



## Board of Trustees

October 13, 2020

2:30 PM

### Virtual Meeting 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 will also take place on YouTube.

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- |   |                                   |
|---|-----------------------------------|
| <b>1. Call to Order</b>                                       | Board Chair Kevin Queenin         |
| <b>2. Approval of Minutes</b>                                 | Board Chair Kevin Queenin         |
| a. September 29, 2020 Special Meeting                         |                                   |
| <b>3. General Announcements</b>                               | Board Chair Kevin Queenin         |
| a. Annual DHE Statewide Trustee Convening Oct. 27             |                                   |
| b. Trustee Attendance at Campus Events                        |                                   |
| c. BoardPaq and Email   |                                   |
| <b>4. President's Report</b>                                  | Dr. Roy H. Saigo                  |
| <b>5. Student Trustee Report</b>                              | Trustee Thalita Neves             |
| <b>6. Safe Opening Task Force Report</b>                      | Mr. Richard Lenfest, Jr.          |
| <b><u>Advancement and Enrollment Management Committee</u></b> | Committee Chair Martinez-Alvarez  |
| <b>7. Items for Information</b>                               |                                   |
| a. Student Scholarship Recipients Video                       | Dr. Erica Broman                  |
| • Adam Hanna '21 and Kiara Nazario-Cartagena '22              |                                   |
| <b>8. Items for Action</b>                                    |                                   |
| a. Motion – Revised MOA Between the University and Foundation |                                   |
| <b><u>Academic and Student Affairs Committee</u></b>          | Committee Chair Dr. Robert Martin |
| <b>9. Items for Information</b>                               |                                   |

- a. Massachusetts Life Sciences Center Grant for Women's Health Research

Dr. Kristen Porter

**Finance and Capital Assets Committee**

Committee Chair Edward Sullivan

**10. Items for Information**

**11. Items for Action**

- a. Motion – FY21 Operating Budget

**Audit Committee**

Committee Chair Paul Boudreau

**12. Items for Information**

**13. Items for Action**

- a. Motion – FY20 Audit Report

**Governance and Nomination Committee**

Committee Chair Melissa Alvarado

**14. Items for Information**

**Presidential Search Committee**

Committee Chair Dr. Robert Martin

**15. Items for Information**

**Other Business**

Board Chair Kevin Queenin

**16. Item for Information and Discussion**

- a. Westfield Chapter Association of Professional Administrators, MTA/NEA (APA) Informational Presentation
- APA Members

**Attachments:**

- a. Minutes of September 29, 2020 Special Meeting

**Advancement and Enrollment Management Committee:**

- b. Motion – Revised MOA Between the University and Foundation
- c. 10-3-20 Revised MOA Tracked Changes from Original 2-2015 MOA
- d. WSF MOA Draft 10-3-20 Final

**Finance and Capital Assets Committee:**

- e. Motion – FY21 Operating Budget
- f. FY21 Operating Budget (Narrative)
- g. FY21 Operating Budget (Campus Budget)
- h. FY21 Operating Budget (Trust Fund)
- i. FY21 Operating Budget (UEAAC Narrative)
- j. FY21 Operating Budget (Preliminary)

**Audit Committee:**

- k. Motion – FY20 Audit Report
- l. FY20 Audit Report



## BOARD OF TRUSTEES Minutes

September 29, 2020

### 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.

**MEMBERS PARTICIPATING REMOTELY:** Chair Kevin Queenin and Trustees Melissa Alvarado, Paul Boudreau, Madeline Landrau, Robert Magovern, Dr. Robert Martin, Thalita Neves and Dr. Gloria Williams

**MEMBERS EXCUSED:** Vice Chair Edward Sullivan, Secretary Lydia Martinez-Alvarez, and Trustee James Hagan

Dr. Roy Saigo, Interim President of Westfield State University, Members of the Westfield Chapter MSCA Executive Council, and Members of the University Efficiency Analysis Advisory Committee (UEAAC) were also participating remotely.

The meeting was called to order at 1:00 PM by Chair Queenin, who stated this meeting was to inform the Board of Trustees and the campus community and serve as a vehicle to improve communication, increase transparency and listen to each other, underscoring the importance of working together to foster mutual respect.

**MOTION** made by Trustee Neves, seconded by Trustee Landrau, to approve the minutes of the August 21, 2020 Board of Trustees meeting.

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

|                  |           |                  |     |
|------------------|-----------|------------------|-----|
| Trustee Alvarado | Yes       | Trustee Martin   | Yes |
| Trustee Boudreau | Yes       | Trustee Neves    | Yes |
| Trustee Landrau  | Yes       | Trustee Queenin  | Yes |
| Trustee Magovern | Abstained | Trustee Williams | Yes |

**Motion passed with one abstention.**

General Announcements: Chair Queenin stated there will be an informational meeting every month and the schedule is posted on the Board of Trustees webpage. He thanked President Saigo for his leadership over the past few months in his efforts to bring the campus together, outreach to the community, focus on recruitment and retention, and concern for the safety of the campus in the pandemic.

President’s Report: President Saigo shared the following three items:

- He is excited that the leadership of both the Board of Trustees and faculty are routinely talking and sharing information.
- Over the last three years, reductions in enrollment have resulted in loss of income and we are now down \$7.5 million. Most universities deal with a deficit like this through furloughs and ten percent cuts. He met with Dr. Juline Mills, Dean of the College of Education, Health and Human Services, to discuss efficiency and overlap and how to evaluate these issues. The University Efficiency Analysis Advisory Committee (UEAAC) was formed with 25 people across the campus, and their findings will transform the institution and how it does things in the future.
- Enrollment continues to decrease. This will be turned around by creating a campaign for Westfield State University with billboards and lawn signs. He is visiting community colleges and superintendents. Faculty are helping. There is discussion of a satellite campus in Springfield. Trustees Williams, Landrau, and Martinez-Alvarez are helping with the *Reach to Teach* program. We are being proactive.

Safe Opening/COVID-19 Update: Mr. Richard Lenfest, Jr., Director of Athletics and Chair of the Safe Opening Task Force, gave the following update.

- Asymptomatic testing took place from September 24 through 27 for all students with an on-ground presence. Testing will also be required for all on-ground students October 13 through 16, November 2 through 5, and November 30 through December 3. Faculty and staff will also have the option of being tested during these times.
- Symptomatic testing will be performed through Health Services, utilizing the isolation/quarantine plan with the Emergency Recovery Team if needed. If positive test results, students will get their to-go bag and go to Lansdowne. A staff member will be on site, Dining Services will provide meals, and Health Services will check in with them every day. Any person in contact with a positive student will also isolate in Lansdowne.
- All testing numbers are on the COVID-19 testing dashboard, which also includes City of Westfield data. There were 2,819 faculty, staff and students tested, with four positive test results (three commuter students and one residential student); a .125% positivity rate. The isolation policy was followed as soon as test results were received from the Broad Institute. Within 30 minutes of the test result, the residential student was notified, communicated with parents, and taken to Lansdowne.
- A key part of the preparation for COVID is the collaboration with the Westfield Department of Health. We also have contact tracing teams in both Student Affairs and the Office of Human Resources, Inclusion, Diversity and Equity.
- Tabletop exercises are ongoing, which assist in knowing we are ready to move forward with plans and contingency plans. We also have learned from other institutions in the last 30 days.
- For our four positive cases, the information was immediately given to the City of Westfield and the hometowns of students and the information will be placed on the municipality dashboard of the address listed by the student.
- Some examples of campus experience activities were shared, which include athletics conditioning, in-person and virtual events, joint Academic and Student Affairs calendar and social interacting within the guidelines of safety protocols.

University Efficiency Analysis Advisory Committee (UEAAC): Dr. Juline Mills, Dean of the College of Education, Health and Human Services, and chair of the UEAAC, introduced the other members of the committee, representing the MSCA, AFSCME and APA unions as well as NUPs and SGA members. The committee of 25 people has been charged to review campus efficiencies and make recommendations from the following tasks.



- The committee has created bylaws and a communication plan.
- Task 1 directed the committee to examine ways to close the budget deficit of \$7.5 million to avoid furloughs, layoffs, and retrenchments. Instead of making cuts across the board, we are asking what we can do without for one time to get through this year. The committee looked at line items, reached out to vice presidents, received feedback and made recommendations to cabinet and President Saigo regarding adjustments to the budget for this fiscal year.
- Task 2 directed the committee to examine where there were overlaps in the processes, gaps in support, or the need to combine areas to be more efficient. We need to develop a long-term, efficient, operational structure while continuing to provide quality education to students. Outreach to campus through surveys and listening sessions will take place for ideas on these areas of overlap and support.
- Task 3 directed the committee to examine how well our academic resources are being used, if there are any shortfalls, and how to improve that process.
- A campus-wide town hall is scheduled for September 30 to review the results of Task 1 and give an update on Tasks 2 and 3.
- The goal is to work together to create a better operational foundation to be successful for the long-term. For the short-term, we need to keep community members employed, find the best way to balance the budget, and maintain quality of service and care for students.
- President Saigo added that this is a transformational initiative and the committee is on a very tight schedule while teaching remotely and doing their regular work. The first phase is easy, the second more difficult, and the third will depend on the data received.
- Dr. Mills stated a challenge is making sure the committee is operating without bias and is being transparent. There has been a learning curve in understanding the various levels of financial data but they are helping each other in developing community. Tasks 2 and 3 will be more difficult because of the long-term effects of COVID and the decline in enrollment and in creating a structure that will be viable for the institution. Mr. Taksar stated there are significant limitations in reporting financial data, pointing to a gap of how we can produce analytical decisions in a helpful way.
- Trustees commented that they appreciated the updates and communications being provided to them, the diversity and collaboration of the committee, the incredible and strong process, and the generation of a great amount of work in such a short time. They offered their support and assistance.

Presidential Search Committee Update: Trustee Martin gave an informational update on the presidential search, stating the Board and the Search Committee have an obligation to make sure the rest of the campus receives frequent updates.

- Searches have three distinct stages:
  - Assessment stage. The committee is currently at this stage of determining what it is we are looking for and what we need in a president. This will be followed by creating a leadership profile of the desired attributes, qualities, prior experience, skills and a clear statement of what challenges are currently confronting the University.
  - Recruitment stage. The search firm will be proactive and aggressive in the process of reaching out to candidates who meet the criteria. Nominations are welcome from anyone and can be sent to [WSU-President@wittkiewer.com](mailto:WSU-President@wittkiewer.com). WittKieffer will follow up on each one.
  - Selection phase. The committee will:
    - Reduce the pool to ten-to-twelve applicants; then
    - Reduce the pool to three-to-five candidates to invite to campus for interviews; then
    - Make a written recommendation to the Board of three unranked candidates with a detailed statement of what the committee feels are strengths and weaknesses, incorporating feedback received from the campus community.

- From September 11 through 18, WittKieffer conducted approximately ten listening sessions, reaching 120 individuals across all constituencies. There were 363 people who responded to the survey; 141 received from students, a healthy response rate from faculty and staff, and nine responses from Trustees.
- There will be a Search Committee meeting on September 30 to extract data received from the community to work on the profile. Some feedback from the surveys and listening sessions include:
  - The greatest strengths are the students and faculty, academic programs, and a robust student life.
  - There was consensus around the importance of long-term enrollment and financial stability, with the ability to increase in a competing and complex market. Recruitment and retention efforts need to continue to be stressed over time. The community wants to be more engaged in setting goals, building strategies and collaboration in solutions. We need to advance diversity, equity and inclusion and promote transparency between all constituencies. Being sought is a strong, humble, transparent, honest servant leader who is an exceptional communicator that can foster a shared sense of purpose to all groups.
  - There is a need to work our way through distrust, suspicion, and question of motives. We cannot get to an end process while being divided, and we will not be attractive to candidates.
- Tomorrow's Search Committee meeting will have an in-depth discussion on the timeline for the search. The goal is to complete it in this academic year, but the committee is cognizant of the need to build trust, communication, and experiences to work together.
- At the last Board of Trustees meeting, the members of the Search Committee were approved, and subsequent to that meeting, the membership changed. Dr. Kimberly Tobin is devoting work to the UEAAC and the MSCA recommended Dr. Brian Jennings to add to the Search Committee. The following Motion lists the membership with the addition of Dr. Jennings and the removal of Dr. Tobin.

**MOTION** made by Trustee Martin, seconded by Trustee Neves, to approve the appointment of the following revised list of individuals to the Presidential Search Committee:

**Melissa Alvarado**, Alumni Trustee (Class of 1999), Assistant Vice President in Enterprise Risk Management at MassMutual Financial Group (Alumni Association representative), Vice Chair of the Committee

**Claudia Ciano-Boyce, Ed.D.**, Professor of Psychology and President, Westfield Chapter of MSCA (Faculty/Westfield MSCA representative)

**Junior Delgado**, Director of Career Center and Employer Relations (Administrator/Westfield APA representative)

**George Flevotomos**, Principal at Demayo Properties and 2nd Vice Chair of WSU Foundation (WSU Foundation representative)

**Brian Jennings, Ph.D.**, Associate Professor of Mathematics (Faculty/Westfield MSCA representative)

**Ron'na J'Q Lytle**, Administrative Assistant to Departments of Ethnic and Gender Studies, Language and Culture Studies, and Sociology, and AFSCME Unit 1 Steward (Westfield AFSCME representative)

**Robert Martin, Ph.D.**, Trustee, Retired former Vice President for Academic Affairs and Interim President at Framingham State University, Chair of the Committee

**Lydia Martinez-Alvarez**, Trustee, Assistant Superintendent, Springfield Public Schools

**Juline Mills, Ph.D.**, Dean of the College of Education, Health, and Human Services (Academic Administration representative)

**Thalita Neves**, Student Trustee (Class of 2021) (Student Government Association representative)

**Ali Salehi**, President of Columbia Manufacturing (Greater Westfield Community representative)

**Thomas Simard**, Deputy Commissioner for Administration and Finance at the Massachusetts Department of Higher Education (Mass BHE/DHE representative)

**Stephen Taksar**, Vice President for Administration and Finance (Cabinet representative)

**Gloria Williams, Ed.D.**, Trustee, Educational Consultant, Adjunct Professor, and former principal, Springfield Public Schools

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**Jalisa Williams, L.P.D.**, Associate Vice President, Office of Human Resources, Inclusion, Diversity, & Equity/Affirmative Action Officer, ex officio, non-voting resource to the committee

**Jean Beal**, secretary to the committee

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

|                  |     |                  |     |
|------------------|-----|------------------|-----|
| Trustee Alvarado | Yes | Trustee Martin   | Yes |
| Trustee Boudreau | Yes | Trustee Neves    | Yes |
| Trustee Landrau  | Yes | Trustee Queenin  | Yes |
| Trustee Magovern | Yes | Trustee Williams | Yes |

**Motion passed unanimously.**

Chair Queenin stated that the leadership of the unions and the Board of Trustees have been meeting on a regular basis and are continuing to make progress. In the spirit of communication and collaboration, the Board invited members of the MSCA Executive Council to today's meeting.

Westfield Chapter Massachusetts State College Association (MSCA) Executive Council Presentation: Dr.

Claudia Ciano-Boyce, President, introduced the other Executive Council members of the Westfield MSCA.

She continued that the union deals with everything surrounding faculty members, both large and small.

They have been dealing with very large matters since March, in having to change everything around for their students. They are glad to be at this meeting, which is the beginning of collaboration. Meetings

between the union and Board members have been productive, but hard. The faculty voices are being heard, and they are hoping for listening and more openness with engagement, action, and development of trust on both sides. She asked for the Board's response to these comments, and Trustees responded with the following:

- Inspired by the level of respect in the difficult, but productive, meetings between union and Board leadership. Sometimes there has to be an agreement to disagree with the ultimate goal of strengthening the University.
- This is a step forward and exactly what everyone needs to hear. We all need to learn from past lessons and take a step forward.
- There is much to be said for how teams come together in difficult times and those difficult discussions were applauded.
- Dr. Ciano-Boyce stated that hearing the Trustees' voices is very important and appreciated.
- It is uncomfortable to read or hear comments that there are people in the community who think the Trustees are incompetent or corrupt. We can get further if we do not judge people's motivations and accept what is said and move forward. It is important to recognize the distrust that exists, but hope the vision can be forward-looking. This will be required from each of us and for the next president. The Board also needs to widen the circle beyond conversations with the MSCA Executive Council and encourages people to attend the Trustees' committee meetings to hear more substantive discussions and get to know the Trustees better.

- There are many years of experience with the faculty in this meeting and it is hoped informational meetings with the Trustees can continue. A goal of being the best university in Massachusetts should propel all of us forward together.
- Dr. Ciano-Boyce stated that the past cannot be forgotten. Everyone needs to be humbled by it, learn from it, be honest, and move on.
- Trustee Neves reminded the group to always recognize and understand that everything is done for the benefit of the students. Tension reflects on our students and they feel it. We do not want that culture to rub off on students.
- Chair Queenin stated that Dr. Ciano-Boyce listed the characteristics of listening, engaging, and action as critical elements of moving forward. The first two have started to be addressed and we need to focus on action. He and Dr. Ciano-Boyce have defined the following action items together:
  - The two other unions on campus will be given the opportunity to be heard at the October Board of Trustees meeting.
  - Establish a subcommittee of Board of Trustees and representatives from each union to serve as a communication tool between the unions and the Board and possibly administration. The committee can listen, engage and create action plans like the three committees reporting at today's meeting and report to the Board at their monthly meetings on how to restore communication and trust.

President Saigo stated that he met parents during move-in and assured them we would take care of their children. Administration is here to assist the faculty to educate our students and by doing this, we will become the finest institution. The Board of Trustees are successful in their businesses and have a genuine concern for the institution and the faculty are the very best, but both are on different planes. The more discussions we have, the less the gaps are filled with rumors. We have made great progress and it will get better. We will increase enrollment for the spring and guarantee increased enrollment for fall 2021. He appreciates the opportunity to be part of our success. Dr. Ciano-Boyce stated that the faculty love our students and love teaching them. Being assisted to do that job is what they would like.

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

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

|                  |     |                  |     |
|------------------|-----|------------------|-----|
| Trustee Alvarado | Yes | Trustee Martin   | Yes |
| Trustee Boudreau | Yes | Trustee Neves    | Yes |
| Trustee Landrau  | Yes | Trustee Queenin  | Yes |
| Trustee Magovern | Yes | Trustee Williams | Yes |

**Motion passed unanimously.**

Meeting adjourned at 2:52 PM.

Attachments presented at this meeting:

- Draft Minutes of August 21, 2020
- Safe Fall Opening Update Presentation
- Motion – Presidential Search Committee Members (Amended)

#### 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 September 29, 2020.

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

\_\_\_\_\_  
Date



MASSACHUSETTS  
Department of  
Higher Education

## October 27, 2020 Statewide Trustees Convening

### Online Event

Link to the registration website for the Trustee Convening:

<https://www.eventbrite.com/e/october-2020-statewide-trustees-convening-registration-124618915531>

## Main Program

**Tuesday, October 27**

**12 p.m. to 2 p.m.**

### Statewide Trustees Convening/Webinar

The annual convening is designed to bring together trustees of the Commonwealth's public higher education system to hear directly from the Department of Higher Education about statewide priorities, goals and strategies, and to provide a venue where trustees can share with the Department and with each other best practices implemented at their respective institutions. DHE believes strongly in the importance of strong, independent, engaged, and informed boards in our public higher education system, and this convening is a major effort to advance that goal. This year, day will focus exclusively on the implementation of the Equity Agenda, with an emphasis on concrete steps that boards can take to ensure that their institution is moving toward that goal.

## Agenda

- Welcome
- Commissioner's remarks followed by Q&A
- (tentative) Presentation on board governance
- Overview of new trustee training requirement and online curriculum
- Tutorial on Blackboard platform by UMass Online
- Questions and discussion



## **Board of Trustees**

October 13, 2020

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### **MOTION**

To accept the revised draft MOA between the Westfield State Foundation and Westfield State University and forward to the Westfield State Foundation for final approval subject to further non-substantive edits.

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Kevin R. Queenin, Chair

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Date

## MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made as of the \_\_\_ day of \_\_\_\_\_, ~~2015, 2020~~ by and between Westfield State University (~~the "University";~~), an agency of the Commonwealth of Massachusetts, and Westfield State Foundation, Inc. (~~the "Foundation";~~), a not-for-profit charitable corporation organized and operating as such, pursuant to Massachusetts General Laws, chapters 15A, §37, and 180 ~~of the General Laws of said Commonwealth.~~

WHEREAS, the Foundation is organized and operated exclusively for the benefit of the University and consistent with the policies and goals of the University;

WHEREAS, the Foundation was organized for the purpose of facilitating voluntary private support from alumni, friends, corporations, foundations and others;

WHEREAS, the Foundation plays a significant role in receiving, holding and disbursing moneys and other assets dedicated to the support of the University;

WHEREAS, the Foundation is dedicated to assisting the University by fostering a culture of philanthropy, growing the endowment and providing financial and other support for long-term academic and other University priorities;

WHEREAS, as stated in the articles of incorporation, the Foundation is a separate, incorporated 501(c)3 organization and is responsible for identifying and nurturing relationships with potential donors and other friends of the University, receiving funds, securities, real and intellectual property and other private resources for the support of the University and acknowledging and stewarding such gifts in accordance with donor intent and fiduciary responsibilities;

WHEREAS, the University designates the Foundation as the repository of private and corporate gifts made in support of the University unless otherwise specified by the donor;

WHEREAS, in fundraising activities, the University retains personnel with expertise in advancement services, fundraising, gift planning and other capacities necessary for the fulfillment of its mission;

WHEREAS, the Foundation working with the University shall jointly establish gift acceptance policies, naming policies and provisions for the establishment of scholarships, chairs and other endowment purposes; and,

WHEREAS, the University and the Foundation are desirous of recording certain understandings concerning the manner in which the Foundation and the University will coordinate, and otherwise cooperate in, their efforts to raise moneys and secure other assets from private donors for the support and benefit of the University.

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NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants herein contained, the University and the Foundation hereby agree as follows.

1. Use of Name. The University and the Foundation acknowledge and agree that the University, in accordance with and subject to the provisions of chapter 15A, section 37, of the General Laws of Massachusetts, has accorded to the Foundation the right and authority to use the name of the University in the Foundation's own name; however, the Foundation will operate under its own seal and logotype.
2. Foundation's Mission and Purpose. The Foundation's mission and purpose ~~are~~is to receive, steward or invest, manage and disburse private and corporate resources, in accordance with the Foundation's policies in support of the mission and priorities of the University, as the University may determine those to be from time to time. It is the ~~University's and the Foundation's~~ expectation of the University and Foundation, therefore, that the Foundation will, consistent with the terms of this Memorandum of Agreement, play a supportive role in the University's fundraising activities and, in accordance with University policy and applicable provisions of law, in the management of privately raised moneys and other assets. Nothing in this agreement shall require the Foundation to accept or disburse funds raised by the University if the Foundation finds ~~that~~ the anticipated raising and disbursing of funds to be ~~a~~-inconsistent with, or in violation of, the Foundation's fiduciary responsibilities.
3. University's Support and Assistance.
  - a) ~~At the Foundation's request, the~~The University may, at no cost to the Foundation, provide the Foundation with ~~such~~ space and facilities on or near the University's campus, including suitably equipped office and meeting space, ~~as~~, as is mutually agreed upon by the University and the Foundation ~~as reasonably necessary~~, to permit the Foundation to fulfill its obligations under this Memorandum of Agreement. The University shall also provide the Foundation with appropriate telephone and computer connectivity through the University's own telephone and computer networks.
  - ~~b)~~ The University shall provide, support and maintain ~~the~~ necessary and appropriate computer software to advance the success of the University's fundraising efforts, as well as the proper management of all records pertaining to such efforts. Further, the University shall ~~provide~~ proper training of individuals charged with the support and maintenance of such software and the records contained therein, including the development of business practices and confidentiality policies related thereto.
  - ~~c)~~ b) The Foundation may, in its discretion, elect to provide financial support to specific development efforts for which the university has declined support.
  - c) The University's Vice President for Institutional Advancement ~~and University Relations~~ (or such other employee of the University as ~~the University~~it may designate from time to time) shall serve as the ~~chief operating officer~~Executive Director of the Foundation. When the position becomes vacant and a search is undertaken for a replacement, the Foundation shall have two foundation board members participate in the selection process.

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- d) At the request of the Foundation, the University, at its sole cost and expense, shall, ~~endeavor to~~ assign staff from its Advancement Department to include, but not be ~~limiteded~~ limited to, administrative and information technology services. The University, after consultation with the Foundation, shall determine the assignments and responsibilities of these employees. ~~after consultation with the Foundation.~~ The rendering of all such personnel services (including those of the ~~chief development officer~~ Executive Director) to the Foundation shall be subject to applicable provisions of law, including those contained in Massachusetts General Laws, chapter 15A, section 37, ~~of the General Laws of Massachusetts.~~ In no event, shall a University employee assigned to the Foundation be authorized or permitted to distribute Foundation resources, of any kind or value, without the express permission of the Foundation Executive Committee ~~of the Foundation's Board.~~ The Foundation ~~may develop,~~ from time to time, ~~internal processes to ensure that sufficient~~ shall review internal controls ~~are in place so to ensure~~ that any and all distributions made from the Foundation are authorized in a manner which reflects good business practices, ~~oversight and shall provide such processes to the University.~~
- e) The University ~~shall,~~ from time to time, shall communicate to the Foundation the University's priorities and long-term plans, together with such other information as the University ~~thinks~~ deems necessary or appropriate to assist the Foundation in the fulfillment of its obligations hereunder. The University shall include the Foundation Chair or his or her designee as ~~an active and prominent~~ a participant in appropriate strategic planning for the University.
- f) ~~In order to~~ To enhance communication between the Foundation Board and the University's University Board of Trustees, representatives of the two entities shall meet no fewer than two times each fiscal year to discuss matters of mutual best interest.
- g) The Foundation Board of Directors will work ~~in conjunction~~ with the University's University Board of Trustees, ~~the~~ President and other senior administrators ~~of the University~~ to identify, cultivate and solicit prospects for private gifts.
- h) ~~The~~ Subject to University ~~shall~~ policies, budgets and applicable laws, the University, from time to time, shall give to the Foundation ~~such~~ additional support and assistance as ~~(but subject always to University policies, University budgets and applicable provisions of law)~~ the University deems necessary ~~or~~ and appropriate for the Foundation to assist it in the accomplishment of fulfill its ~~purposes~~ purpose and ~~the fulfillment of its~~ mission.
- i) Any and all support and assistance provided by the University to the Foundation shall, at all times ~~remain subordinate~~ and subject to appropriation, conform with University policy and applicable provisions of law.
- j) In consultation with the Foundation, and consistent with its policies and prescriptions ~~as they are from time to time,~~ the University shall have, and assume, principal responsibility for planning and executing comprehensive programs to develop and foster private fundraising and donor acquisition for the support of the University. The programs shall include annual giving, major gifts, planned gifts, special projects and special fundraising ~~and,~~ capital campaigns and, in support of the same, the general cultivation of donor and alumni/ae relations.

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4. Foundation's Responsibilities.

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- a) The Foundation shall maintain its status as a separately incorporated 501(c)(3) non-profit organization created to receive, manage, distribute and steward private and corporate resources in exclusive support of the various priorities of the University.
- b) The ~~Foundation's~~ Foundation Board of Directors is responsible for the prudent management of all assets of the Foundation, and the administration of gifts ~~consistently~~ consistent with the intent of the donors.
- c) The Foundation shall maintain copies of plans, budgets and donor and alumni records developed in connection with the performance of its obligation.
- d) The Foundation shall provide ~~data and records~~ to the University ~~on a need to know basis~~ data and records, where appropriate and in accordance with applicable laws, ~~Foundation policies and guidelines.~~
- e) The Foundation shall not accept grants from private, state or federal agencies, except in ~~those~~ circumstances that are approved by the ~~Foundation's~~ Foundation Board of Directors and said funding agency.
- f) The Foundation shall receive, hold, manage, invest, and disburse contributions of cash, securities, patents, copyrights and other forms of property, including immediately vesting gifts and deferred gifts that are contributed in the form of planned and deferred-gift instruments. The Foundation shall not accept a gift of, or otherwise acquire real property or any interest therein, without ~~in each case~~ the express consent of the University.
- g) The Foundation shall establish, adhere to and periodically assess policies governing its acceptance and management of gifts. All such policies, including policies pertaining to restrictions placed on gifts, shall conform to any applicable policies of the University and shall make provision for protecting the anonymity of donors who choose to make ~~anonymous~~ gifts ~~anonymously~~. No such policy shall permit the Foundation to obligate the University to confer any benefit or honorific on any donor or prospective donor without ~~in each case~~ the prior approval of the University ~~and any~~. Any and all naming rights of any kind ~~whatever~~ shall be exercisable ~~solely~~ by the University ~~and at~~ its sole discretion.
- h) The Foundation shall adhere to the University's Procedures for Implementing the Public Higher Education Endowment Incentive Program and such other programs and/or policies as may be in force ~~from time to time.~~
- i) The Foundation shall establish asset-allocation, disbursement and spending policies that conform to applicable provisions of law, including the Uniform Prudent Management of Funds Act (~~e. 180A of the Massachusetts General Laws of Massachusetts as the same is in force for the time being, chapter 180A~~). In connection therewith, the Foundation, ~~subject to applicable restrictions,~~ shall develop an annual budget and spending plan and ~~(but subject to applicable restrictions)~~ may annually expend a reasonable percentage of its funds for the support of its programs, services and operations.
- j) In consultation with the ~~University, and in response to a formal request from~~ Foundation, the University shall deliver to ~~be received by~~ the Foundation ~~no later than~~ on or before March 1<sup>st</sup> of each year ~~a formal request for funds to support University initiatives~~. The Foundation shall deliver to the University no later than April 15<sup>th</sup> of each year, a plan of disbursements to the University for the ~~University's~~ upcoming fiscal year ~~next ensuing~~. When disbursing funds or other assets to the University, the Foundation shall disclose to the University any terms, conditions or limitations to which any such funds or assets are subject. This planning does not

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preclude the two entities from discussing additional needs ~~as they that~~ might arise ~~from time to time~~ throughout the year.

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k) ~~The~~ Annually, the Foundation shall ~~annually~~ cause a complete, audited financial statement of its accounts to be prepared in accordance with ~~such~~ generally accepted accounting principles and reporting practices as may be prescribed from time to time by the American Institute of Certified Public Accountants (or any successor organization), ~~and the same~~. The statements shall be examined by an independent certified public accountant for the purpose of expressing an opinion in accordance with generally accepted auditing standards ~~for the purpose of expressing an opinion thereon~~. A. Upon its completion, a copy of such statement shall be transmitted to the University ~~upon its completion~~. The. Where appropriate and by agreement, the Foundation and ~~the~~ University, ~~by agreements made from time to time hereafter~~, may arrange to have such audit conducted in conjunction with the annual audit the University causes to be conducted of its own accounts. In such cases, donor-requested anonymity will be ensured prior to the commencement of the joint audit. The Foundation shall furnish copies of said audits to such governmental entities as may be ~~prescribed by law or regulation~~.

l) ~~l)~~ —The Foundation shall maintain accurate records of all gifts received by it, including any restrictions or other terms ~~that are of application to each~~, together with accurate records of all other matters that are relevant to the fulfillment of its obligations under this Memorandum of Agreement.

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5. Direct Assistance to the University. In order to provide direct assistance to the University in its development activities, the Foundation shall reimburse the University for costs and expenses incurred for the benefit and support of the University subject to:

- a. the ~~Foundations's "Foundation's Fiscal Policies and Procedures Manual," in effect at the time, its By Laws in effect at the time, Bylaws~~ and/or, any other Foundation governance or regulatory policies and procedure(s) in effect at the time;
- b. the availability of funds pursuant to sections 4(h) and 5(c) hereof; and,
- c. the express written acknowledgement of the Foundation that any such reimbursement is consistent with all terms and provisions hereof.

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The University may seek reimbursement for the costs and expenses it incurs in connection with its efforts to raise moneys and secure other assets from private donors, ~~and it, It~~ may do so whether such efforts of the University are made for, or in the name of, the University ~~itself~~ or ~~for or in the name of the~~ Foundation. The Foundation may decline any request for reimbursement that ~~is not specified in the Foundation annual budget and~~ had not been approved previously by the ~~Foundation's Foundation~~ Executive Board ~~that is not specified in the Foundation's annual budget Committee~~.

Appropriate reimbursements include costs and expenses ~~the University's that University~~ employees reasonably incur for travel, lodging and related expenses (but not including the cost of any ~~such~~ employee's compensation), the costs of entertainment, meals, receptions, ~~the costs of~~ publications, exhibits and other forms of publicity, and the costs of any like events and activities (but not including any component of the University's general overhead) that support or relate to such efforts.

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No more frequently than monthly, the University shall submit to the Foundation, in the form of an invoice or like statement, a request for reimbursement of any costs and expenses ~~that it has~~ incurred (whether paid or payable) and that the Foundation has not already reimbursed or has declined to reimburse. All requests shall include a description of the costs and expenses (or the categories thereof) and the purposes ~~therefore~~ as they relate to ~~the~~ efforts to raise moneys and secure other assets from private donors. The University shall provide to the Foundation ~~any more particular~~ information that the Foundation may reasonably require with respect to any such request. The Foundation shall consider all such requests in light of its fiduciary responsibilities for prudent management and custody of funds. Any such requests that, in the judgment of the Foundation Treasurer and its officers, do not conform ~~as stated above~~ to this standard shall be denied.

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Nothing in this section shall be deemed to obligate the Foundation to reimburse to the University, in any fiscal year, any sum or sums that in the aggregate exceed the maximum ~~sum~~ amount the Foundation shall have fixed for such purpose or expense.

In accordance with section 4 of this Agreement, the Foundation and ~~the~~ University shall ~~confer concerning~~ discuss the maximum sum the Foundation will commit, for the next fiscal year ~~next ensuing~~, for the purposes described in this section. In doing so, they will have regard ~~both to~~ for the Foundation's ~~then~~ available financial resources and the University's anticipated expenditures for development. Funds distributed to the University shall come primarily from income in the Foundation's restricted investment funds. At the present time, the Foundation Investment Committee has determined that its spending policy will be no more than 4% of these restricted funds based on a rolling 12-quarter average. The Foundation will endeavor to limit its use of unrestricted funds until such time as the unrestricted endowment surpasses \$3 million, with the exception of its support to the Interfaith Center. Notwithstanding the foregoing, each fiscal year, the Foundation shall determine its total distributable income from all sources and will distribute no more than 95% of those funds. The 5% balance will remain to grow the Foundation fund balances.

6. State and Federal Compliance. ~~The Foundation may, subject~~ Subject to Board approval, the Foundation, to the extent that state and federal laws allow, may serve as an instrument for entrepreneurial activities for the University and engage in such activities as purchasing, developing or managing real estate for campus expansion and student housing, or participating in joint ventures that advance the mission of the University. It also may hold licensing agreements and other forms of intellectual property, borrow or guarantee debt issued by their parties, or engage in other activities to increase foundation revenue with no direct connection to a University purpose.
7. Interpretation. This Memorandum of Agreement shall be construed ~~to the ends~~ so that the Foundation might broadly and effectively promote and support the University's efforts to raise moneys and secure other assets from private donors.
8. Authorities of the University; Authorities of the Foundation. Nothing in this Memorandum of Agreement shall impair or limit the authority of the University to determine, in its sole discretion,

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by whom and by what activities it shall or may pursue its efforts to raise moneys and secure other assets from private donors, and no such authority shall be deemed to be vested hereby in the Foundation.

In the exercise of its authorities and the discharge of its obligations under this Agreement, the University shall act by its Board of Trustees or by any such person or body (whether one or more, or in combination) as the Board of Trustees ~~may~~, from time to time, may appoint or designate for the purpose of exercising any such authority or discharging any such obligation.

In the exercise of its authorities and the discharge of its obligations under this Agreement, the Foundation shall act by its Board of Directors or by any such person or body (whether one or more or in combination) as the Board of Directors ~~may~~, from time to time, may appoint or designate for the purpose of exercising any such authority or discharging any such obligation.

9. Amendment; Termination. The parties ~~may~~, at any time, may amend this Memorandum of Agreement by an instrument in writing, executed with the same formalities as those that attended the making of this instrument. ~~Either~~ At any time, either party may terminate this Memorandum of Agreement ~~at any time~~ by giving to the ~~Chairperson~~ chair of the other party not less than ninety (90) days advance written notice of its election so to do. The party initiating termination of the agreement must act in good faith to provide an opportunity for a meeting, to include the ~~Board~~ Chair ~~board chairs~~ (or board chair designee) and all appropriate executives, within thirty (30) days of initial written notice to terminate the agreement. Notwithstanding the foregoing, either party may terminate this agreement in the event that the other party defaults in its performance of its obligation and fails to cure the default within a reasonable time after receiving written notice to the executive and board chair of the defaulting party.
10. Non-Profit Corporation. Consistent with provisions appearing in the Foundation bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an IRS Code 501(c)3 nonprofit corporation, the Foundation ~~will~~ shall transfer its assets and property to the University, ~~to~~ a reincorporated successor foundation ~~to~~, another 501(c)3 organization affiliated with the University or ~~to~~ the state or federal government for public purposes, in accordance with the law and donor intent.
11. Subordination. To the extent any prior agreement(s) ~~exist which exists that~~ set forth understandings between the University and ~~the~~ Foundation concerning the manner in which the University and Foundation ~~and the University~~ coordinate and cooperate in their efforts to raise moneys and secure other assets from private donors for the support and benefit of the University, such other agreements shall be subordinate to this MOA; provided ~~further~~ that, if such other agreements contain provisions that are in conflict with any term or provision of this MOA, the terms and/or provisions of this MOA shall control.
12. Dispute Resolution. If a dispute between the Foundation and ~~the~~ University should arise regarding the interpretation of this agreement ~~which is not~~ that cannot be resolved between the management of the Foundation and the University, the Foundation shall have the right to request a

meeting with the appropriate committee of the Board of Trustees to seek resolution prior to formal termination of the agreement.

WHEREFORE, the University and the Foundation, acting by persons duly authorized ~~therein~~, hereunder set their signs and seals on the dates subscribed below.

WESTFIELD STATE UNIVERSITY \_\_\_\_\_ WESTFIELD STATE FOUNDATION, ~~Inc.~~  
Board of Trustees \_\_\_\_\_ Board of Directors \_\_\_\_\_  
By: \_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_ By: \_\_\_\_\_

~~Name: Kevin R. Queenin, Chair~~ Elizabeth D. Scheibel \_\_\_\_\_ ~~Name: Robin Jensen,~~  
~~Chair~~  
~~Title: Chairperson~~ \_\_\_\_\_ ~~Title: Chairperson~~  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_ Andrew Oleksak, Past Chair  
\_\_\_\_\_ Date: \_\_\_\_\_  
\_\_\_\_\_

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## MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made as of the \_\_\_ day of \_\_\_\_\_, 2020 by and between Westfield State University (University), an agency of the Commonwealth of Massachusetts, and Westfield State Foundation, Inc. (Foundation), a not-for-profit charitable corporation organized and operating as such, pursuant to Massachusetts General Laws, chapters 15A, §37 and 180.

WHEREAS, the Foundation is organized and operated exclusively for the benefit of the University and consistent with the policies and goals of the University;

WHEREAS, the Foundation was organized for the purpose of facilitating voluntary private support from alumni, friends, corporations, foundations and others;

WHEREAS, the Foundation plays a significant role in receiving, holding and disbursing moneys and other assets dedicated to the support of the University;

WHEREAS, the Foundation is dedicated to assisting the University by fostering a culture of philanthropy, growing the endowment and providing financial and other support for long-term academic and other University priorities;

WHEREAS, as stated in the articles of incorporation, the Foundation is a separate, incorporated 501(c)3 organization and is responsible for identifying and nurturing relationships with potential donors and other friends of the University, receiving funds, securities, real and intellectual property and other private resources for the support of the University and acknowledging and stewarding such gifts in accordance with donor intent and fiduciary responsibilities;

WHEREAS, the University designates the Foundation as the repository of private and corporate gifts made in support of the University unless otherwise specified by the donor;

WHEREAS, in fundraising activities, the University retains personnel with expertise in advancement services, fundraising, gift planning and other capacities necessary for the fulfillment of its mission;

WHEREAS, the Foundation working with the University shall jointly establish gift acceptance policies, naming policies and provisions for the establishment of scholarships, chairs and other endowment purposes; and

WHEREAS, the University and the Foundation are desirous of recording certain understandings concerning the manner in which the Foundation and the University will coordinate, and otherwise cooperate in, their efforts to raise moneys and secure other assets from private donors for the support and benefit of the University.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants herein contained, the University and the Foundation hereby agree as follows.

1. Use of Name. The University and the Foundation acknowledge and agree that the University, in accordance with and subject to the provisions of chapter 15A, section 37, of the General Laws of Massachusetts, has accorded to the Foundation the right and authority to use the name of the University in the Foundation's own name; however, the Foundation will operate under its own seal and logotype.
2. Foundation's Mission and Purpose. The Foundation's mission and purpose is to receive, steward or invest, manage and disburse private and corporate resources, in accordance with the Foundation's policies in support of the mission and priorities of the University, as the University may determine those to be from time to time. It is the expectation of the University and Foundation, therefore, that the Foundation will, consistent with the terms of this Memorandum of Agreement, play a supportive role in the University's fundraising activities and, in accordance with University policy and applicable provisions of law, in the management of privately raised moneys and other assets. Nothing in this agreement shall require the Foundation to accept or disburse funds raised by the University if the Foundation finds the anticipated raising and disbursing of funds to be inconsistent with, or in violation of, the Foundation's fiduciary responsibilities.
3. University's Support and Assistance.
  - a) The University may, at no cost to the Foundation, provide the Foundation with space and facilities on or near the University's campus, including suitably equipped office and meeting space as is mutually agreed upon by the University and the Foundation to permit the Foundation to fulfill its obligations under this Memorandum of Agreement. The University shall also provide the Foundation with appropriate telephone and computer connectivity through the University's own telephone and computer networks.
  - b) The University shall provide, support and maintain necessary and appropriate computer software to advance the success of the University's fundraising efforts, as well as the proper management of all records pertaining to such efforts. Further, the University shall train individuals charged with the support and maintenance of such software and the records contained therein, including the development of business practices and confidentiality policies related thereto. The Foundation may, in its discretion, elect to provide financial support to specific development efforts for which the university has declined support.
  - c) The University's Vice President for Institutional Advancement (or such other employee of the University as it may designate from time to time) shall serve as the Executive Director of the Foundation. When the position becomes vacant and a search is undertaken for a replacement, the Foundation shall have two foundation board members participate in the selection process.
  - d) At the request of the Foundation, the University, at its sole cost and expense, shall assign staff from its Advancement Department to include, but not be limited to, administrative and information technology services. The University, after consultation with the Foundation, shall determine the assignments and responsibilities of these employees. The rendering of all such personnel services (including those of the Executive Director) to the Foundation shall be subject



to applicable provisions of law, including those contained in Massachusetts General Laws, chapter 15A, section 37. In no event, shall a University employee assigned to the Foundation be authorized or permitted to distribute Foundation resources of any kind or value, without the express permission of the Foundation Executive Committee. The Foundation, from time to time, shall review internal controls to ensure that any and all distributions made from the Foundation are authorized in a manner which reflects good business practices.

- e) The University, from time to time, shall communicate to the Foundation the University's priorities and long-term plans, together with such other information as the University deems necessary or appropriate to assist the Foundation in the fulfillment of its obligations hereunder. The University shall include the Foundation Chair or his or her designee as a participant in appropriate strategic planning for the University.
- f) To enhance communication between the Foundation Board and the University Board of Trustees, representatives of the two entities shall meet no fewer than two times each fiscal year to discuss matters of mutual best interest.
- g) The Foundation Board of Directors will work with the University Board of Trustees, President and other senior administrators to identify, cultivate and solicit prospects for private gifts.
- h) Subject to University policies, budgets and applicable laws, the University, from time to time, shall give to the Foundation additional support and assistance as the University deems necessary and appropriate for the Foundation to fulfill its purpose and mission.
- i) Any and all support and assistance provided by the University to the Foundation shall, at all times and subject to appropriation, conform with University policy and applicable provisions of law.
- j) In consultation with the Foundation, and consistent with its policies and prescriptions, the University shall have, and assume, principal responsibility for planning and executing comprehensive programs to develop and foster private fundraising and donor acquisition for the support of the University. The programs shall include annual giving, major gifts, planned gifts, special projects and special fundraising, capital campaigns and, in support of the same, the general cultivation of donor and alumni/ae relations.

#### 4. Foundation's Responsibilities.

- a) The Foundation shall maintain its status as a separately incorporated 501(c)(3) non-profit organization created to receive, manage, distribute and steward private and corporate resources in exclusive support of the various priorities of the University.
- b) The Foundation Board of Directors is responsible for the prudent management of all assets of the Foundation and the administration of gifts consistent with the intent of the donors.
- c) The Foundation shall maintain copies of plans, budgets and donor and alumni records developed in connection with the performance of its obligation.
- d) The Foundation shall provide to the University data and records, where appropriate and in accordance with applicable laws.
- e) The Foundation shall not accept grants from private, state or federal agencies, except in circumstances that are approved by the Foundation Board of Directors and said funding agency.
- f) The Foundation shall receive, hold, manage, invest and disburse contributions of cash, securities, patents, copyrights and other forms of property, including immediately vesting gifts and deferred gifts that are contributed in the form of planned and deferred-gift instruments.

The Foundation shall not accept a gift of, or otherwise acquire real property or any interest therein, without the express consent of the University.

- g) The Foundation shall establish, adhere to and periodically assess policies governing its acceptance and management of gifts. All such policies, including policies pertaining to restrictions placed on gifts, shall conform to any applicable policies of the University and shall make provision for protecting the anonymity of donors who choose to make anonymous gifts. No such policy shall permit the Foundation to obligate the University to confer any benefit or honorific on any donor or prospective donor without the prior approval of the University. Any and all naming rights of any kind shall be exercisable by the University in its sole discretion.
- h) The Foundation shall adhere to the University's Procedures for Implementing the Public Higher Education Endowment Incentive Program and such other programs and/or policies as may be in force.
- i) The Foundation shall establish asset-allocation, disbursement and spending policies that conform to applicable provisions of law, including the Uniform Prudent Management of Funds Act (Massachusetts General Laws, chapter 180A). In connection therewith, the Foundation, subject to applicable restrictions, shall develop an annual budget and spending plan and may annually expend a reasonable percentage of its funds for the support of its programs, services and operations.
- j) In consultation with the Foundation, the University shall deliver to the Foundation on or before March 1 of each year a formal request for funds to support University initiatives. The Foundation shall deliver to the University no later than April 15<sup>th</sup> of each year a plan of disbursements to the University for the upcoming fiscal year. When disbursing funds or other assets to the University, the Foundation shall disclose to the University any terms, conditions or limitations to which any such funds or assets are subject. This planning does not preclude the two entities from discussing additional needs that might arise throughout the year.
- k) Annually, the Foundation shall cause a complete, audited financial statement of its accounts to be prepared in accordance with generally accepted accounting principles and reporting practices as may be prescribed from time to time by the American Institute of Certified Public Accountants (or any successor organization). The statements shall be examined by an independent certified public accountant for the purpose of expressing an opinion in accordance with generally accepted auditing standards. Upon its completion, a copy of such statement shall be transmitted to the University. Where appropriate and by agreement, the Foundation and University may arrange to have such audit conducted in conjunction with the annual audit the University causes to be conducted of its own accounts. In such cases, donor-requested anonymity will be ensured prior to the commencement of the joint audit. The Foundation shall furnish copies of said audits to such governmental entities as may be
- l) The Foundation shall maintain accurate records of all gifts received by it, including any restrictions or other terms, together with accurate records of all other matters that are relevant to the fulfillment of its obligations under this Memorandum of Agreement.

5. Direct Assistance to the University. In order to provide direct assistance to the University in its development activities, the Foundation shall reimburse the University for costs and expenses incurred for the benefit and support of the University subject to:

- a. the Foundation's *Fiscal Policies and Procedures* Manual, Bylaws and any other Foundation governance or regulatory policies and procedure(s) in effect at the time;
- b. the availability of funds pursuant to sections 4(h) and 5(c) hereof; and
- c. the express written acknowledgement of the Foundation that any such reimbursement is consistent with all terms and provisions hereof.

The University may seek reimbursement for the costs and expenses it incurs in connection with its efforts to raise moneys and secure other assets from private donors. It may do so whether such efforts of the University are made for, or in the name of, the University or Foundation. The Foundation may decline any request for reimbursement that is not specified in the Foundation annual budget and had not been approved previously by the Foundation Executive Committee.

Appropriate reimbursements include costs and expenses that University employees reasonably incur for travel, lodging and related expenses (but not including the cost of any employee's compensation), the costs of entertainment, meals, receptions, publications, exhibits and other forms of publicity, and the costs of any like events and activities (but not including any component of the University's general overhead) that support or relate to such efforts.

No more frequently than monthly, the University shall submit to the Foundation, in the form of an invoice or like statement, a request for reimbursement of any costs and expenses that it has incurred (whether paid or payable) and that the Foundation has not already reimbursed or has declined to reimburse. All requests shall include a description of the costs and expenses (or the categories thereof) and the purposes as they relate to efforts to raise moneys and secure other assets from private donors. The University shall provide to the Foundation information that the Foundation may reasonably require with respect to any such request. The Foundation shall consider all such requests in light of its fiduciary responsibilities for prudent management and custody of funds. Any such requests that, in the judgment of the Foundation Treasurer and its officers, do not conform to this standard shall be denied.

Nothing in this section shall be deemed to obligate the Foundation to reimburse to the University, in any fiscal year, any sum or sums that in the aggregate exceed the maximum amount the Foundation shall have fixed for such purpose or expense.

In accordance with section 4 of this Agreement, the Foundation and University shall discuss the maximum sum the Foundation will commit for the next fiscal year for the purposes described in this section. In doing so, they will have regard for the Foundation's available financial resources and the University's anticipated expenditures for development. Funds distributed to the University shall come primarily from income in the Foundation's restricted investment funds. At the present time, the Foundation Investment Committee has determined that its spending policy will be no more than 4% of these restricted funds based on a rolling 12-quarter average. The Foundation will endeavor to limit its use of unrestricted funds until such time as the unrestricted endowment surpasses \$3 million, with the exception of its support to the Interfaith Center. Notwithstanding the foregoing, each fiscal year, the Foundation shall determine its total distributable income from all

sources and will distribute no more than 95% of those funds. The 5% balance will remain to grow the Foundation fund balances.

6. State and Federal Compliance. Subject to Board approval, the Foundation, to the extent that state and federal laws allow, may serve as an instrument for entrepreneurial activities for the University and engage in such activities as purchasing, developing or managing real estate for campus expansion and student housing or participating in joint ventures that advance the mission of the University. It also may hold licensing agreements and other forms of intellectual property, borrow or guarantee debt issued by their parties or engage in other activities to increase foundation revenue with no direct connection to a University purpose.
7. Interpretation. This Memorandum of Agreement shall be construed so that the Foundation might broadly and effectively promote and support the University's efforts to raise moneys and secure other assets from private donors.
8. Authorities of the University; Authorities of the Foundation. Nothing in this Memorandum of Agreement shall impair or limit the authority of the University to determine, in its sole discretion, by whom and by what activities it shall or may pursue its efforts to raise moneys and secure other assets from private donors, and no such authority shall be deemed to be vested hereby in the Foundation.

In the exercise of its authorities and the discharge of its obligations under this Agreement, the University shall act by its Board of Trustees or by any such person or body (whether one or more, or in combination) as the Board of Trustees, from time to time, may appoint or designate for the purpose of exercising any such authority or discharging any such obligation.

In the exercise of its authorities and the discharge of its obligations under this Agreement, the Foundation shall act by its Board of Directors or by any such person or body (whether one or more or in combination) as the Board of Directors, from time to time, may appoint or designate for the purpose of exercising any such authority or discharging any such obligation.

9. Amendment; Termination. The parties, at any time, may amend this Memorandum of Agreement by an instrument in writing, executed with the same formalities as those that attended the making of this instrument. At any time, either party may terminate this Memorandum of Agreement by giving to the chair of the other party not less than ninety (90) days advance written notice of its election so to do. The party initiating termination of the agreement must act in good faith to provide an opportunity for a meeting, to include the board chairs (or board chair designee) and all appropriate executives, within thirty (30) days of initial written notice to terminate the agreement. Notwithstanding the foregoing, either party may terminate this agreement in the event that the other party defaults in its performance of its obligation and fails to cure the default within a reasonable time after receiving written notice to the executive and board chair of the defaulting party.

10. Non-Profit Corporation. Consistent with provisions appearing in the Foundation bylaws and its articles of incorporation, should the Foundation cease to exist or cease to be an IRS Code 501(c)3 nonprofit corporation, the Foundation shall transfer its assets and property to the University, a reincorporated successor foundation, another 501(c)3 organization affiliated with the University or the state or federal government for public purposes, in accordance with the law and donor intent.
  
11. Subordination. To the extent any prior agreement(s) exists that set forth understandings between the University and Foundation concerning the manner in which the University and Foundation coordinate and cooperate in their efforts to raise moneys and secure other assets from private donors for the support and benefit of the University, such other agreements shall be subordinate to this MOA; provided that, if such other agreements contain provisions that are in conflict with any term or provision of this MOA, the terms and/or provisions of this MOA shall control.
  
12. Dispute Resolution. If a dispute between the Foundation and University should arise regarding the interpretation of this agreement that cannot be resolved between the management of the Foundation and the University, the Foundation shall have the right to request a meeting with the appropriate committee of the Board of Trustees to seek resolution prior to formal termination of the agreement.

WHEREFORE, the University and the Foundation, acting by persons duly authorized, hereunder set their signs and seals on the dates subscribed below.

WESTFIELD STATE UNIVERSITY

Board of Trustees

By: \_\_\_\_\_

Kevin R. Queenin, Chair

Date:

WESTFIELD STATE FOUNDATION

Board of Directors

By: \_\_\_\_\_

Elizabeth D. Scheibel, Chair

Date:

By: \_\_\_\_\_

Andrew Oleksak, Past Chair

Date:

Kristen A. Porter, Ph.D.  
Assistant Professor  
Westfield State University

Board of Trustees Meeting  
Westfield State University  
October 13, 2020



# Kristen A. Porter, Ph.D.



Assistant Professor, Biology  
Biotechnology Program  
Viral Immunologist/Women's Health



Health Science Administrator  
Contracting Officers Representative



- ✚ Grants and Contracts: From bench to bedside HIV Prevention Products
  - ✚ Pre-Clinical Drug Developer, Clinical Trial Oversight
  - ✚ Multi-million dollar portfolio: grants large multi-institutional co-operative agreements
  - ✚ Established Research Priorities and funding plans
- ✚ Bill and Melinda Gates Foundation, USAID, FDA, CDC, Pharma, biotech, academic institutions



# Women's Health Program Massachusetts Life Sciences Center (MLSC)



The Massachusetts Life Sciences Center is an economic development and investment agency with a mission of supporting the growth and development of the life sciences in Massachusetts.

- Translational research with an intention to accelerate the understanding of critical healthcare issues or develop new treatment methods for conditions, that solely or disproportionately affect women
- Project teams comprise of not-for-profit MA institutions collaborating with at least one Massachusetts life science company
- Capital funding from the Commonwealth of Massachusetts:
  - \$5M capital dollars to support work and equipment at not-for-profit partners; each award \$750,000





# Predictive modeling to create “bioprofiles”: for use in personalized medicine in women’s health

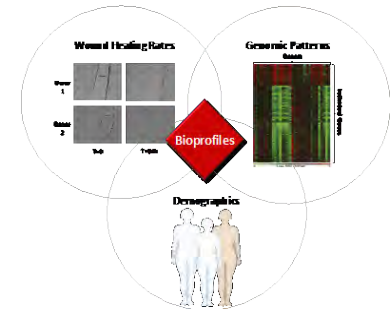
- Industry partner: IOMICS Intelligent Analytics, Cambridge, MA



## *Research Gaps:*

- Basic science of wound healing in the female reproductive tract due to disease, surgery, sexual trauma.
- Clinically, all women are different: rates of healing, responses to treatment and surgical interventions... how can physicians provide for the safest, least painful and efficacious treatment plan for wound resolution for each woman improving clinical outcomes?

Using state of the art imaging and computing platforms to, in a systems manner, combine biologic assays, genomics studies, demographics to develop “bioprofiles” state-of-the-art analytics to create individualized predictive models (algorithms).



# Predictive modeling to create “bioprofiles”: for use in personalized medicine in women’s health

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## Bioprofile Scales



Healing rates from trauma (across the FRT)  
Less invasive, reliable diagnostic methods  
Therapy or surgical intervention most effective  
Prognosis

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**Precision Medicine**



# Predictive modeling to create “bioprofiles”: for use in personalized medicine in women’s health

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- Submitted Feb 2020
- Awarded: July 2020
  - \$4.1 million in funding to five project teams:
    - Umass Med, Amherst, Lowell and Brigham and Women’s Hospital/Beth Israel Deaconess Medical Center
- Announced: September 2020, MLSC and The Baker-Polito Administration
- **3-year, \$750,000 award**



# Predictive modeling to create “bioprofiles”: for use in personalized medicine in women’s health

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## Gains for Westfield State University:

- Equipment, services and supplies
- For profit: funds a post-doctoral research fellow
- For profit: Dollars for 3-hour release time/semester and funding summer salary
- Collaborative efforts with other *Western Massachusetts* Institutions UMass Amherst, Bay State Hospital Systems, Massachusetts Green High-Performance Computing Center (MGHPCC) and the Massachusetts Biomedical Initiative.



UMass Amherst Core Facilities

Genomics Resource Laboratory



# Gains For Westfield State University

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## RECRUITMENT AND RETENTION!!!

- Marketing: Already in The Republican, MassLive (online and social media)
- Student Research, not available at liberal arts colleges
  - New skills and knowledge we couldn't provide
- Biotechnology Concentration
  - 1200** job vacancies in Massachusetts in the Biotechnology Sector
  - program: 90% of the knowledge and skills desired by Mass biotechnology companies
  - teaches unique courses and a balanced curriculum and is affordable
  - students employable, taught by experts and stay in Massachusetts



# What I Need From You

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## Support from Westfield State University:

Donated: Incubator, space, website

What's needed:

- ✓ Greater levels of pre- and post-award support
  - administrative
  - course release time
  - dollars/donations to continue the research and travel
- ✓ Support for the Biotechnology Major
- ✓ Dollars for Student Research





## **Board of Trustees**

October 13, 2020

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### **MOTION**

To approve the FY21 Operating Budget as presented and to authorize the President to make budget adjustments to these funds; furthermore, to increase the Planned Use of Reserves by \$1,038,188 to support achieving a balanced FY21 Operating Budget.

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Kevin R. Queenin, Chair

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Date

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

**FY21 October Budget Narrative**

October 13, 2020

**Executive Summary**

At the June 2020 Board of Trustees meeting, the University proposed a temporary or provisional FY21 Budget in order to allow more time to understand how COVID-19 would affect the campus and its operations. The provisional FY21 budget projected an overall deficit of \$7.5M, with a commitment to provide a “final” budget at the October Board of Trustees to bring the budget back into balance. While the FY21 October Budget will not fully close the gap, tremendous progress has been made to move the campus closer to a balanced budget for this year. The focus of this document will be to explain variances from the provisional budget to the October budget. Materials from FY21 Provisional budget are attached for reference.

**The FY21 October Budget presented today represents overall budget reductions of \$24M in one year, the result of midyear reductions last year, spring adjustments and final reductions in the last month.** The most recent reductions totaling \$6.4M results in a final budget gap of \$1.04M. It is important to note that the reductions made now, are not assumed to carry forward into the next fiscal year, but the campus, through the UEAAC, will be working on longer term reductions to bring our budget back in to balance. Preliminary work has been done on an FY22 model and indicates continuing deficits without long-term reductions.

Despite presenting a more finalized budget today, there are still many unknowns this year with 75% of the fiscal year to go; impact of infections on campus, state and federal support, release of vaccine, health of faculty and staff. The budget presented today is based on what we know today. The impact of COVID-19 on the campus will be closely monitored and factored into our ongoing financial assessments and reporting.

**Process and Role of the University Efficiency Analysis Advisory Committee (UEAAC)**

The work of the UEAAC has been instrumental in analyzing and recommending a series of one-time budget reductions. The Committee has worked cross divisionally with representatives from the divisions, faculty, and staff at all levels. Despite the tight timelines, the committee was able to deliver a final report to the President on October 4, 2020. These recommendations were approved by the President and integrated into the FY21 October Budget (attached). Vice Presidents also played a critical role in developing additional reductions within their divisions which are inclusive in the report.

This first phase effort demonstrated the commitment of the entire campus to work collaboratively on solving a significant budget problem. It also provided committee members with an expanded and transparent view of all the details which make up the budget at a



granular level. While there is more work to do, especially in restructuring and efficiencies, the work of this committee will lay the foundation for re-thinking our resource allocation process.

**Enrollment**

Last spring, the campus revised the enrollment projections based on an uncertain future related to COVID-19 and impact on the campus. A conservative projection was assumed and factored into the preliminary FY21 Budget. Fortunately, actual enrollment is tracking higher than budgeted by 272 students or 8.3% above budget yielding additional revenue for the campus. The table below, represents a year over year comparison of budgeted enrollment, actual enrollment, and projected enrollment. 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.

The chart below reflects this year over year comparison. It is noteworthy, while we have seen enrollment increase this year over the budget, overall, the campus enrollment is still declining by 388 students or 9.8% compared to last year. All other state universities are reporting decreases in enrollment ranging from 3% to 18% this year.

**FY20 and FY21 Enrollment Comparison**

| <b>Enrollment</b> | <b>FY20</b> | <b>FY21</b> | <b>Variance</b> | <b>% Variance</b> |
|-------------------|-------------|-------------|-----------------|-------------------|
| Budgeted          | 4,223       | 3,280       | (943)           | (22.3%)           |
| Projected/Actual  | 3,940       | 3,552       | (388)           | (9.8%)            |
| Variance          | (283)       | 272         |                 |                   |
| % Variance        | (6.7%)      | 8.3%        |                 |                   |

Note: Average annual enrollment is average enrollment by semester less non-billed students for UGFT students (CGCE is excluded).

**Revenue**

- Enrollment is tracking higher than budgeted by 272 students generating an additional \$2.6M in tuition/fee revenue.
- Residential Life revenue is down by \$6.4M due to lower occupancy and closing residence halls in September. Many students decided not to live on campus and decreased the occupancy rate to 49% or 1,000 fewer students.
- Dining Services revenue is down by \$4M and follows the occupancy decrease and September closing of residence halls.

**Expenses**

- Expenses have decreased by \$6.4M as a result of the combined efforts of the divisional leadership and the UEACC. Major categories of reductions were in personnel,

departmental operations, utilities, and deferral of capital projects. A summary of reductions is attached from the UEACC Phase 1 Final Report.

- Campus has funded \$1.5M of one-time expenses in support of testing, PPE, barriers, cleaning supplies and staffing through reallocation of existing funds.

### Reserves

While the overall use of reserves has increased slightly based on the true up from year end activity, there is still a deficit of \$1.04M assumed in the FY21 October budget. **The campus is requesting an additional \$1.04M in reserves to fully close the budget gap.** It is important to note, that other savings may accrue during the year which can be applied to the deficit, thereby reducing the need to use reserves until the end of the year. In the event reserves are needed, this request is being made now to ensure a balanced budget is approved. It would also be the intent of the campus to fully close the budget deficit (implement structural changes for ongoing savings) with the beginning of the FY22 Budget in July 2021.

### Summary

Most higher education institutions are challenged by the uncertainty and intensity of operating within a COVID-19 reality. Westfield State University is no exception in this regard but the commitment and involvement of the campus community will help to guide the issues the campus is facing. While most of the deficit can be balanced with the one-time reductions put forward, there are still many unknowns this semester, next semester and beyond. Further adjustments may be necessary based on the continuously evolving environment of COVID-19. Stabilizing or growing enrollment must be first and foremost as we begin to shape our organizational structure. Westfield State has an opportunity to demonstrate to other higher education institutions the value of collaboration and participation to solve collective problems together.

**Westfield State University**  
**FY21 October Budget**

|                                    |                    |                     | FY20 vs. FY21<br>October Budget | FY21 Provisional vs. FY21<br>October Budget |                          |
|------------------------------------|--------------------|---------------------|---------------------------------|---|--------------------------|
|                                    | FY20 Budget        | FY21 Provisional    | FY21 October<br>Budget          | \$ Change B/(W)                             | \$ Change B/(W) % Change |
| <b>Revenue</b>                     |                    |                     |                                 |   |                          |
| Scholarship Allowance              | (10,610,448)       | (10,285,448)        | (10,285,448)                    | 325,000                                     | - 0%                     |
| Tuition and Fees                   | 59,002,807         | 49,470,231          | 52,030,633                      | (6,972,174)                                 | 2,560,401 5%             |
| Federal Grants and Contracts       | 9,271,568          | 8,963,998           | 8,963,998                       | (307,570)                                   | - 0%                     |
| State Grants and Contracts         | 2,585,000          | 2,728,000           | 2,728,000                       | 143,000                                     | - 0%                     |
| Private Grants and Contracts       | 478,000            | 435,000             | 435,000                         | (43,000)                                    | - 0%                     |
| Residence Fees                     | 19,411,659         | 15,789,402          | 9,433,044                       | (9,978,615)                                 | (6,356,358) -40%         |
| Dining Fees                        | 10,636,124         | 9,232,436           | 5,197,401                       | (5,438,723)                                 | (4,035,035) -44%         |
| Other Operating Revenues           | 2,255,890          | 1,760,840           | 1,537,095                       | (718,795)                                   | (223,744) -13%           |
| Commissions                        | 550,000            | 430,194             | 458,371                         | (91,629)                                    | 28,177 7%                |
| State General Appropriations       | 29,463,260         | 26,516,934          | 26,516,934                      | (2,946,326)                                 | - 0%                     |
| Foundation Support                 | 430,000            | 480,000             | 445,000                         | 15,000                                      | (35,000) -7%             |
| Investment Income                  | 677,400            | 635,188             | 635,188                         | (42,212)                                    | - 0%                     |
| <b>Total Revenue</b>               | <b>124,151,260</b> | <b>106,156,775</b>  | <b>98,095,216</b>               | <b>(26,056,044)</b>                         | <b>(8,061,559) -8%</b>   |
| <b>Expenses</b>                    |                    |                     |                                 |   |                          |
| Personnel                          | 54,766,124         | 51,570,997          | 49,801,470                      | 4,964,654                                   | 1,769,527 3%             |
| Fringe Benefits                    | 10,527,350         | 10,697,631          | 9,643,867                       | 883,483                                     | 1,053,764 10%            |
| Operations                         | 31,342,404         | 28,232,246          | 25,230,648                      | 6,111,756                                   | 3,001,598 11%            |
| Strategic Investments              | 500,000            | 820,000             | 370,685                         | 129,315                                     | 449,315 55%              |
| Utilities                          | 4,541,635          | 4,364,183           | 3,657,893                       | 883,742                                     | 706,290 16%              |
| Debt Payments                      | 2,465,435          | 2,486,784           | 1,132,435                       | 1,333,000                                   | 1,354,350 54%            |
| Operating Contingency              | 1,309,799          | 761,878             | 842,492                         | 467,307                                     | (80,615) -11%            |
| Capital Projects                   | 4,592,092          | 4,498,681           | 3,955,568                       | 636,524                                     | 543,113 12%              |
| Scholarships                       | 4,270,134          | 4,789,554           | 4,762,330                       | (492,196)                                   | 27,224 1%                |
| Transfers                          | -                  | -                   | -                               | -   | -                        |
| MSCBA Assessment                   | 12,897,864         | 9,122,343           | 3,557,940                       | 9,339,924                                   | 5,564,403 61%            |
| <b>Total Expense and Transfers</b> | <b>127,212,838</b> | <b>117,344,298</b>  | <b>102,955,329</b>              | <b>24,257,509</b>                           | <b>14,388,969 12%</b>    |
| <b>Net Revenue over Expense</b>    | <b>(3,061,579)</b> | <b>(11,187,523)</b> | <b>(4,860,113)</b>              | <b>(1,798,534)</b>                          | <b>6,327,410 -57%</b>    |
| Planned Use of Reserves            | 1,529,486          | 2,035,959           | 2,167,557                       | 638,071                                     | 131,598 6%               |
| Capital Rollover                   | 1,532,092          | 1,698,681           | 1,654,368                       | 122,276                                     | (44,313) -3%             |
| <b>Total Use of Reserves</b>       | <b>3,061,579</b>   | <b>3,734,641</b>    | <b>3,821,925</b>                | <b>760,346</b>                              | <b>87,284 2%</b>         |
| <b>Net Surplus/(Loss)</b>          | <b>-</b>           | <b>(7,452,882)</b>  | <b>(1,038,188)</b>              | <b>(1,038,188)</b>                          | <b>6,414,694</b>         |

**Westfield State University**  
**FY21 Detailed Budget by Trust Fund**  
**FY21 October Budget**

|                                    | Operating Budget  | Grants           | Capital Project Fund | CGCE              | Residential Life  | Dining Services    | Other Trust Funds | FY21 Budget All Funds | Notes |
|------------------------------------|-------------------|------------------|----------------------|-------------------|-------------------|--------------------|-------------------|-----------------------|-------|
| <b>Revenue</b>                     |                   |                  |                      |                   |                   |                    |                   |                       |       |
| Scholarship Allowance              |                   | (10,285,448)     |                      |                   |                   |                    |                   | (10,285,448)          |       |
| Tuition and Fees                   | 40,121,046        |                  |                      | 11,809,587        |                   |                    | 100,000           | 52,030,633            |       |
| Federal Grants and Contracts       |                   | 8,963,998        |                      |                   |                   |                    |                   | 8,963,998             |       |
| State Grants and Contracts         |                   | 2,728,000        |                      |                   |                   |                    |                   | 2,728,000             |       |
| Private Grants and Contracts       |                   | 185,000          |                      |                   |                   |                    | 250,000           | 435,000               |       |
| Residence Fees                     |                   |                  |                      |                   | 9,433,044         |                    |                   | 9,433,044             |       |
| Dining Fees                        |                   |                  |                      |                   |                   | 5,197,401          |                   | 5,197,401             |       |
| Other Operating Revenues           | 758,020           |                  |                      |                   | 169,000           |                    | 610,075           | 1,537,095             | (1)   |
| Commissions                        | 368,371           |                  |                      |                   | 90,000            |                    |                   | 458,371               |       |
| State General Appropriations       | 26,516,934        |                  |                      |                   |                   |                    |                   | 26,516,934            |       |
| Foundation Support                 | 445,000           |                  |                      |                   |                   |                    |                   | 445,000               |       |
| Investment Income                  | 635,188           |                  |                      |                   |                   |                    |                   | 635,188               |       |
| <b>Total Revenue</b>               | <b>68,844,559</b> | <b>1,591,550</b> | <b>-</b>             | <b>11,809,587</b> | <b>9,692,044</b>  | <b>5,197,401</b>   | <b>960,075</b>    | <b>98,095,216</b>     |       |
| <b>Expenses</b>                    |                   |                  |                      |                   |                   |                    |                   |                       |       |
| Personnel                          | 42,004,728        | 275,000          |                      | 3,416,692         | 2,068,591         | 1,982,294          | 54,166            | 49,801,470            |       |
| Fringe Benefits                    | 6,618,501         | 106,648          |                      | 1,414,220         | 742,868           | 737,772            | 23,858            | 9,643,867             |       |
| Operations                         | 11,769,893        | 829,902          |                      | 3,347,618         | 3,871,217         | 4,232,166          | 1,179,852         | 25,230,648            |       |
| Strategic Investments              | 370,685           |                  |                      |                   |                   |                    |                   | 370,685               |       |
| Utilities                          | 2,140,619         |                  |                      |                   | 1,517,274         |                    |                   | 3,657,893             |       |
| Debt Payments                      | 1,029,231         |                  |                      |                   |                   | 103,204            |                   | 1,132,435             |       |
| Operating Contingency              | 425,000           |                  |                      | 286,683           |                   | 53,566             | 77,243            | 842,492               |       |
| Capital Projects                   |                   |                  | 3,955,568            |                   |                   | -                  |                   | 3,955,568             |       |
| Scholarships                       | 3,820,771         | 380,000          |                      | 105,855           | 386,704           | 4,000              | 65,000            | 4,762,330             |       |
| Transfers                          | 567,035           | 68,453           | (2,301,200)          | 3,238,519         | (1,572,807)       | -                  |                   | -                     | (2)   |
| MSCBA Assessment                   |                   |                  |                      |                   | 3,557,940         |                    |                   | 3,557,940             |       |
| <b>Total Expense and transfers</b> | <b>68,746,464</b> | <b>1,660,003</b> | <b>1,654,368</b>     | <b>11,809,587</b> | <b>10,571,787</b> | <b>7,113,002</b>   | <b>1,400,118</b>  | <b>102,955,329</b>    |       |
| <b>Net Revenue over Expense</b>    | <b>98,095</b>     | <b>(68,453)</b>  | <b>(1,654,368)</b>   | <b>-</b>          | <b>(879,743)</b>  | <b>(1,915,601)</b> | <b>(440,043)</b>  | <b>(4,860,113)</b>    |       |
| Planned Use of Reserves            | 256,936           | 68,453           |                      | -                 |                   | 1,402,125          | 440,043           | 2,167,557             | (3)   |
| Capital Rollover                   |                   |                  | 1,654,368            |                   |                   |                    |                   | 1,654,368             |       |
| <b>Total Use of Reserves</b>       | <b>256,936</b>    | <b>68,453</b>    | <b>1,654,368</b>     | <b>-</b>          | <b>-</b>          | <b>1,402,125</b>   | <b>440,043</b>    | <b>3,821,925</b>      |       |
| <b>Net Surplus/(Loss)</b>          | <b>355,031</b>    | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>(879,743)</b>  | <b>(513,476)</b>   | <b>-</b>          | <b>(1,038,188)</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.



## UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE (UEAAC) PHASE I – REPORT

*Issued October 5, 2020*

### ONE-TIME BUDGET REDUCTIONS TO REDUCE FISCAL YEAR 21 DEFICIT

#### Overview

On August 28, 2020, Dr. R. H. Saigo, Interim President of Westfield State University, created the University Efficiency Analysis, Advisory committee (UEAAC), a campus wide advisory committee, with the charge of “thoroughly examining the use of our institutional resources in order to identify where the university can streamline and increase efficiencies across all campus sectors” (see *Appendix A: The UEAAC Charge*). Westfield State University (WSU) continues to face financial challenges and an increasing deficit significantly amplified by the COVID-19 pandemic, declining enrollments, and a consistent reduction in state funding. Pronounced “You-Act,” the first goal, of this transformative committee, is to decrease the current budget deficit while maintaining our distinguished quality of education and supporting the valuable experiences we provide to students.

Since its initial meeting on September 2nd, the UEAAC focused on finding **one-time** cost reductions to balance the university FY21 budget shortfall, currently estimated at \$7.5M, using three guiding objectives:

- Objective 1: Identifying areas for immediate expense reductions and cost-savings,
- Objective 2: Determining strategies for immediate cost-savings,
- Objective 3: Analysing strategies and impact on budget.

The Committee has worked, and will continue to work tirelessly, to ensure the success of this institution and its employees. This activity has allowed us to engage the broader campus community in the development of more inclusive budgetary and financial planning where together we all collaborate as fiscally responsible stewards of WSU. Our experience demonstrates how our community can come together, in the face of tremendous challenges, to make our institution stronger.

This report presents a summary of the UEAAC process, strategies employed, and the resulting outcome - deficit reductions totaling \$6,352,327.00.

#### Membership

The UEAAC’s membership includes 24 permanent Westfield State employees: Faculty, Maintainers, Administrative Staff, Executive Directors and Senior Administrators and one Student Government Representative. Experience at WSU ranges from just under one to 20+ years. The committee has representation from campus union leadership and each division (Academic Affairs, Administration and Finance, Enrollment Management, Institutional Advancement and Student Affairs). The committee also reflects the institutional demographics by race and gender. See *Appendix A: The UEAAC Charge* for a full list of members.

## Process

The UEAAC is driven and determined, meeting twice per week for a minimum of two hours, with critical tasks completed in subgroups outside of regular meetings. During Phase I the UEAAC established bylaws to guide its operations. (See *Appendix B: The UEAAC Committee Bylaws*).

Members of the UEAAC, in ascertaining immediate expense reductions and cost-savings, committed to the following:

- Avoiding furloughs and retrenchment of positions.
- Creating opportunities for input from all within the organization.
- Developing an unbiased methodology that can be communicated and supported.
- Engaging the entire campus community throughout the project lifecycle.
- Sharing the workload and assisting each other with overcoming learning curves and foundational knowledge gaps, handling time constraints, managing data overload and system reporting limitations, and overcoming a lack of response from some members of the campus community to budget inquiries.
- Recommending best practices for resource allocation and financial planning.
- Developing a robust communication plan to keep the campus informed of progress and activities (see *Appendix C: UEAAC Communication Plan*).

## Strategy

To accomplish the charge, of **targeted one-time cost-reductions**, the UEAAC examined all budgets with the goal of determining opportunities to close the FY21 (July 1, 2020 – June 30, 2021) shortfall. Committee subgroups reviewed and analysed historical financials at the pool level (consolidated expenses by category), examined transaction level data from prior fiscal years, and reached out to budget managers as needed to recommend reductions. The committee used a “two-round” approach allowing time to thoroughly examine each pool.

The following budget pool data was reviewed:

| Budget Pool     | Description                     |
|-----------------|---------------------------------|
| <b>ROUND I</b>  |                                 |
| Pool AA         | Regular Employee Compensation   |
| Pool BB         | Employee Related expenses       |
| Pool CC         | Special Employees               |
| Pool EE         | Administrative Expenses         |
| Pool FF         | Facility Operations             |
| Pool GG         | Energy Costs and Space Rental   |
| Pool HH         | Consultant Services             |
| Pool JJ         | Operational Services            |
| <b>ROUND II</b> |                                 |
| Pool KK         | Equipment Purchases             |
| Pool LL         | Equipment Leases and Rental     |
| Pool MM         | Purchased Client Services       |
| Pool NN         | Construction and Improvements   |
| Pool SS         | Debt Payments and Contingency   |
| Pool UU         | Information Technology Expenses |

Initial UEAAC-subgroup recommendations were presented to the committee as a whole. Expense reductions were verified at either the subgroup level or at the UEAAC level. Continued outreach to the campus community resulted in further reductions, inclusive of all units and areas, ensuring equity. Vice Presidents were also asked to re-examine divisional budgets with the aim of closing the remaining deficit gap.

The UEAAC determined that while **targeted one-time cost-reductions** could be achieved, it is the responsibility of the entire community to be fiscal stewards of WSU. This responsibility led to a recommendation of campus wide measures for **cost avoidance**:

- No travel unless supporting enrollment, student experience, delivery of education, or targeted fund-raising.
- Reduce the use of non-university approved appliances that drive up utility costs.
- Strive to reduce paper usage, including lowering postage expenses.
- Reduce reliance on bottled water and off campus meal purchases.
- All permanent position savings, including hiring at lower rates, goes back to the campus.
- Evaluating each vacant position to determine if it can be filled at a salary lower than budgeted.
- Centralize supply purchases of each division to ensure necessity prior to purchase.
- Conserve cash by minimizing the rollover process for special funds.
- Mandatory manager/supervisor sign off and approval required prior to overtime utilization.
- Reduce legal fees and manage the use of legal services.
- Freeze all consultant service activity except critical needs.
- Utilize the talents and skills of the campus community.

All departments and divisions have been asked to **limit spending to preserve the identified projected savings**, while the committee completes loading the budget changes into Banner by November 1, 2020. We recognize that some spending must continue and asked that expenditures be restricted, except for these critical areas of need:

- Health and Safety (especially for COVID-19 related expenses).
- Recruitment and enrollment growth activities.
- Critical facility or equipment repairs.
- Student programming needs to support retention.
- Effective delivery of education for necessary and immediate student learning needs.
- Dining program expenses for food and supplies.

Recognizing the importance of continuing to provide quality of care to our students while avoiding furloughs, layoffs, and retrenchment, the UEAAC also recommends that important campus wide measures that **Keep the Lights On** be implemented. Primarily, placing a hold on any new initiatives until the committee has completed all phases of this project.

## Results

Based on its analysis the UEAAC, recommends the following nine campus-wide comprehensive strategies to bridge the FY21 budget deficit. These are as follows:

- Reductions by Pool
- Review of Vacancy Savings
- Hiring at Lower Rates
- Mandatory 6-month Hiring Delay
- CGCE Additional Contribution
- Debt Payment Relief from MSCBA
- Delay of Capital Projects
- Academic Affairs ESTF Reductions
- Cabinet Recommendations for Additional Division Reductions

## FY21 UEAAC Task Force Reduction Consolidation

|   |                                     |                     |
|---|-------------------------------------|---------------------|
| <b>1) Task Force Reductions</b>   |                                     | <b>FINAL</b>        |
|   | Academic Affairs                    | 411,685             |
|   | Administration & Finance            | 600,157             |
|   | Enrollment Management               | 14,989              |
|   | Institutional Advancement           | 52,220              |
|   | President's Office                  | 63,286              |
|   | Student Affairs                     | 153,795             |
|   | <b>Total</b>                        | <b>\$ 1,296,132</b> |
| <b>2) Pool AA Vacancy Savings</b>   |                                     | <b>701,838</b>      |
| <b>3) Recommendation for the campus to retain 100% of savings due to hiring at lower rates.</b> |                                     |                     |
| Year to Date Est. Permanent Savings   |                                     | <b>132,038</b>      |
| <b>4) FY21 Mandatory 6 month hiring delay Target</b>  |                                     |                     |
|   | Target                              | <b>\$ 400,000</b>   |
| Average Campus Salary Incl. Fringe (38.32%)   |                                     | \$ 105,055          |
|   | Monthly Savings on Hiring Delay     | \$ 8,755            |
|   | 6 Month Savings on Hiring Delay     | \$ 52,528           |
|   | Estimated Vacant Positions to Delay | 7.6                 |
| <b>5) CGCE Additional Contribution based on prior year results</b>                              |                                     | <b>\$ 750,000</b>   |
| <b>6) Debt Payments &amp; Contingency</b>   |                                     | <b>1,144,532</b>    |
| Note: Approximately \$300k of savings is in Dining Services                                     |                                     |                     |
| <b>7) Capital Projects via Deferred Maintenance</b>   |                                     | <b>\$ 300,000</b>   |
| <b>8) Academic Affairs Reductions on ESTF Lines</b>   |                                     | <b>118,658</b>      |
| <b>9) Additional Division Submissions</b>   |                                     |                     |
|   | Academic Affairs                    | 1,054,196           |
|   | Administration & Finance            | 322,950             |
|   | Enrollment Management               | 4,405               |
|   | Institutional Advancement           | 17,000              |
|   | President's Office                  | 13,550              |
|   | Student Affairs                     | 97,027              |
|   | <b>Total</b>                        | <b>\$ 1,509,128</b> |
| <b>Total Estimated Savings</b>  |                                     | <b>\$ 6,352,327</b> |



## Next Steps

With Task I completed, the committee will focus its efforts on longer term structural and efficiency processes which can be implemented prior to, or no later than, the start of the next fiscal year (FY22). We will be considering how to restructure and reorganize WSU to become more efficient and improve the educational experience of our students. We will also consider where resources need to be re-deployed and reallocated and potential new revenue streams for the institution.

The next steps of the UEAAC are as follows:

### Phase II

- **Task II University Reorganization and Restructuring Proposal and Development:** Develop a structure that supports continuous improvements in our educational quality, strong fiscal management of our resources, and growth for programs and enrollment.
- **Task III Instructional Academic Resource Utilization Analysis:** Develop an analytical framework that can be utilized to make informed decisions about the use of resources to deliver and support instruction.

### Phase III

- **Campus Wide Dialogs:** Gain feedback to refine the Phase II plan.

### Phase IV

- **Gap Analysis:** Determine what it will take to get where we want to be.

## Acknowledgement

The UEAAC acknowledges that the timeline for Task I completion was short. The UEAAC apologizes for any errors in communication and will address these in Phase II. The UEAAC thanks the entire campus for its participation and collaboration during Task I and looks forward to engaging the WSU community as it continues to successfully accomplish the remaining phases of this efficiency study.

## Appendix A

# CHARGE UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE (UEAAC)

### PURPOSE OF THE COMMITTEE

Westfield State University continues to face financial challenges and an increasing deficit significantly amplified by the COVID-19 pandemic. In an effort to embrace collaboration and participation, made up of members from across divisions and from every union, this committee is charged with thoroughly examining the use of our institutional resources in order to identify where the university can streamline and increase efficiencies across all campus sectors. The goal of this process is to decrease the current budget deficit while maintaining the quality of teaching and learning that distinguishes our university as well as continuing the standard of care and the valuable experiences we provide to students. Given the current circumstances, this committee will act with urgency, relying on data, and make suggestions that can be considered for quick, short-term implementation first and then develop more long-term, systemic adjustments. Accordingly, an accelerated timeline is required to address our current crisis collaboratively and with transparency. This is a University wide advisory committee and per the *MSCA Bargaining Agreement* will provide recommendations to the President.

The university community may ask questions and provide feedback to the committee via email at [efficiency@westfield.ma.edu](mailto:efficiency@westfield.ma.edu).

### CHARGE TO THE COMMITTEE

Reporting to the President, the University Efficiency Analysis Advisory Committee (UEAAC) will consist of university-wide representation from all employee unions and divisions and the student body. This advisory committee is charged with (1) assessing the financial challenges and operational structure of the institution; and (2) suggesting both short-term and long-term pathways for improved efficiency to support the quality of the student experience and service to employees while reducing the budget deficit.

### COMMITTEE MEMBERSHIP

Membership of the UEAAC was determined to represent an approximation of the campus population across the breadth of the institution's division, each bargaining group, and the diversity of the campus community experiences.

|                         | NAME            | UNIVERSITY POSITION/ROLE                               | UNIT AFFILIATION |
|-------------------------|-----------------|--|------------------|
| <b>ACADEMIC AFFAIRS</b> |                 |  |                  |
| 1.                      | Monique Lopez   | Registrar  | APA              |
| 2.                      | Joe Camilleri   | Professor, Psychology, CMS                             | MSCA             |
| 3.                      | Kim Tobin       | Professor, Criminal Justice, CEHHS                     | MSCA             |
| 4.                      | Margot Hennessy | Professor, Ethnic & Gender Studies, CAHSS              | MSCA             |
| 5.                      | Rebecca Morris  | Dept. Chair, Economics & Mgmt.                         | MSCA             |
| 6.                      | Gabriel Aquino  | Dept. Chair, Sociology                                 | MSCA             |
| 7.                      | Azanda Seymour  | Director, Urban Education Program                      | APA              |
| 8.                      | Rebecca Brody   | Digital Resources and Collection Development Librarian | MSCA             |

|                                   |                   |  |                  |
|-----------------------------------|-------------------|--|------------------|
| 9.                                | Juline Mills      | Dean, College of Education, Health & Human Services, <i>Committee Chair</i>                  | NUP              |
| 10.                               | Lisa Ducharme     | Veteran & Military Services Coordinator/CGCE, <i>Committee Secretary</i>                     | APA              |
| 11.                               | Ron'na Lytle      | Administrative Assistant, Ethnic & Gender Studies, Language & Culture Studies, and Sociology | AFSCME – UNIT I  |
| 12.                               | Lisa Plantefaber  | Assoc. Dean, Institutional Research & Assessment, <i>Ex-officio, Non-voting</i>              | NUP              |
| <b>ADMINISTRATION AND FINANCE</b> |                   |  |                  |
| 13.                               | Jalisa Williams   | Assoc. VP, Human Resources   | NUP              |
| 14.                               | Maria Feuerstein  | Director, Budget and Financial Planning  | NUP              |
| 15.                               | Maureen Socha     | Executive Director, Facilities & Capital Planning  | APA              |
| 16.                               | Bill Connor       | Director, Dining Services  | APA              |
| 17.                               | Rafael Sevilla    | Maintainer I, Environmental Services   | AFSCME – UNIT II |
| 18.                               | Steve Taksar      | Vice President, Administration & Finance   | VP - Cabinet     |
| 19.                               | Alan Blair        | Chief Information Officer  | NUP              |
| 20.                               | Carolyn Healey    | Administrative Assistant, Catering   | AFSCME – UNIT I  |
| <b>ADVANCEMENT</b>                |                   |  |                  |
| 21.                               | Lisa McMahon      | Director, Advancement & Major Gifts  | APA              |
| <b>ENROLLMENT MANAGEMENT</b>      |                   |  |                  |
| 22.                               | Joshua Hettrick   | Director, Housing Operations   | APA              |
| <b>STUDENT AFFAIRS</b>            |                   |  |                  |
| 23.                               | Shannon Broderick | Associate Dean, Student Affairs  | NUP              |
| 24.                               | Terry Hamel       | Accountant II, Athletics   | AFSCME -- UNIT I |
| <b>STUDENT GOVERNMENT</b>         |                   |  |                  |
| 25.                               | Cameron Kelleher  | Student Government Association   |                  |

## COMMITTEE TASKS

The committee is charged with the following tasks, to be performed within the attached timeline. The committee's final report will be given to the President on or before December 15, 2020.

1. Review analytics and provide insights into university financial and academic data, as well as data from WSU's regional service area.
2. Examine campus organizational structures and personnel utilization to propose avenues for improving efficiency and reducing expenses while ensuring the continuance of high-quality student and employee services and experiences.
3. Engage in discussions of the working draft of committee information, ideas, and suggestions with all units/divisions/sectors of the campus community, seeking critical feedback and further ideas for promoting institutional financial viability.
4. Construct a Gap Analysis, comparing where we are now on specific items compared to where we want to be.
5. Explore potential revenue opportunities and realistic growth opportunities for both tuition-generating and non-tuition generating activities.

6. Prepare a final report for the President that summarizes comments and ideas generated from both committee work and the discussion sessions that includes a list of suggestions and alternatives for action, with rationale, pros and cons, and specific recommendations which can close the short-term and longer-term budget gap.

## 2020 TIMELINE FOR UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE (UEAAC)

The UEAAC will provide regular updates to the campus community and will follow the below approximated timeline. The Committee will meet Wednesdays and Fridays from 12noon-2pm, unless otherwise stated.

| DATE   | TASKS   |
|--|---|
| <b>August 31, 2020</b>   | President Saigo announces Advisory Committee membership and charge                          |
| <b>September 2, 2020</b>   | <b>Advisory Committee Opening Meeting (3pm-4:30pm)</b>                                      |
|  | Welcome and Charge – President Saigo  |
|  | Introductions   |
|  | Review of Tasks and Timeline  |
|  | Assignment of subgroups for Task 1, Task 2, and Task 3. Assign co-chairs                    |
|  | Discussion on Campus Communication Plan – Assign Lead                                       |
|  | Discussion on Committee Bylaws – Assign Lead  |
|  | Review of Data for Project – Access to SharePoint Team                                      |
|  | Determine additional data and information needed to complete Task I                         |
|  | <i>Information for committee work to be provided by administrative offices upon request</i> |
| <p><b>PHASE I: ONE TIME REDUCTION PLAN TO BALANCE FY21 – REDUCE \$7.5M DEFICIT</b><br/>           Aim I: Identify areas for immediate expense reductions and cost-savings<br/>           Aim II: Determine strategies for immediate cost-savings<br/>           Aim III: Analyze strategies and impact on budget</p> |   |
| <b>September 4, 2020</b>   | Introduction to WSU Finances and Data Review  |
|  | Examination of university expenses across all divisions and departments/units               |
| <b>September 9, 2020</b>   | Continue data review and discussion   |
|  | Continue examination of data by division and unit   |
| <b>September 11, 2020</b>  | Generate and compile cost cutting solutions   |
| <b>September 12, 2020</b>  | Provide written recommendation on cost cutting measures to VP Taksar                        |
| <b>September 14, 2020</b>  | Review and validation of cost cutting strategies by VP Taksar and Finance Team              |
| <b>September 16, 2020</b>  | Finalize campus communication plan and individual unit outreach                             |
| <b>September 18, 2020</b>  | Validation process results received. Committee makes changes and adjustments                |
| <b>September 21, 2020</b>  | VP of Finance, Steve Taksar, presents recommendations to the Cabinet                        |
| <b>September 23, 2020</b>  | Committee reviews feedback from Cabinet   |
| <b>September 25, 2020</b>  | Committee prepares and presents final draft to President Saigo to prepare for Board Meeting |
| <b>September 28, 2020</b>  | UEAAC Shares Written Plan with the Campus Community   |
| <b>September 30, 2020</b>  | <b>UEAAC Campus Town Hall</b>   |
|  |   |
| <b>October 2</b>   | <b>Final Phase I Report due to President</b>  |
| <b>October 10</b>  | <b>Summary of PHASE I task results shared campus-wide</b>                                   |
| <b>October 13</b>  | <b>Board of Trustees Meeting</b>  |

|   |   |
|---|---|
| <b>PHASE II: TASKS</b>  |   |
| <b>LONG-TERM PLANNING (2021-2024)</b>   |   |
| <b>Full agenda will be shared with the campus community once finalized.</b>             |   |
| <b>1. ASSESS ORGANIZATIONAL STRUCTURE AND PERSONNEL EFFICIENCY</b>                      |   |
| <b>October 2020</b>   | Review organizational charts, structures, and personnel   |
|   | Identify unit overlaps in personnel usage   |
|   | Identify areas for streamlining   |
|   | Identify service gaps   |
|   | Conduct cross-unit efficiency analysis  |
|   | Identify potential cost savings related to organizational structure and efficiency both immediate and long-term |
|   | <b>Share analysis with the Campus Community</b>   |
| <b>2. REVIEW ANALYTICS AND PROVIDE INSIGHTS</b>   |   |
| <b>October 2020</b>   | Course cost analysis  |
|   | Student credit hour generation by department analysis   |
|   | Balance score sheet for non-major units   |
|   | Teaching and learning quality evaluation  |
|   | Academic contribution margin analysis by department   |
|   | Identify issues and suggest multiple alternatives for resolution, rationale, pros and cons                      |
|   | <b>Share analysis with the Campus Community</b>   |
| <b>PHASE III: CAMPUS-WIDE DISCUSSION (ZOOM sessions moderated by committee members)</b> |   |
| <b>November 2020</b>  | Unit/Department/Sector review and feedback  |
|   | Student review and feedback   |
|   | Units submit written feedback summaries and recommendations   |
|   | <b>Summary of PHASE II discussions with collated comments &amp; ranked suggestions</b>                          |
| <b>PHASE IV: GAP ANALYSIS – Where we are versus where we want to be</b>                 |   |
| <b>December 2020</b>  | Develop full list of Gap Analysis factors including financial and organizational indicators                     |
|   | <b>Summarize for final reporting</b>  |
|   |   |
| <b>December 15</b>  | <b>Final committee report due to President</b>  |
|   | The report should have an Executive Summary but also contain full detail & relevant attachments                 |

## Appendix B

# UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE (UEAAC) By-Laws

### **ARTICLE 1. Name.**

The name of the organization will be the University Efficiency Analysis Advisory Committee (UEAAC). It is an advisory committee that reports directly to the University President.

### **ARTICLE 2. Purpose and Responsibilities.**

#### 2.1 Purpose

Westfield State University continues to face financial challenges and an increasing deficit significantly amplified by the COVID-19 pandemic. In an effort to embrace collaboration and participation, made up of members from across divisions and from every union, this committee is charged with thoroughly examining the use of our institutional resources in order to identify where the university can streamline and increase efficiencies across all campus sectors. The goal of this process is to decrease the current budget deficit while maintaining the quality of teaching and learning that distinguishes our university as well as continuing the standard of care and the valuable experiences we provide to students. Given the current circumstances, this committee will act with urgency, relying on data, and make suggestions that can be considered for quick, short-term implementation first and then develop more long-term, systemic adjustments. Accordingly, an accelerated timeline is required to address our current crisis collaboratively and with transparency. This is a University wide advisory committee and per the *MSCA Bargaining Agreement* will provide recommendations to the President.

#### 2.2 Responsibilities

The UEACC is charged with:

1. assessing the financial challenges and operational structure of the institution; and
2. suggesting both short-term and long-term pathways for improved efficiency to support the quality of the student experience and service to employees while reducing the budget deficit.

The specific responsibilities to fulfill this charge by December 15, 2020 include:

1. Review analytics and provide insights into university financial and academic data, as well as data from WSU's regional service area.
2. Examine campus organizational structures and personnel utilization to propose avenues for improving efficiency and reducing expenses while ensuring the continuance of high-quality student and employee services and experiences.
3. Engage in discussions of the working draft of committee information, ideas, and suggestions with all units/divisions/sectors of the campus community, seeking critical feedback and further ideas for promoting institutional financial viability.
4. Construct a Gap Analysis, comparing where we are now on specific items compared to where we want to be.
5. Explore potential revenue opportunities and realistic growth opportunities for both tuition-generating and non-tuition generating activities.
6. Prepare a final report for the President that summarizes comments and ideas generated from both committee work and the discussion sessions that includes a list of suggestions and alternatives for action, with rationale, pros and cons, and specific recommendations which can close the short-term and longer-term budget gap.

### **ARTICLE 3. Membership.**

The UEAAC consists of university-wide representation from all employee unions and divisions and the student body. Membership of the UEAAC represents an approximation of the campus population across the breadth of the institution's division, each bargaining group, and the diversity of the campus community experiences. Total membership shall not exceed 24 voting members.

The Dean of Education, Health, and Human Services serves as the Chair of the committee, with voting limited to tie-break situations. The Vice President of Administration and Finance serves this role in the absence of the Chair.

The Chair will assign a member of the campus community to take minutes. If this person is a committee member they may vote, otherwise they are a non-voting member.

Additional non-voting advisory members are assigned to the committee as necessary and are approved by the Chair.

## **ARTICLE 4. Meeting Structure.**

### **4.1 Committee meetings**

The UEAAC shall meet twice per week, at such dates and times, as decided by the Chair, to conduct the business of the committee. Additional meetings of the full committee may be held at the discretion of the Chair of the UEAAC.

### **4.2 Agenda**

The Chair of the UEAAC shall set the agenda for full committee meetings of the UEAAC. Preliminary agenda from the previous meeting will be distributed 24 hours in advance. New items may be added at the discretion of the President and Chair.

### **4.3 Minutes**

The UEAAC shall keep minutes of all committee and subcommittee meetings that serve as permanent records. A record of all actions taken shall also be included. Permanent records of meetings are subject to all rules and restrictions of Massachusetts Public Records laws. Committee records will be kept in the President's Office.

### **4.4 Quorum**

Quorum requires a minimum of 13 members, with at least one member from each constituency (NUP, APA, AFSME, MSCA, student). Quorum is required for official votes, to address new items, or to move items to the President.

## **ARTICLE 5: Subcommittees.**

### **5.1 Subcommittee membership**

Sub-committees will be formed to fulfill the goals of UEAAC. Membership on sub-committees is limited to members of the UEAAC. The UEACC Chair is an ex-officio member of all subcommittees.

Final assignment into subcommittees will be determined by the UEAAC chair. Assignment into sub-committees should strive to represent the diversity of the full committee, as well as individual member strengths and interest.

### **5.2 Meeting structure**

Each sub-committee will designate a chair and a note taker for minutes. The UEACC chair may not serve as a sub-committee chair. The subcommittee chair will call meetings as necessary. Sub-committees will conform to agenda and minute requirements noted in Article 4.2 and 4.3. Sub-committees are required to have a simple majority for quorum but recognize that All sub-committee work will be report to the UEACC as the recommending body.

## **ARTICLE 6: Confidentiality.**

UEAAC is subject to open meeting law and public records law (MA G.L. c. 30A 18-25; G.L. c. 4 7/26) and disclosure restrictions noted in the legal code. Consistent with this, committee members are expected to keep information and discussions pertaining to specific employees and personnel records confidential. Committee

members are not permitted to discuss in this Committee personnel matters of themselves or others as it relates to information kept in the University's personnel files of past, current or pending investigations, legal proceedings, disciplinary actions or the like. A committee member who shares confidential information or discussions outside of the committee or raises discussions of prohibited personnel matters involving themselves or others will be immediately removed from the UEACC.

**ARTICLE 7: Parliamentary Authority**

In questions of parliamentary procedure, the committee shall refer to the current edition of Robert's Rules of Order, Newly Revised, in all cases to which they are applicable and not inconsistent with the rules of union contracts.

**ARTICLE 8: Amendment of Bylaws**

Any of the provisions of these bylaws may be amended upon a vote by a two-thirds (67%) majority of the committee. There must be sufficient notice to members regarding any meeting in which bylaw changes will be discussed, normally, at least one week prior to the meeting; bylaws amendments cannot be introduced as new business.



## Appendix C

# UNIVERSITY EFFICIENCY ANALYSIS ADVISORY COMMITTEE (UEAAC) COMMUNICATION PLAN

### **Introduction:**

The UEAAC consists of university-wide representation from all employee unions and divisions and the student body. This campus-wide advisory committee is charged with (1) assessing the financial challenges and operational structure of the institution; and (2) suggesting both short-term and long-term pathways for improved efficiency to support the quality of the student experience and service to employees while reducing the budget deficit.

This plan is to provide a clear structure for UEAAC communication to the WSU community and to address the needs for internal communication among and between committee members.

### **Guiding principles:**

- Transparency: A transparent process is essential for the success of the work of the committee and honoring the shared stewardship of the financial health of the University. The voices of the campus community are central to this process.
- Listening: The UEAAC members are committed to seeking and listening to valuable input and ideas from all campus constituencies despite the accelerated timeline.
- Consistency and clarity: consistent and honest communication is essential for the health of our campus.

### **Goals and Objectives:**

- Build understanding and support for the changes we need to recommend and embrace to survive the current fiscal crisis and go forward stronger.
- Ensure that all committee members have access to all the data and information they need in order to make better informed decisions and recommendations.
- Report out all information from sub-committees to the whole committee including providing rationales and documentation when necessary.
- All committee members will be aware of the work of all other members and have access to information about that work and any recommendations.

### **Internal Communication Strategy:**

- The Committee will use Microsoft Teams to share, access and store all data and documents.
- Files with Financial Data and other important information will be loaded and stored on the Teams site.
- Agendas, Notes, and Meeting Minutes will be posted on the site for review before each meeting.
- Recommendations will be loaded by sub-groups into the Folders created on teams and made visible to all committee members.

### **Campus wide Communications Strategies:**

- The Committee will compose and issue a weekly update either in writing or as a video, outlining the progress and process to the university community. This email will include clear assignments, and any update on recommendations.
- Weekly Updates will be assigned to at least 2 members per week on a rotating basis and each update will be accompanied by an email from the Interim President framing and supporting the work. This work will be supported by a volunteer Communications Coordinator.
- The members of the committee and the Chair will make themselves available to Union Leadership for any questions and concerns and will attend Union Meetings to provide updates as requested by the Unions.

Members of the committee who are members of the various Unions will assist in clear communication between the committee and the members of their union.

- The Committee will see input from all campus units on its various tasks.
- The Committee will host at least 2 Virtual Town Hall style Forums during this semester (Dates TBD) to elicit feedback, respond to questions, and encourage dialogue with the campus community.
- The Committee will issue a Report with recommendations to the President and the campus Community at the completion of the work for each Tier. We will also issue a final report to the President. Upon approval by the President the Committee will share its report and findings with Campus Governance, Union leadership, and the Westfield State Community.
- Members of the committee will make themselves available to work with the campus as questions and concerns are brought to the committee.
- All Vice Presidents will be notified of the process, activities, and communication from the committee to departments within their divisions.
- Sub-committee members will reach out to Departments and Divisions in a clear, consistent, and cordial way for information and input on their budgets and critical needs.

**Weekly Communication Plan Leads:**

List developed using pregenerated randomization at <https://www.random.org/lists/?mode=advanced>

**Volunteer Communication Coordinator:**

Margot Hennessy: will collect and assist with all updates including coordinating with the President's Office and fill in when necessary.

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

**FY21 Provisional Budget Narrative**

June 13, 2020

**EXECUTIVE SUMMARY**

The FY21 budget cycle presents a significant amount of uncertainty with the COVID-19 pandemic and its effect on campuses across the country. Every campus has been impacted by this event and providing definitive plans for the next year is nearly impossible. Given these circumstances, the campus is proposing a provisional budget for approval now and will submit a final annual budget at the October board meeting. State appropriation and enrollment are the primary revenue drivers for the university and without a stable understanding of those revenue categories, developing a realistic budget is problematic. By September, we will have a much better idea on those revenue categories and their impact on our resources.

This budget approach also includes a variety of budget reductions, temporary and permanent, of over \$10M compared to the FY20 budget but there is still a ways to go. While the first set of reductions have been made in the provisional budget represented today, the budget still results in a projected loss of \$7.4M. Our goal is to refine the projected loss as new information becomes available and work to close that gap by the October board meeting in the most prudent manner possible. The health and safety our of students and community is of utmost importance as we prepare for a fall opening.

It is important to note that the residential life budget is represented as a neutral impact to our budget. As of this writing, a decision has not been made on how the residential program will operate in FY21. But, we do know that MSCBA will provide financial relief of approximately \$8M in the form of debt restructuring, refinancing and release of reserves to fund interest payments, for one year (there will be some reductions in FY22 but not at the level in FY21). The overall impact of these events make it difficult to accurately predict the impact on our budget until decisions are made during the summer months and the debt restructuring has been finalized.

The two step approach to developing an annual budget makes the most logical sense to the campus to ensure that our resources can align with external factors which impact developing our annual budget. Careful consideration must be given to ensure the quality of our programs balanced with available resources and a long term view to sustain the university in very challenging times.

**CAMPUS STRATEGY TO BALANCE BUDGET**

**FY21 Cost Reduction Strategy**

The campus implemented a 3-Tiered cost reduction strategy, executing \$7.6m of reductions across multiple funds for Tier 1. The reductions included a hiring freeze totaling \$4.0M; a

\$2.0M reduction to the adjunct budget; a \$500k reduction to temporary workers; \$600k reduction to department operating budgets; and \$400k reduction to strategic plan funding. A decision on implementing Tiers 2 & 3 is dependent upon additional indication of key factors affecting the revenue budget such as State Appropriation, Enrollment, and a potential change to the campus operating modality following further guidance from the state as it pertains to Covid-19.

In addition to the Tiered budget balancing strategy mentioned above, the campus implemented the following permanent savings totaling \$3.3M in December in response to the FY20 enrollment shortfall:

- \$920k of divisional budget reductions.
- FY21 VSIP savings of \$1.7M
- \$700k of various funding categories were reduced from the FY21 Provisional Budget.

## **ENROLLMENT**

FY20 enrollment was budgeted at 4,223 average annual billable students, however, the FY21 Provisional Budget reflects an undergraduate enrollment decrease of approximately 943 average billable students. The previous fall entering class was expected to be comprised of 1,050 new entering students and 340 transfer students for a total of 1,390 students. The FY21 enrollment target is a fall entering class of 978 new entering students and 234 transfer students for a total of 1,212. Current deposits are tracking significantly lower than prior year; as of June 2<sup>nd</sup>, the Admission Funnel Report reflected 888 deposits and 183 transfers, for a total of 1,122; resulting in a current gap of 90 students (1,212 – 1,122) compared to budget. It is expected that the final enrollment budget will be lower than the FY21 Provisional Budget based on current enrollment data.

## **REVENUES**

Total Revenues are projected to decrease by 14% or \$17.9m over last year's budget mainly due to a significant decrease in Tuition and Fee Revenue totaling \$9.5m, a 10% reduction in State Appropriations totaling \$2.9m; a 19% reduction in Residence Fees totaling \$3.6m; and a 13% reduction in Dining Fees totaling \$1.4m. The FY21 Provisional Budget assumes a 10% decrease in State Appropriations compared to the FY20 Budget, an entering class enrollment decline of 15%, and a 7% reduction in enrollment due to retention issues.

Board approved fee increases for undergraduate and CGCE have been integrated in the budget (refer to FY21 *Schedule of Annual Tuition and Fees – Approved and Revised as Final 5/27/2020*). Total cost of attendance increase for an in-state on campus residential student would be 2.6% or \$583 and 2.7% or \$290 for a commuter student. This increase places Westfield's relative "sticker price" in the median range compared to other Massachusetts state universities.

- Residential Life rent revenue is expected to be significantly lower than prior year due to a decrease in occupancy rates offset by a 3% increase in room rates.

- Dining Services revenue is projected to decline by 13% or approximately \$1.4M due to the decline in occupancy in housing which requires a meal plan.
- CGCE revenue is decreasing by approximately \$0.3M or approximately 2.7% over last year's budget for a total of \$11.8M due to the COVID-19 pandemic for all undergraduate and graduate programming. Based upon preliminary enrollment data, it is projected there will be a decline in the following areas: (1) 10% in credits in overall undergraduate (except RN-BSN) and graduate (except MSW and PA), (2) 8% decline in RN-BSN, (3) 5% reduction in MSW, (4) 20% in XRG, (5) 10% in waivers, and (6) 5% in ed service fees.

## **EXPENSES**

Operating expenses are decreasing by \$8.1M or roughly 8% below FY20 as a result of the following:

- Compensation and fringe expenses are \$3.0M lower than FY20 due to \$1.7M of VSIP savings and \$4.0M due to the hiring freeze offset by a \$2.9M increase in campus payroll obligation due to lower state appropriation, which is applied directly to base compensation. The fringe rate increased from 37.99% to 39.18%.
- No increases in salaries are assumed in this budget.
- Operating budgets decreased by \$3.1M mainly due to implementing the Tier 1 cost reductions which included \$2.0M in Adjunct costs; \$0.6m in Department Operating Expense; and \$500k in temporary worker expenses.
- Strategic investments were reduced from \$500k in FY20 to \$350k in FY21 and will be allocated mainly to increasing Financial Aid by \$250k, \$100k for One-time initiatives, and funding \$20k for the Innovation Fund.
- Early indications from MSCBA are that roughly \$8M of debt service relief will likely be provided through restructuring in order to support housing operations following the impact of the Covid-19. As a result, the MSCBA Assessment was reduced as a temporary placeholder until a more accurate amount is provided and the fall opening model is determined.

While expenses exceed revenues by \$11.18M, it is important to note the following:

- 1) Capital rollover funds represents approximately \$1.7M due to several projects that are expected to remain incomplete by year-end including \$900k for DCAMM funded projects, \$360k for ITS projects, and \$400k for other University funded projects.
- 2) Operating contingency of \$760k is built into the expense category and is a combination of true contingency which includes \$425k in operating contingency for the campus and a projected surplus of \$290k in CGCE. The contingency is used to hedge against an unplanned tuition shortfall or one-time unplanned expenses which are necessary to fund.
- 3) Potential planned use of reserves totaling \$2.03M is mainly due to Dining use of reserves to fund capital projects including the Dining Common floor replacement (structural issue) and Wilson Café. Additional use of reserves totaling \$630k represents CURCA, SGA, Residential Life, Grants, and Athletics.

## **COLLEGE OF GRADUATE AND CONTINUING EDUCATION (CGCE)**

FY21 revenue of \$11.8M represents a decrease of \$300k when compared to prior year based on a projected decline in credits counts affecting both graduate and undergraduate. Expenses are decreasing by \$300k as CGCE has made efforts to balance their budget across multiple operational expense lines. In alignment with the campus operating assumption, the CGCE budget does not include increases for collective bargaining. CGCE has added one new faculty line to support accreditation requirements for the PA program. The net result for CGCE is a projected surplus of \$300k.

Non-credit programs administered by CGCE are represented within the Other Trust Fund category in the *Detailed Budget by Trust Fund* summary document. Non-credit is projecting a minor surplus of \$28k which is also identified as an operating contingency.

## **AUXILIARIES (RESIDENTIAL LIFE AND DINING SERVICES)**

- **Residential Life** – Rates are increasing by 3% in FY21 while occupancy rates are projected to decline by 19% from prior year. Residential Life will require debt service relief from MSCBA in order to balance its budget in FY21 mainly because the Covid-19 pandemic coupled with declining enrollment and a competitive off-campus housing market are expected to further cause financial limitations. In FY20, Housing Operations provided refunds totaling \$4.2M and expected an additional enrollment related revenue decline of \$1.2M. Covid-19 may have an additional impact on housing operations in FY21, but the full impact is currently unknown. Due to Covid-19, Residential Life will not have additional summer conference revenue as summer conferences have been cancelled.
- **Dining Services** - Despite a 3% increase to the average meal plan, revenue is expected to be \$1.4M lower than prior year mainly due to lower on campus housing occupancy. For instance, revenue was projected at \$10.6M in FY20 and \$9.2M in FY21. Budget adjustments have been made to produce a balanced budget. While Dining Services historically contributes \$2.4M to the campus through a university assessment, at this time, the contribution has been reduced to \$2.0M. Dining commons floor requires structural repairs and is targeted as a priority capital improvement \$1.3M project for Dining Services, in addition to \$100k for the Wilson Cafe project; both projects are funded by reserves.
  - Dining services proposed, and the board approved a one meal plan option for residential students next year in lieu of multiple meal plan options in response to the requirements to operate under COVID -19 parameters.

## **CAPITAL BUDGET**

The capital budget is projected to be approximately \$5.9M, which includes \$4.5M of new/incomplete capital projects and \$1.4M of capital for the dining commons project. The

campus base budget for capital was reduced as part of the cost reduction plan by \$200k and is now \$2.8M.

The projected capital budget excludes funding for the renovation of Parenzo Hall as the campus portion will be funded from cash reserves later in FY21/FY22.

Major capital investments include:

- Several deferred maintenance projects as partially funded by DCAMM - \$720k
- Campus Website Redesign - \$250k
- Campus Electrical System Arc Flash Study - \$200k
- Classroom technology - \$160k
- Lifecycle Computers for Faculty, Staff, and Labs - \$220k

FY20 Capital Rollover includes DCAMM Funding for emergency projects including the water slope \$180k and the Horace Mann Garage Roof for \$290k

FY21 DCAMM Matched Deferred Maintenance Projects are as follows:

|   | 67.8%            | 32.2%          | 100.0%           |
|---|------------------|----------------|------------------|
| Project Title   | DCAMM Funded     | WSU Match      | FY21 total       |
| Sprinkler Study   | 40,500           |                | 40,500           |
| Dower Center Roof Replacement Construction                        | 406,800          | 193,200        | 600,000          |
| Horace Mann Garage Roof   | 339,000          | 161,000        | 500,000          |
| Horace Mann Mass Notification System                              | 135,600          | 64,400         | 200,000          |
| Trades (Maintenance) Building roof replacement -Jan doc May start | 67,800           | 32,200         | 100,000          |
| Campus Steam Tunnel roofs   | 135,600          | 64,400         | 200,000          |
| Horace Mann Center AC replacements Work Study Oct Const March     | 339,000          | 161,000        | 500,000          |
| Horace Mann Center Sewer Ejector replacement- January             | 33,900           | 16,100         | 50,000           |
| Power Plant Condensate Receiver Tank                              | 67,800           | 32,200         | 100,000          |
| Wilson Roof Study   | 32,340           |                | 32,340           |
| <b>Total</b>  | <b>1,598,340</b> | <b>724,500</b> | <b>2,322,840</b> |

### **PLANNED USE OF RESERVES**

Planned use of reserves is an estimate based on the assumption that reserves will be needed next year. For FY21, the estimated amount is \$2.0M mainly due to \$1.4M in Dining Capital projects, which are funded from Dining Reserves, and \$630k of Other Trust Fund rollovers which represents other requests for use of reserves from across various campus groups including Athletics, CURCA, Grants, and SGA Fundraising to name a few. Despite a significant decline in occupancy, it is unclear that Residential Life will use reserves to support its operation mainly as a result of the anticipated MSCBA debt service restructure which is expected to

provide significant financial relief for Housing Operations. The residential life impact on reserves will be revisited prior to the October board meeting.

### **STRATEGIC PLAN INVESTMENT**

Overall the campus has allocated a total of \$802k in Strategic Investments of which \$470k represents FY20 strategic plan funding which is permanent and therefore remains in the budget on a cumulative basis each year. An additional \$350k was allocated in FY21 toward strategic plan funding of which \$250k was applied toward increasing financial aid and the remaining is aligned to multiple divisional one-time initiatives that support fundraising and creating operational efficiencies, and most notably, a \$51k investment in a free winter and summer course incentive program.

### **SUMMARY**

The campus has undergone perhaps one of the most significant obstacles in recent history given the Covid-19 pandemic coupled with declining enrollment. Through diligent planning, the campus has been able to reducing overall expense by a total of \$10.9M since the start of FY20. The campus continues to carefully evaluate the balance between affordability, enrollment, and strategic investments while striving to balance the budget. The FY21 Provisional Budget was developed keeping in mind there are several critical planning elements that are still uncertain. Until key revenue indicators such as enrollment and state appropriation are better known, it is going to be challenging to predict whether additional cost reductions will be necessary. The highest priorities in FY21 are going to be: 1) Campus safety for both students and employees; 2) creating financial stability through enhanced planning which may include further budget reductions; 3) developing ways to attract and retain students; and 3) continuing to invest in the strategic plan in order to remain competitive.



**Westfield State University**  
**FY21 Campus Provisional Budget**  
**Provisional Budget as of June 13, 2020**

|                                    | <b>FY21 Budget</b>  | <b>FY20 Budget</b> | <b>\$ Change</b>    | <b>% Change</b> |
|------------------------------------|---------------------|--------------------|---------------------|-----------------|
| <b><u>Revenue</u></b>              |                     |                    |                     |                 |
| Scholarship Allowance              | (10,285,448)        | (10,610,448)       | 325,000             | -3%             |
| Tuition and Fees                   | 49,470,231          | 59,002,807         | (9,532,576)         | -16%            |
| Federal Grants and Contracts       | 8,963,998           | 9,271,568          | (307,570)           | -3%             |
| State Grants and Contracts         | 2,728,000           | 2,585,000          | 143,000             | 6%              |
| Private Grants and Contracts       | 435,000             | 478,000            | (43,000)            | -9%             |
| Residence Fees                     | 15,789,402          | 19,411,659         | (3,622,256)         | -19%            |
| Dining Fees                        | 9,232,436           | 10,636,124         | (1,403,688)         | -13%            |
| Other Operating Revenues           | 1,760,840           | 2,255,890          | (495,050)           | -22%            |
| Commissions                        | 430,194             | 550,000            | (119,806)           | -22%            |
| State General Appropriations       | 26,516,934          | 29,463,260         | (2,946,326)         | -10%            |
| Foundation Support                 | 480,000             | 430,000            | 50,000              | 12%             |
| Investment Income                  | 635,188             | 677,400            | (42,212)            | -6%             |
| <b>Total Revenue</b>               | <b>106,156,775</b>  | <b>124,151,260</b> | <b>(17,994,484)</b> | <b>-14%</b>     |
| <b><u>Expenses</u></b>             |                     |                    |                     |                 |
| Personnel                          | 51,570,997          | 54,766,124         | (3,195,127)         | -6%             |
| Fringe Benefits                    | 10,697,631          | 10,527,350         | 170,282             | 1.6%            |
| Operations                         | 28,232,246          | 31,342,404         | (3,110,158)         | -10%            |
| Strategic Investments              | 820,000             | 500,000            | 320,000             | 64%             |
| Utilities                          | 4,364,183           | 4,541,635          | (177,452)           | -4%             |
| Debt Payments                      | 2,486,784           | 2,465,435          | 21,349              | 1%              |
| Operating Contingency              | 761,878             | 1,309,799          | (547,922)           | -42%            |
| Capital Projects                   | 4,498,681           | 4,592,092          | (93,411)            | -2%             |
| Scholarships                       | 4,789,554           | 4,270,134          | 519,420             | 12%             |
| Transfers                          | -                   | -                  | -                   |                 |
| MSCBA Assessment                   | 9,122,343           | 12,897,864         | (3,775,521)         | -29%            |
| <b>Total Expense and Transfers</b> | <b>117,344,298</b>  | <b>127,212,838</b> | <b>(9,868,540)</b>  | <b>-8%</b>      |
| <b>Net Revenue over Expense</b>    | <b>(11,187,523)</b> | <b>(3,061,579)</b> | <b>(8,125,944)</b>  | <b>265%</b>     |
| Planned Use of Reserves            | 2,035,959           | 1,529,486          | 506,473             | 33%             |
| Capital Rollover                   | 1,698,681           | 1,532,092          | 166,589             | 11%             |
| <b>Total Use of Reserves</b>       | <b>3,734,641</b>    | <b>3,061,579</b>   | <b>673,062</b>      | <b>22%</b>      |
| <b>Net Surplus/(Loss)</b>          | <b>(7,452,882)</b>  | <b>-</b>           | <b>(7,452,882)</b>  |                 |

**Westfield State University**  
**FY21 Detailed Provisional Budget by Trust Fund**  
**Provisional Budget as of June 13, 2020**

|                                    | Operating Budget   | Grants           | Capital Project Fund | CGCE              | Residential Life  | Dining Services    | Other Trust Funds | FY21 Budget All Funds | Notes |
|------------------------------------|--------------------|------------------|----------------------|-------------------|-------------------|--------------------|-------------------|-----------------------|-------|
| <b>Revenue</b>                     |                    |                  |                      |                   |                   |                    |                   |                       |       |
| Scholarship Allowance              |                    | (10,285,448)     |                      |                   |                   |                    |                   | (10,285,448)          |       |
| Tuition and Fees                   | 37,560,644         |                  |                      | 11,809,587        |                   |                    | 100,000           | 49,470,231            |       |
| Federal Grants and Contracts       |                    | 8,963,998        |                      |                   |                   |                    |                   | 8,963,998             |       |
| State Grants and Contracts         |                    | 2,728,000        |                      |                   |                   |                    |                   | 2,728,000             |       |
| Private Grants and Contracts       |                    | 185,000          |                      |                   |                   |                    | 250,000           | 435,000               |       |
| Residence Fees                     |                    |                  |                      |                   | 15,789,402        |                    |                   | 15,789,402            |       |
| Dining Fees                        |                    |                  |                      |                   |                   | 9,232,436          |                   | 9,232,436             |       |
| Other Operating Revenues           | 740,008            |                  |                      |                   | 19,000            |                    | 1,001,832         | 1,760,840             | (1)   |
| Commissions                        | 340,194            |                  |                      |                   | 90,000            |                    |                   | 430,194               |       |
| State General Appropriations       | 26,516,934         |                  |                      |                   |                   |                    |                   | 26,516,934            |       |
| Foundation Support                 | 480,000            |                  |                      |                   |                   |                    |                   | 480,000               |       |
| Investment Income                  | 635,188            |                  |                      |                   |                   |                    |                   | 635,188               |       |
| <b>Total Revenue</b>               | <b>66,272,968</b>  | <b>1,591,550</b> | <b>-</b>             | <b>11,809,587</b> | <b>15,898,402</b> | <b>9,232,436</b>   | <b>1,351,832</b>  | <b>106,156,775</b>    |       |
| <b>Expenses</b>                    |                    |                  |                      |                   |                   |                    |                   |                       |       |
| Personnel                          | 43,650,537         | 275,000          |                      | 3,416,692         | 2,057,846         | 1,982,294          | 188,629           | 51,570,997            |       |
| Fringe Benefits                    | 7,589,081          | 106,648          |                      | 1,414,220         | 755,330           | 758,274            | 74,079            | 10,697,631            |       |
| Operations                         | 13,368,196         | 829,902          |                      | 4,097,618         | 2,845,527         | 5,551,778          | 1,539,225         | 28,232,246            |       |
| Strategic Investments              | 820,000            |                  |                      |                   |                   |                    |                   | 820,000               |       |
| Utilities                          | 2,678,323          |                  |                      |                   | 1,685,860         |                    |                   | 4,364,183             |       |
| Debt Payments                      | 2,173,763          |                  |                      |                   |                   | 313,021            |                   | 2,486,784             |       |
| Operating Contingency              | 425,000            |                  |                      | 286,683           |                   | 25,194             | 25,000            | 761,878               |       |
| Capital Projects                   |                    |                  | 4,498,681            |                   |                   | -                  |                   | 4,498,681             |       |
| Scholarships                       | 3,847,995          | 380,000          |                      | 105,855           | 386,704           | 4,000              | 65,000            | 4,789,554             |       |
| Transfers                          | (801,765)          | 68,453           | (2,800,000)          | 2,488,519         | (955,207)         | 2,000,000          |                   | -                     | (2)   |
| MSCBA Assessment                   |                    |                  |                      |                   | 9,122,343         |                    |                   | 9,122,343             |       |
| <b>Total Expense and transfers</b> | <b>73,751,130</b>  | <b>1,660,003</b> | <b>1,698,681</b>     | <b>11,809,587</b> | <b>15,898,403</b> | <b>10,634,561</b>  | <b>1,891,933</b>  | <b>117,344,298</b>    |       |
| <b>Net Revenue over Expense</b>    | <b>(7,478,162)</b> | <b>(68,453)</b>  | <b>(1,698,681)</b>   | <b>-</b>          | <b>(0)</b>        | <b>(1,402,125)</b> | <b>(540,101)</b>  | <b>(11,187,523)</b>   |       |
| Planned Use of Reserves            | 25,280             | 68,453           |                      | -                 | 0                 | 1,402,125          | 540,101           | 2,035,959             | (3)   |
| Capital Rollover                   |                    |                  | 1,698,681            |                   |                   |                    |                   | 1,698,681             |       |
| <b>Total Use of Reserves</b>       | <b>25,280</b>      | <b>68,453</b>    | <b>1,698,681</b>     | <b>-</b>          | <b>0</b>          | <b>1,402,125</b>   | <b>540,101</b>    | <b>3,734,641</b>      |       |
| <b>Net Surplus/(Loss)</b>          | <b>(7,452,882)</b> | <b>-</b>         | <b>-</b>             | <b>-</b>          | <b>-</b>          | <b>-</b>           | <b>-</b>          | <b>(7,452,882)</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 (for example, dining services will transfer \$2.0m to the University's Operating Budget).
3. Planned Use of Reserves may require immaterial adjustments due to year end account validation.



## Board of Trustees

October 13, 2020

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### MOTION

To accept the annual report for fiscal year ending June 30, 2020, 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 FY20 Financial Statements, audited by O'Connor & Drew, P.C.

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Kevin R. Queenin, Chair

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Date

# Westfield State University

October 13, 2020



# Required Communications

- *AUDITOR'S 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

- *AUDITOR'S RESPONSIBILITY UNDER GAAS – CON'T*
  - We issued an unmodified opinion on the University's financial statements.
  - No material weaknesses/deficiencies were noted within the Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

# Required Communications - Continued

- Initial Selection of or Changes in Policies
  - The Commonwealth of Massachusetts elected to early implement GASB No. 84-*Fiduciary Activities* for the years ending June 30, 2020. Management has examined the funds held by the University and determined these amounts to be immaterial for both of the years ended June 30, 2020 and 2019. As a result, the fiduciary activities have not been presented as separate statements within the University's June 30, 2020 Audited Financial Statements.
  - With the exception of GASB No. 84 discussed above there were no changes in accounting policies. All accounting policies are discussed in Note 1 of the financial statements.

# Required Communications - Continued

## *Audit Adjustments and Uncorrected Misstatements*

- As disclosed in Note 2, in August 2020, Management of the University was notified of an error in the calculation of OPEB for the year ended June 30, 2019. This error resulted in OPEB expense for the year ended June 30, 2019 to be understated by approx. \$2.6 million.
- 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
  - Net Asset Classifications
  - Fringe Benefits
  - Depreciable lives of capital assets
  - Net pension liability
  - Net OPEB liability

# Required Communications - Continued

- *OTHER COMMUNICATIONS*
  - Disagreements with management – none
  - Consultation with other accountants/auditors –
    - Consulted with the auditors for the Massachusetts State Employees' Retirement Plan and Massachusetts State Retirees' Benefit Trust
  - 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

# Required Communications - 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 2020, 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.

# Required Communications - Continued

- *MANAGEMENT ADVISORY SERVICES/TAX SERVICES*
  - No management advisory services were performed by O'Connor & Drew.
  - O'Connor & Drew performed a Single Audit as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements.
    - The 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
    - Significant accounting estimates
    - Significant unusual transactions
- *UNIVERSITY'S SPECIFIC RISKS*
  - General economic factors affecting all organizations
  - Operational changes due to COVID-19

# New GASB Pronouncements

## **GASB Statement 87 – *Leases***

- Effective for periods beginning after December 15, 2021
- Requires lessees to recognize on their statement of net position the rights and obligations resulting from leases categorized as operating leases as assets, liabilities, or deferred inflows / outflows of resources
- Provides for an election on leases with terms of less than twelve months to be excluded from this Standard

# Financial Highlights

See financial statements

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

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

**JUNE 30, 2020**



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

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

**June 30, 2020**

**C O N T E N T S**

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# 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, 2020 and 2019, 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, 2020 and 2019, 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.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, the University restated prior year balances with regards to the University's Other Post-Employment Benefits liability and the related deferred inflows and outflows. Our opinion is not modified with respect to this matter.

**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, 2020**

### **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, 2020, with comparative information for the year ended June 30, 2019. 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 5,100 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 decreased during the fiscal year ended June 30, 2020, with a \$1.1 million or 2.6% decrease in total net position. The decrease was related to multiple factors including recording expenses of \$4.9 million for postemployment benefits other than pensions ("OPEB") and an additional \$3.8 million of pension expense, which are net of contributions subsequent to the measurement date. The effects of these adjustments are described in more detail on pages 4 and 5 of this discussion and analysis. These expenses were offset by the recognition of state capital appropriation revenue in the amount of \$7.6 million for the work completed during the fiscal year on the campus steam line project and \$2.1 million in revenue related to the Parenzo Hall project. Net position, which represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows of resources are deducted, decreased to \$40.8 million from \$41.9 million in 2019.
- 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. Expenses incurred during fiscal year 2019 totaled \$139.3 million. Revenues from tuition and fees, state capital support and appropriations, grants, and other sources totaled \$130.9 million resulting in a decrease in net position of \$8.4 million.

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

**June 30, 2020**

**Financial Highlights - Continued**

- In August 2020, the University was notified by the Office of the State Comptroller that the OPEB calculations as of the June 30, 2018 measurement date, used to determine fiscal year 2019 activity, were incorrect and new calculations were subsequently provided. The error, made by the Commonwealth's third-party actuary, resulted in the restatement of certain previously reported fiscal year 2019 financial statement numbers. The net impact to the University of the correction of this error was an additional reduction in unrestricted net position in the amount of \$2.6 million for fiscal year 2019. The specific changes are further detailed in footnote 2 of the financial statements.

**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 2020 and 2019:

|  | <b>2020</b>     |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | <b>Pension</b>  | <b>OPEB</b>     | <b>Total</b>    |
| <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                                     | \$ (30,813,695) | \$ (67,780,602) | \$ (98,594,297) |
| <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  | \$ 3,754,716    | \$ 4,918,445    | \$ 8,673,161    |

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

**June 30, 2020**

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

|  | Restated<br>2019       |                        |                        |
|--|------------------------|------------------------|------------------------|
|  | Pension                | OPEB                   | Total                  |
| <b>Statement of Net Position (Balance Sheet)</b> |                        |                        |                        |
| Deferred outflows (like an Asset)                | \$ 11,794,391          | \$ 20,545,602          | \$ 32,339,993          |
| Net liability (Non-Current Liability)            | (35,031,695)           | (76,656,042)           | (111,687,737)          |
| Deferred inflows (like a Liability)              | (3,821,675)            | (6,751,717)            | (10,573,392)           |
| Net position                                     | <u>\$ (27,058,979)</u> | <u>\$ (62,862,157)</u> | <u>\$ (89,921,136)</u> |
| <b>Statement of Revenues and Expenses</b>        |                        |                        |                        |
| Pension expense, net of subsequent contributions | \$ 2,725,512           | \$ -                   | \$ 2,725,512           |
| OPEB expense, net of subsequent contributions    | -                      | 6,159,366              | 6,159,366              |
| Total  | <u>\$ 2,725,512</u>    | <u>\$ 6,159,366</u>    | <u>\$ 8,884,878</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**

|   | Without<br>Pension/OPEB | Pension/<br>OPEB Adjustment | With<br>Pension/OPEB   |
|---|-------------------------|-----------------------------|------------------------|
| Unrestricted net position, June 30, 2018                      | \$ 48,228,445           | \$ (81,036,258)             | \$ (32,807,813)        |
| Change in unrestricted net position for 2019                  | <u>3,740,287</u>        | <u>(6,272,779)</u>          | <u>(2,532,492)</u>     |
| Unrestricted net position, June 30, 2019, previously reported | \$ 51,968,732           | \$ (87,309,037)             | \$ (35,340,305)        |
| Prior period adjustment                                       | <u>-</u>                | <u>(2,612,099)</u>          | <u>(2,612,099)</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                      | <u>\$ 53,947,812</u>    | <u>\$ (98,594,297)</u>      | <u>\$ (44,646,485)</u> |

The combined impact of the pension and OPEB liabilities for fiscal year 2020 and 2019 is a reduction in unrestricted net position of \$98.6 million and \$89.9 million, respectively.



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

**June 30, 2020**

**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 four financial statements: the *Statements of Net Position*, the *Statements of Revenues and Expenses*, the *Statements of 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* present the University's results of operations and other non-operating revenues.

The *Statements of Changes in Net Position* present information showing how the University's net position changed during the most recent fiscal year.



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

**June 30, 2020**

**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 18-22 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 23-67 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 76-77 of this financial report.

**Financial Analysis of the University**

The University's total net position for fiscal year 2020 decreased by \$1.1 million or 2.6% primarily due to the recording of OPEB and pension expense, net of contributions made subsequent to the measurement date in the amount of \$8.7 million during the fiscal year which was offset by an increase in capital state appropriation of \$9.7 million related to two major capital projects in process at June 30, 2020. The University's total net position for fiscal year 2019 decreased by \$8.4 million or 16.8%. A summary of the University's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, is presented below:

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

**June 30, 2020**

**Financial Analysis of the University - Continued**

| <u>Assets</u>   | <u>2020</u>          | Restated<br><u>2019</u> | <u>2018</u>    |
|---|----------------------|-------------------------|----------------|
| Current Assets  | <b>\$ 71,206,003</b> | \$ 74,225,664           | \$ 68,409,730  |
| Capital Assets, net                                     | <b>103,692,276</b>   | 99,116,839              | 102,743,536    |
| Other Non-current assets                                | <b>5,329,769</b>     | 1,288,234               | 1,416,133      |
| Total Assets  | <b>180,228,048</b>   | 174,630,737             | 172,569,399    |
| Deferred Outflows of Resources                          | <b>27,677,563</b>    | 32,339,993              | 24,265,377     |
| Total Assets and Deferred Outflows                      | <b>\$207,905,611</b> | \$ 206,970,730          | \$ 196,834,776 |
| <u>Liabilities</u>                                      |                      |                         |                |
| Current Liabilities                                     | <b>\$ 18,785,559</b> | \$ 19,343,962           | \$ 16,382,205  |
| Non-current Liabilities                                 | <b>129,899,595</b>   | 135,186,669             | 118,920,119    |
| Total Liabilities                                       | <b>148,685,154</b>   | 154,530,631             | 135,302,324    |
| Deferred Inflows of Resources                           | <b>18,442,784</b>    | 10,573,392              | 11,222,807     |
| <u>Net Position</u>                                     |                      |                         |                |
| Investment in Capital Assets, net                       | <b>84,277,558</b>    | 78,587,213              | 81,499,843     |
| Restricted: Expendable                                  | <b>1,146,600</b>     | 1,231,898               | 1,617,615      |
| Unrestricted  | <b>(44,646,485)</b>  | (37,952,404)            | (32,807,813)   |
| Total Net Position                                      | <b>40,777,673</b>    | 41,866,707              | 50,309,645     |
| Total Liabilities, Deferred Inflows and<br>Net Position | <b>\$207,905,611</b> | \$ 206,970,730          | \$ 196,834,776 |

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 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.

Total assets in fiscal year 2019 increased by \$2.1 million or 1.2% over the prior year due to an increase in cash and equivalents (\$6.7 million) offset by decreases in capital assets (\$3.6 million) and accounts receivable (\$1.0 million). Total liabilities in fiscal year 2019 increased by \$19.2

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

**June 30, 2020**

**Financial Analysis of the University - Continued**

million or 14.2% over the prior year primarily due to the increase in the net OPEB and pension liabilities and increases in deferred revenue and accrued payroll. The \$8.0 million increase in deferred outflows of resources and \$0.6 million decrease in deferred inflows of resources was due to the adjustments related to the fiscal year 2019 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>                                | <b>2020</b>           | Restated<br>2019 | 2018           |
|--|-----------------------|------------------|----------------|
| Tuition and fees   | \$ 56,967,200         | \$ 57,377,085    | \$ 55,554,507  |
| Residence and dining fees                                | 21,158,360            | 26,579,581       | 28,304,371     |
| Less: scholarships and fellowships                       | (10,391,561)          | (10,967,197)     | (10,701,997)   |
| Federal, state, and private grants                       | 12,765,510            | 13,114,205       | 13,540,086     |
| Other sources  | 3,339,605             | 4,631,229        | 4,843,559      |
| Total Operating Revenues                                 | <b>83,839,114</b>     | 90,734,903       | 91,540,526     |
| <u>Operating Expenses</u>                                |                       |                  |                |
| Compensation and benefits                                | 85,216,820            | 84,827,534       | 80,121,537     |
| Supplies and services                                    | 35,140,940            | 35,763,572       | 34,241,551     |
| Depreciation   | 5,286,361             | 5,809,084        | 5,988,394      |
| Scholarships   | 5,555,084             | 2,971,317        | 2,713,655      |
| GASB 68 pension expense, net of subsequent contributions | 3,754,716             | 2,725,512        | 2,211,432      |
| GASB 75 OPEB expense, net of subsequent contributions    | 4,918,445             | 6,159,366        | 4,070,261      |
| Total Operating Expenses                                 | <b>139,872,366</b>    | 138,256,385      | 129,346,830    |
| <u>Non-Operating Revenues (Expenses):</u>                |                       |                  |                |
| State appropriations, net                                | \$ 40,097,220         | \$ 39,022,622    | \$ 35,255,242  |
| Restricted state appropriations                          | -                     | 223,619          | 84,136         |
| CARES Act funds  | 4,032,129             | -                | -              |
| MSCBA payments   | 486,724               | -                | -              |
| Net investment income                                    | 834,148               | 537,698          | 439,603        |
| Loss on disposal of assets                               | (39,790)              | (326,377)        | (27,602)       |
| Interest expense   | (738,625)             | (773,582)        | (797,016)      |
| Total Net Non-Operating Revenues                         | <b>44,671,806</b>     | 38,683,980       | 34,954,363     |
| State capital appropriations                             | 10,272,412            | 394,564          | 1,202,170      |
| Decrease in net position                                 | <b>\$ (1,089,034)</b> | \$ (8,442,938)   | \$ (1,649,771) |

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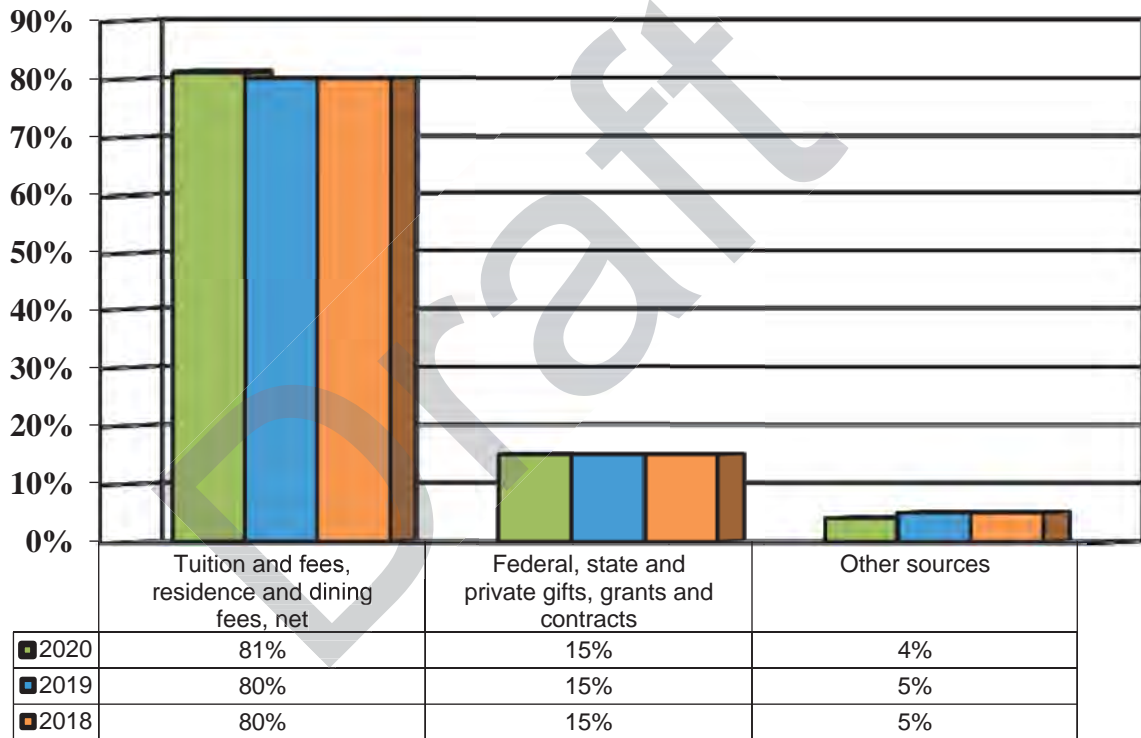
**Management’s Discussion and Analysis (Unaudited) - Continued**

**June 30, 2020**

**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, 2020, 2019 and 2018.

**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 \$0.4 million or 0.7% during the fiscal year ended June 30, 2020, and increased \$1.8 million or 3.3% during the fiscal year ended June 30, 2019. 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). The increase in fiscal year 2019 was due to an increase in the general fee of \$714 per student (\$3.0 million impact) combined with an increase in graduate and continuing education tuition and fees of \$1.5 million offset by the revenue decrease due to lower enrollment (\$2.7 million).

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

**June 30, 2020**

**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 \$21,158,360, \$26,579,581, and \$28,304,371 for the years ended June 30, 2020, 2019 and 2018, respectively. The decrease in revenues for the year ended June 30, 2020 in the amount of \$5,421,221 or 20.4%, is primarily attributable to the loss of revenue of \$6.2 million as a result of the closure of the residence and dining halls in March due to the pandemic. At June 30, 2019, residence and dining fee revenue decreased \$1,724,790 or 6.1%.

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

|                          | <u>2020</u>         | <u>2019</u>  | <u>2018</u>  |
|--------------------------|---------------------|--------------|--------------|
| Tuition                  | <b>\$16,480,133</b> | \$15,723,395 | \$14,325,998 |
| Student Fees:            |                     |              |              |
| General fees             | <b>35,181,866</b>   | 35,854,941   | 31,130,117   |
| Student activity fees    | <b>1,396,064</b>    | 1,580,461    | 1,693,427    |
| Capital improvement fees | <b>393,990</b>      | 421,420      | 449,460      |
| Technology fees          | <b>3,099,706</b>    | 3,306,835    | 7,419,095    |
| Miscellaneous fees       | <b>415,441</b>      | 490,033      | 536,410      |
| Total                    | <b>\$56,967,200</b> | \$57,377,085 | \$55,554,507 |

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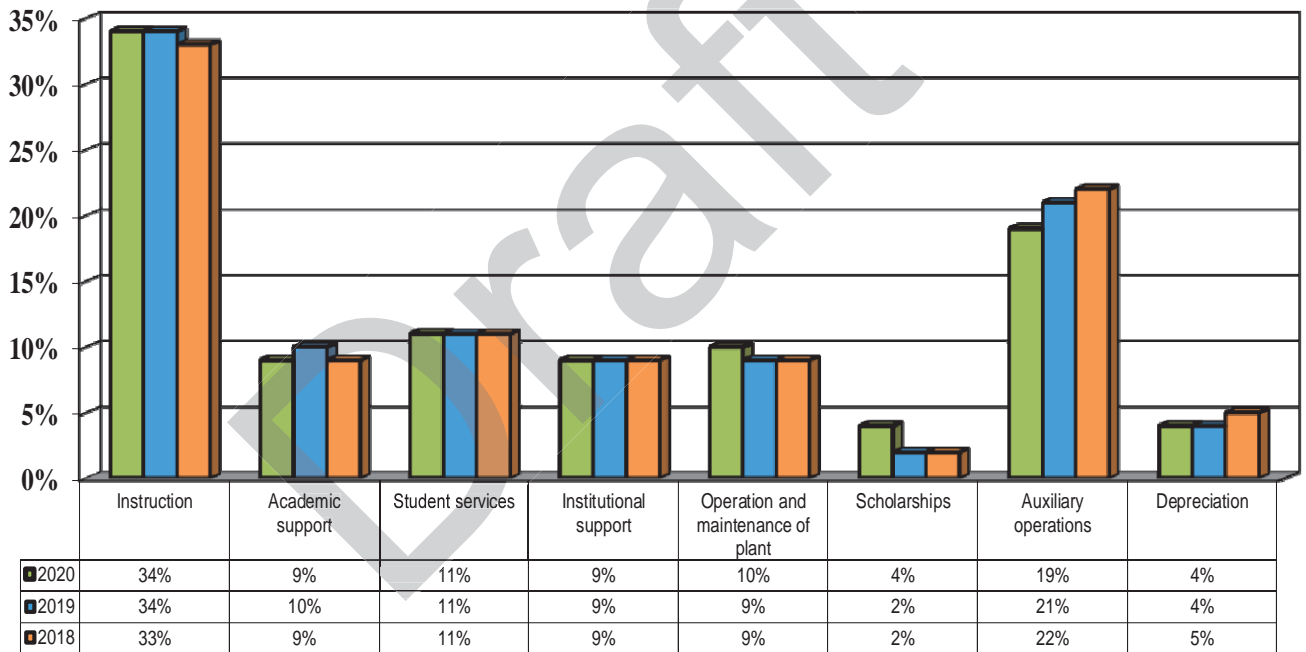
**Management’s Discussion and Analysis (Unaudited) - Continued**

**June 30, 2020**

**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, 2020, 2019 and 2018.

**Operating Expenses by Function**



A summary of the University’s expenses by functional classification for the years ended June 30, 2020, 2019 and 2018 is as follows:

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

**June 30, 2020**

**Financial Analysis of the University - Continued**

|                                    | 2020                  | Restated<br>2019      | 2018                  |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Instruction                        | \$ 46,893,864         | \$ 47,249,667         | \$ 43,206,727         |
| Public service                     | 811,807               | 703,925               | 429,328               |
| Academic support                   | 13,261,323            | 13,838,753            | 12,474,581            |
| Student services                   | 15,533,295            | 14,883,010            | 14,069,677            |
| Institutional support              | 12,387,214            | 11,794,308            | 11,086,773            |
| Operation and maintenance of plant | 13,278,913            | 12,709,507            | 11,323,303            |
| Scholarships and fellowships       | 5,555,084             | 2,971,317             | 2,713,655             |
| Auxiliary operations               | 26,864,505            | 28,296,814            | 28,054,392            |
| Depreciation                       | 5,286,361             | 5,809,084             | 5,988,394             |
| Total                              | <b>\$ 139,872,366</b> | <b>\$ 138,256,385</b> | <b>\$ 129,346,830</b> |

The University's total operating expenses increased during fiscal year ended June 30, 2020 by \$1.6 million or 1.2% as compared to an \$8.9 million or 6.9% increase for the fiscal year ended June 30, 2019. The increase in fiscal year 2020 is the net result of many factors including a \$2.6 million increase in scholarships, of which \$2.1 million was funded from CARES Act funds, an increase in debt service payments to the Massachusetts State College Building Authority of \$0.9 million and an increase in non-capitalized equipment and maintenance projects of \$1.2 million, offset by a decrease in depreciation expense of \$0.5 million and decreases in campus-wide spending of \$2.8 million due to the implementation of budget cuts and a spending freeze during the last quarter of the fiscal year due to the pandemic.

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

|  | 2020                 | 2019                 | 2018                 |
|--|----------------------|----------------------|----------------------|
| Cash received from operating activities                | \$ 112,003,648       | \$ 121,336,851       | \$ 119,786,025       |
| Cash expenses for operating activities                 | (145,657,027)        | (141,177,767)        | (136,206,119)        |
| Net cash applied to operating activities               | (33,653,379)         | (19,840,916)         | (16,420,094)         |
| Net cash provided by non-capital financing activities  | 32,997,317           | 28,413,739           | 26,311,849           |
| Net cash applied to capital financing activities       | (227,324)            | (3,064,636)          | (5,571,018)          |
| Net cash (applied to) provided by investing activities | (19,103,406)         | 534,988              | 439,386              |
| Net increase (decrease) in cash and equivalents        | (19,986,792)         | 6,043,175            | 4,760,123            |
| Cash and equivalents - beginning of year               | 71,934,786           | 65,891,611           | 61,131,488           |
| Cash and equivalents - end of year                     | <b>\$ 51,947,994</b> | <b>\$ 71,934,786</b> | <b>\$ 65,891,611</b> |



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

**June 30, 2020**

**Financial Analysis of the University - Continued**

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.

The University's liquidity increased during the year ended June 30, 2019 with a \$6,043,175 increase in cash and equivalents. The following discussion amplifies the overview of cash flows presented above.

During the year ended June 30, 2019, the University's net cash applied to operating activities increased by \$3.4 million over the prior year. This was due to an increase in cash received of \$1.6 million and an increase in payments made of \$5.0 million. Net cash provided by non-capital financing activities increased by \$2.1 million due to an increase in direct state appropriations received for collective bargaining costs. Net cash applied to capital financing activities decreased by \$2.5 million mostly due to a decrease in capital asset purchases (\$2.0 million) and an increase in state capital appropriations (\$.5 million). The slight increase (\$.1 million) in net cash provided by investing activities was due to an increase in interest received.

**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, 2020, 2019 and 2018.



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

**June 30, 2020**

**Loss from Operations - Continued**

|  | <u>2020</u>           | Restated<br><u>2019</u> | <u>2018</u>    |
|--|-----------------------|-------------------------|----------------|
| Operating revenues, net  | \$ 83,839,114         | \$ 90,734,903           | \$ 91,540,526  |
| Operating expenses   | <b>(139,872,366)</b>  | (138,256,385)           | (129,346,830)  |
| <b>Operating loss</b>  | <b>(56,033,252)</b>   | (47,521,482)            | (37,806,304)   |
| Commonwealth direct appropriation, fringe benefits for Commonwealth employees, net of tuition remitted to the Commonwealth | <b>40,097,220</b>     | 39,022,622              | 35,255,242     |
| Restricted state appropriations  | -                     | 223,619                 | 84,136         |
| Net investment income  | <b>834,148</b>        | 537,698                 | 439,603        |
| Loss on disposal of assets   | <b>(39,790)</b>       | (326,377)               | (27,602)       |
| Other revenues   | <b>4,518,853</b>      | -                       | -              |
| Other expenses   | <b>(738,625)</b>      | (773,582)               | (797,016)      |
| Capital appropriations   | <b>10,272,412</b>     | 394,564                 | 1,202,170      |
| <b>Net non-operating revenues</b>  | <b>54,944,218</b>     | 39,078,544              | 36,156,533     |
| <b>Decrease in net position</b>  | <b>\$ (1,089,034)</b> | \$ (8,442,938)          | \$ (1,649,771) |

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 \$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.

The \$2.9 million increase in net non-operating revenues during fiscal year 2019, is attributable to an increase in net state appropriation in the amount of \$3.7 million, offset by a decrease in state capital appropriation of \$.8 million.

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

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

**June 30, 2020**

**Capital Assets**

A summarized comparison of the University's capital asset categories at June 30, 2020, 2019 and 2018 is as follows:

|                                | <b>2020</b>           | 2019          | 2018           |
|--------------------------------|-----------------------|---------------|----------------|
| Land and improvements          | \$ <b>6,959,450</b>   | \$ 6,959,450  | \$ 4,185,691   |
| Construction-in-progress       | <b>10,013,526</b>     | 325,547       | 1,777,409      |
| Building and improvements      | <b>144,425,504</b>    | 144,425,504   | 144,086,045    |
| Equipment and furnishings      | <b>27,128,402</b>     | 28,419,009    | 28,288,867     |
| Library books                  | <b>7,448,723</b>      | 7,398,449     | 7,347,373      |
| Vehicles                       | <b>1,099,263</b>      | 1,053,329     | 1,061,090      |
| Total                          | <b>197,074,868</b>    | 188,581,288   | 186,746,475    |
| Less: accumulated depreciation | <b>(93,382,592)</b>   | (89,464,449)  | (84,002,939)   |
| Capital assets, net            | <b>\$ 103,692,276</b> | \$ 99,116,839 | \$ 102,743,536 |

The University's investment in capital assets, net of accumulated depreciation, as of June 30, 2020, 2019 and 2018 was \$103,692,276, \$99,116,839, and \$102,743,536, 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 \$4,575,437 or 4.6% during fiscal year ended June 30, 2020 and decreased by \$3,626,697 or 3.5% during the fiscal year ended June 30, 2019. The increase during fiscal year ended June 30, 2020 was a result of capital additions outpacing depreciation expense while the decrease during fiscal year ended June 30, 2019 was due to depreciation expense outpacing capital additions. In fiscal year 2020, the University increased its fixed asset capitalization threshold from \$17,500 to \$25,000 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.

Capital additions during fiscal year ended June 30, 2020 amounted to \$9,901,588 as compared to \$2,508,764 for the year ended June 30, 2019.

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.

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

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

**June 30, 2020**

**Capital Assets - Continued**

Major additions during 2019 include \$.3 million in construction in progress for additional improvements to the steam line infrastructure, \$.8 million for the new athletic field, \$.7 million for the replacement of steam lines, and \$.2 million for the installation of security cameras throughout the campus.

**Looking Ahead**

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 is slated to begin in summer 2021 with a projected completion date of summer 2023. 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.

One of the most significant challenges to the University in the next 18 months is responding to the COVID-19 pandemic. The level of uncertainty remains high with the impact on students, faculty and staff. Maintaining ongoing operations will be challenging to ensure a safe living and learning environment until a vaccine is widely distributed. While the campus has developed a variety of contingency plans to maintain full operations, campus occupancy levels for residential students is 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, 2020**

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

Statements of Net Position

June 30,

**Assets and Deferred Outflow of Resources**

|   | Westfield State<br>University |                    | Component<br>Unit |                   |
|---|-------------------------------|--------------------|-------------------|-------------------|
|   | 2020                          | Restated<br>2019   | 2020              | 2019              |
|   | <u>University</u>             | <u>University</u>  | <u>Foundation</u> | <u>Foundation</u> |
| <b>Current Assets:</b>                      |                               |                    |                   |                   |
| Cash and equivalents                        | \$ 46,560,999                 | \$ 67,984,489      | \$ 336,448        | \$ 138,604        |
| Cash held by State Treasurer                | 3,825,138                     | 2,091,136          | -                 | -                 |
| Deposits held by State Treasurer            | 1,561,857                     | 1,551,739          | -                 | -                 |
| Deposits held by MSCBA                      | -                             | 307,422            | -                 | -                 |
| Short-term investments                      | 15,883,252                    | 65,445             | -                 | -                 |
| Due from the Commonwealth of Massachusetts  | -                             | 827,465            | -                 | -                 |
| Accounts receivable, net                    | 3,156,569                     | 1,137,209          | 300,747           | 458,017           |
| Perkins loans receivable, net               | 122,040                       | 155,469            | -                 | -                 |
| Other current assets                        | 96,148                        | 105,290            | 8,362             | 24,325            |
| <b>Total Current Assets</b>                 | <u>71,206,003</u>             | <u>74,225,664</u>  | <u>645,557</u>    | <u>620,946</u>    |
| <b>Non-Current Assets:</b>                  |                               |                    |                   |                   |
| Debt service reserve                        | 987,933                       | 990,996            | -                 | -                 |
| Investments                                 | 4,119,747                     | -                  | 10,738,776        | 10,342,524        |
| Perkins loans receivable, net               | 222,089                       | 297,238            | -                 | -                 |
| Capital assets, net                         | 103,692,276                   | 99,116,839         | 426,931           | 436,686           |
| <b>Total Non-Current Assets</b>             | <u>109,022,045</u>            | <u>100,405,073</u> | <u>11,165,707</u> | <u>10,779,210</u> |
| <b>Total Assets</b>                         | <u>180,228,048</u>            | <u>174,630,737</u> | <u>11,811,264</u> | <u>11,400,156</u> |
| <b>Deferred Outflows of Resources:</b>      |                               |                    |                   |                   |
| Pension related, net                        | 9,666,717                     | 11,794,391         | -                 | -                 |
| OPEB related, net                           | 18,010,846                    | 20,545,602         | -                 | -                 |
| <b>Total Deferred Outflows of Resources</b> | <u>27,677,563</u>             | <u>32,339,993</u>  | <u>-</u>          | <u>-</u>          |

|  |                       |                       |                      |                      |
|--|-----------------------|-----------------------|----------------------|----------------------|
| <b>Total Assets and Deferred Outflows of Resources</b> | <u>\$ 207,905,611</u> | <u>\$ 206,970,730</u> | <u>\$ 11,811,264</u> | <u>\$ 11,400,156</u> |
|--|-----------------------|-----------------------|----------------------|----------------------|

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

**Liabilities, Deferred Inflows of Resources and Net Position**

|  | Westfield State<br>University |                                       | Component<br>Unit         |                           |
|--|-------------------------------|---------------------------------------|---------------------------|---------------------------|
|  | 2020<br><u>University</u>     | Restated<br>2019<br><u>University</u> | 2020<br><u>Foundation</u> | 2019<br><u>Foundation</u> |
| <b>Current Liabilities:</b>  |                               |                                       |                           |                           |
| Accounts payable and accrued liabilities                                 | \$ 1,687,121                  | \$ 2,151,792                          | \$ 3,264                  | \$ 2,130                  |
| Accrued salaries, wages and benefits                                     | 6,100,672                     | 7,434,688                             | -                         | -                         |
| Compensated absences   | 4,479,317                     | 4,837,411                             | -                         | -                         |
| Accrued workers' compensation  | 196,646                       | 241,544                               | -                         | -                         |
| Student deposits and unearned revenue                                    | 4,155,931                     | 2,724,814                             | 17,420                    | 3,500                     |
| Deposits held for others   | 167,433                       | 203,332                               | -                         | -                         |
| Line of credit   | -                             | -                                     | -                         | 7,200                     |
| Current portion of capital lease obligations                             | 97,133                        | 97,133                                | -                         | -                         |
| Current portion of bonds payable   | 1,436,164                     | 1,331,179                             | -                         | -                         |
| Other liabilities  | 465,142                       | 322,069                               | 228,529                   | 221,642                   |
| <b>Total Current Liabilities</b>   | <u>18,785,559</u>             | <u>19,343,962</u>                     | <u>249,213</u>            | <u>234,472</u>            |
| <b>Non-Current Liabilities:</b>  |                               |                                       |                           |                           |
| Compensated absences   | 1,850,656                     | 1,668,126                             | -                         | -                         |
| Accrued workers' compensation  | 883,826                       | 871,564                               | -                         | -                         |
| Grants refundable  | 466,683                       | 582,310                               | -                         | -                         |
| Capital lease obligations  | -                             | 97,132                                | -                         | -                         |
| Bonds payable  | 18,608,920                    | 20,279,800                            | -                         | -                         |
| Net pension liability  | 37,463,840                    | 35,031,695                            | -                         | -                         |
| Net OPEB liability   | 70,625,670                    | 76,656,042                            | -                         | -                         |
| <b>Total Non-Current Liabilities</b>                                     | <u>129,899,595</u>            | <u>135,186,669</u>                    | <u>-</u>                  | <u>-</u>                  |
| <b>Total Liabilities</b>   | <u>148,685,154</u>            | <u>154,530,631</u>                    | <u>249,213</u>            | <u>234,472</u>            |
| <b>Deferred Inflows of Resources:</b>                                    |                               |                                       |                           |                           |
| Gain on bond refunding   | 260,434                       | -                                     | -                         | -                         |
| Pension related, net   | 3,016,572                     | 3,821,675                             | -                         | -                         |
| OPEB related, net  | 15,165,778                    | 6,751,717                             | -                         | -                         |
| <b>Total Deferred Inflows of Resources</b>                               | <u>18,442,784</u>             | <u>10,573,392</u>                     | <u>-</u>                  | <u>-</u>                  |
| <b>Net Position:</b>   |                               |                                       |                           |                           |
| Net investment in capital assets   | 84,277,558                    | 78,587,213                            | 426,931                   | 436,686                   |
| Restricted for:  |                               |                                       |                           |                           |
| Expendable   | 1,146,600                     | 1,231,898                             | 5,965,976                 | 6,002,300                 |
| Non-expendable   | -                             | -                                     | 5,174,165                 | 4,862,884                 |
| Unrestricted   | (44,646,485)                  | (37,952,404)                          | (5,021)                   | (136,186)                 |
| <b>Total Net Position</b>  | <u>40,777,673</u>             | <u>41,866,707</u>                     | <u>11,562,051</u>         | <u>11,165,684</u>         |
| <b>Total Liabilities, Deferred Inflows of Resources and Net Position</b> | <u>\$ 207,905,611</u>         | <u>\$ 206,970,730</u>                 | <u>\$ 11,811,264</u>      | <u>\$ 11,400,156</u>      |

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

**Statements of Revenues and Expenses**

**For the Years Ended June 30, 2020 and 2019**

|  | 2020                                  | Restated<br>2019                      | 2020                                 | 2019                                 |
|--|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|
|  | <u>Westfield State<br/>University</u> | <u>Westfield State<br/>University</u> | <u>Component Unit<br/>Foundation</u> | <u>Component Unit<br/>Foundation</u> |
| <b>Operating Revenues:</b>                                       |                                       |                                       |                                      |                                      |
| Tuition and fees   | \$ 56,967,200                         | \$ 57,377,085                         | \$ -                                 | \$ -                                 |
| Residence and dining fees  | 21,158,360                            | 26,579,581                            | -                                    | -                                    |
| Less: scholarships and fellowships                               | <u>(10,391,561)</u>                   | <u>(10,967,197)</u>                   | -                                    | -                                    |
| Net tuition and fees   | 67,733,999                            | 72,989,469                            | -                                    | -                                    |
| Federal grants and contracts                                     | 8,783,777                             | 9,411,959                             | -                                    | -                                    |
| State grants and contracts                                       | 3,190,273                             | 3,052,214                             | -                                    | -                                    |
| Private grants and contracts                                     | 791,460                               | 650,032                               | 969,772                              | 1,536,976                            |
| Public service   | 923,940                               | 655,112                               | -                                    | -                                    |
| Other sources  | <u>2,415,665</u>                      | <u>3,976,117</u>                      | <u>63,561</u>                        | <u>76,021</u>                        |
| <b>Total Operating Revenues</b>                                  | <u>83,839,114</u>                     | <u>90,734,903</u>                     | <u>1,033,333</u>                     | <u>1,612,997</u>                     |
| <b>Operating Expenses:</b>                                       |                                       |                                       |                                      |                                      |
| Instruction  | 46,893,864                            | 47,249,667                            | -                                    | -                                    |
| Public service   | 811,807                               | 703,925                               | -                                    | -                                    |
| Academic support   | 13,261,323                            | 13,838,753                            | 120,536                              | 118,624                              |
| Student services   | 15,533,295                            | 14,883,010                            | -                                    | -                                    |
| Institutional support  | 12,387,214                            | 11,794,308                            | 638,468                              | 827,643                              |
| Operation and maintenance of plant                               | 13,278,913                            | 12,709,507                            | -                                    | -                                    |
| Scholarships and fellowships                                     | 5,555,084                             | 2,971,317                             | 264,465                              | 253,955                              |
| Auxiliary operations   | 26,864,505                            | 28,296,814                            | -                                    | -                                    |
| Depreciation   | <u>5,286,361</u>                      | <u>5,809,084</u>                      | <u>9,755</u>                         | <u>18,079</u>                        |
| <b>Total Operating Expenses</b>                                  | <u>139,872,366</u>                    | <u>138,256,385</u>                    | <u>1,033,224</u>                     | <u>1,218,301</u>                     |
| <b>Operating Income (Loss)</b>                                   | <u>(56,033,252)</u>                   | <u>(47,521,482)</u>                   | <u>109</u>                           | <u>394,696</u>                       |
| <b>Non-Operating Revenues (Expenses):</b>                        |                                       |                                       |                                      |                                      |
| State appropriations, net  | 40,097,220                            | 39,022,622                            | -                                    | -                                    |
| CARES Act funds  | 4,032,129                             | -                                     | -                                    | -                                    |
| Other revenue - MSCBA  | 486,724                               | -                                     | -                                    | -                                    |
| Restricted state appropriations                                  | -                                     | 223,619                               | -                                    | -                                    |
| Loss on disposal of capital assets                               | (39,790)                              | (326,377)                             | -                                    | -                                    |
| Investment income, net of expenses                               | 834,148                               | 537,698                               | 396,258                              | 593,290                              |
| Interest expense   | <u>(738,625)</u>                      | <u>(773,582)</u>                      | <u>-</u>                             | <u>(1,548)</u>                       |
| <b>Net Non-Operating Revenues</b>                                | <u>44,671,806</u>                     | <u>38,683,980</u>                     | <u>396,258</u>                       | <u>591,742</u>                       |
| <b>(Decrease) Increase in Net Position Before Other Revenues</b> | <b>(11,361,446)</b>                   | <b>(8,837,502)</b>                    | <b>396,367</b>                       | <b>986,438</b>                       |
| Capital appropriations   | <u>10,272,412</u>                     | <u>394,564</u>                        | <u>-</u>                             | <u>-</u>                             |
| <b>(Decrease) Increase in Net Position</b>                       | <u>\$ (1,089,034)</u>                 | <u>\$ (8,442,938)</u>                 | <u>\$ 396,367</u>                    | <u>\$ 986,438</u>                    |

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

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

**Statements of Changes in Net Position**

**For the Years Ended June 30, 2020 and 2019**

|  | <u>Westfield State University</u>            |                                  |                                      |                        |                      |
|--|--|----------------------------------|--------------------------------------|------------------------|----------------------|
|  | <u>Investment in<br/>Capital Assets, net</u> | <u>Restricted<br/>Expendable</u> | <u>Restricted<br/>Non-expendable</u> | <u>Unrestricted</u>    | <u>Total</u>         |
| <b>Balance June 30, 2018</b>                             | \$ 81,499,843                                | \$ 1,617,615                     | \$ -                                 | \$ (32,807,813)        | \$ 50,309,645        |
| Changes in net position for 2019, as previously reported | (2,912,630)                                  | (385,717)                        | -                                    | (2,532,492)            | (5,830,839)          |
| <b>Balance June 30, 2019, as previously reported</b>     | <b>78,587,213</b>                            | <b>1,231,898</b>                 | <b>-</b>                             | <b>(35,340,305)</b>    | <b>44,478,806</b>    |
| Prior period adjustment - See note 2                     | -  | -                                | -                                    | (2,612,099)            | (2,612,099)          |
| <b>Balance June 30, 2019, as restated</b>                | <b>78,587,213</b>                            | <b>1,231,898</b>                 | <b>-</b>                             | <b>(37,952,404)</b>    | <b>41,866,707</b>    |
| Changes in net position for 2020                         | 5,690,345                                    | (85,298)                         | -                                    | (6,694,081)            | (1,089,034)          |
| <b>Balance June 30, 2020</b>                             | <b>\$ 84,277,558</b>                         | <b>\$ 1,146,600</b>              | <b>\$ -</b>                          | <b>\$ (44,646,485)</b> | <b>\$ 40,777,673</b> |
|  | <u>Component Unit</u>                        |                                  |                                      |                        |                      |
|  | <u>Investment in<br/>Capital Assets, net</u> | <u>Restricted<br/>Expendable</u> | <u>Restricted<br/>Non-expendable</u> | <u>Unrestricted</u>    | <u>Total</u>         |
| <b>Balance June 30, 2018</b>                             | \$ 454,765                                   | \$ 5,407,669                     | \$ 4,478,843                         | \$ (162,031)           | \$ 10,179,246        |
| Changes in net position for 2019                         | (18,079)                                     | 594,631                          | 384,041                              | 25,845                 | 986,438              |
| <b>Balance June 30, 2019</b>                             | <b>436,686</b>                               | <b>6,002,300</b>                 | <b>4,862,884</b>                     | <b>(136,186)</b>       | <b>11,165,684</b>    |
| Changes in net position for 2020                         | (9,755)                                      | (36,324)                         | 311,281                              | 131,165                | 396,367              |
| <b>Balance June 30, 2020</b>                             | <b>\$ 426,931</b>                            | <b>\$ 5,965,976</b>              | <b>\$ 5,174,165</b>                  | <b>\$ (5,021)</b>      | <b>\$ 11,562,051</b> |

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 June 30, 2020 and 2019**

|  | Westfield State<br>University |                             |
|--|-------------------------------|-----------------------------|
|  | 2020                          | Restated<br>2019            |
|  | <u>University</u>             | <u>University</u>           |
| <b>Cash Flows from Operating Activities:</b>             |                               |                             |
| Tuition and fees   | \$ 45,643,442                 | \$ 46,560,495               |
| Residence and dining fees                                | 18,352,639                    | 23,070,078                  |
| Grants and contracts                                     | 12,658,099                    | 13,022,931                  |
| Payments to suppliers                                    | (34,918,172)                  | (35,411,993)                |
| Payments to employees                                    | (76,576,959)                  | (72,954,485)                |
| Payments to students                                     | (2,130,848)                   | -                           |
| Direct lending receipts                                  | 32,031,048                    | 32,811,289                  |
| Direct lending disbursements                             | (32,031,048)                  | (32,811,289)                |
| Collections of loans to students                         | 90,596                        | 126,914                     |
| Other receipts   | <u>3,227,824</u>              | <u>5,745,144</u>            |
| Net Cash Applied to Operating Activities                 | <u>(33,653,379)</u>           | <u>(19,840,916)</u>         |
| <b>Cash Flows from Non-Capital Financing Activities:</b> |                               |                             |
| State appropriation                                      | 31,407,279                    | 29,394,975                  |
| Tuition remitted to state                                | (1,027,534)                   | (981,236)                   |
| CARES Act funds  | 2,130,848                     | -                           |
| Other revenue - MSCBA                                    | <u>486,724</u>                | <u>-</u>                    |
| Net Cash Provided by Non-Capital Financing Activities    | <u>32,997,317</u>             | <u>28,413,739</u>           |
| <b>Cash Flows from Capital Financing Activities:</b>     |                               |                             |
| Capital appropriations                                   | 3,888,120                     | 1,294,666                   |
| Purchases of capital assets                              | (1,977,289)                   | (2,209,338)                 |
| Principal paid on capital leases                         | (97,132)                      | (97,133)                    |
| Principal paid on bonds payable                          | (1,224,741)                   | (1,138,802)                 |
| Interest paid on bonds payable                           | (819,345)                     | (918,668)                   |
| Decrease in debt service reserve                         | <u>3,063</u>                  | <u>4,639</u>                |
| Net Cash Applied to Capital Financing Activities         | <u>(227,324)</u>              | <u>(3,064,636)</u>          |
| <b>Cash Flows from Investing Activity:</b>               |                               |                             |
| Proceeds from sales of investments                       | 18,209,864                    | -                           |
| Purchase of investments                                  | (38,188,713)                  | -                           |
| Interest income  | <u>875,443</u>                | <u>534,988</u>              |
| Net Cash (Applied to) Provided by Investing Activities   | <u>(19,103,406)</u>           | <u>534,988</u>              |
| <b>Net (Decrease) Increase in Cash and Equivalents</b>   | <b>(19,986,792)</b>           | <b>6,043,175</b>            |
| Cash and Equivalents, Beginning of Year                  | <u>71,934,786</u>             | <u>65,891,611</u>           |
| <b>Cash and Equivalents, End of Year</b>                 | <b><u>\$ 51,947,994</u></b>   | <b><u>\$ 71,934,786</u></b> |

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

**Statements of Cash Flows - Continued**

**For the Years Ended June 30, 2020 and 2019**

|   | 2020<br>Westfield State<br><u>University</u> | Restated<br>2019<br>Westfield State<br><u>University</u> |
|---|--|--|
| <b>Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:</b>        |  |  |
| Operating loss  | \$ (56,033,252)                              | \$ (47,521,482)  |
| <b>Adjustments to Reconcile Net Operating Loss to Net Cash Applied to Operating Activities:</b> |  |  |
| Depreciation  | 5,286,361                                    | 5,809,084  |
| Fringe benefits provided by the State   | 10,544,940                                   | 10,005,037   |
| Bad debts   | 161,205                                      | 193,121  |
| Changes in Assets and Liabilities:  |  |  |
| Accounts receivable   | (272,458)                                    | 855,460  |
| Loans receivable  | 101,752                                      | 130,734  |
| Other current assets  | 9,142  | 1,361  |
| Accounts payable and accrued liabilities  | (464,671)                                    | 144,705  |
| Accrued salaries, wages and benefits  | (1,334,016)                                  | 1,658,367  |
| Compensated absences  | (175,564)                                    | 10,802   |
| Accrued workers' compensation   | (32,636)                                     | 178,636  |
| Student deposits and unearned revenue   | (108,890)                                    | 116,882  |
| Deposits held for others  | (35,899)                                     | (316,947)  |
| Grants refundable   | (115,627)                                    | (19,861)   |
| Other liabilities   | 143,073                                      | 28,307   |
| Net pension activity  | 3,754,716                                    | 2,725,512  |
| Net OPEB activity   | <u>4,918,445</u>                             | <u>6,159,366</u>   |
| Net Cash Applied to Operating Activities  | <u>\$ (33,653,379)</u>                       | <u>\$ (19,840,916)</u>                                   |
| <b>Non-Cash Transactions:</b>   |  |  |
| Fringe benefits paid by State   | <u>\$ 10,544,940</u>                         | <u>\$ 10,005,037</u>                                     |
| Capital improvements provided by capital appropriations   | <u>\$ 7,924,299</u>                          | <u>\$ 276,626</u>  |
| Bond refunding  | <u>\$ 260,434</u>                            | <u>\$ -</u>  |
| Construction in progress included in accounts payable and accrued liabilities                   | <u>\$ -</u>                                  | <u>\$ 22,800</u>   |
| <b>Cash and Equivalents, End of Year:</b>   |  |  |
| Cash and equivalents  | \$ 46,560,999                                | \$ 67,984,489  |
| Cash held by State Treasurer  | 3,825,138                                    | 2,091,136  |
| Deposits held by State Treasurer  | 1,561,857                                    | 1,551,739  |
| Deposits held by MSCBA  | <u>-</u>                                     | <u>307,422</u>   |
| <b>Total</b>  | <u>\$ 51,947,994</u>                         | <u>\$ 71,934,786</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, 2020 and 2019**

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.

*Operations*

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (COVID-19) as a pandemic. On March 16, 2020, the University transitioned students to a distance learning environment for the completion of the 2020 spring semester, and the 2020 summer semester was taught online. The University issued bill credits of \$6,183,366 before June 30, 2020 to students for a pro-rata share of the housing and meals fees charged for the period from when the University transitioned students to a distance learning environment to the completion of the 2020 spring semester.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law. As part of the law, the CARES Act created the Higher Education Emergency Relief Fund (HEERF). The University was awarded \$4,734,023 of which approximately 50% (or half) is required to be distributed to students affected by the COVID-19 crisis as emergency grants and the other half is required by the University to cover costs associated with changes in operations due to the COVID-19 crisis. According to the terms of HEERF, an institution can only spend costs associated with changes in operations due to the COVID-19 crisis up to the amount provided to students as emergency grants.

As of June 30, 2020, the University expended \$2,130,848 for emergency grants to students and \$1,901,281 for institutional costs from the HEERF funds.

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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Basis of Presentation*

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

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

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The University’s policy for defining operating activities in the statement of revenues, expenses are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the University’s operating and capital appropriations from the Commonwealth of Massachusetts (the “Commonwealth”), net investment income, gifts and interest expense.

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

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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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, 2020 and 2019**

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, 2020 and 2019**

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 \$25,000 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, 2020 and 2019. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more years of state service at June 30, 2020 and 2019. Upon retirement, those employees are entitled to receive payment for this accrued balance. Funding of these amounts is anticipated to be part of the future annual appropriation process from the Commonwealth of Massachusetts.

*Deposits and Unearned Revenue*

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



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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*Deposits Held by MSCBA*

Deposits held represents funds held by the Massachusetts State College Building Authority (“MSCBA”) for specific projects.

*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.



**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

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.

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.

Implementation of New Governmental Accounting Pronouncement

In fiscal year 2020, the University implemented Governmental Accounting Standards The College adopted GASB Statement 84 – Fiduciary Activities. The objective of this statement is to establish the criteria for identifying and reporting fiduciary activities. The implementation of this statement did not have a material effect on the financial statements.

New Governmental Accounting Pronouncements

GASB Statement 87 – *Leases* is effective for periods beginning after December 15, 2020. Implementation of this standard will require lessees to recognize on their statement of net position the rights and obligations resulting 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.

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

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

*New Governmental Accounting Pronouncements - continued*

GASB Statement 90 – Majority Equity Interests, an amendment of GASB Statements 14 and 61 is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve the consistency of reporting a government’s majority equity interest in a legally separate organization. A majority equity interest should be recognized using the equity method if the government’s holding of the equity interest represents an investment.

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 obligor, 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.

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-to-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.

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 2 - **Prior Period Adjustment**

Management of the University was notified of an error in the calculation of the OPEB for the year ended June 30, 2019. The error did not have an effect on the calculation of OPEB as of June 30, 2018.

The table below presents the effects of the corrections made to the previously issued financial statements:

|  | As Previously<br>Reported<br>at June 30, 2019 | Correction<br>of an Error | As Restated<br>at June 30, 2019 |
|--|---|---------------------------|---------------------------------|
| Statements of Net Position:                    |   |                           |                                 |
| Deferred outflows of resources related to OPEB | \$ 20,472,180                                 | 73,422                    | \$ 20,545,602                   |
| Deferred inflows of resources related to OPEB  | \$ 19,190,251                                 | (12,438,534)              | \$ 6,751,717                    |
| Net OPEB liability                             | \$ 61,531,987                                 | 15,124,055                | \$ 76,656,042                   |
| Unrestricted net position                      | \$ (35,340,305)                               | (2,612,099)               | \$ (37,952,404)                 |
| Statements of Revenues and Expenses:           |   |                           |                                 |
| Operating expenses                             | \$ 135,644,286                                | 2,612,099                 | \$ 138,256,385                  |

Note 3 - **Cash and Equivalents**

The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the Massachusetts Municipal Depository Trust (“MMDT”), an external investment pool for cities, towns, and other state and local agencies within the Commonwealth. MMDT operates as a qualifying external investment pool and is valued by MMDT’s management on amortized cost where the net asset value is \$1 per share. At June 30, 2020 and 2019, the University has \$0 and \$61,384, respectively, invested with MMDT and is included in cash and equivalents.

The carrying amount of the University’s bank deposits and deposits in trust depositories are \$46,560,999 and \$67,984,489, as compared to bank balances of \$47,050,616 and \$69,006,840 at June 30, 2020 and 2019, 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, 2020 and 2019**

Note 3 - **Cash and Equivalents - Continued**

In addition to Federal Deposit Insurance Corporation insurance, the University has deposits insured under Massachusetts Depositors Insurance Fund and 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, 2020 and 2019 were \$12,320,080 and \$12,105,372, respectively.

Note 4 - **Cash Held by the State Treasurer**

Accounts payable, accrued salaries, wages and withholdings to be funded from state-appropriated funds totaled \$3,825,138 and \$2,091,136 at June 30, 2020 and 2019, 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 5 - **Investments**

*University*

Short-term investments are categorized according to the level of risk assumed by the University. At June 30, 2020 and 2019, 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, 2020 and 2019, the investments are stated at fair value.

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

June 30, 2020 Investment Maturity in Years

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

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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 5 - **Investments - Continued**

*University - continued*

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

|                 | Quality Ratings |           |             |            |           |           |             | Not Rated |
|-----------------|-----------------|-----------|-------------|------------|-----------|-----------|-------------|-----------|
|                 | Fair Value      | 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 | \$ -      |

At June 30, 2019 the University's entire balance of investments represents mutual funds that are held in trust depository accounts in the name of the University and are uninsured. These investments are considered Level 1 investments.

*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, 2020 and 2019.

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.

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 5 - **Investments - Continued**

*Fair Value Hierarchy - continued*

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.

*University*

|                            | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u> | <u>Total</u>         |
|----------------------------|---------------------|---------------------|----------------|----------------------|
| 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         | <u>5,757,786</u>    | -                   | -              | <u>5,757,786</u>     |
| 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> |

*Foundation*

Investments of the Foundation are categorized as Level 1 investments, are stated at fair value and consist of the following at June 30,:

|                                       | <u>2020</u>         | <u>2019</u>         |
|---------------------------------------|---------------------|---------------------|
| Investments:                          |                     |                     |
| Stock Market Index Fund               | \$ 4,650,808        | \$ 4,454,818        |
| Bond Market Index Fund                | 3,017,984           | 3,032,715           |
| International Stock Market Index Fund | <u>3,069,984</u>    | <u>2,854,991</u>    |
|                                       | <u>\$10,738,776</u> | <u>\$10,342,524</u> |

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 6 - **Accounts Receivable**

The composition of the University's accounts receivable at June 30, 2020 and 2019 is summarized as follows:

|                                       | <u>2020</u>         | <u>2019</u>         |
|---------------------------------------|---------------------|---------------------|
| Student accounts receivable           | \$ 2,314,303        | \$ 2,141,216        |
| Grants receivable                     | 2,327,644           | 318,953             |
| Other receivables                     | <u>280,505</u>      | <u>288,544</u>      |
|                                       | 4,922,452           | 2,748,713           |
| Less: allowance for doubtful accounts | <u>(1,765,883)</u>  | <u>(1,611,504)</u>  |
|                                       | <u>\$ 3,156,569</u> | <u>\$ 1,137,209</u> |

Note 7 - **Due from the Commonwealth of Massachusetts**

Amounts recorded as due from the Commonwealth of Massachusetts represent additional fiscal year 2019 state-appropriated funds for collective bargaining retroactive pay. As of June 30, 2020 and 2019, the amounts owed to the University were \$0 and \$827,465, respectively.

Note 8 - **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.



**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 8 - **Perkins Loans Receivable and Grants Refundable – Continued**

Loans receivable include the following at June 30,:

|                                       | <u>2020</u>       | <u>2019</u>       |
|---------------------------------------|-------------------|-------------------|
| Perkins loans receivable              | \$ 725,864        | \$ 827,616        |
| Less: allowance for doubtful accounts | <u>(381,735)</u>  | <u>(374,909)</u>  |
| Total loans receivable, net           | <u>344,129</u>    | 452,707           |
| Less: amount due in one year          | <u>(122,040)</u>  | <u>(155,469)</u>  |
| Long term loans receivable            | <u>\$ 222,089</u> | <u>\$ 297,238</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 9 - **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, 2020 and 2019, total deposits were approximately \$10.7 million and \$10.5 million, respectively.



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 10 - **Capital Assets**

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

|                                      |                                  | June 30, 2020        |                     |                  |                   |                       |
|--------------------------------------|----------------------------------|----------------------|---------------------|------------------|-------------------|-----------------------|
|                                      | Estimated<br>lives<br>(in years) | Beginning<br>Balance | Additions           | Retirements      | Reclassifications | Ending<br>Balance     |
| Capital assets, not depreciable:     |                                  |                      |                     |                  |                   |                       |
| Land                                 | -                                | \$ 1,223,862         | \$ -                | \$ -             | \$ -              | \$ 1,223,862          |
| Construction-in-progress             | -                                | <u>325,547</u>       | <u>9,687,979</u>    | -                | -                 | <u>10,013,526</u>     |
| Total                                |                                  | <u>1,549,409</u>     | <u>9,687,979</u>    | -                | -                 | <u>11,237,388</u>     |
| Depreciable:                         |                                  |                      |                     |                  |                   |                       |
| Buildings, including<br>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                                | <u>1,053,329</u>     | <u>45,934</u>       | -                | -                 | <u>1,099,263</u>      |
| Total                                |                                  | <u>187,031,879</u>   | <u>213,609</u>      | <u>1,408,008</u> | -                 | <u>185,837,480</u>    |
| Less accumulated depreciation:       |                                  |                      |                     |                  |                   |                       |
| Buildings, including<br>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                             |                                  | <u>983,687</u>       | <u>35,088</u>       | -                | -                 | <u>1,018,775</u>      |
| Total accumulated depreciation       |                                  | <u>89,464,449</u>    | <u>5,286,361</u>    | <u>1,368,218</u> | -                 | <u>93,382,592</u>     |
| Capital Assets, Net                  |                                  | <u>\$ 99,116,839</u> | <u>\$ 4,615,227</u> | <u>\$ 39,790</u> | <u>\$ -</u>       | <u>\$ 103,692,276</u> |

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

**Note 10 - Capital Assets - Continued**

The University's capital asset activity for the year ended June 30, 2019 is summarized as follows:

| June 30, 2019                         |                                  |                       |                       |                   |                    |                      |
|---------------------------------------|----------------------------------|-----------------------|-----------------------|-------------------|--------------------|----------------------|
|                                       | Estimated<br>lives<br>(in years) | Beginning<br>Balance  | Additions             | Retirements       | Reclassifications  | Ending<br>Balance    |
| Capital assets, not depreciable:      |                                  |                       |                       |                   |                    |                      |
| Land                                  | -                                | \$ 1,223,862          | \$ -                  | \$ -              | \$ -               | \$ 1,223,862         |
| Construction-in-progress              | -                                | 1,777,409             | 308,546               | 315,678           | (1,444,730)        | 325,547              |
| <b>Total</b>                          |                                  | <b>3,001,271</b>      | <b>308,546</b>        | <b>315,678</b>    | <b>(1,444,730)</b> | <b>1,549,409</b>     |
| Depreciable:                          |                                  |                       |                       |                   |                    |                      |
| Buildings, including<br>improvements  | 20-40                            | 143,814,962           | 214,181               | -                 | 125,278            | 144,154,421          |
| Land improvements                     | 20                               | 2,961,829             | 1,454,307             | -                 | 1,319,452          | 5,735,588            |
| Leasehold improvements                | 5                                | 271,083               | -                     | -                 | -                  | 271,083              |
| Equipment and furnishings             | 3-10                             | 28,288,867            | 439,689               | 309,547           | -                  | 28,419,009           |
| Library books                         | 5                                | 7,347,373             | 51,076                | -                 | -                  | 7,398,449            |
| Vehicles                              | 5                                | 1,061,090             | 40,965                | 48,726            | -                  | 1,053,329            |
| <b>Total</b>                          |                                  | <b>183,745,204</b>    | <b>2,200,218</b>      | <b>358,273</b>    | <b>1,444,730</b>   | <b>187,031,879</b>   |
| Less accumulated depreciation:        |                                  |                       |                       |                   |                    |                      |
| Buildings, including<br>improvements  |                                  | 52,405,209            | 4,858,302             | -                 | -                  | 57,263,511           |
| Land improvements                     |                                  | 1,423,329             | 231,400               | -                 | -                  | 1,654,729            |
| Leasehold improvements                |                                  | 271,083               | -                     | -                 | -                  | 271,083              |
| Equipment and furnishings             |                                  | 21,668,778            | 628,926               | 305,238           | -                  | 21,992,466           |
| Library books                         |                                  | 7,252,821             | 46,152                | -                 | -                  | 7,298,973            |
| Vehicles                              |                                  | 981,719               | 44,304                | 42,336            | -                  | 983,687              |
| <b>Total accumulated depreciation</b> |                                  | <b>84,002,939</b>     | <b>5,809,084</b>      | <b>347,574</b>    | <b>-</b>           | <b>89,464,449</b>    |
| <b>Capital Assets, Net</b>            |                                  | <b>\$ 102,743,536</b> | <b>\$ (3,300,320)</b> | <b>\$ 326,377</b> | <b>\$ -</b>        | <b>\$ 99,116,839</b> |

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 11 - **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>2020</u>                | <u>2019</u>         |
|---|----------------------------|---------------------|
| Tuition and fees                            | \$ <b>1,318,435</b>        | \$ 1,463,856        |
| State Capital appropriations                | <b>2,716,736</b>           | 1,176,728           |
| Grants                                      | <u><b>120,760</b></u>      | <u>84,230</u>       |
| Total student deposits and unearned revenue | \$ <u><b>4,155,931</b></u> | \$ <u>2,724,814</u> |

Note 12 - **Line of Credit**

Effective June 26, 2020, 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, 2020). At June 30, 2019, the Foundation had a demand line of credit allowing maximum borrowings of \$1,000,000. During the year ended June 30, 2019, this line was paid off and the agreement terminated.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 13 - **Long-Term Liabilities**

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

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

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 13 - **Long-Term Liabilities - Continued**

Long-term liabilities at June 30, 2019 consist of:

|                                   | Restated              |                      |                     |                       | Current<br>Portion  |
|-----------------------------------|-----------------------|----------------------|---------------------|-----------------------|---------------------|
|                                   | June 30, 2019         |                      |                     |                       |                     |
|                                   | Beginning<br>Balance  | Additions            | Reductions          | Ending<br>Balance     |                     |
| Leases and bonds payable:         |                       |                      |                     |                       |                     |
| Lease obligations                 | \$ 291,398            | \$ -                 | \$ 97,133           | \$ 194,265            | \$ 97,133           |
| Bonds payable                     | 20,723,626            | -                    | 1,138,801           | 19,584,825            | 1,187,288           |
| Bonds premium                     | <u>2,171,241</u>      | -                    | <u>145,087</u>      | <u>2,026,154</u>      | <u>143,891</u>      |
| Total leases and bonds payable    | <u>23,186,265</u>     | <u>-</u>             | <u>1,381,021</u>    | <u>21,805,244</u>     | <u>1,428,312</u>    |
| Other long-term liabilities:      |                       |                      |                     |                       |                     |
| Compensated absences              | 6,494,735             | 10,802               | -                   | 6,505,537             | 4,837,411           |
| Workers' compensation             | 934,472               | 178,636              | -                   | 1,113,108             | 241,544             |
| Grants refundable                 | 602,171               | -                    | 19,861              | 582,310               | -                   |
| Net pension liability             | 31,945,217            | 3,086,478            | -                   | 35,031,695            | -                   |
| Net OPEB liability                | <u>62,133,611</u>     | <u>14,522,431</u>    | <u>-</u>            | <u>76,656,042</u>     | <u>-</u>            |
| Total other long-term liabilities | <u>102,110,206</u>    | <u>17,798,347</u>    | <u>19,861</u>       | <u>119,888,692</u>    | <u>5,078,955</u>    |
| Total                             | <u>\$ 125,296,471</u> | <u>\$ 17,798,347</u> | <u>\$ 1,400,882</u> | <u>\$ 141,693,936</u> | <u>\$ 6,507,267</u> |

**Bonds Payable**

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). 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. At June 30, 2020 and 2019, the balance on these bonds was \$10,534,220 and \$10,817,061, respectively.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 13 - **Long-Term Liabilities - Continued**

*Bonds Payable - continued*

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). In fiscal year 2020 this bond was refinanced with the Series 2019C bonds resulting in an economic gain of \$414,303 and a deferred gain of \$260,434. Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting May 1, 2020 and ending June 30, 2031, at an annual variable coupon rate averaging 2.2%. A debt service reserve fund is not required under this financing arrangement. At June 30, 2020 and 2019, the balance on these bonds was \$5,915,120 and \$6,583,046, respectively.

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, 2020 and 2019, the balance on these bonds was \$93,086 and \$106,384, respectively.

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 and 2010B). Through its agreements with MSCBA, the University has an agreement to repay this debt in semi-annual installments, starting May 1, 2011 and ending May 1, 2030, at an annual variable coupon rate averaging 5.5%. MSCBA requires that the University maintain a debt service reserve. At June 30, 2020 and 2019, the balance on these bonds was \$2,657,962 and \$2,873,078, 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 (.134% as of

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 13 - **Long-Term Liabilities - Continued**

*Bonds Payable - continued*

June 30, 2020). MHEFA requires that the University maintain a debt service reserve. At June 30, 2020 and 2019, the balance on these bonds was \$844,696 and \$1,231,410, respectively.

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 \$13,996 and \$19,002 at June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, there is no outstanding balance on the letter of credit.

Maturities of the bonds payable subsequent to June 30, 2020 are as follows:

| Years Ended<br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|--------------------------------|----------------------|---------------------|----------------------|
| 2021                           | \$ 1,313,878         | \$ 716,821          | \$ 2,030,699         |
| 2022                           | 1,377,857            | 679,429             | 2,057,286            |
| 2023                           | 984,082              | 636,226             | 1,620,308            |
| 2024                           | 1,016,154            | 605,669             | 1,621,823            |
| 2025                           | 1,043,980            | 573,514             | 1,617,494            |
| 2026-2030                      | 5,753,422            | 2,307,130           | 8,060,552            |
| 2031-2035                      | 2,482,569            | 1,510,867           | 3,993,436            |
| 2036-2040                      | 2,410,000            | 973,250             | 3,383,250            |
| 2041-2044                      | 2,400,000            | 307,500             | 2,707,500            |
|                                | <u>\$ 18,781,942</u> | <u>\$ 8,310,406</u> | <u>\$ 27,092,348</u> |

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 13 - **Long-Term Liabilities - Continued**

*Capital Lease Obligations*

The following schedule summarizes future minimum annual payments under non-cancelable capital leases as of June 30, 2020.

| <u>Years Ending</u><br><u>June 30,</u> | <u>Principal</u> |
|--|------------------|
| 2021                                   | \$ <u>97,133</u> |

The following is a summary of property held under capital leases as of June 30, 2020:

|                                |                            |
|--------------------------------|----------------------------|
| Equipment                      | \$ <b><u>1,135,367</u></b> |
| Less: accumulated depreciation | <b><u>(1,054,489)</u></b>  |
|                                | \$ <b><u>80,878</u></b>    |

Note 14 - **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, 2020 and 2019**

Note 14 - **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                          |

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 14 - **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 \$4,185,000, \$3,458,000 and \$3,051,000 for the years ended June 30, 2020, 2019 and 2018, 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 14.08%, 12.06% and 11.78% of annual covered payroll for the years ended June 30, 2020, 2019 and 2018, respectively. The University contributed \$2,782,307, \$2,549,316 and \$2,421,406 for the years ended June 30, 2020, 2019 and 2018, respectively, equal to 100% of the required contributions for each year. Annual covered payroll was approximately 89%, 88% and 87% of total related payroll for the years ended 2020, 2019 and 2018, respectively.

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

At June 30, 2020 and 2019, the University reported a liability of \$37,463,840 and \$35,031,695, respectively, for its proportionate share of the net pension liability related to its participation in SERS. 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 net pension liability as of June 30, 2019, the reporting date, was measured as of June 30, 2018, 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, 2018 rolled forward to June 30, 2018.

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 2020 and 2019. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2020 and 2019 relative to total contributions of all participating employers for the fiscal year. At June 30, 2020 and 2019, the University's proportion was 0.256% and 0.265%, respectively.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 14 - **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, 2020 and 2019, the University recognized pension expense of \$6,537,025 and \$5,274,827, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

|   | <u>2020</u>         | <u>2019</u>          |
|---|---------------------|----------------------|
| <u>Deferred Outflows of Resources Related to Pension</u>                      |                     |                      |
| Contributions subsequent to the measurement date                              | \$ 2,782,307        | \$ 2,549,316         |
| Differences between expected and actual experience                            | 1,244,182           | 1,110,908            |
| Changes in proportion from Commonwealth                                       | 66,143              | 94,479               |
| Change in plan actuarial assumptions  | 2,776,983           | 3,550,245            |
| Changes in proportion due to internal allocation                              | <u>2,797,102</u>    | <u>4,489,443</u>     |
| Total   | <u>\$ 9,666,717</u> | <u>\$ 11,794,391</u> |
| <u>Deferred Inflows of Resources Related to Pension</u>                       |                     |                      |
| Changes in proportion due to internal allocation                              | \$ 1,968,609        | \$ 1,883,403         |
| Changes in proportion from Commonwealth                                       | 1,903               | 6,659                |
| Differences between expected and actual experience                            | 487,236             | 713,947              |
| Differences between projected and actual earnings of pension plan investments | <u>558,824</u>      | <u>1,217,666</u>     |
| Total   | <u>\$ 3,016,572</u> | <u>\$ 3,821,675</u>  |

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 14 - **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 \$2,782,307 and \$2,549,316 made during the years ended June 30, 2020 and 2019, 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<br><u>June 30,</u> |                     |
|---------------------------------|---------------------|
| 2021                            | \$ 1,733,857        |
| 2022                            | 271,600             |
| 2023                            | 826,614             |
| 2024                            | 900,909             |
| 2025                            | <u>134,858</u>      |
|                                 | <u>\$ 3,867,838</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, 2019  | June 30, 2018  |
|--|----------------|----------------|
| Inflation                                      | 3.00%          | 3.00%          |
| Salary increases                               | 4.00% to 9.00% | 4.00% to 9.00% |
| Investment rate of return                      | 7.25%          | 7.35%          |
| Interest rate credited to annuity savings fund | 3.50%          | 3.50%          |

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 14 - **Pension - Continued**

*Actuarial Assumptions - continued*

For measurement dates June 30, 2019 and 2018, 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 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. The 2019 pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 2018 and rolled forward to June 30, 2018.

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, 2020 and 2019**

Note 14 - **Pension - Continued**

*Actuarial Assumptions - continued*

| Asset Class                     | 2019                 |  | 2018              |  |
|---------------------------------|----------------------|--|-------------------|--|
|                                 | 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>4.9%</b>                            | 39.0%             | 5.0%                                   |
| Portfolio Completion Strategies | <b>11.0%</b>         | <b>3.9%</b>                            | 13.0%             | 3.7%                                   |
| Core Fixed Income               | <b>15.0%</b>         | <b>1.3%</b>                            | 12.0%             | 0.9%                                   |
| Private Equity                  | <b>13.0%</b>         | <b>8.2%</b>                            | 12.0%             | 6.6%                                   |
| Real Estate                     | <b>10.0%</b>         | <b>3.6%</b>                            | 10.0%             | 3.8%                                   |
| Value Added Fixed Income        | <b>8.0%</b>          | <b>4.7%</b>                            | 10.0%             | 3.8%                                   |
| Timber/Natural Resources        | <b>4.0%</b>          | <b>4.1%</b>                            | 4.0%              | 3.4%                                   |
| Total                           | <b><u>100.0%</u></b> |  | <u>100.0%</u>     |  |

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25% and 7.35% at June 30, 2020 and 2019, 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, 2020 and 2019**

Note 14 - **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, 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  |
| June 30, 2019  |               |                |
| Current        |               |                |
| 1.00% Decrease | Discount Rate | 1.00% Increase |
| (6.35%)        | (7.35%)       | (8.35)%        |
| \$ 47,216,869  | \$ 35,031,695 | \$ 24,619,993  |

Note 15 - **OPEB (Restated)**

*Plan Description*

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

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

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - Continued**

*Plan Description - continued*

Management of the SRBT is vested with the board of trustees, which consists of 7 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), 1 person appointed by the Governor and 1 person appointed by the State Treasurer. These members elect 1 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, 2020 and 2019, and as of the valuation date (January 1, 2019 and 2018), 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, 2020 and 2019**

Note 15 - **OPEB (Restated) - 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 7.29% and 8.79% of annual covered payroll for the fiscal years ended June 30, 2019 and 2018, respectively. The University contributed \$1,441,304 and \$1,858,947 for the fiscal years ended June 30, 2020 and 2019, 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, 2020 and 2019, the University reported a liability of \$70,625,670 and \$76,656,042, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. 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 net OPEB liability as of June 30, 2019, was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018. 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 2019 and 2018. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2019 and 2018 relative to total contributions of all participating employers for the fiscal year. At June 30, 2020 and 2019, the University's proportion was 0.404% and 0.433%, respectively.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - 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, 2020 and 2019, the University recognized OPEB expense of \$6,359,747 and \$8,419,005, respectively. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

|  | <u>2020</u>          | Restated<br><u>2019</u> |
|--|----------------------|-------------------------|
| <u>Deferred Outflows of Resources Related to OPEB</u>                          |                      |                         |
| Contributions subsequent to the measurement date                               | \$ 1,441,304         | \$ 1,858,947            |
| Changes in proportion from Commonwealth  | 172,208              | 197,746                 |
| Differences between expected and actual experience                             | 2,832,419            | 747,361                 |
| Changes of assumptions   | 54,343               | 73,422                  |
| Changes in proportion due to internal allocation                               | <u>13,510,572</u>    | <u>17,668,126</u>       |
| Total deferred outflows related to OPEB  | <u>\$ 18,010,846</u> | <u>\$ 20,545,602</u>    |
| <u>Deferred Inflows of Resources Related to OPEB</u>                           |                      |                         |
| Net differences between projected and actual earnings on OPEB plan investments | \$ 32,482            | \$ 153,647              |
| Differences between expected and actual experience                             | 90,441               | 131,336                 |
| Changes in proportion due to internal allocation                               | 4,422,569            | -                       |
| Changes in OPEB plan actuarial assumptions                                     | <u>10,620,286</u>    | <u>6,466,734</u>        |
| Total deferred inflows related to OPEB   | <u>\$ 15,165,778</u> | <u>\$ 6,751,717</u>     |

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - Continued**

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

The University's contributions of \$1,441,304 and \$1,858,947 made during the fiscal years ending 2020 and 2019, 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<br><u>June 30,</u> |                     |
|---------------------------------|---------------------|
| 2021                            | \$ (163,415)        |
| 2022                            | (163,415)           |
| 2023                            | 209,458             |
| 2024                            | 1,475,106           |
| 2025                            | <u>46,030</u>       |
|                                 | <u>\$ 1,403,764</u> |

**WESTFIELD STATE UNIVERSITY**  
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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - 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, 2019   | June 30, 2018   |
|------------------------------|---|---|
| Inflation                    | 2.50%   | 3.00%   |
| Salary increases             | 4.0% per year   | 4.0% per year   |
| Investment rate of return    | 7.25%, net of OPEB plan investment expense, including inflation   | 7.35%, net of OPEB plan investment expense, including inflation   |
| Health care cost trend rates | 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 | 8.0%, decreasing by 0.5% each year to 5.5% in 2023 and then decreasing .25% each year to an ultimate rate of 5.0% in 2025 for Medical; 5.0% for EGWP; 5.0% 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, 2020 and 2019**

Note 15 - **OPEB (Restated) - 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.
- 85% of current and future contingent eligible participants will elect health care benefits at age 55, or current age, if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

|           | <u>Retirement Age</u> |                |
|-----------|-----------------------|----------------|
|           | <u>Under 65</u>       | <u>Age 65+</u> |
| Indemnity | 25.0%                 | 85.0%          |
| POS/PPO   | 60.0%                 | 0.0%           |
| HMO       | 15.0%                 | 15.0%          |

The actuarial assumptions used in the January 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2017 and 2016 through December 31, 2018 and 2017, depending upon the criteria being evaluated.

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2018 and 2017 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").

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - Continued**

*Actuarial Assumption - continued*

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, 2020 and 2019, are the same as discussed in the pension footnote (note 14).

*Discount Rate*

The discount rate used to measure the total OPEB liability for 2020 and 2019 was 3.63% and 3.95%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.51% at June 30, 2019 and 3.87% as of June 30, 2018) 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 2029 and 2025 for the fiscal years 2020 and 2019, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.25% and 7.35%, respectively per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - 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:

|                    |    | 1.00% Decrease<br>2.63% | June 30, 2020<br>Current<br>Discount Rate<br>3.63%             | 1.00% Increase<br>4.63% |
|--------------------|----|-------------------------|--|-------------------------|
| Net OPEB Liability | \$ | 84,304,225              | \$   | 70,625,670              |
|                    |    |                         |  | \$ 59,810,705           |
|                    |    |                         |  |                         |
|                    |    | 1.00% Decrease<br>2.95% | Restated<br>June 30, 2019<br>Current<br>Discount Rate<br>3.95% | 1.00% Increase<br>4.95% |
| Net OPEB Liability | \$ | 91,119,666              | \$   | 76,656,042              |
|                    |    |                         |  | \$ 65,182,025           |

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 15 - **OPEB (Restated) - 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<br>(B) | June 30, 2020<br>Current Healthcare<br>Cost Trend Rate<br>(A) | 1.00% Increase<br>(C) |
|-----------------------|---|-----------------------|
| \$ 58,204,475         | \$ 70,625,670   | \$ 87,014,109         |
| Restated              |   |                       |
| 1.00% Decrease<br>(B) | June 30, 2019<br>Current Healthcare<br>Cost Trend Rate<br>(A) | 1.00% Increase<br>(C) |
| \$ 63,687,939         | \$ 76,656,042   | \$ 93,585,314         |

(A) - Current healthcare cost trend rate, as disclosed on page 56

(B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed on page 56

(C) - 1-percentage increase in current healthcare cost trend rate, as disclosed on page 56

Note 16 - **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 \$2,063,000 and \$1,857,000 for the years ended June 30, 2020 and 2019, respectively.



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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 16 - **Operating Leases - Continued**

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

| Years Ending<br><u>June 30,</u> |                    |
|---------------------------------|--------------------|
| 2021                            | \$2,104,940        |
| 2022                            | 949,013            |
| 2023                            | 834,430            |
| 2024                            | 812,879            |
| 2025                            | 799,317            |
| 2026                            | <u>62,915</u>      |
| Total                           | <u>\$5,563,494</u> |

Note 17 - **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,:

|                              | <b>2020</b>                | 2019                |
|------------------------------|----------------------------|---------------------|
| Restricted - expendable:     |                            |                     |
| Scholarships and fellowships | \$ <b>706,219</b>          | \$ 651,956          |
| Loans                        | <b>15,095</b>              | 15,095              |
| Capital projects             | <b>118,871</b>             | 118,871             |
| Grants                       | <u><b>306,415</b></u>      | <u>445,976</u>      |
|                              | <u><b>\$ 1,146,600</b></u> | <u>\$ 1,231,898</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, 2020 and 2019.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 18 - **Operating Expenses**

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

|                               | <u>2020</u>                  | (Restated)<br><u>2019</u> |
|-------------------------------|------------------------------|---------------------------|
| Compensation and benefits     | \$ <b>93,889,981</b>         | \$ 93,712,412             |
| Supplies and services         | <b>35,140,940</b>            | 35,763,572                |
| Depreciation and amortization | <b>5,286,361</b>             | 5,809,084                 |
| Scholarships and fellowships  | <u><b>5,555,084</b></u>      | <u>2,971,317</u>          |
|                               | <u><b>\$ 139,872,366</b></u> | <u>\$ 138,256,385</u>     |

Note 19 - **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.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 19 - **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, 2020, 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 20 - **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.

The vast majority of higher educational institutions transitioned to distance learning during the 2020 spring semester due to the COVID-19 crisis. Many higher educational institutions have been served with a class action lawsuit due to this decision. The plaintiffs’ claim that they have suffered academic harm after the 2020 spring semester transitioned to distance learning. Since the lawsuits are in the early stages, there have been no settlements or court decisions on this matter. The University has not been served with a lawsuit related to COVID-19. Management believes that any potential future adverse outcome is possible, but unlikely, and, would not be material to the University

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 20 - **Commitments and Contingencies - Continued**

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.

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.

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**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 21 - **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*.

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

|   | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|
| Direct unrestricted appropriations  | \$ 30,579,814        | \$ 29,998,821        |
| Add: Fringe benefits for benefited employees<br>on the state payroll                      | 10,544,940           | 10,005,037           |
| Less: Day school tuition remitted to the state<br>and included in tuition and fee revenue | <u>(1,027,534)</u>   | <u>(981,236)</u>     |
| Total unrestricted appropriations   | 40,097,220           | 39,022,622           |
| Capital appropriations  | 10,272,412           | 394,564              |
| Restricted appropriations   | <u>-</u>             | <u>223,619</u>       |
| Total appropriations  | <u>\$ 50,369,632</u> | <u>\$ 39,640,805</u> |

No timing differences occurred where the University had additional revenue that was reported to MMARS after June 30, 2020 and 2019.

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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 22 - **Pass-Through Grants**

The University distributed \$32,031,048 and \$32,811,289 as of June 30, 2020 and 2019, 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.

Note 23 - **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, 2020 and 2019 was \$12,701,775 and \$11,784,601, 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.

Note 23 - **Subsequent Events**

**COVID-19**

The COVID-19 crisis has created volatility in the financial markets and a significant decrease in the overall economy. The full adverse impact and duration of COVID-19 on the University's finances and operations cannot be determined.

As a result of the COVID-19 crisis and other factors, student enrollment has decreased for the 2020 fall semester. In addition, capacity of residence hall occupancy has been reduced to meet social distancing guidelines.

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

**Notes to the Financial Statements - Continued**

**June 30, 2020 and 2019**

Note 23 - **Subsequent Events – Continued**

*Bond Payable Refinancing*

On July 1, 2020 the MSCBA closed on Refunding Revenue Bonds Series 2020A for the purpose of providing budgetary relief to the University. The refunding included several of the University's bonds which will result in no principal payments due for fiscal year 2021 and an additional reduction in principal payments for fiscal year 2022. It is also anticipated the refunding will reduce fiscal year 2021's assessment due to the MSCBA for the University's use of the dormitories.

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**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, 2020   | June 30, 2019   | June 30, 2018   | June 30, 2017   | June 30, 2016   | June 30, 2015   |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Measurement date   | 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, 2018 | January 1, 2017 | January 1, 2016 | January 1, 2015 | January 1, 2014 |
| Proportion of the collective net pension liability   | 0.256%          | 0.265%          | 0.249%          | 0.240%          | 0.289%          | 0.218%          |
| Proportionate share of the collective net pension liability  | \$ 37,463,840   | \$ 35,031,695   | \$ 31,945,217   | \$ 30,460,744   | \$ 30,111,590   | \$ 16,195,411   |
| University's covered payroll   | \$ 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 | 177.23%         | 170.43%         | 163.22%         | 181.53%         | 188.91%         | 100.09%         |
| Plan fiduciary net position as a percentage of the total pension liability                           | 66.28%          | 67.91%          | 67.21%          | 63.48%          | 67.87%          | 76.32%          |

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

*See accompanying notes to the required supplementary information.*

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

**Schedule of Contributions - Pension (Unaudited)**

**Massachusetts State Employees' Retirement System**

**For the Years Ended June 30,**

|  | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Statutorily required contribution                                  | \$ 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>(2,782,307)</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>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| University's covered payroll                                       | \$ 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                    | 14.08%             | 12.06%             | 11.78%             | 9.95%              | 9.45%              | 10.39%             |

Notes:

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

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

*See accompanying notes to the required supplementary information.*

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

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

**For the Year Ended June 30, 2020**

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

Measurement Date – June 30, 2019

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

Measurement date – June 30, 2018

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

The mortality rate assumptions were changed as follows:

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

Measurement date – June 30, 2017

The mortality rates were changed as follows:

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

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

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

**For the Year Ended June 30, 2020**

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**

|   | June 30, 2020   | (Restated)<br>June 30, 2019 | June 30, 2018   |
|---|-----------------|-----------------------------|-----------------|
| Year ended  | June 30, 2019   | June 30, 2018               | June 30, 2017   |
| Measurement date  | January 1, 2019 | January 1, 2018             | January 1, 2017 |
| Valuation date  |                 |                             |                 |
| Proportion of the collective net OPEB liability   | 0.404%          | 0.433%                      | 0.373%          |
| Proportionate share of the collective net OPEB liability  | \$ 70,625,670   | \$ 76,656,042               | \$ 62,133,611   |
| University's covered payroll  | \$ 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 | 334.11%         | 372.93%                     | 317.46%         |
| Plan fiduciary net position as a percentage of the total OPEB liability                           | 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>2020</u>        | <u>2019</u>        | <u>2018</u>        |
|--|--------------------|--------------------|--------------------|
| Statutorily required contribution                                  | \$ 1,441,304       | \$ 1,858,947       | \$ 1,833,293       |
| Contributions in relation to the statutorily required contribution | <u>(1,441,304)</u> | <u>(1,858,947)</u> | <u>(1,833,293)</u> |
| Contribution (excess)/deficit                                      | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| University's covered payroll                                       | \$ 19,760,703      | \$ 21,138,607      | \$ 20,555,240      |
| Contribution as a percentage of covered payroll                    | 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, 2020**

Note 1 - **Change in Plan Assumptions**

**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%.

*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.

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

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

**June 30, 2020**

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

**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.

**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>2020</u>                    | <u>2019</u>                    |
|----------------------------------|--------------------------------|--------------------------------|
| <b>Current Assets:</b>           |                                |                                |
| Cash and equivalents             | \$ 3,107,104                   | \$ 6,182,931                   |
| Accounts receivable, net         | 14,433                         | 27,635                         |
| Deposits held by State Treasurer | 130,046                        | 174,837                        |
| Other current assets             | <u>11,071</u>                  | <u>2,073</u>                   |
| <br><b>Total Assets</b>          | <br><b><u>\$ 3,262,654</u></b> | <br><b><u>\$ 6,387,476</u></b> |

**Liabilities and Net Position**

|  |                                |                                |
|--|--------------------------------|--------------------------------|
| <b>Current Liabilities:</b>                              |                                |                                |
| Accounts payable and accrued liabilities                 | \$ 107,066                     | \$ 98,773                      |
| Accrued employee compensation and benefits               | 337,899                        | 396,858                        |
| Deposits held for others                                 | <u>122,016</u>                 | <u>147,652</u>                 |
| <br><b>Total Current Liabilities</b>                     | <br><b><u>566,981</u></b>      | <br><b><u>643,283</u></b>      |
| <br><b>Noncurrent Liability:</b>                         |                                |                                |
| Accrued liability for employee compensation and benefits | <u>49,425</u>                  | <u>50,720</u>                  |
| <br><b>Total Liabilities</b>                             | <br><b><u>616,406</u></b>      | <br><b><u>694,003</u></b>      |
| <br><b>Net Position:</b>                                 |                                |                                |
| Unrestricted   | <u>2,646,248</u>               | <u>5,693,473</u>               |
| <br><b>Total Liabilities and Net Position</b>            | <br><b><u>\$ 3,262,654</u></b> | <br><b><u>\$ 6,387,476</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, 2020 and 2019**

|  | <u>2020</u>                | <u>2019</u>         |
|--|----------------------------|---------------------|
| <b>Operating Revenues:</b>   |                            |                     |
| Room rent  | \$ 13,350,543              | \$ 17,233,039       |
| Other sources  | 70,473                     | 16,451              |
| Deposits forfeited   | 106,506                    | 111,594             |
| Commissions - laundry  | 38,845                     | 66,596              |
| Commissions - vending  | 41,249                     | 49,287              |
| University support   | <u>150,000</u>             | <u>150,000</u>      |
| <b>Total Operating Revenues</b>                                      | <u><b>13,757,616</b></u>   | <u>17,626,967</u>   |
| <b>Operating Expenses:</b>   |                            |                     |
| Employee compensation  | 2,156,951                  | 2,354,651           |
| Energy costs   | 1,486,004                  | 1,562,753           |
| Pension and insurance  | 773,693                    | 843,898             |
| Special employees  | 372,517                    | 561,717             |
| Operational services   | 363,125                    | 352,783             |
| Scholarships   | 350,169                    | 344,331             |
| Repairs and maintenance  | 1,953                      | 2,818               |
| Facility operations supplies   | 250,502                    | 249,222             |
| Administrative   | 24,945                     | 38,648              |
| Equipment purchase   | 14,866                     | 1,951               |
| Equipment lease, rental and maintenance                              | 66,535                     | 49,613              |
| Consultant services  | 9,079                      | 26,600              |
| Student travel   | 1,342                      | 3,397               |
| Employee related   | 3,744                      | 10,465              |
| Annual payment to the Massachusetts State College Building Authority | <u>12,701,775</u>          | <u>11,784,601</u>   |
| <b>Total Operating Expenses</b>                                      | <u><b>18,577,200</b></u>   | <u>18,187,448</u>   |
| <b>Operating Loss</b>  | <u><b>(4,819,584)</b></u>  | <u>(560,481)</u>    |
| <b>Non-Operating Revenues:</b>                                       |                            |                     |
| Other revenue - MSCBA  | 486,724                    | -                   |
| CARES Act funds  | <u>1,285,635</u>           | <u>-</u>            |
| <b>Total Non-Operating Revenues</b>                                  | <u><b>1,772,359</b></u>    | <u>-</u>            |
| <b>Decrease in Net Position</b>                                      | <b>(3,047,225)</b>         | (560,481)           |
| Net Position, Beginning of Year                                      | <u>5,693,473</u>           | <u>6,253,954</u>    |
| <b>Net Position, End of Year</b>                                     | <u><b>\$ 2,646,248</b></u> | <u>\$ 5,693,473</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, 2020 and 2019, and 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 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**