



## Board of Trustees

2:00 PM  
October 13, 2021

Owl's Nest (Room 018), Ely Campus Center

A live stream of the meeting for public viewing will also take place on YouTube at the following link:  
<https://www.westfield.ma.edu/live>

### AGENDA

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| <b>1. Call to Order</b>   | Board Chair Dr. Robert Martin          |
| <b>2. Approval of Minutes</b><br>June 29, 2021<br>August 25, 2021<br>September 15, 2021 | Board Chair Dr. Robert Martin          |
| <b>3. General Announcements</b>   | Board Chair Dr. Robert Martin          |
| <b>4. President's Report</b>  | Dr. Linda Thompson                     |
| <b>5. Student Trustee Report</b>  | Trustee Chloe Sanfacon                 |
| <b>6. Fall 2021/COVID-19 Update</b>   | Tricia Oliver                          |
| <b>7. UEAAC Update</b>  | Dr. Juline Mills/Stephen Taksar        |
| <b>8. Student Recognition: Athletics</b>  | Richard Lenfest                        |
| <b><u>Advancement and Enrollment Management Committee</u></b>                           | Committee Chair Lydia Martinez-Alvarez |
| <b>9. Items for Information</b>   |  |
| <b><u>Academic and Student Affairs Committee</u></b>                                    | Committee Chair Dr. Gloria Williams    |
| <b>10. Items for Information</b>  |  |

**Finance and Capital Assets Committee**

Committee Chair Ali Salehi

**11. Items for Information**

**12. Items for Action**

- a. Motion – FY22 Operating Budget

**Audit Committee**

Committee Chair Paul Boudreau

**13. Items for Information**

**14. Items for Action**

- a. Motion – FY21 Audit Report

**Attachments:**

- a. Draft Minutes of June 29, 2021
- b. Draft Minutes of August 25, 2021
- c. Draft Minutes of September 15, 2021
- d. UEAAC Recommendation Update

**Finance and Capital Assets Committee:**

- e. Motion – FY22 Operating Budget
- f. FY22 Operating Budget (Narrative)
- g. FY22 Operating Budget (Final Budget)
- h. FY22 Operating Budget (Capital Projects)
- i. FY22 Operating Budget (Vehicle Lease, Purchase Program)
- j. FY22 Operating Budget (CGCE Narrative)
- k. FY22 Operating Budget (CGCE Narrative) Non-Credit

**Audit Committee:**

- l. Motion – FY21 Audit Report
- m. FY21 Audit Report (Required Communication)
- n. FY21 Audit Report (Draft)



## BOARD OF TRUSTEES

### Minutes

June 29, 2021

Owl's Nest (Room 018), Ely Campus Center

A live stream of the meeting for public viewing also took place on YouTube.

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**MEMBERS PARTICIPATING IN PERSON:** Chair Kevin Queenin, Vice Chair Edward Sullivan, Secretary Lydia Martinez-Alvarez and Trustees Melissa Alvarado, Paul Boudreau, Madeline Landrau, Theresa Jasmin, Dr. Robert Martin, Thalita Neves, Ali Salehi, and Dr. Gloria Williams

Dr. Roy H. Saigo, Interim President, and Dr. Linda Thompson, President-elect, of Westfield State University, were also in attendance and Attorney James Cox was participating remotely via Zoom.

The meeting was called to order at 2:22 PM by Chair Queenin. It was announced the meeting was being live streamed, and, as a result, recorded.

**MOTION** made by Trustee Queenin, seconded by Trustee Sullivan, to approve the minutes of the following meetings:

March 25, 2021	April 15, 2021
April 5, 2021	April 28, 2021
April 8, 2021	April 29, 2021
April 12, 2021	May 20, 2021

There being no discussion, **Motion passed unanimously.**

President's Report. President Saigo stated in the last year he has worked to make a stronger future for the University. The University Efficiency Analysis Advisory Committee (UEAAC) broke ground with their study and 21 recommendations to increase efficiencies and reduce deficits with no furloughs or layoffs, engaging 100 members of the community in the implementation process. Collaboration and relationships were reinforced with community colleges, businesses, legislators, and community groups. An office of Justice, Equity, Diversity, and Inclusion is being developed. We have joined a racial equity and justice initiative consortium at Bridgewater State and are working to earn designation as a federal Hispanic Serving Institution (HSI). Everyone was asked to adjust how they did their work, and accomplishments were the result of the campus working together to collect and analyze data and pose solutions to problems. He and his wife Barbara have established an endowment to assist faculty, librarians, and staff in scholarly and creative professional development. Communication was increased at all levels. Trust and respect were developed, creating change. Shared governance has increased and participatory leadership is being modeled. Informed, data-based strategies are combined with empathy and kindness. The guiding principles of Horace Mann have been reaffirmed to provide equal access to education for all. President Saigo thanked the community for their friendship, support, hard work, and belief in Westfield State University.

MSCA, APA and AFSCME Union Presentation. Members of the union leadership expressed their gratitude to President Saigo and presented him with a proclamation from all three unions.

President-elect Remarks. Dr. Linda Thompson stated that in her first year she will focus first on meeting people within the University and then meeting external key people. She will listen to others' thoughts about the University and how we can be stronger. She will begin to form a team and has scheduled the first of several retreats to bring together key members of leadership. She will help to develop key approaches to grow enrollment, identifying areas where there is a need and develop people for those needs, utilizing external relationships. Following the Strategic Plan, we need to provide more opportunities to build on existing programs to provide badges and certificates, enabling people to use those certificates to advance in their workplace. She is thankful for the confidence in her to advance the mission and elevate the University's status in the commonwealth and beyond.

Presidential Transition Plan. Trustee Martin shared the importance of ensuring President Thompson's success. A presidential transition plan establishes an intentional partnership with the president, helping to build relationships internally and externally and helping to understand the dynamics of the institution and the community. The transition team will be under the auspices of the Board of Trustees and will operate through President Thompson's first year. Dr. Juline Mills, Provost and Vice President for Academic Affairs, stated that the president's success is the institution's success and the plan was crafted from research and lived experience and feedback from individuals on campus. It is a process that brings the president into the University, educating her to become part of it, in order to help the University advance. The beginning of a new presidency is a good time to rebrand the University to help overcome some challenges from the past.

There was a unanimous vote to accept the presidential transition team charge as presented.

Student Trustee Report. Trustee Thalita Neves stated that parents were pleased that commencement was short. She and other students worked hard to receive their academic Latin honors and were disappointed they were not read at the ceremony. The valedictorian and salutatorian have not yet been named. She was the first female trustee in 16 years and the first diverse Latina in 19 years. She hopes this legacy is continued.

Fall 2021. Ms. Tricia Oliver, Chief of Staff, stated that as of June 15 the commonwealth is no longer in a state of emergency and all restrictions on campus have been lifted. The University joined the White House COVID-19 Challenge along with other state universities, building on what was already being done. For fall, there is an on-campus vaccine mandate for students and faculty and staff are expected to be vaccinated by the start of the fall semester. Non-vaccinated individuals will be required to wear a mask and take part in weekly testing. One residential hall has been taken offline to use for isolation and quarantine. The Incident Management Team (IMT) will continue to plan.

Advancement and Enrollment Management Committee. Committee Chair Lydia Martinez-Alvarez welcomed Dr. Broman who shared the launching of the "Take a Seat" campaign to replace the seats in Dever Auditorium with a video from James Jackson, Jr. Seats cost between \$250-\$500. Fall enrollment numbers are down and there was discussion about what to do right now and through the summer to stop the summer melt.

Academic and Student Affairs Committee. Committee Chair Dr. Robert Martin stated the committee heard about the University's NECHE reaccreditation process which involves the entire University. There will be a study conducted, and then a spring 2023 visit from NECHE, followed by their vote. The process begins with the University's mission statement, which needs a schedule for review. The committee voted to approve the Mission Statement Review Committee and a new data science program that has gone through the governance process, to be ratified by the full Board. A presentation from Student Affairs staff and students showed the efforts being made to reach out to students as they transition into the University.

**MOTION** made by Trustee Martin, seconded by Trustee Sullivan, for the Westfield State University Board of Trustees to approve the Mission Statement Review Committee proposal and to conduct a review of the mission statement every two years, starting May 2022, to facilitate ongoing assessment efforts. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Alvarado, seconded by Trustee Neves, to approve the attached Letter of Intent for the Bachelor of Science in Data Science for submission to the Massachusetts Board of Higher Education. There being no discussion, **Motion passed unanimously.**

Finance and Capital Assets Committee. Committee Chair Edward Sullivan shared that the committee received an update on the Parenzo Hall renovation project, which is still within budget. The following motions were discussed at the committee meeting, and all of them received unanimous approval.

**MOTION** made by Trustee Sullivan, seconded by Trustee Landrau, to approve the FY22 provisional operating budget as presented and to authorize the President to make budget adjustments to these funds. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Neves, to approve the FY22 proposed capital budget as presented in the FY22 Major Capital Projects for Facilities Plan. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Landrau, to approve FY22 expenditures for the vehicle lease/purchase program, as presented. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Neves, to authorize the University to spend up to \$30,000 in FY22 on sponsorship and/or attendance at community events, consistent with University guidelines for the expenditure of such funds. The University will report all expenditures made under this umbrella approval no later than the June 2022 meeting of the Board of Trustees. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Landrau, to approve and adopt the updated Westfield State University policy on Fixed Assets, Capitalization, and Inventory Control (0601), as presented, to be effective July 1, 2021. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Neves, to approve the changes and accept the newly revised Investment Policy (0430), as presented.  
Discussion: The University investments should be kept on the Board's radar.  
There being no further discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Landrau, to eliminate Working During the COVID-19 Pandemic Policy (2220) as it is no longer applicable. There being no discussion, **Motion passed unanimously.**

**MOTION** made by Trustee Sullivan, seconded by Trustee Neves, to approve and adopt the updated Westfield State University policy on Safe Return to the Campus (2210), as presented. There being no discussion, **Motion passed unanimously.**

Audit Committee. Committee Chair Paul Boudreau stated they discussed the financial audit plan at the committee meeting and gave a summary on the compliance, risk management, and internal audit position, stating the importance of funding this position. It is difficult to find someone with both a compliance and audit background. It was suggested to look at another institution to share the position. This issue will continue to be brought to the Board regularly.

Governance and Nomination Committee. Committee Chair Melissa Alvarado stated that at the committee meeting an internal board assessment of the trustees was discussed and will be reviewed with President Thompson. The assessment showed strong numbers in board operations with an improvement needed in community relations and keeping the president informed of community contacts. External feedback is always welcome from the campus community. There was one action item as follows.

**MOTION** made by Trustee Alvarado, seconded by Trustee Sullivan, to elect the following slate of officers for the 2021-2022 academic year:

Dr. Robert A. Martin, Chair  
Ali R. Salehi, Vice Chair  
Lydia E. Martinez-Alvarez, Secretary

There being no discussion, **Motion passed unanimously.**

Other Business. Board Chair Kevin Queenin said it was an honor and privilege to serve as chair and thanked Trustees for their input and guidance during a difficult year. As parents contemplate tuition costs, graduation rates, and metrics for college selection. Trustees need to be mindful of fee and tuition increases. Costs need to be understood and managed. Under Dr. Thompson's leadership there is an opportunity to move Westfield State forward. The entire campus community needs to be thoughtful in their analysis in making decisions and processing facts and figures on where the institution is going. Trustee Martin thanked Chair Queenin for his loyalty and care for the institution. He is looking forward to the NECHE accreditation to reaffirm the direction the University takes. Institutions are successful when the critical mass buys into a vision and moves in the same direction. This year, the UEAAC process has enabled the community to feel a part of that process. As Board chair, he will work hard to make sure that continues. Trustee Martin continued that Trustee Boudreau has agreed to continue to chair the Audit Committee and that needs to be confirmed by the Board.

**MOTION** made by Trustee Martin, seconded by Trustee Sullivan, to confirm the appointment of Trustee Paul Boudreau as the Chair of the Audit Committee for 2021-2022.  
There being no discussion, **Motion passed unanimously.**

Format of Board meeting schedule for 2021-2022. Trustee Martin stated that all-day Board and committee meetings has made it easier to get business done in one day. Although there are committee structures, most Trustees participate in all committees, making it helpful for Board members to know what is happening outside the committees they serve on. Time and reflection between committee and full Board meetings may also be helpful. There also needs to be time set aside for discussion among the Board and with the president and community about the Strategic Plan, measuring the process. Discussion continued and it was agreed to continue having monthly meetings. Some feedback provided was as follows.

- Committee meetings feel rushed with more information being presented instead of time to have strategic discussions. There needs to be more conversation.
- Zoom should be utilized for hybrid meetings.
- Finances and enrollment will be front and center agenda items for the next few years.
- Committee meetings could be held one month followed by a full Board meeting 2-3 weeks later in the next month.

- There should be more informal meetings with committee members and University vice presidents.
- Schedule community listening sessions and add faculty liaisons to Board committees so both faculty and administrators contribute to committee work.
- Ask people to present information at the Board meetings or have separate study sessions.
- Schedule 2-day meetings from 1:00 pm Friday through Saturday, creating more flexibility.
- Accessibility to the Board meetings via livestream was good for the campus, even if Trustees are not virtual.

The Board recognized the following Trustees whose term has ended with a gift and resolution:

James C. Hagan '84  
 Robert A. Magovern  
 Thalita P. Neves '21  
 Edward C. Sullivan

President Saigo was also presented with a gift and was thanked for leaving the University in a better place in his short time here. All five individuals were thanked for their contributions to Westfield State University.

There being no further business, **MOTION** made and agreed by all to adjourn.

Meeting adjourned at 4:14 PM.

Attachments presented at this meeting:

- Draft Minutes of March 25, 2021
- Draft Minutes of April 5, 2021
- Draft Minutes of April 8, 2021
- Draft Minutes of April 12, 2021
- Draft Minutes of April 15, 2021
- Draft Minutes of April 28, 2021
- Draft Minutes of April 29, 2021
- Draft Minutes of May 20, 2021
- Presidential Transition Charge

**Academic and Student Affairs Committee:**

- Motion – Mission Statement Review
- Academic Affairs Request-Mission Statement Review
- Motion – B.S. in Data Science
- Program Process Review-B.S. in Data Science
- Letter of Intent-B.S. in Data Science

**Finance and Capital Assets Committee:**

- Motion – FY22 Provisional Operating Budget
- FY22 Provisional Operating Budget (Narrative)
- FY22 Provisional Operating Budget
- Motion – Capital Projects
- Capital Projects
- Motion – Vehicle Lease/Purchase Program
- Vehicle Lease/Purchase Program
- Motion – FY22 Sponsorships
- Motion – Fixed Assets, Capitalization, and Inventory Control Policy (0601)
- Policy – Fixed Assets, Capitalization, and Inventory Control Policy (Narrative)
- Policy – Fixed Assets, Capitalization, and Inventory Control Policy

- z. Motion – Investment Policy (0430)
- aa. Policy – Investment (Track Changes)
- bb. Policy – Investment (No Track Changes)
- cc. Motion – Working During the COVID-19 Pandemic Policy (2220)
- dd. Policy – Working During the COVID-19 Pandemic
- ee. Motion – Safe Return to the Campus Policy (2210)
- ff. Policy – Safe Return to the Campus (Track Changes)
- gg. Policy – Safe Return to the Campus (No Track Changes)

**Governance and Nomination Committee:**

- hh. Motion – Election of Board of Trustees Officers for 2021-2022

**Full Board Action:**

- ii. Motion – Confirm Appointment of Audit Committee Chair for 2021-2022

**Secretary's Certificate**

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees meeting held on June 29, 2021.

\_\_\_\_\_  
Lydia Martinez-Alvarez, Secretary

\_\_\_\_\_  
Date



## BOARD OF TRUSTEES

### Minutes

August 25, 2021

### Meeting held virtually via Zoom

In accordance with Massachusetts Gov. Charlie Baker's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20 dated March 12, 2020.

A live stream of the meeting for public viewing also took place on YouTube.

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**MEMBERS PARTICIPATING REMOTELY:** Chair Dr. Robert Martin, Vice Chair Ali Salehi, Secretary Lydia Martinez-Alvarez and Trustees Melissa Alvarado, Paul Boudreau, Theresa Jasmin, Kevin Queenin, William Reichelt, Chloe Sanfacon, and Dr. Gloria Williams

**MEMBERS EXCUSED:** Madeline Landrau

Dr. Linda Thompson, President of Westfield State University, was also participating remotely.

The meeting was called to order at 7:32 PM by Chair Martin, and it was announced the meeting was being live streamed, and, as a result, recorded.

A roll call identified the members participating remotely as listed above. Cabinet members also participating remotely were Daniel Forster, Vice President for Enrollment Management, Dr. Gloria Lopez, Vice President for Student Affairs, Lisa McMahan, Director of Institutional Advancement, Dr. Juline Mills, Provost and Vice President for Academic Affairs, Tricia Oliver, Chief of Staff, and Stephen Taksar, Vice President for Administration and Finance

General Announcements. Chair Martin stated he is optimistic for the new academic year and that everyone shares a commitment to the success of Westfield State and President Thompson. The Trustee sponsored lunch for faculty and staff is scheduled for September 10. The next Board meeting will be on September 15, focusing on President Thompson's and cabinet's goals and priorities and the direction for the upcoming year. The format of future Board and committee meetings will also be discussed. October 13 will be a full day of committee meetings, concluding with the full board meeting that afternoon.

President's Report. President Thompson stated she is continuing her listening tour and has heard from so many on and off campus that there is much we can do to foster relationships and partnerships to promote the University in the pioneer valley.

- Her visionary goals include:
  - More excellence and innovation in teaching
  - More engaged in promoting partnerships in the community
  - Making Westfield State University a premier regional university
- Opportunities and priorities for the year include:

- Enrollment
- Resources
- Student experience and success
- Culture on campus

President Thompson continued that the focus of today's meeting is to discuss the University Efficiency Analysis Advisory Committee's (UEAAC) recommendation to restructure academic affairs and the college structure. When the University moved to the structure of four colleges in fall of 2018 to oversee 25 departments, it put the institution in alignment with peer institutions to support the success of students. After three years, UEAAC announced their preliminary recommendation to create essential alignment for student support and to be more financially sustainable as we grow enrollment, which could result in a move to two colleges or a school structure. This change could increase budgeting and scheduling efficiencies, create better collaboration, and improved retention and graduation rates. The recommendation will be presented by Provost Mills in this meeting with a more extensive analysis of the budget impact at the September Board meeting. This restructuring can create a temporary solution as we move to be more efficient and align the program model to react to the employment needs of the region and increase enrollment in the future.

Chair Martin stated that when the agenda was sent, it was thought that action would be taken at this meeting, but it was realized that an informational presentation was needed first. The Board would benefit from hearing about where the University was organizationally, what brought it to where it is now, how the proposed plan is different, what the plan intends to accomplish, and how it fits within the financial parameters. These are ongoing questions that the president and her team are working out now and it would be premature to say there is a complete handle on the answers. A more detailed analysis will be brought to the September meeting.

University Efficiency Analysis Advisory Committee (UEAAC) Recommendation No. 1 – Reimagining Instructional Academic Affairs and the College Structure. Provost Mills gave a presentation on this topic, summarized below.

- Job descriptions and finances will be reviewed and presented at the September 15 meeting.
- The reorganization of the Academic Affairs administrative structure would best support faculty, librarians, staff and students. There are currently 20 positions in the Academic Affairs central office at a cost of \$3.38 million
- Rethinking the college structure is a result of focus groups and surveys from the campus to learn of inefficiencies in services and tasks, mostly related to redundancies in services and the organization of the college structure.
- The process to determine the new structure was shared, with 30 individuals involved in five sub-working groups. The faculty survey rated each academic department on alignment in 1) faculty specialization, 2) future collaborations, 3) shared resources, and 4) graduate programming.
- The current organizational structure and the proposed four school structure was shown, showing how it could be more manageable for each school.
- The proposed structure is an interim holding pattern as work is done with departments to strategically focus on new program and enrollment growth. This allows for the development of an academic master plan that aligns with the vision of the academic programs and the institution.
- Trustee Reichelt left at 8:17 PM.
- Mr. Taksar stated the recommended school/college structure will provide savings estimated at \$749,000 savings relating to position shuffling and consolidation. This amount has been built into the FY22 budget. Funding for the Academic Affairs central office restructuring has not yet been finalized. Adding the \$749,000 estimated school/college savings with the existing FY22 budget cost

savings of \$1.251 million results in total savings of \$2 million. Final validation of financial impacts of the recommendation will be provided at the September 15 meeting.

- Next steps of the phased process include:
  - Structure proposal
  - Refinement. Take time to use people in their best roles. There have been 35 nominations for associate deans (three self-nominations). There will be discussions with faculty in those schools to see how associate deans will be appointed.
  - Final financial validation
  - Implementation
  - Continued assessment (most important). As work continues on the master plan, it will be questioned whether departments are placed in the best school.

The presentation was followed by a period of questions and answers:

**How will the associate deans be chosen?**

The applicants must be from that school, tenured, work well with faculty and students, and create a culture for each department to be heard.

**Will there be Human Resources engagement and how will it affect contracts?**

Job descriptions will be created first and the use of interim or one-year appointments will serve as a time to evaluate the system. Most important is stabilizing the enrollment challenge and filling the positions internally first, using staff and faculty who are committed to the University and get to a point where the institution is stable and then look longer term. This will allow time to think through what we are doing, where we want to go, and how to get there.

**The previous change to the college structure was to help the expected growth. How will the recommended change in structure help with graduation and retention? Glad the \$749,000 has been validated. We need to make sure all stakeholders are on the same page so the new structure is not questioned in a few years. Without having an academic master plan, should this change be happening now? Is it prudent to nominate individuals for positions that haven't been approved yet?**

The University went from a school structure to a college structure and now back to a proposed school structure. At first all twenty-three departments reported directly to the provost, requiring him/her to strictly focus on day-to-day operations, becoming overwhelmed with evaluations. This does not allow the provost to help with growth and innovation. Most institutions developing a college structure will take each college and build it out. Moving into a college structure with enrollments declining created challenges which need change and innovation to correct.

**The professionals at the institution need to work on the recommendations to come up with the best solutions and then come back to the Board with all of the data to support the proposal. We need to make sure that everyone, including the president, provost, students, faculty, and staff are on the same page. The most critical aspect in analyzing the recommendations are continuous assessments on how it is working and the financial implications and benchmarks that will be set up to measure the effectiveness of the program.**

Chair Martin stated that when he served as provost in a flat structure with 24 academic as well as administrative departments reporting to him, it worked well for hiring and faculty development but did not work well for looking to the future and creating programs for student retention. The flat structure is difficult in today's education. Colleges with deans put support closer to the faculty. With the proposed four schools, there is a logical way departments are grouped with more comparability in the number of faculty and students, creating a more balanced load for each dean. In the central office, people responsible for

budgeting, assessment, etc. will advance the University. The goal is to create a structure to advance, not just manage, the University, and he questioned President Thompson if she felt with this type of structure she had the opportunity and flexibility to move the University forward.

President Thompson stated that at her last university, they redesigned colleges and the university structure to make it more compatible with students, faculty and disciplines in each area for ease in managing. She supports this model as it more evenly aligns faculty and disciplines in each school. The people she has been talking to on campus and in business and industry in Westfield and the pioneer valley point to an opportunity to excel in health care, business, education, and creative arts. This model is more fluid to allow for growth and change as new programs and opportunities for expansion arise. We need to work on pathways with community colleges and look at a strategic direction to engage with people who will invest in and hire our graduates. The department chairs are invested in this model, have been engaged for a year, and are supportive of the direction of the University. There is a lot of fear on our campus of our future. To have a healthy direction going forward, we need to support their vision of where they want the University to go and grow. If we work strategically with the schools there can be a smooth pathway to move forward.

It was mentioned that the faculty, staff, and president make the University successful and that whatever is done, our number one responsibility is to serve the needs of our students. It was also requested that at the next meeting, Trustee Sanfacon give a report on the students' perspective of how the restructure will affect student success.

There being no further business, **MOTION** made by Trustee Martinez-Alvarez, seconded by Trustee Alvarado, to adjourn.

There being no discussion, **ROLL CALL VOTE** taken:

Trustee Alvarado	Yes	Trustee Reichelt	Left meeting
Trustee Boudreau	Yes	Trustee Salehi	Yes
Trustee Jasmin	Yes	Trustee Sanfacon	Yes
Trustee Martinez-Alvarez	Yes	Trustee Williams	Yes
Trustee Queenin	Yes	Trustee Martin	Yes

**Motion passed unanimously.**

Meeting adjourned at 9:01 PM.

Attachments presented at this meeting:

- a. UEAAC Final Report – Recommendation 1: Academic Affairs and School Structure
- b. Motion - Approval of Restructuring of Academic Affairs

#### **Secretary's Certificate**

I hereby certify that the foregoing is a true and correct copy of the approved minutes of the Westfield State University Board of Trustees Special meeting held on August 25, 2021.

\_\_\_\_\_  
Lydia Martinez-Alvarez, Secretary

\_\_\_\_\_  
Date



**UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE(UEAAC)  
UPDATE ON RECOMMENDATIONS  
OCTOBER 5, 2021**

RECOMMENDATIONS	IMPLEMENTATION RECOMMENDATION FROM BOT	CURRENT STATUS
<b>Recommendation 1:</b> Reimagining Instructional Academic Affairs and the College Structure.	<b>Continue organizing School structure Resolve any Collective Bargaining issues Work with BHE as needed</b>	BASICS COMPLETED. IN APPOINTMENT PHASE
<b>Recommendation 3A:</b> Reimagining Instructional Delivery and Support of Our Students: Curriculum Innovation - PAUSING THE CORE CURRICULUM. <b>Recommendation 3B:</b> Reimagining Instructional Delivery and Support of Our Students: Curriculum Innovation - SCHEDULING, APR, 4 CREDIT COMP IMPLEMENTATION, etc.	<b>Yes – Move to Complete</b>	COMPLETED
<b>Recommendation 4:</b> Centralize and Invest in Information Technology as the Cornerstone of Longevity and Institutional Success.	<b>Yes – move at warp speed</b>	COMPLETED
<b>Recommendation 5:</b> Create a Division of Justice, Equity, Diversity and Inclusion (JEDI) lead by a Chief Diversity Officer (CDO) who reports directly to the President and sits on the President’s Council.	<b>Yes – full speed ahead. Be sure to create link to HR and include specific responsibilities</b>	PROCESS COMPLETED. MOVING TO SEARCH PROCESS
<b>Recommendation 17:</b> Resource Allocation and Financial Planning.	<b>Yes – move at warp speed</b>	COMPLETED

RECOMMENDATIONS	IMPLEMENTATION RECOMMENDATION FROM BOT	CURRENT STATUS
<b>Recommendation 2:</b> Merge the College of Graduate and Continuing Education with the Day School.	<b>Move Forward to Implement Examine Legal and related issues with BHE support</b>	IN PROGRESS
<b>Recommendation 6:</b> Rebrand and Realign Human Resources into Employee Development and Support with a Focus on Training, Professional Development and Onboarding.	<b>Yes – Move to Complete</b>	IN PROGRESS. CONSULTANT REPORT COMPLETED
<b>Recommendation 7:</b> Reimagining How We Provide Services to Our Students (Restructuring into two divisions). <b>Recommendation 8:</b> Update the Current WSU Organizational Structure Creating an Expandable and Contractable Framework that Aligns with Enrollment Growth and Decline. <b>Recommendation 9:</b> Creating a Transparent Leadership Culture and an Operating Structure that Exemplifies Shared Governance. <b>Recommendation 13:</b> Examine the Structure of Institutional Advancement, Alumni Relations, and the Foundation.	<b>Mid-to long term Allow for new president input on VP structure Begin to structure some pieces e.g. new parent office</b>	IN PROGRESS



**UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE(UEAAC)  
UPDATE ON RECOMMENDATIONS  
OCTOBER 5, 2021**

<b>RECOMMENDATIONS</b>	<b>IMPLEMENTATION RECOMMENDATION FROM BOT</b>	<b>CURRENT STATUS</b>
<b>Recommendation 10:</b> Enrollment Management: A Critical Component for Westfield State University's Future Success.	<b>Yes - move at warp speed</b>	FALL 2021 PRIMARY FOCUS
<b>Recommendation 11:</b> Retention – A Must for Our Success.	<b>Yes – resolve any funding issue</b>	FALL 2021 PRIMARY FOCUS
<b>Recommendation 12:</b> Create a Branding, Communication, Marketing, and Public Relations unit.	<b>Yes – move at warp speed</b>	FALL 2021 PRIMARY FOCUS
<b>Recommendation 21:</b> Explore Revenue-Generating Opportunities.	<b>Yes</b>	FALL 2021 PRIMARY FOCUS

**Note:** UEAAC, President, BOT will work in consultation with legal counsel and Dept of Higher Ed leadership to review all legal and statutory issues to ensure compliance with contracts and state laws.



## **Board of Trustees**

October 13, 2021

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To approve the FY22 Operating Budget as presented and to authorize the President to make budget adjustments to these funds.

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Robert A. Martin, Ph.D., Chair

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Date

**Westfield State University**  
Finance and Capital Assets Committee

**FY22 Final Budget Narrative**

October 13, 2021

**Executive Summary**

At the June 2021 Board of Trustees meeting, the University proposed a temporary or provisional FY22 Budget to allow more time to determine how COVID-19, enrollment, and other key metrics would affect the campus and its operations. The provisional FY22 budget projected an overall deficit of \$3.1M, with a commitment to provide a “final” budget at the October Board of Trustees to bring the budget back into balance. The FY22 October Budget reflects some progress to move the campus closer to a balanced budget for this year but still results in a \$2.8M structural deficit. The focus of this document will be to explain variances from the provisional budget to the October budget in order to approve the FY22 budget. Materials from FY22 Provisional budget are attached for reference.

Despite presenting a final budget today, there are still many unknowns this year with 75% of the fiscal year to go. While UEAAC savings of approximately \$2.1M has been identified (both permanent and temporary) in FY22, the campus is also anticipating costs related to collective bargaining impacts, with additional state appropriation to offset being uncertain. The work of UEAAC is ongoing with several recommendations completed, however, there are several recommendations yet to be finalized and in process.

**Enrollment**

Annual average enrollment appears to be tracking close to the conservative target of 3,215 billable students, which represents a 7.2% decline or 248 fewer students from the FY21 actual enrollment of 3,463. The campus utilizes an average annual enrollment by semester and factors in historical average declines from fall to spring to arrive at an annual projected total. Enrollment continues to be an ongoing concern exacerbated by the impact of COVID-19.

Overall, since the peak enrollment of 4,645 in FY17, enrollment has declined by 1,430 or 30% based on the FY22 budgeted enrollment. This statistic does not include CGCE day or graduate students.

**Revenue**

- Additional State Appropriation of \$500k is anticipated in the FY22 Final Budget.
- Enrollment is tracking close to target and therefore no changes to tuition and fee revenue are reflected in the FY22 Final Budget.
- Residential Life revenue has increased by \$570k due to higher occupancy as well as an increase to single premium room occupancy rate but is not enough to cover their total expenses.

- Dining Services revenue has increased by \$832k mainly due to increased occupancy and off-campus commuter revenue. Also, requiring all residential students to participate in a dining plan has helped to generate additional revenue.
- An additional \$569k of HEERF III grant funds is reflected in the FY22 Final Budget totaling \$3.6M in budgeted revenues/expenses this year.
- CGCE is expected to meet their provisional revenue target of \$12M as planned.

### Expenses

- The campus was able to achieve a deficit offset of \$2.6M in FY22 through a combination of increased state appropriation of \$500k, as well as additional UEAAC reductions of \$500k in adjunct savings. The campus is committed to achieving savings by delaying new hires and managing a prorated divisional vacancy savings target of \$1.6M to close the deficit in FY22; the savings is expected to provide temporary relief to the budget but will not close the permanent deficit.

Budget Balancing Strategy	Amount	Budget Impact	Note
State Appropriation Adjustment	\$ 500,000	Permanent	
Additional UEAAC Savings	\$ 200,000	Permanent	\$200k of adjunct savings due to a reduction to APR's
Additional UEAAC Savings	\$ 300,000	Permanent	\$300k Adjunct savings in CGCE resulting in transfer to operating budget
Hiring Delay to Capture Vacancy Savings Base Compensation	\$ 1,172,117	Temporary	Prorated divisional vacancy savings target
Hiring Delay to Capture Vacancy Savings Fringe Rate 39.43%	\$ 461,228	Temporary	Prorated divisional vacancy savings target
<b>Total Reductions</b>	<b>\$ 2,633,345</b>		

- Compensation has decreased from the provisional budget by \$1.5M mainly due to the temporary divisional prorated vacancy savings target which is part of the deficit strategy. New collective bargaining agreements provide for the following salary increases: 2.5% retroactive to FY21, 2.0% retroactive to FY22, and a one-time bonus of 1.5%. Non-Unit Professionals (NUP's) are also eligible for the same increases. It is expected that the Commonwealth of Massachusetts will pay for the cost of these increases for employees covered under the collective bargaining agreements through a supplemental appropriation. As of this writing, that is not confirmed nor has the funding been received. Campus has only budgeted for the unfunded portions of the salary increases (NUP, CGCE, and auxiliaries). Detailed projected analysis is attached for reference.
- Residential Life realized MSCBA temporary debt relief of \$540k as a result of applying the debt service savings in FY22. Despite the increase in enrollment, residential life is projecting a \$1.5M loss this year which would be covered by operating budget savings thus avoiding the use of their reserves.
- Additional expenses were assumed for unfunded positions totaling \$345k, which is a combination of 1) Funding \$70k for UEAAC Recommendation 5, which places the Chief

Diversity Officer at the Vice President level and 2) Funding previously unfunded positions totaling \$275k, mainly in Academic Affairs for return to faculty positions.

- Overall, UEAAC permanent budget savings for FY22 is \$1.3M, one-time savings is \$750k for a total impact on savings of approximately 2.1M.
- CGCE expenses are projected to decrease by 300k due to projected adjunct budget savings per the UEAAC recommendations.

### **Emerging Issue with Dining Equipment**

Dining Commons structural and floor construction began in the summer of 2021, at which time, the dishwasher machine, which is 15 years old, needed to be moved out of its existing location. Upon reinstall the dish machine showed serious defects when reassembled and is problematic.

It appears likely that the dishwasher and conveyor belt be replaced rather than perpetually repaired. The estimated cost of replacement and associated utility work is approximately \$1.0M. The campus will work to prepare an analysis and recommendation as to how to replace this equipment. Various options such as leasing, borrowing and use of dining and/or campus reserves will be evaluated and presented to the board at a future meeting. This would be a summer 2022 capital project which would need to start in this fiscal year.

### **Reserves**

The overall campus use of reserves has decreased slightly from the provisional budget by \$39k based on the true up from year end activity. Projected use of reserves is \$1.8M, half for unfinished capital projects from last year and departmental rollover requests to fund critical needs.

### **Summary**

Focusing on increasing revenues by growing enrollment is one of the highest campus priorities as we continue to navigate the highly competitive landscape and emerge from the impacts of the Covid-19 pandemic on our campus. The campus has been working diligently to reduce the structural budget deficit (*implement permanent changes for ongoing savings*) and has been able to temporarily close the gap to present a balanced budget for FY22. But this is not a financially sustainable strategy and if additional revenues cannot be generated, difficult decisions lie ahead. While most of the deficit can be balanced with a combination of both permanent and one-time reductions, there are still many unknowns with regards to spring enrollment, collective bargaining impacts, and final state appropriation support.

It's imperative that the campus continue to collaborate and work as a community to achieve the permanent savings required to fully close the structural deficit while also working on increasing revenue through enrollment and alternative means. The next phase of work in UEAAC will be to target those recommendations that aim to achieve revenue gains for the campus, as such, the focus will be on enrollment, retention, branding and marketing, exploring alternative revenue generation.

Westfield State University  
FY22 Final Budget

10/5/2021

				FY22 Provisional vs. Final Budget	FY21 Budget vs FY22 Final Budget	
	FY21 Budget	FY22 Provisional Budget	FY22 Final Budget	\$ Change B/(W)	Year over Year \$ Change B/(W)	% Variance
<b>Revenue:</b>						
State Appropriation	\$ 26,264,556	\$ 31,486,477	\$ 31,988,905	\$ 502,429	5,724,350	22%
Total Tuition/Fee Revenue	40,121,046	36,097,586	36,100,094	2,508	(4,020,952)	-10%
Other Revenue	2,721,655	2,563,283	2,645,783	82,500	(75,872)	-3%
CGCE	11,809,587	12,024,757	12,024,757	-	215,170	2%
Residential Life	9,692,044	14,088,971	14,659,945	570,974	4,967,901	51%
Dining Services	5,197,401	7,967,013	8,799,412	832,398	3,602,010	69%
Foundation	445,000	839,000	839,000	-	394,000	89%
Grant Revenue	1,591,550	1,535,937	1,535,937	-	(55,613)	-3%
HEERF Grant		3,098,966	3,667,966	569,000	3,667,966	
<b>Total Revenue</b>	<b>\$ 97,842,838</b>	<b>\$ 109,701,989</b>	<b>\$ 112,261,799</b>	<b>\$ 2,559,809</b>	<b>14,418,961</b>	<b>15%</b>
<b>Expense:</b>						
Compensation	\$ 42,004,728	\$ 43,996,923	\$ 43,040,061	\$ 956,863	(1,035,333)	-2%
Fringe	6,708,569	5,613,998	5,043,794	570,204	1,664,775	25%
Department Operations	13,910,512	16,864,724	16,912,766	(48,042)	(3,002,254)	-22%
Strategic Investments	370,685	351,581	351,581	-	19,104	5%
Financial Aid	3,820,771	4,296,713	4,299,221	(2,508)	(478,450)	-13%
Debt Service	1,029,231	2,099,258	2,099,258	-	(1,070,027)	-104%
Contingency	425,000	650,000	650,000	-	(225,000)	-53%
Capital Investments	2,301,200	2,575,000	2,575,000	-	(273,800)	-12%
CGCE	8,571,068	9,068,566	8,768,566	300,000	(197,498)	-2%
Residential Life	12,144,594	16,749,916	16,270,859	479,057	(4,126,265)	-34%
Dining Services	7,113,002	6,845,260	7,677,659	(832,398)	(564,657)	-8%
All Other	4,646,036	4,577,129	4,610,169	(33,040)	35,867	1%
HEERF Expenses		3,098,966	3,667,966	(569,000)	(3,667,966)	
UEAAC Savings <sup>(1)</sup>		(2,055,750)	(1,886,114)	(169,636)	1,886,114	
<b>Total Expense</b>	<b>\$ 103,045,397</b>	<b>\$ 114,732,284</b>	<b>\$ 114,080,785</b>	<b>\$ 651,499</b>	<b>(11,035,388)</b>	<b>-11%</b>
<b>Unadjusted Net Profit/(Loss)</b>	<b>\$ (5,202,559)</b>	<b>(5,030,295)</b>	<b>(1,818,986)</b>	<b>3,211,309</b>	<b>3,383,572</b>	<b>-65%</b>
<b>Revised Structural Deficit</b>			<b>(2,883,584)</b>			
<b>Net Profit/(Loss)</b>	<b>(5,202,559)</b>	<b>(5,030,295)</b>	<b>(4,702,570)</b>	<b>3,211,309</b>	<b>3,383,572</b>	<b>-65%</b>
<b>Reserve Funding:</b>						
Planned Use of Reserves	\$ 3,205,745	\$ 892,916	\$ 950,958	\$ 58,042	\$ (2,254,787)	-70%
Capital Rollover	\$ 1,654,368	\$ 965,984	\$ 868,028	\$ (97,956)	\$ (786,340)	-48%
<b>Total Use of Reserves</b>	<b>\$ 4,860,113</b>	<b>\$ 1,858,900</b>	<b>\$ 1,818,986</b>	<b>\$ (39,914)</b>	<b>(3,041,127)</b>	<b>-63%</b>
<b>Temporary Structural Deficit Offset</b>			<b>\$ 2,883,584</b>			
<b>Adjusted Surplus/(Deficit)</b>	<b>(342,446)</b>	<b>(3,171,395)</b>	<b>-</b>	<b>3,171,395</b>	<b>342,445</b>	

**Note:**

1) UEAAC budgeted net savings is \$1,886,114 + \$300,000, which is not reflected in the line total, because \$300k is recorded as a transfer from CGCE; total savings is \$2,186,114

Westfield State University  
 FY22 Detailed Budget by Trust Fund  
 FY22 October Budget

	Operating Budget	HEERF III Covid-19 Grant	Grants	Capital Project Fund	CGCE	Residential Life	Dining Services	Other Trust Funds	FY22 Provisional Budget
<b>Revenue</b>									
Scholarship Allowance			(10,690,448)						(10,690,448)
Tuition and Fees	36,100,094				12,024,757			75,000	48,199,851
Federal Grants and Contracts		3,667,966	8,718,385						12,386,351
State Grants and Contracts			3,355,000						3,355,000
Private Grants and Contracts			153,000					120,000	273,000
Residence Fees						14,435,225			14,435,225
Dining Fees							8,799,412		8,799,412
Other Operating Revenues	1,142,535					184,720		649,795	1,977,050
Commissions	333,453					40,000			373,453
State General Appropriation:	31,988,905								31,988,905
Foundation Support	839,000								839,000
Investment Income	325,000								325,000
<b>Total Revenue</b>	<b>70,728,987</b>	<b>3,667,966</b>	<b>1,535,937</b>	<b>-</b>	<b>12,024,757</b>	<b>14,659,945</b>	<b>8,799,412</b>	<b>844,795</b>	<b>112,261,799</b>
<b>Expenses</b>									
Personnel	43,040,061		288,000		3,522,436	2,202,210	2,350,342	76,618	51,479,666
Fringe Benefits	5,043,794		114,320		1,454,415	866,605	955,585	33,487	8,468,205
Operations	15,118,693		965,617		3,716,715	2,175,252	3,835,965	1,208,787	27,021,029
Strategic Investments	351,581								351,581
Utilities	2,370,619					1,685,860			4,056,479
Debt Payments	2,099,258						312,774		2,412,031
Operating Contingency	650,000						222,993	95,767	968,760
Capital Projects				3,443,028					3,443,028
Scholarships	4,299,221		168,000		75,000	98,390		65,000	4,705,611
Transfers	(1,648,835)		100,784	(2,575,000)	3,256,191	(254,893)	1,121,753		-
MSCBA Assessment						9,392,542			9,392,542
HEERF Grant Covid Expenses		3,667,966							3,667,966
UEAAC Savings	(1,886,114)								(1,886,114)
<b>Total Expense and transfers</b>	<b>69,438,277</b>	<b>3,667,966</b>	<b>1,636,721</b>	<b>868,028</b>	<b>12,024,757</b>	<b>16,165,966</b>	<b>8,799,412</b>	<b>1,479,658</b>	<b>114,080,785</b>
<b>Net Revenue over Expense</b>	<b>1,290,710</b>		<b>(100,784)</b>	<b>(868,028)</b>	<b>-</b>	<b>(1,506,021)</b>	<b>-</b>	<b>(634,863)</b>	<b>(1,818,986)</b>
Planned Use of Reserves	215,310		100,784					634,863	950,958
Capital Rollover				868,028					868,028
<b>Total Use of Reserves</b>	<b>215,310</b>		<b>100,784</b>	<b>868,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>634,863</b>	<b>1,818,986</b>
<b>Net Surplus/(Loss)</b>	<b>1,506,021</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,506,021)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>

**Notes:**

1. Other Operating Revenues consist of parking revenues, application fees, phone fee, non-credit program revenue and other miscellaneous fees
2. Transfers represent the movement of cash from one trust fund to another
3. Planned Use of Reserves may require immaterial adjustments due to year end account validation.

**Westfield State University**  
**FY22 Crosswalk June Provisional Budget vs. Final Budget**  
*All - Funds View*

10/5/2021

**June Provisional Budget Deficit** \$ (3,171,395)

**Permanent Adjustments:**

Additional State Appropriation	502,429	Budget Balancing Strategy
Additional UEAAC Savings - Adjunct costs related to APR's	200,000	Budget Balancing Strategy
Additional UEAAC Savings, CGCE Contribution - Adjunct savings	300,000	Budget Balancing Strategy
Reversal of UEAAC Position Savings in AA	(299,921)	(incl. fringe)
Change from UEAAC AA position savings from Permanent to Temporary	(750,153)	(incl. fringe)
Fringe Savings on Additional Appropriation	195,269	
FY22 Unfunded Positions (return to faculty, etc.)	(275,813)	(incl. fringe)
UEAAC JEDI Funding of CDO to VP Level	(69,715)	(incl. fringe)
Residential Life - revenue gain from higher occupancy & premium singles	570,974	
Residential Life - FY21 CBA Increase	(60,942)	(incl. fringe)
Other, Immaterial changes	(24,317)	

**Revised Structural Deficit** \$ (2,883,584)

**Temporary Adjustments:**

Prorated Divisional Vacancy Savings Target	1,633,345	Budget Balancing Strategy
Residential Life Debt Relief from MSCBA	540,000	
Adjustment to Use of Reserves for Rollovers	(39,914)	
Change from UEAAC position savings from Permanent to Temporary	750,153	(incl. fringe)

**FY22 Final Budget** \$ (0)

**Westfield State University**  
**FY21-FY22 Collective Bargaining Impact Estimates**  
*Base compensation only, fringe not yet factored*

10/1/2021

Funding Source		a.	b.	c.	d.		= a. + b. + d.
Operating		Permanent 2.5%	Permanent 2.0%	1-Time Bonus 1.5%		Permanent 2.0%	
Row Labels	Sum of Actual Adj for <52 Weeks	FY21	FY22	FY21 Bonus	FY21 - FY22 Total	FY23	Total FY21 - 23 Perm. CBA Impact
AFSCME	7,214,202	180,355	147,891	132,674	460,920	150,849	479,095
APA	8,829,839	220,746	181,012	138,474	540,232	184,632	586,390
MSCA	17,285,078	432,127	354,344	271,073	1,057,544	361,431	1,147,902
NUC	172,588	4,315	3,538	2,707	10,559	3,609	11,462
NUP	3,739,235	93,481	76,654	58,641	228,776	78,187	248,323
TBD	-	-	-	-	-	-	-
(blank)	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>37,240,942</b>	<b>931,024</b>	<b>763,439</b>	<b>603,568</b>	<b>2,298,031</b>	<b>778,708</b>	<b>2,473,171</b>
Funding Source		2.5%	2.0%	1.5%		2.0%	
CGCE		FY21	FY22	FY21 Bonus	FY21 - FY22 Total	FY23	Total FY21 - 23 Perm. CBA Impact
AFSCME	821,946	20,549	16,850	14,159	51,558	17,187	54,585
APA	709,347	17,734	14,542	11,124	43,400	14,832	47,108
MSCA	1,543,363	38,584	31,639	24,204	94,427	32,272	102,495
NUC	49,610	1,240	1,017	778	3,035	1,037	3,295
NUP	-	-	-	-	-	-	-
(blank)	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>3,124,266</b>	<b>78,107</b>	<b>64,047</b>	<b>50,265</b>	<b>192,419</b>	<b>65,328</b>	<b>207,482</b>
Funding Source		2.5%	2.0%	1.5%		2.0%	
Building Authority		FY21	FY22	FY21 Bonus	FY21 - FY22 Total	FY23	Total FY21 - 23 Perm. CBA Impact
AFSCME	1,475,918	36,898	30,256	34,000	101,154	30,861	98,016
APA	266,956	6,674	5,473	4,187	16,333	5,582	17,729
<b>Grand Total</b>	<b>1,742,874</b>	<b>43,572</b>	<b>35,729</b>	<b>38,187</b>	<b>117,487</b>	<b>36,443</b>	<b>115,744</b>
Funding Source		2.5%	2.0%	1.5%		2.0%	
Dining		FY21	FY22	FY21 Bonus	FY21 - FY22 Total	FY23	Total FY21 - 23 Perm. CBA Impact
AFSCME	1,153,919	28,848	23,655	39,000	91,503	24,128	76,632
APA	502,767	12,569	10,307	7,885	30,761	10,513	33,389
<b>Grand Total</b>	<b>1,656,685</b>	<b>41,417</b>	<b>33,962</b>	<b>46,885</b>	<b>122,264</b>	<b>34,641</b>	<b>110,020</b>
		2.5%	2.0%	1.5%		2.0%	
		FY21	FY22	FY21 Bonus	FY21 - FY22 Total	FY23	Total FY21 - 23 Perm. CBA Impact
Operating		931,024	763,439	603,568	2,298,031	778,708	2,473,171
CGCE		78,107	64,047	50,265	192,419	65,328	207,482
Building Authority		43,572	35,729	38,187	117,487	36,443	115,744
Dining		41,417	33,962	46,885	122,264	34,641	110,020
<b>Total - All Funds</b>		<b>1,094,119</b>	<b>897,178</b>	<b>738,904</b>	<b>2,730,201</b>	<b>915,121</b>	<b>2,906,418</b>

**Notes:**

- 1) Data Source is Position Control as of 8/14/21, basis is actual salary, not budget
- 2) This presents an estimate, actual calculations will be handled by HR & the Payroll Office
- 3) 1.5% bonus is temporary 1 time only
- 4) Dining, Housing, and CGCE have built in CBA increases into their budget models, with the exception of the 1.5% bonu:

	Deferred Maintenance	Funding Source				Total	Comment
		Campus	DCAMM	MSCBA	Dining Funded from Use of Reserves		
<b>Physical Plant Projects</b>							
1. Deferred Maintenance	Y	1,053,262	2,217,738	546,428		3,817,428	
2. Infrastructure Repairs/Maintenance		150,000				150,000	
3. MEP/F Master Plan		200,000				200,000	
4. Arc flash study phase 2	Y	50,000				50,000	
5. Critical repair contingency		177,340				177,340	
6. Ultra violet light system for Woodward HVAC	Y	5,700				5,700	
<b>Sub-total</b>		<b>1,636,302</b>	<b>2,217,738</b>	<b>546,428</b>	<b>-</b>	<b>4,400,468</b>	
<b>Information Technology</b>							
1. Wireless controller replacement	Y	158,000				158,000	
2. Access point replacement		114,000				114,000	
3. Wilson IDF switch upgrade	Y	100,000				100,000	
4. Paperless billing and online payment system		78,000				78,000	
5. Campus Labs	Y	75,000				75,000	
6. Classroom technology		70,000				70,000	
7. Faculty/staff computers		70,000				70,000	
8. NetApp Drive Replacement	Y	70,000				70,000	
9. Recruit upgrade	Y	25,000				25,000	
<b>Sub-total</b>		<b>760,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>760,000</b>	
<b>Other Projects</b>							
1. Miscellaneous moves for UEAAC		125,000				125,000	
2. Common area upgrades/office furniture	Y	20,000				20,000	
3. Fitness center upgrades	Y	26,500				26,500	
4. Woodward Center Court two net system	Y	7,198				7,198	
<b>Sub-total</b>		<b>178,698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178,698</b>	
<b>Total</b>		<b>2,575,000</b>	<b>2,217,738</b>	<b>546,428</b>	<b>-</b>	<b>5,339,166</b>	
<b>Projects Funded via Rollover</b>							
1. Rollover Facility Projects		184,968				184,968	
2. Rollover for DCAMM Projects	Y	326,923				326,923	Multiple Deferred Maintenance Projects
3. Rollover for IT Projects		8,977				8,977	
4. Rollover for Dining Services					445,117	445,117	DC Floor & Stabilization Project
<b>Sub-total</b>		<b>520,868</b>	<b>-</b>	<b>-</b>	<b>445,117</b>	<b>965,984</b>	
<b>Grand Total</b>		<b>3,095,868</b>	<b>2,217,738</b>	<b>546,428</b>	<b>445,117</b>	<b>6,305,150</b>	

Notes:

- 1) MSCBA Projects of \$0.5M may change as final decisions are made
- 2) The estimates noted above are construction estimates not project cost estimates. Once studies have been completed and bids received, total project costs will be determined

Item	Project	Estimated Construction Cost / Match	Description
1	Wilson Fire Systems	644,000	Installation of fire sprinklers and upgrade of the Mass Notification System
2	Dining Common floor & stabilization project	445,117	Repair, stabilize and replace tile in the Kitchen and basement
3	MEP/F Master Plan	200,000	Mechanical, Electrical, Plumbing and Fire system complete evaluation with prioritization by need. This is the first of 3 steps needed to complete an Universtiy Master Plan
4	Critical Repair Contingency	177,340	
5	HM Air conditioning replacement	145,085	The current condensing units are obsolete and needed to be replaced.
6	Dower Boiler -Potential Delay in getting Boiler	91,000	Replacement of the Dower Boilers
7	PP DA System	80,500	Replace the Deaerator in the Power plant due to age
8	Wilson Roof	64,400	Replace the Roof on Wilson. This is a FY22 and FY23 project due to the total project cost. Current Roof Warranty expired in 2014
9	Steam Tunnel Roof	64,400	Replace the Steam Tunnel Roof. Current roof leaks are deteriorating the steam line infrurstructure
10	Arc Flash Study Phase 2	50,000	Mandated by law, this is phase 2 of the Arc flash study and repair work
11	PP Condensate Rec. Tank	48,300	Replace the Power Plan Condensate Reciever tank due to age
12	DC Floor Repair	47,125	Structural issue caused by dishwasher leak, retiling, waterproofing
13	Owners Project Manager (OPM) & Project Contingencies	45,402	Contract with a OPM to manage Capital Projects; these funds will also add contingencies to the construction estimates to creat a Total Project Cost (TPC)
14	Parenzo Project	43,943	Office moves to and from Parenzo and dumpsters
15	Trades Roof	32,200	Replace the roof on the trades building. Current roof warranty expired in 2004.
16	Ely Hall Storage	32,200	Ely Hot water storage tank needs to be replaced as the current tanks are leaking and can not be repaired
17	Pool Crack Repair	29,125	Pool crack repair mechanical room
18	Ely Hall Circ Pumps	25,760	Ely circulating pumps need to be replaced due to age. A failure would result in a total freeze up of the building
19	HMC Sewer Ejector Pump	16,100	Horace Mann sewer ejection pump needs to be replaced
20	Dower Roof Project	9,588	Due to product unavailability in roof product the project completion is delayed into August.
21	Ultra violet light system for Woodward HVAC	5,700	Necessary for Covid-19 safety protocol
22	HM Roof replacement	5,000	Due to product unavailability in roof product the project completion is delayed into July.

**Total** **2,302,284**

**Note:**

1. Funding may be from multiple sources; DCAMM, rollover funding from prior year, FY21 Campus Capital Budget
2. Amounts represented above are estimates

Westfield State University  
 FY22 Lease and Motor Vehicle Schedule

6/17/2021

Existing Vehicle Summary	Quantity	Cost/ Month	Annual Cost
<b>Existing Lease Commitments:</b>			
Facilities, Public Safety, Media Services, Mail Services, Catering	22	\$ 14,250	\$ 171,000
5% Escalation			\$ 8,550
Program Service fee			\$ 8,082
<b>Total</b>	<b>22</b>		<b>\$ 187,633</b>

<b>FY20 Approved New Lease Commitments</b>			
2020 Transit F250 Cargo (Van)	1	\$ 537	\$ 6,448
2020 F-350 Chassis (Truck)	1	\$ 688	\$ 8,260
<b>Total</b>	<b>2</b>		<b>\$ 14,708</b>

<b>FY22 Lease Schedule</b>			<b>\$ 202,341</b>
FY21 Vehicle Lease Schedule			\$ 202,341
FY22 Vehicle Lease Schedule			\$ 202,341
<b>Difference B/(W)</b>			<b>\$ -</b>

**Notes:**  
 Monthly Lease Agreements Include Maintenance Charges

# College of Graduate and Continuing Education For-Credit Budgets

## FY22 Budget Narrative

In FY 2022, CGCE’s revenue is projected to be **\$12,024,757.00**. Expenses are projected at **\$9,068,565.59**. CGCE pays an overhead payment in the amount of **\$2,450,000** to the University. Hence, total expenses are **\$11,518,565.59** leaving CGCE with a net revenue of **\$506,191.41**. Modest funds for program development and other anticipated expenses, not yet determined, have been included in the operational and marketing budgets. The amount of net is operationally sufficient and assumes \$500,000 of any net revenue will help off-set University deficits.

### I. REVENUE

FY 22 revenue is estimated at **\$12,024,757.00** and is based upon projected credits counts at the FY 22 tuition rate, assuming a slight increase in graduate credits. Undergraduate credits are to remain flat as this population is more unsteady for enrollments. FY21 was more favorable than projected. However, with many factors unknown as the economy reopens and student’s mental health state is preventing students returning to school at this time, it is a conservative assumption for FY22. Below represents the revenue based upon these projections.

Program	Credits	Cost Per Credit (\$)	Revenue (\$)
UG, Except RN-to-BSN	15,171	\$330	5,006,430
*GR, Except SW. PA, OT and Spec GR	5,950	\$372	2,213,400
Native MSW	4,000	\$475	1,900,00
RN to BSN	1,000	\$370	370,000
Misc Revenue (inclusive of transcripts)			190,000
PA	NA – Assumes 29 students ea cohort	\$736 (Cohort 4); \$780 (Cohort 5)	2,546,727
Satellite MSW	1,000	\$475	475,000
XRG (Day Students who enroll in CGCE for last term)	460	\$330	151,800
Subtotal			12,763,207
Discounted Tuition via Center for Teacher Education			-23,000
Less Education Service fees (paid directly to the University)			-290,700
Less waivers			-515,000
<b>Total Revenue</b>			<b>\$12,024,657</b>

## II. MAIN OPERATIONAL BUDGET (\$5,323,639.32)

The vast majority of the operational budget supports salaries and fringe.

### **Pool AA: Employee Salaries: \$3,522,436.00**

The budget assumes a 2% increase in salaries, and it does include step increases for AFSCME employees. This pool assumes \$20,000 in contingency for any possible salary needs not yet identified; as well as \$34,000 for vacation in lieu and \$5,000 for overtime pay.

**Full-time faculty salaries** (19 FT faculty lines) are projected at **\$1,620,053**. This projection represents the current 19 faculty lines; including, five PA (Health Sciences), one nursing, one MPA (Political Science), and nine social work. There are an additional two Health Science faculty that should move to Academic Affairs as it supports a day program.

**Professional salaries** are budgeted at **\$898,000.00**. This assumes not replacing the Assistant Dean and Dean positions. It does include a 2% contractual increases as well as maintaining a line for field supervision for MSW and the vacant Student Success Coordinator line.

**Classified salaries** are budgeted at **\$945,383**. This assumes no position growth, but includes the contractual step increases for AFSCME employees as well as 2% contractual raises.

**Pool BB: Employee Related Expenses:** This line includes travel for CGCE staff and nursing and MPA faculty/staff in the amount of **\$15,200**. PA and MSW travel is included in the PA and MSW operational budget. Travel for CGCE staff provides professional development to assure the unit's effectiveness as it shifts towards a retention-oriented culture, develops updated marketing and outreach plans, builds new programs, develops a stronger graduate school identity and improves efficiencies in registration and billing to avoid income loss. Travel opportunities are unknown at this time but it's important to continue funding professional development opportunities for staff. Faculty travel for education and counseling practicums is included in the instructional budget, not the operational budget.

**Pool BB: Other related expenses:** An amount of **\$3,455** is budgeted to cover the costs of employee-related memberships (e.g. professional memberships for graduate programs in academic departments, such as accounting and counseling) and licensing fees.

**Pool CC: Special Employees: \$145,500** is budgeted for special employees. The majority remains to support graduate assistants. CGCE has retained the number of Outreach support of 3 GA's as we have a high need to maintain an active recruitment effort. In an effort to increase student support and reduce costs, a fourth full-time GA was hired to support student success with regards to professional advising and

registration. Through these efforts CGCE is supporting enrollment growth at both the prospective and current student levels.

**Pool DD: Fringe and Taxes:** This budget line amounts to **\$1,396,746.32**. This includes 37.53% fringe and 1.97% payroll tax.

**Pool EE: Administrative Expenses:** The amount requested, **\$69,122** is inclusive of costs for office supplies, professional memberships, and small contingency for program development and administrative expenses not yet determined. This pool has been reduced from prior year significantly due to less credit card transaction fees as well as contingency funds.

**Pool FF: Facility Operations:** Pool FF **\$2,950** covers the cost of CDEP books as well as office cleaning supplies. CDEP grant funds will cover the projected \$2,000 teaching supplies and act as a holding account.

**Pool HH: Consultant Services:** An amount of **\$26,650** will cover visiting/guest lecturers; exam for Miller Analogy Test and academic consultants, as needed.

**Pool JJ: Operational Services:** An amount of **\$57,950** supports student success activities such as orientation and academic celebration events. This pool supports collection service fees for collecting bad debt. The amount has increased due to the costs associated with the graduate Commencement ceremony.

**Pool KK: Equipment Purchases:** An amount **\$0** has been allocated for equipment.

**Pool LL: Equipment Leases and Rental:** **\$8,000** supports possible expenses for office furnishing for new/current employees as needed.

**Pool RR: Financial Aid:** CGCE sets aside **\$75,000** in need-based undergraduate financial assistance each year. We have increased this by \$10,000 as it has been level-funded (for several consecutive years) and many students are making enrollment decisions based on affordability. These student scholarship funds assist our students in being able to financially afford their degrees at WSU.

**Pool UU: Information Technology Expenses:** CGCE has allocated **\$3,000** for information technology expenses this fiscal year.

**Event 1:** Graduate commencement ceremony funds are primarily listed under Pool JJ.

### **III. MSW BUDGET (\$56,839.55)**

In FY 2017, CGCE established a separate operating budget for the MSW program in order to keep better track of its expenses. Expenses for this budget overall decreased from FY22 due to eliminating space rental for the Worcester location. The program is currently seeking approval from accreditation to transition Worcester to completely online. Only operational expenses are included in the MSW budget.

#### **IV. VETERAN & MILITARY SERVICES BUDGET (\$0)**

The Efficiency Committee (UEAAC) Recommendation 2: The merge of CGCE and Day changed the reporting structure to the Veteran and Military Services budget. The unit reports now to the Student Success Center and budget items will be requested under that area.

#### **V: INSTRUCTIONAL (\$2,613,460.99)**

The instructional budget supports CGCE faculty stipends for teaching, academic advising, program administration and other related expenses. The instructional costs and stipends for faculty in the Westfield Promise and PA stipends will continue from their own budgets. This budget has little change from FY21 for a variety of reasons. Due to the CGCE merge, it is anticipated that savings will occur from a more efficient course offerings. However, this is still in development so actual savings is not yet identified. Stipends for undergraduate administrations will also be 6-month so will have additional savings. It also would absorb any contractual raises as part of contracts since we are looking to be more efficient with course offerings. The FY21 budget is above projected due to more graduate sections being offered at a higher rate than anticipated.

#### **VI: MARKETING (\$233,200)**

Efforts made in expanding and diversifying our marketing and outreach efforts is paying off well; graduate prospects and applicants have risen in some areas, especially for Counseling, Physician Assistant, and Criminal Justice. Included in the marketing budget is CGCE membership to Emsi and the Education Advisory Board (EAB), digital ad campaigns, radio ads, promotional items, facebook ads, and more. The marketing budget also supports advertising for community education that has seen an increase in enrollment and revenue.

#### **VII: PHYSICAN ASSISTANT (\$638,540)**

Similar to the MSW program, the PA program has been given its own operational budget in order to better track expenses. This budget includes travel expenses, accreditation fees, equipment, etc. The budget will continue to support the instructional payments in the amount of \$80,000. The budget will continue to support clinical rotations at \$1,200 per rotation per student. The amount is based upon cohort 3 (30 students) conducting 5 clinical rotations and cohort 4 (30 students) conducting 6 clinical rotations. A small contingency has been added to support any students who may need to make up for clinicals during the COVID-19 pandemic. Funding is needed to support accreditation consulting as we continue in our process to reach full accreditation status. Additional funds are needed to support supplemental simulation software as a result of the COVID-19 pandemic. These will be needed to support students in clinical placements for a longer period of time as many sites are not able to accept students or only at half capacity. This software is required to ensure students are able to complete program requirements. Please note

that faculty and staff personnel costs are still captured in the operational budget, along with office furniture, marketing, etc.

### **VIII: WESTFIELD PROMISE (\$202,885.73)**

The Westfield Promise budget represents operational expenses for the Westfield Promise programs, which may be supported by external revenue (not captured in the revenue projections) and/or grants that we anticipate receiving. This budget accounts for increased students attending the program from multiple cohorts at schools and perhaps starting another cohort. This budget is significantly higher than in previous years because the instructional costs and stipends for faculty are now in the Westfield Promise budget opposed to the CGCE instructional budget. Throughout FY20 staff have been putting together true costs of the Westfield Promise budget and this move will make it easier to determine actual costs moving forward. These costs will help guide conversations with our high school partners on how much they are paying to participate in the program. The staff salaries will remain in the operational budget. We are hopeful news from the state is we will see funding in FY21. If not, we will be collecting funding from district partners that will be applied to this account.

**College of Graduate and Continuing Education/Academic  
Affairs  
Non-Credit Budgets**

**FY22 Budget Narrative – Final Submission**

**Total budget request: \$327,883.37**

***A. Revenue (\$321,075.00)***

CGCE estimates non-credit revenue will be \$321,075.00 in FY22. Due to the impact from the COVID-19 pandemic and when some of the programming for non-credit takes place, CGCE anticipates a lower net revenue than prior years. The projected net revenue for FY22 is (-\$3,308.37). Non-credit programming utilizes a non-credit registration system, CampusCE, and is able to process and evaluate revenue in real-time.

CGCE non-credit programming projects a decline due to the impact of the COVID-19 pandemic. Several on-campus summer programs, targeted towards students in K-12, were greatly reduced and/or canceled; including: Summer Residential, Teen U, and College for Kids. We are also anticipating fewer enrollments in the ACE program as students may not be able to pay out of pocket for the program and our second cohort covered by a grant has ended in FY21. The ACE program has seen a decline over the last couple of years so we are working with the program director on the modality and boosting enrollments. Lastly, some districts the Center for Teacher Education and Research work with are experiencing budget cuts and not hosting conferences that generally generate graduate credit revenue, thus affecting the overall revenue for that budget.

Benefits of our non-credit programming should be measured in other ways beyond revenue generation. We are working on developing new programs or hoping to expand current ones when restrictions are lifted with capacity in the classrooms. We will also be working on developing new programming that will aid the community to return to the workforce or gain new skills, so we anticipate these budgets will evolve as the year progresses. However, it is important to note that with the merge of CGCE into units, Community Education is losing some administrative support and therefore the Community Education Coordinator may not have as much time to further develop programming.

Absent from the non-credit budget is any for-credit tuition that the non-credit programs may facilitate. For example, the Center brings in a modest amount of for-credit tuition revenue via PDP offerings for those students who wish to seek discounted graduate tuition. These programs help to support and promote a

positive image of Westfield State University. CGCE also financially supports the EMT program, which benefits the day division with minimal costs to the day budget.

The Community Education budgets in FY22 will continue to support the Community Education Coordinator position. This staff person is not supported through the for-credit operating budget.

As FY22 progresses, some budgets may shift to other areas in academic affairs or the campus.

## ***B. Budgets***

### **1. Summer Residential (\$-2,200) 13010-3173**

Due to the COVID-19 pandemic, the decision was made to cancel the Summer Residential, Teen-U programs that were scheduled for July 2021, as all summer conferencing was cancelled. CGCE anticipates a total loss of (\$2,200). The expenses that remain with no operating programs are to support expenses that occur in the year prior, so to support FY23 programming.

### **2. Community Education (\$98,178.23) 13050-3195**

This budget represents tuition from several programs including the EMT program, Phlebotomy, SAT prep, Human Resource Management test prep, Human Biology for Social Workers, and more. CGCE anticipates revenue in the amount of \$110,000 with a profit of \$11,821.77.

Expenses have remained relatively flat from FY21. Some programs saw increases in costs of materials. However, for the EMT program, non-credit pays for one non-credit faculty, the program director, Teacher Aids, Medical Director, and accreditation each semester. The CGCE for-credit budget pays for the faculty on record. Both non-credit, CGCE for-credit and day students enroll in this course; however, CGCE collects no tuition from the Day division students to support the program. Further discussions need to occur to explore if the EMT program should live under the Day school for program administration, which would drastically affect this budget. Expenses have also increased with the Phlebotomy program. The program is being offered with a third party where WSU collects all the tuition, but does not pay for instruction or materials so we retain about 30% of revenue. This causes an increase in our revenue due to the price of the program, but also expenses.

CGCE will continue to offer continuing education unit programs for EMT and social work. Any revenue associated with the for-credit CGCE EMT course is not reflected

in this budget; it is collected in the for-credit CGCE budget. Non-credit programming will strive to develop new relationships and programs and further market the existing programs to reach maximum potential in enrollment.

The Community Education budget also supports the CampusCE software, utilized for all non-credit programming, at a current annual rate of \$8,855.

**3. Addiction Counselor Education Program (ACE) (\$108,700)  
13030-3200**

CGCE anticipates revenue in the amount of \$108,700 and \$133,023.30 in expenses resulting in a deficit of (\$24,323.30). The expenses include flat salary of the full-time Community Education Coordinator. Book costs were decreased due to program projections. This budget has historically seen a profit, however with declining enrollments, the budget is more realistic of expectations. We are working with the Coordinator of the program on how to boost enrollments so hope this is a modest assumption. This budget should have reserves to pull from to assist in the deficit of the program for FY22. The Addiction Recovery Coach Certificate program at WSU will be supported with remaining funds from the HRSA grant that ends August 31, 2021. The grant however, does not cover the director or faculty so those increased costs are out of this budget.

**4. College for Kids (\$-13,450.93)  
13020-3190**

College for Kids (CFK) will be at a deficit in the amount of \$-13,450.93 for FY22 due to program being significantly reduced due to COVID-19 concerns and limited people on campus for the summer of 2021. The expenses remaining in the budget cover 25% of the community education coordinator salary as well as expenses to operate the program. CFK will not be hiring an additional on-site coordinator as this will be covered by the Community Education Coordinator.

**5. The Center (\$52,930.92)  
14320-3132**

CGCE estimates revenue in the amount of \$77,775, which is flat from FY21. The Center has already lost revenue from the cancellation of the MaFLA Conference that takes place on campus in July. All summer conferences were cancelled due to the COVID-19 pandemic. We are also anticipating a decrease from partnering districts as many school districts are experiencing lower budgets for FY22. The total expenses are estimated at \$52,930.92. The Center for Teacher Education and Research has kept finances in for program growth and development so we are able to capture new teachers and districts who still need valuable training throughout the year for recertification. In addition, CGCE continues to maintain relationships with several districts offering graduate credit through agencies but they are also unsure of what this year will bring. This budget pays for a 18 hour/week part-time

coordinator that operates through the Center (approximately \$39,000 annually). Anticipated net revenue for FY21 is \$24,844.08.

**6. EMT Holding Account (\$13,580)  
15065-3171**

This account was created in FY19 as a means to hold and pay for equipment and testing of EMT students. These fees (projected revenue \$10,080) will be used immediately to pay for expenses associated with the program. CGCE will collect these fees via its registration system for non-credit students. A Day student fee of \$65/equipment is processed through their student account and the \$75 practical exam fee is also collected by CGCE. CGCE proposed increases for FY22 to the equipment fee and practical exam fee to help cover increasing costs, however were not put forward at this time. This is a holding account; hence, profitability is not the objective but rather getting a firm understanding of the cost to run the program. Expenses are estimated at \$13,580. Revenue is based on 36 students per semester, so 72 x \$140 per student. This budget does not include any additional EMT expenses as the programs needs are being evaluated. Fees for students should be evaluated during the FY22 year to make adjustments for FY23 budget.



## Board of Trustees

October 13, 2021

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### MOTION

To accept the annual report for fiscal year ending June 30, 2021, as prepared by the university's Administration and Finance Division and to authorize the submission of this report to the State Comptroller's Office, the Massachusetts Department of Higher Education, and the State Auditor's Office, as required by the Massachusetts Department of Higher Education. This annual report includes the Westfield State University FY21 Financial Statements, audited by O'Connor & Drew, P.C.

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Robert A. Martin, Ph.D., Chair

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Date

# Westfield State University

October 13, 2021

25 Braintree Hill Office Park, Suite 102  
Braintree, MA 02184  
617.471.1120



# Required Communications

## ***AUDITORS' RESPONSIBILITY UNDER GAAS***

- We have a responsibility to conduct our audit 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.
- In carrying out this responsibility, we planned and performed the audit to obtain reasonable – not absolute – assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud.
- An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion.

# Required Communications - Continued

## ***AUDITORS' RESPONSIBILITY UNDER GAAS - Continued***

- We issued an unmodified opinion on the University's financial statements.
- No material weaknesses/significant deficiencies were noted within the Report on Internal Control over Financial Reporting and on Compliance and Other Matters

# Required Communications - Continued

## **Significant Accounting Policies and Transactions**

- Initial Selection of or Changes in Policies
  - All accounting policies are discussed in Note 1 of the financial statements.
- Significant Transactions:
  - HEERF and SIP funds- In response to the Coronavirus Pandemic the Federal Government awarded the University approximately \$25.6 million in grant funding. Of this total, approximately \$11 million is required to be distributed to students as emergency grants. The remaining \$14.6 million can be used by the University to cover any COVID-19 related costs or lost revenue (institutional costs). As of June 30, 2021 the University has recognized approximately \$11.9 million of these funds (\$4.4 million student, \$7.5 million institutional costs).
  - MSCBA Bond Refunding- In July 2020 the MSCBA partially refunded the University's outstanding bonds with the goal of providing budgetary relief for FY2021 and FY2022. This refunding resulted in a deferred loss of approximately \$2.4 million.

# Required Communications - Continued

## **Significant Accounting Policies and Transactions – Continued**

- **Independence**
  - We are not aware of any relationships between O'Connor & Drew and the University that in our professional judgment may reasonably impact our independence.
  - Related to our audit for 2021, we are independent with respect to the University within the meaning of the pronouncements of the Independence Standards Board, *Government Auditing Standards*, and under Rule 101 of the AICPA Code of Professional Conduct.
  
- **Audit Adjustments and Uncorrected Misstatements**
  - There were no audit differences recorded as a result of the audit that are required to be communicated to the Committee.
  - There were no uncorrected misstatements that are required to be communicated to the Committee.

# Required Communications - Continued

## ***MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES***

- Allowance for doubtful accounts
- Depreciable lives of capital assets
- Fringe benefits
- Net position classifications
- Net pension liability
- Net OPEB liability

## ***OTHER COMMUNICATIONS***

- Disagreements with management – None
- Consultation with other accountants/auditors:
  - Auditors for the Massachusetts State Employees' Retirement and OPEB Plans
- Major issues discussed with management prior to retention – None
- Difficulties encountered in performing the audit – None
- Significant written communications between the auditor and management:
  - Engagement letter
  - Management representation letter
  - Uniform Guidance Report

# Required Communications - Continued

## ***MANAGEMENT ADVISORY SERVICES/TAX SERVICES***

- No management advisory services were performed by O'Connor & Drew during 2021.
- O'Connor & Drew performed a Single Audit as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements.
  - The final results of the Single Audit will be discussed at a later meeting.

# Financial Statement Fraud Risks

## ***PERVASIVE RISK***

- No pervasive financial statement fraud risks were identified.

## ***SPECIFIC RISKS PRESUMED BY AUDITING STANDARDS***

- Risk of misstatement relating to revenue recognition
- Risk of management override of controls
  - Journal entries and adjustments
  - Revenue recognition
  - Significant accounting estimates
  - Significant unusual transactions

## ***UNIVERSITY'S SPECIFIC RISKS***

- General economic factors affecting all entities

## GASB Statement 87, *Leases*

- Effective for periods beginning after June 15, 2021
- A lease will be defined as a contract that conveys control of the right to use another entity's nonfinancial asset (e.g. building) for a period of time
- GASB 87 will require lessees to recognize on their balance sheet the rights as an asset and obligations as a liability
- Leases with terms of less than twelve months will not be required to be recognized on the balance sheet under GASB 87
- Currently, leases that meet the capital lease test in which the lessee has ownership rights are recognized on the balance sheet. Leases that do not meet the capital lease test are not recognized on the balance sheet but their terms are disclosed in the notes to the financial statement

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

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**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**

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Draft

# 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 **DATE**, 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.

**Certified Public Accountants**

**Braintree, Massachusetts**

DATE

**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**  
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**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:

	<b>2021</b>		
	<b>Pension</b>	<b>OPEB</b>	<b>Total</b>
<b>Statement of Net Position (Balance Sheet)</b>			
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	<u>\$ (34,885,158)</u>	<u>\$ (68,728,037)</u>	<u>\$ (103,613,195)</u>
<b>Statement of Revenues and Expenses</b>			
Pension expense, net of subsequent contributions	\$ 4,071,463	\$ -	\$ 4,071,463
OPEB expense, net of subsequent contributions	-	947,435	947,435
Total	<u>\$ 4,071,463</u>	<u>\$ 947,435</u>	<u>\$ 5,018,898</u>

**WESTFIELD STATE UNIVERSITY**  
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**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**

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

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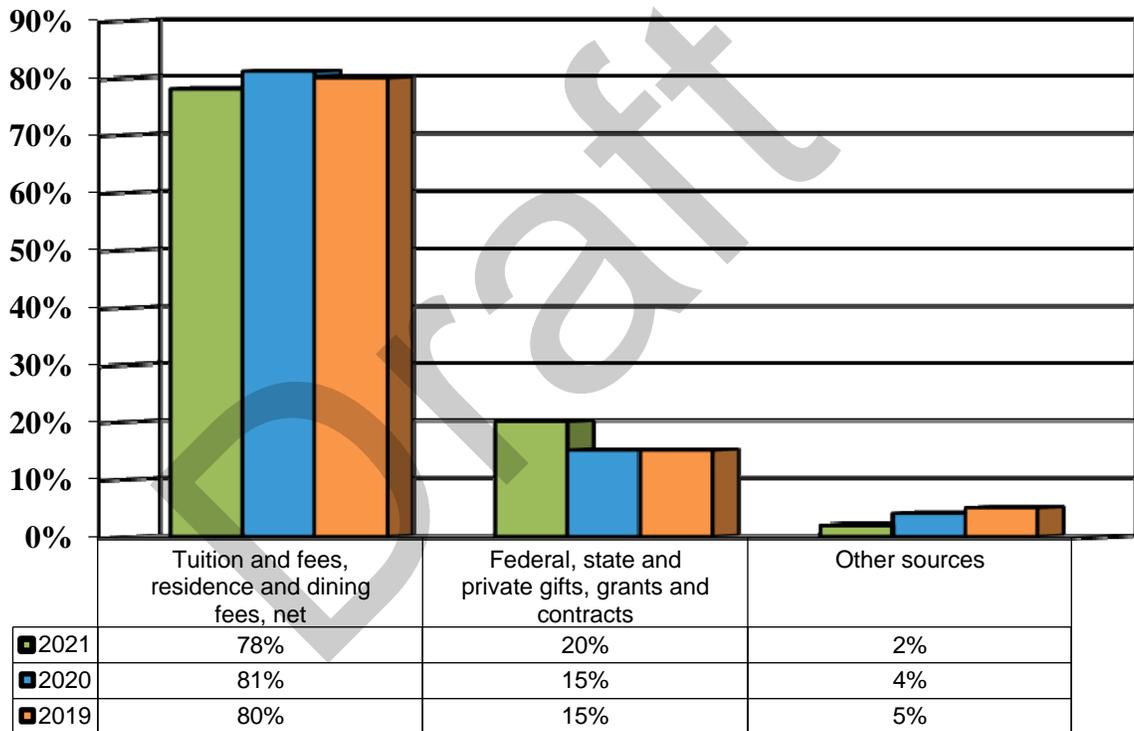
**Management's Discussion and Analysis (Unaudited) - Continued**

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

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.

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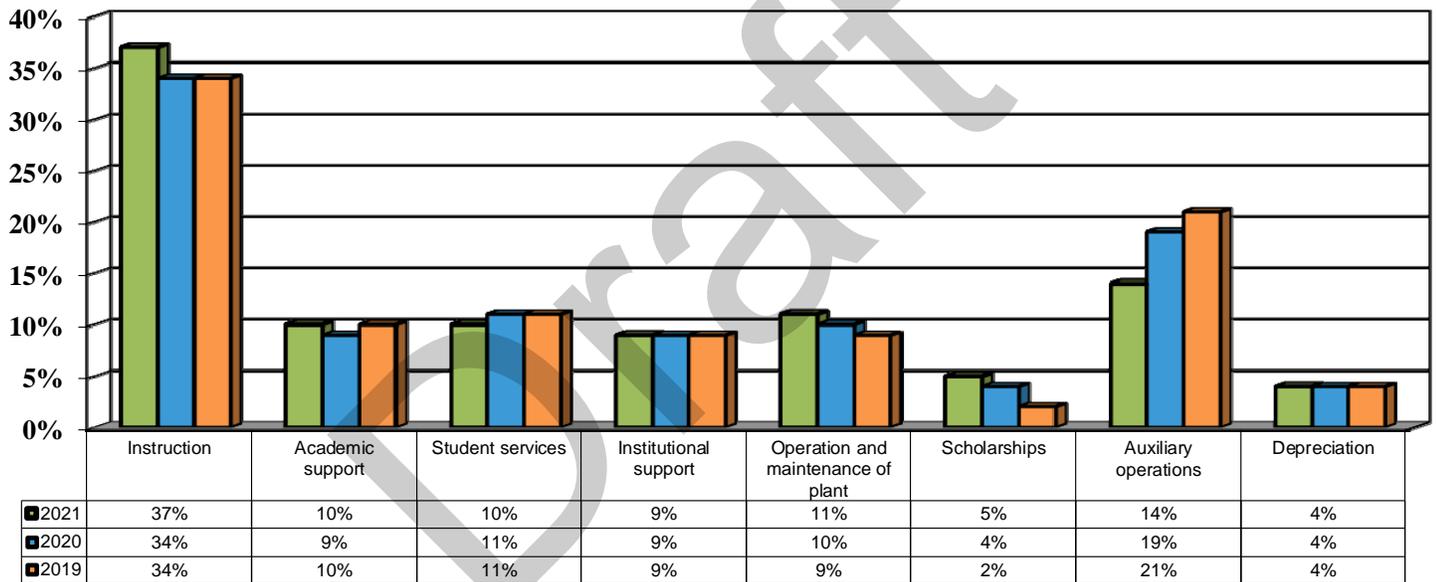
**Management’s Discussion and Analysis (Unaudited) - Continued**

**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**  
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**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	51,947,994	71,934,786	65,891,611
Cash and equivalents - end of year	<u>\$ 59,578,379</u>	<u>\$ 51,947,994</u>	<u>\$ 71,934,786</u>

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

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:

	2021	2020	2019
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	<b>205,794,373</b>	197,074,868	188,581,288
Less: accumulated depreciation	<b>(98,363,551)</b>	(93,382,592)	(89,464,449)
Capital assets, net	<b>\$ 107,430,822</b>	\$ 103,692,276	\$ 99,116,839

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>
<b>Current Assets:</b>				
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>
<b>Total Current Assets</b>	<u>83,501,867</u>	<u>71,206,003</u>	<u>1,190,843</u>	<u>645,557</u>
<b>Non-Current Assets:</b>				
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>
<b>Total Non-Current Assets</b>	<u>115,427,929</u>	<u>109,022,045</u>	<u>17,024,379</u>	<u>11,165,707</u>
<b>Total Assets</b>	<u>198,929,796</u>	<u>180,228,048</u>	<u>18,215,222</u>	<u>11,811,264</u>
<b>Deferred Outflows of Resources:</b>				
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>
<b>Total Deferred Outflows of Resources</b>	<u>30,131,439</u>	<u>27,677,563</u>	<u>-</u>	<u>-</u>

<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 229,061,235</u>	<u>\$ 207,905,611</u>	<u>\$ 18,215,222</u>	<u>\$ 11,811,264</u>
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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>
<b>Current Liabilities:</b>				
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>
<b>Total Current Liabilities</b>	<u>21,826,344</u>	<u>18,785,559</u>	<u>276,540</u>	<u>249,213</u>
<b>Non-Current Liabilities:</b>				
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>
<b>Total Non-Current Liabilities</b>	<u>126,005,107</u>	<u>129,899,595</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>147,831,451</u>	<u>148,685,154</u>	<u>276,540</u>	<u>249,213</u>
<b>Deferred Inflows of Resources:</b>				
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>
<b>Total Deferred Inflows of Resources</b>	<u>30,651,398</u>	<u>18,442,784</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>				
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>
<b>Total Net Position</b>	<u>50,578,386</u>	<u>40,777,673</u>	<u>17,938,682</u>	<u>11,562,051</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<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
<b>Operating Revenues:</b>				
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>
<b>Total Operating Revenues</b>	<u>65,901,611</u>	<u>83,839,114</u>	<u>4,141,633</u>	<u>1,033,333</u>
<b>Operating Expenses:</b>				
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>
<b>Total Operating Expenses</b>	<u>118,609,458</u>	<u>139,872,366</u>	<u>1,031,259</u>	<u>1,033,224</u>
<b>Operating (Loss) Income</b>	<u>(52,707,847)</u>	<u>(56,033,252)</u>	<u>3,110,374</u>	<u>109</u>
<b>Non-Operating Revenues (Expenses):</b>				
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>
<b>Net Non-Operating Revenues</b>	<u>54,339,410</u>	<u>44,671,806</u>	<u>3,266,257</u>	<u>396,258</u>
<b>Increase (Decrease) in Net Position Before Other Revenues</b>	<b>1,631,563</b>	<b>(11,361,446)</b>	<b>6,376,631</b>	<b>396,367</b>
Capital appropriations	<u>8,169,150</u>	<u>10,272,412</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Net Position</b>	<b>9,800,713</b>	<b>(1,089,034)</b>	<b>6,376,631</b>	<b>396,367</b>
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>
<b>Net Position, at End of Year</b>	<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	
	2021 <u>University</u>	2020 <u>University</u>
<b>Cash Flows from Operating Activities:</b>		
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>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
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>
<b>Cash Flows from Capital Financing Activities:</b>		
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>
<b>Cash Flows from Investing Activity:</b>		
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>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>7,630,385</b>	<b>(19,986,792)</b>
Cash and Equivalents, Beginning of Year	<u>51,947,994</u>	<u>71,934,786</u>
<b>Cash and Equivalents, End of Year</b>	<b>\$ 59,578,379</b>	<b>\$ 51,947,994</b>

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

**Statements of Cash Flows - Continued**

**For the Years Ended**

	<b>2021</b>	<b>2020</b>
	<b>Westfield State University</b>	<b>Westfield State University</b>
<b>Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:</b>		
Operating loss	\$ (52,707,847)	\$ (56,033,252)
<b>Adjustments to Reconcile Net Operating Loss to Net Cash Applied to Operating Activities:</b>		
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
<b>Changes in Assets and Liabilities:</b>		
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>
<b>Non-Cash Transactions:</b>		
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>
<b>Cash and Equivalents, End of Year:</b>		
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>
<b>Total</b>	<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 August 5, 2022, while the SIP funding must be spent by May 24, 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
<b>Total</b>	<b>\$ 10,978,717</b>	<b>\$ 13,538,781</b>	<b>\$ 1,102,612</b>	<b>\$ 25,620,110</b>

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

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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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

<u>Investment Type:</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>&gt; 10</u>
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	<u>\$ 23,757,092</u>				

**WESTFIELD STATE UNIVERSITY**  
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**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:

Investment Type:	Fair Value	June 30, 2020 Investment Maturity in Years			
		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	\$ 1,921,460	\$ 4,119,747	\$ -	\$ -
Equity securities	13,961,792				
Total investments	\$ 20,002,999				

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

	Fair Value	Quality Ratings							Not Rated
		BBB	BBB+	A-	A	A+	AA-	AAA	
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	\$ 7,491,945	\$ 1,014,980	\$ 1,200,560	\$ 726,257	\$ 581,191	\$ 186,585	\$ 581,897	\$ 3,200,475	\$ -

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

	Fair Value	Quality Ratings						Not Rated
		A-	A	A+	AA-	AA	AAA	
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	\$ 6,041,207	\$ 432,275	\$ 1,628,609	\$ 313,831	\$ 315,989	\$ 303,437	\$ 3,047,066	\$ -

**WESTFIELD STATE UNIVERSITY**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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						
	<b>Estimated lives (in years)</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Reclassifications</b>	<b>Ending Balance</b>
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**  
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**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
<b>Total</b>		<u>1,549,409</u>	<u>9,687,979</u>	<u>-</u>	<u>-</u>	<u>11,237,388</u>
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
<b>Total</b>		<u>187,031,879</u>	<u>213,609</u>	<u>1,408,008</u>	<u>-</u>	<u>185,837,480</u>
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
<b>Total accumulated depreciation</b>		<u>89,464,449</u>	<u>5,286,361</u>	<u>1,368,218</u>	<u>-</u>	<u>93,382,592</u>
<b>Capital Assets, Net</b>		<u>\$ 99,116,839</u>	<u>\$ 4,615,227</u>	<u>\$ 39,790</u>	<u>\$ -</u>	<u>\$ 103,692,276</u>

**WESTFIELD STATE UNIVERSITY**  
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**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).

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**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:

	June 30, 2021				
	<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>

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**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	2,026,154	-	763,012	1,263,142	122,286
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	76,656,042	-	6,030,372	70,625,670	-
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.

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**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.

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**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.

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**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>

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

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.

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**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**  
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**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.

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**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**  
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**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%

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**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**  
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**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	<b>39.0%</b>	<b>4.8%</b>	39.0%	4.9%
Portfolio Completion Strategies	<b>11.0%</b>	<b>3.2%</b>	11.0%	3.9%
Core Fixed Income	<b>15.0%</b>	<b>0.7%</b>	15.0%	1.3%
Private Equity	<b>13.0%</b>	<b>8.2%</b>	13.0%	8.2%
Real Estate	<b>10.0%</b>	<b>3.5%</b>	10.0%	3.6%
Value Added Fixed Income	<b>8.0%</b>	<b>4.2%</b>	8.0%	4.7%
Timber/Natural Resources	<b>4.0%</b>	<b>4.1%</b>	4.0%	4.1%
Total	<b><u>100.0%</u></b>		<b><u>100.0%</u></b>	

*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.

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**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	Discount Rate	1.00% Increase
(6.15%)	(7.15%)	(8.15)%
\$ 58,203,578	\$ 44,175,215	\$ 32,644,997
June 30, 2020		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
(6.25%)	(7.25%)	(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.

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**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.

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**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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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:

1.00% Decrease (B)	June 30, 2021 Current Healthcare Cost Trend Rate (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**  
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**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**  
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**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	\$ <b>83,086,846</b>	\$ 93,889,981
Supplies and services	<b>24,458,428</b>	35,140,940
Depreciation and amortization	<b>5,242,275</b>	5,286,361
Scholarships and fellowships	<u><b>5,821,909</b></u>	<u>5,555,084</u>
	<u><b>\$ 118,609,458</b></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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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**  
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**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>
<b>Current Assets:</b>		
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>
<b>Total Assets</b>	<b><u>\$ 2,037,337</u></b>	<b><u>\$ 3,262,654</u></b>

**Liabilities and Net Position**

<b>Current Liabilities:</b>		
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>
<b>Total Current Liabilities</b>	<b><u>562,100</u></b>	<b><u>566,981</u></b>
<b>Noncurrent Liability:</b>		
Accrued liability for employee compensation and benefits	<u>38,030</u>	<u>49,425</u>
<b>Total Liabilities</b>	<b><u>600,130</u></b>	<b><u>616,406</u></b>
<b>Net Position:</b>		
Unrestricted	<u>1,437,207</u>	<u>2,646,248</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 2,037,337</u></b>	<b><u>\$ 3,262,654</u></b>

**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>
<b>Operating Revenues:</b>		
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>
<b>Total Operating Revenues</b>	<u>5,539,464</u>	<u>13,757,616</u>
<b>Operating Expenses:</b>		
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>
<b>Total Operating Expenses</b>	<u>10,154,644</u>	<u>18,577,200</u>
<b>Operating Loss</b>	<u>(4,615,180)</u>	<u>(4,819,584)</u>
<b>Non-Operating Revenues:</b>		
Other revenue - MSCBA	-	486,724
HEERF funds	<u>3,406,139</u>	<u>1,285,635</u>
<b>Total Non-Operating Revenues</b>	<u>3,406,139</u>	<u>1,772,359</u>
<b>Decrease in Net Position</b>	<b>(1,209,041)</b>	<b>(3,047,225)</b>
Net Position, Beginning of Year	<u>2,646,248</u>	<u>5,693,473</u>
<b>Net Position, End of Year</b>	<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 **DATE**

## **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**

**DATE**