

FITCHBURG STATE UNIVERSITY

Board of Trustees

**NOTIFICATIONS**

<b>TO:</b> Board of Trustees	<b>DATE:</b> May 7, 2019
<b>FROM:</b> The President	<b>NOTIFICATION NUMBER:</b> N09-18/19
<b>SUBJECT:</b> Financial Report	

**Fitchburg State University**  
**Executive Summary**  
**Financial Statements for the Nine Months Ended**  
**March 31, 2019, 2018 and 2017**

**Statements of Net Assets (pages 3-4):**

- Total assets increased by approximately \$5.7 million between March 2019 and March 2018. This was due to an increase in Capital Assets of \$5.3 million, an increase in bond proceeds of \$1.7 million and a reduction in Accounts Receivable of \$3.1 million.
- Total liabilities increased by \$24.6 million. \$22.2 million of that increase was from the new GASB pronouncement (GASB 75 Net OPEB liabilities)
- Total net assets decreased from \$157.6 million to \$136.3 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 \$4.6 million from last year.

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

- Total revenue for the period was \$75.1 million versus \$67.5 million at March 2018
- Tuition and fee revenue increased by 4.3% due to the online program.
- Auxiliary revenue, which represents the operation of both the residence halls and the dining facilities totaled \$15.89 million. Due to a change in accounting method, the dining facility is now being recognized as a department of the university instead of as an agency fund. This resulted in increases in auxiliary income and expenses on the financial statement.
- The increase in operational services is mainly due to commission paid to the online program service provider.
- State appropriations increased to \$33.5 million as compared with \$30.9 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 increased to \$96.8 million for March 2019 compared to \$85.64 million in March 2018.

**Statements of Cash Flows (page 7):**

- Total cash at March 2018 was \$48.3 million which represents an increase of approximately \$12.3 million over cash balances at June 30, 2018.
- Net cash provided from operations was \$19.5 million.
- Acquisitions of property and equipment totaled \$6.08 million and this was mainly for the Theater and Percival building projects.

**FITCHBURG STATE UNIVERSITY**  
**FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED**  
**MARCH 31, 2019, 2018 AND 2017**

**FITCHBURG STATE UNIVERSITY  
STATEMENTS OF NET ASSETS  
March 31, 2019, 2018 and 2017**

**ASSETS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 33,320,391	\$ 30,083,100	\$ 32,197,677
Cash and cash equivalents-restricted	6,820,700	7,313,799	6,595,846
Bond proceeds	2,513,445	775,559	4,012,838
Accounts receivable, net	4,181,573	7,345,565	3,194,640
Loans receivable, net-current portion	1,125	707	100
Other assets	<u>195,707</u>	<u>418,475</u>	<u>314,784</u>
<b>Total Current Assets</b>	<u>47,032,941</u>	<u>45,937,205</u>	<u>46,315,885</u>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents	5,694,509	6,680,450	6,026,425
Investments	16,287,122	15,725,958	14,927,981
Endowment investments	865,787	847,898	787,487
Loans receivable, net	1,541,843	1,775,606	1,984,456
Prepaid expenses	79,891	140,139	125,205
Capital assets, net	<u>179,923,947</u>	<u>174,631,775</u>	<u>172,169,515</u>
<b>Total Noncurrent Assets</b>	<u>204,393,099</u>	<u>199,801,826</u>	<u>196,021,069</u>
<b>Total Assets</b>	251,426,040	245,739,031	242,336,954
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	<u>5,579,646</u>	<u>4,901,385</u>	<u>3,999,478</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 257,005,686</u>	<u>\$ 250,640,416</u>	<u>\$ 246,336,432</u>

**FITCHBURG STATE UNIVERSITY**  
**STATEMENTS OF NET ASSETS**  
**March 31, 2019, 2018 and 2017**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Current Liabilities</b>			
Bond payable-current portion	\$ 3,733,820	\$ 3,484,949	\$ 3,350,972
Accounts payable and accrued liabilities	2,841,369	3,064,549	2,676,378
Salaries and benefits payable	2,711,766	2,137,355	1,868,816
Accrued workers compensation-current portio	141,432	126,662	110,720
Compensated absences-current portion	3,325,251	3,473,782	3,430,235
Accrued faculty payroll	4,851,361	4,689,244	4,515,604
Deferred revenue-current portion	738,027	461,361	1,601,027
Capital Lease, current portion	254,441	249,898	-
Other liabilities	756,265	2,229,131	2,465,693
	<u>19,353,732</u>	<u>19,916,931</u>	<u>20,019,445</u>
<b>Total Current Liabilities</b>			
<b>Noncurrent Liabilities</b>			
Bonds payable	58,296,142	53,978,826	57,490,879
Accrued workers compensation	507,339	454,356	397,170
Compensated absences	2,310,768	2,129,092	2,014,582
Capital lease	390,362	644,804	-
Due to federal loan programs-Perkins	1,481,135	1,625,067	1,618,054
Due to federal loan programs-Nursing	383,243	373,032	415,648
Unfunded pension liability	11,430,648	12,580,841	9,995,092
Net OPEB Liability	22,232,674	-	-
	<u>97,032,311</u>	<u>71,786,018</u>	<u>71,931,425</u>
<b>Total Noncurrent Liabilities</b>			
<b>Total Liabilities</b>			
	<u>116,386,043</u>	<u>91,702,949</u>	<u>91,950,870</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - concessions	1,074,901	1,327,819	1,580,737
Deferred inflow - OPEB	2,609,760	-	-
Deferred inflows - pensions	679,709	51,499	358,503
<b>Total Deferred Inflows of Resources</b>	<u>4,364,370</u>	<u>1,379,318</u>	<u>1,939,240</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	122,007,533	118,905,281	117,549,363
<b>Restricted for:</b>			
Non-expendable			
Endowment Funds	518,299	526,852	467,162
Expendable			
Endowment Earnings-Scholarship	419,485	451,712	485,281
Loans	260,522	294,663	275,930
Other	383,613	930	930
Capital projects	1,036,981	1,212,235	796,458
Debt service	6,839,706	7,055,051	5,653,998
Unrestricted	4,789,134	29,111,425	27,217,200
	<u>136,255,273</u>	<u>157,558,149</u>	<u>152,446,322</u>
<b>Total Net Assets</b>			
<b>Total Liabilities, Deferred Inflows and Net Assets</b>			
	<u>\$ 257,005,686</u>	<u>\$ 250,640,416</u>	<u>\$ 246,336,432</u>

For those charged with governance and internal management use only

**FITCHBURG STATE UNIVERSITY**  
**STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Operating Revenues</b>			
Student tuition and fees	\$ 49,813,049	\$ 47,884,258	\$ 45,262,846
Waivers and exemptions	<u>(1,627,704)</u>	<u>(1,683,368)</u>	<u>(1,712,746)</u>
<b>Net student tuition and fees</b>	<b>48,185,345</b>	<b>46,200,890</b>	<b>43,550,100</b>
Federal grants and contracts	7,927,100	7,989,493	7,432,592
State and local grants and contracts	661,683	125,713	215,394
Nongovernmental grants and contracts	575,563	296,523	13,546
Sales and services of educational departments	994,290	1,068,338	934,893
Auxiliary enterprises:			
Residential life (net of scholarship allowances)	11,395,165	11,208,670	10,592,735
Residential life-dining hall revenue	4,505,113	-	-
Administrative overhead	61,319	44,483	66,513
Fundraising	129,929	117,980	109,704
Commissions	649,672	420,451	413,136
Miscellaneous	11,472	17,338	11,504
Nursing and Perkins	<u>26,980</u>	<u>33,476</u>	<u>19,601</u>
<b>Total Operating Revenues</b>	<b><u>75,123,631</u></b>	<b><u>67,523,355</u></b>	<b><u>63,359,718</u></b>
<b>Operating Expenses</b>			
<b>Salaries:</b>			
Faculty	19,405,446	18,756,977	18,062,414
Exempt wages	3,008,951	2,451,749	2,583,459
Non-exempt wages	14,537,595	14,435,713	14,450,382
Benefits	11,831,037	9,968,780	10,550,721
<b>Other Operating Expenses:</b>			
Employee related travel	328,231	261,829	269,483
Administrative expense	1,411,554	1,255,415	1,344,030
Facility operational supplies	1,108,256	1,063,793	1,024,116
Utilities	2,263,811	2,312,604	2,315,925
Consultant services	940,832	757,145	752,197
Operational services	3,431,978	1,285,891	833,099
Equipment purchases	564,659	311,488	330,330
Equipment lease/rental/repair/maint	602,563	578,981	585,792
Purchased client services-program	196,623	220,468	235,448
Construction and building improvement	1,080,271	1,479,149	1,334,907
Grants and Subsidies	52,348	-	-
Scholarships	10,031,928	9,897,965	9,223,294
IT expenditures	3,433,401	2,879,780	1,556,391
Depreciation	7,607,766	7,344,715	7,514,411
Bad debt expense	(48,986)	(3,018)	2,506
Auxiliary enterprises:			
Residential life-Dining Hall expense	3,197,174	-	-
Residential life	<u>9,757,162</u>	<u>9,367,714</u>	<u>8,731,265</u>
<b>Total Operating Expenses</b>	<b><u>94,742,600</u></b>	<b><u>84,627,138</u></b>	<b><u>81,700,170</u></b>
<b>Operating profit/(loss)</b>	<b><u>(19,618,969)</u></b>	<b><u>(17,103,783)</u></b>	<b><u>(18,340,452)</u></b>

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**FITCHBURG STATE UNIVERSITY**  
**STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Nonoperating Revenues (Expenses)</b>			
State appropriations	33,498,584	30,856,213	30,244,188
Investment income (net of investment expenses)	804,937	366,023	1,155,840
Unrealized gain/(loss)	(179,400)	575,154	(410,511)
Interest on capital debt	<u>(2,113,899)</u>	<u>(1,041,116)</u>	<u>(1,801,786)</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<u>32,010,222</u>	<u>30,756,274</u>	<u>29,187,731</u>
<b>Income (loss) before Capital and Endowment Additions</b>	12,391,253	13,652,491	10,847,279
Capital appropriations	6,688	16,288	-
Capital grants and gifts	<u>469,198</u>	<u>862,254</u>	<u>263,766</u>
<b>Increase in net assets</b>	12,867,139	14,531,033	11,111,045
<b>Net Assets - beginning of period</b>	<u>123,388,134</u>	<u>143,027,116</u>	<u>141,335,278</u>
<b>Net Assets - end of period</b>	<u>\$ 136,255,273</u>	<u>\$ 157,558,149</u>	<u>\$ 152,446,323</u>

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**FITCHBURG STATE UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Increase in net assets	\$ 12,867,139	\$ 14,531,030	\$ 11,111,044
Adjustments to reconcile increase in net assets to cash provided by (used by) operating activities:			
(Gain)/loss on marketable securities	(214,076)	(844,322)	(1,034,495)
Depreciation	7,607,766	7,344,715	7,514,411
(Increase) decrease in assets:			
Accounts receivable	(1,928,185)	(5,303,893)	(1,591,314)
Loans receivable	160,828	151,185	12,144
Other assets	167,856	(65,681)	69,581
Account Description			
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	(43,448)	1,058,938	368,972
Compensated absences	294,738	441,629	(9,676)
Accrued faculty payroll	1,341,002	1,346,498	1,566,299
Deferred revenue	(1,122,133)	(1,835,539)	110,565
Other liabilities	383,998	1,861,635	2,166,363
<b>Net cash provided by operating activities</b>	<u>19,515,485</u>	<u>18,686,195</u>	<u>20,283,894</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments	43,290	235,649	2,425,388
Unrealized gain on cash investments	(209,242)	(176,479)	(405,831)
Purchase of investments	(43,957)	(70,848)	295,417
Acquisition of property, plant and equipment	(6,082,188)	(8,573,163)	(4,686,043)
<b>Net cash (used by) investing activities</b>	<u>(6,292,097)</u>	<u>(8,584,841)</u>	<u>(2,371,069)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Federal loan program	19,013	(39,813)	15,839
Proceeds of bond issue	2,623,144	-	4,166,418
Payments of capital debt	(3,378,851)	(3,269,001)	(3,039,091)
Payments of capital leases	(249,898)	(245,435)	
<b>Net cash provided by financing activities</b>	<u>(986,592)</u>	<u>(3,554,249)</u>	<u>1,143,166</u>
<b>Net increase in cash</b>	12,236,796	6,547,105	19,055,991
<b>Cash and cash equivalents - beginning of period</b>	<u>36,112,248</u>	<u>38,305,801</u>	<u>29,776,796</u>
<b>Cash and cash equivalents - end of period</b>	<u>\$ 48,349,044</u>	<u>\$ 44,852,906</u>	<u>\$ 48,832,787</u>
<b>Supplemental Disclosures:</b>			
Cash paid for interest	<u>\$ 2,352,270</u>	<u>\$ 1,181,207</u>	<u>\$ 2,202,569</u>

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