

FITCHBURG STATE UNIVERSITY

Board of Trustees

NOTIFICATIONS

TO: Board of Trustees
FROM: The President
SUBJECT: Financial Reports

DATE: April 3, 2018
NOTIFICATION NUMBER: 07-17/18

FITCHBURG STATE UNIVERSITY

FINANCIAL STATEMENTS

DECEMBER 31, 2017, 2016 AND 2015

Fitchburg State University
Executive Summary
Financial Statements for the Six Months Ended
December 31, 2017, 2016 and 2015

Statements of Net Assets (pages 3-4):

- Total assets increased by approximately \$7.8 million. This was primarily due to an increase in Cash and cash equivalent of \$4.3 million, Bond proceeds (Landry Arena) of \$1.7 million and Investments of \$1.5 million
- Current liabilities decreased due primarily to decrease in salaries and benefits payment outstanding for Dec 2017 payroll.
- Total liabilities increased by \$3.4 million primarily due to increase in unfunded pension liability of \$2.6 million.
- Invested in capital assets, net of related debt decreased to \$113.2 million. Repayment of loans plus depreciation expenses were more than construction expenditure as at Dec 17.
- Total debt from bond issues totaled \$61.3 million.

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

- Total revenue for the period was \$55.7 million.
- Tuition and fee revenue increased by 7.5%. Scholarship expense for the period was \$5.1 million.
- Auxiliary revenue, which represents operation of the residence halls, totaled \$5.5 million and does not include fees charged for the student housing facility owned and operated by the FSU Foundation Supporting Organization, Inc.
- State appropriations increased slightly to \$19.09 million as compared with \$19.06 million for the same period last year. The increase is due to an increase in the fringe benefit rate charged by the Commonwealth. The fringe benefit rate was 33.5% in fiscal 2017 and is 34.86% for fiscal 2018.
- Total expenditures remained level at \$53.4 million.
- Unrealized investment gain totaled \$595,000. Investment income was \$365,000.
- There was an overall increase in net assets of \$5.1 million for the first six months of the fiscal year.

Statements of Cash Flows (page 7):

- Total cash at December 31, 2017 was \$47.3 million which represents an increase of approximately \$8.98 million over cash balances at June 30, 2017.
- Net cash provided from operations was \$15.8 million.
- Acquisitions of property and equipment totaled \$5.98 million and includes Landry Arena and Southside Chiller projects.

FITCHBURG STATE UNIVERSITY
STATEMENTS ON NET ASSETS
DECEMBER 31, 2017, 2016 AND 2015

ASSETS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Assets			
Cash and cash equivalents	\$ 30,265,947	\$ 28,831,098	\$ 24,840,021
Cash and cash equivalents-restricted	7,243,646	6,312,656	6,103,903
Bond proceeds	1,734,115	17,273	0
Accounts receivable, net	1,985,334	3,151,192	1,726,256
Loans receivable, net-current portion	707	337	300
Due from other funds	0	8,675	2,294
Other Assets	<u>144,731</u>	<u>482,680</u>	<u>226,528</u>
Total Current Assets	<u>41,374,480</u>	<u>38,803,911</u>	<u>32,899,302</u>
Noncurrent Assets			
Restricted cash and cash equivalents	8,122,443	6,200,421	7,446,786
Investments	15,751,636	14,252,368	16,013,076
Endowment investments	847,433	750,342	814,525
Loans receivable, net	1,886,797	1,976,919	2,023,674
Prepaid expenses	196,175	163,252	131,843
Capital assets, net	<u>174,459,644</u>	<u>173,523,282</u>	<u>175,640,848</u>
Total Noncurrent Assets	<u>201,264,128</u>	<u>196,866,584</u>	<u>202,070,752</u>
Total Assets	242,638,608	235,670,495	234,970,054
Deferred Outflows of Resources			
Deferred outflows - pensions	<u>4,901,385</u>	<u>3,999,478</u>	<u>606,819</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 247,539,993</u>	<u>\$ 239,669,973</u>	<u>\$ 235,576,873</u>

FITCHBURG STATE UNIVERSITY
STATEMENTS OF NET ASSETS
December 31, 2017, 2016 and 2015

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current Liabilities			
Bonds payable-current portion	\$ 3,327,030	\$ 3,148,347	\$ 2,881,194
Capital Lease Obligations, current portion	247,656	-	-
Accounts payable and accrued liabilities	3,681,339	3,333,491	2,746,056
Accounts payable-construction	148,743	38,814	72,350
Salaries and benefits payable	1,059,111	2,978,645	1,000,900
Accrued workers compensation-current portion	126,662	110,720	127,529
Accrued faculty payroll	2,701,279	2,647,214	2,530,974
Compensated absences-current portion	3,210,879	3,413,149	3,394,622
Deferred revenue-current portion	10,547,962	10,433,943	10,073,526
Other liabilities	872,752	572,619	591,277
Total Current Liabilities	<u>25,923,413</u>	<u>26,676,942</u>	<u>23,418,428</u>
Noncurrent Liabilities			
HEFA bond payable	1,963,361	2,289,805	2,577,211
MSCBA bonds payable	54,988,682	53,850,143	56,721,750
Capital Lease Obligations	770,316	0	0
Accrued workers compensation	454,356	397,170	457,467
Compensated absences	1,967,958	2,004,548	1,909,475
Due to federal loan programs-Perkins	1,565,622	1,614,881	1,595,019
Due to federal loan programs-Nursing	421,133	414,603	407,096
Unfunded pension liability	12,580,841	9,995,092	5,078,817
Total Noncurrent Liabilities	<u>74,712,270</u>	<u>70,566,242</u>	<u>68,746,835</u>
Total Liabilities	<u>100,635,683</u>	<u>97,243,184</u>	<u>92,165,263</u>
Deferred Inflows of Resources			
Deferred inflows - concessions	1,517,507	1,896,884	2,149,802
Deferred inflows - pensions	51,499	358,503	1,125,969
Total Deferred Inflows of Resources	<u>1,569,006</u>	<u>2,255,387</u>	<u>3,275,771</u>
Net Assets			
Invested in capital assets, net of related debt	117,023,718	116,255,629	114,615,368
Restricted for:			
Non-expendable			
Scholarships & fellowships	468,941	467,162	479,550
Expendable			
Scholarships & fellowships	525,077	503,835	519,486
Loans	276,911	274,961	271,803
Capital projects	1,280,306	846,610	2,698,585
Debt service	9,631,213	9,522,920	8,615,269
Other	930	930	930
Unrestricted	16,128,207	12,299,355	12,934,848
Total Net Assets	<u>145,335,303</u>	<u>140,171,402</u>	<u>140,135,839</u>
Total Liabilities, Deferred Inflows and Net Assets	<u>\$ 247,539,993</u>	<u>\$ 239,669,973</u>	<u>\$ 235,576,873</u>

FITCHBURG STATE UNIVERSITY
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS
For the Six Months Ended DECEMBER 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues			
Student tuition and fees	\$ 25,006,197	\$ 23,325,478	\$ 23,011,948
Waivers and exemptions	(896,413)	(891,217)	(909,208)
Net student tuition and fees	<u>24,109,785</u>	<u>22,434,261</u>	<u>22,102,740</u>
Federal grants and contracts	4,369,972	4,030,240	4,034,061
State and local grants and contracts	50,590	77,169	160,641
Nongovernmental grants and contracts	295,984	13,546	19,360
Sales and services of educational departments	725,389	636,634	604,692
Auxiliary enterprises:			
Residential life (net of scholarship allowances)	5,527,501	5,252,716	4,748,169
Administrative overhead	25,850	40,842	50,147
Fundraising	79,604	68,494	63,454
Commissions	247,340	255,027	231,181
Miscellaneous	5,412	13,987	27,072
Nursing and Perkins	<u>10,263</u>	<u>14,188</u>	<u>16,373</u>
Total Operating Revenues	<u>35,447,690</u>	<u>32,837,104</u>	<u>32,057,890</u>
Operating Expenses			
Salaries:			
Faculty	10,805,117	10,588,856	10,123,896
Exempt wages	1,611,912	1,705,633	1,777,781
Non-exempt wages	9,490,813	9,540,328	9,375,566
Benefits	6,546,747	8,839,454	6,095,947
Other Operating Expenses:			
Employee related travel	151,594	174,928	174,419
Administrative expense	913,456	990,881	1,048,817
Facility operational supplies	825,868	755,489	814,987
Utilities	1,158,912	1,406,086	909,881
Consultant services	494,445	567,450	326,278
Operational services	859,513	557,891	612,158
Equipment purchases	198,657	269,704	231,622
Equipment maintenance and repairs	378,342	395,447	320,544
Purchased client services-program	107,103	132,671	165,120
Construction and building improvement	643,813	725,196	789,325
Scholarships	5,144,116	4,648,983	4,720,245
Loans & special payments	8,636	-	-
IT expenditures	2,437,153	1,996,044	1,922,736
Depreciation	4,923,512	4,866,762	4,161,607
Bad debt	-	2,506	(50)
Auxiliary enterprises:			
Residential life	<u>5,807,374</u>	<u>4,988,940</u>	<u>4,500,080</u>
Total Operating Expenses	<u>52,507,082</u>	<u>53,153,249</u>	<u>48,070,959</u>
Operating profit/(loss)	<u>(17,059,391)</u>	<u>(20,316,145)</u>	<u>(16,013,069)</u>

FITCHBURG STATE UNIVERSITY
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS
For the Six Months Ended DECEMBER 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Nonoperating Revenues(Expenses)			
State appropriations	19,092,808	19,060,974	18,335,892
Gifts			176,205
Investment income (net of investment expenses)	364,804	627,975	198,514
Unrealized gain/(loss)	595,676	(321,667)	(576,775)
Interest on capital debt	(903,720)	(415,551)	(696,689)
	<u>19,149,569</u>	<u>18,951,731</u>	<u>17,437,147</u>
Net Nonoperating Revenues (Expenses)			
	<u>19,149,569</u>	<u>18,951,731</u>	<u>17,437,147</u>
Income (loss) before Capital and Endowment Additions	2,090,178	(1,364,414)	1,424,078
Capital appropriations	7,128	74,078	-
Capital grants and gifts	210,881	126,459	126,459
	<u>2,308,187</u>	<u>(1,163,877)</u>	<u>1,550,537</u>
Increase (decrease) in net assets	2,308,187	(1,163,877)	1,550,537
Net Assets - beginning of period	<u>143,027,116</u>	<u>141,335,277</u>	<u>138,585,302</u>
Net Assets - end of period	<u>\$ 145,335,303</u>	<u>\$ 140,171,400</u>	<u>\$ 140,135,839</u>

For those charged with governance and internal management use only

FITCHBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
For the Six Months Ended DECEMBER 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase in net assets	\$ 2,308,185	\$ (1,163,877)	\$ 1,550,537
Adjustments to reconcile increase in net assets to cash provided by (used by) operating activities:			
(Gain)/loss on marketable securities	(690,058)	415,551	696,689
Depreciation	4,923,512	4,866,762	4,161,607
(Increase) decrease in assets:			
Accounts payable	56,339	(1,556,541)	517,176
Loans receivable	39,994	19,444	(3,406)
Other assets	152,028	(136,362)	85,141
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	746,227	2,174,728	(2,970,478)
Compensated absences	17,591	(36,796)	24,690
Accrued faculty payroll	(641,467)	(302,091)	(417,017)
Deferred revenue	8,440,751	9,259,628	8,965,539
Other liabilities	505,256	273,289	277,837
	<u>15,858,358</u>	<u>13,813,735</u>	<u>12,888,315</u>
Net cash provided by operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(205,627)	(2,560,574)	(1,718,147)
Proceeds from the sale of investments	14,473	4,138,260	1,633,603
Acquisition of property, plant and equipment	(5,979,828)	(3,392,161)	(16,027,373)
	<u>(6,170,982)</u>	<u>(1,814,475)</u>	<u>(16,111,917)</u>
Net cash (used by) investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Federal loan program	(51,156)	11,621	12,916
Payments of capital debt	(309,839)	(271,468)	(271,764)
Payments of capital lease	(122,165)		
Amortization of bond premiums	(143,865)	(154,761)	(82,383)
	<u>(627,026)</u>	<u>(414,608)</u>	<u>(341,231)</u>
Net cash (used by) financing activities			
Net increase in cash	<u>9,060,350</u>	<u>11,584,652</u>	<u>(3,564,833)</u>
Cash and cash equivalents - beginning of period	<u>38,305,801</u>	<u>29,776,796</u>	<u>41,955,543</u>
Cash and cash equivalents - end of period	<u>47,366,151</u>	<u>41,361,448</u>	<u>38,390,710</u>
Supplemental Disclosures:			
Cash paid for interest	<u>\$ 1,181,207</u>	<u>\$ 1,089,794</u>	<u>\$ 1,297,656</u>