

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2021

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2021

C O N T E N T S

Independent Auditors' Report	1-2
Management's Discussion and Analysis (Unaudited)	3-18
Financial Statements:	
Statements of Net Position	19
Statements of Revenues, Expenses and Changes in Net Position	20
Statements of Cash Flows	21-22
Notes to the Financial Statements	23-68
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability (Unaudited)	69
Schedule of Contributions – Pension (Unaudited)	70
Notes to the Required Supplementary Information – Pension (Unaudited)	71-72
Schedule of Proportionate Share of Net OPEB Liability (Unaudited)	73
Schedule of Contributions – OPEB (Unaudited)	74
Notes to the Required Supplementary Information – OPEB (Unaudited)	75-77

Supplemental Information:

Schedules of Net Position - Dormitory Trust Fund Report (Unaudited) 78

Schedules of Revenues, Expenses and Changes in Net
Position - Dormitory Trust Fund Report (Unaudited) 79

**Independent Auditors' 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*** 80-81



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Westfield State University
Westfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Westfield State University (an agency of the Commonwealth of Massachusetts) (the "University"), and its discretely presented component unit, the Westfield State Foundation, Inc. (the "Foundation"), which comprise the statements of net position as of June 30, 2021 and 2020, the related statements of revenues and expenses, changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component unit as of June 30, 2021 and 2020, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

Supplementary Schedules

Our audits were conducted for the purpose of forming an opinion on the University's basic financial statements. The supplemental schedules listed in the accompanying table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, 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.

O'Connor + Drew, P.C.

Certified Public Accountants

Braintree, Massachusetts

October 13, 2021

WESTFIELD STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Introduction

The following discussion and analysis provides an overview of the financial position and results of operations of Westfield State University (the "University") for the fiscal year ended June 30, 2021, with comparative information for the year ended June 30, 2020. This discussion has been prepared by management along with the financial statements and footnotes. Since this analysis is designed to focus on current activities, resulting changes and currently known facts, it should be read in conjunction with the basic financial statements and notes thereto. The financial statements, footnotes and this discussion are the responsibility of management.

Westfield State University is a comprehensive public institution of higher learning with approximately 4,800 full time equivalent combined day and evening students. The campus is located in Westfield, Massachusetts and offers undergraduate majors in both the traditional arts and sciences and in professional fields with multiple options for discipline-specific or interdisciplinary minors and concentrations. There are also several graduate-level degree and certificate programs offered by the College of Graduate and Continuing Education. This broad range of graduate programs and undergraduate majors, minors, and concentrations reflect the commitment of Westfield State University to providing quality educational programs.

Financial Highlights

- The University's financial position increased during the fiscal year ended June 30, 2021, with a \$9.8 million or 24.0% increase in total net position. The increase was largely related to the recognition of state capital appropriation revenue in the amount of \$4.8 million for the work completed during the fiscal year on the campus steam line project (\$3.6 million) and the Parenzo Hall project (\$1.2 million). In addition, the University recognized \$4.5 million in investment income related to our investment portfolio. Net position, which represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows of resources are deducted, increased to \$50.6 million from \$40.8 million in 2020.
- Expenses incurred during fiscal year 2021 totaled \$119.2 million. Revenues from tuition and fees, state capital support and appropriations, grants, and other sources totaled \$129.0 million resulting in an increase in net position of \$9.8 million. Expenses incurred during fiscal year 2020 totaled \$140.6 million. Revenues from tuition and fees, state capital support and appropriations, grants, and other sources totaled \$139.5 million resulting in a decrease in net position of \$1.1 million.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, established standards for how governmental employers (and other entities) that contribute to state and local pension plans report liabilities and plan details on their financial statements. GASB 68 and its required disclosures were implemented in fiscal year 2015. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB. The tables below show the financial statement impact of GASB 68 and GASB 75 in fiscal years 2021 and 2020:

	2021		
	Pension	OPEB	Total
Statement of Net Position (Balance Sheet)			
Deferred outflows (like an Asset)	\$ 10,660,301	\$ 17,157,536	\$ 27,817,837
Net liability (Non-Current Liability)	(44,175,215)	(56,843,150)	(101,018,365)
Deferred inflows (like a Liability)	(1,370,244)	(29,042,423)	(30,412,667)
Net position	\$ (34,885,158)	\$ (68,728,037)	\$ (103,613,195)
Statement of Revenues and Expenses			
Pension expense, net of subsequent contributions	\$ 4,071,463	\$ -	\$ 4,071,463
OPEB expense, net of subsequent contributions	-	947,435	947,435
Total	\$ 4,071,463	\$ 947,435	\$ 5,018,898

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

**GASB No. 68 – Accounting and Financial Reporting For Pensions and GASB No. 75 –
Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions -
Continued**

	2020		
	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Statement of Net Position (Balance Sheet)			
Deferred outflows (like an Asset)	\$ 9,666,717	\$ 18,010,846	\$ 27,677,563
Net liability (Non-Current Liability)	(37,463,840)	(70,625,670)	(108,089,510)
Deferred inflows (like a Liability)	(3,016,572)	(15,165,778)	(18,182,350)
Net position	<u>\$ (30,813,695)</u>	<u>\$ (67,780,602)</u>	<u>\$ (98,594,297)</u>
Statement of Revenues and Expenses			
Pension expense, net of subsequent contributions	\$ 3,754,716	\$ -	\$ 3,754,716
OPEB expense, net of subsequent contributions	-	4,918,445	4,918,445
Total	<u>\$ 3,754,716</u>	<u>\$ 4,918,445</u>	<u>\$ 8,673,161</u>

The required reporting of the pension and OPEB liability on the financial statements of the University reduced the unrestricted net position as follows:

Effect of GASB 68 and GASB 75 on Unrestricted Net Position

	<u>Without Pension/OPEB</u>	<u>Pension/ OPEB Adjustment</u>	<u>With Pension/OPEB</u>
Unrestricted net position, June 30, 2019, as restated	\$ 51,968,732	\$ (89,921,136)	\$ (37,952,404)
Change in unrestricted net position for 2020	<u>1,979,080</u>	<u>(8,673,161)</u>	<u>(6,694,081)</u>
Unrestricted net position, June 30, 2020	\$ 53,947,812	\$ (98,594,297)	\$ (44,646,485)
Change in unrestricted net position for 2021	<u>12,471,070</u>	<u>(5,018,898)</u>	<u>7,452,172</u>
Unrestricted net position, June 30, 2021	<u>\$ 66,418,882</u>	<u>\$ (103,613,195)</u>	<u>\$ (37,194,313)</u>

The combined impact of the pension and OPEB liabilities for fiscal year 2021 and 2020 is a reduction in unrestricted net position of \$103.6 million and \$98.6 million, respectively.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements. Westfield State University's basic financial statements are comprised of two components: 1) the financial statements and 2) the notes to the financial statements.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of Westfield State University's finances in a manner similar to a private-sector university. The University's financial report includes three financial statements: the *Statements of Net Position*, the *Statements of Revenues and Expenses and Changes in Net Position* and the *Statements of Cash Flows*.

These statements have been prepared in accordance with Government Accounting Standards Board (GASB) principles. These principles establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the institution. A description of the financials is as follows:

The Westfield State Foundation, Inc. (the 'Foundation'), a component unit of the University, is an independent not-for-profit corporation operated exclusively for charitable, scientific, and educational purposes for the benefit of the University. The financial information of the Foundation has been discretely presented and included within these financial statements because of the nature and significance of its relationship with the University. Complete financial statements for the Foundation can be obtained from its administrative office in Westfield, Massachusetts.

The *Statements of Net Position* present the financial position of the University at the end of the fiscal year and include all assets and deferred outflows of resources less liabilities and deferred inflows of resources of the University. The difference between these amounts, net position, is one indicator of the current financial position of the University, while the change in net position serves as a useful indicator of whether the financial position of the University is improving or deteriorating.

The *Statements of Revenues and Expenses and Changes in Net Position* present the University's results of operations and other non-operating revenues and present information showing how the University's net position changed during the most recent fiscal year.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Overview of the Financial Statements - Continued

The *Statements of Cash Flows* provide additional information about the University's financial results by reporting the major sources and uses of cash. Government Accounting Standards Board (GASB) Statements 34 and 35 require that the direct method be used to prepare this statement. The direct method of cash flow reporting portrays the net cash flow from operations by major categories of operating receipts and disbursements.

The financial statements can be found on pages 19-22 of this financial report.

Notes to the Financial Statements

The footnotes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 23-68 of this financial report.

Other Information

In addition to the financial statements and accompanying footnotes, this financial report also contains certain required supplementary information concerning the University's Building Authority trust fund. This supplementary information can be found on pages 78-79 of this financial report.

Financial Analysis of the University

The University's total net position increased by \$9.8 million or 24.0% in fiscal year 2021 and decreased by \$1.1 million or 2.6% in fiscal year 2020. A summary of the University's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, is presented below:

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

<u>Assets</u>	<u>2021</u>	<u>2020</u>	<u>Restated 2019</u>
Current Assets	\$ 83,501,867	\$ 71,206,003	\$ 74,225,664
Capital Assets, net	107,430,822	103,692,276	99,116,839
Other Non-current assets	7,997,107	5,329,769	1,288,234
Total Assets	<u>198,929,796</u>	<u>180,228,048</u>	<u>174,630,737</u>
Deferred Outflows of Resources	30,131,439	27,677,563	32,339,993
Total Assets and Deferred Outflows	<u>\$229,061,235</u>	<u>\$ 207,905,611</u>	<u>\$ 206,970,730</u>
 <u>Liabilities</u>			
Current Liabilities	\$ 21,826,344	\$ 18,785,559	\$ 19,343,962
Non-current Liabilities	126,005,107	129,899,595	135,186,669
Total Liabilities	<u>147,831,451</u>	<u>148,685,154</u>	<u>154,530,631</u>
Deferred Inflows of Resources	30,651,398	18,442,784	10,573,392
 <u>Net Position</u>			
Investment in Capital Assets, net	86,891,380	84,277,558	78,587,213
Restricted: Expendable	881,319	1,146,600	1,231,898
Unrestricted	(37,194,313)	(44,646,485)	(37,952,404)
Total Net Position	<u>50,578,386</u>	<u>40,777,673</u>	<u>41,866,707</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$229,061,235</u>	<u>\$ 207,905,611</u>	<u>\$ 206,970,730</u>

Total assets in fiscal year 2021 increased by \$18.7 million or 10.4% over the prior year due to an increase in cash (\$7.7 million), accounts receivable (\$3.9 million), capital assets (\$3.7 million), and investments (\$3.8 million), offset by decreases in other assets (\$.4 million). Total liabilities in fiscal year 2021 decreased by \$0.9 million or 0.6% over the prior year due to the increase in current liabilities of \$3.0 million offset by a decrease in non-current liabilities of \$3.9 million. The \$2.4 million increase in deferred outflows of resources is primarily related to the loss on bond refunding of our debt with the MSCBA and the \$12.3 million increase in deferred inflows of resources was due to the adjustments related to the fiscal year 2021 pension and OPEB activity.

Total assets in fiscal year 2020 increased by \$5.6 million or 3.2% over the prior year due to an increase in accounts receivable (\$1.0 million) and an increase in capital assets (\$4.6 million). Total

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

liabilities in fiscal year 2020 decreased by \$5.8 million or 3.8% over the prior year primarily due to the decrease in the net OPEB liability of \$6.0 million, decreases in current liabilities and bonds payable and an increase net pension liability. The \$4.7 million decrease in deferred outflows of resources and \$7.9 million increase in deferred inflows of resources was primarily due to the adjustments related to the fiscal year 2020 pension and OPEB activity.

A condensed summary of the Statements of Revenues and Expenses for the years ended June 30 is as follows:

<u>Operating Revenues</u>	<u>2021</u>	<u>2020</u>	<u>Restated 2019</u>
Tuition and fees	\$ 53,243,430	\$ 56,967,200	\$ 57,377,085
Residence and dining fees	8,590,132	21,158,360	26,579,581
Less: scholarships and fellowships	(10,236,061)	(10,391,561)	(10,967,197)
Federal, state, and private grants	12,905,962	12,765,510	13,114,205
Other sources	1,398,148	3,339,605	4,631,229
Total Operating Revenues	<u>65,901,611</u>	<u>83,839,114</u>	<u>90,734,903</u>
<u>Operating Expenses</u>			
Compensation and benefits	78,067,948	85,216,820	84,827,534
Supplies and services	24,458,428	35,140,940	35,763,572
Depreciation	5,242,275	5,286,361	5,809,084
Scholarships	5,821,909	5,555,084	2,971,317
GASB 68 pension expense, net of subsequent contributions	4,071,463	3,754,716	2,725,512
GASB 75 OPEB expense, net of subsequent contributions	947,435	4,918,445	6,159,366
Total Operating Expenses	<u>118,609,458</u>	<u>139,872,366</u>	<u>138,256,385</u>
<u>Non-Operating Revenues (Expenses):</u>			
State appropriations, net	\$ 41,889,628	\$ 40,097,220	\$ 39,022,622
Restricted state appropriations	-	-	223,619
Federal grants	8,196,599	4,032,129	-
MSCBA payments	-	486,724	-
Net investment income	4,826,460	834,148	537,698
Loss on disposal of assets	(4,602)	(39,790)	(326,377)
Interest expense	(568,675)	(738,625)	(773,582)
Total Net Non-Operating Revenues	<u>54,339,410</u>	<u>44,671,806</u>	<u>38,683,980</u>
State capital appropriations	8,169,150	10,272,412	394,564
Increase (Decrease) in net position	<u>\$ 9,800,713</u>	<u>\$ (1,089,034)</u>	<u>\$ (8,442,938)</u>

WESTFIELD STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

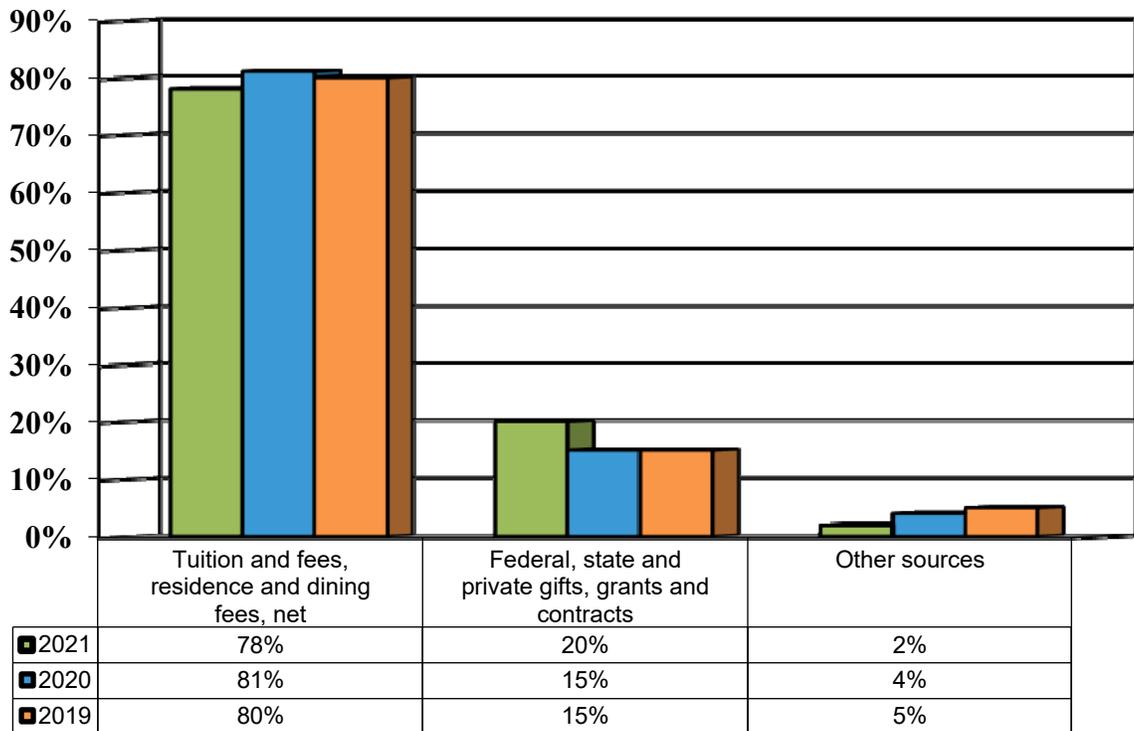
Management’s Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

The following is a graphic illustration of operating revenues by source, as a percent of total operating revenue, which were used to fund the University’s operating activities for the years ended June 30, 2021, 2020 and 2019.

Operating Revenues by Source



The University’s operating revenues consist primarily of tuition and fee revenues and residence and dining fee revenues. Tuition and fees revenue decreased \$3.7 million or 6.5% during the fiscal year ended June 30, 2021 and decreased \$0.4 million or 0.7% during the fiscal year ended June 30, 2020. The decrease in fiscal year 2021 was due to an increase in the general fee of \$290 per student (\$1.0 million impact) combined with an increase in graduate and continuing education tuition and fees of \$0.7 million offset by the revenue decrease due to lower enrollment (\$5.4 million). The decrease in fiscal year 2020 was due to an increase in the general fee of \$420 per student (\$1.7 million impact) combined with an increase in graduate and continuing education tuition and fees of \$0.8 million offset by the revenue decrease due to lower enrollment (\$2.9 million).

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

Residence and dining fee revenue generated by the auxiliary operations of the University's food service and building authority trust funds was \$8,590,132, \$21,158,360 and \$26,579,581 for the years ended June 30, 2021, 2020 and 2019, respectively. The significant decrease in revenues for the year ended June 30, 2021 in the amount of \$12,568,228 or 59.4%, is a direct result of the pandemic. Contributing to the losses were the delay in opening the residence halls in September and the early closure of the residence halls in November along with the fact that social distancing guidelines for resident students resulted in fewer available rooms. At June 30, 2020, residence and dining fee revenue decreased \$5,421,221 or 20.4%.

Tuition and fees received by the University include the following at June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tuition	\$16,773,029	\$16,480,133	\$15,723,395
Student Fees:			
General fees	32,223,451	35,181,866	35,854,941
Student activity fees	995,119	1,396,064	1,580,461
Capital improvement fees	349,570	393,990	421,420
Technology fees	2,773,752	3,099,706	3,306,835
Miscellaneous fees	128,509	415,441	490,033
Total	<u>\$53,243,430</u>	<u>\$56,967,200</u>	<u>\$57,377,085</u>

In fiscal year 2019, the annual technology fee was reduced by \$870 and reclassified to the general fee to better align with actual technology costs.

WESTFIELD STATE UNIVERSITY
 (an agency of the Commonwealth of Massachusetts)

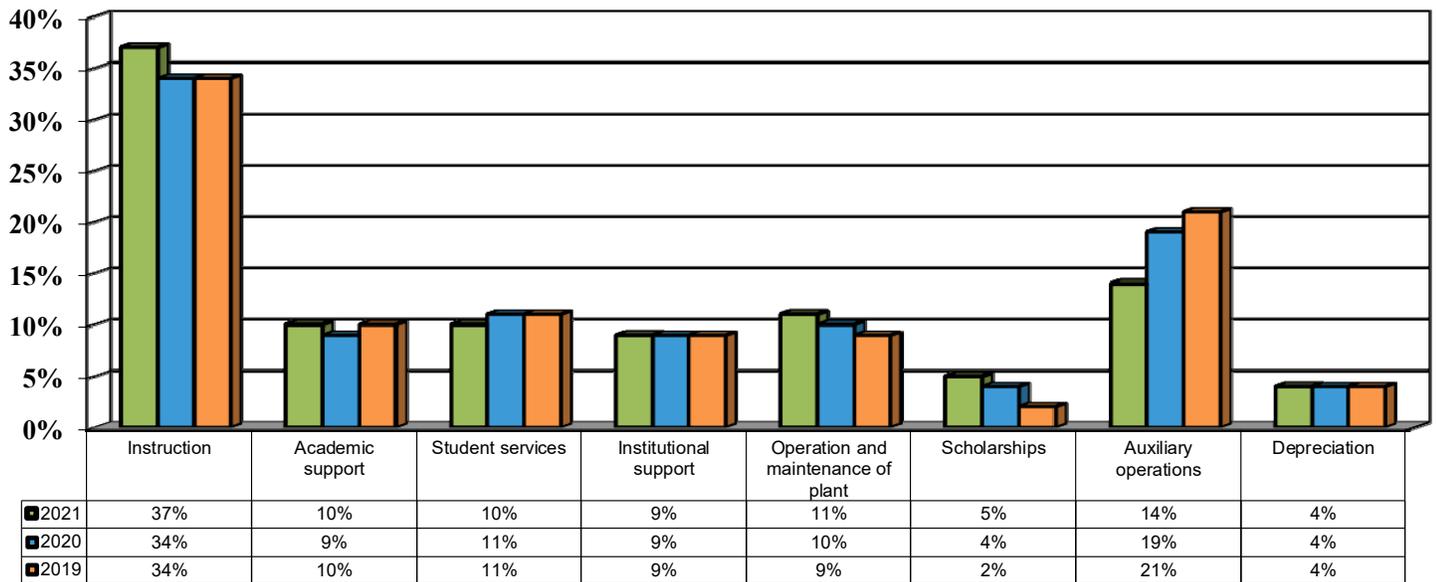
Management’s Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

The following is a graphic illustration of operating expenses by function, shown as a percent of total operating expense, for the years ended June 30, 2021, 2020 and 2019.

Operating Expenses by Function



A summary of the University’s expenses by functional classification for the years ended June 30, 2021, 2020 and 2019 is as follows:

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

	<u>2021</u>	<u>2020</u>	<u>Restated 2019</u>
Instruction	\$ 43,207,570	\$ 46,893,864	\$ 47,249,667
Public service	390,670	811,807	703,925
Academic support	12,218,690	13,261,323	13,838,753
Student services	12,176,778	15,533,295	14,883,010
Institutional support	10,813,707	12,387,214	11,794,308
Operation and maintenance of plant	12,777,874	13,278,913	12,709,507
Scholarships and fellowships	5,821,909	5,555,084	2,971,317
Auxiliary operations	15,959,985	26,864,505	28,296,814
Depreciation	5,242,275	5,286,361	5,809,084
Total	<u>\$ 118,609,458</u>	<u>\$ 139,872,366</u>	<u>\$ 138,256,385</u>

The University's total operating expenses decreased significantly during fiscal year ended June 30, 2021 by \$21.3 million or 15.2% as compared to a \$1.6 million or 1.2% increase for the fiscal year ended June 30, 2020. The decrease in fiscal year 2021 is the result of many factors including a decrease in debt service payments to the Massachusetts State College Building Authority of \$8.3 million, a decrease in OPEB expense of \$4.0 million, compensation decreases of \$3.6 million in full-time employee compensation and \$2.9 million in contracted employee compensation, a \$.7 million decrease in campus-wide spending, and an increase in capitalized maintenance projects of \$1.8 million.

A condensed summary of the Statements of Cash Flows for years ended June 30, is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash received from operating activities	\$ 89,053,958	\$ 112,003,648	\$ 121,336,851
Cash expenses for operating activities	<u>(118,354,076)</u>	<u>(145,657,027)</u>	<u>(141,177,767)</u>
Net cash applied to operating activities	(29,300,118)	(33,653,379)	(19,840,916)
Net cash provided by non-capital financing activities	35,708,171	32,997,317	28,413,739
Net cash provided by (applied to) capital financing activities	149,965	(227,324)	(3,064,636)
Net cash provided by (applied to) investing activities	<u>1,072,367</u>	<u>(19,103,406)</u>	<u>534,988</u>
Net increase (decrease) in cash and equivalents	7,630,385	(19,986,792)	6,043,175
Cash and equivalents - beginning of year	<u>51,947,994</u>	<u>71,934,786</u>	<u>65,891,611</u>
Cash and equivalents - end of year	<u>\$ 59,578,379</u>	<u>\$ 51,947,994</u>	<u>\$ 71,934,786</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Financial Analysis of the University - Continued

The University's liquidity increased during the year ended June 30, 2021 with a \$7,630,385 increase in cash and equivalents. The following discussion further amplifies the overview of cash flows presented above.

During the year ended June 30, 2021, the University's net cash applied to operating activities decreased by \$4.4 million over the prior year. This was due to a decrease in cash received of \$22.9 million and a decrease in payments made of \$27.3 million. Net cash provided by non-capital financing activities increased by \$2.7 million mostly due to an increase in federal HEERF grant funding. Net cash provided by capital financing activities increased by \$0.4 million mainly due to an increase in capital asset purchases of \$1.0 million offset by a decrease in principal and interest paid on bonds payable of \$1.4 million. The \$20.2 million increase in net cash provided by investing activities was due to the decrease in purchase of investments of \$26.6 million offset by combined decreases in proceeds from the sales of investments and interest income of \$6.4 million.

The University's liquidity decreased during the year ended June 30, 2020 with a \$19,986,792 decrease in cash and equivalents primarily due to the purchase of investments. The following discussion further amplifies the overview of cash flows presented above.

During the year ended June 30, 2020, the University's net cash applied to operating activities increased by \$13.8 million over the prior year. This was due to a decrease in cash received of \$9.3 million and an increase in payments made of \$4.5 million. Net cash provided by non-capital financing activities increased by \$4.6 million due to an increase in direct state appropriations received of \$2.0 million primarily for collective bargaining costs, an increase of \$2.1 million from CARES Act funding, and \$0.5 million received from the Massachusetts State College Building Authority. Net cash applied to capital financing activities decreased by \$2.8 million mostly due to an increase in state capital appropriations (\$2.6 million) and a decrease in capital asset purchases (\$0.2 million). The \$19.6 million decrease in net cash provided by investing activities was due to the purchase of investments. In September, 2019 the University transferred \$20 million to an investment account managed by Eaton Vance Investment Counsel.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Loss from Operations

The following table presents the University's incurred losses from operations and its net non-operating revenues for the fiscal years ended June 30, 2021, 2020 and 2019.

	<u>2021</u>	<u>2020</u>	<u>Restated 2019</u>
Operating revenues, net	\$ 65,901,611	\$ 83,839,114	\$ 90,734,903
Operating expenses	<u>(118,609,458)</u>	<u>(139,872,366)</u>	<u>(138,256,385)</u>
Operating loss	<u>(52,707,847)</u>	<u>(56,033,252)</u>	<u>(47,521,482)</u>
Commonwealth direct appropriation, fringe benefits for Commonwealth employees, net of tuition remitted to the Commonwealth	41,889,628	40,097,220	39,022,622
Restricted state appropriations	-	-	223,619
Net investment income	4,826,460	834,148	537,698
Loss on disposal of assets	(4,602)	(39,790)	(326,377)
Other revenues	8,196,599	4,518,853	-
Other expenses	(568,675)	(738,625)	(773,582)
Capital appropriations	<u>8,169,150</u>	<u>10,272,412</u>	<u>394,564</u>
Net non-operating revenues	<u>62,508,560</u>	<u>54,944,218</u>	<u>39,078,544</u>
Increase (Decrease) in net position	<u>\$ 9,800,713</u>	<u>\$ (1,089,034)</u>	<u>\$ (8,442,938)</u>

Due to the nature of accounting for appropriations as non-operating revenues in accordance with GASB principles, the University incurred a loss from operations. The Commonwealth's Department of Higher Education establishes tuition rates while the University sets fees and other charges. The University, with the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to mitigate losses after Commonwealth appropriations.

The \$7.6 million increase in net non-operating revenues during fiscal year 2021 is attributable to an increase in net investment income of \$4.0 million combined with an increase in other revenues of \$3.7 million (mostly HEERF grant funding), a \$1.8 million increase in net state appropriation, a decrease in other expenses of \$.2 million and a decrease in state capital appropriation in the amount of \$2.1 million.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Loss from Operations – Continued

The \$15.8 million increase in net non-operating revenues during fiscal year 2020 is attributable to an increase in state capital appropriation in the amount of \$9.9 million combined with an increase in other revenues of \$4.5 million (mostly CARES Act funding), a \$1.1 million increase in net state appropriation and a \$0.3 million increase in net investment income. The state capital appropriation increase was mainly due to the recognition of revenue related to two major projects; the steam line infrastructure project (\$7.6 million) and the Parenzo Hall renovation project (\$2.1 million) which were both in progress at June 30, 2020.

Capital Assets

A summarized comparison of the University's capital asset categories at June 30, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 7,896,131	\$ 6,959,450	\$ 6,959,450
Construction-in-progress	16,047,808	10,013,526	325,547
Building and improvements	145,684,227	144,425,504	144,425,504
Equipment and furnishings	27,626,480	27,128,402	28,419,009
Library books	7,451,006	7,448,723	7,398,449
Vehicles	1,088,721	1,099,263	1,053,329
Total	<u>205,794,373</u>	<u>197,074,868</u>	<u>188,581,288</u>
Less: accumulated depreciation	<u>(98,363,551)</u>	<u>(93,382,592)</u>	<u>(89,464,449)</u>
Capital assets, net	<u>\$ 107,430,822</u>	<u>\$ 103,692,276</u>	<u>\$ 99,116,839</u>

The University's investment in capital assets, net of accumulated depreciation, as of June 30, 2021, 2020 and 2019 was \$107,430,822, \$103,692,276, and \$99,116,839, respectively. Investment in capital assets includes land, land improvements, buildings and improvements, furnishings and equipment, construction in progress, and library books. Capital assets increased by \$3,738,546 or 3.6% during the fiscal year ended June 30, 2021 and increased by \$4,575,437 or 4.6% during fiscal year ended June 30, 2020. The increase during fiscal years ended June 30, 2021 and 2020 was a result of capital additions outpacing depreciation expense. In fiscal year 2021, the University increased its fixed asset capitalization threshold from \$25,000 to \$40,000 with a plan to reach a \$50,000 threshold in fiscal year 2022 in order to be consistent with other Commonwealth agencies. This change will result in the University recognizing more non-capital expenses in the year the assets are purchased rather than spreading the costs over multiple years.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Capital Assets – Continued

Capital additions during fiscal year ended June 30, 2021 amounted to \$8,985,423 as compared to \$9,901,588 for the year ended June 30, 2020.

Major additions during 2021 include \$6.0 million in construction in progress for; improvements to the steam line infrastructure (\$3.6 million), renovation of Parenzo Hall (\$1.6 million), replacement of the floor in the dining commons (\$.5 million), and HVAC upgrades (\$.3 million); \$1.0 million in roof replacements, \$.9 million to stabilize and repair the slope, \$.3 million in mass notification upgrades in Bates Hall and Horace Mann Center, and \$.8 million in information technology-related upgrades.

Major additions during 2020 include \$7.6 million in construction in progress for additional improvements to the steam line infrastructure, \$2.1 million in construction in progress for the Parenzo Hall renovation project and \$.2 million for the installation of security cameras throughout the campus.

Looking Ahead

The University welcomed a new President on July 1, 2021. Dr. Thompson was most recently the Dean of the College of Nursing and Health Sciences at University of Massachusetts Boston. She holds BSN and MSN degrees from Wayne State University and masters and doctoral degrees in public health from Johns Hopkins University. The campus community is excited and looks forward to working collaboratively with Dr. Thompson to achieve her vision and strategic goals. Her experience and leadership will be essential in helping the University navigate through these challenging times in higher education.

The University has completed and received Massachusetts Department of Higher Education approval for the new strategic plan for FY19-24. Implementation of the plan began in FY20 and will continue through FY24. The primary goals of the plan are focused on four overarching goals: a. Student Experience b. Enrollment c. Culture and d. Resources. The priorities and initiatives in the strategic plan will align with our resource allocation process to meet these goals. Additionally, there is a major capital investment project in process, the renovation of Parenzo Hall (a \$40-million-dollar project), a primary classroom and multi-service facility. Construction began in summer 2021 with a projected completion date of summer 2023, although due to unforeseen circumstances there may be a potential delay in the timeline. As a public university, continued and increasing financial support from the state is vital to serve the growing needs of a diverse student population and to increase access and affordability for prospective students.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2021

Looking Ahead – Continued

One of the most significant ongoing challenges for the University is responding to the COVID-19 pandemic. Maintaining ongoing operations and ensuring a safe living and learning environment continues to be a priority. In order to maintain full operations, the University has developed a variety of contingency plans and has implemented many safety measures. Despite these actions, occupancy levels for residential students and overall enrollment remains challenged. Nonetheless, Westfield State University is committed to providing the best educational experience for its students despite these challenges and obstacles.

Requests for Information

This financial report is designed to provide a general overview of Westfield State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Vice President of Administration and Finance, 333 Western Avenue, Westfield, Massachusetts 01085.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2021

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30,

Assets and Deferred Outflow of Resources

	Westfield State University		Component Unit	
	2021 <u>University</u>	2020 <u>University</u>	2021 <u>Foundation</u>	2020 <u>Foundation</u>
Current Assets:				
Cash and equivalents	\$ 50,497,156	\$ 46,560,999	\$ 999,451	\$ 336,448
Cash held by State Treasurer	6,142,536	3,825,138	-	-
Deposits held by State Treasurer	2,938,687	1,561,857	-	-
Short-term investments	16,640,466	15,883,252	-	-
Accounts receivable, net	7,082,043	3,156,569	188,922	300,747
Perkins loans receivable, net	108,755	122,040	-	-
Other current assets	<u>92,224</u>	<u>96,148</u>	<u>2,470</u>	<u>8,362</u>
Total Current Assets	<u>83,501,867</u>	<u>71,206,003</u>	<u>1,190,843</u>	<u>645,557</u>
Non-Current Assets:				
Debt service reserve	735,557	987,933	-	-
Investments	7,116,626	4,119,747	16,607,203	10,738,776
Perkins loans receivable, net	144,924	222,089	-	-
Capital assets, net	<u>107,430,822</u>	<u>103,692,276</u>	<u>417,176</u>	<u>426,931</u>
Total Non-Current Assets	<u>115,427,929</u>	<u>109,022,045</u>	<u>17,024,379</u>	<u>11,165,707</u>
Total Assets	<u>198,929,796</u>	<u>180,228,048</u>	<u>18,215,222</u>	<u>11,811,264</u>
Deferred Outflows of Resources:				
Loss on bond refunding	2,313,602	-	-	-
Pension related, net	10,660,301	9,666,717	-	-
OPEB related, net	<u>17,157,536</u>	<u>18,010,846</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>30,131,439</u>	<u>27,677,563</u>	<u>-</u>	<u>-</u>

Total Assets and Deferred Outflows of Resources	<u>\$ 229,061,235</u>	<u>\$ 207,905,611</u>	<u>\$ 18,215,222</u>	<u>\$ 11,811,264</u>
--	-----------------------	-----------------------	----------------------	----------------------

The accompanying notes are an integral part of the financial statements.

Liabilities, Deferred Inflows of Resources and Net Position

	Westfield State University		Component Unit	
	2021 <u>University</u>	2020 <u>University</u>	2021 <u>Foundation</u>	2020 <u>Foundation</u>
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 4,054,503	\$ 1,687,121	\$ 2,118	\$ 3,264
Accrued salaries, wages and benefits	6,126,434	6,100,672	-	-
Compensated absences	4,374,326	4,479,317	-	-
Accrued workers' compensation	187,094	196,646	-	-
Student deposits and unearned revenue	4,901,214	4,155,931	12,660	17,420
Current portion of capital lease obligations	80,614	97,133	-	-
Current portion of bonds payable	1,379,454	1,436,164	-	-
Other liabilities	<u>722,705</u>	<u>632,575</u>	<u>261,762</u>	<u>228,529</u>
Total Current Liabilities	<u>21,826,344</u>	<u>18,785,559</u>	<u>276,540</u>	<u>249,213</u>
Non-Current Liabilities:				
Compensated absences	1,980,766	1,850,656	-	-
Accrued workers' compensation	1,365,519	883,826	-	-
Grants refundable	392,730	466,683	-	-
Capital lease obligations	237,333	-	-	-
Bonds payable	21,010,394	18,608,920	-	-
Net pension liability	44,175,215	37,463,840	-	-
Net OPEB liability	<u>56,843,150</u>	<u>70,625,670</u>	<u>-</u>	<u>-</u>
Total Non-Current Liabilities	<u>126,005,107</u>	<u>129,899,595</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>147,831,451</u>	<u>148,685,154</u>	<u>276,540</u>	<u>249,213</u>
Deferred Inflows of Resources:				
Gain on bond refunding	238,731	260,434	-	-
Pension related, net	1,370,244	3,016,572	-	-
OPEB related, net	<u>29,042,423</u>	<u>15,165,778</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>30,651,398</u>	<u>18,442,784</u>	<u>-</u>	<u>-</u>
Net Position:				
Net investment in capital assets	86,891,380	84,277,558	417,176	426,931
Restricted for:				
Expendable	881,319	1,146,600	9,866,771	5,965,976
Non-expendable	-	-	7,615,765	5,174,165
Unrestricted	<u>(37,194,313)</u>	<u>(44,646,485)</u>	<u>38,970</u>	<u>(5,021)</u>
Total Net Position	<u>50,578,386</u>	<u>40,777,673</u>	<u>17,938,682</u>	<u>11,562,051</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 229,061,235</u>	<u>\$ 207,905,611</u>	<u>\$ 18,215,222</u>	<u>\$ 11,811,264</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended

	2021 Westfield State University	2020 Westfield State University	2021 Component Unit Foundation	2020 Component Unit Foundation
Operating Revenues:				
Tuition and fees	\$ 53,243,430	\$ 56,967,200	\$ -	\$ -
Residence and dining fees	8,590,132	21,158,360	-	-
Less: scholarships and fellowships	<u>(10,236,061)</u>	<u>(10,391,561)</u>	-	-
Net tuition and fees	51,597,501	67,733,999	-	-
Federal grants and contracts	8,103,462	8,783,777	-	-
State grants and contracts	4,214,511	3,190,273	-	-
Private grants and contracts	587,989	791,460	4,077,626	969,772
Public service	281,738	923,940	-	-
Other sources	<u>1,116,410</u>	<u>2,415,665</u>	<u>64,007</u>	<u>63,561</u>
Total Operating Revenues	<u>65,901,611</u>	<u>83,839,114</u>	<u>4,141,633</u>	<u>1,033,333</u>
Operating Expenses:				
Instruction	43,207,570	46,893,864	-	-
Public service	390,670	811,807	-	-
Academic support	12,218,690	13,261,323	63,910	120,536
Student services	12,176,778	15,533,295	-	-
Institutional support	10,813,707	12,387,214	708,129	638,468
Operation and maintenance of plant	12,777,874	13,278,913	-	-
Scholarships and fellowships	5,821,909	5,555,084	249,465	264,465
Auxiliary operations	15,959,985	26,864,505	-	-
Depreciation	<u>5,242,275</u>	<u>5,286,361</u>	<u>9,755</u>	<u>9,755</u>
Total Operating Expenses	<u>118,609,458</u>	<u>139,872,366</u>	<u>1,031,259</u>	<u>1,033,224</u>
Operating (Loss) Income	<u>(52,707,847)</u>	<u>(56,033,252)</u>	<u>3,110,374</u>	<u>109</u>
Non-Operating Revenues (Expenses):				
State appropriations, net	41,889,628	40,097,220	-	-
Federal grants	8,196,599	4,032,129	-	-
Other revenue - MSCBA	-	486,724	-	-
Loss on disposal of capital assets	(4,602)	(39,790)	-	-
Investment income, net of expenses	4,826,460	834,148	3,266,257	396,258
Interest expense	<u>(568,675)</u>	<u>(738,625)</u>	<u>-</u>	<u>-</u>
Net Non-Operating Revenues	<u>54,339,410</u>	<u>44,671,806</u>	<u>3,266,257</u>	<u>396,258</u>
Increase (Decrease) in Net Position Before Other Revenues	1,631,563	(11,361,446)	6,376,631	396,367
Capital appropriations	<u>8,169,150</u>	<u>10,272,412</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	9,800,713	(1,089,034)	6,376,631	396,367
Net Position, at Beginning of Year	<u>40,777,673</u>	<u>41,866,707</u>	<u>11,562,051</u>	<u>11,165,684</u>
Net Position, at End of Year	<u>\$ 50,578,386</u>	<u>\$ 40,777,673</u>	<u>\$ 17,938,682</u>	<u>\$ 11,562,051</u>

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended

	Westfield State University	
	<u>2021</u>	<u>2020</u>
	<u>University</u>	<u>University</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 40,579,169	\$ 45,643,442
Residence and dining fees	7,157,083	18,352,639
Grants and contracts	12,536,846	12,658,099
Payments to suppliers	(22,418,893)	(34,918,172)
Payments to employees	(66,427,550)	(76,576,959)
Payments to students	(2,275,932)	(2,130,848)
Direct lending receipts	27,231,701	32,031,048
Direct lending disbursements	(27,231,701)	(32,031,048)
Collections of loans to students	136,137	90,596
Other receipts	<u>1,413,022</u>	<u>3,227,824</u>
Net Cash Applied to Operating Activities	<u>(29,300,118)</u>	<u>(33,653,379)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriation	31,621,476	31,407,279
Tuition remitted to state	(988,524)	(1,027,534)
Federal grants	5,075,219	2,130,848
Other revenue - MSCBA	<u>-</u>	<u>486,724</u>
Net Cash Provided by Non-Capital Financing Activities	<u>35,708,171</u>	<u>32,997,317</u>
Cash Flows from Capital Financing Activities:		
Capital appropriations	3,727,353	3,888,120
Purchases of capital assets	(3,022,109)	(1,977,289)
Principal paid on capital leases	(248,439)	(97,132)
Principal paid on bonds payable	(13,298)	(1,224,741)
Interest paid on bonds payable	(545,918)	(819,345)
Decrease in debt service reserve	<u>252,376</u>	<u>3,063</u>
Net Cash Provided by (Applied to) Capital Financing Activities	<u>149,965</u>	<u>(227,324)</u>
Cash Flows from Investing Activity:		
Proceeds from sales of investments	12,089,325	18,209,864
Purchase of investments	(11,559,575)	(38,188,713)
Interest income	<u>542,617</u>	<u>875,443</u>
Net Cash Provided by (Applied to) Investing Activities	<u>1,072,367</u>	<u>(19,103,406)</u>
Net Increase (Decrease) in Cash and Equivalents	7,630,385	(19,986,792)
Cash and Equivalents, Beginning of Year	<u>51,947,994</u>	<u>71,934,786</u>
Cash and Equivalents, End of Year	<u>\$ 59,578,379</u>	<u>\$ 51,947,994</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued

For the Years Ended

	2021	2020
	Westfield State University	Westfield State University
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Operating loss	\$ (52,707,847)	\$ (56,033,252)
Adjustments to Reconcile Net Operating Loss to Net Cash Applied to Operating Activities:		
Depreciation	5,242,275	5,286,361
Fringe benefits provided by the State	11,256,676	10,544,940
Bad debts	(43,110)	161,205
Changes in Assets and Liabilities:		
Accounts receivable	(699,728)	(272,458)
Perkins loans receivable	275,073	101,752
Other current assets	3,924	9,142
Accounts payable and accrued liabilities	1,725,307	(464,671)
Accrued salaries, wages and benefits	25,762	(1,334,016)
Compensated absences	25,119	(175,564)
Accrued workers' compensation	472,141	(32,636)
Student deposits and unearned revenue	89,215	(108,890)
Grants refundable	(73,953)	(115,627)
Other liabilities	90,130	107,174
Net pension activity	4,071,463	3,754,716
Net OPEB activity	<u>947,435</u>	<u>4,918,445</u>
Net Cash Applied to Operating Activities	<u>\$ (29,300,118)</u>	<u>\$ (33,653,379)</u>
Non-Cash Transactions:		
Fringe benefits paid by State	<u>\$ 11,256,676</u>	<u>\$ 10,544,940</u>
Acquisition of capital assets through capital leases	<u>\$ 469,253</u>	<u>\$ -</u>
Capital improvements provided by capital appropriations	<u>\$ 4,851,986</u>	<u>\$ 7,924,299</u>
Bond refunding	<u>\$ 2,414,193</u>	<u>\$ 260,434</u>
Construction in progress included in accounts payable and accrued liabilities	<u>\$ 642,075</u>	<u>\$ -</u>
Cash and Equivalents, End of Year:		
Cash and equivalents	\$ 50,497,156	\$ 46,560,999
Cash held by State Treasurer	6,142,536	3,825,138
Deposits held by State Treasurer	<u>2,938,687</u>	<u>1,561,857</u>
Total	<u>\$ 59,578,379</u>	<u>\$ 51,947,994</u>

The accompanying notes are an integral part of the financial statements.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies**

Organization

Westfield State University (the "University") is a public, state-supported university located in Westfield, Massachusetts and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and post-graduate degrees in education, business, and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Commission of Higher Education.

COVID-19

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. During the year ended June 30, 2021, COVID-19 had a significant effect on the University's operations in response to government requirements and observing safety measures. As a result, the University's maximum housing's capacity decreased by approximately 65% and 21% for the Spring 2021 and Fall 2020 academic semesters, respectively.

In response to the pandemic, the Federal government provided to the University the Higher Education Emergency Relief Funds (HEERF) and funds for the Strengthening Institution Program (SIP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA). The HEERF consisted of the student aid award and the institutional award. Each Act requires a minimum amount to be spent on student aid.

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award and the SIP can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Unless an extension is approved by the Department of Education, the student aid award and the institutional award must be spent by May 24, 2022, while the SIP funding must be spent by August 5, 2022.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

COVID-19 - continued

The University has been awarded the following HEERF and SIP funds as of June 30, 2021:

	Student Aid Portion	Institutional Portion	Strengthening Institutions Program	Total
CARES	\$ 2,256,030	\$ 2,256,030	\$ 224,568	\$ 4,736,628
CRRSAA	2,256,030	4,960,844	308,060	7,524,934
ARPA	6,466,657	6,321,907	569,984	13,358,548
Total	\$ 10,978,717	\$ 13,538,781	\$ 1,102,612	\$ 25,620,110

The University has recognized the following as non-operating Federal grants for the years ended June 30, 2021, and 2020.

For the Year Ended June 30, 2021					For the Year Ended June 30, 2020				
	Student Aid Award	Institutional Award	Strengthening Institutions Program	Total		Student Aid Award	Institutional Award	Strengthening Institutions Program	Total
CARES	\$ 125,182	\$ 354,749	\$ 224,568	\$ 704,499	CARES	\$2,130,848	\$ 1,901,281	\$ -	\$ 4,032,129
CRRSAA	2,150,750	4,714,965	308,060	7,173,775	CRRSAA	-	-	-	-
ARPA	-	-	-	-	ARPA	-	-	-	-
Total	\$ 2,275,932	\$ 5,069,714	\$ 532,628	\$ 7,878,274	Total	\$2,130,848	\$ 1,901,281	\$ -	\$ 4,032,129

The University also received approximately \$318,000 of Coronavirus relief funds as a pass through from the state of Massachusetts.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the *Governmental Accounting Standards Board* (“GASB”).

Westfield State Foundation, Inc. (the “Foundation”) is a related tax-exempt organization founded to foster and promote the growth, progress and general welfare of the University. The Foundation is included in the University’s financial statements and is reported in a separate column from the University to emphasize that it is a Massachusetts not-for-profit organization legally separate from the University. Because of the significance of its financial relationship with the University, the Foundation is included in the University’s financial statements. Complete financial statements can be obtained from the Foundation's administrative office in Westfield, Massachusetts.

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. The University’s policy for defining operating activities in the statement of revenues, expenses are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the University’s operating and capital appropriations from the Commonwealth of Massachusetts (the “Commonwealth”), net investment income, gifts and interest expense.

The University has determined that it functions as a business-type activity, as defined by GASB. The effect of interfund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management’s discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues and expenses, changes in net position, and cash flows on a combined University-wide basis.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

Net Position

Resources are classified for accounting purposes into the following four net asset categories:

Net Investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions such that the University must maintain the funds in perpetuity.

Restricted - expendable: Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the University or the passage of time.

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net assets 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.

The University has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Use of 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 reported amounts of assets and liabilities and disclosures of contingencies at the dates of the financial statements and revenues and expenses recognized during the reporting periods. The University's significant estimates include the accrual for employee compensated absences, the accrual for workers' compensation liability, net pension and OPEB liabilities, the allowance for doubtful accounts, and the useful lives of capital assets. Actual results could differ from those estimates.

Trust Funds

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

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

Cash and Equivalents

The University's cash and equivalents are cash on hand, cash and deposits held with the Commonwealth's Treasurer and Massachusetts State College Building Authority ("MSCBA"), which are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

Accounts and pledges receivable are periodically evaluated for collectability. Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral and current economic conditions.

Investments

Investments in marketable securities are stated at fair value.

Dividends, interest, and net gains or losses on investments of endowments and similar funds 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:

- A) 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;
- B) as increases in temporarily 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 generally be classified as restricted - expendable; and
- C) as increases in unrestricted net position in all other cases.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the University's capitalization policy, non-collection items with a unit cost of more than \$40,000 are capitalized. Library materials are generally expensed during the year. University capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Restricted Gifts

The University recognizes restricted gifts as revenues or receivables when all applicable eligibility requirements, including time requirements, are met.

Grants and Contracts

The University receives monies from the federal and state government and other private agencies under grants and contracts. The costs, both direct and indirect, charged to these grants and contracts are subject to audit by the granting agency. The University administration believes that any audit adjustments would not have a material adverse effect on the University's financial position, its revenues, expenses and changes in net position, or its cash flows.

Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave or when using compensatory time. Accrued vacation and compensatory time is the amount earned by all eligible employees through June 30, 2021 and 2020. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more years of state service at June 30, 2021 and 2020. Upon retirement, those employees are entitled to receive payment for this accrued balance. Funding of these amounts is anticipated to be part of the future annual appropriation process from the Commonwealth of Massachusetts.

Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenue are recorded as revenue when earned.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

Deposits Held by State Treasurer

Deposits held represents funds accessible by the University held by the Commonwealth of Massachusetts for payments on payroll.

Pensions

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 plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the University's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust ("SRBT") and additions to/deductions from SRBT's fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Student Fees

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

Fringe Benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and workers' compensation benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation costs are assessed separately based on the University's actual experience. The Commonwealth requires the University to record, as a liability, its portion of the future estimated workers' compensation benefits to be paid.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

Income Tax Status

The University is a component unit of the Commonwealth of Massachusetts and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. The Foundation is also exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

New Governmental Accounting Pronouncements

GASB Statement 87 – *Leases*, is effective for periods beginning after June 15, 2021. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations results from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources. It provides for an election on leases with terms of less than twelve months to be excluded from this Standard. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 89 – *Accounting for Interest Costs Incurred before the End of a Construction Period*, is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are: (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 91 – *Conduit Debt Obligations*, is effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to improve the consistency of reporting conduit debt. This Statement requires government entities that issue conduit debt, but are not the obligors, not to recognize the liability unless it is more likely than not that the government issuer will service the debt. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 92 – *Omnibus 2020*, is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve comparability in financial reporting for leases, pensions, OPEB, and asset retirement obligations. Management has not completed its review of the requirements of this standard and its applicability.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements - continued

GASB Statement 94 – *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for arrangements in which the governmental entity (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 96 – *Subscription-Based Information Technology Arrangements (SBITA)*, is effective for reporting periods beginning after June 15, 2022. The objective of this Statement is to provide accounting and financial reporting guidance for transactions in which a governmental entity contracts with another party for the right to use their software. A right-of-use asset and a corresponding liability would be recognized for SBITAs. Management has not completed its review of the requirements of this standard and its applicability.

GASB Statement 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*, is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to provide financial reporting consistency in which the potential component unit does not have a governing board and the primary government performs the duties that a governing board would perform. In the absence of a governing board of the potential component unit, the situation should be treated the same as the primary government appointing a majority of the potential component unit’s governing board. Management has not completed its review of the requirements of this standard and its applicability.

Note 2 - **Cash and Equivalents**

The carrying amount of the University’s bank deposits and deposits in trust depositories are \$50,497,156 and \$46,560,999, as compared to bank balances of \$50,906,425 and \$47,050,616 at June 30, 2021 and 2020, respectively. The differences between the carrying amount and the bank balances were attributed to deposits in transit and outstanding checks.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 2 - **Cash and Equivalents - Continued**

In addition to Federal Deposit Insurance Corporation insurance, the University has deposits insured through collateralization in a pool of eligible securities held by Berkshire Bank's Asset Management/Trust Group as custodian. Amounts remaining that are exposed to custodial risk at June 30, 2021 and 2020 were \$13,409,722 and \$12,320,080, respectively.

Note 3 - **Cash Held by the State Treasurer**

Accounts payable, accrued salaries, wages and withholdings to be funded from state-appropriated funds totaled \$6,142,536 and \$3,825,138 at June 30, 2021 and 2020, respectively. The University has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the University, which was subsequently used to pay for such liabilities.

Note 4 - **Investments**

University

Short-term investments are categorized according to the level of risk assumed by the University. At June 30, 2021 and 2020, the entire balance of investments represents mutual funds that are held in trust depository accounts in the name of the University and are uninsured. At June 30, 2021 and 2020, the investments are stated at fair value.

At June 30, 2021, the fair value of the University's investments in debt securities by contractual maturities is as follows:

June 30, 2021 Investment Maturity in Years					
Investment Type:	Fair Value	Less than 1	1-5	6-10	> 10
Corporate bonds	\$ 4,291,470	\$ -	\$ 4,291,470	\$ -	\$ -
U.S. Treasuries	2,578,125	375,319	2,202,806	-	-
Government Agencies	622,350	-	622,350	-	-
Total fixed income	7,491,945	\$ 375,319	\$ 7,116,626	\$ -	\$ -
Equity securities	16,265,147				
Total investments	\$ 23,757,092				

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Investments - Continued**

University – continued

At June 30, 2020, the fair value of the University’s investments in debt securities by contractual maturities is as follows:

June 30, 2020 Investment Maturity in Years					
Investment Type:	Fair Value	Less than 1	1-5	6-10	> 10
Corporate bonds	\$ 2,994,141	\$ 424,231	\$ 2,569,910	\$ -	\$ -
U.S. Treasuries	3,047,066	1,497,229	1,549,837	-	-
Total fixed income	6,041,207	<u>\$ 1,921,460</u>	<u>\$ 4,119,747</u>	<u>\$ -</u>	<u>\$ -</u>
Equity securities	13,961,792				
Total investments	<u>\$ 20,002,999</u>				

At June 30, 2021, the University’s U.S. Treasury Notes and Government Securities and corporate debt securities credit quality ratings are as follows:

Quality Ratings									
	Fair Value	BBB	BBB+	A-	A	A+	AA-	AAA	Not Rated
Corporate bonds	\$ 4,291,470	\$ 1,014,980	\$ 1,200,560	\$ 726,257	\$ 581,191	\$ 186,585	\$ 581,897	\$ -	\$ -
U.S. Treasuries	2,578,125	-	-	-	-	-	-	2,578,125	-
Government Agencies	622,350	-	-	-	-	-	-	622,350	-
Totals	<u>\$ 7,491,945</u>	<u>\$ 1,014,980</u>	<u>\$ 1,200,560</u>	<u>\$ 726,257</u>	<u>\$ 581,191</u>	<u>\$ 186,585</u>	<u>\$ 581,897</u>	<u>\$ 3,200,475</u>	<u>\$ -</u>

At June 30, 2020, the University’s U.S. Treasury Notes and Government Securities and corporate debt securities credit quality ratings are as follows:

Quality Ratings								
	Fair Value	A-	A	A+	AA-	AA	AAA	Not Rated
Corporate bonds	\$ 2,994,141	\$ 432,275	\$ 1,628,609	\$ 313,831	\$ 315,989	\$ 303,437	\$ -	\$ -
U.S. Treasuries	3,047,066	-	-	-	-	-	3,047,066	-
Totals	<u>\$ 6,041,207</u>	<u>\$ 432,275</u>	<u>\$ 1,628,609</u>	<u>\$ 313,831</u>	<u>\$ 315,989</u>	<u>\$ 303,437</u>	<u>\$ 3,047,066</u>	<u>\$ -</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Investments - Continued**

Fair Value Hierarchy

The fair value hierarchy categorizes inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted market prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, directly or indirectly. Level 3 inputs are unobservable inputs. The highest priority is assigned to Level 1 inputs and the lowest to Level 3 inputs. If the fair value is measured using inputs from more than one level of the hierarchy, the measurement is considered to be based on the lowest priority input level that is significant to the entire measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Mutual funds and common stock are valued at daily closing prices as reported by the fund while common stocks and corporate bonds are valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager. The stock and mutual funds are classified as Level 1 and are deemed to be actively traded. U.S. Government obligations are valued using quoted prices, documented trade history in the security, and pricing models maximizing the use of observable inputs. Corporate bonds are valued as Level 2 based on the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Investments - Continued**

Fair Value Hierarchy - continued

University

	June 30, 2021			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
International equities	\$ 786,758	\$ -	-	\$ 786,758
U.S. Treasuries	18,762	-	-	18,762
International emerging	2,027,636	-	-	2,027,636
Small and Mid Cap equities	1,995,098	-	-	1,995,098
Total mutual funds	4,828,254	-	-	4,828,254
U.S. Treasuries	-	2,578,125	-	2,578,125
Government Agencies	-	622,350	-	622,350
Common stocks	11,241,582	-	-	11,241,582
Corporate bonds	-	4,291,470	-	4,291,470
Other assets	195,311	-	-	195,311
Total investment assets	<u>\$ 16,265,147</u>	<u>\$ 7,491,945</u>	<u>\$ -</u>	<u>\$ 23,757,092</u>
	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
International equities	\$ 214,064	\$ -	\$ -	\$ 214,064
U.S. equities	204,533	-	-	204,533
U.S. Treasuries	3,199,682	-	-	3,199,682
International emerging	1,059,857	-	-	1,059,857
Small and Mid Cap equities	1,079,650	-	-	1,079,650
Total mutual funds	5,757,786	-	-	5,757,786
U.S. Treasuries	-	3,047,066	-	3,047,066
Common stocks	8,033,370	-	-	8,033,370
Corporate bonds	-	2,994,141	-	2,994,141
Other assets	170,636	-	-	170,636
Total investment assets	<u>\$ 13,961,792</u>	<u>\$ 6,041,207</u>	<u>\$ -</u>	<u>\$ 20,002,999</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 4 - **Investments - Continued**

Foundation

Investments of the Foundation at June 30, 2021 and 2020 are categorized as Level 1 investments and are valued at quoted prices of the shares held in an active market:

	<u>2021</u>	<u>2020</u>
Investments:		
Stock Market Index Fund	\$ 7,204,310	\$ 4,650,808
Bond Market Index Fund	4,821,580	3,017,984
International Stock Market Index Fund	<u>4,581,313</u>	<u>3,069,984</u>
	<u>\$ 16,607,203</u>	<u>\$ 10,738,776</u>

Note 5 - **Accounts Receivable**

The composition of the University's accounts receivable at June 30, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Student accounts receivable	\$ 2,522,146	\$ 2,314,303
Grants receivable	6,282,210	2,327,644
Other receivables	<u>185,083</u>	<u>280,505</u>
	8,989,439	4,922,452
Less: allowance for doubtful accounts	<u>(1,907,396)</u>	<u>(1,765,883)</u>
	<u>\$ 7,082,043</u>	<u>\$ 3,156,569</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 6 - **Perkins Loans Receivable and Grants Refundable**

Loans receivable consist of the Federal Perkins Loan Program (“Perkins”). The Federal Government provides the majority of the funds to support this program. The portion of the Perkins program provided by the Federal Government, identified as grants refundable on the statements of net position, is refundable to the Federal Government upon the termination of the University’s participation in the program.

Loans receivable include the following at June 30,:

	<u>2021</u>	<u>2020</u>
Perkins loans receivable	\$ 450,791	\$ 725,864
Less: allowance for doubtful accounts	<u>(197,112)</u>	<u>(381,735)</u>
Total loans receivable, net	253,679	344,129
Less: amount due in one year	<u>(108,755)</u>	<u>(122,040)</u>
 Long term loans receivable	 <u>\$ 144,924</u>	 <u>\$ 222,089</u>

The Federal Perkins Loan Program Extension Act of 2015 (the “Extension Act”), enacted on December 18, 2015, extended the Perkins Loan Program through September 30, 2017. The Extension Act states that new Perkins Loans cannot be disbursed to students after September 30, 2017. No further extensions were granted for the program as of the date of issuance of these financial statements.

Note 7 - **Related Party Transactions**

University

The University provides certain personnel and payroll services to the Foundation at no charge.

The University maintains depository relationship with the Westfield Bank, the president of which is a member of the Board of Trustees. At June 30, 2021 and 2020, total deposits were approximately \$10.9 million and \$10.7 million, respectively.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **Capital Assets**

The University's capital asset activity for the year ended June 30, 2021 is summarized as follows:

June 30, 2021						
	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciable:						
Land	-	\$ 1,223,862	\$ -	\$ -	\$ -	\$ 1,223,862
Construction-in-progress	-	<u>10,013,526</u>	<u>6,034,282</u>	-	-	<u>16,047,808</u>
Total		<u>11,237,388</u>	<u>6,034,282</u>	-	-	<u>17,271,670</u>
Depreciable:						
Buildings, including improvements	20-40	144,154,421	1,258,723	-	-	145,413,144
Land improvements	20	5,735,588	936,681	-	-	6,672,269
Leasehold improvements	5	271,083	-	-	-	271,083
Equipment and furnishings	3-10	27,128,402	753,454	255,376	-	27,626,480
Library books	5	7,448,723	2,283	-	-	7,451,006
Vehicles	5	<u>1,099,263</u>	-	<u>10,542</u>	-	<u>1,088,721</u>
Total		<u>185,837,480</u>	<u>2,951,141</u>	<u>265,918</u>	-	<u>188,522,703</u>
Less accumulated depreciation:						
Buildings, including improvements		61,258,765	4,063,403	-	-	65,322,168
Land improvements		1,886,128	220,661	-	-	2,106,789
Leasehold improvements		271,083	-	-	-	271,083
Equipment and furnishings		21,600,513	888,907	250,774	-	22,238,646
Library books		7,347,328	40,980	-	-	7,388,308
Vehicles		<u>1,018,775</u>	<u>28,324</u>	<u>10,542</u>	-	<u>1,036,557</u>
Total accumulated depreciation		<u>93,382,592</u>	<u>5,242,275</u>	<u>261,316</u>	-	<u>98,363,551</u>
Capital Assets, Net		<u>\$ 103,692,276</u>	<u>\$ 3,743,148</u>	<u>\$ 4,602</u>	<u>\$ -</u>	<u>\$ 107,430,822</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 8 - **Capital Assets - Continued**

The University's capital asset activity for the year ended June 30, 2020 is summarized as follows:

	June 30, 2020					
	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciable:						
Land	-	\$ 1,223,862	\$ -	\$ -	\$ -	\$ 1,223,862
Construction-in-progress	-	325,547	9,687,979	-	-	10,013,526
Total		1,549,409	9,687,979	-	-	11,237,388
Depreciable:						
Buildings, including improvements	20-40	144,154,421	-	-	-	144,154,421
Land improvements	20	5,735,588	-	-	-	5,735,588
Leasehold improvements	5	271,083	-	-	-	271,083
Equipment and furnishings	3-10	28,419,009	117,401	1,408,008	-	27,128,402
Library books	5	7,398,449	50,274	-	-	7,448,723
Vehicles	5	1,053,329	45,934	-	-	1,099,263
Total		187,031,879	213,609	1,408,008	-	185,837,480
Less accumulated depreciation:						
Buildings, including improvements		57,263,511	3,995,254	-	-	61,258,765
Land improvements		1,654,729	231,399	-	-	1,886,128
Leasehold improvements		271,083	-	-	-	271,083
Equipment and furnishings		21,992,466	976,265	1,368,218	-	21,600,513
Library books		7,298,973	48,355	-	-	7,347,328
Vehicles		983,687	35,088	-	-	1,018,775
Total accumulated depreciation		89,464,449	5,286,361	1,368,218	-	93,382,592
Capital Assets, Net		\$ 99,116,839	\$ 4,615,227	\$ 39,790	\$ -	\$ 103,692,276

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 9 - **Student Deposits and Unearned Revenue**

Student deposits and unearned revenue includes tuition received in advance from students for summer courses commencing after June 30, the subsequent fall semester, state capital appropriations, and grant funds received in advance. Student deposits and unearned revenue of the University include the following as of June 30,:

	<u>2021</u>	<u>2020</u>
Tuition and fees	\$ 1,310,221	\$ 1,318,435
State capital appropriations	3,126,924	2,716,736
Grants	<u>464,069</u>	<u>120,760</u>
Total student deposits and unearned revenue	<u>\$ 4,901,214</u>	<u>\$ 4,155,931</u>

Note 10 - **Line of Credit**

The Foundation has a demand line of credit allowing maximum borrowings of \$500,000. Interest on the note is charged at the prime rate minus 0.5% (2.75% at June 30, 2021 and 2020).

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Long-Term Liabilities**

Long-term liabilities at June 30, 2021 consist of:

	<u>June 30, 2021</u>				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Leases and bonds payable:					
Lease obligations	\$ 97,133	\$ 469,253	\$ 248,439	\$ 317,947	\$ 80,614
Bonds payable	18,781,942	3,406,961	13,298	22,175,605	1,323,322
Bonds premium	<u>1,263,142</u>	<u>-</u>	<u>1,048,899</u>	<u>214,243</u>	<u>56,132</u>
Total leases and bonds payable	<u>20,142,217</u>	<u>3,876,214</u>	<u>1,310,636</u>	<u>22,707,795</u>	<u>1,460,068</u>
Other long-term liabilities:					
Compensated absences	6,329,973	25,119	-	6,355,092	4,374,326
Workers' compensation	1,080,472	472,141	-	1,552,613	187,094
Grants refundable	466,683	-	73,953	392,730	-
Net pension liability	37,463,840	6,711,375	-	44,175,215	-
Net OPEB liability	<u>70,625,670</u>	<u>-</u>	<u>13,782,520</u>	<u>56,843,150</u>	<u>-</u>
Total other long-term liabilities	<u>115,966,638</u>	<u>7,208,635</u>	<u>13,856,473</u>	<u>109,318,800</u>	<u>4,561,420</u>
Total	<u>\$ 136,108,855</u>	<u>\$ 11,084,849</u>	<u>\$ 15,167,109</u>	<u>\$ 132,026,595</u>	<u>\$ 6,021,488</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Long-Term Liabilities - Continued**

Long-term liabilities at June 30, 2020 consist of:

	June 30, 2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases and bonds payable:					
Lease obligations	\$ 194,265	\$ -	\$ 97,132	\$ 97,133	\$ 97,133
Bonds payable	19,584,825	421,858	1,224,741	18,781,942	1,313,878
Bonds premium	<u>2,026,154</u>	<u>-</u>	<u>763,012</u>	<u>1,263,142</u>	<u>122,286</u>
Total leases and bonds payable	<u>21,805,244</u>	<u>421,858</u>	<u>2,084,885</u>	<u>20,142,217</u>	<u>1,533,297</u>
Other long-term liabilities:					
Compensated absences	6,505,537	-	175,564	6,329,973	4,479,317
Workers' compensation	1,113,108	-	32,636	1,080,472	196,646
Grants refundable	582,310	-	115,627	466,683	-
Net pension liability	35,031,695	2,432,145	-	37,463,840	-
Net OPEB liability	<u>76,656,042</u>	<u>-</u>	<u>6,030,372</u>	<u>70,625,670</u>	<u>-</u>
Total other long-term liabilities	<u>119,888,692</u>	<u>2,432,145</u>	<u>6,354,199</u>	<u>115,966,638</u>	<u>4,675,963</u>
Total	<u>\$ 141,693,936</u>	<u>\$ 2,854,003</u>	<u>\$ 8,439,084</u>	<u>\$ 136,108,855</u>	<u>\$ 6,209,260</u>

MSCBA Bonds Payable

On July 1, 2020 the University's MSCBA Series 2010A, 2010B, 2012A, 2014B, 2019C bonds were partially refunded as part of the MSCBA's Refunding Revenue Bonds Series 2020A. The purpose of the issuance was to provide budgetary relief for fiscal years 2021 and 2022 to the University. The refunding resulted in an economic loss of approximately \$2,060,000 and a deferred loss of approximately \$2,414,000. The first principal payment is due on May 1, 2024, and the final payment is due on May 1, 2044 with an interest rate that ranges from 1.04% to 3.07%. Total principal related to 2020A partial refunding was \$12,095,901. At June 30, 2021 and 2020 the outstanding amounts related to all MSCBA bond series was \$21,465,848 and \$19,107,302 and is included in the project related bond payable amounts described below.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Long-Term Liabilities - Continued**

MSCBA Bonds Payable - continued

Science Center Building:

In December 2014, the University entered into a financing agreement with the MSCBA for partial funding of a new Science Center building. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2014B and 2020A). Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting November 1, 2015 and ending May 1, 2044, at an annual variable coupon rate averaging 5.0%. MSCBA requires that the University maintain a debt service reserve which totaled \$499,440 and \$664,469 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the balance on these bonds related to this project was \$12,685,616 and \$10,534,220, respectively.

Ely Hall:

In November 2011, the University entered into a financing agreement with the MSCBA for an expansion of the wellness center, and the relocation of the food services and other student areas in Ely Hall. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2012A, 2019C, and 2020A). In fiscal year 2020 the 2012A bond was partially refunded with the Series 2019C bonds resulting in an economic gain of \$414,303 and a deferred gain of \$260,434. As disclosed above, in July 2020 both the Series 2012A and 2019C bonds were partially refunded with the Series 2020A bonds. Through its agreements with MSCBA, the University is to repay this debt in semi-annual installments, starting May 1, 2020 and ending May 1, 2044, at an annual variable coupon rate averaging 2.2%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2021 and 2020, the balance on these bonds related to this project was \$5,806,511 and \$5,915,120, respectively.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Long-Term Liabilities - Continued**

MSCBA Bonds Payable - continued

Dining Facility:

In December 2010, the University entered into a financing agreement with the MSCBA for an expansion of a dining facility. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2010A, 2010B, and 2020A). As disclosed above, in July 2020 the Series 2010A and 2010B bonds were partially refunded with the Series 2020A bonds. Through its agreements with MSCBA, the University will repay this debt in semi-annual installments, starting May 1, 2011 and ending May 1, 2044, at an annual variable coupon rate averaging 5.5%. MSCBA requires that the University maintain a debt service reserve which totaled \$202,615 and \$292,021 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the balance on these bonds was \$2,973,237 and \$2,657,962, respectively.

Other Bonds Payable

During November 2010, the University borrowed \$226,065 in clean renewable energy bonds issue Series 2010A-14 with the Massachusetts Development Finance Agency (“MDFA”). The Series 2010A-14 bonds are payable in annual principal installments of \$13,298 through fiscal year 2027. Interest is payable semiannually at a fixed interest rate of 3.5%. MDFA requires no debt reserve. At June 30, 2021 and 2020, the balance on these bonds was \$79,788 and \$93,086, respectively.

In August 2002, the University borrowed \$5,816,000 in tax-exempt revenue bonds issue Series M-2 with the Massachusetts Health and Educational Facilities Authority (“MHEFA”). The Series M-2 bonds are payable in annual installments through fiscal year 2022 with principal amounts ranging between approximately \$242,000 and \$435,000. Interest is payable monthly at a predetermined varying rate (.054% as of June 30, 2021). MHEFA requires that the University maintain a debt service reserve which totaled \$33,502 and \$31,443 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the balance on these bonds was \$844,696.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Long-Term Liabilities - Continued**

Other Bonds Payable - continued

The University has a \$844,696 letter of credit agreement with Bank of America in support of the above MHEFA revenue bonds. Under the terms of the agreement, the University has pledged its right to receive continuing education tuition and fees, general fees, technical fees, and miscellaneous fees as collateral to Bank of America. The agreement also places certain limits on the University with regard to incurring additional debt; requires the University to maintain a minimum amount of unrestricted cash and equivalents, and to maintain a debt service ratio and debt service reserve fund. Fees paid under the terms of the agreement were \$14,966 and \$13,996 at June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, there is no outstanding balance on the letter of credit.

Future Maturities of Bonds Payable

Maturities of the bonds payable subsequent to June 30, 2021 are as follows:

Years Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,323,322	\$ 664,491	\$ 1,987,813
2023	985,752	637,017	1,622,769
2024	1,172,654	601,572	1,774,226
2025	1,210,303	562,734	1,773,037
2026	1,257,462	521,354	1,778,816
2027-2031	6,475,210	1,913,361	8,388,571
2032-2036	4,360,142	1,137,053	5,497,195
2037-2041	3,320,760	618,451	3,939,211
2042-2044	2,070,000	127,181	2,197,181
	<u>\$ 22,175,605</u>	<u>\$ 6,783,214</u>	<u>\$ 28,958,819</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 11 - **Long-Term Liabilities - Continued**

Capital Lease Obligations

The following schedule summarizes future minimum annual payments under non-cancelable capital leases as of June 30, 2021.

Years Ended				
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2022	\$ 80,614	\$ 10,374	\$ 90,988	
2023	83,260	7,728	90,988	
2024	85,994	4,995	90,989	
2025	<u>68,079</u>	<u>2,172</u>	<u>70,251</u>	
	<u>\$ 317,947</u>	<u>\$ 25,269</u>	<u>\$ 343,216</u>	

The following is a summary of property held under capital leases as of June 30, 2021:

Equipment	\$1,604,621
Less: accumulated depreciation	<u>(1,163,521)</u>
	<u>\$ 441,100</u>

Note 12 - **Pension**

Defined Benefit Plan Description

Certain employees of the University participate in a cost-sharing multiple-employer defined-benefit pension plan – the Massachusetts State Employees’ Retirement System (“SERS”) administered by the Massachusetts State Board of Retirement (the “Board”), which is a public employee retirement system (“PERS”). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers’ payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees’ Retirement System does not issue stand-alone financial statements. Additional information regarding the plan is contained in the Commonwealth’s financial statements, which is available online from the Office of State Comptroller’s website.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Benefit Provisions

SERS 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 based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the “Legislature”).

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012, are not eligible for retirement until they have reached age 60.

Contributions

The SERS’ 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 SERS 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 SERS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>Percent of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police which is 12% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Contributions - continued

The Commonwealth does not require the University to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to approximately \$4,536,000, \$4,185,000, and \$3,458,000 for the years ended June 30, 2021, 2020 and 2019, respectively.

For employees covered by SERS but not paid from state appropriations, the University is required to contribute at an actuarially determined rate. The rate was 14.66%, 14.08%, and 12.06% of annual covered payroll for the years ended June 30, 2021, 2020 and 2019, respectively. The University contributed \$2,483,517, \$2,782,307, and \$2,549,316 for the years ended June 30, 2021, 2020 and 2019, respectively, equal to 100% of the required contributions for each year. Annual covered payroll was approximately 90%, 89%, and 88% of total related payroll for the years ended 2021, 2020 and 2019, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021 and 2020, the University reported a liability of \$44,175,215 and \$37,463,840, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2021, the reporting date, was measured as of June 30, 2020, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. The net pension liability as of June 30, 2020, the reporting date, was measured as of June 30, 2019, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019.

The University's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the University for the fiscal years 2021 and 2020. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2021 and 2020 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the University's proportion was 0.257% and 0.256%, respectively.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

For the years ended June 30, 2021 and 2020, the University recognized pension expense of \$6,554,980 and \$6,537,025, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	<u>2021</u>	<u>2020</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 2,483,517	\$ 2,782,307
Differences between expected and actual experience	1,405,590	1,244,182
Changes in proportion from Commonwealth	33,362	66,143
Change in plan actuarial assumptions	2,504,669	2,776,983
Changes in proportion due to internal allocation	1,804,832	2,797,102
Differences between projected and actual earnings of pension plan investments	<u>2,428,331</u>	<u>-</u>
Total	<u>\$ 10,660,301</u>	<u>\$ 9,666,717</u>
<u>Deferred Inflows of Resources Related to Pension</u>		
Changes in proportion due to internal allocation	\$ 976,725	\$ 1,968,609
Changes in proportion from Commonwealth	107,672	1,903
Differences between expected and actual experience	285,847	487,236
Differences between projected and actual earnings of pension plan investments	<u>-</u>	<u>558,824</u>
Total	<u>\$ 1,370,244</u>	<u>\$ 3,016,572</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

The University's contributions of \$2,483,517 and \$2,782,307 made during the years ended June 30, 2021 and 2020, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Years Ending <u>June 30,</u>	
2022	\$ 1,369,292
2023	1,927,481
2024	2,002,197
2025	1,377,925
2026	<u>129,645</u>
	<u>\$ 6,806,540</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	June 30, 2020	June 30, 2019
Inflation	3.00%	3.00%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.15%	7.25%
Interest rate credited to annuity savings fund	3.50%	3.50%

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Actuarial Assumptions - continued

For measurement dates June 30, 2020 and 2019, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 set forward 1 year for females
- Disability – reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year

The 2021 pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 and rolled forward to June 30, 2020. The 2020 pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 and rolled forward to June 30, 2019.

Investment assets of SERS 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, are summarized in the following table:

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Actuarial Assumptions - continued

Asset Class	2021		2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.0%	4.8%	39.0%	4.9%
Portfolio Completion Strategies	11.0%	3.2%	11.0%	3.9%
Core Fixed Income	15.0%	0.7%	15.0%	1.3%
Private Equity	13.0%	8.2%	13.0%	8.2%
Real Estate	10.0%	3.5%	10.0%	3.6%
Value Added Fixed Income	8.0%	4.2%	8.0%	4.7%
Timber/Natural Resources	4.0%	4.1%	4.0%	4.1%
Total	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and 7.25% at June 30, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan's fiduciary 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.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 12 - **Pension - Continued**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

June 30, 2021		
Current		
1.00% Decrease (6.15%)	Discount Rate (7.15%)	1.00% Increase (8.15)%
\$ 58,203,578	\$ 44,175,215	\$ 32,644,997
June 30, 2020		
Current		
1.00% Decrease (6.25%)	Discount Rate (7.25%)	1.00% Increase (8.25)%
\$ 49,865,586	\$ 37,463,840	\$ 26,867,143

Note 13 - **OPEB**

Plan Description

As an agency of the Commonwealth, certain employees of the University participate in the Commonwealth's single-employer defined benefit-OPEB plan - the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Plan Description - continued

Management of the SRBT is vested with the Trustees, which consists of seven members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor, and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board.

The SRBT does not issue stand-alone audited financial statements but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

Benefits Provided

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, housing authorities, redevelopment authorities and certain other governmental agencies. 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. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2021 and 2020, and as of the valuation date (January 1, 2020 and 2019), participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participants' status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Contributions - continued

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed 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). The University is required to contribute based on Massachusetts General Laws; the rate was 7.70% and 7.29% of annual covered payroll for the fiscal years ended June 30, 2020 and 2019, respectively. The University contributed \$1,304,124 and \$1,441,304 for the fiscal years ended June 30, 2021 and 2020, respectively, equal to 100% of the required contribution for the year.

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

At June 30, 2021 and 2020, the University reported a liability of \$56,843,150 and \$70,625,670, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability as of June 30, 2021, was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020. The net OPEB liability as of June 30, 2020, was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. The University's proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the University's share of total covered payroll for the fiscal years 2020 and 2019. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2021 and 2020, the University's proportion was 0.275% and 0.404%, respectively.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of \$2,251,559 and \$6,359,747, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	<u>2021</u>	<u>2020</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 1,304,124	\$ 1,441,304
Changes in proportion from Commonwealth	86,147	172,208
Differences between expected and actual experience	1,568,761	2,832,419
Changes of assumptions	4,681,129	54,343
Changes in proportion due to internal allocation	9,353,020	13,510,572
Net differences between projected and actual earnings on OPEB plan investments	<u>164,355</u>	<u>-</u>
Total deferred outflows related to OPEB	<u>\$ 17,157,536</u>	<u>\$ 18,010,846</u>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Net differences between projected and actual earnings on OPEB plan investments	\$ -	\$ 32,482
Differences between expected and actual experience	1,403,082	90,441
Changes in proportion from Commonwealth	193,048	-
Changes in proportion due to internal allocation	21,952,599	4,422,569
Changes in OPEB plan actuarial assumptions	<u>5,493,694</u>	<u>10,620,286</u>
Total deferred inflows related to OPEB	<u>\$ 29,042,423</u>	<u>\$ 15,165,778</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued

The University's contributions of \$1,304,124 and \$1,441,304 made during the fiscal years ending 2021 and 2020, respectively, 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 each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

Years Ending <u>June 30,</u>	
2022	\$ (3,868,787)
2023	(3,603,456)
2024	(2,702,836)
2025	(2,647,046)
2026	<u>(366,886)</u>
	<u>\$ (13,189,011)</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2020	June 30, 2019
Inflation	2.50%	2.50%
Salary increases	4.0% per year	4.0% per year
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation	7.25%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published GAO-Getzen trend rate model, version 2020_b. Medicare and non-medicare benefits range from 4.04% to 6.70%	7.5%, decreasing by 0.5% each year to 5.5% in 2023 and 2024 and then decreasing 0.5% each year to an ultimate rate of 4.5% in 2026 for Medical; 5.0% for EGWP until 2025 then decreasing to 4.5% in 2026; 4.5% for administrative costs

The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Actuarial Assumption - continued

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage for measurement date June 30, 2020.
- 80% of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later for measurement date June 30, 2019.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	2021		2020	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	28.0%	96.0%	25.0%	85.0%
POS/PPO	60.0%	0.0%	60.0%	0.0%
HMO	12.0%	4.0%	15.0%	15.0%

The actuarial assumptions used in the January 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2018 and 2017 through December 31, 2019 and 2018, depending upon the criteria being evaluated.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Actuarial Assumption - continued

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2019 and 2018 actuarial valuations to more closely reflect actual experience as a result of the recent experience study completed by the Public Employee Retirement Administration Commission ("PERAC").

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. The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2021 and 2020, are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2021 and 2020 was 2.28% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rate (2.21% at June 30, 2020 and 3.51% as of June 30, 2019) as of the measurement dates and the expected rates of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2028 and 2029 for the fiscal years 2021 and 2020, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.15% and 7.25%, respectively per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the University's proportionate share of the net OPEB liability, 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 discount rate:

		June 30, 2021		
		1.00% Decrease	Current Discount Rate	1.00% Increase
		1.28%	2.28%	3.28%
Net OPEB Liability	\$	68,309,584	\$	56,843,150
				\$ 47,783,273
		June 30, 2020		
		1.00% Decrease	Current Discount Rate	1.00% Increase
		2.63%	3.63%	4.63%
Net OPEB Liability	\$	84,304,225	\$	70,625,670
				\$ 59,810,705

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 13 - **OPEB - Continued**

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	June 30, 2021 Current Healthcare Cost Trend Rate	
1.00% Decrease (B)	(A)	1.00% Increase (C)
\$ 46,169,801	\$ 56,843,150	\$ 71,023,631

	June 30, 2020 Current Healthcare Cost Trend Rate	
1.00% Decrease (B)	(A)	1.00% Increase (C)
\$ 58,204,475	\$ 70,625,670	\$ 87,014,109

(A) - Current healthcare cost trend rate, as disclosed on page 58

(B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed on page 58

(C) - 1-percentage increase in current healthcare cost trend rate, as disclosed on page 58

Note 14 - **Operating Leases**

During fiscal year 2011, the University entered into a lease agreement for an apartment building to be used for student housing, expiring in July 2022. The University also leases office equipment under non-cancelable operating leases with various expiration dates through 2026. Total rent expense under these lease agreements was approximately \$1,988,000 and \$2,063,000 for the years ended June 30, 2021 and 2020, respectively.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 14 - **Operating Leases - Continued**

Future minimum annual payments related to these leases are as follows:

Years Ending <u>June 30,</u>	
2022	\$ 859,461
2023	742,430
2024	720,879
2025	707,317
2026	<u>707,452</u>
Total	<u>\$3,737,539</u>

Note 15 - **Net Position**

Restricted Net Position

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

	<u>2021</u>	<u>2020</u>
Restricted - expendable:		
Scholarships and fellowships	\$ 716,908	\$ 706,219
Loans	15,095	15,095
Capital projects	118,871	118,871
Grants	<u>30,445</u>	<u>306,415</u>
	<u>\$ 881,319</u>	<u>\$ 1,146,600</u>

The Foundation's restricted - nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support as of June 30, 2021 and 2020.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 16 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Compensation and benefits	\$ 83,086,846	\$ 93,889,981
Supplies and services	24,458,428	35,140,940
Depreciation and amortization	5,242,275	5,286,361
Scholarships and fellowships	<u>5,821,909</u>	<u>5,555,084</u>
	<u>\$ 118,609,458</u>	<u>\$ 139,872,366</u>

Note 17 - **Other Fringe Benefits**

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

Group Insurance Commission

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors.

GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns, and a small number of municipalities as an agent multiple-employer program, accounted for as an agency fund activity of the Commonwealth, not the University.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 17 - **Other Fringe Benefits- Continued**

Group Insurance Commission - continued

The GIC is a quasi-independent state agency governed by an eleven-member body (the “Commission”) appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth’s employees and retirees and their survivors and dependents. During the fiscal year ended June 30, 2021, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain 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), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

Other Retirement Plans

The employees of the University can elect to participate in two defined contribution plans offered and administered by the Massachusetts Department of Higher Education – an IRC 403(b) Tax-Deferred Annuity Plan and an IRC 457 Deferred Compensation SMART Plan. Employees can contribute by payroll deduction a portion of before-tax salary into these plans up to certain limits. The University has no obligation to contribute to these plans and no obligation for any future payout.

Note 18 - **Commitments and Contingencies**

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.

Various lawsuits are pending or threatened against the University, which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending or threatened that would materially affect the University's financial position.

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

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 18 - **Commitments and Contingencies - Continued**

The University participates in the Massachusetts College Savings Prepaid Tuition Program (the “Program”). This Program allows individuals to pay in advance for the future tuition, at the cost of tuition at the time of election to participate, 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 the Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The University participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, and workers’ compensation. The Commonwealth is self-insured for employees’ workers’ compensation, casualty, theft, tort claims, and other losses. Such losses, including estimates of amounts incurred but not reported, are obligations of the Commonwealth. For workers’ compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Massachusetts General Laws limit the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances.

Note 19 - **Massachusetts Management Accounting and Reporting System**

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. Management believes the amounts reported on MMARS meet the guidelines of the Comptroller’s *Guide for Higher Education Audited Financial Statements*.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 19 - **Massachusetts Management Accounting and Reporting System - Continued**

The University's state appropriations are composed of the following at June 30,:

	<u>2021</u>	<u>2020</u>
Direct unrestricted appropriations	\$ 31,621,476	\$ 30,579,814
Add: Fringe benefits for benefited employees on the state payroll	11,256,676	10,544,940
Less: Day school tuition remitted to the state and included in tuition and fee revenue	<u>(988,524)</u>	<u>(1,027,534)</u>
Total unrestricted appropriations	41,889,628	40,097,220
Capital appropriations	<u>8,169,150</u>	<u>10,272,412</u>
Total appropriations	<u>\$ 50,058,778</u>	<u>\$ 50,369,632</u>

No timing differences occurred where the University had additional revenue that was reported to MMARS after June 30, 2021 and 2020.

Note 20 - **Pass-Through Grants**

The University distributed \$27,231,701 and \$32,031,048 as of June 30, 2021 and 2020, respectively, for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues, or as cash disbursements and cash receipts in the accompanying financial statements.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2021 and 2020

Note 21 - **Massachusetts State College Building Authority**

The MSCBA was created pursuant to Chapter 703 of the Acts of 1963 by the Commonwealth as a public instrumentality for the general purpose of providing dormitories, dining commons, and other facilities primarily for use by students of the state universities of the Commonwealth. The University is charged a semi-annual revenue assessment that 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 Commonwealth guarantees these obligations. The revenue assessments for the residence halls for the years ended June 30, 2021 and 2020 was \$4,387,392 and \$12,701,775, respectively. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA.

Dormitory trust fund reports, included as supplemental information, include revenues, which are included in operating revenues as other sources and expenses, which are included as operating expenses in auxiliary operations.

**REQUIRED SUPPLEMENTARY
INFORMATION**

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	0.257%	0.256%	0.265%	0.249%	0.240%	0.289%	0.218%
Proportionate share of the collective net pension liability	\$ 44,175,215	\$ 37,463,840	\$ 35,031,695	\$ 31,945,217	\$ 30,460,744	\$ 30,111,590	\$ 16,195,411
University's covered payroll	\$ 19,760,667	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020	\$ 16,780,213	\$ 15,939,644	\$ 16,181,450
University's proportionate share of the net pension liability as a percentage of its covered payroll	223.55%	177.23%	170.43%	163.22%	181.53%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 2,483,517	\$ 2,782,307	\$ 2,549,316	\$ 2,421,406	\$ 1,947,416	\$ 1,586,274	\$ 1,656,130
Contributions in relation to the statutorily required contribution	<u>(2,483,517)</u>	<u>(2,782,307)</u>	<u>(2,549,316)</u>	<u>(2,421,406)</u>	<u>(1,947,416)</u>	<u>(1,586,274)</u>	<u>(1,656,130)</u>
Contribution (excess)/deficit	<u>\$ -</u>						
University's covered payroll	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020	\$ 16,780,213	\$ 15,939,654
Contribution as a percentage of covered payroll	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

Notes:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information - Pension (Unaudited)

For the Year Ended June 30, 2021

Note 1 - **Change in Plan Actuarial and Assumptions**

Measurement Date – June 30, 2020

The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement Date – June 30, 2019

The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018

The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

- Disabled members – the amount reflects the same assumptions as for superannuation retirees, but with an age set forward of one year

Measurement date – June 30, 2017

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Disability – did not change

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Notes to the Required Supplementary Information - Pension (Unaudited) -
Continued**

For the Year Ended June 30, 2021

Note 1 - **Change in Plan Actuarial and Assumptions - Continued**

Measurement date – June 30, 2016

The assumption for salary increases changed from a range of 3.5% to 9.0% depending on group and length of service to a range of 4.0% to 9.0% depending on group and length of service.

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 SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately 400 million as of June 30, 2016.

Measurement date – June 30, 2015

The discount rate to calculate the pension liability decreased from 8.0% to 7.5%

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive (“ERI”) for certain members of SERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability of SERS increased by approximately \$230 million as of June 30, 2015.

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability – was changed from RP-2000 table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct)

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.275%	0.404%	0.433%	0.373%
Proportionate share of the collective net OPEB liability	\$ 56,843,150	\$ 70,625,670	\$ 76,656,042	\$ 62,133,611
University's covered payroll	\$ 19,760,703	\$ 21,138,607	\$ 20,555,229	\$ 19,572,020
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	6.40%	6.96%	6.01%	5.39%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,304,124	\$ 1,441,304	\$ 1,858,947	\$ 1,833,293
Contributions in relation to the statutorily required contribution	<u>(1,304,124)</u>	<u>(1,441,304)</u>	<u>(1,858,947)</u>	<u>(1,833,293)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 16,940,771	\$ 19,760,703	\$ 21,138,607	\$ 20,555,240
Contribution as a percentage of covered payroll	7.70%	7.29%	8.79%	8.92%

Notes:

Employers participating in the Massachusetts State Retirees' Benefit Trust are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information – OPEB (Unaudited)

June 30, 2021

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 20920_b, the impact of the discontinuation of the ACA Health Insurer Fee and Excise Tax.

Change in Investment Rate

The investment rate of return decreased from 7.25% to 7.15%.

Change in Salary Scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classification, consistent with SERS.

Change in Discount Rate

The discount rate was decreased to 2.28% (based upon a blend of the Bond Buyer Index rate (2.21%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2020

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Notes to the Required Supplementary Information – OPEB (Unaudited) -
Continued**

June 30, 2021

Note 1 - **Change in Plan Assumptions - Continued**

Change in Investment Rate

The investment rate of return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.0% to 7.5%, which affects the high-cost excise tax.

Change in Discount Rate

The discount rate was decreased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.51%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The original healthcare trend rate decreased from 8.5% to 8.0%, which impact the high cost excise tax.

Change in Mortality Rates

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members – would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year

Change in Discount Rate

The discount rate was increased to 3.95% (based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

**Notes to the Required Supplementary Information – OPEB (Unaudited) -
Continued**

June 30, 2021

Note 1 - **Change in Plan Assumptions - Continued**

Fiscal year June 30, 2018

Assumptions:

Change in Discount Rate

The discount rate was increased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

SUPPLEMENTAL INFORMATION

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Net Position
Dormitory Trust Fund Report (Unaudited)

For the Years Ended June 30,

Assets

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and equivalents	\$ 1,838,320	\$ 3,107,104
Accounts receivable, net	5,509	14,433
Deposits held by State Treasurer	192,587	130,046
Other current assets	<u>921</u>	<u>11,071</u>
 Total Assets	 <u>\$ 2,037,337</u>	 <u>\$ 3,262,654</u>

Liabilities and Net Position

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 94,254	\$ 107,066
Accrued employee compensation and benefits	362,424	337,899
Deposits held for others	<u>105,422</u>	<u>122,016</u>
 Total Current Liabilities	 <u>562,100</u>	 <u>566,981</u>
 Noncurrent Liability:		
Accrued liability for employee compensation and benefits	<u>38,030</u>	<u>49,425</u>
 Total Liabilities	 <u>600,130</u>	 <u>616,406</u>
 Net Position:		
Unrestricted	<u>1,437,207</u>	<u>2,646,248</u>
 Total Liabilities and Net Position	 <u>\$ 2,037,337</u>	 <u>\$ 3,262,654</u>

WESTFIELD STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Revenues, Expenses and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)

For the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Room rent	\$ 5,286,742	\$ 13,350,543
Other sources	49,909	70,473
Deposits forfeited	27,150	106,506
Commissions - laundry	20,027	38,845
Commissions - vending	5,636	41,249
University support	<u>150,000</u>	<u>150,000</u>
Total Operating Revenues	<u>5,539,464</u>	<u>13,757,616</u>
Operating Expenses:		
Employee compensation	2,091,087	2,156,951
Energy costs	1,309,924	1,486,004
Pension and insurance	779,771	773,693
Special employees	460,117	372,517
Operational services	439,846	363,125
Scholarships	386,704	350,169
Repairs and maintenance	24,648	1,953
Facility operations supplies	141,595	250,502
Administrative	14,471	24,945
Equipment purchase	4,305	14,866
Equipment lease, rental and maintenance	102,963	66,535
Consultant services	5,032	9,079
Student travel	-	1,342
Employee related	6,789	3,744
Annual payment to the Massachusetts State College Building Authority	<u>4,387,392</u>	<u>12,701,775</u>
Total Operating Expenses	<u>10,154,644</u>	<u>18,577,200</u>
Operating Loss	<u>(4,615,180)</u>	<u>(4,819,584)</u>
Non-Operating Revenues:		
Other revenue - MSCBA	-	486,724
HEERF funds	<u>3,406,139</u>	<u>1,285,635</u>
Total Non-Operating Revenues	<u>3,406,139</u>	<u>1,772,359</u>
Decrease in Net Position	(1,209,041)	(3,047,225)
Net Position, Beginning of Year	<u>2,646,248</u>	<u>5,693,473</u>
Net Position, End of Year	<u>\$ 1,437,207</u>	<u>\$ 2,646,248</u>

**INDEPENDENT AUDITORS' 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***



INDEPENDENT AUDITORS' 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*

To the Board of Trustees of
Westfield State University
Westfield, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Westfield State University (the "University"), which comprise the statements of net position as of June 30, 2021, the related statements of revenues and expenses, changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audits 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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 audits 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*.

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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants
Braintree, Massachusetts**

October 13, 2021