

MASSASOIT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

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

JUNE 30, 2024 and 2023

MASSASOIT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Financial Statements

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Massasoit Community College
Brockton, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, of Massasoit Community College (the "College"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College, as of June 30, 2024 and 2023, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS and Government Auditing Standards, 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 audit 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.

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 College'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 College'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 College's internal control over financial reporting and compliance.

DATE

DRAFT

MASSASOIT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

June 30, 2024, 2023 and 2022

The following discussion and analysis provides management's view of the financial position of Massasoit Community College (the "College") as of June 30, 2024, 2023, and 2022 and the results of operations for the years then ended. This analysis should be read in conjunction with the College's financial statements and notes thereto which are also presented in this document.

Massasoit Community College is a comprehensive public two-year institution of higher learning with approximately 5,029 students enrolled for credit for the Fall of 2023, with 98 full-time and 509 part-time faculty members on campuses in Brockton, Canton, and Middleborough, Massachusetts. The College offers associate degree programs in arts, sciences, and applied sciences, one-year and short-term certificates for a range of occupations and interests, and contributes to its service area through community education, workforce development, theater and conference event programs.

Financial Highlights

At June 30, 2024, 2023 and 2022, the College's assets and deferred outflows were \$105.4 million, \$95.2 million and \$84.8 million, and its liabilities and deferred inflows were \$32.0, \$39.2 million, and \$44.0 million. The result net position is summarized into the following categories:

	June 30		
	2024	2023	2022
Net investment in capital assets	\$ 34,542,053	\$ 32,769,331	\$ 32,350,471
Restricted, expendable	4,259,680	4,779,040	2,763,902
Unrestricted	<u>34,544,247</u>	<u>18,396,181</u>	<u>5,744,512</u>
Total net position	<u>\$ 73,345,980</u>	<u>\$ 55,944,552</u>	<u>\$ 40,858,885</u>

The Primary Reserve Ratio provides a snapshot of financial strength and flexibility by indicating how long the institution can operate using available expendable reserves without relying on additional new assets generated by operations. The Primary Reserve Ratio for fiscal year 2024, 2023, was 60.9%, 42.4 %, and 14.5% in 2022.

The Return on Net Position Ratio determines whether an institution has financially improved since the previous year by measuring total economic return. This ratio is 30.8% for 2024, 35.7% for 2023 and 20.1 % for 2022.

The Net Operating Revenue Ratio indicates whether total operating activities result in a surplus or a deficit. The net operating revenue ratio was 18.9% in the year ended June 30, 2024, 18.5% for the fiscal year 2023, and 7.2 % for fiscal year 2022.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

The Viability Ratio measures the availability of expendable net position to cover debt. The Viability Ratio for fiscal year 2024 was 889.7%, 2023 was 492.2%, and 2022 it was 174.1 %.

Overall, the College's operating revenues increased approximately \$5.8 million. The net tuition revenue increased due to the increase in enrollment as well as an increase in state and federal grants and contracts. Revenues from state grants and contracts increased by \$4.2 million from an increase in state financial aid programs. The College's investment portfolio yielded a net gain of approximately \$4.7 million due to market conditions. Operating expenditures increased \$8.5 million.

Overview of the Financial Statements

Massasoit Community College's financial statements are comprised of two primary 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 Massasoit Community College's finances and are comprised of three basic statements.

These statements are 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 as a whole. Previously, financial statements focused on individual fund groups rather than on the College as a whole. A description of the financial statements follows:

The **Statements of Net Position** presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. GASB 39, adopted as of July 1, 2003 requires the Foundation's net position be included in the College's Statements of Net Position.

The **Statements of Revenues, Expenses, and Changes in Net Position** presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. the payment for the accrued compensated absences, or the receipt of amounts due from students and others for services rendered). GASB 39 requires the Foundation's revenues and expenditures are included in the College's Statements of Revenues, Expenses and Changes in Net Position.

The **Statements of Cash Flows** is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

(e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services.) The Governmental Accounting Standards Board (GASB) Statements 34 and 35 require this method to be used. In accordance with GASB 39, the Foundation is not required to present the Statements of Cash Flows.

The financial statements can be found on pages 16-18 of this report.

The College reports its activity as a business-type activity using the economic resources measurement focus and full accrual basis of accounting. The College is a part of the Commonwealth of Massachusetts. Therefore, the results of the College's operations, its net position and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide information regarding both the accounting policies and procedures the College has adopted as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 19-53 of this report.

Financial Analysis of the College

As noted earlier, net position may serve over time as a useful indicator of Massasoit Community College's financial position. In the case of the College, assets and deferred outflows exceeded liabilities and deferred inflows as of June 30, 2024 by \$73.3 million, 2023 by \$55.9 and in 2022 by \$40.8 million.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

	2024	2023	2022
Assets and Deferred Outflows of Resources:			
Current Assets	\$ 64,045,639	\$ 55,819,391	\$ 45,108,113
Non-current Assets	40,673,319	38,803,235	38,355,847
Deferred Outflows of Resources	<u>632,059</u>	<u>566,811</u>	<u>1,385,711</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 105,351,017</u></u>	<u><u>\$ 95,189,437</u></u>	<u><u>\$ 84,849,671</u></u>
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 11,302,717	\$ 12,982,859	\$ 11,193,744
Non-current Liabilities	10,672,881	11,414,614	15,814,642
Deferred Inflows of Resources	<u>10,029,439</u>	<u>14,847,412</u>	<u>16,982,400</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>\$ 32,005,037</u></u>	<u><u>\$ 39,244,885</u></u>	<u><u>\$ 43,990,786</u></u>
Net Position:			
Net investment in capital assets	\$ 34,542,053	\$ 32,769,331	\$ 32,350,471
Restricted-expendable	4,259,680	4,779,040	2,763,902
Unrestricted	<u>34,544,247</u>	<u>18,396,181</u>	<u>5,744,512</u>
Total Net Position	<u><u>\$ 73,345,980</u></u>	<u><u>\$ 55,944,552</u></u>	<u><u>\$ 40,858,885</u></u>

By far the largest portion of Massasoit Community College's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt, including capital leases, used to acquire those assets that are still outstanding. Massasoit Community College uses these capital assets to provide services to students, faculty and administration; consequently, these assets are *not* available for future spending. Although Massasoit Community College's investment in its capital assets is reported net of related debt and accumulated depreciation, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The College has a capital reserve fund for future repair and replacement of capital assets and in recent years has added to the capital reserve with available funds after year-end.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

Condensed Statements of Revenues and Expenses

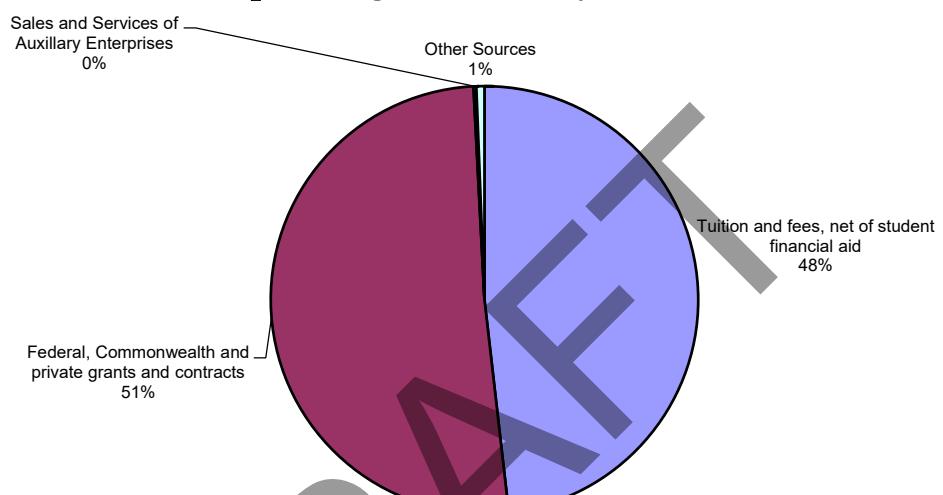
	2024	2022	2022
Operating Revenues:			
Tuition and fees, net	\$ 18,273,390	\$ 17,632,020	\$ 19,793,576
Operating grants and contracts	19,334,500	13,784,834	14,109,686
Other	314,027	700,004	697,575
Total Operating Revenues	<u>37,921,917</u>	<u>32,116,858</u>	<u>34,600,837</u>
Operating Expenses	67,572,385	59,109,191	71,077,170
Net Operating Loss	<u>(29,650,468)</u>	<u>(26,992,333)</u>	<u>(36,476,333)</u>
Non-Operating Revenues (Expenses):			
Net appropriations	40,349,549	35,235,612	35,127,411
Federal grants revenue	-	2,656,820	11,018,962
Other	4,384,256	2,129,496	(3,424,970)
Total Non-Operating Revenues	<u>44,733,805</u>	<u>40,021,928</u>	<u>42,721,403</u>
Income (Loss) Before Capital Appropriations	15,083,337	13,029,595	6,245,070
Capital Appropriations	2,318,091	2,056,072	1,547,736
Increase (Decrease) in Net Position	<u>\$ 17,401,428</u>	<u>\$ 15,085,667</u>	<u>\$ 7,792,806</u>

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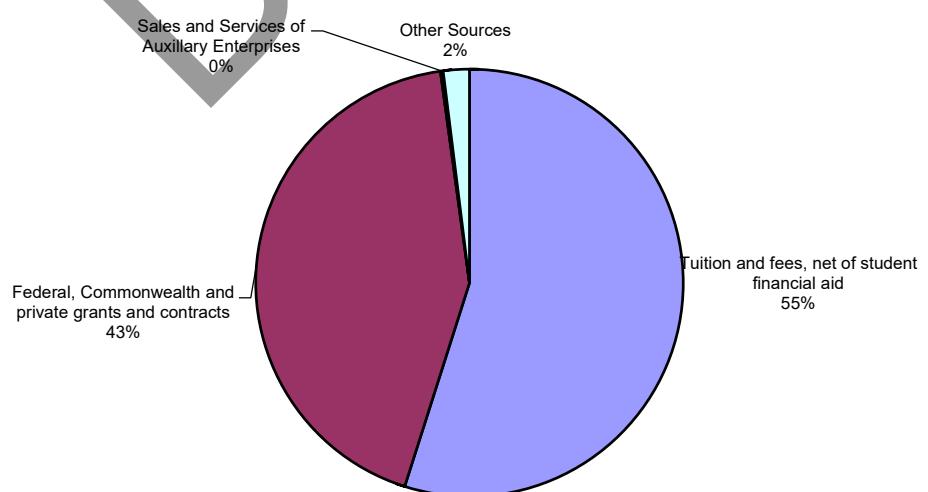
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

Operating Revenue by Source FY24



Operating Revenue by Source FY23

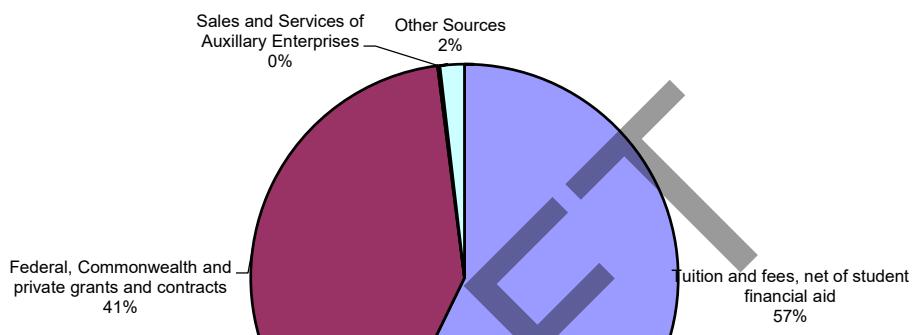


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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

Operating Revenue by Source FY22



Tuition and fees received by Massasoit Community College included the following for the year ended June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tuition	\$ 3,118,633	\$ 3,196,871	\$ 3,463,222
General college fees	16,933,772	15,773,138	17,077,952
Technology fees	745,114	661,236	747,608
Course fees	790,681	715,058	387,663
Other tuition and fees	<u>1,779,542</u>	<u>1,385,624</u>	<u>1,255,434</u>
	<u>\$ 23,367,742</u>	<u>\$ 21,731,927</u>	<u>\$ 22,931,879</u>

Highlights of operating revenue activity for the year include:

- Tuition and fees increased by approximately \$1.6 million, in total, compared to the previous year. Enrollment has increased by 8.6% in billable credits.
- State grants and contracts have increased for the fiscal year 2024, largely due to the state funding for Mass Reconnect, Mass Grant Plus and other state awards. Federal grant and contracts have also increased this fiscal year due to increases in Pell awards.
- A gain of \$4.7 million in investment income during the year ended June 30, 2024 was due to ending the year favorably from market conditions.

Major grants and contracts received by Massasoit Community College for the year included the following:

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

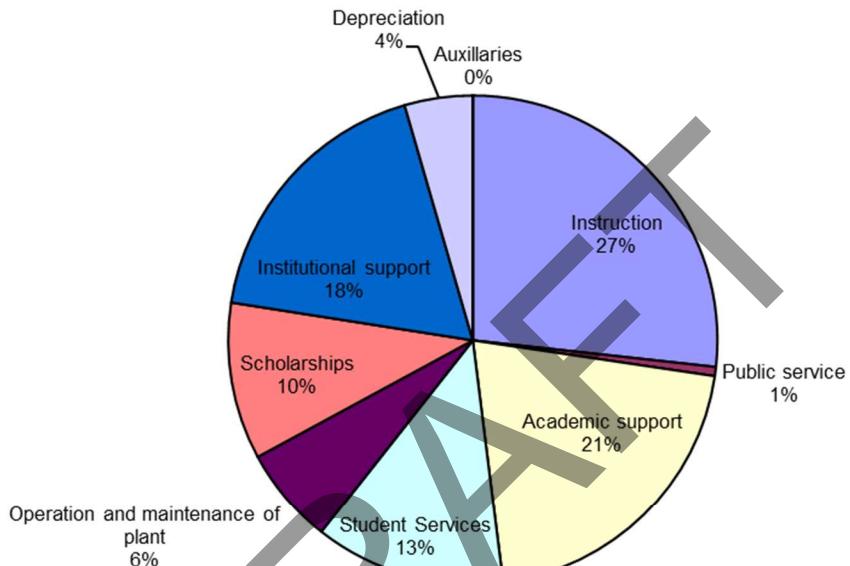
- Three Adult Basic Education grants received for a total of \$692,852. These grant awards saw an increase of \$273,536 over the prior year. A new Family Literacy Grant has replaced the Stoughton Grant.
- The Federal Perkins Vocational and Technical Education grants received a total of \$385,626.
- A Federal TRIO grants received in total \$659,859 from the U.S. Department of Education. The previous fiscal year's amount was \$334,982.
- A Gateway to College Program brought in \$827,561 compared to \$752,029 last year. This is an increase of \$75,532.
- The College received two awards for the STEM Starter Academy Grant receiving a total of \$325,012 for the current fiscal year and \$202,888 for FY2023.
- The National Science Foundation for S-STEM received \$118,329 for this fiscal year. This grant will allow financial assistance to the STEM Scholars program that seeks to build a diverse pipeline of STEM professionals.
- EEC Career Pathways received \$534,602 this fiscal year. This grant promotes professional development opportunities for early childhood education and our-of-school time workforce.
- Workforce Training Grant received \$76,824 in this fiscal year.
- Commonwealth Corp grant received \$127,856. This grant has a focus also on Diesel technology.
- Dual Enrollment Grants saw an increase of \$77,893, totaling \$897,994 this fiscal year.
- The Success program from the state, provides wraparound support and services to improve outcomes for the most vulnerable student populations. This funding totaled \$1,106,432 for the fiscal year.
- Other grants that received funding during this fiscal year included MAICEI grant for \$89,624, EFT High Demand Workforce awards of \$501,305, ARPA & Mental Health awards for \$123,810 and campus Hunger Program for \$114,879.
- New grants this year included DOL Strengthening Community College's for \$167,477 and Mass Reconnect Marketing totaling \$100,000.

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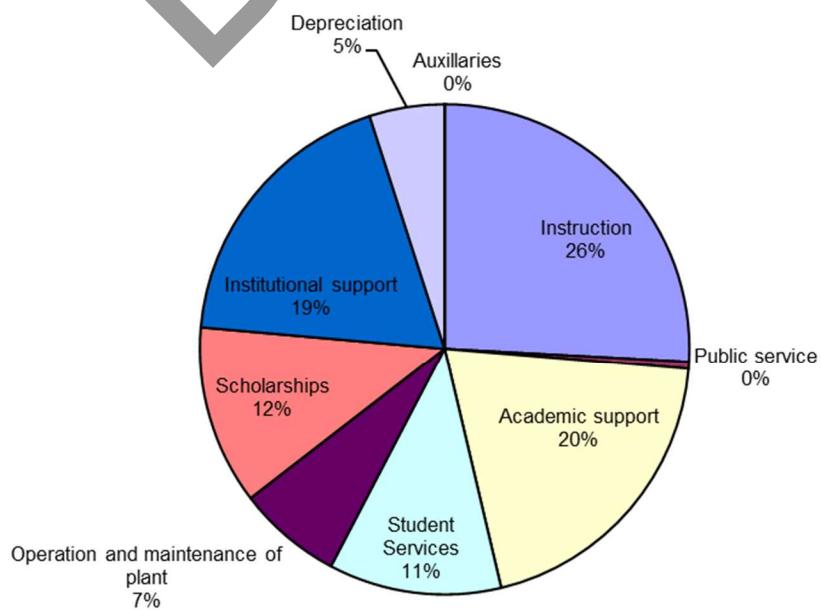
Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

Operating Expenses by Source FY24



Operating Expenses by Source FY23

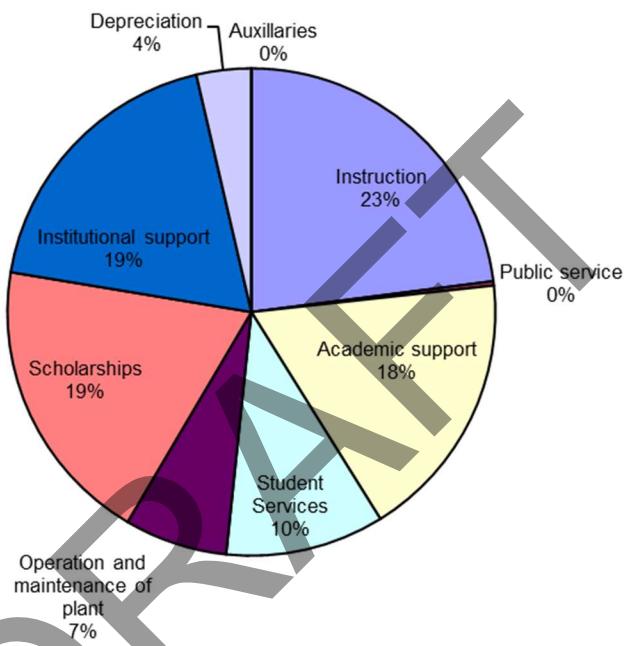


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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

Operating Expenses by Source FY22



Highlights of operating expense activity include:

- This fiscal year the overall operating expenditures increased by 14.3%. An increase in salary expense for this fiscal year was due to the collective bargaining payments and well as an increase in adjunct faculty expenses. Increases in operating expenses were due to spending returning to pre-pandemic levels and increase in enrollments on campus. This fiscal year the impact of GASB 75 for OPEB and GASB 68 for Pensions, resulted in a net credit of \$5.2 million. The implementation of GASB 87, Leases and GASB 96 Subscription Based Software require a right to use asset be recognized and yearly amortization expense taken.
- The state appropriation continues cover more of the payroll resulting in a lower fringe chargeback. Additionally, related fringes for fiscal year 2024, at the rate of 43.2%, were charged for the locally funded payroll, the fringe rate has been increasing each fiscal year with FY23 at 40.0%.
- Accruals for compensated absences have increased expenses by \$301,649 for operational departments during this fiscal year. A decrease in workers compensation liability resulted in a credit of \$20,270 this fiscal year.
- Capital projects include Canton parking lot renovations, Canton accessibility improvements, fire alarm upgrades, window replacements, fuel storage tank replacement, and work on the Police relocation project.

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

For non-operating revenues and expenses, the Commonwealth's unrestricted appropriation, including fringe benefits, net of tuition remissions, and special appropriation increased by 14%. Gain on investments totaled \$4.7 million. The non-operating expense included interest expense from the Clean Renewable Energy Bond repayment, and the Clean Energy Investment Program debt service payments for Phase I, Phase II and Phase III, and as a result of GASB 87 right to use assets totaling \$299,549.

Loss from Operations

Due to the nature of public higher education, institutions incur a loss from operations. The Commonwealth's Department of Higher Education sets the tuition rate. The College sets fees and other charges. Commonwealth appropriations to the College help to offset the loss from operations not made up by tuition and fees. The College, with the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to mitigate losses after Commonwealth appropriations.

Capital Assets and Debts of the College

Capital Assets

The College's Investment in Capital Assets as of June 30, 2024, 2023 and 2022 amounts to \$40.6 million, \$38.8 million, and \$39.3 million respectively, net of accumulated depreciation. This investment in capital assets includes, land, building, (including improvements), furnishings and equipment, (including the cost of capital leases) and books.

Massasoit Community College has received a \$40.7 million commitment from the Commonwealth of Massachusetts for the renovation of two academic buildings on the Brockton Campus. These renovations include converting the existing Liberal Arts Building to a state-of-the-art Science Building. We will then renovate the existing Science Building to become a state-of-the-art allied health facility. Estimated total project costs for the project is \$51.8 million. Given the states commitment of \$40.7 million, the college has developed a plan to fund the \$11.1 million. This may include borrowing funds in the amount of \$5 million through the Massachusetts State College Building Authority. The college estimates the annual for 20 years of level debt service and associated costs to be approximately \$401,000. The college plans to use unallocated investment income to satisfy the annual debt payment. The remaining gap will be filled utilizing existing college reserves and philanthropic sources.

All capital asset purchases are pre-approved by the Board of Trustees and included in the College's capital spending plan submitted to the Department of Higher Education and the Commonwealth's Fiscal Affairs Division. Additional information about Massasoit Community College's capital assets can be found in Note 6 on pages 30-31 of this report.

MASSASOIT COMMUNITY COLLEGE

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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2024, 2023 and 2022

Long-Term Debt

Massasoit Community College long-term debt consists of the accruals for compensated absences, workmen's compensation, net pension liability, OPEB liability and for the long-term portion of bond and notes payable debt service obligations due to the Commonwealth. The accrual for compensated absences consists of the long-term portion of sick and vacation pay related to employees on the College's payroll.

Economic Factors and Next Year's Enrollment

The seasonally adjusted unemployment rate for the Commonwealth of Massachusetts within which the College primarily draws students has increased slightly to 3.7%, the prior year being 3.3%, according to the US Bureau of Labor Statistics.

The College recognized increasing enrollment and fiscal year 2024 and is projected to increase in billable credit hours. This is due to the state funding programs for the community college sector for MassReconnect and MassEducate. The following chart illustrates the College's recent enrollment figures:

Fiscal 2021	109,585
Fiscal 2022	103,301
Fiscal 2023	91,787
Fiscal 2024	99,688
Fiscal 2025 projected	107,663

Requests for Information

This financial report is designed to provide a general overview of Massasoit Community College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Comptroller, Massasoit Community College, at One Massasoit Boulevard, Brockton, Massachusetts 02302.

MASSASOIT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position
June 30,

Assets and Deferred Outflows of Resources

	<u>Primary</u> <u>Government</u> <u>2024</u>	<u>Primary</u> <u>Government</u> <u>2023</u>	<u>Component</u> <u>Unit</u> <u>2024</u>	<u>Component</u> <u>Unit</u> <u>2023</u>
	<u>College</u>	<u>College</u>	<u>Foundation</u>	<u>Foundation</u>
Current Assets:				
Cash and equivalents	\$ 15,970,618	\$ 17,049,226	\$ 1,138,244	\$ 922,287
Deposits held by State Treasurer	1,456,616	1,370,654	-	-
Cash held by State Treasurer	2,836,401	3,540,631	-	-
Investments	40,277,459	30,141,590	1,332,199	1,185,392
Accounts receivable, net	2,940,420	3,197,311	184,415	52,700
Other current assets	564,125	519,979	2,000	3,500
Total Current Assets	64,045,639	55,819,391	2,656,858	2,163,879
Non-Current Asset:				
Capital assets, net	40,673,319	38,803,235	-	-
Total Assets	104,718,958	94,622,626	2,656,858	2,163,879
Deferred Outflows of Resources:				
Deferred outflows of resources related to pension	364,109	271,062	-	-
Deferred outflows of resources related to OPEB	267,950	295,749	-	-
Total Deferred Outflows of Resources	632,059	566,811	-	-
Total Assets and Deferred Outflows of Resources	\$ 105,351,017	\$ 95,189,437	\$ 2,656,858	\$ 2,163,879

Liabilities Deferred Inflows of Resources and Net Position

	<u>Primary</u> <u>Government</u> <u>2024</u>	<u>Primary</u> <u>Government</u> <u>2023</u>	<u>Component</u> <u>Unit</u> <u>2024</u>	<u>Component</u> <u>Unit</u> <u>2023</u>
	<u>College</u>	<u>College</u>	<u>Foundation</u>	<u>Foundation</u>
Current Liabilities:				
Accounts payable	\$ 2,262,904	\$ 3,128,027	\$ 35,693	\$ 24,618
Accrued payroll	3,041,202	2,574,814	-	-
Accrued compensated absences	2,642,168	2,480,031	-	-
Accrued workers' compensation benefits	111,859	108,074	-	-
Current portion of notes payable	498,446	480,179	-	-
Current portion of lease liability	159,390	90,404	-	-
Current portion of SBITA liability	480,451	258,970	-	-
Student deposits and unearned revenues	2,106,297	3,862,360	6,625	-
Total Current Liabilities	11,302,717	12,982,859	42,318	24,618
Non-Current Liabilities:				
Accrued compensated absences	1,336,456	1,196,943	-	-
Accrued workers' compensation benefits	787,854	811,909	-	-
Notes payable	4,154,530	4,652,976	-	-
Lease liability	361,589	54,428	-	-
SBITA liability	476,860	496,947	-	-
Net pension liability	1,723,019	1,860,274	-	-
Net OPEB liability	1,832,573	2,341,137	-	-
Total Non-Current Liabilities	10,672,881	11,414,614	-	-
Total Liabilities	21,975,598	24,397,473	42,318	24,618
Deferred Inflows of Resources:				
Deferred inflows of resources related to pension	2,684,576	4,114,683	-	-
Deferred inflows of resources related to OPEB	7,344,863	10,732,729	-	-
Total Deferred Inflows of Resources	10,029,439	14,847,412	-	-
Net Position:				
Net investment in capital assets	34,542,053	32,769,331	-	-
Restricted-expendable	4,259,680	4,779,040	1,407,869	1,178,878
Unrestricted	34,544,247	18,396,181	1,206,671	960,383
Total Net Position	73,345,980	55,944,552	2,614,540	2,139,261
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 105,351,017	\$ 95,189,437	\$ 2,656,858	\$ 2,163,879

MASSASOIT COMMUNITY COLLEGE
 (an agency of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,

	Primary Government 2024 College	Primary Government 2023 College	Component Unit 2024 Foundation	Component Unit 2023 Foundation
Operating Revenues:				
Tuition and fees	\$ 23,367,742	\$ 21,727,927	\$ -	\$ -
Less: scholarships and fellowships	<u>5,094,352</u>	<u>4,095,907</u>	<u>-</u>	<u>-</u>
Net tuition and fees	<u>18,273,390</u>	<u>17,632,020</u>	<u>-</u>	<u>-</u>
Federal grants and contracts	8,396,947	7,138,075	-	-
State grants and contracts	10,451,315	6,288,185	-	-
Private grants and contracts	486,238	358,574	-	-
Gifts and contributions	-	-	615,724	423,187
Auxiliary enterprises	83,872	66,611	-	-
Other operating revenues	<u>230,155</u>	<u>633,393</u>	<u>129,275</u>	<u>102,000</u>
Total Operating Revenues	<u>37,921,917</u>	<u>32,116,858</u>	<u>744,999</u>	<u>525,187</u>
Operating Expenses:				
Educational and general:				
Instruction	18,064,445	15,282,447	-	-
Scholarships and fellowships	7,007,003	6,994,865	251,551	227,488
Academic support	13,975,626	11,798,179	-	-
Student services	8,521,584	6,740,498	-	-
Institutional support	12,180,977	11,010,384	202,528	201,180
Public service	408,802	279,168	-	-
Operation and maintenance of plant	4,373,191	4,069,166	-	-
Depreciation and amortization	<u>3,040,787</u>	<u>2,934,484</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>67,572,385</u>	<u>59,109,191</u>	<u>454,079</u>	<u>428,668</u>
Net Operating Loss	<u>(29,650,468)</u>	<u>(26,992,333)</u>	<u>290,920</u>	<u>96,519</u>
Non-Operating Revenues (Expenses):				
State appropriations, net	40,349,549	35,235,612	-	-
Federal grants revenue	-	2,656,820	-	-
Investment income, net	4,683,805	2,427,424	184,359	95,635
Interest expense	<u>(299,549)</u>	<u>(297,928)</u>	<u>-</u>	<u>-</u>
Net Non-Operating Revenues (Expenses)	<u>44,733,805</u>	<u>40,021,928</u>	<u>184,359</u>	<u>95,635</u>
Increase in Net Position Before Capital Appropriations	<u>15,083,337</u>	<u>13,029,595</u>	<u>475,279</u>	<u>192,154</u>
Capital Appropriations	<u>2,318,091</u>	<u>2,056,072</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>\$ 17,401,428</u>	<u>\$ 15,085,667</u>	<u>\$ 475,279</u>	<u>\$ 192,154</u>
Net Position, at Beginning of Year	<u>55,944,552</u>	<u>40,858,885</u>	<u>2,139,261</u>	<u>1,947,107</u>
Net Position, at End of Year	<u>\$ 73,345,980</u>	<u>\$ 55,944,552</u>	<u>\$ 2,614,540</u>	<u>\$ 2,139,261</u>

MASSASOIT COMMUNITY COLLEGE
 (an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30,

	2024	2023
	<u>College</u>	<u>College</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 17,495,303	\$ 19,109,115
Grants and contracts	18,613,419	14,547,901
Payments to employees	(35,017,660)	(45,176,603)
Payments to suppliers and vendors	(17,431,785)	(316,943)
Payments to students	(7,007,003)	(6,994,865)
Auxiliary enterprises receipts	83,872	66,611
Other operating receipts	<u>230,155</u>	<u>703,887</u>
Net Cash Applied to Operating Activities	<u>(23,033,699)</u>	<u>(18,060,897)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriations	30,375,307	26,592,722
Federal grants	-	2,656,820
Tuition remitted to state	<u>(791,453)</u>	<u>(421,553)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>29,583,854</u>	<u>28,827,989</u>
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	(1,380,154)	(337,002)
Principal payment on notes payable, lease liability and SBITA liability	(1,115,264)	(960,270)
Interest paid	<u>(299,549)</u>	<u>(297,928)</u>
Net Cash Applied to Capital Financing Activities	<u>(2,794,967)</u>	<u>(1,595,200)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(14,263,501)	(11,565,918)
Sale of investments	8,113,859	6,726,698
Interest on investments	<u>697,578</u>	<u>1,299,643</u>
Net Cash Applied to Investing Activities	<u>(5,452,064)</u>	<u>(3,539,577)</u>
Net Increase (Decrease) in Cash and Equivalents	(1,696,876)	5,632,315
Cash and Equivalents, Beginning of Year	<u>21,960,511</u>	<u>16,328,196</u>
Cash and Equivalents, End of Year	<u>\$ 20,263,635</u>	<u>\$ 21,960,511</u>
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	\$ (29,650,468)	\$ (26,992,333)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation and amortization	3,040,787	2,934,484
Bad debts	1,158,415	133,607
Fringe benefits provided by the state	10,765,695	9,064,443
Net pension activity	(1,660,409)	(1,926,379)
Net OPEB activity	(3,868,631)	(3,712,569)
Changes in assets and liabilities:		
Accounts receivable	(901,524)	756,082
Other current assets	(44,146)	(1,651)
Accounts payable	(865,123)	(36,124)
Accrued payroll	466,388	407,319
Accrued compensated absences and workers' compensation	281,380	(108,743)
Student deposits and unearned revenues	<u>(1,756,063)</u>	<u>1,420,967</u>
Net Cash Applied to Operating Activities	<u>\$ (23,033,699)</u>	<u>\$ (18,060,897)</u>
Reconciliation of Cash and Equivalents Balance to the Statements of Net Position:		
Cash and equivalents	\$ 15,970,618	\$ 17,049,226
Cash held by State Treasurer	1,456,616	1,370,654
Deposits held by State Treasurer	<u>2,836,401</u>	<u>3,540,631</u>
Cash and equivalents, end of year	<u>\$ 20,263,635</u>	<u>\$ 21,960,511</u>
Non-Cash Transactions:		
Capital assets acquired through capital appropriations	\$ 2,318,091	\$ 2,056,072
Capital assets acquired through incurring lease or SBITA liability	\$ 1,212,626	\$ -
Fringe benefits provided by the state	\$ 10,765,695	\$ 9,064,443
Unrealized gain on investments	<u>\$ 4,683,805</u>	<u>\$ 2,427,424</u>

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

Organization

Massasoit Community College (the "College") is a state-supported comprehensive two-year community college that offers a quality education leading to associate degrees in arts and sciences, as well as one-year certificate programs. The College's primary campus is located in Brockton, Massachusetts and has additional locations in Canton and Middleborough, Massachusetts, and is accredited by the New England Commission of Higher Education. The College provides instruction and training in a variety of liberal arts, allied health, and business fields of study and through the Division of Continuing Education, credit and non-credit courses as well as community service programs.

COVID-19

In response to the COVID-19 pandemic, the Federal government provided to the College the Higher Education Emergency Relief Funds ("HEERF") and funds for the Strengthening Institution Program ("SIP") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA"). The HEERF consisted of the student aid award and the institutional award. Each Act requires a minimum amount to be spent on student aid.

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award and the SIP can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus.

The College had no HEERF or SIP funds as of June 30, 2024. The College has recognized the following as non-operating Federal grants for the year ended June 30, 2023:

	Strengthening				
	Student Aid		Institutional		Institutions
	Award	Award	Award	Program	Total
CARES	\$ -	\$ -	\$ -	\$ -	\$ -
CRRSSA	-	-	-	-	-
ARPA	11,590		2,058,255	586,974	2,656,819
Total	\$ 11,590	\$ 2,058,255	\$ 586,974	\$ 2,656,819	

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

In April 2023, the Department of Education extended all HEERF funds deadlines to be spent by June 2023. As of June 30, 2023 the College has \$301,723 of unspent ARPA funds.

Basis of Presentation and Accounting

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”).

The Massasoit Community College Foundation, Inc. (the “Foundation”), a component unit of the College, was formed on April 15, 1976 to render financial assistance and support to educational programs and development of the College. The Foundation is legally separate from the College, and the College is not financially accountable for the Foundation. The Foundation has been included in these financial statements because of the nature and significance of its relationship with the College. A complete copy of the Foundation’s financial statements can be obtained from the Foundation’s administrative office in Brockton, 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 accompanying statements of revenues and expenses demonstrates the degree to which the direct expenses of a given function are offset by program revenues.

Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenues.

The College 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 including the College’s discretely presented component unit and required supplementary information. The College presents statements of net position, revenues and expenses, changes in net position, and cash flows on a combined College-wide basis.

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

The College's policy for defining operating activities in the statements of revenues and expenses are those that generally result from exchange transactions such as payments received for services and for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the College's operating and capital appropriations from the Commonwealth of Massachusetts (the "Commonwealth"), net investment income and interest expense.

The College's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements.

Net Position

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

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

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

Unrestricted: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. 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 College has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Trust Funds

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

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Cash and Equivalents

The College considers all highly liquid debt instruments purchased with an original maturity date of three months or less, and monies held by agencies of the state on behalf of the College, to be cash equivalents.

Allowance for Doubtful Accounts

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

Investments

Investments in marketable securities are stated at fair value. The College has no donor-restricted endowments at June 30, 2024 or 2023.

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 market 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 priority 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 on the lowest priority input that is significant to the entire measurement.

Capital Assets

Real estate assets, including improvements, are generally stated at cost at date of acquisition. 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 state's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. Library materials are generally expenses during the year. College 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. Leased and subscription-based information technology arrangement assets are amortized over the shorter of the lease/ subscription term or useful life of the underlying asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Amortization of leasehold improvements and leased assets is included within depreciation expense.

The College does not have collections of historical treasures, works of art or other items that are inexhaustible by their nature and are of immeasurable intrinsic value, thus not requiring capitalization or depreciation in accordance with GASB guidelines.

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Capital assets are controlled but not owned by the College. The College is not able to sell or otherwise pledge its assets, since the assets are owned by the Commonwealth.

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 College'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.

Fringe Benefits

The College participates in the Commonwealth's Fringe Benefit programs, including health insurance, unemployment, pension, workers' compensation benefits and certain post-employment benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the College. The Commonwealth provides workers' compensation coverage to its employers on a self-insured basis. The Commonwealth requires the College to record its portion of the workers' compensation in its records. Workers' compensation costs are actuarially determined based on the College's actual experience.

Compensated Absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, 2024 and 2023. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more unearned years of Commonwealth service at June 30, 2024 and 2023. Upon retirement, these 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.

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Student Deposits and Unearned Revenues

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are recorded as revenue as the related services are provided. Grants and other advance payments are recognized as revenue in accordance with the underlying agreement. Grants, including CARES institutional portion, and other advance payments are recognized as revenue in accordance with the underlying agreement.

Student Fees

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

Tax Status

The College is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenue and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, lease and subscription-based information technology arrangement right of use assets and liabilities, depreciation, net position classification, determining net pension and OPEB liabilities.

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

New Governmental Accounting Pronouncements

GASB Statement 101 – *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences.

GASB Statement 102 – *Certain Risk Disclosures* is effective for reporting periods beginning after June 15, 2024. The objective of this statement is to update the required disclosures for risks that could negatively impact state and local governments.

GASB Statement 103 – *Financial Reporting Model Improvements* is effective for reporting periods beginning after June 15, 2025. The objective of this statement is to improve the financial reporting model to enhance decision making by the organization and assessing a government's accountability.

Management has not completed its review of the requirements of these pronouncements and their applicability.

Note 2 - Implementation of Newly Effective Accounting Standard

As of July 1, 2022, the College implemented GASB Statement 100 – *Accounting Changes and Error Corrections*, an amendment of GASB 62. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and corrections of errors. The adoption of this statement did not have a material impact to the financial statements.

Note 3 - Cash and Deposits held by the State Treasurer

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the College would not be able to recover its balance in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The College has a formal deposit policy for custodial credit risk whereby deposits in the bank in excess of the insured amount are collateralized by a third party. As of June 30, 2024 and 2023, the Colleges bank balances were approximately \$16,206,000 and \$17,311,000, respectively. As of June 30, 2024 and 2023, uninsured bank balances with collateral held by a pledging bank was approximately \$15,706,000 and \$16,811,000.

MASSASOIT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Accounts payable, accrued payroll and capital projects to be funded from state-appropriated funds totaled \$2,836,401 and \$3,540,631 at June 30, 2024 and 2023, respectively. The College has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently used for these liabilities.

Accounts payable and accrued salaries to be funded by cash forwarded by the College to, and held by, the State Treasurer for payment of so-called “non-appropriated” liabilities at June 30, 2024 and 2023 through MMARS were recorded in the sum of \$1,456,616 and \$1,370,654, respectively.

Note 4 - Accounts Receivable, net

The accounts receivable balance is comprised of the following at June 30,:
DRAFT

	<u>2024</u>	<u>2023</u>
Student accounts receivable	\$ 8,975,773	\$ 7,570,031
Grants receivable	918,075	1,117,721
Other receivables	180,843	485,415
	<u>10,074,691</u>	<u>9,173,167</u>
Less: allowance for doubtful accounts	(7,134,271)	(5,975,856)
	<u><u>\$ 2,940,420</u></u>	<u><u>\$ 3,197,311</u></u>

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 5 - Investments

College

At June 30, 2024, the entire balance of investments are insured, registered, or held by the College's agent in the College's name. The College currently follows investment policies largely defined by the Commonwealth of Massachusetts, as well as internal College investment policies. The policies do not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. Investments of the College are stated at fair market value and consist of the following at June 30, 2024 and 2023:

Investment Type	2024				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities:</u>					
Corporate bonds	\$ 7,289,110	\$ 2,867,621	\$ 4,421,489	\$ -	\$ -
U.S. Agencies	3,555,638	833,169	2,722,469	-	-
	<u>10,844,748</u>	<u>3,700,790</u>	<u>7,143,958</u>	<u>-</u>	<u>-</u>
<u>Other Investment:</u>					
Corporate equity securities	<u>29,432,718</u>				
Total	\$ 40,277,466				

Investment Type	2023				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities:</u>					
Bond mutual fund	\$ 6,020,629	\$ 410,471	\$ 5,610,158	\$ -	\$ -
U.S. Agencies	2,273,881	1,129,459	1,144,422	-	-
	<u>8,294,510</u>	<u>\$ 1,539,930</u>	<u>\$ 6,754,580</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Other Investment:</u>					
Equity mutual fund	<u>21,847,080</u>				
Total	\$ 30,141,590				

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

At June 30, 2024 and 2023, the College's U.S. Agencies and corporate debt securities credit quality ratings are as follows:

	2024											
	Quality Ratings											
	Fair Value	BBB-	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA	Not Rated
Corporate bonds	\$ 7,289,110	\$ 65,301	\$ 1,113,532	\$ 1,561,411	\$ 1,068,401	\$ 1,223,708	\$ 231,951	\$ 718,660	\$ 289,217	\$ 94,999	\$ -	\$ 921,930
U.S. Agencies	3,555,638	-	-	-	-	-	-	-	-	-	3,555,638	-
Totals	\$ 10,844,748	\$ 65,301	\$ 1,113,532	\$ 1,561,411	\$ 1,068,401	\$ 1,223,708	\$ 231,951	\$ 718,660	\$ 289,217	\$ 94,999	\$ 3,555,638	\$ 921,930

	2023											
	Quality Ratings											
	Fair Value	BBB-	BBB	BBB+	A-	A	A+	AA-	AA	AA+	AAA	Not Rated
Corporate bonds	\$ 6,020,629	\$ 211,030	\$ 1,718,248	\$ 1,362,879	\$ 1,171,011	\$ 1,014,566	\$ 200,987	\$ 206,303	\$ 70,116	\$ 65,489	\$ -	\$ -
U.S. Agencies	2,273,881	-	-	-	-	-	-	-	-	161,841	2,112,040	-
Totals	\$ 8,294,510	\$ 211,030	\$ 1,718,248	\$ 1,362,879	\$ 1,171,011	\$ 1,014,566	\$ 200,987	\$ 206,303	\$ 70,116	\$ 227,330	\$ 2,112,040	\$ -

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, 2024 and 2023:

Corporate Equity Securities: Valued at quoted market value of the shares held at fiscal year-end.

Corporate debt instruments: Valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager.

U.S. Agencies: Valued at the initial investment plus accrued interest.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the College 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.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

The following tables set forth, by level, the College's investments as of June 30, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Corporate bonds	\$ -	7,289,110	\$ -	7,289,110
U.S. Agencies	- -	3,555,638	- -	3,555,638
Corporate equity securities	29,432,718	- -	- -	29,432,718
Total marketable securities at fair value	<u>29,432,718</u>	<u>10,844,748</u>	<u>\$ -</u>	<u>40,277,466</u>
2023				
Recurring fair value measurements:				
Corporate bonds	\$ - -	6,020,629	\$ - -	6,020,629
U.S. Agencies	- -	2,273,881	- -	2,273,881
Corporate equity securities	21,847,080	- -	- -	21,847,080
Total marketable securities at fair value	<u>21,847,080</u>	<u>8,294,510</u>	<u>\$ -</u>	<u>30,141,590</u>

Foundation

Investments of the Foundation are stated at fair value and consist of the following at June 30,:

	2024	2023
Corporate bonds	\$ 152,051	\$ 151,448
U.S. Agencies	289,360	265,650
Corporate equity securities	890,788	768,294
	<u>\$ 1,332,199</u>	<u>\$ 1,185,392</u>

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 6 - Capital Assets

Capital assets consist of the following at June 30, 2024:

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciated:						
Land	-	\$ 3,525,608	\$ -	\$ -	\$ -	\$ 3,525,608
Construction in process			697,037	-	-	697,037
Total capital assets not depreciated or amortized		<u>3,525,608</u>	<u>697,037</u>	-	-	<u>4,222,645</u>
Capital assets, depreciated:						
Buildings and improvements	10-40	89,354,716	2,843,205	-	-	92,197,921
Furnishings and equipment	5	12,520,907	158,000	-	-	12,678,907
Educational resource materials	5	96,295	-	-	-	96,295
Software arrangements	3-5	988,798	646,114	-	-	1,634,912
Leased equipment	4	312,929	-	-	-	312,929
Leased classrooms	5	341,160	566,515	-	-	907,675
Total depreciable assets		<u>103,614,805</u>	<u>4,213,834</u>	-	-	<u>107,828,639</u>
Total capital assets		<u>107,140,413</u>	<u>4,910,871</u>	-	-	<u>112,051,284</u>
Less: accumulated depreciation:						
Buildings and improvements		55,347,602	2,329,962	-	-	57,677,564
Furnishings and equipment		12,103,633	81,382	-	-	12,185,015
Educational resource materials		96,295	-	-	-	96,295
Software arrangements		269,672	426,732	-	-	696,404
Leased equipment		178,816	89,408	-	-	268,224
Leased classrooms		<u>341,160</u>	<u>113,303</u>	-	-	<u>454,463</u>
Total accumulated depreciation		<u>68,337,178</u>	<u>3,040,787</u>	-	-	<u>71,377,965</u>
Capital assets, net		<u><u>\$ 38,803,235</u></u>	<u><u>\$ 1,870,084</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,673,319</u></u>

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Capital assets consist of the following at June 30, 2023:

	Estimated lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets, not depreciated:						
Land	-	<u>\$ 3,525,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,525,608</u>
Capital assets, depreciated:						
Buildings and improvements	10-40	87,153,124	2,201,592	-	-	89,354,716
Furnishings and equipment	5	12,329,425	191,482	-	-	12,520,907
Educational resource materials	5	96,295	-	-	-	96,295
Software arrangements	3-5	988,798	-	-	-	988,798
Leased equipment	4	312,929	-	-	-	312,929
Leased classrooms	5	341,160	-	-	-	341,160
		<u>101,221,731</u>	<u>2,393,074</u>	<u>-</u>	<u>-</u>	<u>103,614,805</u>
Total depreciable assets		<u>104,747,339</u>	<u>2,393,074</u>	<u>-</u>	<u>-</u>	<u>107,140,413</u>
Less: accumulated depreciation:						
Buildings and improvements		53,068,684	2,278,918	-	-	55,347,602
Furnishings and equipment		11,977,727	125,906	-	-	12,103,633
Educational resource materials		96,295	-	-	-	96,295
Software arrangements		-	269,672	-	-	269,672
Leased equipment		89,408	89,408	-	-	178,816
Leased classrooms		170,580	170,580	-	-	341,160
		<u>65,402,694</u>	<u>2,934,484</u>	<u>-</u>	<u>-</u>	<u>68,337,178</u>
Capital assets, net		<u>\$ 39,344,645</u>	<u>\$ (541,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,803,235</u>

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 7 - Long-Term Liabilities

Long-term liabilities at June 30, 2024 consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes payable	\$ 5,133,155	\$ -	\$ 480,179	\$ 4,652,976	\$ 498,446
Lease liability	144,832	566,515	190,368	520,979	159,390
SBITA liability	755,917	646,111	444,717	957,311	480,451
Other long-term liabilities:					
Compensated absences	3,676,974	301,650	-	3,978,624	2,642,168
Workers' compensation	919,983	-	20,270	899,713	111,859
Net pension liability	1,860,274	-	137,255	1,723,019	-
Net OPEB liability	2,341,137	-	508,564	1,832,573	-
Total long-term liabilities	<u>\$ 14,832,272</u>	<u>\$ 1,514,276</u>	<u>\$ 1,781,353</u>	<u>\$ 14,565,195</u>	<u>\$ 3,892,314</u>

Long-term liabilities at June 30, 2023 consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes payable	\$ 5,595,834	\$ -	\$ 462,679	\$ 5,133,155	\$ 480,179
Lease liability	409,542	-	264,710	144,832	90,404
SBITA liability	988,798	-	232,881	755,917	258,970
Other long-term liabilities:					
Compensated absences	3,891,090	-	214,116	3,676,974	2,480,031
Workers' compensation	814,610	105,373	-	919,983	108,074
Net pension liability	3,093,247	-	1,232,973	1,860,274	-
Net OPEB liability	5,431,024	-	3,089,887	2,341,137	-
Total long-term liabilities	<u>\$ 20,224,145</u>	<u>\$ 105,373</u>	<u>\$ 5,497,246</u>	<u>\$ 14,832,272</u>	<u>\$ 3,417,658</u>

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Notes Payable

The following is a summary of the College's notes payable for the years ended June 30,:

	<u>2024</u>	<u>2023</u>
Note payable, Eastern Bank. Original amount of debt issued - \$1,075,742. Principal of \$63,279 is payable annually and interest is payable semiannually at 3.5%	\$ 189,837	\$ 253,114
Note payable, Division of Capital Asset Management and Maintenance ("DCAMM"). Original amount of debt issued - \$1,367,790. Principal and interest of \$105,150 is payable semi-annually with interest charged at 4.5%	619,619	693,560
Note payable, DCAMM. Original amount of debt issued - \$4,439,479. Principal and interest of \$341,290 is payable semi-annually with interest charged at 4.5%	2,480,765	2,700,530
Note payable, DCAMM. Original amount of debt issued - \$2,480,203. Principal and interest of \$184,117 is payable semi-annually with interest charged at 4.1%	<u>1,362,755</u>	<u>1,485,951</u>
Notes payable	<u><u>\$ 4,652,976</u></u>	<u><u>\$ 5,133,155</u></u>

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Maturities of principal and interest subsequent to June 30, 2024 are as follows:

Fiscal Years <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 498,446	\$ 202,127
2026	517,516	180,812
2027	537,423	158,660
2028	494,924	135,634
2029	516,617	113,941
2030-2033	<u>2,088,050</u>	<u>223,877</u>
	<u><u>\$ 4,652,976</u></u>	<u><u>\$ 1,015,051</u></u>

Note 8 - Lease Liability

A summary of the College's leases at June 30, 2024 is as follows:

Description	Issue Date	Expiration Date	Terms	Payment Amount	Rate Type	Interest Rate	Lease Liability
Classroom Space	7/1/2023	6/30/2029	60 months	\$ 10,691	IBR	5.00%	\$466,551
Equipment	1/1/2021	12/31/2024	48 months	8,137	IBR	5.00%	54,428
							<u><u>\$ 520,979</u></u>

A summary of the College's leases at June 30, 2023 is as follows:

Description	Issue Date	Expiration Date	Terms	Payment Amount	Rate Type	Interest Rate	Lease Liability
Equipment	1/1/2021	12/31/2024	48 months	\$ 8,137	IBR	5.00%	\$ 144,832

In July 2023, the College entered into a five-year lease agreement for classroom space. Payments of \$10,691 are due monthly. The agreement contains no options to renew the lease. No other payments are due other than the monthly payments.

In January, 2021, the College entered into a four-year lease agreement for equipment. Payments of \$8,137 are due monthly. The agreement contains no options to renew the lease or an option to purchase the equipment. No other payments are due other than the monthly payments.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

The College's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments for the leases described above to recognize the intangible right to use this asset and the associated lease liability.

Annual requirements to amortize the right of use asset and related interest subsequent to June 30, 2024 are as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 159,390	\$ 23,782
2026	110,211	18,079
2027	115,721	12,569
2028	<u>135,657</u>	<u>6,783</u>
	<u>\$ 520,979</u>	<u>\$ 61,213</u>

Note 9 - Subscription-Based Information Technology Arrangements

The College has entered into subscription-based information technology arrangements (SBITAs) involving its financial management software, online learning software, and student recruitment and retention software.

The financial management software arrangement is a five-year agreement, initiated in fiscal year 2022 with a monthly payments ranging from approximately \$22,000 to \$27,000. The College has used a 5% discount rate for this arrangement based on the College's estimated incremental borrowing rate to determine the present value of the intangible right-to-use asset and SBITA liability. The College does not have an option to extend this arrangement. There is no option to purchase the software. For the year ended June 30, 2024 and 2023, the College did not make any payments for services outside of this arrangement.

The online learning software arrangement is a three-year agreement, initiated in fiscal year 2024 with a monthly payments ranging from approximately \$139,000 to \$147,000. The College has used a 3% discount rate for this arrangement based on the College's estimated incremental borrowing rate to determine the present value of the intangible right-to-use asset and SBITA liability. The College does not have an option to extend this arrangement. There is no option to purchase the software. For the years ended June 30, 2024 and 2023, the College did not make any payments for services outside of this arrangement.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

The student recruitment and retention software arrangement is a four-year agreement, initiated in fiscal year 2024 with a monthly payments ranging from approximately \$57,000 to \$63,000. The College has used a 3% discount rate for this arrangement based on the College's estimated incremental borrowing rate to determine the present value of the intangible right-to-use asset and SBITA liability. The College does not have an option to extend this arrangement. There is no option to purchase the software. For the years ended June 30, 2024 and 2023, the College did not make any payments for services outside of this arrangement.

At June 30, 2024 and 2023, the total amount of the SBITA right of use assets and accumulated amortization for SBITAs are disclosed in Note 6. Annual requirements to amortize the SBITA liability and related interest subsequent to June 30, 2024 are as follows:

Years Ended			
June 30,	Principal	Interest	Total
2025	\$ 480,451	\$ 25,966	\$ 506,417
2026	415,245	5,940	421,185
2027	61,615	1,086	62,701
	<u>\$ 957,311</u>	<u>\$ 32,992</u>	<u>\$ 990,303</u>

Note 10 - Pensions

Defined Benefit Plan Description

Certain employees of the College participate in a cost-sharing multiple-employer defined benefit pension plan – the Massachusetts State Employees' Retirement System – 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 on-line from the Office of State Comptroller's website.

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June 30, 2024 and 2023

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, and 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 - 6/30/1996	8% of regular compensation
7/1/1996 - present	9% of regular compensation
1979 - present	An additional 2% of regular compensation in excess of \$30,000

The Commonwealth does not require the College to contribute funding from its local trust funds for employee 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 amount to \$4,155,558, \$3,876,238, and \$4,001,436 for the years ended June 30, 2024, 2023, and 2022, respectively.

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June 30, 2024 and 2023

For employees covered by SERS but not paid from state appropriations, the College is required to contribute at an actuarially determined rate. The rate was 16.69%, 16.70%, and 16.11% of annual covered payroll for the fiscal years ended June 30, 2024, 2023 and 2022, respectively. The College contributed \$227,558, \$173,444, and \$188,234 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2024, 2023 and 2022, the College reported a liability of \$1,723,019, \$1,860,274, and \$3,093,247 for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2024, the reporting date, was measured as of June 30, 2023, 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, 2023 rolled forward to June 30, 2023. The net pension liability as of June 30, 2023, the reporting date, was measured as of June 30, 2022, 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, 2022 rolled forward to June 30, 2022.

The College's proportion of the net pension liability was based on its share of the Commonwealth's collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal years 2024 and 2023. The College's proportionate share was based on actual employer contributions to the SERS for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the College's proportion was 0.012% and 0.013%, respectively.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

For the year ended June 30, 2024, the College recognized pension income of \$1,432,852. For the year ended June 30, 2023, the College recognized pension income of \$1,752,935. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2024</u>	<u>2023</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Difference between expected and actual experience	\$ 61,207	\$ 46,275
Net differences between projected and actual investment earnings	46,372	-
Change in pension plan actuarial assumptions	28,958	51,216
Changes in proportion from Commonwealth	14	127
Contributions subsequent to the measurement date	<u>227,558</u>	<u>173,444</u>
Total deferred outflows of resources related to pension	<u><u>\$ 364,109</u></u>	<u><u>\$ 271,062</u></u>
<u>Deferred Inflows of Resources Related to Pension</u>	<u><u>2024</u></u>	<u><u>2023</u></u>
Difference between expected and actual experience	\$ 42,576	\$ 72,607
Net differences between projected and actual earnings on pension plan investments	-	9,917
Changes in proportion from Commonwealth	13,163	5,032
Changes in proportion due to internal allocation	<u>2,628,837</u>	<u>4,027,127</u>
Total deferred inflows of resources related to pension	<u><u>\$ 2,684,576</u></u>	<u><u>\$ 4,114,683</u></u>

The College's contributions of \$227,558 and \$173,444 made during the fiscal years ending 2023 and 2022, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as decreases in pension expense as follows:

Years Ending	
<u>June 30,</u>	
2024	\$ (122,168)
2025	1,272,379
2026	(3,137,708)
2027	<u>(560,528)</u>
	<u>\$ (2,548,025)</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, 2023	June 30, 2022
Inflation on the first \$13,000 of allowance	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Interest rate credited to annuity savings fund	3.50%	3.50%

For measurement date June 30, 2023 and 2022, 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 the post-retirement mortality described above, set forward 1 year.

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June 30, 2024 and 2023

The 2024 pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 and rolled forward to June 30, 2023. The 2023 pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 2022 and rolled forward to June 30, 2022.

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:

Asset Class	2024		2023	
	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Global Equity	37%	4.90%	38%	4.20%
Core Fixed Income	10%	3.80%	15%	0.50%
Private Equity	15%	1.90%	15%	7.30%
Portfolio Completion Strategies	16%	7.40%	10%	2.70%
Real Estate	10%	3.00%	10%	3.30%
Value Added Fixed Income	8%	5.10%	8%	3.70%
Timber/Natural Resources	4%	4.30%	4%	3.90%
	100%		100%	

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June 30, 2024 and 2023

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2024 and 2023. 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.

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 at June 30,:

2024		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
6.00%	7.00%	8.00%
\$ 2,368,057	\$ 1,723,019	\$ 117,715

2023		
Current		
1.00% Decrease	Discount Rate	1.00% Increase
3.25%	7.25%	8.25%
\$ 2,565,741	\$ 1,860,274	\$ 1,263,346

Note 11 - OPEB

Plan Description

As an agency of the Commonwealth, certain employees of the College 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").

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

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.

Management of the SRBT is vested with the Trustees, which consists of seven members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor, and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board. The SRBT does not issue stand-alone audited financial statements but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

Benefits Provided

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2024 and 2023, and as of the valuation date (January 1, 2023 and 2022), participants contributed 10% to 20%, of premium costs, depending on the date of hire and whether the participant's 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. 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 College is required to contribute based on Massachusetts General Laws; the rate was 7.83% and 7.28% of annual covered payroll for the fiscal years ended June 30, 2024 and 2023, respectively.

The College contributed \$106,750 and \$75,585 for the fiscal years ended June 30, 2024 and 2023, respectively, equal to 100% of the required contribution for each year.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

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

At June 30, 2024 and 2023, the College reported a liability of \$1,832,573 and \$2,341,137, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2023 and 2022, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively. The College'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 College's share of total covered payroll for fiscal years 2023 and 2022. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2023 and 2022 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the College's proportion was 0.0130% and 0.0180%, respectively.

For the years ended June 30, 2024 and 2023, the College recognized OPEB income of \$3,868,660 and \$3,609,065, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	<u>2024</u>	<u>2023</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 106,750	\$ 75,585
Changes in OPEB plan actuarial assumptions	80,506	172,432
Difference between expected and actual experience	74,536	43,097
Net differences between projected and actual earnings on OPEB plan investments	5,990	3,559
Changes in proportion from Commonwealth	<u>168</u>	<u>1,076</u>
Total deferred outflows of resources related to OPEB	<u>\$ 267,950</u>	<u>\$ 295,749</u>

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Change in assumptions	\$ 472,686	\$ 847,307
Difference between expected and actual experience	205,843	387,601
Changes in proportion due to internal allocation	6,648,798	9,486,289
Changes in OPEB from Commonwealth	<u>17,536</u>	<u>11,562</u>
Total deferred inflows of resources related to OPEB	<u><u>\$ 7,344,863</u></u>	<u><u>\$ 10,732,759</u></u>

Contributions

The College's contributions of \$106,750 and \$75,585 made during the fiscal years 2024 and 2023, respectively, 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 decreases in OPEB expense as follows:

Years Ending	
<u>June 30,</u>	
2025	\$ (1,720,127)
2026	(1,710,186)
2027	(1,698,574)
2028	(1,595,565)
2029	<u>(459,211)</u>
	<u><u>\$ (7,183,663)</u></u>

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

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, 2023	June 30, 2022
Inflation	2.50%	2.50%
Salary increases	Rates vary by years of service and group classification, consistent with SERS	Rates vary by years of service and group classification, consistent with SERS
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published GAO-Getzen trend rate model, version 2023_1f. Medicare and non-medicare benefits range from 5.79% to 7.50%	Developed based on the most recent published GAO-Getzen trend rate model, version 2022_f4. Medicare and non-medicare benefits range from 5.00% to 7.60%

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2021 from the central year, with females set forward one year.

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:

MASSASOIT COMMUNITY COLLEGE
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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

	2024		2023	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	27.0%	96.0%	28.0%	96.0%
POS/PPO	63.0%	0.0%	62.0%	0.0%
HMO	10.0%	4.0%	10.0%	4.0%

The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2023 and 2022 through December 31, 2022 and 2021, depending upon the criteria being evaluated.

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, 2024 and 2023 are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2024 and 2023 was 4.34% and 4.30%. These rates were based on a blend of the Bond Buyer Index rate (3.65% and 3.54%) as of the measurement date and the expected rate 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 2042 for both fiscal years 2024 and 2023, respectively. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% was not applied to all periods of projected benefit payments to determine the total OPEB liability.

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

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

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

June 30, 2024		
Current Discount Rate		
1.00% Decrease	4.34%	1.00% Increase
\$ 2,141,173	\$ 1,832,573	\$ 1,579,336
June 30, 2023		
Current Discount Rate		
1.00% Decrease	4.30%	1.00% Increase
\$ 2,731,189	\$ 2,341,137	\$ 2,020,738

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

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

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

June 30, 2024		
Current Healthcare Cost Trend Rate		
1.00% Decrease (B)	(A)	1.00% Increase (C)
\$ 1,535,551	\$ 1,832,573	\$ 2,208,271
June 30, 2023		
Current Healthcare Cost Trend Rate		
1.00% Decrease (B)	(A)	1.00% Increase (C)
\$ 1,962,543	\$ 2,341,137	\$ 2,820,392

(A) - Current healthcare cost trend rate, as disclosed in the actuarial assumptions
(B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed in the actuarial assumptions
(C) - 1-percentage increase in current healthcare cost trend rate, as disclosed in the actuarial assumptions

Note 12 - Restricted Net Position

The College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time.

Restricted - expendable net position consists of income to be used for grants and research, as well as funds to be used for capital projects.

The Foundation's restricted - expendable net position consists of funds, whose income is mainly used for various scholarships, grants and other general purposes.

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 13 - Contingencies

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Commonwealth is self-insured.

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

The College 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. The College must repay any disallowed expenditures resulting from such audits. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the College.

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for 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 College 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 College. The effect of the Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the College.

The College participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, workers' compensation, and health insurance. 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.

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 14 - Operating Expenses

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

	<u>2024</u>	<u>2023</u>
Compensation and benefits	\$ 46,531,123	\$ 39,333,858
Supplies and services	10,993,472	9,845,984
Depreciation and amortization	3,040,787	2,934,484
Scholarships and fellowships	7,007,003	6,994,865
	<hr/> <u>\$ 67,572,385</u>	<hr/> <u>\$ 59,109,191</u>

Note 15 - Other Fringe Benefits

The College participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment, and workers' compensation benefits. Health insurance for active employees are paid through a fringe benefit rate charged to the College by the Commonwealth.

Group Insurance Commission ("GIC")

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. The 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 College.

The GIC administers a plan included within the State Retirement Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution rates.

MASSASOIT COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

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 responsible for providing health insurance and other benefits to the Commonwealth’s employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2024 and 2023, 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 of its 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 pre-tax health care spending account and dependent care assistance program (for active employees only).

Other Employee Benefits

The employees of the College 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 College has no obligation to contribute to these plans and no obligation for any future pay out.

Note 16 - Massachusetts Management Accounting and Reporting System (“MMARS”)

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 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*.

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Notes to the Financial Statements - Continued

June 30, 2024 and 2023

The College's State Appropriations are comprised of the following for the years ended June 30,:

	<u>2024</u>	<u>2023</u>
Direct unrestricted appropriations	\$ 30,375,307	\$ 26,592,722
Add: Fringe benefits for benefited employees on the state payroll	10,765,695	9,064,443
Less: Day school tuition remitted to the state and included in tuition revenue	<u>(791,453)</u>	<u>(421,553)</u>
Total unrestricted appropriations	40,349,549	35,235,612
Capital appropriations	2,318,091	2,056,072
Total Appropriations	<u>\$ 42,667,640</u>	<u>\$ 37,291,684</u>

No timing differences occurred where the College had additional revenue that was reported to MMARS for the years ended June 30, 2024 and 2023 (unaudited).

Note 17 - Pass-Through Loans

The College distributed approximately \$1,684,000 and \$2,292,000 for the years ended June 30, 2024 and 2023, 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 nor as cash disbursements and cash receipts in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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MASSASOIT COMMUNITY COLLEGE
 (an agency of the Commonwealth of Massachusetts)

Schedules of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	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	0.012%	0.013%	0.030%	0.043%	0.050%	0.067%	0.086%	0.089%	0.105%	0.077%
Proportionate share of the collective net pension liability	\$ 1,723,019	\$ 1,860,274	\$ 3,093,247	\$ 7,462,248	\$ 7,297,962	\$ 8,824,467	\$ 11,051,800	\$ 12,291,456	\$ 11,964,719	\$ 5,709,966
College's covered payroll	\$ 1,038,587	\$ 1,168,430	\$ 2,405,061	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852	\$ 6,771,156	\$ 6,773,439	\$ 6,333,557	\$ 5,705,044
College's proportionate share of the net pension liability as a percentage of its covered payroll	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.47%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

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Notes:

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.

MASSASOIT COMMUNITY COLLEGE
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Schedules of Pension Contributions (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 227,558	\$ 173,444	\$ 188,234	\$ 352,582	\$ 469,998	\$ 496,607	\$ 609,951	\$ 673,730	\$ 640,090	\$ 658,057
Contributions in relation to the statutorily required contribution	<u>(227,558)</u>	<u>(173,444)</u>	<u>(188,234)</u>	<u>(352,582)</u>	<u>(469,998)</u>	<u>(496,607)</u>	<u>(609,951)</u>	<u>(673,730)</u>	<u>(640,090)</u>	<u>(658,057)</u>
Contribution excess	\$ <u>—</u>									
Covered payroll	\$ 1,363,439	\$ 1,038,587	\$ 1,168,430	\$ 2,405,061	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852	\$ 6,771,156	\$ 6,773,439	\$ 6,333,557
Contribution as a percentage of covered payroll	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

Notes:

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

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

MASSASOIT COMMUNITY COLLEGE
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Notes to the Required Supplementary Information - SERS (Unaudited)

For the Year Ended June 30, 2024

Note 1 - Change in Plan Actuarial and Assumptions

Measurement date – June 30, 2023

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date – June 30, 2021

The investment rate of return changed from 7.15% to 7.00%. 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 rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date – June 30, 2020

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

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Notes to the Required Supplementary Information - SERS (Unaudited)

For the Year Ended June 30, 2024

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 in the January 1, 2017 Actuarial Valuation 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

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.

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Notes to the Required Supplementary Information - SERS (Unaudited)

For the Year Ended June 30, 2024

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)

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Schedules of Proportionate Share of Net OPEB Liability (Unaudited)

State Retirees' Benefit Trust							
Year ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.0130%	0.0180%	0.0506%	0.0460%	0.0750%	0.1040%	0.1230%
Proportionate share of the collective net OPEB liability	\$ 1,832,573	\$ 2,341,137	\$ 5,431,024	\$ 9,602,164	\$ 13,757,885	\$ 19,309,594	\$ 21,495,791
College's covered payroll	\$ 1,038,587	\$ 1,168,430	\$ 2,405,061	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852	\$ 6,771,156
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	176.45%	200.37%	225.82%	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	13.80%	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%

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Notes:

Employers participating in the 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.

MASSASOIT COMMUNITY COLLEGE
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Schedules of OPEB Contributions (Unaudited)

State Retirees' Benefit Trust

For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 106,750	\$ 75,585	\$ 89,395	\$ 185,145	\$ 243,471	\$ 362,123	\$ 461,805
Contributions in relation to the statutorily required contribution	<u>(106,750)</u>	<u>(75,585)</u>	<u>(89,395)</u>	<u>(185,145)</u>	<u>(243,471)</u>	<u>(362,123)</u>	<u>(461,805)</u>
Contribution (excess)/deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,363,439	\$ 1,038,587	\$ 1,168,430	\$ 2,405,061	\$ 3,338,054	\$ 4,117,803	\$ 5,177,852
Contribution as a percentage of covered payroll	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

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Notes:

Employers participating in the 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.

MASSASOIT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information – SRBT (Unaudited)

For the Year Ended June 30, 2024

Note 1 - Change in Plan Assumptions

Fiscal year June 30, 2024

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2023_1f. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.34% (based upon a blend of the Bond Buyer Index rate (3.65%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2023

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2022_f4. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.00% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2022

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

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Notes to the Required Supplementary Information – SRBT (Unaudited)

For the Year Ended June 30, 2024

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2021_b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Investment Rate

The investment rate of return decreased from 7.15% to 7.00%.

Change in Mortality Rates

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in Discount Rate

The discount rate was increased to 2.77% (based upon a blend of the Bond Buyer Index rate (2.16%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

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

Change in Investment Rate

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

Change in Salary Scale

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

Change in Discount Rate

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

MASSASOIT COMMUNITY COLLEGE
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Notes to the Required Supplementary Information – SRBT (Unaudited)

For the Year Ended June 30, 2024

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 return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs

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

Change in Discount Rate

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

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The 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.

MASSASOIT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information – SRBT (Unaudited)

For the Year Ended June 30, 2024

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%.

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**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***

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INDEPENDENT AUDITOR'S 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
Massasoit Community College
Brockton, 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 the business-type activities of Massasoit Community College (the "College"), and its discretely presented major component unit, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated **DATE**.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 audit 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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 audit, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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