

**SPRINGFIELD TECHNICAL COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**  
**Financial Statements and**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**  
**With Independent Auditor's Reports**

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
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**June 30, 2024 and 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Springfield Technical Community College:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities of Springfield Technical Community College (the "College"), and Springfield Technical Community College Foundation (the "Foundation"), one of the discretely presented component units, 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, based on our audits and the report of other auditors, the financial statements of the College and both of its discretely presented component units present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units 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.

We did not audit the financial statements of one of the component units, the Springfield Technical Community College Assistance Corporation ("STCCAC"), as discussed in Note 1 to the financial statements, which represents 86% and 88%, 50% and 54% and 78% and 93%, respectively, of the assets, net position, and revenues of the component unit activity 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. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for STCCAC, is based solely on the report of the other auditors.

#### 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 statements 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 October 28, 2024, 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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

October 28, 2024

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Management’s Discussion and Analysis (Unaudited)  
June 30, 2024 and 2023**

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The following discussion and analysis provides an overview of the financial position of Springfield Technical Community College (an agency of the Commonwealth of Massachusetts) (the “College”) as of June 30, 2024, 2023, and 2022 and the results of its 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 report. This analysis was prepared by the College’s management.

The College is a public institution of higher education serving over 6,300 students annually, with approximately 300 full-time and adjunct faculty and approximately 500 full and part time staff members. The campus is located in Springfield, Massachusetts and offers 54 associate degree programs and additional options for majors, and 27 credit certificate programs.

In support of the College are two discrete component units: Springfield Technical Community College Assistance Corporation (“STCCAC”), and Springfield Technical Community College Foundation, Inc. (the “Foundation”). STCCAC is a not-for-profit Massachusetts corporation that was created in 1996 under the Commonwealth of Massachusetts general laws, Chapter 273, Section 125, Acts of 1994, to provide the physical and financial resources necessary for the acquisition and development of a technology park that is housed directly across the street from the College and to further fulfill the educational mission of the College. The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to help the College meet its goals and commitment to provide superior educational opportunities in the community. The Foundation accomplishes its mission through fundraising and promoting the College as a community resource and by securing and managing private resources, planned gifts, and donations to support special projects.

In accordance with Governmental Accounting Standards Board (“GASB”), we have prepared financial statements for the College that shows STCCAC and the Foundation as discrete component units.

Management’s Discussion and Analysis is required to focus on the College, not its component units.

**Financial Highlights**

- At June 30, 2024, the College’s assets of \$148,413,640 and deferred outflows of \$1,110,211 exceeded liabilities of \$21,486,706 and deferred inflows of \$1,567,718. Net position, which represents the equity of the College, increased \$13,333,621 from \$113,135,806 to \$126,469,427. The resulting net position is summarized into the following categories:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net investment in capital assets	\$ 76,483,538	\$ 76,552,643	\$ 70,514,641
Restricted, expendable	234,866	236,791	237,599
Unrestricted	<u>49,751,023</u>	<u>36,346,372</u>	<u>27,300,902</u>
Total net position	<u>\$ 126,469,427</u>	<u>\$ 113,135,806</u>	<u>\$ 98,053,142</u>

- The College’s Board of Trustees may use the unrestricted net position to meet ongoing obligations to their stakeholders. Additionally, the restricted, expendable net position may also be expended, but only for the purposes for which the donor or grantor intended.
- The College’s Board of Trustees have designated certain unrestricted net position for a number of purposes, including capital repair funds, new program funds, and long term investment funds.

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Management’s Discussion and Analysis (Unaudited)  
June 30, 2024 and 2023**

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- The \$13,333,621 increase in net position from fiscal 2023 to fiscal 2024 is the result of an increase in enrollment, early payment of the College’s finance agreement with the Massachusetts Division of Capital Asset Management and Maintenance (“DCAMM”) and an increase in Federal, state, local and private grants and contracts.

**Overview of the Financial Statements**

The College’s financial statements comprise 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 the College’s finances and are comprised of three basic statements.

The *Statement of Net Position* presents information on all of the College’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being 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.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the College’s net position changed during the most recent fiscal years. 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 accrued compensated absences or the receipt of amounts due from students and others for services rendered).

The *Statement 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 (e.g., tuition and fees) and disbursements (e.g., cash paid to employees for services). GASB Statements Nos. 34 and 35 require this method to be used. In accordance with GASB 39, STCCAC and the Foundation are not required to present the statement of cash flows.

The financial statements can be found in this report as referenced in the table of contents.

The College reports its activities as business–type activities using the economic resources–measurement focus and accrual basis of accounting. The College is an agency of the Commonwealth of Massachusetts. Therefore, the results of the College’s operations, its net position, and cash flows are also included in the Commonwealth’s Comprehensive Annual Financial Report in its government-wide financial statements.

***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 the accounting policies and procedures the College, STCCAC, and the Foundation have adopted, as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found in this report as referenced in the table of contents.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the College’s financial position. In the case of the College, assets and deferred outflows exceeded liabilities and deferred inflows by \$126,469,427, \$113,135,806 and \$98,053,142 as of June 30, 2024, 2023 and 2022, respectively.

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024 and 2023**

**Condensed Net Position Information**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 27,889,112	\$ 25,677,209	\$ 23,912,032
Non-current assets	<u>120,524,528</u>	<u>111,863,219</u>	<u>99,751,460</u>
Total assets	148,413,640	137,540,428	123,663,492
Deferred outflows of resources	<u>1,110,211</u>	<u>967,071</u>	<u>1,286,044</u>
Total assets and deferred outflows of resources	<u>149,523,851</u>	<u>138,507,499</u>	<u>124,949,536</u>
Current liabilities	14,566,461	14,264,465	14,374,343
Non-current liabilities	<u>6,920,245</u>	<u>8,844,386</u>	<u>9,582,381</u>
Total liabilities	21,486,706	23,108,851	23,956,724
Deferred inflows of resources	<u>1,567,718</u>	<u>2,262,842</u>	<u>2,939,670</u>
Total liabilities and deferred inflows of resources	<u>23,054,424</u>	<u>25,371,693</u>	<u>26,896,394</u>
Net position			
Net investment in capital assets	76,483,538	76,552,643	70,514,641
Restricted, expendable	234,866	236,791	237,599
Unrestricted	<u>49,751,023</u>	<u>36,346,372</u>	<u>27,300,902</u>
Total net position	<u>\$ 126,469,427</u>	<u>\$ 113,135,806</u>	<u>\$ 98,053,142</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 149,523,851</u>	<u>\$ 138,507,499</u>	<u>\$ 124,949,536</u>

The largest portion of the College’s net position (60%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt, including capital lease obligations, used to acquire those assets that is still outstanding. From fiscal 2023 to 2024, net investment in capital assets decreased by \$69,105 or less than 1.0%. The overall decrease in net investment in capital assets from 2023 to 2024 was largely due to the depreciation of assets exceeding new spending on capital projects.

The College starts to depreciate capital renovations upon completion of an entire project. The College uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the College’s investment in its capital assets is reported net of related debt, 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.

An additional portion of the College’s net position (less than 1% at June 30, 2024, 2023 and 2022) represents resources that are subject to external restrictions on how they must be used. These are comprised primarily of scholarships. The remaining balance of unrestricted net position (39% at June 30, 2024, 32% at June 30, 2023 and 28% at June 30, 2022) may be used to meet the College’s ongoing obligations to its stakeholders. The fiscal 2024 balance reflected a 37% increase from fiscal 2023 which can be attributed to state appropriations, investment income, and an increase in enrollment. The fiscal 2023 balance reflected a 33% increase from fiscal 2022 which can be attributed to state appropriations, Federal grants due to COVID-19 and investment income. The fiscal 2022 balance reflected a 15% increase from fiscal 2021 which can be attributed to an increase in state appropriations and Federal grants due to COVID-19.

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2024 and 2023**

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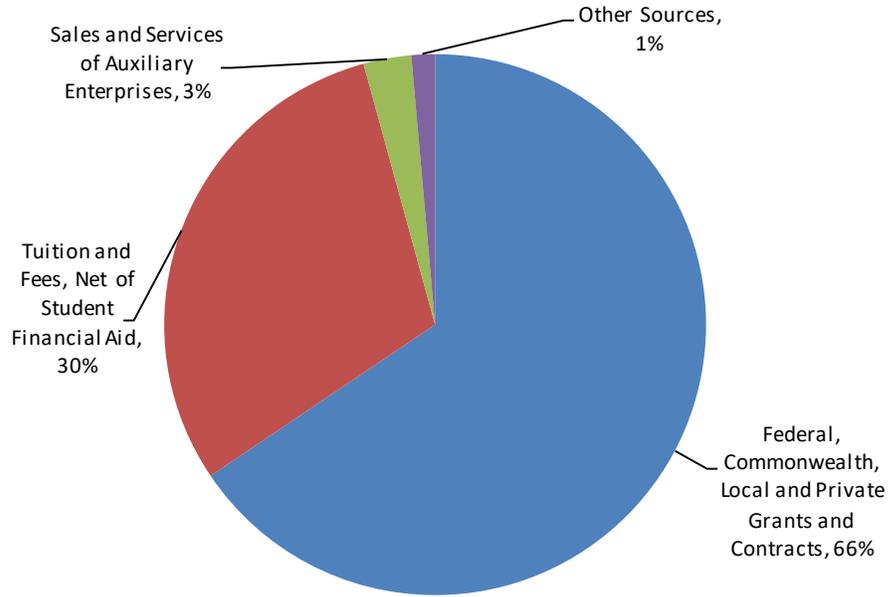
**Condensed Statements of Revenues and Expenses Information**

	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating revenues			
Tuition and fees, net of scholarships	\$ 12,937,136	\$ 10,690,561	\$ 9,834,771
Other operating sources	<u>29,722,893</u>	<u>18,948,428</u>	<u>15,574,476</u>
Total operating revenues	42,660,029	29,638,989	25,409,247
Operating expenses	<u>79,442,227</u>	<u>71,332,488</u>	<u>75,719,062</u>
Net operating loss	<u>(36,782,198)</u>	<u>(41,693,499)</u>	<u>(50,309,815)</u>
Non-operating revenues			
State appropriations	44,643,457	39,223,895	38,471,694
Other non-operating revenues/expenses	<u>3,738,389</u>	<u>7,719,686</u>	<u>11,021,627</u>
Total non-operating revenues	<u>48,381,846</u>	<u>46,943,581</u>	<u>49,493,321</u>
Net increase (decrease) in net position before capital appropriations	11,599,648	5,250,082	(816,494)
Capital appropriations	<u>1,733,973</u>	<u>9,832,582</u>	<u>2,485,048</u>
Net increase in net position	<u>\$ 13,333,621</u>	<u>\$ 15,082,664</u>	<u>\$ 1,668,554</u>

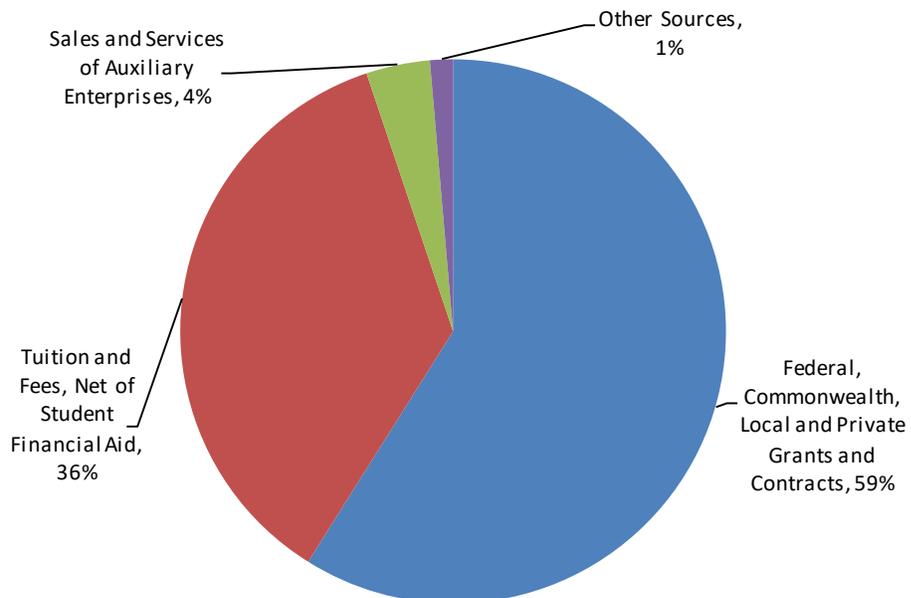
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**Operating Revenues by Source  
2024**

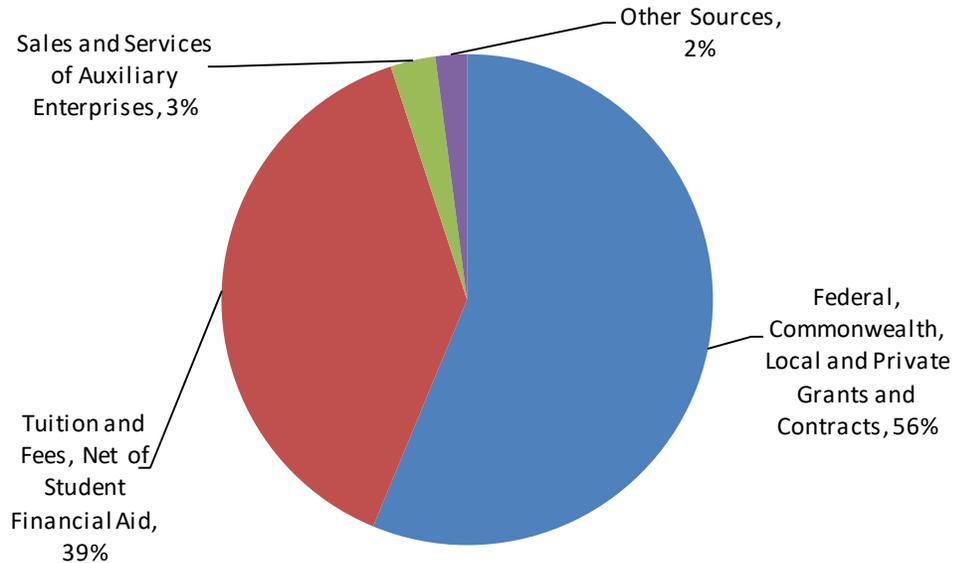


**Operating Revenues by Source  
2023**



**Springfield Technical Community College  
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Management's Discussion and Analysis (Unaudited)  
June 30, 2024 and 2023**

**Operating Revenues by Source  
2022**



Tuition and fees billed by the College include the following (includes state and non-state supported tuition and fees):

	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Tuition - state supported	\$ 908,025	\$ 895,273	\$ 868,180
Tuition - non-state supported	1,469,354	1,168,488	1,216,204
Tuition - out-of-state retained	246,174	305,070	347,021
General education fees	19,440,503	16,413,074	16,078,577
Student service fees	345,114	291,588	288,486
Subtotal	22,409,170	19,073,493	18,798,468
Less: Tuition remitted to the Commonwealth	(627,035)	(541,120)	(353,296)
Tuition and fees net of tuition remitted	<u>\$ 21,782,135</u>	<u>\$ 18,532,373</u>	<u>\$ 18,445,172</u>

Tuition and fee revenues increased from fiscal 2023 to 2024 by \$3,249,762 or 17% due to an increase in enrollment, an increase in the general education fee rate and the addition of a STEM semester-based fee. Tuition and fee revenues increased from fiscal 2022 to 2023 by \$87,201 or less than one percent due to an increase in enrollment.

**Springfield Technical Community College  
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June 30, 2024 and 2023**

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Major grants and contracts administered at the College during fiscals 2024 and 2023 included the following:

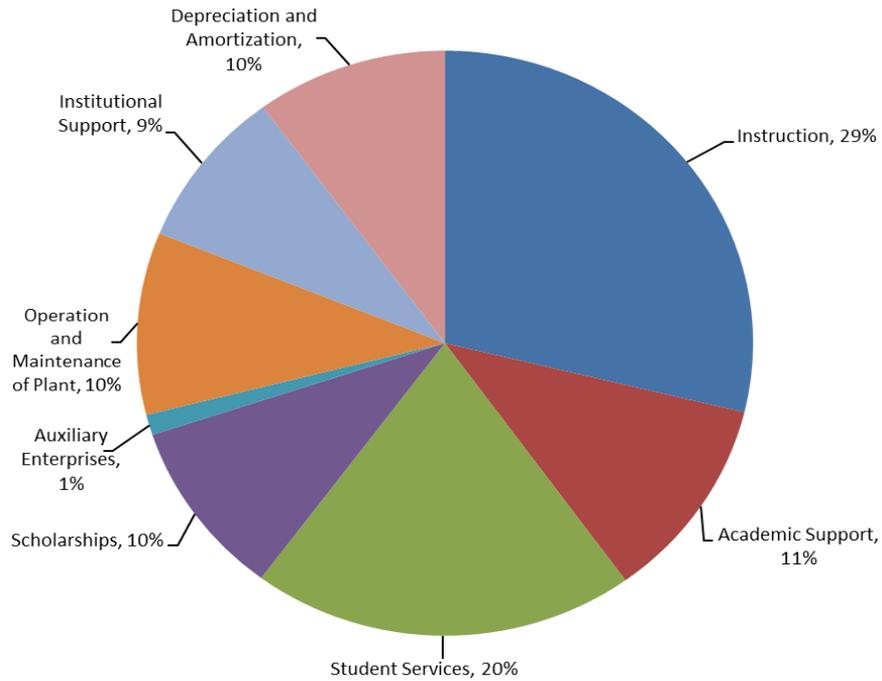
- The Community Adult Learning Center Grant, funded by the Massachusetts Department of Elementary and Secondary Education, is providing funding over five years concluding in fiscal 2028. The grant funds help support Adult Basic Education as well as ESOL instruction and has enabled the College to maintain ABE services including stand-alone sessions of math/writing and supplemental computer literacy classes. Holyoke Community College is the College's partner in this grant. The College recognized revenue on this grant in the amount of \$1,187,249 in fiscal 2024 and \$1,034,192 in fiscal 2023.
- The H.S.I. STEM Grant, funded by the U.S. Department of Education over five years, will allow the College to focus on increasing the percentage of Hispanic and low-income students entering, progressing, completing and transferring in STEM disciplines. Goals of the grant include increasing the number of Hispanic/Low-Income students in STEM disciplines, increasing the pass and retention rates by redesigning developmental and gateway STEM coursework, providing student supports throughout the degree program to encourage progression and completion and providing high-quality professional development to support STEM faculty pedagogy. The College will receive \$4,351,559 in funding over five years and recognized \$1,093,783 and \$485,891 in fiscal 2024 and 2023, respectively.
- The Title V Grant, funded by the U.S. Department of Education over five years, will allow the College to focus on creating and expanding opportunities for Hispanic and low-income students to obtain recognized postsecondary credentials in STEM fields. Goals of the grant are to build institutional capacity to increase the number of Hispanic and low-income students attaining postsecondary STEM degrees, and to transform the educational experience of students through the implementation of STEM and Mathematics pathways, student supports and professional development, while creating a culture of financial competence that will promote student retention and make a long-term, generational impact in the success of Hispanic families. The College will receive \$3,000,000 in funding over five years and recognized \$701,636 and \$315,359 in fiscal 2024 and 2023, respectively.
- The Cyber Security Center Buildout Grant, funded by Massachusetts Technology Collaborative, will allow the buildout and creation of the Cybersecurity Center of Excellence facility at Union Station, Springfield MA. Grant funds will be used to construct the facility for the establishment of a Cyber Range and Security Operation Center. The facility will include a classroom, conference room, shared space for collaboration, and offices for staff. The College will receive \$1,462,995 in funding over three years and recognized \$948,871 and \$57,238 in fiscal 2024 and 2023, respectively.

**Springfield Technical Community College  
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 June 30, 2024 and 2023**

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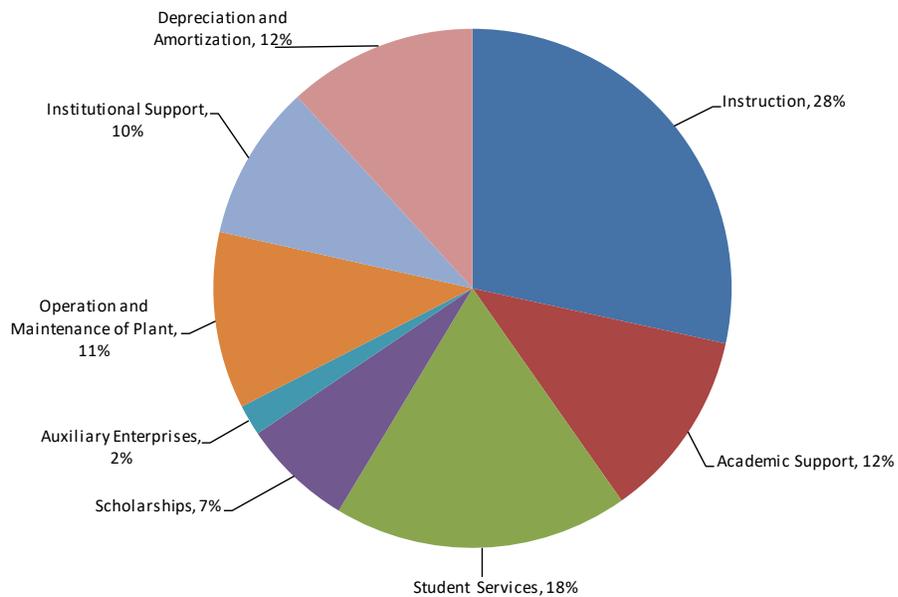
**Operating Expenses by Source**

**2024**



**Operating Expenses by Source**

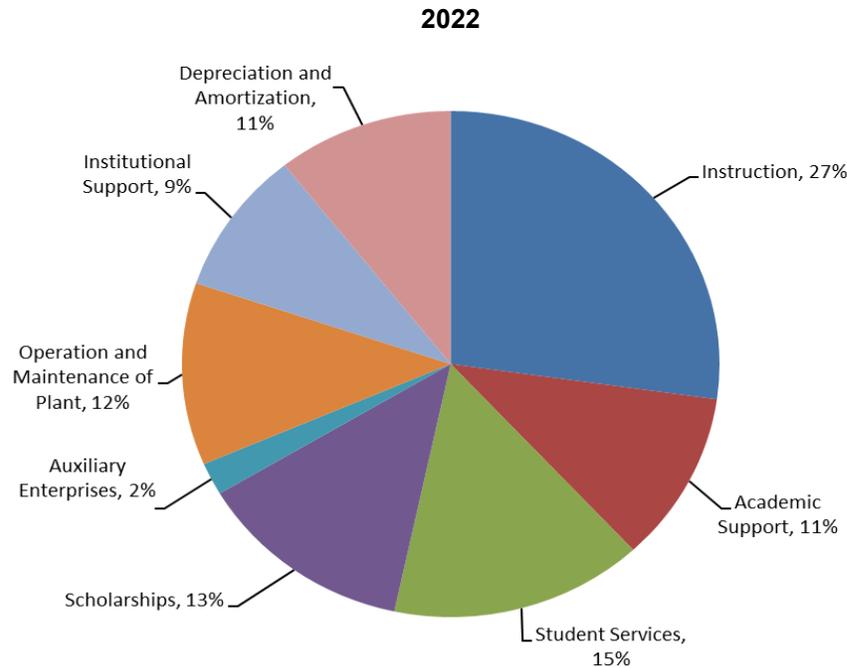
**2023**



**Springfield Technical Community College  
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**Operating Expenses by Source**



Operating expenses for fiscal 2024 are shown by functional category with instruction totaling the largest at 29%, followed by student services at 20%, academic support at 11%, depreciation and amortization at 10%, operation and maintenance of plant at 10%, and scholarships at 10%. Operating expenses increased from fiscal 2023 to fiscal 2024 by \$8,109,739 and can be primarily attributed to increases in instruction, student services and scholarships and fellowships.

Operating expenses for fiscal 2023 are shown by functional category with instruction totaling the largest at 28%, followed by student services at 18%, academic support at 12%, depreciation and amortization at 12%, operation and maintenance of plant at 11%, institutional support at 10% and scholarships at 7%. Operating expenses decreased from fiscal 2022 to fiscal 2023 by \$4,386,574 and can be attributed to decreases in scholarships associated with HEERF funding and operation and maintenance of plant offset by an increase in student services.

Operating expenses for fiscal 2022 are shown by functional category with instruction totaling the largest at 27%, followed by student services at 15%, scholarships at 13%, operation and maintenance of plant at 12%, academic support at 11%, depreciation and amortization at 11% and institutional support at 9%. Operating expenses increased from fiscal 2021 to fiscal 2022 by \$3,417,818 and can be attributed to an increase in scholarships associated with HEERF funding and an increase in depreciation/amortization, slightly offset by a reduction of expenses from the remaining categories.

**Non-Operating Revenues and Expenses**

Non-operating revenues and expenses for fiscal 2024 were comprised of net state appropriations of \$46,377,430 which included \$1,733,973 in capital appropriations from the state; \$3,910,038 in investment income; offset by \$171,649 of interest expense. Non-operating revenues and expenses for fiscal 2023 were comprised of net state appropriations of \$49,056,477 which included \$9,832,582 in capital appropriations from the state; \$5,421,953 in Federal Grants (“HEERF”), \$2,525,428 in investment income; offset by \$227,695 of interest expense.

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Management's Discussion and Analysis (Unaudited)  
June 30, 2024 and 2023**

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**Loss from Operations and Changes in Net Position**

The following schedule presents summarized information about the losses incurred from operations reconciled to changes in net position by the College for the fiscal years ended June 30, 2024, 2023 and 2022.

	<b>Years Ended June 30,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Tuition and fees revenue	\$ 12,937,136	\$ 10,690,561	\$ 9,834,771
Other revenues	29,722,893	18,948,428	15,574,476
Operating expenses	<u>(79,442,227)</u>	<u>(71,332,488)</u>	<u>(75,719,062)</u>
Operating loss	<u>(36,782,198)</u>	<u>(41,693,499)</u>	<u>(50,309,815)</u>
State direct appropriations	33,736,263	29,927,094	29,344,342
Fringe benefits for benefited employees on the Commonwealth's payroll	11,534,229	9,837,921	9,480,648
Tuition remitted to the Commonwealth	(627,035)	(541,120)	(353,296)
Capital appropriations	<u>1,733,973</u>	<u>9,832,582</u>	<u>2,485,048</u>
Net State appropriations	46,377,430	49,056,477	40,956,742
Other revenues, net	<u>3,738,389</u>	<u>7,719,686</u>	<u>11,021,627</u>
Net increase in net position	<u>\$ 13,333,621</u>	<u>\$ 15,082,664</u>	<u>\$ 1,668,554</u>

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

**Capital Assets and Long-Term Liabilities**

***Capital Assets***

The College's net investment in capital assets as of June 30, 2024 amounts to \$76,483,538. This investment in capital assets includes land, buildings (including improvements), furnishings and equipment, books, the right-to-use certain leased assets and the right-to-use assets under subscription-based information technology arrangements. Capital additions for the year were \$5,435,188 and depreciation and amortization expense amounted to \$7,940,196. Year over year the College's investment in capital assets decreased by less than 1.0% or \$69,105. This was due to the fact that depreciation exceeded the rate of spending on capital projects. Building improvements and equipment were purchased in fiscal 2024.

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Major purchases were as follows:

- DCAMM and general state appropriation funding in the amount of \$2,643,219 supported the College's capital additions: \$545,851 towards a campus-wide domestic water supply infrastructure upgrade; \$544,039 for School of Health and Patient Simulation modernization; \$364,561 towards computers; \$286,328 towards masonry/roof replacement for Buildings 16 and 27; \$147,335 towards the media services relocation from Building 17 to Building 2; \$145,011 for a steam line replacement in Buildings 17 and 27; \$136,370 for the Building 13 information technology classroom refresh; \$124,020 for the air handler unit in the East Penthouse of Building 17; \$64,656 towards the switch refresh project; \$61,655 towards a vehicle for Campus Police; \$55,095 for an ultrasound unit for the DMIS program; \$48,064 for patient simulation equipment; \$42,140 for the Campus Police relocation project; \$33,780 towards a steam/chiller for Building 17; \$16,100 for a generator for Building 2; \$15,714 towards HVAC renovations in the West Penthouse of Building 17; and \$12,500 for paving upgrades in the parking area of Building 11.
- Trust fund purchases in the amount of \$553,272 were distributed over the following projects: \$250,524 towards the switch refresh project; \$201,636 for the media services relocation from Building 17 to Building 2; \$45,232 towards computers; \$41,000 for patient simulation equipment; \$9,850 for the Campus Police relocation project; \$3,410 for the Building 13 information technology classroom refresh; and \$1,620 for paving upgrades in the parking area of Building 11.
- Grant funding in the amount of \$1,970,562 benefited the College in the following projects: \$1,418,995 towards leasehold improvements in The Richard E. Neal Cybersecurity Center of Excellence (the "Cybersecurity Center"); \$178,314 towards equipment for the Cybersecurity Center; \$152,493 towards patient simulation equipment; \$83,725 for the design of the geothermal well rehabilitation in Building 11; \$73,770 for food lockers in the Center for Access Services and \$63,265 towards paving upgrades in the parking area of Building 11.

The College's net investment in capital assets as of June 30, 2023 amounts to \$76,552,643. This investment in capital assets includes land, buildings (including improvements), furnishings and equipment, books, the right-to-use certain leased assets and the right-to-use assets under subscription-based information technology arrangements. Capital additions for the year were \$13,249,570 and depreciation and amortization expense amounted to \$8,391,298. Capital additions are net of an arc flash expense reclassification of \$149,409. Year over year the College's investment in capital assets increased by 9.0% or \$6,038,001. This was due to the fact that spending exceeded the rate of depreciation and retirements on capital projects. In addition, the College acquired the right-to-use assets under subscription-based technology arrangements in the amount of \$577,954 net of related amortization. The College also retired \$302,140 of leased assets, net of related amortization.

Building improvements and equipment were purchased in fiscal 2023. Major purchases were as follows:

- DCAMM and general state appropriation funding in the amount of \$11,386,584 supported the College's capital additions: \$4,068,060 towards a campus-wide domestic water supply infrastructure upgrade; \$2,698,894 for ADA improvements for Building 2 and 17 labs; \$1,369,307 for masonry/roof replacement for Buildings 16 and 27; \$1,058,140 towards air handlers/HVAC for Building 2; \$575,385 towards Workforce Development classroom renovations in Building 27; \$500,169 towards Robotics/Engineering renovations in Building 17; \$304,543 for campus sidewalk renovations; \$289,805 for a cyber-vault; \$241,748 for Workforce Development HVAC renovations in Building 27; \$120,280 towards a generator in Building 2; \$105,500 towards an air handler unit in the East Penthouse of Building 17; \$23,500 towards HVAC renovations in the West Penthouse of Building 17; \$16,903 for WTCC radio station renovations in Building 16; and \$14,350 for Building 17 camlock connections.

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- Trust fund purchases in the amount of \$745,553 were distributed over the following projects: \$175,269 towards IT switches in Buildings 15, 16 and 17; \$108,042 for Robotics/Engineering renovations in Building 17; \$99,293 towards Building 17 camlock connections; \$73,786 towards HVAC renovations in the West Penthouse of Building 17; \$57,232 towards fiber installation for student parking; \$52,869 for a Campus Police vehicle; \$48,020 for campus sidewalk renovations; \$41,000 for patient simulator equipment; \$40,186 towards Workforce Development classroom renovations in Building 27; \$19,371 for paving and sewer work in the North Lot; \$13,885 for Workforce Development HVAC renovations in Building 27; \$7,150 towards the West landing stair replacement in Building 28; \$4,744 towards the campus wireless upgrade; \$2,690 towards Building 2 camlocks and \$2,016 towards WTCC radio station renovations in Building 16.
- Grant funding in the amount of \$1,266,843 benefited the College in the following projects: \$397,195 towards the campus wireless upgrade; \$261,380 towards HVAC training units; \$173,262 towards patient simulator equipment; \$152,299 for paving and sewer work in the North Lot; \$102,971 towards the West landing stair replacement in Building 28; \$97,996 for Pyxis Med stations; and \$81,740 towards Building 2 camlocks.

The College's net investment in capital assets as of June 30, 2022 amounts to \$70,514,641. This investment in capital assets includes land, buildings (including improvements), furnishings and equipment, books and the right-to-use certain leased assets. Capital additions for the year were \$5,656,193 and depreciation and amortization expense amounted to \$8,033,304. Year over year the College's investment in capital assets decreased by 2.5% or \$1,793,665. This was due to the fact that depreciation of assets exceeded spending on capital projects. In addition, the College acquired the right-to-use leased assets in the amount of \$2,703,805, net of related amortization.

Building improvements and equipment were purchased in fiscal 2022. Major purchases were as follows:

- DCAMM and general state appropriation funding in the amount of \$3,524,704 supported the College's capital additions: \$1,374,655 towards air handlers/HVAC for Building 2; \$305,258 for ADA improvements for Building 2 and 17 labs; \$286,028 towards roof replacement for Building 32; \$277,892 for Workforce Development classroom renovations in Building 27; \$262,346 for Workforce Development HVAC renovations in Building 27; \$235,507 towards masonry for Building 2; \$217,889 for WTCC radio station renovations in Building 16; \$134,882 for Building 17 camlock connections; \$124,416 towards Robotics/Engineering renovations in Building 17; \$100,417 for simulated patient equipment; \$83,960 for a bookstore canopy in Building 19; \$51,000 towards the arc flash; \$42,482 towards parking lot cameras and automation; and \$27,972 for Building 2 camlocks.
- Trust fund purchases in the amount of \$1,836,403 were distributed over the following projects: \$236,254 towards Workforce Development HVAC renovations in Building 27; \$234,851 towards Workforce Development classroom renovations in Building 27; \$230,874 for Robotics/Engineering renovations in Building 17; \$194,669 towards WTCC radio station renovations in Building 16; \$173,324 for the Building 16 and 17 switch project; \$162,249 towards North Lot paving upgrades; \$154,326 for simulated patient equipment; \$126,590 for HVAC upgrades in Building 17; \$100,690 towards the WTCC radio station HVAC upgrade in Building 16; \$65,034 towards parking lot cameras and automation; \$55,532 towards a Fire Science classroom in Building 17; \$54,041 towards a steam sterilizer/autoclave; and \$47,969 towards Building 2 camlocks.
- Grant funding in the amount of \$295,086 benefited the College in the following projects: \$214,635 towards Dental Assisting equipment; \$60,051 towards simulated patient equipment; and \$20,400 towards indoor/outdoor access points.

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**Long-Term Liabilities**

The College’s long term debt consists of accruals for compensated absences, workers’ compensation, the long-term portion of the note payable, the net pension liability, the other post-retirement benefits (“OPEB”) liability, lease liability and subscription-based information technology arrangement liability. The accrual for compensated absences consists of the long term portion of sick and vacation pay relating to employees on the College payroll.

**Economic Factors and Next Year’s Tuition and Student Fee Rates**

The seasonally adjusted unemployment rate for the Commonwealth within which the College primarily draws students decreased from 3.3% in June of 2023 to 3.2% in June of 2024 according to the United States Department of Labor, Bureau of Labor Statistics. This compares to the national level, also according to the United States Department of Labor, Bureau of Statistics, which increased to 4.1% in June of 2024 from 3.6% in June of 2023. It is difficult for the College to predict the extent to which enrollment may vary in the current environment; however, historical trends indicate that as unemployment rates increase, there is a correlating increase in enrollment.

The College has budgeted its Fiscal 2025 enrollment at 85,900 credits, which represents a 2% decline compared to Fiscal 2024. The following chart illustrates the College’s recent enrollment figures:

	<u>Billed Headcount</u>	<u>Billed Credits</u>
Fiscal 2015	\$ 14,574	\$ 133,010
Fiscal 2016	14,068	124,226
Fiscal 2017	12,525	111,819
Fiscal 2018	12,321	107,830
Fiscal 2019	11,167	99,257
Fiscal 2020	11,151	101,677
Fiscal 2021	9,486	83,502
Fiscal 2022	8,742	75,107
Fiscal 2023	8,836	76,748
Fiscal 2024	10,458	87,653
Fiscal 2025 (budgeted)	9,972	85,900

College management continues to implement new and innovative marketing strategies to attract new students as well as retain its current student population.

The Board of Trustees increased the General Education fee for FY 2025 by \$6 per credit, increased the Nursing Fee by \$60 per semester and increased the STEM Program Fee by \$20 per semester effective for the Fall 2024 semester. The Board of Trustees froze College fees for FY 2023 and FY 2022 in recognition of the economic hardship faced by our students due to the COVID-19 pandemic.

The Massachusetts Department of Higher Education and the General Court of Massachusetts adopted a formula-based budget model in the allocation of the State appropriation to Institutions of Higher Learning in fiscal year 2006.

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**Requests for Information**

This financial report is designed to provide a general overview of the College's finances for all those with an interest in such. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Andrea Nathanson, Vice President of Administration/CFO, Springfield Technical Community College, One Armory Square, STE 1, P.O. Box 9000, Springfield, Massachusetts, 01102-9000.

**Springfield Technical Community College**  
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**Statements of Net Position**  
**June 30, 2024 and 2023**

	Primary Government		Component Units	
	2024 College	2023 College	2024 Combined	2023 Combined
<b>Assets and deferred outflows of resources</b>				
Current assets				
Cash and equivalents	\$ 15,721,768	\$ 13,776,343	\$ 634,006	\$ 436,977
Cash held by the State Treasurer	3,652,361	5,029,979	-	-
Construction escrow	-	-	98,032	97,983
Commercial escrow	-	-	385,203	54
Accounts receivable, net, current portion	7,483,546	6,266,170	3,878,454	2,023,832
Other current assets	<u>1,031,437</u>	<u>604,717</u>	<u>54,143</u>	<u>59,038</u>
Total current assets	<u>27,889,112</u>	<u>25,677,209</u>	<u>5,049,838</u>	<u>2,617,884</u>
Noncurrent assets				
Accounts receivable, net of current portion	-	-	485,783	20,000
Investments	42,416,020	31,238,154	4,882,122	4,365,511
Cash surrender value of life insurance	-	-	25,812	24,275
Capital assets, net	78,108,508	80,625,065	11,759,885	12,033,102
Beneficial interest in charitable trust	-	-	550,752	541,226
Lease receivable	-	-	<u>35,271,392</u>	<u>29,531,707</u>
Total noncurrent assets	<u>120,524,528</u>	<u>111,863,219</u>	<u>52,975,746</u>	<u>46,515,821</u>
Total assets	<u>148,413,640</u>	<u>137,540,428</u>	<u>58,025,584</u>	<u>49,133,705</u>
Deferred outflows of resources:				
Deferred outflows of resources related to pension	711,216	453,509	-	-
Deferred outflows of resources related to OPEB	<u>398,995</u>	<u>513,562</u>	-	-
Total deferred outflows of resources	<u>1,110,211</u>	<u>967,071</u>	-	-
 Total assets and deferred outflows of resources	 <u>\$ 149,523,851</u>	 <u>\$ 138,507,499</u>	 <u>\$ 58,025,584</u>	 <u>\$ 49,133,705</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
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**Statements of Net Position**  
**June 30, 2024 and 2023**

	Primary Government		Component Units	
	2024 College	2023 College	2024 Combined	2023 Combined
<b>Liabilities, deferred inflows of resources, and net position</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 6,357,051	\$ 6,002,483	\$ 463,484	\$ 1,132,791
Accrued payroll	2,782,870	2,625,615	-	-
Accrued compensated absences	2,538,229	2,236,124	-	-
Accrued workers' compensation	122,841	125,285	-	-
Student deposits and unearned revenues	2,028,691	2,460,183	-	-
Current portion of note payable	-	155,337	420,739	328,081
Current portion of lease liability	521,512	491,661	-	-
Current portion of SBITA liability	215,267	167,777	-	-
Total current liabilities	<u>14,566,461</u>	<u>14,264,465</u>	<u>884,223</u>	<u>1,460,872</u>
<b>Noncurrent liabilities</b>				
Accrued compensated absences	1,128,017	1,017,247	-	-
Accrued workers' compensation	865,204	941,207	-	-
Note payable	-	1,718,322	7,108,814	6,476,418
Interest payable	-	-	7,271	3,630
Lease liability	667,273	1,177,904	-	-
SBITA liability	220,918	361,421	-	-
Net pension liability	1,957,195	1,606,509	-	-
Net OPEB liability	2,081,638	2,021,776	-	-
Total noncurrent liabilities	<u>6,920,245</u>	<u>8,844,386</u>	<u>7,116,085</u>	<u>6,480,048</u>
Total liabilities	<u>21,486,706</u>	<u>23,108,851</u>	<u>8,000,308</u>	<u>7,940,920</u>
<b>Deferred inflows of resources</b>				
Deferred inflows of resources related to pension	301,467	474,263	-	-
Deferred inflows of resources related to OPEB	1,266,251	1,788,579	-	-
Deferred lease revenue	-	-	33,720,176	28,196,298
Total deferred inflows of resources	<u>1,567,718</u>	<u>2,262,842</u>	<u>33,720,176</u>	<u>28,196,298</u>
<b>Net position</b>				
Net investment in capital assets	76,483,538	76,552,643	4,223,062	5,224,973
<b>Restricted</b>				
Nonexpendable	-	-	563,673	527,659
Expendable	234,866	236,791	7,365,598	5,271,941
Unrestricted	<u>49,751,023</u>	<u>36,346,372</u>	<u>4,152,767</u>	<u>1,971,914</u>
Total net position	<u>126,469,427</u>	<u>113,135,806</u>	<u>16,305,100</u>	<u>12,996,487</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 149,523,851</u>	<u>\$ 138,507,499</u>	<u>\$ 58,025,584</u>	<u>\$ 49,133,705</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
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**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2024 and 2023**

	Primary Government		Component Units	
	2024 College	2023 College	2024 Combined	2023 Combined
<b>Operating revenues</b>				
Tuition and fees	\$ 22,409,170	\$ 19,073,493	\$ -	\$ -
Less: Scholarships and fellowships	(9,472,034)	(8,382,932)	-	-
Net tuition and fees	12,937,136	10,690,561	-	-
Federal, state, local, and private grants and contracts	27,893,764	17,519,779	-	-
Auxiliary enterprises	1,221,679	1,005,444	1,045,358	1,094,859
Lease revenue	-	-	3,319,453	2,723,899
Lease interest revenue	-	-	1,824,983	1,512,517
Other sources	607,450	423,205	343,363	31,362
Contributions	-	-	1,771,912	362,545
Total operating revenues	<u>42,660,029</u>	<u>29,638,989</u>	<u>8,305,069</u>	<u>5,725,182</u>
<b>Operating expenses</b>				
Instruction	23,066,957	20,420,852	-	-
Academic support	8,908,062	8,408,978	-	-
Student services	15,960,801	13,080,922	-	-
Scholarships and fellowships	7,702,323	4,925,561	-	-
Auxiliary enterprises	893,128	1,363,758	4,145,155	4,153,087
Operation and maintenance of plant	7,980,860	7,839,887	-	-
Institutional support	6,989,900	6,901,232	275,629	379,443
Depreciation and amortization	7,940,196	8,391,298	727,297	727,297
Total operating expenses	<u>79,442,227</u>	<u>71,332,488</u>	<u>5,148,081</u>	<u>5,259,827</u>
Net operating income (loss)	<u>(36,782,198)</u>	<u>(41,693,499)</u>	<u>3,156,988</u>	<u>465,355</u>
<b>Nonoperating revenues (expenses)</b>				
State appropriations - unrestricted	44,643,457	39,223,895	-	-
Federal grants	-	5,421,953	-	-
Investment income	3,910,038	2,525,428	549,806	411,411
Debt closing costs	-	-	-	(109,320)
Interest expense	(171,649)	(227,695)	(398,181)	(199,265)
Total nonoperating revenues	<u>48,381,846</u>	<u>46,943,581</u>	<u>151,625</u>	<u>102,826</u>
<b>Net change in net position before capital appropriations</b>	11,599,648	5,250,082	3,308,613	568,181
Capital appropriations	<u>1,733,973</u>	<u>9,832,582</u>	-	-
<b>Net change in net position</b>	13,333,621	15,082,664	3,308,613	568,181
<b>Net position</b>				
Beginning of year	<u>113,135,806</u>	<u>98,053,142</u>	<u>12,996,487</u>	<u>12,428,306</u>
End of year	<u>\$ 126,469,427</u>	<u>\$ 113,135,806</u>	<u>\$ 16,305,100</u>	<u>\$ 12,996,487</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
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**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<u>Primary Government 2024 College</u>	<u>Primary Government 2023 College</u>
<b>Operating activities</b>		
Tuition and fees	\$ 12,167,119	\$ 10,904,853
Grants and contracts	27,415,398	17,015,596
Payments to suppliers and vendors	(14,120,317)	(14,262,952)
Payments to employees	(38,653,347)	(35,418,282)
Payments to students	(7,202,323)	(4,925,561)
Other cash receipts	<u>1,428,644</u>	<u>1,436,013</u>
Net cash used in operating activities	<u>(18,964,826)</u>	<u>(25,250,333)</u>
<b>Noncapital financing activities</b>		
Direct unrestricted State appropriations	33,736,263	29,927,094
Day school tuition remitted to the Commonwealth	(627,035)	(541,120)
Federal grants	<u>-</u>	<u>5,421,953</u>
Net cash provided by noncapital financing activities	<u>33,109,228</u>	<u>34,807,927</u>
<b>Capital financing activities</b>		
Capital appropriations	644,082	4,197,036
Purchases of capital assets	(4,136,378)	(7,614,024)
Principal paid on note payable	(1,873,659)	(149,218)
Principal paid on lease liability	(502,159)	(779,355)
Principal paid on SBITA liability	(269,004)	(251,157)
Interest paid on note payable, lease liability, and SBITA liability	<u>(171,649)</u>	<u>(227,695)</u>
Net cash used in capital financing activities	<u>(6,308,767)</u>	<u>(4,824,413)</u>
<b>Investing activities</b>		
Purchases of investments	(8,277,656)	(4,249,845)
Interest and dividends	<u>1,009,828</u>	<u>-</u>
Net cash applied to investing activities	<u>(7,267,828)</u>	<u>(4,249,845)</u>
Net change in cash and equivalents	567,807	483,336
<b>Cash and equivalents</b>		
Beginning of year	<u>18,806,322</u>	<u>18,322,986</u>
End of year	<u>\$ 19,374,129</u>	<u>\$ 18,806,322</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
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**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<u>Primary Government 2024 College</u>	<u>Primary Government 2023 College</u>
<b>Reconciliation of net operating loss to net cash used in operating activities</b>		
Net operating loss	\$ (36,782,198)	\$ (41,693,499)
Adjustments to reconcile net operating loss to net cash used in operating activities		
Depreciation and amortization	7,940,196	8,391,298
Amortization of service concession arrangement	-	(2,500)
Fringe benefits provided by the Commonwealth	11,534,229	9,837,921
Recovery of bad debts	(39,014)	(100,740)
Net pension activity	(79,817)	(121,496)
Net OPEB activity	(347,899)	(232,502)
Changes in assets and liabilities		
Accounts receivable	(1,178,362)	(1,095,468)
Other current assets	(426,720)	(85,633)
Accounts payable and accrued liabilities	354,568	(546,806)
Accrued payroll, compensated absences, and workers' compensation	491,683	(514,589)
Student deposits and unearned revenues	(431,492)	913,681
Net cash used in operating activities	<u>\$ (18,964,826)</u>	<u>\$ (25,250,333)</u>
<b>Noncash transactions</b>		
Fringe benefits provided by the Commonwealth	<u>\$ 11,534,229</u>	<u>\$ 9,837,921</u>
Capital appropriations paid by DCAMM	<u>\$ 1,089,891</u>	<u>\$ 5,635,546</u>
Acquisition of capital assets via incurrence of lease and SBITA liability	<u>\$ 197,370</u>	<u>\$ -</u>
Unrealized gain on investments	<u>\$ 2,900,210</u>	<u>\$ 2,525,428</u>
<b>Cash and equivalents, end of year</b>		
Cash and equivalents	\$ 15,721,768	\$ 13,776,343
Cash held by the State Treasurer	<u>3,652,361</u>	<u>5,029,979</u>
	<u>\$ 19,374,129</u>	<u>\$ 18,806,322</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
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**Combining Statements of Net Position of Major Component Units**  
**June 30, 2024 and 2023**

	<u>2024</u> <u>Foundation</u>	<u>2024</u> <u>STCCAC</u>	<u>2024</u> <u>Combined</u>	<u>2023</u> <u>Foundation</u>	<u>2023</u> <u>STCCAC</u>	<u>2023</u> <u>Combined</u>
<b>Assets</b>						
Current assets						
Cash and equivalents	\$ 102,704	\$ 531,302	\$ 634,006	\$ 42,726	\$ 394,251	\$ 436,977
Construction escrow	-	98,032	98,032	-	97,983	97,983
Commercial escrow	-	385,203	385,203	-	54	54
Accounts receivable, net, current portion	1,064,719	2,813,735	3,878,454	42,500	1,981,332	2,023,832
Other current assets	21,918	32,225	54,143	16,529	42,509	59,038
Total current assets	<u>1,189,341</u>	<u>3,860,497</u>	<u>5,049,838</u>	<u>101,755</u>	<u>2,516,129</u>	<u>2,617,884</u>
Noncurrent assets						
Accounts receivable, net of current portion	485,783	-	485,783	20,000	-	20,000
Investments	4,882,122	-	4,882,122	4,365,511	-	4,365,511
Cash surrender value of life insurance	25,812	-	25,812	24,275	-	24,275
Capital assets, net	980,747	10,779,138	11,759,885	980,747	11,052,355	12,033,102
Beneficial interest in charitable trust	550,752	-	550,752	541,226	-	541,226
Lease receivable	-	35,271,392	35,271,392	-	29,531,707	29,531,707
Total noncurrent assets	<u>6,925,216</u>	<u>46,050,530</u>	<u>52,975,746</u>	<u>5,931,759</u>	<u>40,584,062</u>	<u>46,515,821</u>
Total assets	<u>\$ 8,114,557</u>	<u>\$ 49,911,027</u>	<u>\$ 58,025,584</u>	<u>\$ 6,033,514</u>	<u>\$ 43,100,191</u>	<u>\$ 49,133,705</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Combining Statements of Net Position of Major Component Units**  
**June 30, 2024 and 2023**

	<u>2024</u> <u>Foundation</u>	<u>2024</u> <u>STCCAC</u>	<u>2024</u> <u>Combined</u>	<u>2023</u> <u>Foundation</u>	<u>2023</u> <u>STCCAC</u>	<u>2023</u> <u>Combined</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>						
Current liabilities						
Accounts payable and accrued liabilities	\$ 4,322	\$ 459,162	\$ 463,484	\$ -	\$ 1,132,791	\$ 1,132,791
Current portion of note payable	-	420,739	420,739	-	328,081	328,081
Total current liabilities	<u>4,322</u>	<u>879,901</u>	<u>884,223</u>	<u>-</u>	<u>1,460,872</u>	<u>1,460,872</u>
Noncurrent liabilities						
Note payable	-	7,108,814	7,108,814	-	6,476,418	6,476,418
Interest payable	-	7,271	7,271	-	3,630	3,630
Total noncurrent liabilities	<u>-</u>	<u>7,116,085</u>	<u>7,116,085</u>	<u>-</u>	<u>6,480,048</u>	<u>6,480,048</u>
Total liabilities	<u>4,322</u>	<u>7,995,986</u>	<u>8,000,308</u>	<u>-</u>	<u>7,940,920</u>	<u>7,940,920</u>
Deferred inflows of resources						
Deferred lease revenue	-	33,720,176	33,720,176	-	28,196,298	28,196,298
Total deferred inflows of resources	<u>-</u>	<u>33,720,176</u>	<u>33,720,176</u>	<u>-</u>	<u>28,196,298</u>	<u>28,196,298</u>
Net position						
Net investment in capital assets	980,747	3,242,315	4,223,062	980,747	4,244,226	5,224,973
Restricted						
Nonexpendable	563,673	-	563,673	527,659	-	527,659
Expendable	7,365,598	-	7,365,598	5,271,941	-	5,271,941
Unrestricted	<u>(799,783)</u>	<u>4,952,550</u>	<u>4,152,767</u>	<u>(746,833)</u>	<u>2,718,747</u>	<u>1,971,914</u>
Total net position	<u>8,110,235</u>	<u>8,194,865</u>	<u>16,305,100</u>	<u>6,033,514</u>	<u>6,962,973</u>	<u>12,996,487</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,114,557</u>	<u>\$ 49,911,027</u>	<u>\$ 58,025,584</u>	<u>\$ 6,033,514</u>	<u>\$ 43,100,191</u>	<u>\$ 49,133,705</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Combining Statements of Revenues, Expenses and Changes in Net Position of**  
**Major Component Units**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u> <u>Foundation</u>	<u>2024</u> <u>STCCAC</u>	<u>2024</u> <u>Combined</u>	<u>2023</u> <u>Foundation</u>	<u>2023</u> <u>STCCAC</u>	<u>2023</u> <u>Combined</u>
<b>Operating revenues</b>						
Auxiliary enterprises	\$ -	\$ 1,045,358	\$ 1,045,358	\$ -	\$ 1,094,859	\$ 1,094,859
Lease revenue	-	3,319,453	3,319,453	-	2,723,899	2,723,899
Lease interest revenue	-	1,824,983	1,824,983	-	1,512,517	1,512,517
Other sources	31,363	312,000	343,363	31,362	-	31,362
Contributions	<u>1,771,912</u>	<u>-</u>	<u>1,771,912</u>	<u>362,545</u>	<u>-</u>	<u>362,545</u>
Total operating revenues	<u>1,803,275</u>	<u>6,501,794</u>	<u>8,305,069</u>	<u>393,907</u>	<u>5,331,275</u>	<u>5,725,182</u>
<b>Operating expenses</b>						
Auxiliary enterprises	-	4,145,155	4,145,155	-	4,153,087	4,153,087
Institutional support	275,629	-	275,629	379,443	-	379,443
Depreciation and amortization	<u>-</u>	<u>727,297</u>	<u>727,297</u>	<u>-</u>	<u>727,297</u>	<u>727,297</u>
Total operating expenses	<u>275,629</u>	<u>4,872,452</u>	<u>5,148,081</u>	<u>379,443</u>	<u>4,880,384</u>	<u>5,259,827</u>
<b>Net operating income</b>	<u>1,527,646</u>	<u>1,629,342</u>	<u>3,156,988</u>	<u>14,464</u>	<u>450,891</u>	<u>465,355</u>
<b>Nonoperating revenues (expenses)</b>						
Investment income	549,075	731	549,806	411,274	137	411,411
Debt closing costs	-	-	-	-	(109,320)	(109,320)
Interest expense	<u>-</u>	<u>(398,181)</u>	<u>(398,181)</u>	<u>-</u>	<u>(199,265)</u>	<u>(199,265)</u>
Total nonoperating revenues	<u>549,075</u>	<u>(397,450)</u>	<u>151,625</u>	<u>411,274</u>	<u>(308,448)</u>	<u>102,826</u>
<b>Net change in net position</b>	2,076,721	1,231,892	3,308,613	425,738	142,443	568,181
<b>Net position</b>						
Beginning of year	<u>6,033,514</u>	<u>6,962,973</u>	<u>12,996,487</u>	<u>5,607,776</u>	<u>6,820,530</u>	<u>12,428,306</u>
End of year	<u>\$ 8,110,235</u>	<u>\$ 8,194,865</u>	<u>\$ 16,305,100</u>	<u>\$ 6,033,514</u>	<u>\$ 6,962,973</u>	<u>\$ 12,996,487</u>

The Notes to Financial Statements are an integral part of this statement.

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Springfield Technical Community College (the "College") is a state-supported comprehensive two-year community college that offers a quality education leading to associate degrees in the arts and sciences, as well as one-year certificate programs. With its primary campus located in Springfield, Massachusetts, the College provides instruction and training in a variety of liberal arts, allied health, engineering technologies, and business fields of study. The College also offers credit and noncredit courses, as well as community service programs. The College is accredited by the New England Commission of Higher Education.

**COVID-19**

On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus ("COVID-19") as a pandemic. In response to the pandemic, the Federal government provided to the College Higher Education Emergency Relief funds ("HEERF"), including funds for the Minority Serving Institutions ("MSI"), under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA") and the Supplemental Funds for Student Financial Aid and Institutional Aid Due to COVID-19 ("SSARP"). The CRRSAA funds include Supplemental Assistance to Institutions of Higher Education ("SAIHE"). The HEERF consisted of the student aid award, the institutional award and the MSI award. The SSARP 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 MSI can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. The Department of Education has extended the deadline to spend the student aid award, the institutional award, the MSI award, and the SAIHE award by June 30, 2023, while the SSARP award must have been spent by July 12, 2023.

The College has been awarded the following HEERF funds, including MSI and Supplemental funds, as of June 30, 2023:

	<u>Student Aid Award</u>	<u>Institutional Award</u>	<u>Minority Serving Institutions</u>	<u>Supplemental Assistance to IHE</u>	<u>Total</u>
CARES	\$ 1,922,527	\$ 1,922,527	\$ 241,501	\$ -	\$ 4,086,555
CRRSAA	1,922,527	6,146,149	429,188	2,036,494	10,534,358
ARPA	<u>7,182,183</u>	<u>7,041,622</u>	<u>731,952</u>	<u>1,366,922</u>	<u>16,322,679</u>
	<u>\$ 11,027,237</u>	<u>\$ 15,110,298</u>	<u>\$ 1,402,641</u>	<u>\$ 3,403,416</u>	<u>\$ 30,943,592</u>

The College has recognized the following as non-operating Federal grants for the year ended June 30, 2023:

	<u>Student Aid Award</u>	<u>Institutional Award</u>	<u>Minority Serving Institutions</u>	<u>Supplemental Assistance to IHE</u>	<u>Total</u>
CARES	\$ -	\$ -	\$ -	\$ -	\$ -
CRRSAA	-	-	382,919	1,797	384,716
ARPA	<u>1,302,633</u>	<u>1,657,247</u>	<u>710,435</u>	<u>1,366,922</u>	<u>5,037,237</u>
	<u>\$ 1,302,633</u>	<u>\$ 1,657,247</u>	<u>\$ 1,093,354</u>	<u>\$ 1,368,719</u>	<u>\$ 5,421,953</u>

**Springfield Technical Community College  
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Notes to Financial Statements  
June 30, 2024 and 2023**

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As of June 30, 2023, the College has expended approximately all of the funds related to these grants.

**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”).

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 revenues as soon as all eligibility requirements have been met. The accompanying statements of revenues and expenses demonstrates the degree to which 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 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 units, and pension disclosures. The College presents the statements of net position, revenues and expenses, changes in net position, and cash flows on a combined College-wide basis.

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 the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities. These non-operating activities include the College’s operating and capital appropriations from the Commonwealth of Massachusetts (the “Commonwealth”), net investment income, and interest expense.

Springfield Technical Community College Assistance Corporation (“STCCAC”), a discrete component unit of the College, is a legally separate, tax-exempt, not-for-profit Massachusetts corporation that was created in 1996 under the Commonwealth General Law, Chapter 273, Section 125, Act of 1994. STCCAC was created to provide the physical and financial resources necessary for the acquisition and development of the site located east of the College and to further fulfill the educational mission of the College. STCCAC acquired the site and began full operations during fiscal 1997. STCCAC has been included in the financial statements of the College because of the nature and significance of its relationship with the College. Complete financial statements of the STCCAC can be obtained from the STCCAC’s administrative offices in Holyoke, Massachusetts.

Springfield Technical Community College Foundation, Inc. (the “Foundation”), a discrete component unit of the College, is a legally separate, tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs.

**Springfield Technical Community College  
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The Board of Directors of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of the receipts from the Foundation, the majority of resources, received or held by the Foundation, are restricted to the activities of the College by the respective donors. The Foundation has been included in the financial statements of the College because of the nature and significance of its relationship with the College. Complete financial statements of the Foundation can be obtained from the Foundation's administrative offices in Springfield, Massachusetts.

The College's discrete component units have been aggregated into a single combined column within the College's statements of net position and statements of revenues and expenses.

**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 by 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, 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.

**Cash and Equivalents**

The College considers cash held by state agencies on behalf of the College (e.g. State Treasurer) and all highly liquid debt instruments purchased with an original maturity date of three months or less 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.

**Springfield Technical Community College  
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**Investments**

Investments in marketable securities are stated at fair market value. Dividends, interest, and net gains or losses on investments of endowments and similar funds are reported in the statements of revenues and expenses. Any net earnings not expended are included in net position categories as follows:

- (i) As increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- (ii) As increases in restricted - expendable net position if the terms of the gift or the College's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The College has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should generally be classified as restricted - expendable; and
- (iii) As increases in unrestricted net position in all other cases.

**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. Furnishings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair market value at the date of donation. In accordance with the Commonwealth's capitalization policy, only those items with a unit cost of more than \$50,000 are capitalized. 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.

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.

**Springfield Technical Community College  
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Notes to Financial Statements  
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**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.

**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 years of Commonwealth service at June 30, 2024 and 2023. Upon retirement, these employees are entitled to receive payment for this accrued balance.

**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 the related services are provided. Certain funds advanced from various federal, state, local, and private grants and contracts are recorded as revenues when earned.

**Tuition and Fees**

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

**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 the reported amounts of revenues 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, depreciation, net position classification, determining the net pension and OPEB liabilities, and the lease and SBITA liabilities.

**Future Governmental Accounting Pronouncements Not Implemented**

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.

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
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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.

**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.

**2. CASH AND EQUIVALENTS AND INVESTMENTS**

**Custodial Credit Risk**

Custodial credit risk is associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the depositor would not be able to recover its balances in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Any loss incurred or a lack of access to such funds could have a significant adverse impact on the College's financial condition, results of operations, and cash flows. The College's deposit policy for custodial credit risk requires the depository institution to purchase additional insurance to cover deposits in excess of the FDIC insured amount. As of June 30, 2024 and 2023, approximately \$11.4 and \$11.0 million of the College's bank balance of approximately \$11.6 and \$11.2 million was uninsured but collateralized.

**Deposits and Investments**

Deposits and investments of the College consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash on deposit	\$ 10,933,649	\$ 10,305,766
Massachusetts Municipal Depository Trust	<u>4,788,119</u>	<u>3,470,577</u>
Total cash and equivalents	<u>\$ 15,721,768</u>	<u>\$ 13,776,343</u>
Bond mutual funds	\$ 20,448,389	\$ 11,090,043
Equity mutual funds	19,855,864	18,195,818
Marketable alternatives	<u>2,111,767</u>	<u>1,952,293</u>
Total investments	<u>\$ 42,416,020</u>	<u>\$ 31,238,154</u>

The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the Massachusetts Municipal Depository Trust ("MMDT"), an external investment pool for cities, towns, and other state and local agencies within the Commonwealth. MMDT operates as a qualifying external investment pool and is valued by MMDT's management on amortized cost where the net asset value is \$1 per share.

**Springfield Technical Community College**  
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**Notes to Financial Statements**  
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**Investment Policy**

In general, the primary purpose of the investment policy is to provide a source of liquidity, income, and capital appreciation for the College. The College currently retains one investment advisor (separate and independent from the College) that is responsible for the day-to-day oversight for the College's investment program. The investment advisor's responsibilities include maintaining appropriate allocations within the investment policy, its objectives, and its return evaluation framework. The College also retains one investment custodian, which is responsible for the safekeeping and custody of the assets.

**Investment and Maturities Inferring Risk**

All investments of the College are stated at fair market value at June 30, 2024 and 2023.

**Investment Fair Value Hierarchy**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used to measure fair value.

*Bond and Equity Mutual Funds:* Valued at the net asset value ("NAV") of the shares held at fiscal year-end requiring no notice for redemption.

*Marketable Alternatives:* Valued at the net asset value ("NAV") of the shares held at fiscal year-end with semi-annual redemptions with 95-days-notice.

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

**Investments at the College**

The following schedule sets forth by level, within the fair value hierarchy, the College's investments measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Bond mutual funds	\$ 20,448,389	\$ -	\$ -	\$ 20,448,389
Equity mutual funds	19,855,864	-	-	19,855,864
Marketable alternatives	-	-	2,111,767	2,111,767
Total investments at fair value	<u>\$ 40,304,253</u>	<u>\$ -</u>	<u>\$ 2,111,767</u>	<u>\$ 42,416,020</u>
	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Bond mutual funds	\$ 11,090,043	\$ -	\$ -	\$ 11,090,043
Equity mutual funds	18,195,818	-	-	18,195,818
Marketable alternatives	-	-	1,952,293	1,952,293
Total investments at fair value	<u>\$ 29,285,861</u>	<u>\$ -</u>	<u>\$ 1,952,293</u>	<u>\$ 31,238,154</u>

**Springfield Technical Community College**  
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**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**Foundation Investments**

	<u>2024</u>	<u>2023</u>
Mutual funds and ETFs	\$ 3,772,170	\$ 3,821,601
Common stocks	387,628	363,667
U.S. treasury notes	659,084	150,822
Money market	63,240	24,165
Certificate of deposit	-	5,256
	<u>\$ 4,882,122</u>	<u>\$ 4,365,511</u>

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value of the investments, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Please refer to the financial statements of the Foundation for more information.

**3. CASH HELD BY THE STATE TREASURER**

Accounts payable and accrued payroll to be funded from state-appropriated funds totaled \$3,652,361 and \$5,029,979 at June 30, 2024 and 2023. The College has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently utilized to pay for such liabilities.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable of the College are comprised of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Student accounts receivable	\$ 5,201,697	\$ 4,902,186
Grants receivable	2,804,379	2,326,013
Other receivables	<u>592,367</u>	<u>191,882</u>
	8,598,443	7,420,081
Less: Allowance for doubtful accounts	<u>(1,114,897)</u>	<u>(1,153,911)</u>
	<u>\$ 7,483,546</u>	<u>\$ 6,266,170</u>

**5. LEASE RECEIVABLE**

**STCCAC**

Lease and tenant receivables are measured at the present value of lease payments expected to be received during the lease term. STCCAC utilized its incremental borrowing rate of 4.75% as the discount rate for the lease receivables. Lease and tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management.

Accounting principles generally accepted in the United States of America ("GAAP") require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

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STCCAC is a lessor of commercial space under long term leases expiring in various years from 2025 to 2062. The lease for the office space is with a related party, the College. Recoveries of reimbursable operating expenses are recorded as inflows in the period to which those payments relate. STCCAC is a lessor of commercial space with long-term operating leases that expire, renew, and terminate under various terms and years with monthly lease payments ranging from \$200 to \$68,833.

	<u>2024</u>	<u>2023</u>
Lease revenue		
Office space	\$ 3,292,540	\$ 2,697,286
Equipment	26,613	26,613
	<u>3,319,153</u>	<u>2,723,899</u>
Interest revenue	<u>1,824,983</u>	<u>1,512,517</u>
Total lease and interest revenue	<u>\$ 5,144,136</u>	<u>\$ 4,236,416</u>

At June 30, 2024, STCCAC also measured the future payments included in the receivable which are as follows for the next five years and in five-year increments thereafter:

<u>Maturity Analysis</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Receipts</u>
Year Ending 2025	\$ 2,425,141	\$ 1,673,352	\$ 4,098,493
Year Ending 2026	2,580,376	1,580,289	4,160,665
Year Ending 2027	2,492,213	1,434,064	3,926,277
Year Ending 2028	3,800,716	1,623,809	5,424,525
Year Ending 2029	2,970,455	1,174,933	4,145,388
5 Years Ending 2034	10,919,082	4,234,809	15,153,891
5 Years Ending 2039	6,341,136	2,121,313	8,462,449
5 Years Ending 2044	1,364,319	1,264,541	2,628,860
5 Years Ending 2049	1,106,824	1,016,677	2,123,501
5 Years Ending 2054	1,426,846	718,509	2,145,355
5 Years Ending 2059	1,815,953	335,447	2,151,400
5 Years Ending 2064	<u>453,472</u>	<u>12,663</u>	<u>466,135</u>
Total future receipts	<u>\$ 37,696,533</u>	<u>\$ 17,190,406</u>	<u>\$ 54,886,939</u>

The current portion of the lease receivable of \$2,425,141 is included in accounts receivable, net on the Statement of Net Position.

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**6. CAPITAL ASSETS**

**College**

Capital assets of the College consist of the following at June 30, 2024 and 2023:

2024						
	Estimated Lives (In Years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Non-depreciable						
Construction in progress		\$ 4,758,336	\$ 2,637,334	\$ -	\$ (4,435,268)	\$ 2,960,402
Land		1,890,128	-	-	-	1,890,128
Total non-depreciable		<u>6,648,464</u>	<u>2,637,334</u>	<u>-</u>	<u>(4,435,268)</u>	<u>4,850,530</u>
Depreciable						
Buildings and improvements	20-40	173,139,353	1,054,574	-	4,435,268	178,629,195
Furnishings and equipment	5-10	40,915,506	1,545,910	-	-	42,461,416
Software arrangements	3-7	780,355	175,991	-	-	956,346
Leased building space	4	685,790	-	(11,549)	-	674,241
Leased equipment	5	1,613,796	-	-	-	1,613,796
Leased vehicle	3	14,188	21,379	(14,188)	-	21,379
Books	5	1,364,637	-	-	-	1,364,637
Total depreciable		<u>218,513,625</u>	<u>2,797,854</u>	<u>(25,737)</u>	<u>4,435,268</u>	<u>225,721,010</u>
Less: Accumulated depreciation						
Buildings and improvements		104,025,682	5,884,954	-	-	109,910,636
Furnishings and equipment		38,231,506	1,310,735	-	-	39,542,241
Software arrangements		202,401	249,558	-	-	451,959
Leased building space		342,895	165,674	-	-	508,569
Leased equipment		359,263	322,759	-	-	682,022
Leased vehicle		10,640	6,516	(14,188)	-	2,968
Books		1,364,637	-	-	-	1,364,637
Total accumulated depreciation		<u>144,537,024</u>	<u>7,940,196</u>	<u>(14,188)</u>	<u>-</u>	<u>152,463,032</u>
Capital assets, net		<u>\$ 80,625,065</u>	<u>\$ (2,505,008)</u>	<u>\$ (11,549)</u>	<u>\$ -</u>	<u>\$ 78,108,508</u>

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2023

	<u>Estimated Lives (In Years)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Non-depreciable:						
Construction in progress		\$ 4,503,246	\$ 4,241,855	\$ -	\$ (3,986,765)	\$ 4,758,336
Land		1,890,128	-	-	-	1,890,128
Total non-depreciable		6,393,374	4,241,855	-	(3,986,765)	6,648,464
Depreciable:						
Buildings and improvements	20-40	161,716,026	7,456,962	-	3,966,365	173,139,353
Furnishings and equipment	5-10	39,344,353	1,550,753	-	20,400	40,915,506
Software arrangements	3-7	780,355	-	-	-	780,355
Leased building space	4	1,032,466	-	(346,676)	-	685,790
Leased equipment	5	2,144,511	-	(530,715)	-	1,613,796
Leased vehicle	3	14,188	-	-	-	14,188
Books	5	1,364,637	-	-	-	1,364,637
Total depreciable		206,396,536	9,007,715	(877,391)	3,986,765	218,513,625
Less: accumulated depreciation:						
Buildings and improvements		98,220,485	5,805,197	-	-	104,025,682
Furnishings and equipment		36,648,494	1,583,012	-	-	38,231,506
Software arrangements		-	202,401	-	-	202,401
Leased building space		180,817	283,883	(121,805)	-	342,895
Leased equipment		301,223	511,485	(453,445)	-	359,263
Leased vehicle		5,320	5,320	-	-	10,640
Books		1,364,637	-	-	-	1,364,637
Total accumulated depreciation		136,720,976	8,391,298	(575,250)	-	144,537,024
Capital assets, net		\$ 76,068,934	\$ 4,858,272	\$ (302,141)	\$ -	\$ 80,625,065

**Component Units**

The following is a summary of the combined capital assets of the component units at June 30, 2024 and 2023:

2024

	<u>Estimated Lives (In Years)</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Non-depreciable						
Construction in progress		\$ 2,920,130	\$ 454,080	\$ -	\$ -	\$ 3,374,210
Land		2,332,671	-	-	-	2,332,671
Total non-depreciable		5,252,801	454,080	-	-	5,706,881
Depreciable						
Land improvements	20	2,962,327	-	-	-	2,962,327
Building, including improvements	10-33	18,004,213	-	-	-	18,004,213
Furnishings and equipment	5	215,393	-	-	-	215,393
Total depreciable		21,181,933	-	-	-	21,181,933
Less: Accumulated depreciation						
Land improvements		1,200,141	138,586	-	-	1,338,727
Building, including improvements		12,986,098	588,711	-	-	13,574,809
Furnishings and equipment		215,393	-	-	-	215,393
Total accumulated depreciation		14,401,632	727,297	-	-	15,128,929
Capital assets, net		\$ 12,033,102	\$ (273,217)	\$ -	\$ -	\$ 11,759,885

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2023						
	Estimated Lives (In Years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Non-depreciable						
Construction in progress		\$ 996,713	\$ 1,923,417	\$ -	\$ -	\$ 2,920,130
Land		2,332,671	-	-	-	2,332,671
Total non-depreciable		<u>3,329,384</u>	<u>1,923,417</u>	<u>-</u>	<u>-</u>	<u>5,252,801</u>
Depreciable						
Land improvements	20	2,962,327	-	-	-	2,962,327
Building, including improvements	10-33	17,708,298	295,915	-	-	18,004,213
Furnishings and equipment	5	215,393	-	-	-	215,393
Total depreciable		<u>20,886,018</u>	<u>295,915</u>	<u>-</u>	<u>-</u>	<u>21,181,933</u>
Less: Accumulated depreciation						
Land improvements		1,061,555	138,586	-	-	1,200,141
Building, including improvements		12,397,387	588,711	-	-	12,986,098
Furnishings and equipment		215,393	-	-	-	215,393
Total accumulated depreciation		<u>13,674,335</u>	<u>727,297</u>	<u>-</u>	<u>-</u>	<u>14,401,632</u>
Capital assets, net		<u>\$ 10,541,067</u>	<u>\$ 1,492,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,033,102</u>

**7. LONG-TERM LIABILITIES**

**College**

Long-term liabilities of the College at June 30, 2024 and 2023 are as follows:

June 30, 2024						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Note payable	\$ 1,873,659	\$ -	\$ (1,873,659)	\$ -	\$ -	\$ -
Lease liability	1,669,565	21,379	(502,159)	1,188,785	521,512	667,273
SBITA liability	529,198	175,991	(269,004)	436,185	215,267	220,918
Other long-term liabilities						
Compensated absences	3,253,371	412,875	-	3,666,246	2,538,229	1,128,017
Workers' compensation	1,066,492	-	(78,447)	988,045	122,841	865,204
Net pension liability	1,606,509	350,686	-	1,957,195	-	1,957,195
Net OPEB liability	2,021,776	59,862	-	2,081,638	-	2,081,638
	<u>\$ 12,020,570</u>	<u>\$ 1,020,793</u>	<u>\$ (2,723,269)</u>	<u>\$ 10,318,094</u>	<u>\$ 3,397,849</u>	<u>\$ 6,920,245</u>
June 30, 2023						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Note payable	\$ 2,022,877	\$ -	\$ (149,218)	\$ 1,873,659	\$ 155,337	\$ 1,718,322
Lease liability	2,751,061	-	(1,081,496)	1,669,565	491,661	1,177,904
SBITA liability	780,355	-	(251,157)	529,198	167,777	361,421
Other long-term liabilities:						
Compensated absences	3,707,560	-	(454,189)	3,253,371	2,236,124	1,017,247
Workers' compensation	1,147,421	-	(80,929)	1,066,492	125,285	941,207
Net pension liability	1,316,121	290,388	-	1,606,509	-	1,606,509
Net OPEB liability	2,310,807	-	(289,031)	2,021,776	-	2,021,776
	<u>\$ 14,036,202</u>	<u>\$ 290,388</u>	<u>\$ (2,306,020)</u>	<u>\$ 12,020,570</u>	<u>\$ 3,176,184</u>	<u>\$ 8,844,386</u>

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Leases in the amount of \$11,549 and 302,141, included in the reductions column in the above table, were terminated during the year ended June 30, 2024 and 2023.

The College entered into an agreement for \$3,127,328 with the Massachusetts Division of Capital Asset Management and Maintenance (“DCAMM”) to help finance energy efficient building improvements. DCAMM managed the project and handled payments to vendors directly. The agreement requires annual payments of principal and interest of \$232,157 with interest charged at 4.1%. The College paid this liability in full in the year ended June 30, 2024.

**Lease Liability**

A summary of the College's leases at June 30, 2024 and 2023, is as follows:

<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Monthly Payment Amount</u>	<u>Interest Rate</u>	<u>Lease Liability 2024</u>	<u>Lease Liability 2023</u>
Office equipment - copiers	Varies	60 months	30,380	4.90%	\$ 979,367	\$ 1,287,698
Vehicle - 2021 Ford Explorer	3/5/2021	36 months	474	4.90%	-	3,723
Vehicle - 2023 Ford Edge	2/26/2024	36 months	639	5.10%	18,601	-
Building space - STCCAC building 111	7/1/2021	48 months	Various	4.9% - 5.1%	190,817	378,144
					<u>\$ 1,188,785</u>	<u>\$ 1,669,565</u>

There were leases for certain computers that were to terminate on various dates through April 2024. The College terminated these leases early, with no penalty, at the end of 2023 and bought the associated equipment at fair market value. The College did not capitalize the computers purchased as a result of these lease terminations due to the fact that each computer, individually, was below the capitalization threshold.

Leases for copiers terminate on various dates through May 2027. The College has the option to continue with a month-to-month lease for the equipment or terminate the lease. Management has not completed its review of the options. The College did not make payments for these leases other than the monthly payments for the years ended June 30, 2024 and 2023. The College's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the right-to-use assets and the associated lease liabilities.

The lease for the 2021 Ford Explorer vehicle terminated in February 2024. The College entered into a 2023 Ford Edge vehicle lease in February 2024 when the previous lease expired. The College has the option to purchase the vehicle at fair market value. Management does not believe the College will exercise the purchase option. The College did not make payments for these leases other than the monthly payments for the years ended June 30, 2024 and 2023. The College's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the right to use assets and the associated lease liabilities.

The lease for building space is with a related party, STCCAC. Building 111 has a formal lease agreement through June 30, 2023 and was extended until June 30, 2025. The College's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the right-to-use assets and the associated lease liabilities. The College did not make payments for these leases other than the monthly payments for the years ended June 30, 2024 and 2023.

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There was also a lease for separate building space with STCCAC, Building 104, that had a formal lease agreement through June 30, 2025. The College terminated the lease early, at the end of 2023, and paid \$250,000.

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending June 30,		
2025	\$ 521,512	\$ 46,021
2026	347,283	24,950
2027	<u>319,990</u>	<u>7,818</u>
	<u>\$ 1,188,785</u>	<u>\$ 78,789</u>

**Subscription-Based Information Technology Arrangements**

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

The financial management software arrangement is a seven-year agreement, initiated during fiscal year 2022 with annual payments ranging from \$21,632 - \$26,319. The College has used a 5.5% discount rate for this arrangement based on the rate for a transaction with similar attributes to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software. The College did not make payments for this SBITA other than the annual payments for the years ended June 30, 2024 and 2023.

The student recruitment and advising software arrangement is a three-year agreement, initiated at the end of fiscal year 2022 with annual payments ranging from \$53,525 - \$56,785. The College has used a 5.5% discount rate for this arrangement based on the rate for a transaction with similar attributes to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software. During the year ended June 30, 2023, the College paid an implementation fee of \$56,000 that has been included in the intangible right-to-use asset and SBITA liability.

The online learning software arrangement is a six-year agreement, initiated in fiscal year 2021 with annual payments ranging from \$114,316 - \$120,000. The College has used a 5.5% discount rate for this arrangement based on the rate for a transaction with similar attributes to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software. The College did not make payments for this SBITA other than the annual payments for the years ended June 30, 2024 and 2023.

The online simulation platform software arrangement is a six-year agreement, initiated in fiscal year 2024 with one payment of \$63,727. The College has used a 5.1% discount rate for this arrangement based on the rate for a transaction with similar attributes to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software. The College did not make payments for this SBITA other than the one-time payment for the year ended June 30, 2024.

The student portal and communities software arrangement is a three-year arrangement, initiated in fiscal year 2024 with annual payments ranging from \$37,500 - \$41,344. The College has used a 5.1% discount rate for this arrangement based on the rate for a transaction with similar attributes to determine the present value of the intangible right-to-use asset and SBITA liability. There is no option to purchase the software. The College did not make payments for this SBITA other than the one-time payment for the year ended June 30, 2024.

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At June 30, 2024 and 2023, the total amount of the SBITA right-of-use assets and accumulated amortization for SBITAs were \$956,346 and 780,355 and \$451,959 and \$202,401, respectively.

Annual requirements to amortize the SBITA liability and related interest subsequent to June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>
Fiscal years ending June 30,		
2025	\$ 215,267	\$ 12,297
2026	173,380	2,682
2027	22,624	1,405
2028	24,914	-
	<u>\$ 436,185</u>	<u>\$ 16,384</u>

**STCCAC**

*Note Payable*

Long-term liabilities of STCCAC at June 30, 2024 and 2023 are as follows:

<u>June 30, 2024</u>						
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Notes payable	\$ 6,804,499	\$ 1,243,591	\$ (518,537)	\$ 7,529,553	\$ 420,739	\$ 7,108,814

<u>June 30, 2023</u>						
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Notes payable	\$ 5,374,159	\$ 3,878,270	\$ (2,447,930)	\$ 6,804,499	\$ 328,081	\$ 6,476,418

On August 21, 2014, STCCAC refinanced its outstanding TD Bank term loan with Peoples Bank. The refinanced amount on the primary term loan totaled \$2,700,000. The note amortizes over a 20-year period at an interest rate of 4.78% fixed for seven years with principal and interest payments commencing on September 21, 2014 through August 21, 2034. In September 2021, the interest rate was reset to 3.63%. Net cash proceeds in the amount of \$631,437 were used to fund various capital and tenant improvements. On June 15, 2023, the principal balance of \$1,862,518 was paid in full. The outstanding balance of this loan at June 30, 2024 and 2023 was \$0.

In addition, the refinancing included a term loan in the amount of \$3,100,000 where Peoples Bank serves as the trustee under a tax-exempt bond issue through the Massachusetts Development Finance Agency. The note required interest-only payments through February 21, 2015, then amortized over a 20-year period at an interest rate of 3.54% fixed for 10 years with principal and interest payments commencing on March 21, 2015 through August 21, 2034. At the end of the initial 10-year period, the interest rate will be adjusted to a rate that is .67 times the sum of the then prevailing Federal Home Loan Bank of Boston rate for 10 years plus 2.25%. The proceeds were used to complete renovations to a building under a 20-year lease to a charter school. The outstanding balance of this loan at June 30, 2024 and **2023** was \$1,924,750 and \$2,070,101.

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The capital asset line draw period was extended through December 31, 2019, and on June 18, 2019 STCCAC entered into a separate term loan agreement in the amount of \$200,000 with Peoples Bank. The note amortizes over a five-year period at an interest rate of 4.41% with principal and interest payments commencing on July 18, 2019, through June 18, 2024. The proceeds were used to complete tenant improvements for two major tenants. On May 12, 2020, STCCAC entered into a Note Forbearance and Modification Agreement to suspend principal payments for a period of six months ending October 2020. During this Forbearance Period, interest-only payments are due and monthly deposits are required to the Commercial Escrow. On June 15, 2023, the remaining balance of \$53,214 was repaid. The outstanding balance of this loan at June 30, 2024 and 2023 was \$0.

The capital asset line draw period was extended through December 31, 2022, on July 7, 2023, STCCAC entered into a separate term loan agreement in the amount of \$175,000 with Peoples Bank. The note amortizes over a ten-year period with an interest rate of 4.75% with principal and interest commencing August 7, 2022, through August 7, 2032. The proceeds were used to complete tenant improvements for a major tenant. On June 15, 2023, the remaining balance of \$162,307 was repaid. The outstanding balance of this loan on June 30, 2024 and 2023 was \$0.

On June 15, 2023, STCCAC refinanced three of their outstanding loans with Peoples Bank. The refinanced amount on the primary term loan totaled \$2,611,598. The note amortizes over a 25-year period at an interest rate of 6.71% fixed for ten years with an interest only period of 18 months. The principal and interest payments commence on January 15, 2025 through January 15, 2050. The outstanding balance of this loan on June 30, 2024 and 2023 was \$2,293,007 and \$2,605,007.

In addition, the refinancing included a term loan in the amount of \$2,555,000 where Peoples Bank serves as the bond owner under a tax-exempt bond issue through the Massachusetts Development Finance Agency. The note requires interest-only payments through December 15, 2024, then amortizes over a 15-year period at an interest rate of 4.89% fixed for 10 years with principal and interest payments commencing on January 15, 2025 through June 15, 2043. The proceeds are being used to complete renovations to a building under a 10-year lease to a Massachusetts agency. The proceeds are advanced as needed for the project as a drawdown loan. The outstanding balance of this loan on June 30, 2024 and 2023 was \$2,341,854 and \$1,098,263.

The loans are secured by a first mortgage and security interest on the property and an assignment of leases and rents. The total outstanding balance of these loans at June 30, 2024 and 2023 was \$6,559,611 and \$5,773,371 at a weighted average interest rate of 5.16%. Interest incurred on these loans for the year ended June 30, 2024 and 2023 totaled \$356,536 and 155,513. In accordance with the notes, STCCAC is required to meet a debt service coverage ratio of 1.25 annually.

On October 9, 2015, STCCAC entered into a term loan agreement with the Massachusetts Development Finance Agency ("Agency") for a real estate improvement loan in the amount of \$1,000,000. The loan is secured by a mortgage interest and lien on the property.

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The note requires interest-only payments until the earlier of October 9, 2017 or a lease commences on vacant space for which a portion of the loan will be used to complete improvements. Principal and interest payments will commence at the end of the interest-only period through October 9, 2025 based on a 20-year amortization period with the balance due at maturity. The interest rate on the note is fixed at 4.0% for five years through October 9, 2020, at which time the rate will be adjusted to the greater of 4.0% or the lowest five-year fixed rate then available from the Agency. A portion of the proceeds from this note were used to fund cost overruns for the charter school building improvements and the balance of the funds are being used to improve vacant space. The remaining funds were deposited to an escrow account held by Peoples Bank and are being advanced based on improvements made to the vacant space. The balance in this escrow at June 30, 2024 was \$98,032. The outstanding balance of this loan at June 30, 2024 and 2023 was \$746,550 and \$787,989 and interest incurred for the years ended June 30, 2024 and 2023 totaled \$30,979 and \$31,842. In accordance with the note, STCCAC is required to meet a debt service coverage ratio of 1.25 annually.

On August 16, 2016, STCCAC entered into a term loan agreement with Appleton Corporation, the management company, for \$186,000 in exchange for extraordinary project management services provided under the management agreement through June 30, 2016 for oversight and monitoring of the capital projects and assistance in securing funding. The interest rate on the note is fixed at 3.0% and the note matured on December 16, 2019. On October 3, 2019, STCCAC entered into a Loan Extension Agreement to extend the maturity date to December 15, 2021. On December 14, 2022, STCCAC entered into a loan extension agreement to extend the maturity date to June 30, 2023. On January 11, 2024 STCCAC entered into a loan extension that extended the maturity date to December 31, 2024. The loan is subordinate to the Peoples Bank loans and any payments made on the note require the prior approval of the Bank. The outstanding balance of this loan at June 30, 2024 and 2023 was \$121,000 and interest incurred for the years ended June 30, 2024 and 2023 totaled \$3,640 and \$3,630.

On May 30, 2018, STCCAC entered into a separate term loan agreement with Siemens Financial Services, Inc., in the amount of \$200,000. The note amortizes over a ten-year period at an interest rate of 6.11% with principal and interest payments commencing on October 9, 2018 through September 9, 2028. The proceeds were used to replace major equipment. The loan is secured by a security interest in the equipment. The outstanding balance of this loan at June 30, 2024 and 2023 was \$102,392 and \$122,139 and interest incurred for the years ended June 30, 2024 and 2023 totaled \$7,026 and \$8,279.

Principal and interest payments on the notes payable for the next five years and thereafter are as follows as of June 30, 2024:

	<u>Principal</u>	<u>Interest</u>
Fiscal years ending June 30,		
2025	\$ 420,739	\$ 328,964
2026	1,056,291	292,232
2027	370,745	268,478
2028	388,225	250,997
2029	338,366	310,871
2030-2034	1,755,180	1,379,101
2035-2039	1,186,122	972,601
2040-2044	1,389,326	585,550
2045-2048	624,559	161,701
	<u>\$ 7,529,553</u>	<u>\$ 4,550,495</u>

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

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

**Benefit Provisions**

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (“MGL”) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits, up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member’s age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the “Legislature”).

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

**Contributions**

The SERS’ funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for SERS vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>Percent of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police which is 12% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

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The Commonwealth does not require the College to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to \$4,883,000, \$4,231,000 and \$4,077,000 for the years ended June 30, 2024, 2023 and 2022, respectively.

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 \$258,024, \$197,017 and \$162,556 for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for the years.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2024, and 2023, the College reported a liability of \$1,957,195 and \$1,606,509 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 0.013% and 0.012%.

For the years ended June 30, 2024 and 2023, the College recognized pension expense of \$79,817 and \$75,519.

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The College reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b><u>Deferred Outflows of Resources Related to Pension</u></b>		
Contributions subsequent to the measurement date	\$ 258,024	\$ 197,017
Differences between expected and actual experience	69,525	39,963
Net differences between projected and actual investment earnings on pension plan investments	52,674	-
Changes in pension plan actuarial assumptions	32,894	44,230
Changes in proportion from Commonwealth	16	110
Changes in proportion due to internal allocation	<u>298,083</u>	<u>172,189</u>
Deferred outflows of resources related to pension	<u>\$ 711,216</u>	<u>\$ 453,509</u>

**Deferred Inflows of Resources Related to Pension**

Differences between expected and actual experience	\$ 48,362	\$ 62,703
Net differences between projected and actual investment earnings on pension plan investments	-	8,564
Changes in proportion from Commonwealth	14,952	4,346
Changes in proportion due to internal allocation	<u>238,153</u>	<u>398,650</u>
Deferred inflows of resources related to pension	<u>\$ 301,467</u>	<u>\$ 474,263</u>

The College's contributions of \$258,024 and \$197,017 made during the fiscal years ending 2024 and 2023, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the succeeding year.

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

Years ending June 30,	
2025	\$ 7,275
2026	(75,765)
2027	186,838
2028	<u>33,377</u>
	<u>\$ 151,725</u>

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**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	3.00%	3.00%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.25%
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-2021 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females.
- Disability - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year

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 1, 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%	5.00%
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%
	<u>100%</u>		<u>100%</u>	

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**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 and 2023:

<b>June 30, 2024</b>		
<b>1.00% Decrease</b>	<b>Current</b>	<b>1.00% Increase</b>
<b>(6.00%)</b>	<b>Discount Rate</b>	<b>(8.00%)</b>
<b>(7.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
\$ 2,689,901	\$ 1,957,195	\$ 1,337,134
<b>June 30, 2023</b>		
<b>1.00% Decrease</b>	<b>Current</b>	<b>1.00% Increase</b>
<b>(6.00%)</b>	<b>Discount Rate</b>	<b>(8.00%)</b>
<b>(7.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
\$ 2,215,742	\$ 1,606,509	\$ 1,091,010

**9. OTHER POST-EMPLOYMENT BENEFITS ("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").

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 deceased. 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.

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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 year ended June 30, 2024 and 2023. The College contributed \$121,042 and \$85,858 for the fiscal years ended June 30, 2024 and 2023, equal to 100% of the required contribution for each year.

**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 \$2,081,638 and \$2,021,776 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 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 the fiscal years 2023 and 2023. 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 0.015%, respectively.

For the years ended June 30, 2024 and 2023, the College recognized OPEB income of \$347,899 and \$122,561.

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The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b><u>Deferred Outflows of Resources Related to OPEB</u></b>		
Contributions subsequent to the measurement date	\$ 121,042	\$ 85,858
Differences between expected and actual experience	84,666	37,218
Changes in proportion from Commonwealth	191	929
Changes in OPEB plan actuarial assumptions	91,448	148,910
Net differences between projected and actual earnings on OPEB plan investments	6,804	3,073
Changes in proportion due to internal allocation	<u>94,844</u>	<u>237,574</u>
Total deferred outflows of resources related to OPEB	<u>\$ 398,995</u>	<u>\$ 513,562</u>

**Deferred Inflows of Resources Related to OPEB**

Differences between expected and actual experience	\$ 233,820	\$ 334,727
Changes in OPEB plan actuarial assumptions	536,929	731,724
Changes in proportion due to internal allocation	475,583	712,143
Changes in proportion from Commonwealth	<u>19,919</u>	<u>9,985</u>
Total deferred inflows of resources related to OPEB	<u>\$ 1,266,251</u>	<u>\$ 1,788,579</u>

**Contributions**

The College's contributions of \$121,042 and \$85,858 made during the fiscal years 2024 and 2023, 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 June 30,	
2025	\$ (286,073)
2026	(274,781)
2027	(261,591)
2028	(144,582)
2029	<u>(21,271)</u>
	<u>\$ (988,298)</u>

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**Actuarial Assumptions**

The total OPEB liability for 2024 and 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>2024</u>	<u>2023</u>
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 3.94% to 8.59%	Developed based on the most recent published GAO-Getzen trend rate model, version 2022_f4. Medicare and non-medicare benefits range from 3.94% to 9.11%

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2020 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 vested terminated participants will elect health care benefits at age 55, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	<u>2024</u>		<u>2023</u>	
	<u>Retirement Age</u>		<u>Retirement Age</u>	
	<u>Under 65</u>	<u>Age 65+</u>	<u>Under 65</u>	<u>Age 65+</u>
Indemnity	27.0%	96.0%	28.0%	96.0%
POS/PPO	63.0%	0.0%	60.0%	0.0%
HMO	10.0%	4.0%	12.0%	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.

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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, and are summarized as follows:

<u>Asset Class</u>	<u>2024</u>		<u>2023</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	37%	4.90%	38%	4.20%
Core fixed income	10%	3.80%	15%	5.00%
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%
	<u>100%</u>		<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability for 2024 and 2023 was 4.34% and 4.30%, respectively. 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 and 2041 for the fiscal years 2024 and 2023. 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.

**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 one-percentage-point lower or one-percentage-point higher than the current discount rate at June 30, 2024 and 2023:

	<u>June 30, 2024</u>		
	<u>1.00% Decrease (3.34%)</u>	<u>Current Discount Rate (4.34%)</u>	<u>1.00% Increase (5.34%)</u>
Net OPEB liability	\$ 2,432,187	\$ 2,081,638	\$ 1,793,989

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	<b>June 30, 2023</b>		
	<b>1.00% Decrease (3.30%)</b>	<b>Current Discount Rate (4.30%)</b>	<b>1.00% Increase (5.30%)</b>
Net OPEB liability	\$ 2,358,620	\$ 2,021,776	\$ 1,745,083

**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 health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates at June 30, 2024 and 2023:

	<b>June 30, 2024</b>		
	<b>1.00% Decrease (B)</b>	<b>Current Health Care Cost Trend Rate (A)</b>	<b>1.00% Increase (C)</b>
Net OPEB liability	\$ 1,744,253	\$ 2,081,638	\$ 2,508,405

	<b>June 30, 2023</b>		
	<b>1.00% Decrease (B)</b>	<b>Current Health Care Cost Trend Rate (A)</b>	<b>1.00% Increase (C)</b>
Net OPEB liability	\$ 1,694,827	\$ 2,021,776	\$ 2,435,654

(A) - Current health care cost trend rate, as disclosed in the actuarial assumptions

(B) - one-percentage decrease in current health care cost trend rate, as disclosed in the actuarial assumptions

(C) - one-percentage increase in current health care cost trend rate, as disclosed in the actuarial assumptions

**10. RESTRICTED NET POSITION**

**College**

The College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These restricted funds are comprised of restricted – expendable scholarships in the amount of \$234,866 and \$236,791 at June 30, 2024 and 2023.

**Foundation**

The Foundation's restricted - nonexpendable and restricted - expendable net position is comprised of both nonexpendable and expendable funds to be used for scholarships and various departmental uses.

**11. COMMITMENTS AND CONTINGENCIES**

**Government Grants**

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. Any disallowed expenditures resulting from such audits become a liability of the College. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the College.

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**Prepaid Tuition Program**

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the “Program”). The Program allows individuals to pay in advance for the future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2.00%. The College is obligated to accept as payment of tuition the amount determined by the 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 number of Program participants who attend the College.

**Claims**

The College is involved in various claims and lawsuits, mostly against the College, arising in the normal course of business. Management vigorously defends its cases and believes that any financial responsibility that may be incurred in settlements of such claims and lawsuits would not be material to the College's financial position.

**12. OPERATING EXPENSES**

The College’s operating expenses, on a natural classification basis, are comprised of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Compensation and benefits	\$ 50,251,543	\$ 44,387,616
Supplies and services	14,048,165	13,628,013
Depreciation and amortization	7,940,196	8,391,298
Scholarships and fellowships	<u>7,202,323</u>	<u>4,925,561</u>
	<u>\$ 79,442,227</u>	<u>\$ 71,332,488</u>

**13. 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, fringe benefited employees and retirees is 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 is a quasi-independent state agency governed by a seventeen-member body (the “Commission”) appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance and is responsible for providing health insurance and other benefits to the Commonwealth’s employees and retirees and their survivors and dependents. During the years ended June 30, 2024 and 2023, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans.

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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).

**14. UNRESTRICTED NET POSITION**

The College's Board of Trustees has designated unrestricted net position at June 30, as follows:

	<u>2024</u>	<u>2023</u>
Academic programs, equipment, materials	\$ 18,950,514	\$ 17,998,185
School of Health & Patient Simulation Relocation	11,500,000	-
Technology improvements/upgrades	11,370,305	10,798,912
Student support services	7,580,204	7,199,275
Institutional financial aid	<u>350,000</u>	<u>350,000</u>
Total unrestricted net position	<u>\$ 49,751,023</u>	<u>\$ 36,346,372</u>

**15. MASSACHUSETTS MANAGEMENT ACCOUNTING AND REPORTING SYSTEM**

Section 15C of Chapter 15A of the Massachusetts General Laws requires state colleges and universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the State's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS"), on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. Management believes the amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

The College's state appropriations are composed of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Direct unrestricted appropriations	\$ 33,736,263	\$ 29,927,094
Add: Fringe benefits for benefited employees on the state payroll	11,534,229	9,837,921
Less: Day school tuition remitted to the state and included in tuition revenue	<u>(627,035)</u>	<u>(541,120)</u>
Total unrestricted appropriations	44,643,457	39,223,895
Capital appropriations	<u>1,733,973</u>	<u>9,832,582</u>
Total Appropriations	<u>\$ 46,377,430</u>	<u>\$ 49,056,477</u>

A reconciliation of revenue between the College and MMARS for the years ended June 30, 2024 and 2023 is as follows (unaudited):

	<u>2024</u>	<u>2023</u>
Revenue per MMARS	\$ 56,042,101	\$ 43,443,874
Revenue per College	<u>56,042,101</u>	<u>43,443,874</u>
Difference	<u>\$ -</u>	<u>\$ -</u>

**Springfield Technical Community College**  
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**16. PASS-THROUGH LOANS**

The College distributed approximately \$5,300,000 and \$3,000,000 during the years ended June 30, 2024 and 2023 for student loans through the United States Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Schedules of Proportionate Share of Net Pension Liability**  
**Years Ended June 30, 2024 and 2023**

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	0.013%	0.012%	0.013%	0.015%	0.012%	0.015%	0.013%	0.012%	0.016%	0.015%
Proportionate share of the collective net pension liability	\$ 1,957,195	\$ 1,606,509	\$ 1,316,121	\$ 2,562,142	\$ 1,779,868	\$ 1,954,892	\$ 1,670,737	\$ 1,587,065	\$ 1,869,738	\$ 1,147,357
College's covered payroll	\$ 1,179,743	\$ 1,009,038	\$ 1,023,308	\$ 1,146,115	\$ 1,004,270	\$ 1,147,054	\$ 1,023,618	\$ 874,582	\$ 989,751	\$ 1,146,368
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%

See Notes to Required Supplementary Information – Pension

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Schedules of Contributions - Pension**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 258,024	\$ 197,017	\$ 162,556	\$ 150,017	\$ 161,373	\$ 121,115	\$ 135,123	\$ 101,850	\$ 82,648	\$ 102,835
Contributions in relation to the statutorily required contribution	<u>(258,024)</u>	<u>(197,017)</u>	<u>(162,556)</u>	<u>(150,017)</u>	<u>(161,373)</u>	<u>(121,115)</u>	<u>(135,123)</u>	<u>(101,850)</u>	<u>(82,648)</u>	<u>(102,835)</u>
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,545,980	\$ 1,179,743	\$ 1,009,038	\$ 1,023,308	\$ 1,146,115	\$ 1,004,270	\$ 1,147,054	\$ 1,023,618	\$ 874,582	\$ 989,751
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%

See Notes to Required Supplementary Information – Pension

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Notes to Required Supplementary Information - Pension  
Years Ended June 30, 2024 and 2023**

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**1. CHANGE IN PLAN AND ACTUARIAL 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.

Measurement date – June 30, 2019

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

Measurement date – June 30, 2018

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

The mortality rate assumptions were changed as follows:

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

Measurement date – June 30, 2017

The mortality rates were changed as follows:

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

**Springfield Technical Community College  
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Notes to Required Supplementary Information - Pension  
Years Ended June 30, 2024 and 2023**

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Measurement date – June 30, 2016

The assumption for salary increases changed from a range of 3.5% to 9.0%, depending on group and length of service, to a range of 4.0% to 9.0%, depending on group and length of service. Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan (“ORP”) to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately \$400 million as of June 30, 2016.

Measurement date – June 30, 2015

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

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

The mortality rates were changed as follows:

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

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Schedules of Proportionate Share of Net OPEB Liability  
Years Ended June 30, 2024 and 2023**

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
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, 2017
Valuation date	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.015%	0.015%	0.014%	0.016%	0.018%	0.023%		0.019%
Proportionate share of the collective net OPEB liability	\$ 2,081,638	\$ 2,021,776	\$ 2,310,807	\$ 3,296,879	\$ 3,355,366	\$ 4,277,669	\$ 3,249,591	
College's covered payroll	\$ 1,179,743	\$ 1,009,038	\$ 1,023,308	\$ 1,146,115	\$ 1,004,270	\$ 1,147,054	\$ 1,023,618	
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%	

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

See Notes to Required Supplementary Information – OPEB

**Springfield Technical Community College**  
**(an agency of the Commonwealth of Massachusetts)**  
**Schedules of Contributions - OPEB**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 121,042	\$ 85,858	\$ 77,200	\$ 78,776	\$ 83,595	\$ 88,317	\$ 102,304
Contributions in relation to the statutorily required contribution	<u>(121,042)</u>	<u>(85,858)</u>	<u>(77,200)</u>	<u>(78,776)</u>	<u>(83,595)</u>	<u>(88,317)</u>	<u>(102,304)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 1,545,980	\$ 1,179,743	\$ 1,009,038	\$ 1,023,308	\$ 1,146,115	\$ 1,004,270	\$ 1,147,054
Contribution as a percentage of covered payroll	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

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

See Notes to Required Supplementary Information – OPEB

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Notes to Required Supplementary Information - OPEB  
Years Ended June 30, 2024 and 2023**

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**1. CHANGE IN PLAN ASSUMPTIONS**

**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 4.30% (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 to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

*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%.

**Springfield Technical Community College  
(an agency of the Commonwealth of Massachusetts)  
Notes to Required Supplementary Information - OPEB  
Years Ended June 30, 2024 and 2023**

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*Change in Salary Scale*

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

*Change in Discount Rate*

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

**Fiscal year June 30, 2020**

Assumptions:

*Change in Inflation*

The inflation rate decreased from 3.0% to 2.5%.

*Change in Salary Assumptions*

Salary decreased from 4.5% to 4.0%.

*Change in Investment Rate*

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

*Change in Trend on Future Costs*

The original health care 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 health care trend rate decreased from 8.5% to 8.0%, which impacts 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 3.92% based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

**Fiscal year June 30, 2018**

Assumptions:

*Change in Discount Rate*

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

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Springfield Technical Community College:

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 Springfield Technical Community College (the "College"), and one of its discretely presented major component units, the Springfield Technical Community College Foundation, 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 October 28, 2024. Our report includes a reference to other auditors who audited the financial statements of Springfield Technical Community College Assistance Corporation, as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

#### 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 opinion 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 or significant deficiencies 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 of 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

October 28, 2024