

FITCHBURG STATE UNIVERSITY

Board of Trustees

NOTIFICATIONS

TO: Board of Trustees	DATE: April 2, 2019
FROM: The President	NOTIFICATION NUMBER: N07-18/19
SUBJECT: Financial Statements	

FITCHBURG STATE UNIVERSITY

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

DECEMBER 31, 2018, 2017 AND 2016

FITCHBURG STATE UNIVERSITY
STATEMENTS OF NET ASSETS
December 31, 2018, 2017 and 2016

ASSETS

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Assets			
Cash and cash equivalents	\$ 31,859,333	\$ 30,265,947	\$ 28,831,098
Cash and cash equivalents-restricted	6,438,680	7,243,646	6,312,656
Bond proceeds	93,900	1,734,115	17,273
Due from other funds	-	-	8,675
Accounts receivable, net	2,698,914	1,985,335	3,151,192
Loans receivable, net	1,107	707	337
Other assets	<u>112,582</u>	<u>144,733</u>	<u>482,680</u>
Total Current Assets	<u>41,204,516</u>	<u>41,374,483</u>	<u>38,803,911</u>
Noncurrent Assets			
Restricted cash and cash equivalents	8,109,059	8,122,443	6,200,421
Investments	15,021,131	15,751,636	14,252,368
Endowment investments	795,156	847,433	750,342
Loans receivable, net	1,609,359	1,886,797	1,976,919
Prepaid expenses	62,394	196,175	163,252
Due from other funds	170,000	-	-
Capital assets, net	<u>180,549,684</u>	<u>174,459,644</u>	<u>173,523,282</u>
Total Noncurrent Assets	<u>206,316,783</u>	<u>201,264,128</u>	<u>196,866,584</u>
Total Assets	247,521,299	242,638,611	235,670,495
Deferred Outflows of Resources			
Deferred outflows	<u>5,579,646</u>	<u>4,901,385</u>	<u>3,999,478</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 253,100,945</u>	<u>\$ 247,539,996</u>	<u>\$ 239,669,973</u>

FITCHBURG STATE UNIVERSITY
STATEMENTS OF NET ASSETS
December 31, 2018, 2017 and 2016

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Liabilities			
Bonds payable-current portion	\$ 3,523,606	\$ 3,327,030	\$ 3,148,347
Accounts payable and accrued liabilities	3,104,464	3,681,344	3,333,491
Accounts payable-construction	321,150	148,743	38,814
Salaries and benefits payable	1,234,559	1,059,111	2,978,645
Accrued workers compensation-current portio	141,432	126,662	110,720
Compensated absences-current portion	2,306,066	3,210,879	3,413,149
Accrued faculty payroll	2,839,553	2,701,279	2,647,214
Deferred revenue-current portion	9,956,427	9,770,272	10,433,943
Capital lease-current portion	252,159	247,656	-
Other liabilities	1,231,562	872,752	572,619
	<u>24,910,978</u>	<u>25,145,728</u>	<u>26,676,942</u>
Total Current Liabilities			
Noncurrent Liabilities			
Bonds payable	58,874,310	56,952,043	56,139,948
Accrued workers compensation	507,339	454,356	397,170
Compensated absences	3,318,486	1,967,958	2,004,548
Capital lease	518,156	770,316	-
Due to federal loan programs-Perkins	1,472,948	1,565,622	1,614,881
Due to federal loan programs-Nursing	380,771	421,133	414,603
Deferred revenue	26,759	777,691	-
Net OPEB Liability	22,232,674	-	-
Unfunded pension liability	11,430,648	12,580,841	9,995,092
	<u>98,762,091</u>	<u>75,489,960</u>	<u>70,566,242</u>
Total Noncurrent Liabilities			
Total Liabilities			
	<u>123,673,069</u>	<u>100,635,688</u>	<u>97,243,184</u>
Deferred Inflows of Resources			
Deferred inflows - concessions	1,264,590	1,517,507	1,896,884
Deferred inflow-OPEB	2,609,760	-	-
Deferred inflows - pensions	679,709	51,499	358,503
	<u>4,554,059</u>	<u>1,569,006</u>	<u>2,255,387</u>
Total Deferred Inflows of Resources			
Net Assets			
Invested in capital assets, net of related debt	119,139,389	117,023,718	116,255,629
Restricted for:			
Non-expendable			
Scholarships & fellowships	507,322	506,331	467,162
Research	-	41,568	-
Expendable			
Scholarships & fellowships	454,890	446,120	503,835
Loans	258,769	276,911	274,961
Other	403,463	930	930
Capital projects	853,928	1,280,306	846,610
Debt service	10,974,462	9,631,213	9,522,920
Unrestricted	(7,718,406)	16,128,205	12,299,355
	<u>124,873,817</u>	<u>145,335,302</u>	<u>140,171,402</u>
Total Net Assets			
Total Liabilities, Deferred Inflows and Net Assets			
	<u>\$ 253,100,945</u>	<u>\$ 247,539,996</u>	<u>\$ 239,669,973</u>

For those charged with governance and internal management use only

FITCHBURG STATE UNIVERSITY
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS
For the Six Months Ended **DECEMBER 31, 2018, 2017 and 2016**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues			
Student tuition and fees	\$ 26,323,598	\$ 25,006,197	\$ 23,325,478
Waivers and exemptions	(810,837)	(896,413)	(891,217)
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Net student tuition and fees	25,512,761	24,109,784	22,434,261
Federal grants and contracts	4,429,262	4,369,972	4,030,240
State and local grants and contracts	468,636	50,590	77,169
Nongovernmental grants and contracts	429,387	295,984	13,546
Sales and services of educational departments	670,278	725,389	636,634
Auxiliary enterprises:			
Residential life (net of scholarship allowances)	5,822,572	5,527,501	5,252,716
Residential life- dining hall revenue	1,956,133	-	-
Administrative overhead	49,530	25,850	40,842
Fundraising	78,772	79,604	68,494
Commissions	202,975	247,340	255,027
Miscellaneous	3,252	5,412	13,987
Nursing and Perkins	15,111	10,263	14,188
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Total Operating Revenues	39,638,669	35,447,689	32,837,104
Operating Expenses			
Salaries:			
Faculty	11,358,212	10,805,117	10,588,856
Exempt wages	2,003,645	1,611,912	1,705,633
Non-exempt wages	9,680,508	9,490,813	9,540,328
Benefits	7,704,985	6,546,747	8,839,454
Other Operating Expenses:			
Employee related travel	198,015	151,594	174,928
Administrative expense	1,069,623	913,456	990,881
Facility operational supplies	828,256	825,868	755,489
Utilities	1,370,660	1,158,912	1,406,086
Consultant services	650,322	494,445	567,450
Operational services	1,465,723	859,513	557,891
Equipment purchases	371,920	198,657	269,704
Equipment maintenance and repairs	379,107	378,342	395,447
Purchased client services-program	78,498	107,103	132,671
Construction and building improvement	875,809	643,813	725,196
Grants & Subsidies	38,899	-	-
Scholarships	5,418,074	5,144,116	4,648,983
Loans & special payments	1,787,973	8,636	-
IT expenditures	3,016,138	2,437,153	1,996,044
Depreciation	5,071,844	4,923,512	4,866,762
Bad debt expense	(17,632)	-	2,506
Auxiliary enterprises:			
Residential life	4,885,896	5,807,374	4,988,940
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Total Operating Expenses	58,236,475	52,507,083	53,153,249
Operating profit/(loss)	<hr/> <u>(18,597,806)</u>	<hr/> <u>(17,059,394)</u>	<hr/> <u>(20,316,145)</u>

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FITCHBURG STATE UNIVERSITY
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS
For the Six Months Ended **DECEMBER 31, 2018, 2017 and 2016**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Nonoperating Revenues(Expenses)			
State appropriations	21,229,365	19,092,808	19,060,974
Investment income (net of investment expenses)	446,607	364,804	627,975
Interest on capital debt	(1,095,906)	(903,720)	(321,667)
Unrealized gain/(loss)	<u>(1,083,035)</u>	<u>595,676</u>	<u>(415,551)</u>
Net Nonoperating Revenues (Expenses)	<u>19,497,031</u>	<u>19,149,568</u>	<u>18,951,731</u>
Income (loss) before Capital and Endowment Additions	899,225	2,090,174	(1,364,414)
Capital appropriations	-	7,128	74,078
Capital grants and gifts	<u>586,458</u>	<u>210,881</u>	<u>126,459</u>
Increase (decrease) in net assets	1,485,683	2,308,183	(1,163,877)
Net Assets - beginning of period	<u>123,388,134</u>	<u>143,027,116</u>	<u>141,335,277</u>
Net Assets - end of period	<u>\$ 124,873,817</u>	<u>\$ 145,335,299</u>	<u>\$ 140,171,400</u>

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FITCHBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
For the Six Months Ended DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in net assets	\$ 1,485,302	\$ 2,308,185	\$ (1,163,877)
Adjustments to reconcile increase in net assets to cash provided by (used by) operating activities:			
(Gain)/Loss on marketable securities	1,080,451	'(690,058)	415,551
Depreciation	5,071,844	4,923,512	4,866,762
(Increase) decrease in assets:			
Accounts receivable	(615,526)	56,339	(1,556,541)
Loans receivable	93,330	39,994	19,444
Other assets	268,859	152,028	(136,362)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	(936,410)	746,227	2,174,728
Compensated absences	283,271	17,591	(36,796)
Accrued faculty payroll	(670,806)	(641,467)	(302,091)
Deferred revenue	8,312,715	8,440,751	9,259,628
Other liabilities	<u>859,295</u>	<u>505,256</u>	<u>273,289</u>
Net cash provided by operating activities	<u>15,232,325</u>	<u>15,858,358</u>	<u>13,813,735</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	25,679	14,473	4,138,260
Purchase of investments	(193,491)	(205,627)	(2,560,574)
Acquisition of property, plant and equipment	<u>(4,172,004)</u>	<u>(5,979,828)</u>	<u>(3,392,161)</u>
Net cash (used by) investing activities	<u>(4,339,816)</u>	<u>(6,170,982)</u>	<u>(1,814,475)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Federal loan program	8,354	(51,156)	11,621
Amortization of bond premium	(132,141)	(143,865)	(154,761)
Payments of capital debt	(255,611)	(309,839)	(271,468)
Payments of capital leases	<u>(124,387)</u>	<u>(122,165)</u>	<u>-</u>
Net cash (used by) financing activities	<u>(503,785)</u>	<u>(627,025)</u>	<u>(414,608)</u>
Net increase in cash	10,388,724	9,060,351	11,584,652
Cash and cash equivalents - beginning of period	<u>36,112,248</u>	<u>38,305,801</u>	<u>29,776,796</u>
Cash and cash equivalents - end of period	<u>\$ 46,500,972</u>	<u>\$ 47,366,152</u>	<u>\$ 41,361,448</u>
Supplemental Disclosures:			
Cash paid for interest	<u>\$ 1,129,579</u>	<u>\$ 1,181,207</u>	<u>\$ 1,089,794</u>

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Fitchburg State University
Executive Summary
Financial Statements for the Six Months Ended
December 31, 2018, 2017 and 2016

Statements of Net Assets (pages 3-4):

- Total assets increased by approximately \$4.8 million. This was due to an increase in Capital Assets of \$6.0 million and a corresponding reduction of bond proceeds of \$1.6 million.
- Current liabilities decreased due primarily to a decrease in payroll compensated absences.
- Total liabilities increased by \$20 million. \$22.2 million increase was from the new GASB pronouncement (GASB 75 Net OPEB liabilities) and a reduction of \$1.1 million from GASB 68 – Unfunded pension liabilities.
- Total net assets decreased from \$145 million to \$124.9 million. This reduction occurred because of the prior year GASB 75 adjustment of \$22.2 million.
- Total debt from bond issues totaled \$62.3 million, an increase of \$1 million from last year.

Statements of Revenues, Expenses and Changes in Net Assets (pages 5-6):

- Total revenue for the period was \$60.8 million versus \$55.7 million at Dec 2017
- Tuition and fee revenue increased by 5.8%. Scholarship expense for the period was \$5.4 million.
- Auxiliary revenue, which represents the operation of both the residence halls and the dining facilities totaled \$7.75 million. Due to a change in accounting method, the dining facility is now being captured as a department of the university instead of as an agency fund. This was result in increases in auxiliary income and expenses.
- State appropriations increased to \$21.23 million as compared with \$19.09 million for the same period last year. The increase is due to an increase in the fringe benefit rate charged by the Commonwealth and a slight increase in state appropriations for retroactive salary increases paid in FY2019.
- Total expenditures increase to \$59.3 million.
- The stock market at the end of the fiscal year had a downturn and this causes an unrealized investment loss of 1.0 million but a gain in investment income of \$0.4 million.

Statements of Cash Flows (page 7):

- Total cash at December 31, 2018 was \$46.5 million which represents an increase of approximately \$10 million over cash balances at June 30, 2018.
- Net cash provided from operations was \$15.2 million.
- Acquisitions of property and equipment totaled \$4.2 million and this was mainly for the Theater and Percival building projects.