In FY 26 tuition and fee revenue were down \$1 million from the previous year (3.2%). This was due to lower enrollments.

Auxiliary (residence halls and dining) is also driven by student enrollment. For FY 26 there was a slight increase in auxiliary revenue, reflecting an increase in occupancy.

In FY 26, grant revenue is down by \$1 million. The largest contributor of this is a \$690K decrease in Federal Pell grants.

Analysis of expenditures:

Despite inflationary pressures, the University was able to keep total FY 26 expenditures level with FY 25.

Although expenses are level with last year, there has been a shift in the categories of expenses. Most notably, there has been an increase in wages and benefits while all other operating expenses have decreased as indicated below.

	FY 26	FY 25	Change
Salaries & Fringe	72,136,855	72,067,848	69,007
Other Operating	55,425,982	56,181,017	(755,035)
	<u>127,562,837</u>	<u>128,248,865</u>	<u>(686,028)</u>

FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Overview of the Financial Statements (Continued)

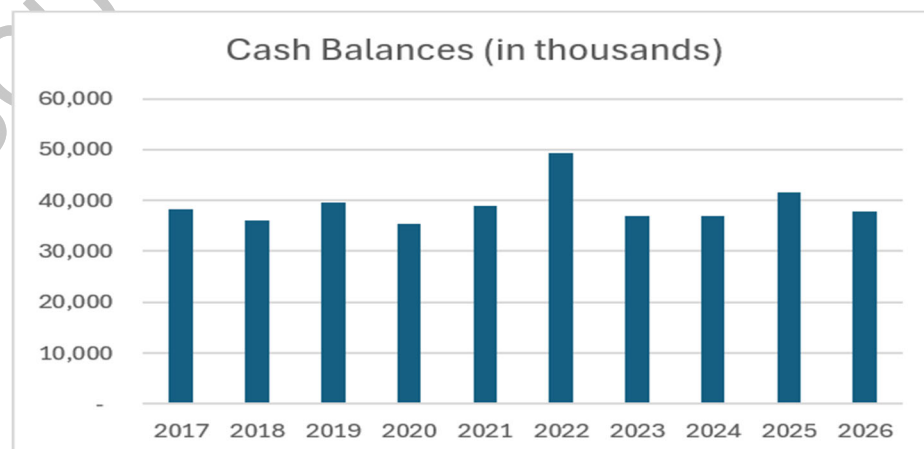
Statement of Cash Flows

The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period. The statement provides an additional tool to assess the financial health of the institution. As required by GASB, the statement is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of receipts (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services).

The following are the University's statements of cash flows (condensed, in thousands) for the fiscal years ended June 30, 2026 and 2025:

	2026	2025
Cash received from operations	\$ 61,361	\$ 63,956
Cash expended for operations	(96,498)	(94,727)
Net cash used in operations	(35,137)	(30,771)
Net cash provided by noncapital financing activities	45,251	43,898
Net cash used in capital and related financing activities	(14,685)	(10,162)
Net cash provided by (used in) investing activities	110	1,706
Net increase (decrease) in cash and equivalents	(4,461)	4,671
Cash and equivalents, beginning of the year	41,511	36,840
Cash and equivalents, end of year	\$ 37,050	\$ 41,511

Although cash decreased by nearly \$4.5 million in FY 26, the ending cash balance is still within normal parameters for the University. The chart below shows the ending cash balances for the past 10 fiscal years.



FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Overview of the Financial Statements (Continued)

Capital Assets

Capital assets consist of land, land improvements, building and building improvements, construction in progress and equipment. Capital assets are recorded at their original acquisition costs and depreciated over time. Land is not depreciated, land improvements are depreciated over 20 years, building 40 years, building improvements 20 years, equipment 5 years. Construction in progress does not begin depreciation until the construction is completed and the asset is placed in service.

Capital assets at historical cost and accumulated depreciation thereon as of June 30, 2026 were:

	Total Cost	Depreciation	Net amount
Land	5,478	-	5,478
Land Improvements	19,942	14,696	5,246
Buildings	80,592	52,650	27,942
Building Improvements	228,303	116,161	112,142
Construction in progress	7,449	-	7,449
Equipment	34,357	23,328	11,029
Total	376,121	206,835	169,286

The University added \$5.4 million in capital assets in fiscal 2026. \$3.8 million of the funding came from State Capital appropriations and the remaining \$1.6 million was funded through the University's operating budget. All of these additional capital assets are related to building and infrastructure improvements that enhance and prolong the life of the campus.

Long-Term Debt

The University has long-term debt obligations issued for various capital projects. The debt was issued through the Massachusetts State College Building Authority (MSCBA). The interest rate on the majority of MSCBA debt is based on fixed coupon rates ranging from 3.00% to 6.54% over the term of the debt as set by MSCBA. The current MSCBA debt is being repaid by the University primarily through dedicated student fees (DSF)

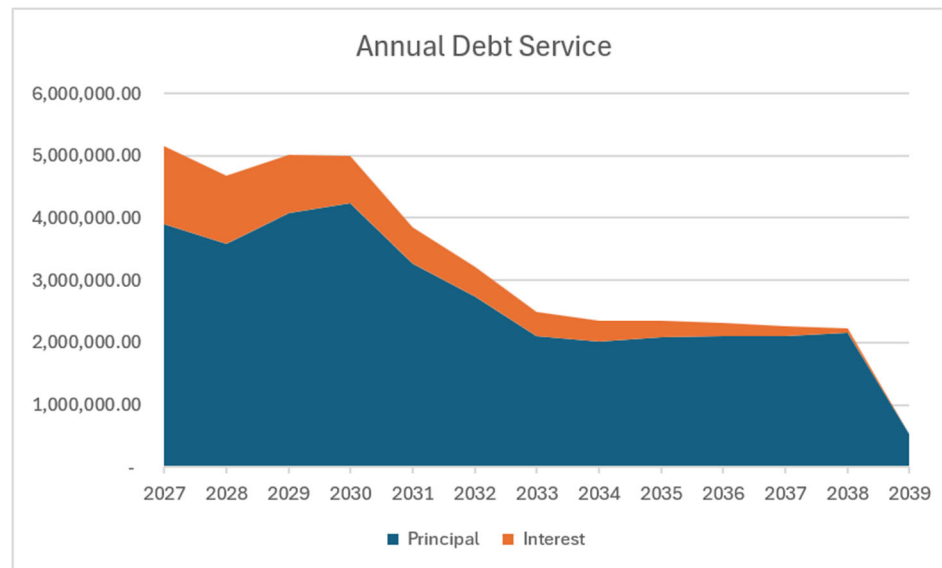
In addition to the MSCBA debt, the University also has a CEIP (clean Energy Incentive Program) loan through the Department of Capital Planning and Maintenance. These funds are made available to fund energy related projects.

The MSCBA debt (\$31 million) which makes up the bulk of the University's debt is comprised of a portfolio of bond issues with varying maturity dates. Thus, the schedule of payment for principal and interest can fluctuate whereas the CEIP debt (\$3.875 million) calls for a fixed principal payment over the life of the loan resulting in lower interest payments annually.

FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Overview of the Financial Statements (Continued)

Long-Term Debt (continued)



Under the current financing terms, debt service will remain at the same levels until FY 2030 after which it will drop sharply over the next three years before leveling out for the remainder of the term.

Summary

Despite operating losses in recent fiscal years, Fitchburg State University remains fiscally sound, supported by its overall financial position, continued Commonwealth support, and commitment to responsible financial management. University leadership continues to monitor financial performance, evaluate operating priorities, and implement strategies to promote long-term financial sustainability. While ongoing operating challenges require continued attention, the University remains focused on aligning resources with its educational mission and maintaining the financial stability necessary to serve its students and the broader community.

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2026 AND 2025

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
ASSETS				
Current assets:				
Cash and equivalents	\$ 17,673,822	\$ 21,106,429	\$ 5,599,868	\$ 6,530,913
Restricted cash and cash equivalents	13,636,054	14,379,609	-	-
Accounts receivable, net	3,247,115	2,945,853	93,857	79,389
Contributions receivable, net	-	-	225,558	141,850
Due from affiliate	228,747	52,483	-	-
Other current assets	272,846	197,663	2,748	2,654
Total current assets	35,058,584	38,682,037	5,922,031	6,754,806
Non-current assets:				
Restricted cash and cash equivalents	5,739,987	6,024,474	-	-
Investments	25,710,016	22,203,221	16,379,581	12,940,014
Endowment investments	1,289,121	1,214,874	19,960,434	19,675,590
Contributions receivable, net	-	-	72,262	128,387
Loans receivable, net of current portion	40,977	55,066	-	-
Capital assets, net	169,285,823	177,807,534	6,468,751	6,672,819
Right-to-use asset - property, net	34,616,630	40,702,391	-	-
Right-to-use asset - SBITA, net	2,378,235	2,383,000	-	-
Other non-current assets	-	84,887	39,025	65,473
Total non-current assets	239,060,789	250,475,447	42,920,053	39,482,283
Total assets	274,119,373	289,157,484	48,842,084	46,237,089
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow for OPEB	701,824	546,718	-	-
Deferred outflow for pensions	883,119	1,216,238	-	-
Total deferred outflows of resources	1,584,943	1,762,956	-	-

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

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

STATEMENTS OF NET POSITION

JUNE 30, 2026 AND 2025
(Continued)

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
LIABILITIES				
Current liabilities:				
Interagency payables, current portion	\$ 3,821,909	\$ 3,732,422	\$ -	\$ -
Long-term debt, current portion	-	-	317,555	239,793
Lease obligations - property, current portion	3,341,941	3,309,293	-	-
Lease obligations - SBITA, current portion	884,185	875,572	-	-
Accounts payable and accrued liabilities	6,174,677	5,406,439	274,737	71,396
Accounts payable - construction	2,342,777	1,658,320	97,840	100,780
Accrued workers' compensation, current portion	119,889	196,007	-	-
Compensated absences, current portion	4,030,917	3,912,427	-	-
Faculty payroll accrual	4,604,305	4,423,830	-	-
Revenue received in advance	8,674,885	9,642,305	220,890	192,568
Deposits	188,850	186,900	-	-
Due to affiliate	-	-	161,656	52,483
Other current liabilities	16,930	16,149	34,130	39,482
Total current liabilities	34,201,265	33,359,664	1,106,808	696,502
Non-current liabilities:				
Interagency payables, net of current portion	31,083,692	34,905,602	-	-
Lease obligations - property, net of current portion	43,743,302	48,808,082	-	-
Lease obligations - SBITA, net of current portion	1,484,170	1,514,176	-	-
Accrued workers' compensation, net of current portion	1,116,527	943,836	-	-
Compensated absences, net of current portion	2,476,079	2,419,400	-	-
Long-term debt, net of current portion	-	-	3,044,876	3,360,163
Loan payable - federal financial assistance program	-	-	-	-
Net OPEB liability	4,401,578	6,981,634	-	-
Net pension liability	4,295,979	6,194,205	-	-
Total non-current liabilities	88,601,327	101,766,935	3,044,876	3,360,163
Total liabilities	122,802,592	135,126,599	4,151,684	4,056,665
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow for OPEB	7,518,710	8,493,153	-	-
Deferred inflow for pensions	2,394,381	3,479,287	-	-
Deferred inflow for debt refunding	2,025,328	2,336,960	-	-
Total deferred inflows of resources	11,938,419	14,309,400	-	-

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

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

STATEMENTS OF NET POSITION

JUNE 30, 2026 AND 2025
(Continued)

	Fitchburg State University		Component Unit	
			Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
NET POSITION				
Net investment in capital assets	\$ 120,891,416	\$ 124,974,803	\$ 3,106,320	\$ 3,072,863
Restricted for				
Non-expendable				
Scholarships and fellowships	623,795	589,366	11,936,461	11,651,617
Cultural programs	-	-	5,884,741	5,884,741
Centennial endowments	-	-	1,592,974	1,592,974
Other	-	-	546,258	546,258
Expendable				
Scholarships and fellowships	687,491	542,416	11,178,680	8,742,950
Cultural programs	-	-	5,571,624	5,571,624
Loans	75,096	104,973	-	-
Capital projects	245,854	241,678	-	-
Debt service	9,065,471	9,549,122	-	-
Other	267,059	193,043	2,180,539	2,180,539
Unrestricted (deficit)	9,107,123	5,289,040	2,692,803	2,936,858
Total net position	<u>\$ 140,963,305</u>	<u>\$ 141,484,441</u>	<u>\$ 44,690,400</u>	<u>\$ 42,180,424</u>

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2026 AND 2025

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
REVENUES				
Operating revenues:				
Student tuition and fees	\$ 39,480,144	\$ 40,291,968	\$ -	\$ -
Student fees restricted for repayment of interagency payables	4,051,103	4,328,762	-	-
Less: Scholarship allowance	(7,873,704)	(7,777,548)	-	-
Net student tuition and fees	35,657,543	36,843,182	-	-
Federal grants and contracts	8,182,910	8,937,645	-	-
State and local grants and contracts	1,776,850	2,033,486	448,704	702,987
Nongovernmental grants and contracts	769,120	754,329	-	-
Sales and services of educational departments	1,699,117	1,623,885	736,734	614,127
Gifts and contributions	-	-	1,236,584	1,302,857
Auxiliary enterprises				
Residential life	9,310,013	9,152,828	-	-
Dining hall	3,516,433	3,630,584	-	-
Alcohol awareness and other programs	36,900	19,400	-	-
Other operating revenues	656,831	806,775	-	-
Total operating revenues	61,605,717	63,802,114	2,422,022	2,619,971
EXPENSES				
Operating expenses:				
Educational and general				
Instruction	38,320,424	37,633,587	-	43,679
Research	126,430	83,936	-	84,911
Public service	878,959	1,086,006	-	79,621
Academic support	13,938,261	13,702,671	257,349	169,036
Student services	19,175,891	18,613,297	776,707	137,505
Institutional support	8,954,118	10,614,736	825,822	936,980
Operation and maintenance of plant	9,618,578	9,715,197	268,820	265,980
Depreciation	14,074,472	13,637,508	204,068	216,236
Amortization	5,221,866	5,169,882	-	-
Scholarship and awards	2,461,042	3,523,489	797,172	692,131
Auxiliary enterprises				
Residential life	11,294,207	10,886,299	-	-
Dining hall	3,476,639	3,555,208	-	-
Alcohol awareness and other programs	21,950	27,049	-	-
Total operating expenses	127,562,837	128,248,865	3,129,938	2,626,079
Operating income (loss)	(65,957,120)	(64,446,751)	(707,916)	(6,108)
NONCAPITAL SUBSIDIES				
State appropriations	61,380,351	62,480,324	-	-
Operating income (loss) and noncapital subsidies	(4,576,769)	(1,966,427)	(707,916)	(6,108)

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2026 AND 2025
(Continued)

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
OTHER NONOPERATING REVENUES (EXPENSES)				
Investment income, net of investment expense	2,952,280	2,459,638	543,350	556,492
Investment income on restricted assets, net of investment expense	750,068	847,317	2,552,015	2,696,060
Interest expense on interagency payables and capital asset related debt	(3,588,557)	(3,906,607)	(162,317)	(170,752)
Capital appropriations	3,941,842	131,659	-	-
Private gifts for endowment purposes	-	-	284,844	728,849
Net other nonoperating revenues (expenses)	4,055,633	(467,993)	3,217,892	3,810,649
Change in net position	(521,136)	(2,434,420)	2,509,976	3,804,541
NET POSITION				
Beginning of year	141,484,441	143,918,861	42,180,424	38,375,883
End of year	<u>\$ 140,963,305</u>	<u>\$ 141,484,441</u>	<u>\$ 44,690,400</u>	<u>\$ 42,180,424</u>

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

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Tuition and fees	\$ 35,356,028	\$ 36,654,071
Research grants and contracts	11,012,346	11,843,899
Payments to suppliers	(26,529,584)	(25,068,328)
Payments to utilities	(7,278,308)	(6,983,531)
Payments to employees	(57,987,229)	(56,549,264)
Payments for benefits	(2,022,046)	(2,561,421)
Payments for scholarships	(2,680,264)	(3,561,986)
Loans issued to students	(630)	(2,522)
Collection of loans to students	14,720	19,530
Auxiliary enterprise receipts	-	-
Residential life	9,204,916	9,174,611
Dining hall	3,479,360	3,629,883
Alcohol awareness program	36,900	19,400
Receipts from sales and services of educational departments	1,637,175	1,869,679
Other receipts	619,195	745,429
Net cash used in operating activities	<u>(35,137,421)</u>	<u>(30,770,550)</u>
Cash flows from noncapital financing activities:		
State appropriations	45,834,231	44,333,068
Tuition remitted to state	(582,405)	(434,956)
Net cash provided by noncapital financing activities	<u>45,251,826</u>	<u>43,898,112</u>
Cash flows from capital and related financing activities:		
State capital appropriations	2,901,034	3,661,799
Loan programs net funds receivable	-	2,916
Capital grants and gifts activity (DCAM and other)	-	-
Federal loan funds received	-	15,299
Payments for capital assets	(4,868,304)	(1,533,482)
Principal paid on capital debt and leases	(8,785,948)	(8,402,023)
Interest paid on capital debt	(3,931,876)	(3,906,607)
Net cash used in capital and related financing activities	<u>(14,685,094)</u>	<u>(10,162,098)</u>
Cash flows from investing activities:		
Purchases of investments	(6,141,097)	(4,373,131)
Proceeds from sale of investments	4,873,994	4,477,680
Earnings on investments	1,377,143	1,600,596
Net cash provided by investing activities	<u>110,040</u>	<u>1,705,145</u>
Net change in cash, cash equivalents, and restricted cash	(4,460,649)	4,670,609
Cash, cash equivalents and restricted cash, beginning of year	41,510,512	36,839,903
Cash, cash equivalents and restricted cash, end of year	<u>\$ 37,049,863</u>	<u>\$ 41,510,512</u>

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

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025
(Continued)

	2026	2025
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (65,957,120)	\$ (64,446,751)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense (recovery)	114,286	368,523
Depreciation and amortization	19,296,338	18,807,390
Right-of-use asset revenue applied to bonds	-	(67)
Fringe benefits paid by the Commonwealth of Massachusetts	13,503,805	18,582,212
Change in net pension liability	(2,650,013)	(1,356,052)
Change in net OPEB liability	(3,709,605)	(3,691,444)
Changes in assets and liabilities		
Receivables	(415,548)	(291,534)
Other current and noncurrent assets	9,704	28,051
Accounts payable and accrued liabilities	1,452,695	1,143,677
Accrued workers' compensation	96,573	(15,639)
Compensated absences	3,891,589	(42,224)
Accrued faculty payroll	180,475	(277,372)
Revenue received in advance	(967,420)	490,454
Other current liabilities	781	(81,832)
Deposits	1,950	(4,950)
Loans to students	14,089	17,008
Net cash used in operating activities	<u>\$ (35,137,421)</u>	<u>\$ (30,770,550)</u>

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

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025
(Continued)

	2026	2025
Schedule of noncash and financing activities:		
Acquisition of capital assets	\$ 5,552,761	\$ 2,675,362
Accounts payable thereon		
Beginning of year	1,658,320	516,440
End of year	<u>(2,342,777)</u>	<u>(1,658,320)</u>
Payments for capital assets	<u>\$ 4,868,304</u>	<u>\$ 1,533,482</u>
Unrealized gain on investments	<u>\$ 1,852,167</u>	<u>\$ 1,400,900</u>
Fringe benefits paid by the Commonwealth of Massachusetts	<u>\$ 13,503,805</u>	<u>\$ 18,582,212</u>
Reconciliation of cash, cash equivalents and restricted cash balances:		
Current assets		
Cash and cash equivalents	\$ 17,673,822	\$ 21,106,429
Restricted cash and cash equivalents	13,636,054	14,379,609
Noncurrent assets		
Restricted cash and cash equivalents	<u>5,739,987</u>	<u>6,024,474</u>
	<u>\$ 37,049,863</u>	<u>\$ 41,510,512</u>

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

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

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fitchburg State University (the "University") is a public, State-supported comprehensive four-year University which offers a quality education leading to baccalaureate and master's degrees in many disciplines. With its campus located in Fitchburg, Massachusetts, the University provides instruction in a variety of liberal arts, allied health, and business fields of study. The University also offers, through the Division of Graduate and Continuing Education, credit and non-credit courses. The University is accredited by the New England Commission of Higher Education ("NECHE") (formerly known as the New England Association of Schools and Colleges ("NEASC")).

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

Component Unit

Fitchburg State University Foundation, Inc. (the "Foundation") is a component unit of Fitchburg State University. The Foundation is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University, to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Alumni Association, Amelia V. Gallucci - Cirio endowment and the University's Booster Clubs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

FSU Foundation Supporting Organization, Inc. (the "Foundation Supporting Organization") was organized on October 29, 1999 for the exclusive benefit of the Foundation and all of its educational and charitable activities. The Foundation Supporting Organization is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation Supporting Organization's sole program activity, as of June 30, 2026, has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and the University. The financial information of the Foundation Supporting Organization is consolidated into the financial statements of the Foundation. The Foundation and Foundation Supporting Organization are collectively referred to hereinafter as the FSU Foundation.

During fiscal 2026, the Foundation distributed scholarships and awards in the amount of \$630,838 directly to students and faculty of the University, and incurred an additional \$1,130,174 in support of its mission in other ways. Complete financial statements for FSU Foundation can be obtained from the Office of Financial Services, Fitchburg State University, 160 Pearl Street, Fitchburg, MA 01420.

During fiscal 2025, the Foundation distributed scholarships and awards in the amount of \$692,131 directly to students and faculty of the University and incurred an additional \$1,862,816 in support of its mission in other ways.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

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

FSU Foundation, as a nonprofit organization, reports under Financial Accounting Standards Board ("FASB") guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of certain items, no modifications have been made to FSU Foundation's consolidated financial information in the University's financial reporting entity for these differences.

The University's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the University's operating and capital appropriations from the Commonwealth, net investment income, gifts, and interest expense.

When both restricted and unrestricted resources are available for use, it is the University's policy to use the restricted resources first, then unrestricted resources as they are needed.

Net position

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

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

Restricted

Nonexpendable - Component of net position whose net assets are subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Expendable - Component of net position whose use of net assets by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted - All other categories of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees.

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Subsequent events

The University has evaluated the financial statement impact of subsequent events occurring through _____, 2026, the date that the financial statements were available to be issued.

Cash and cash equivalents and investments

The University's cash and cash equivalents are considered to be cash on hand, cash and cash equivalents held by the Commonwealth's Treasurer and Receiver-General, Massachusetts Development Finance Agency ("MDFA") and Massachusetts State College Building Authority ("MSCBA"), and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the University are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are also at fair value. This external investment pool, run by the Treasurer and Receiver-General, operates in accordance with appropriate laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets.

Dividends, interest and net gains or losses on investments are reported in the statements of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

- i. as increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- ii. as increases in restricted - expendable net position if the terms of the gift or the University's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The University has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should be classified as restricted - expendable; and
- iii. as increases in unrestricted net position in all other cases.

At June 30, 2026 and 2025, the University had \$687,490 and \$542,416, respectively, in endowment income available for authorization for expenditure, which is included in restricted - expendable net position for scholarships and fellowships.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents and investments (continued)

Massachusetts General Law, Chapter 15 grants authority to the University Board of Trustees to administer the general business of the University. Inherent in this authority is the authority to invest funds of the University. Chapter 15 further grants the Trustees the authority to delegate, to the President, any said powers or responsibilities. The Board of Trustees of Fitchburg State University has delegated the authority to make specific investment decisions to the President of the University and the Finance Committee of the Board of Trustees. The University's endowment investments consist of debt, marketable equity securities, mutual funds, and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

The University's authorized spending rule provides that all earnings on endowment investments may be expended pursuant to the stipulations placed on these endowments. If a donor has not provided specific instructions, Massachusetts General Law permits the University's Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

The Foundation's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net position, unless a donor or law temporarily (expendable) or permanently (non-expendable) restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

The University's investment income is presented net of investment expense in the statements of revenues, expenses and changes in net position. The University's investment expense amounted to \$128,096 and \$113,067 for the years ended June 30, 2026 and 2025, respectively.

Accounts receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. The University provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the University has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Accounts receivable also include a receivable from the operator of the University's food services operation in connection with a service concession arrangement between the University and the operator. The receivable has been recorded at the net present value of the installments to be received from the operator using a discount rate determined by management of the University.

Capital assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the assets are all owned by the Commonwealth. Capital assets, which include land, land improvements, buildings, building improvements, equipment and other assets are reported in the statements of net position at cost or acquisition value, if donated. Capital assets are defined by the University as assets with an initial, individual cost of more than \$50,000 in accordance with the Commonwealth's capitalization policy. The University does not hold collections of historical treasures, works of art, or other items not requiring capitalization or depreciation.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets, with the exception of land, are depreciated using the straight-line method over estimated useful lives of 40 years for buildings, 20 years for building and land improvements, 5 years for furniture and 3 to 10 years for equipment.

Library materials acquired for the most recent 5-year period are capitalized. The cost of library materials purchased in the current year is added and the cost of purchases made in the earliest year of the 5-year period is deducted from the net position balance.

The land on which the residence halls stand is leased by the MSCBA from the Commonwealth at a yearly cost of one dollar. The leases are long-term leases which can be extended at the end of their terms for additional 10-year periods.

The University, in accordance with a management and services agreement between the MSCBA and Commonwealth, is charged a semi-annual revenue assessment which is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations may include the costs of periodic renovations and improvements to the residence halls. The revenue assessment amounts for the years ended June 30, 2026 and 2025 were \$6,603,580 and \$6,680,820, respectively, and are included in the Residential Life and Dining Hall auxiliary enterprises in the accompanying statements of revenues, expenses and changes in net position. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA.

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30th each year. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20% of amounts earned by those University employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance (see also Note 8).

Student fees

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

Revenue received in advance

Deposits and advance payments received for tuition and fees related to the University's summer programs and tuition billed for the following fiscal year are recorded as revenues received in advance. Funds received in advance from various grants and contracts are also included in revenues received in advance.

Agency funds

Agency funds consist of resources held by the University or Foundation as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to asset and liability accounts. There were no material balances at June 30, 2026 and 2025.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond premiums

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

Pension plan

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

OPEB plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to post-employment benefits other than pensions, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund.

Fringe benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension and workers' compensation benefits. Workers' compensation coverage is provided by the Commonwealth on a self-insured basis. Health insurance and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation and unemployment insurance costs are assessed separately based on the University's actual experience.

Tax status

The University is a department of the Commonwealth and is, therefore, exempt from federal and state income taxes.

New government accounting pronouncements

GASB Statement No. 105, Subsequent Events is effective for reporting periods beginning after June 15, 2026. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Management has not completed its review of the requirements of this Standard and its applicability.

Reclassifications

Certain reclassifications have been made to the 2025 financial statements to conform to the 2026 presentation.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2026 and 2025:

	2026		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	\$ 12,317,836	\$ 13,636,054	\$ (146,207)
Cash equivalents held by MSCBA*	-	-	977,436
Massachusetts State Treasurer**	5,355,241	-	4,908,758
Petty cash	741	-	-
	<u>\$ 17,673,822</u>	<u>\$ 13,636,054</u>	<u>\$ 5,739,987</u>
	2025		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	\$ 14,341,089	\$ 14,379,609	\$ (32,082)
Cash equivalents held by MSCBA*	-	-	973,260
Massachusetts State Treasurer**	6,764,599	-	5,083,296
Petty cash	741	-	-
	<u>\$ 21,106,429</u>	<u>\$ 14,379,609</u>	<u>\$ 6,024,474</u>

* This amount consists of cash and cash equivalents which are restricted by the Massachusetts State College Building Authority ("MSCBA") for the funding of certain construction projects at the University and payments to retire bonds (see Note 12). The University does not have access to these funds except by authorization of MSCBA. Interest earned on debt service reserve funds is used on a current basis to offset annual debt service payments.

** The University has recorded cash held for the benefit of the University by the State Treasurer in the amount of \$10,263,999 and \$11,847,895 at June 30, 2026 and 2025, respectively, for University funds.

The Massachusetts Municipal Depository Trust ("MMDT") is not subject to FDIC insurance. According to the MMDT, the Massachusetts Municipal Depository Trust is an investment pool for political subdivisions in the Commonwealth which was designed as a legal means to safely invest temporarily available cash. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified portfolio of high-quality debt instruments. The MMDT is not a bank, savings institution, or financial institution. The MMDT is an instrumentality of the State Treasurer.

The University maintains a cash and investment pool that is available for use by all trust funds. Each fund type's portion of this pool is reflected in the financial statements under the caption, cash and cash equivalents and investments. The method of allocating interest earned on pooled cash and investments is to record all interest to the appropriate fund based on that fund's average monthly balance. Interest earnings attributable to each trust fund are included under investment income.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Custodial credit risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's deposit policy provides for bank balances to be held in interest-bearing checking accounts and, where account activity and balances warrant it, in money market accounts. All bank balances are to be held at financial institutions of high credit quality. At June 30, 2026 and 2025, the University had uninsured cash balances totaling \$992,407 and \$1,058,659, respectively.

The University does not have a formal policy with respect to the custodial credit risk for investments. Custodial credit risk is that, in the event of the failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds. Certain cash balances are covered by the National Credit Union Administration's Share Insurance Fund up to \$250,000.

The following University investments at June 30, 2026 and 2025 are held by the counterparty's trust department or agent but not in the University's name and, therefore, are subject to custodial credit risk as follows:

	2026	2025
U.S. Treasury notes and government securities	\$ 2,307,738	\$ 2,115,126
Corporate debt securities	2,326,600	1,904,598
Equity securities	14,221,000	11,134,497
Mutual funds	7,940,723	8,263,874
Total	26,796,061	23,418,095
Less: insured amounts	25,803,654	22,359,435
Amount subject to custodial credit risk	<u>\$ 992,407</u>	<u>\$ 1,058,660</u>

Credit risk

The University is required to comply with the Commonwealth's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State Statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers' acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements secured by any of these obligations. The University has also adopted its own formal investment policy, the objectives of which are: safety of principal; liquidity for operating needs; return on investment; and diversification of risk. The University's investment policy generally limits the maturities of investments to not more than one year. However, the University may invest in securities with maturities in excess of one year if it is determined to be in the best interest of the University as described in the University's investment policy. The University may also appoint a professional fund manager and invest in equity and bond funds. Eligible investments shall be consistent with those permitted by State Statutes.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment composition

The University's investments in marketable securities are represented by the following at June 30, 2026 and 2025:

	2026		2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
U.S. Treasury notes and government securities	\$ 2,357,798	\$ 2,307,738	\$ 2,160,008	\$ 2,115,126
Corporate debt securities	5,141,321	2,326,600	1,953,899	1,904,598
Equity securities	6,019,862	14,424,077	7,604,633	11,134,497
Mutual funds	8,155,896	7,940,722	8,227,463	8,263,874
	<u>\$ 21,674,877</u>	<u>\$ 26,999,137</u>	<u>\$ 19,946,003</u>	<u>\$ 23,418,095</u>

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

	2026	2025
Investments	\$ 25,710,016	\$ 22,203,221
Endowment investments	1,289,121	1,214,874
	<u>\$ 26,999,137</u>	<u>\$ 23,418,095</u>

At June 30, 2026, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 to 5	6 to 10
U.S. Treasury notes and government securities	\$ 2,307,738	\$ 320,947	\$ 1,130,286	\$ 856,505
Corporate debt securities	2,326,600	234,648	1,042,276	1,049,676
Total	<u>\$ 4,634,338</u>	<u>\$ 555,595</u>	<u>\$ 2,172,562</u>	<u>\$ 1,906,181</u>

At June 30, 2025, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 to 5	6 to 10
U.S. Treasury notes and government securities	\$ 2,115,126	\$ 172,250	\$ 1,247,502	\$ 695,374
Corporate debt securities	1,904,598	248,849	1,176,573	479,176
Total	<u>\$ 4,019,724</u>	<u>\$ 421,099</u>	<u>\$ 2,424,075</u>	<u>\$ 1,174,550</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment composition (continued)

The Foundation's cash and cash equivalents consist of the following at June 30, 2026 and 2025:

	2026	2025
Cash and other demand deposits	\$ 4,595,482	\$ 4,800,611
Money market fund	1,004,386	1,730,302
	<u>\$ 5,599,868</u>	<u>\$ 6,530,913</u>

The Foundation's investments are represented by the following at June 30:

	2026		2025	
	Cost	Fair Value	Cost	Fair Value
Equities	\$ 9,407,604	\$ 17,659,809	\$ 10,397,127	\$ 18,465,650
Preferred stock	6,416	6,440	6,416	6,452
Mutual funds	7,965,803	9,346,719	5,391,629	6,230,952
Corporate bonds	5,404,341	5,388,534	4,514,752	4,492,093
U.S. government securities	3,991,841	3,938,513	3,453,033	3,420,457
	<u>\$ 26,776,005</u>	<u>\$ 36,340,015</u>	<u>\$ 23,762,957</u>	<u>\$ 32,615,604</u>

Investment fair value

The University's investments are measured at fair value on a recurring basis and have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. The FSU Foundation follows similar guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification 820-10, which also prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

The University's investments' fair value measurements are as follows at June 30, 2026:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury notes and government securities	\$ 2,307,738	\$ -	\$ 2,307,738	\$ -
Corporate debt securities	2,326,600	-	2,326,600	-
Equity securities	14,424,077	14,424,077	-	-
Mutual funds	7,940,722	7,940,722	-	-
	<u>\$ 26,999,137</u>	<u>\$ 22,364,799</u>	<u>\$ 4,634,338</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment fair value (continued)

The University's investments' fair value measurements are as follows at June 30, 2025:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury notes and government securities	\$ 2,115,126	\$ -	\$ 2,115,126	\$ -
Corporate debt securities	1,904,598	-	1,904,598	-
Equity securities	11,134,497	11,134,497	-	-
Mutual funds	8,263,874	8,263,874	-	-
	<u>\$ 23,418,095</u>	<u>\$ 19,398,371</u>	<u>\$ 4,019,724</u>	<u>\$ -</u>

Mutual funds and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

3 - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

The University's accounts receivable include the following at June 30, 2026 and 2025:

	2026	2025
Student accounts receivable	\$ 3,288,645	\$ 2,940,016
Parking and other fines receivable	116,523	106,098
Grants receivable	304,137	318,270
	3,709,305	3,364,384
Less allowance for doubtful accounts	(462,190)	(418,531)
	<u>\$ 3,247,115</u>	<u>\$ 2,945,853</u>

FSU Foundation's contributions receivable consists of the following at June 30, 2026 and 2025:

	2026	2025
Receivable in less than one year	\$ 225,558	\$ 141,850
Receivable in one to five years	83,875	140,000
	309,433	281,850
Discount on pledges	(11,613)	(11,613)
	<u>\$ 297,820</u>	<u>\$ 270,237</u>

Contributions which are to be received in more than one year are reflected net of a discount of 3.79% determined at the time of contribution.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - LOANS RECEIVABLE

Loans receivable include the following at June 30, 2026 and 2025:

	2026	2025
Nursing loans receivable	\$ 40,917	\$ 54,896
Emergency student loans receivable	60	170
	<u>\$ 40,977</u>	<u>\$ 55,066</u>

5 - CAPITAL ASSETS

Capital assets activity of the University for the year ended June 30, 2026 is as follows:

	Totals June 30, 2025	Additions	Reclassifications* and Reductions	Totals June 30, 2026
Capital Assets				
<u>Non-depreciable capital assets</u>				
Land	\$ 5,478,125	\$ -	\$ -	\$ 5,478,125
Construction in progress	4,471,671	3,406,790	(429,886)	7,448,575
Total non-depreciable assets	9,949,796	3,406,790	(429,886)	12,926,700
<u>Depreciable capital assets</u>				
Land improvements	19,942,365	-	-	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	225,727,492	2,575,856	-	228,303,348
Leased buildings	64,264,118	-	(1,722,839)	62,541,279
Subscription based IT	5,921,836	854,178	-	6,776,014
Equipment	33,567,235	-	-	33,567,235
Furniture	597,676	-	-	597,676
Library materials	192,122	-	-	192,122
Total depreciable assets	430,804,753	3,430,034	(1,722,839)	432,511,948
Total capital assets	440,754,549	6,836,825	(2,152,725)	445,438,648
<u>Less accumulated depreciation</u>				
Land improvements	13,629,604	1,066,759	-	14,696,363
Buildings	51,496,644	1,153,759	-	52,650,403
Building improvements	105,199,412	10,961,418	-	116,160,830
Leased buildings	23,561,727	4,362,922	-	27,924,649
Subscription based IT	3,538,836	858,943	-	4,397,779
Equipment	21,837,725	892,535	-	22,730,260
Furniture	597,676	-	-	597,676
Library materials	-	-	-	-
Total accumulated depreciation	219,861,624	19,296,336	-	239,157,960
	<u>\$ 220,892,925</u>	<u>\$ (12,459,511)</u>	<u>\$ (2,152,725)</u>	<u>\$ 206,280,688</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS (Continued)

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled \$4,196,826 and \$1,550,164 at June 30, 2026 and 2025, respectively.

Capital assets activity of the University for the year ended June 30, 2025 is as follows:

	Totals June 30, 2024	Additions	Reclassifications* and Reductions	Totals June 30, 2025
Capital Assets				
<u>Non-depreciable capital assets</u>				
Land	\$ 5,478,125	\$ -	\$ -	\$ 5,478,125
Construction in progress	9,374,804	2,291,722	(7,194,855)	4,471,671
Total non-depreciable assets	14,852,929	2,291,722	(7,194,855)	9,949,796
<u>Depreciable capital assets</u>				
Land improvements	19,942,365	-	-	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	219,271,206	6,456,286	-	225,727,492
Leased buildings	64,264,118	-	-	64,264,118
Subscription based IT	4,489,805	1,701,866	(269,835)	5,921,836
Equipment	32,494,957	1,072,278	-	33,567,235
Furniture	597,676	-	-	597,676
Library materials	193,201	49,931	(51,010)	192,122
Total depreciable assets	421,845,237	9,280,361	(320,845)	430,804,753
Total capital assets	436,698,166	11,572,083	(7,515,700)	440,754,549
<u>Less accumulated depreciation</u>				
Land improvements	12,562,081	1,067,523	-	13,629,604
Buildings	50,342,884	1,153,760	-	51,496,644
Building improvements	94,705,955	10,493,457	-	105,199,412
Leased buildings	19,297,853	4,263,874	-	23,561,727
Subscription based IT	2,632,828	906,008	-	3,538,836
Equipment	20,965,967	871,758	-	21,837,725
Furniture	597,676	-	-	597,676
Library materials	-	51,010	(51,010)	-
Total accumulated depreciation	201,105,244	18,807,390	(51,010)	219,861,624
	<u>\$ 235,592,922</u>	<u>\$ (7,235,307)</u>	<u>\$ (7,464,690)</u>	<u>\$ 220,892,925</u>

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2026 and 2025.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at June 30, 2026 and 2025:

	2026	2025
Accounts payable - trade	\$ 1,379,565	\$ 2,615,851
Salaries and fringe benefit payable	4,398,523	2,257,143
Accrued interest payable	290,495	279,022
Other	106,094	254,423
	<u>\$ 6,174,677</u>	<u>\$ 5,406,439</u>

7 - ACCRUED WORKERS' COMPENSATION

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth's self-insured workers' compensation program were conducted as of June 30, 2026 and 2025. Based upon the Commonwealth's analyses, \$1,236,416 and \$1,139,843 of accrued workers' compensation has been recorded as a liability at June 30, 2026 and 2025, respectively.

8 - ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are comprised of the following at June 30, 2026 and 2025:

	2026	2025
Vacation time payable	\$ 3,263,274	\$ 3,155,042
Sick time payable	3,243,722	3,176,785
Total	<u>\$ 6,506,996</u>	<u>\$ 6,331,827</u>
	<u>2026</u>	<u>2025</u>
Amount representing obligations due to employees funded through sources other than state appropriations	\$ 88,095	\$ 420,976
Amount representing obligations due to employees compensated through state appropriations	6,483,776	5,910,851
Total	<u>\$ 6,571,871</u>	<u>\$ 6,331,827</u>

9 - FACULTY PAYROLL ACCRUAL

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth and Fitchburg State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2026 and 2025 of \$4,604,305 and \$4,423,830, respectively, is paid from the University's fiscal 2027 and 2026 State appropriations.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - REVENUE RECEIVED IN ADVANCE

Revenue received in advance includes tuition received in advance from students for summer courses commencing after June 30 and grant funds received in advance. Revenue received in advance includes the following at June 30, 2026 and 2025:

	2026	2025
Tuition, fees and professional development	\$ 2,134,814	\$ 2,034,700
Capital projects	3,566,971	4,416,183
Grants	2,973,100	2,888,561
Other	-	302,861
	<u>\$ 8,674,885</u>	<u>\$ 9,642,305</u>

11 - DEFERRED INFLOWS OF RESOURCES FROM SERVICE CONCESSION ARRANGEMENT

The University received deferred inflows of resources from service concession arrangements via a service concession arrangement with Compass Group USA, Inc. ("Compass") to manage and operate the University's food services operation at the University's dining services locations as more fully described in the arrangement. The service concession arrangement commenced on July 1, 1999 and had been amended several times thereafter to modify its terms, provide for additional payments to the University for investment in improvements in or at the University as mutually agreed upon by the parties.

The last such amendment to the service concession arrangement was effective May 1, 2014 and provided for payments to the University totaling \$2,500,000. These payments shall be made to the University by Compass in seven installments over the course of 2011 through 2022. To date, the University has received all seven installments from Compass. In addition, Compass has agreed to pay the University specified percentages of 4%, 4.5% or 12% of specified sales receipts from the food services operation as more fully described in the arrangement. All improvements and equipment purchased with the payments received from Compass shall remain the property of the University. The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by Compass. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by Compass. The amortization schedules assume that all funds will be received from Compass.

The University recorded the service concession arrangement as a deferred inflow of resources at its present value using a 5% discount rate determined by management of the University. This deferred inflow of resources was fully amortized during the year ended June 30, 2024. Accordingly, no amortization has been recognized during the years ended June 30, 2026 or 2025.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES

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

The following table summarizes the University's Interagency payables as of June 30, 2026:

	Issue Date	Original Amount	Interest Rates (%)	Due Date	Effective Interest Rates (%)*	Interagency Payable Balance	Unamortized Bond Premiums	Total Interagency Payable
MSCBA Series 2005A	3/1/2005	\$ 5,110,000	3.50-5.00	5/1/2034	5.93	\$ 1,071,035	\$ 39,735	\$ 1,110,770
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.87	373,946	43,350	417,296
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.98	5,430,934	4,711	5,435,645
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.00	2,224,884	58,558	2,283,442
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	0.97	4,984,212	501,004	5,485,216
MSCBA Series 2014A	1/7/2014	12,235,614	5.00	5/1/2038	1.74	5,988,171	64,613	6,052,784
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.35	4,572,700	216,337	4,789,037
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.15	3,874,669	-	3,874,669
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.21	2,955,398	83,846	3,039,244
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.68	2,321,520	95,978	2,417,498
		<u>\$ 74,271,396</u>				<u>\$ 33,797,469</u>	<u>\$ 1,108,132</u>	<u>\$ 34,905,601</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

The following table summarizes the University's Interagency payables as of June 30, 2025:

	Issue Date	Original Amount	Interest Rates (%)	Due Date	Effective Interest Rates (%)*	Interagency Payable Balance	Unamortized Bond Premiums	Total Interagency Payable
MSCBA Series 2005A	3/1/2005	\$ 5,110,000	3.50-5.00	5/1/2034	5.93	\$ 1,172,385	\$ 53,783	\$ 1,226,168
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.87	469,737	49,130	518,867
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.98	6,418,709	14,134	6,432,843
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.00	2,397,127	64,324	2,461,451
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	0.97	5,626,738	584,820	6,211,558
MSCBA Series 2014A	1/7/2014	12,235,614	5.00	5/1/2038	1.74	6,636,624	87,250	6,723,874
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.35	4,843,967	247,652	5,091,619
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.15	4,115,536	-	4,115,536
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.21	3,167,748	100,576	3,268,324
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.68	2,477,221	110,563	2,587,784
		<u>\$ 74,271,396</u>				<u>\$ 37,325,792</u>	<u>\$ 1,312,232</u>	<u>\$ 38,638,024</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2005A bond issuance

During March 2005, the University signed a financing agreement to receive \$5,110,000 from an MSCBA bond issuance. These funds were used for renovations of the athletic fields and dining hall (the "Projects") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2025. During fiscal 2022, the series 2005A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

MSCBA Series 2006A bond issuance

During March 2006, the University signed a financing agreement to receive \$2,060,000 from an MSCBA bond issuance. These funds were used for renovations of the dining hall (the "Project") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2026. During fiscal 2022, the series 2006A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 and the bonds are now due on May 1, 2031. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$33,617, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents.

MSCBA Series 2010B bond issuance

During December 2010, the University signed a financing agreement to receive \$11,078,908 from an MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2030. During fiscal 2022, the Series 2010B bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 4.89% to 6.54% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2010B bond issuance (continued)

As of June 30, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$213,711, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents. There were no debt service reserve funds used to defray expense in 2026. During 2025, \$294,189 of the debt service reserve funds was used to defray expense.

MSCBA Series 2012A bond issuance

During January 2012, the University signed a financing agreement to receive \$7,043,416 from an MSCBA bond issuance. These funds, net of bond issuance costs, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2031. During fiscal 2022, the series 2012A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

MSCBA Series 2012C bond issuance

During December 2012, the University signed a financing agreement to receive \$13,864,033 from an MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase III of renovations to the Hammond Campus Center and parking expansion. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2032. During fiscal 2022, the Series 2012C bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

MSCBA Series 2014A bond issuance

During January 2014, the University signed a financing agreement to receive \$12,235,614 from an MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase IV of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2033. During fiscal 2022, the Series 2014A bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 and the bonds are now due on May 1, 2038. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2014A bond issuance (continued)

During fiscal 2024, the Series 2014A bond was refunded/restructured with the MSCBA Series 2024A bonds. In accordance with the terms of the bond restructuring, principal payments were required until May 2023 and the bonds are now due on May 1, 2038. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest of 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$311,370, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents. There were no debt service reserve funds used to defray expense in 2026. During 2025, \$27,403 of the debt service reserve funds was used to defray expense.

MSCBA Series 2014C bond issuance

During December 2014, the University signed a financing agreement to receive \$10,669,502 from an MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for Phase V of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2034. During fiscal 2022, the Series 2014C bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$168,550, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents. There were no debt service reserve funds used to defray expense in 2026. During 2024, \$43,465 of the debt service reserve funds was used to defray expense.

DCAMM Clean Energy Investment Program

In November 2016, the University entered into a Memorandum of Understanding with DCAMM to undertake a Comprehensive Energy Performance Contracting Project (the "Project"). The Project's goal is to upgrade boilers, replace the chiller, lighting, EMS expansion and improvements, HVAC upgrades, and various energy conservation measures.

The total cost for the Project was \$9,451,868. The cost of the Project was funded from Clean Energy Investment Program Funds ("CEIP Funds") in the amount of \$5,420,360, capital grants of \$3,781,536, and energy incentives from the contractor in the amount of \$249,972. CEIP Funds for the Project are to be repaid over 20 years at 3.00% interest. Annual payments of principal and interest for the Project in the amount of \$364,333 commenced on January 1, 2021. Additionally, the agreement provides for the University to fund annual maintenance costs to be paid over the first five years of the Project totaling approximately \$244,500. These maintenance costs are expected to be offset by energy savings as a result of the Project. The Project was completed and placed into service in August 2019.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2017A bond issuance

During January 2017, the University signed a financing agreement to receive \$4,166,418 from an MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Landry Arena. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2018. The final principal payment is due June 30, 2037. During fiscal 2022, the series 2017A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$76,750, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents.

MSCBA Series 2019A bond issuance

During January 2019, the University signed a financing agreement to receive \$2,623,145 from an MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Holmes Dining Commons and the Recreation Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2021. The final principal payment is due June 30, 2039. During fiscal 2022, the Series 2019A bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

MSCBA Series 2021A bond refunding

On July 1, 2021, MSCBA closed on Refunding Revenue Bonds Series 2021A for the purpose of providing budgetary relief in fiscal year 2022 and fiscal year 2023 to the nine State Universities including Fitchburg State University. These bonds were issued to refund/restructure debt outstanding from multiple series of bonds, as noted above. The reduction of the University's fiscal year 2022 debt service assessment was approximately \$10,580,000. The reduction of the University's fiscal year 2023 debt service assessment was \$3,289,664. During August 2021, MSCBA's board approved the release of a portion of the funds held in the Debt Service Reserve Fund to pay the November 1, 2021 interest payment on behalf of the State Universities. Fitchburg State University received approximately \$2,590,000 in funds held in reserve to be applied to the November interest payment to MSCBA. The bond restructuring resulted in a net deferred gain of \$3,482,170, which will be amortized and recognized over the original term of the bonds. As of June 30, 2026 and 2025, there were net deferred gains of \$1,644,733 and \$1,919,788, respectively, related to this refunding which is included in deferred inflows of resources on the accompanying statements of net position.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2024A bond refunding

On February 1, 2024, MSCBA closed on Refunding Revenue Bonds Series 2024A for the purpose of refinancing outstanding series 2014A, 2014B and 2014C bonds, which were callable, or had a call date of May 1, 2024. These bonds were issued to refund/restructure debt outstanding from multiple series of bonds, as noted above. The reduction of the University's debt service assessment was approximately \$2,320,000. The reduction of the University's fiscal year 2024 debt service assessment was \$1,621,000. The bond restructuring resulted in a net deferred gain of \$568,813 which will be amortized and recognized over the original term of the bonds. As of June 30, 2026 and 2025, respectively, there were net deferred gains of \$390,595 and \$417,172 related to this refunding which is included in deferred inflows of resources on the accompanying statements of net position.

Aggregate principal and interest payments due to maturity consist of the following:

Year ending June 30:	Principal	Amortization of Bond Premium	Total Principal	Estimated Interest	Total
2027	\$ 3,705,669	\$ 190,986	\$ 3,896,655	\$ 1,259,219	\$ 5,155,874
2028	3,413,376	173,004	3,586,380	1,095,575	4,681,955
2029	3,927,344	158,367	4,085,711	936,100	5,021,811
2030	4,092,505	143,523	4,236,028	765,063	5,001,091
2031	3,130,838	136,414	3,267,252	580,478	3,847,730
2032-2036	10,742,450	292,345	11,034,795	1,692,275	12,727,070
2037-2040	4,785,286	13,494	4,798,780	244,751	5,043,531
	<u>\$ 33,797,468</u>	<u>\$ 1,108,133</u>	<u>\$ 34,905,601</u>	<u>\$ 6,573,461</u>	<u>\$ 41,479,062</u>

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS

University's leases as lessee

The University has entered a series of lease agreements with the MSCBA for the use of student dormitories, parking, lecture halls and student center.

At June 30, 2026, the total costs of the University's right to use assets were \$62,541,280 less accumulated amortization of \$27,924,650. At June 30, 2025, the total costs of the University's right to use assets were \$64,264,118, less accumulated amortization of \$23,561,727.

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

	Principal	Interest
Year ending June 30:		
2027	\$ 3,173,981	\$ 2,489,608
2028	3,588,195	2,745,133
2029	4,373,296	1,346,783
2030	4,565,728	1,157,525
2031	4,872,331	953,005
2032 - 2036	20,120,558	2,779,640
2037 - 2040	6,391,154	310,658
	<u>\$ 47,085,243</u>	<u>\$ 11,782,352</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

University Subscription Based IT Arrangements

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

	Principal	Interest
Year ending June 30:		
2027	\$ 884,185	\$ 88,111
2028	621,829	67,341
2029	324,722	47,640
2030	275,921	52,788
2031	133,534	30,420
2032	128,164	35,790
	<u>\$ 2,368,355</u>	<u>\$ 322,090</u>

14 - LONG-TERM LIABILITIES

Long-term liability activity of the University included the following at June 30, 2026:

	Totals June 30, 2025	Additions	Reductions	Totals June 30, 2026 Ending Balance	Current Balance
Interagency payables	\$ 38,638,024	\$ -	\$ 3,732,423	\$ 34,905,601	\$ 3,821,909
Total	<u>38,638,024</u>	<u>-</u>	<u>3,732,423</u>	<u>34,905,601</u>	<u>3,821,909</u>
Other liabilities					
Leases	52,117,375	-	5,032,132	47,085,243	3,341,941
SBITA	2,389,748	854,179	875,572	2,368,355	884,185
Worker's compensation	1,139,843	96,573	-	1,236,416	119,889
Compensated absences	6,331,827	175,169	-	6,506,996	4,030,917
Net OPEB liability	6,981,634	-	2,580,056	4,401,578	-
Net pension liability	6,194,205	-	1,898,226	4,295,979	-
Total other liabilities	<u>75,154,632</u>	<u>1,125,921</u>	<u>10,385,986</u>	<u>65,894,567</u>	<u>8,376,932</u>
Long-Term Obligations	<u>\$ 113,792,656</u>	<u>\$ 1,125,921</u>	<u>\$ 14,118,409</u>	<u>\$ 100,800,168</u>	<u>\$ 12,198,841</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity of the University included the following at June 30, 2025:

	Totals June 30, 2024	Additions	Reductions	Totals June 30, 2025	
				Ending Balance	Current Balance
Interagency payables	\$ 42,746,631	\$ -	\$ 4,108,607	\$ 38,638,024	\$ 3,732,422
Total	42,746,631	-	4,108,607	38,638,024	3,732,422
Other liabilities					
Leases	55,274,723	-	3,157,348	52,117,375	3,309,293
SBITA	1,815,010	1,432,031	857,293	2,389,748	875,572
Worker's compensation	1,155,482	174,666	190,305	1,139,843	196,007
Compensated absences	6,374,051	3,858,695	3,900,919	6,331,827	3,912,427
Net OPEB liability	7,346,167	-	364,533	6,981,634	-
Net pension liability	6,907,003	-	712,798	6,194,205	-
Total other liabilities	78,872,436	5,465,392	9,183,196	75,154,632	8,293,299
Long-Term Obligations	\$ 121,619,067	\$ 5,465,392	\$ 13,291,803	\$ 113,792,656	\$ 12,025,721

15 - NET POSITION

Unrestricted net position is comprised of net position that is not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Certain unrestricted net position is internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Designated unrestricted net position was \$18,730,836 and \$17,451,293 at June 30, 2026 and 2025, respectively. Undesignated unrestricted net position was \$(15,983,333) and \$(12,162,253) at June 30, 2026 and 2025, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - OPERATING EXPENSES

The University's operating expenses for the years ended June 30, 2026 and 2025, on a natural classification basis, are comprised of the following:

	2026	2025
Salaries		
Faculty	\$ 27,284,960	\$ 26,548,597
Exempt wages	5,680,938	5,443,718
Non-exempt wages	26,922,790	24,224,016
Benefits	12,248,166	15,851,517
Scholarships	2,680,264	3,561,985
Utilities	7,626,867	7,059,417
Supplies and other services	25,708,228	26,383,702
Depreciation	14,074,472	13,637,508
Amortization	5,221,866	5,169,882
Bad debt expense (recovery)	114,286	368,523
	<u>\$ 127,562,837</u>	<u>\$ 128,248,865</u>

17 - STATE CONTROLLED ACCOUNTS

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled, and reported by the Commonwealth through non-University line items in the Commonwealth's budget. Under generally accepted accounting principles, such transactions must be recorded in the financial statements of the University. These transactions include payments by the Commonwealth for the employer's share of funding the Massachusetts State Employees' Retirement System and for the employer's share of health care premiums.

The estimated amounts of funding attributable for the Commonwealth's retirement system contribution and the employer's share of health care premiums for the years ended June 30, 2026, 2025, and 2024 were as follows (see State appropriations under Note 23):

	2026	2025	2024
Commonwealth's retirement system contributions	\$ -	\$ 8,593,845	\$ 7,477,543
Employers share of health care	\$ -	\$ 9,988,367	\$ 10,203,347

18 - RETIREMENT PLAN

Substantially all of the University's full-time employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

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

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

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

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

Hire Date	% of compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
July 1, 2001 to present	11% of regular compensation (for teacher hired after July 1, 2001 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate established by the State. The total amount of current funding by the State related to the University's employees during 2026, 2025, and 2024 was \$_____, \$8,593,845, and \$7,477,543, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2026, 2025, and 2024 was \$_____, \$538,524, and \$662,605, respectively. Annual covered payroll was approximately 81%, 81%, and 82% of annual total payroll for the University in 2026, 2025, and 2024, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

At June 30, 2026 and 2025, the University reported a liability of \$4,295,979 and \$6,194,205, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, respectively, and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025 and 2024. The University's proportion of the net pension liability was based on an effective contribution methodology, which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2026 and 2025, the University's proportion was 0.0366% and 0.0483%, respectively.

For the years ended June 30, 2026 and 2025, the University recognized pension expense of \$7,002,885 and \$9,325,357, respectively.

At June 30, 2026, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 13,810	\$ -
Differences between projected and actual earnings on pension plan investments	-	129,541
Differences between expected and actual experience	170,427	-
Changes in proportion from Commonwealth and due to internal allocation	133,958	2,264,840
University contributions subsequent to the measurement date	564,924	-
	<u>\$ 883,119</u>	<u>\$ 2,394,381</u>

The \$564,924 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2026	\$ (642,983)
2027	(399,512)
2028	(571,367)
2029	(462,324)
	<u>\$ (2,076,186)</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 44,452	\$ -
Net difference between projected and actual earnings on pension plan investments	-	80,540
Difference between expected and actual experience	310,450	79,359
Changes in proportion due to internal allocation	322,812	3,319,388
University contributions subsequent to the measurement date	538,524	-
	<u>\$ 1,216,238</u>	<u>\$ 3,479,287</u>

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2025. This valuation used the following assumptions:

1. (a) 2.50% inflation rate (b) 7.00% investment rate of return, (c) 5.44% discount rate for LDROM only, (d) 3.50% interest rate credited to the annuity savings fund and (e) 3.00% cost of living increase per year on the first \$13,000 of allowance each year.
2. Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.
3. Mortality rates were as follows:
 - (i) Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2021, set forward one year for females.
 - (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021, set forward one year for females.
 - (iii) Disability - the mortality rate reflects the post-retirement mortality described above, set forward one year.
4. Experience studies were performed as follows:
 - (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2025 and 2024 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	2025	2024	2025	2024
Global equity	36.00%	36.00%	4.90%	4.60%
Core fixed income	15.00%	15.00%	2.60%	2.10%
Private equity	16.00%	16.00%	7.70%	7.40%
Portfolio completion strategies	10.00%	10.00%	4.10%	3.70%
Real estate	10.00%	10.00%	4.10%	3.90%
Value added fixed income	9.00%	9.00%	5.30%	5.10%
Timberland/natural resources	4.00%	4.00%	4.10%	4.40%
Total	100.00%	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2025 and 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the University's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability calculated using the discount rates of 7.00% for the measurement years ended June 30, 2025 and 2024, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% for 2025 and 2024) or 1-percentage-point higher (8.00% for 2025 and 2024) than the current rates:

Measurement year ended	1% Decrease	Discount Rate	1% Increase
June 30, 2025	\$ 6,280,681	\$ 4,295,979	\$ 2,618,067
June 30, 2024	\$ 8,702,058	\$ 6,194,205	\$ 4,072,567

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

19 - FRINGE BENEFITS FOR CURRENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION

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

On-behalf payments of fringe benefits for benefited employees on the Commonwealth's payroll are recognized as revenues and expenses in the University's financial statements in each of the fiscal years presented.

Post-employment other than pensions

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

The Commonwealth administers a single employer defined benefit Postemployment Benefits Other Than Pensions ("OPEB") Plan. Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The State Retirement Benefits Trust Fund ("SRBT") is set up solely to pay for OPEB benefits and the cost to administer those benefits. Management of the SRBT is vested with a board of trustees, which consists of seven members. GIC administers benefit payments, while the Trustees are responsible for investment decisions. The SRBT is reported as an OPEB Trust Fund and does not issue a stand-alone audited financial report. The financial position and results of operations of the plan are incorporated in the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

During the fiscal years ended on June 30, 2026 and 2025, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Employer and employee contribution rates are set in Massachusetts General Law. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2025 and 2024 and as of the valuation date (January 1, 2024), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status.

At June 30, 2026 and 2025, the University reported a liability of \$4,401,578 and \$6,981,634, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025 and 2024, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025 and 2024. The University's proportion of the net OPEB liability was based on an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2026, the University's proportion was 0.0366% and 00541%, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2026, 2025 and 2024 were \$_____, \$15,851,517, and \$16,090,589, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program. The total amount of current funding by the State related to the OPEB portion of fringe benefits for the University's employees during 2026, 2025 and 2024 was \$_____, \$3,204,268, and \$3,204,451, respectively. The total amount of funding by the University related to the OPEB portion of fringe benefits for the University's employees compensated from a trust fund or other source during 2026, 2025 and 2024 was \$_____, \$216,545, and \$310,836, respectively.

For the years ended June 30, 2026 and 2025, the University recognized OPEB expense of \$5,854,135 and \$6,895,712, respectively.

At June 30, 2026, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 1,434,436
Net difference between projected and actual investment earnings on OPEB plan investments	-	11,212
Difference between expected and actual experience	456,016	156,721
Changes in proportion from Commonwealth and due to internal allocation	27,819	5,913,341
University contributions subsequent to the measurement date	217,989	-
	<u>\$ 701,824</u>	<u>\$ 7,515,710</u>

The \$217,989 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the University's requirement to contribute to the Plan will be recognized in expense as follows:

Year ended June 30,	
2026	\$ (3,613,502)
2027	(1,736,433)
2028	(772,114)
2029	(600,630)
2030	(309,196)
	<u>\$ (7,031,875)</u>

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 136,113	\$ 1,557,697
Net difference between projected and actual investment earnings on OPEB plan investments	-	2,776
Difference between expected and actual experience	194,060	539,318
Changes in proportion from Commonwealth and due to internal allocation	-	6,393,362
University contributions subsequent to the measurement date	216,545	-
	<u>\$ 546,718</u>	<u>\$ 8,493,153</u>

The total OPEB liability for the June 30, 2026 measurement date was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025. This valuation used the following assumptions:

1. For 2025, the annual healthcare cost trend rates were developed based on the SOA-Getzen trend rate model, version 2025_1b. The healthcare cost trend rate changed from 5.35% in 2024 to 7.50% for Medicare benefits and from 7.42% to 9.60% for non-Medicare benefits, then decreasing in 2026, 2027, 2028 and 2029 to a blended rate of 4.87% in 2034 and additional decrease in 2044, 2054, 2064, 2074, and 2075.
2. For 2024, the annual healthcare cost trend rates were developed based on the Getzen trend rate model, version 2024_1b. The healthcare cost trend rate changed from 5.79% in 2022 to 5.35% for Medicare benefits and from 7.50% to 7.42% for non-Medicare benefits, then increasing in 2025 before decreasing in 2026, 2026 and 2028 to a blended rate of 4.87% in 2033 and additional decrease in 2043, 2053, 2063, 2073, and 2074.
3. For 2025 and 2024, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 with females set forward one year.
4. Participation rates:
 - (i) 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
 - (ii) 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
 - (iii) For 2025, 15% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age. For 2024, 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.
 - (iv) Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

- (v) 100% of spouses are assumed to elect to continue coverage after the retiree's death.
- (i) Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to a Medicare Supplement plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity/POS/PPO/HMO).

Future retirees are assumed to enroll in the existing plans in the same proportion as the current retiree mix, as shown in the table below. These proportions are established separately for non-Medicare and Medicare coverage for each product type.

	2025		2024	
	Retirement Age		Retirement Age	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	18%	0%	18%	0%
POS/PPO	72%	0%	72%	0%
HMO	10%	0%	10%	0%
Medicare Supplement	0%	96%	0%	96%
Medicare Advantage	0%	4%	0%	4%

The long-term expected rate of return as of June 30, 2025 was 7.00%. Investment assets of the Plan are held by the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	2025	2024	2025	2024
Global equity	36.00%	36.00%	4.90%	4.60%
Core fixed income	15.00%	15.00%	2.60%	2.10%
Private equity	16.00%	16.00%	7.70%	7.40%
Portfolio completion strategies	10.00%	10.00%	4.10%	3.90%
Real estate	10.00%	10.00%	4.10%	3.70%
Value added fixed income	9.00%	9.00%	5.30%	5.10%
Timberland/natural resources	4.00%	4.00%	4.10%	4.40%
Total	100.00%	100.00%		

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The discount rates used to measure the OPEB liability as of June 30, 2025 and 2024 were 5.94% and 4.61%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 5.20% and 3.93%, respectively, as of the measurement dates June 30, 2025 and 2024, respectively, and the expected rate of return on plan investments of 7.00%. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2041 (2028 for the year ended June 30, 2022). Therefore, the long-term expected rate of return on plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2025 and 2024.

The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement year ended	1% Decrease	Discount Rate	1% Increase
June 30, 2025 (a)	\$ 5,096,519	\$ 4,401,578	\$ 3,823,791
June 30, 2024 (b)	\$ 8,131,333	\$ 6,981,634	\$ 6,032,751

(a) The discount rates as of June 30, 2025 are as follows: 5.94% (current); 4.94% (1% decrease) and 6.94% (1% increase).

(b) The discount rates as of June 30, 2024 are as follows: 4.61% (current); 3.61% (1% decrease) and 5.61% (1% increase).

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

Measurement year ended	1% Decrease	Healthcare Cost Trend Rates	1% Increase
June 30, 2025	\$ 3,751,423	\$ 4,401,578	\$ 5,202,036
June 30, 2024	\$ 5,860,961	\$ 6,981,634	\$ 8,391,305

Detailed information about the OPEB plan's changes in net OPEB liability, fiduciary net position, and employees covered by benefit terms separately identified by: a) Inactive employees currently receiving benefit payments, b) Inactive employees entitled to but not yet receiving benefit payments, and c) Active employees is available in the Commonwealth's financial statements.

20 - MANAGEMENT ACCOUNTING AND REPORTING

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

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

20 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM (Continued)

State appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2026 and 2025:

	2026	2025
Gross state appropriations	\$ 50,010,997	\$ 44,464,727
Add: Fringe benefits for benefited employees on the Commonwealth payroll	15,893,601	18,582,212
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(582,405)	(434,956)
	<u>\$ 65,322,193</u>	<u>\$ 62,611,983</u>

\$61,380,351 and \$62,480,324 represent appropriations for maintenance and payroll and other noncapital appropriations during 2026 and 2025, respectively, and \$3,941,842 and \$131,659 represent appropriations for capital improvements for 2026 and 2025, respectively. These amounts are presented separately in the accompanying statements of revenues, expenses and changes in net position.

Day school tuition receipts and transfers have been recorded in an agency fund during the year and had no material balance outstanding at June 30, 2026 and 2025.

21 - RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commonwealth is self-insured. In addition, the University maintains commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the University consist of Director and Officer's liability, automobile liability, and a foreign package policy. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded policy coverage in any of the past three years.

The University also participates in the Commonwealth's self-insured programs for employee workers' compensation, health care and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 7). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of health care insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 22).

Massachusetts General Laws limit the risk assumed by the Commonwealth for claims of personal injury or property damages to \$100,000 per occurrence, in most circumstances.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - COMMITMENT AND CONTINGENCIES

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any legal actions at this date will not result in a material loss to the University since most of any obligation is expected to be paid from state appropriated funds.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditure of funds under these programs require compliance with the grant agreements and are subject to audit by representatives of these federal and state agencies. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings Prepaid Tuition Program. This program allows participants to pay in advance (against a bond) for future tuition at the cost of tuition at the time of the bond purchase, increased by changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University can perform capital projects that are funded and controlled by another State agency. These projects would be paid from funds appropriated and under the control of DCAMM. The Projects generally consist of renovations and improvements and have been recorded in the respective accounts.

23 - MCKAY AGREEMENT

The University has an agreement with the City of Fitchburg, whereby the City can use the McKay building to provide elementary education to local residents on a year to year basis. The University receives quarterly payments from the City to reimburse the University for its share of payroll and related operating expenses (the "McKay School expenditures"). Reimbursements received for years ended June 30, 2026 and 2025 were \$1,147,796 and \$1,120,527, respectively. These reimbursements are included in the Sales and Services of Educational Departments revenue amount. The McKay School expenditures are included in the appropriate categories under operating expenses in the accompanying statements of revenues, expenses and changes in net position.

24 - CIVIC CENTER

In August 2006, the University and the City of Fitchburg entered into a Memorandum of Understanding in which the University would assume responsibility for the operations, management and maintenance of the George R. Wallace, Jr. Civic Center (the Civic Center). The Commonwealth of Massachusetts acting by and through DCAMM on behalf of the University entered into a lease agreement for the Civic Center with the City of Fitchburg and the Board of Trustees of the Civic Center. The lease commenced on October 1, 2007 and is for a term of 99 years. The lease provided for an initial nominal rent payment and is otherwise a net lease. Pursuant to the terms of the lease, the University has complete authority, at its sole discretion, to do all such acts and deeds as it deems reasonably necessary to manage, maintain and operate the Civic Center for the permitted uses specified in the lease agreement. The University is responsible for payment, from net revenues generated by its operation of the Civic Center, of all costs associated with the maintenance and operation of the Civic Center, and certain other payments as specified in the lease agreement. DCAMM, at the instruction of the University and with 60 days prior written notice, may terminate the lease in the event that the University, in its sole discretion, determines that continuation of the lease is not in the interest of the University.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - CIVIC CENTER (Continued)

During fiscal 2007, the University commenced initial management, maintenance and operations activities at the Civic Center in anticipation of the lease agreement being executed. The Commonwealth of Massachusetts Legislature appropriated an aggregate amount of \$2,500,000 for repairs and upgrades to the Civic Center. During fiscal 2008, the University made repairs and upgrades to the Civic Center for an aggregate cost of \$2,477,381. The University engaged the services of a professional management company, Facilities Management Corporation (FMC), to assist with management, maintenance and operations activities of the ice-skating rink program at the Civic Center. The initial management contract expired on December 31, 2008.

On February 1, 2009, the Commonwealth acting by and through DCAMM on behalf of the University entered into a sublease agreement with FMC for a term of 25 years commencing on the date of the agreement. The sublease agreement is a net lease and, accordingly, FMC is responsible for all costs associated with the operations, management, and maintenance of the sublease premises as well as repairs and required capital improvements. FMC is also responsible for certain other payments for and on behalf of the University related to obligations in existence at the date the University initially assumed management of the Civic Center. During the term of the sublease agreement, FMC is required to pay the University monthly percentage rent based upon the actual gross revenues from its operations, as defined. During each of the first 10 years of the sublease term, no percentage rent is required.

Thereafter, for each of the years 11 through 25, percentage rent at the rate of 1% of actual gross revenues shall be due and payable on a monthly basis. However, in no event shall the aggregate amount of percentage rent paid by FMC during the sublease term be less than \$107,155. For fiscal year 2026 and 2025, the percentage rent incurred by FMC was not material to the financial statements.

25 - ADOPTION OF ACCOUNTING PRINCIPLES

In April 2024, the GASB issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the GASB financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. GASB Statement No. 103 is effective for financial statements for periods beginning after June 15, 2025. The adoption of this statement requires the University to make updates to the content and format of the Management's Discussion and Analysis, which is presented as required supplementary information. The statement also defines nonoperating activities, including subsidies, and requires noncapital subsidies to be presented separately below operating activities on the Statement of Revenues, Expenses, and Changes in Net Position. Other requirements as defined by this standard did not have a material impact on the financial statements of the University. The adoption of GASB Statement No. 103 did not result in a change in the University's net position as previously reported.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

25 - ADOPTION OF ACCOUNTING PRINCIPLES (Continued)

In September 2024, the GASB issued GASB Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. GASB Statement No. 104 is effective for financial statements for periods beginning after June 15, 2025. The adoption of this statement requires lease assets recognized in accordance with GASB Statement No. 87, Leases, to be disclosed by major class of underlying assets in capital assets note disclosures. The statement also requires subscription assets recognized in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements, to be separately disclosed. Other requirements as defined by this standard did not have a material impact on the financial statements of the University. The adoption of GASB Statement No. 104 did not result in a change in the University's net position as previously reported.

SUPPLEMENTARY INFORMATION

Schedule 1

FITCHBURG 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, 2026
(With Comparative Totals for 2017 through 2025)

	2026	2025	2024	2023	2022
University's proportion of the collective net pension liability	0.0366%	0.0483%	0.0519%	0.0496%	0.0768%
University's proportionate share of the collective net pension liability	\$ 4,295,979	\$ 6,194,205	\$ 6,907,003	\$ 6,326,084	\$ 8,015,299
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	8.89%	13.56%	15.38%	14.98%	19.16%
Plan fiduciary net position as a percentage of the total pension liability	76.10%	72.90%	70.71%	77.54%	77.54%
	2021	2020	2019	2018	2017
University's proportion of the collective net pension liability	0.1171%	0.0872%	0.0944%	0.0891%	0.0912%
University's proportionate share of the collective net pension liability	\$ 20,091,153	\$ 12,763,415	\$ 12,484,412	\$ 11,430,648	\$ 12,580,841
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018	\$ 37,408,274
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	49.42%	30.51%	30.78%	30.28%	33.63%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%

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

Schedule 2

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)
SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2026
(With Comparative Totals for 2017 through 2025)

	2026	2025	2024	2023	2022
Contractually required contribution	\$ 538,524	\$ 662,605	\$ 695,279	\$ 640,112	\$ 913,619
Contributions in relation to the contractually required contribution	(538,524)	(662,605)	(695,279)	(640,112)	(913,619)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
Contributions as a percentage of covered payroll	1.11%	1.45%	1.55%	1.52%	2.18%
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,265,411	\$ 868,517	\$ 862,928	\$ 696,825	\$ 655,160
Contributions in relation to the contractually required contribution	(1,265,411)	(868,517)	(862,928)	(696,825)	(655,160)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018	\$ 37,408,274
Contributions as a percentage of covered payroll	3.11%	2.08%	2.13%	1.85%	1.75%

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

FITCHBURG 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, 2017 THROUGH 2026

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in the interest rate credit to the annuity savings fund from 4.76% in 2024 to 5.44% for 2025.

The actuarial assumptions used as of the June 30, 2024 measurement date included a change in the interest rate credit to the annuity savings fund from 3.50% in 2023 to 4.76% for 2024.

The actuarial assumptions used as of the June 30, 2023 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-2021 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-2021 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-2021 and set forward one year.

The actuarial assumptions used as of the June 30, 2022 measurement date included a change in the inflation rate from 0.00% in 2021 to 2.50% for 2022.

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, 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, 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.

FITCHBURG 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, 2017 THROUGH 2026
(Continued)

1. CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

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.

Schedule 3

FITCHBURG 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, 2026
(With Comparative Totals for 2018 through 2025)

	2026	2025	2024	2023	2022
University's proportion of the collective net OPEB liability	0.0366%	0.0541%	0.0548%	0.0596%	0.0880%
University's proportionate share of the total OPEB liability	\$ 4,401,578	\$ 6,981,634	\$ 7,346,167	\$ 7,961,317	\$ 14,073,004
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.11%	15.29%	16.36%	18.85%	33.64%
Plan fiduciary net position as a percentage of the total OPEB liability	18.10%	15.60%	13.76%	12.97%	10.70%
	2021	2020	2019	2018	
University's proportion of the collective net OPEB liability	0.1249%	0.1315%	0.1471%	0.1272%	
University's proportionate share of the total OPEB liability	\$ 25,852,604	\$ 24,061,207	\$ 27,318,264	\$ 22,232,674	
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018	
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.59%	57.52%	67.35%	58.90%	
Plan fiduciary net position as a percentage of the total OPEB liability	6.96%	0.00%	6.01%	5.39%	

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

Schedule 4

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

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

YEAR ENDED JUNE 30, 2026
(With Comparative Totals for 2018 through 2025)

	2026	2025	2024	2023	2022
Contractually required contributions	\$ 216,545	\$ 310,836	\$ 302,995	\$ 303,997	\$ 479,752
Contributions in relation to the contractually required contribution	(216,545)	(310,836)	(302,995)	(303,997)	(479,752)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
Contributions as a percentage of covered payroll	0.45%	0.68%	0.67%	0.72%	1.15%

	2021	2020	2019	2018
Contractually required contributions	\$ 655,514	\$ 633,318	\$ 653,339	\$ 559,676
Contributions in relation to the contractually required contribution	(655,514)	(633,318)	(653,339)	(559,676)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018
Contributions as a percentage of covered payroll	1.61%	1.51%	1.61%	1.48%

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

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

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

JUNE 30, 2018 THROUGH 2026

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the SOA-Getzen trend rate model, version 2025_1b. The healthcare cost trend rate changed from 5.35% in 2024 to 7.50% for Medicare benefits and from 7.42% to 9.60% for non-Medicare benefits, then decreasing in 2026, 2027, 2028 and 2029 to a blended rate of 4.87% in 2034 and additional decrease in 2044, 2054, 2064, 2074, and 2075.

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in participant rates whereby in 2024 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age has been adjusted to 15%.

The actuarial assumptions used as of the June 30, 2025 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, 2025 and 2024 was 5.94% and 4.61%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 5.20% and 3.90% as of the measurement date of June 30, 2025 and 2024, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2024 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the SOA-Getzen trend rate model, version 2024_1b. The healthcare cost trend rate changed from 5.79% in 2023 to 5.35% for Medicare benefits and from 7.50% to 7.42% for non-Medicare benefits, then increasing in 2025 before decreasing in 2026, 2027 and 2028 to a blended rate of 4.87% in 2033 and additional decrease in 2043, 2053, 2063, 2073, and 2075.

The actuarial assumptions used as of the June 30, 2024 measurement date included a change in participant rates whereby in 2023 actives under age 65 taking coverage were assumed to have indemnity (27%), POS/PPO (63%) or HMO (10%) have been adjusted in 2024 to indemnity (18%), POS/PPO (72%) or HMO (10%).

The actuarial assumptions used as of the June 30, 2023 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 2023_1f. The healthcare cost trend rate changed from 5.00% in 2022 to 5.79% in 2023 for Medicare benefits and from 7.60% in 2022 to 7.50% in 2023 for non-Medicare benefits, then increasing in 2024 before decreasing in 2025, 2026 and 2027 to a blended rate of 4.77% in 2032 and additional decrease in 2042, 2052, 2062, 2072, and 2075.

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in mortality rates. As of this date, mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2021 and set forward one year for females.

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in participant rates whereby in 2022 actives under age 65 taking coverage were assumed to have indemnity (28%), POS/PPO (62%) or HMO (10%) have been adjusted in 2023 to indemnity (27%), POS/PPO (63%) or HMO (10%).

FITCHBURG 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 2026
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in participant rates whereby in 2022 actives over age 65 taking coverage were assumed to have indemnity (96%) or HMO (4%) have been adjusted in 2023 to Medicare Supplement (96%) or Medicare Advantage (4%).

The actuarial assumptions used as of the June 30, 2022 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 2022_f4. The healthcare cost trend rate changed from 4.40% in 2021 to 5.00% in 2022 for Medicare benefits and from 7.3% in 2021 to 7.60% in 2022 for non-Medicare benefits, then increasing in 2023 and 2024 before decreasing in 2025 and 2026 to a blended rate of 4.97% in 2031 and additional decrease in 2041, 2051, 2061, 2071, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.4% and excess medical growth of 1.1%.

The actuarial assumptions used as of the June 30, 2022 measurement date included a change in participant rates whereby in 2021 actives under age 65 taking coverage were assumed to have indemnity (28%), POS/PPO (60%) or HMO (12%) have been adjusted in 2022 to indemnity (28%), POS/PPO (62%) or HMO (10%).

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 7.00%.

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.

FITCHBURG 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 2026
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

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.

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%.

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

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

STATEMENT OF NET POSITION

JUNE 30, 2026

	Residence Hall Fund	Residence Hall Damage Fund
ASSETS		
Cash	\$ -	\$ 620,712
Accounts receivable, net	277,443	9,586
Total assets	277,443	630,298
LIABILITIES		
Accounts payable	236,225	-
Deposits	188,850	-
Salaries payable	134,536	-
Total liabilities	559,611	-
NET POSITION	\$ (282,168)	\$ 630,298

Schedule 6

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

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2026

	Residence Hall Fund	Residence Hall Damage Fund
REVENUES		
Student fees	\$ 8,699,695	\$ -
Interest	33,196	29,265
Investment income	101,108	89,136
Commissions	4,649	-
Rentals	352,566	-
Room damage assessments	4,532	4,377
Total revenues	9,195,746	122,778
EXPENSES		
Regular employee compensation	\$ 1,266,800	\$ -
Regular employee related expenses	4,380	-
Special employees/contracted services	155,809	-
Pension and insurance	437,363	-
Facility operations supplies and related expenses	58,927	-
Administrative expenses	6,963	-
Energy and space rental	1,860,620	-
Operational expenses	2,760	-
Equipment purchases	10,909	-
Equipment lease - purchase, lease, rent and repair	39,849	-
Construction and improvements	789,952	-
Loans and special payments	6,603,580	-
Bad debt expense	32,232	(824)
Information technology expenses	24,885	-
Total expenses	11,295,029	(824)
TRANSFERS (IN)/OUT		
Miscellaneous income	(1,800,000)	-
Total transfers	(1,800,000)	-
Total expenses and transfers	9,495,029	(824)
Change in net position	(299,283)	123,602
NET POSITION		
Beginning of year	17,115	506,696
End of year	\$ (282,168)	\$ 630,298

OTHER REPORTS



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

Board of Trustees
Fitchburg State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and discretely presented component unit of Fitchburg State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated _____, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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
_____, 2026

Coversheet

Vote to Recommend Audit to the Full Board

Section:	II. Presentation by Auditors (Bollus Lynch)
Item:	B. Vote to Recommend Audit to the Full Board
Purpose:	Vote
Submitted by:	
Related Material:	VOTE Recommendation of Audit to Full Board.pdf

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: Board of Trustees Finance Committee	DATE: October 20, 2026
FROM: The President	REQUEST NUMBER: CM09-2026-2027
SUBJECT: FY26 Audit	

It is requested that the Fitchburg State University Board of Trustees Finance Committee vote to recommend the FY26 Audit as presented by Bollus Lynch for submission to the Full Board of Trustees.

Coversheet

Budget Summary

Section:	III. Budget Update
Item:	A. Budget Summary
Purpose:	Discuss
Submitted by:	
Related Material:	FY26-FY27 Budget.pdf



	FY26 Budget	FY26 Actuals	FY27 Budget	FY27 YTD
REVENUE				
State Appropriation	47,216,223	47,950,986	48,242,816	16,487,426
Tuition and Fees	24,721,857	24,528,809	24,221,857	13,003,951
Housing	9,310,765	8,834,110	9,010,110	5,071,262
GCE	9,308,530	9,589,619	9,445,741	3,398,825
Accelerated Programs (AP)	8,914,935	8,231,553	8,978,000	2,523,961
Food Service	3,540,000	3,516,433	3,731,329	2,143,995
Sales & Service & Other Income	2,231,100	3,853,207	2,231,100	1,135,182
Investment Income	3,302,500	3,814,972	3,302,500	0
CPS	528,037	326,951	521,955	119,178
Transfer - Foundation, etc.	338,000	476,805	338,000	0
Reserve from Fund Balance	2,000,000	2,254,132	3,000,000	0
Total Revenue	111,411,947	113,377,576	113,023,408	43,883,781
EXPENSES				
A Regular Employee Compensation	49,053,298	50,427,855	51,133,749	11,286,158
B Regular Employee Related Expenses	448,257	421,988	448,257	76,506
C Special Employee/Contracted Services	8,423,474	9,251,712	8,423,474	1,978,365
D Pension & Insurance Related Expenditures	2,287,034	2,616,831	1,992,989	206,365
E Administrative Expenses	2,118,612	3,204,537	2,118,612	965,305
F Facility Operational Supplies	1,440,569	1,624,208	1,440,569	493,762
G Energy Costs and Space Rental Expenses	7,121,272	7,548,051	7,121,272	957,186
H Consultant Services	1,426,682	1,222,305	1,426,682	469,165
J Operational Services	5,845,480	5,793,568	5,845,480	901,806
K Equipment Purchase	1,025,123	570,917	1,025,123	23,114
L Equipment Lease Rental Maint & Repair	1,007,361	1,057,669	1,257,361	135,242
M Student Related Travel Reimbursements	255,387	231,497	255,387	27,676
N Construction and Improvements Building	4,147,406	5,199,601	3,897,406	1,564,880
P Grants and External Subsidies	-	0	-	0
R Benefit Programs	3,873,742	3,855,231	3,873,742	139,959
T Loans and Special Payments	16,739,164	15,096,811	16,739,164	901,585
U Information Technology Expenses	5,621,826	5,254,795	5,621,826	2,867,773
TOTAL EXPENSES	110,834,687	113,377,576	112,621,093	22,994,846
DIFFERENCE (Revenue - Expenses)	577,260	0	402,315	20,888,934