

**MASSACHUSETTS BAY
COMMUNITY COLLEGE**
**(an agency of the Commonwealth of
Massachusetts)**

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

JUNE 30, 2025 and 2024

With Independent Auditor's Report

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Financial Statements and Management's Discussion and Analysis

June 30, 2025 and 2024

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Financial Statements and Management's Discussion and Analysis

June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Massachusetts Bay Community College:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, of Massachusetts Bay Community College (the "College"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Emphasis of Matter

As discussed in Note 2 of the financial statements, investments have been restated as of and for the year ended June 30, 2024, to properly reflect current and noncurrent investment balances. Our opinions are not modified with respect to this matter.

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 analysis 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 dual dated January 14, 2026, 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.

Withum Smith+Brown, PC

January 14, 2026

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited)

June 30, 2025 and 2024

Introduction

The following unaudited management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of Massachusetts Bay Community College (the "College") for the fiscal years ended June 30, 2025 and 2024. This overview has been prepared by management and should be read in conjunction with the College's financial statements and the accompanying notes. The purpose of this document is to give some background to the financial statements and foster an understanding of how these statements relate to the mission and activities of the College.

Reporting Entity

The College is one of fifteen comprehensive, open-enrollment, public, two-year community colleges in the Commonwealth of Massachusetts. The College was established in 1961 and its primary mission is to foster educational excellence and student success, prepare students for local and global citizenship, anticipate and respond to the needs of surrounding communities and contribute to evolving regional economic development. Its vision is to aspire to be a catalyst for transformation – calling for the best in students, preparing them as engaged citizens and enabling them to realize their dreams.

The College operates two campuses and one satellite facility in the MetroWest area outside Boston that enrolled 4,618 and 3,973 students (unduplicated headcount) in Fall 2024 and 2023, respectively. The College offers a diverse range of associate degree and certificate programs as well as an array of non-credit offerings. The College is governed by an eleven-member Board of Trustees who are appointed by the governor of the Commonwealth. The governor also appoints the Chairperson of the Board. The College is accredited by the New England Commission of Higher Education ("NECHE") and many of the College's programs are accredited by program-specific accrediting bodies.

The Massachusetts Bay Community College Foundation, Inc. (the "Foundation"), was formed in 1984 to render financial assistance and support of educational programs and development of the College. The Foundation is legally separate from the College and the College is not financially accountable to the Foundation, but due to the nature and significance of its relationship with the College, it is included as a discretely presented component unit in the College's financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Using the Financial Statements

Massachusetts Bay Community College reports its activity as a business type entity using full accrual basis of accounting. The accrual basis of accounting ensures that all amounts owed to the College and pending obligations of the College are accounted for in the appropriate period, thus giving a clear picture of the College's financial position. The College is an agency of the Commonwealth of Massachusetts. A summary of the College's financial statements is incorporated in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements. The College's basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"), which establishes standards for external financial reporting for public colleges and universities.

The Statements of Net Position provide information about the College at a moment in time, at fiscal year-end. The Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows provide information about operations and activities over a period of time. Together, these three statements, along with the accompanying notes, provide a comprehensive assessment of the College's financial health as a whole. The full scope of the College's activities is considered to be a single business-type activity and, accordingly, is reported within a single column in the basic financial statements, with the Foundation reported as a discretely presented component unit.

The Statements of Net Position

The Statements of Net Position reflect the financial position of the College as of June 30. It shows the various assets owned or controlled outflows of resources applicable to future reporting periods, related liabilities and other obligations, and various categories of net position. Net position is the accounting concept defined as total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, and as such, represents institutional equity or ownership in the College's total assets. 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. A condensed comparison of the Statement of Net Position is as follows:

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Condensed Statements of Net Position

For the Year ended June 30,

<u>Assets</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 45,004,905	\$ 41,553,324	\$ 38,982,795
Capital assets & Right of Use Assets, net	<u>78,470,436</u>	<u>79,150,339</u>	<u>68,890,495</u>
 Total Assets	 <u>123,475,341</u>	 <u>120,703,663</u>	 <u>107,873,290</u>
 Deferred Outflows of Resources	 <u>1,777,460</u>	 <u>647,124</u>	 <u>785,924</u>
 <u>Liabilities</u>			
Current Liabilities	14,110,840	14,079,273	12,423,087
Non-Current Liabilities	6,911,100	6,344,563	7,357,083
 Total Liabilities	 <u>21,021,940</u>	 <u>20,423,836</u>	 <u>19,780,170</u>
 Deferred Inflows of Resources	 <u>999,261</u>	 <u>2,057,038</u>	 <u>3,662,161</u>
 <u>Net position</u>			
Net investment in capital assets	75,583,263	75,512,797	63,578,722
Restricted for			
Expendable	4,112,561	3,314,535	3,827,733
Non-expendable	-	-	-
Unrestricted	23,535,776	20,042,581	17,810,428
 Total Net Position	 <u>\$ 103,231,600</u>	 <u>\$ 98,869,913</u>	 <u>\$ 85,216,883</u>

Current assets consist primarily of investment holdings, cash and cash equivalents, and student and grant receivables. The majority of the current assets for the fiscal years presented represents investments holdings, cash and cash equivalents.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Non-current assets are primarily comprised of capital assets (e.g. land, buildings, machinery and equipment) and right of use lease assets. 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. The right of use lease assets represents rental space for the Ashland campus as well as leases for technology resources. The right of use asset is required to be disclosed due to the implementation of GASB 87 and GASB 96.

Deferred outflows of resources are required, due to the implementation of GASB 68 and GASB 75, to be presented after the assets section but before the liabilities section of the Statements of Net Position.

Current liabilities consist of amounts payable to suppliers for goods and services, accrued payroll and related liabilities, unearned tuition and student deposits, unearned grant and contract revenue, and the current portion of the College's capital lease obligations.

Non-current liabilities primarily consist of the value of vacation, sick leave and compensation time earned but not yet used or expected to be used within the next fiscal year, and the long-term portion of capital lease obligations.

Deferred inflows of resources are required, due to the implementation of GASB 68 and GASB 75, to be presented after the liabilities section but before the net position (equity) section of the Statement of Net Position.

Net position represents the value of the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College is required by accounting standards to report its net position in three categories:

Net Investment in Capital Assets – the College's total investment in property, plant, equipment and infrastructure, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Restricted:

Expendable – This category represents resources the College is legally or contractually obligated to spend in accordance with restrictions placed by State, donor, and/or external parties who have placed time or purpose restrictions on the use of the asset. These funds are comprised of \$4.1M at June 30, 2025 and \$3.3M at June 30, 2024.

The Foundation's restricted-expendable net position consists of funds whose income is used mainly for student scholarships and grant awards for eligible students.

Non-Expendable – The College has no restricted non-expendable net position as of June 30, 2025 and 2024. The Foundation's restricted non-expendable net position consists of endowed scholarship funds to be held in perpetuity.

Unrestricted – This includes all other assets not subject to externally imposed restrictions, but which may be designated or obligated for specific purposes by the Board of Trustees or management. Prudent unrestricted fund balances are maintained for use as working capital, as a reserve against emergencies and for other purposes, in accordance with policies established by the College's management.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position reflect the results of operations and other changes for the year ended June 30. The objective of the statements is to present the revenues earned, both operating and non-operating, and the expenses incurred by the College, along with any other revenues, expenses, gains or losses of the College.

Generally, operating revenues are earned by the College in exchange for providing goods and services. Tuition, fees, grants and contracts are included in this category. In contrast, non-operating revenues include investment returns and support the College receives from another government entity without directly giving equal value to the government entity in return. Accounting standards require that the College categorize state operating appropriations as non-operating revenues.

Operating expenses are expenses incurred in the normal operation of the College, including depreciation expense on property and equipment and amortization of right of use lease assets.

The net operating loss in the two fiscal years presented represents the State mandate to keep tuition lower than the cost of the education and community services provided.

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The condensed Statement of Revenues, Expenses and Changes in Net Position is presented below:

Condensed Statements of Revenues, Expenses and Changes in Net Position

For the Year ended June 30,	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues			
Tuition and fees, net	\$ 11,753,142	\$ 15,431,800	\$ 12,400,194
Grants	24,316,980	20,568,136	13,875,340
Other operating revenue	257,307	-	338,228
	<hr/>	<hr/>	<hr/>
Total operating revenue	36,327,429	35,999,936	26,613,762
	<hr/>	<hr/>	<hr/>
Operating expenses			
Instruction	25,334,522	20,789,856	18,260,305
Academic support	8,839,304	10,848,436	6,406,143
Student services	13,488,532	8,817,033	6,271,675
Scholarships and fellowships	3,955,526	4,528,153	2,327,788
Institutional support	10,806,603	10,891,260	7,663,348
Public service	87,721	97,388	90,389
Operations and maintenance of plant	5,780,032	7,531,503	7,136,813
Depreciation	4,250,657	3,270,641	3,236,424
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Total operating expenses	72,542,897	66,774,270	51,392,885
	<hr/>	<hr/>	<hr/>
Operating loss	(36,215,468)	(30,774,334)	(24,779,123)
	<hr/>	<hr/>	<hr/>
Non-operating revenues			
State appropriations, net	34,638,110	31,314,223	27,744,390
Other non-operating	-	-	-
Investment income	3,545,895	3,259,083	2,506,083
Interest expense	(151,624)	(271,733)	(347,149)
Capital appropriations	2,544,774	10,125,791	33,513,145
	<hr/>	<hr/>	<hr/>
Total non-operating revenues	40,577,155	44,427,364	63,416,469
	<hr/>	<hr/>	<hr/>
Increase in net position	4,361,687	13,653,030	38,637,346
	<hr/>	<hr/>	<hr/>
Net position, beginning of the year	98,869,913	85,216,883	46,579,537
	<hr/>	<hr/>	<hr/>
Net position, end of the year	\$ 103,231,600	\$ 98,869,913	\$ 85,216,883
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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Revenues

The College continues to examine revenue diversification and cost containment due to financial pressure from increased cost of compensation and benefits, and the need to continue investing in technology to support teaching and learning. Student tuition and fees, state appropriations and federal financial aid remain the primary sources of funding for the College. The careful use of revenues ensures that the mission of the College was followed and that students would continue to receive a high quality of education and services.

The Commonwealth dictates the tuition rate, \$24 per credit hour for in-state tuition for the two fiscal years under comparison. Course and administrative student services fees are set by the Board of Trustees of the College.

Net student tuition and fees decreased approximately \$3.7M or 24% in fiscal year 2025 and increased by approximately \$3.0M or 24% in fiscal year 2024. The tuition and fees increased, but the offsetting scholarship allowance was also up significantly due to the implementation of the MassEducate and the second year of MassReconnect free community college programs. The additional scholarship allowance resulted in a lower net tuition and fees. The fiscal year 2024 increase was primarily due to the Commonwealth of Massachusetts' implementing the MassReconnect program offering free community college to eligible students 25 years and older who had not previously completed their degree.

The Commonwealth of Massachusetts, through the Board of Higher Education, appropriates funds to the community college segment as a whole and then the Board of Higher Education allocates monies to support daily operations of the colleges. Partially due to the formula funding model, the College's direct unrestricted appropriations from the Commonwealth totaled \$34.6M and \$31.3M, for fiscal years 2025 and 2024, respectively. This represents an increase of approximately \$3.3M or 11% for fiscal year 2025 and \$3.6M or 13% for fiscal year 2024.

Scholarships and fellowships represent funds received by the College on behalf of students and applied directly to students' accounts as defined by GASB statement No. 33. Student financial aid and other scholarships, tuition waivers and awards totaled \$14.5M and \$6M for the years ended June 30, 2025 and 2024, respectively. The amounts received in excess of amounts billed by the College that were subsequently refunded to students totaled \$4M and \$4.5M, for the years ended June 30, 2025 and 2024, respectively.

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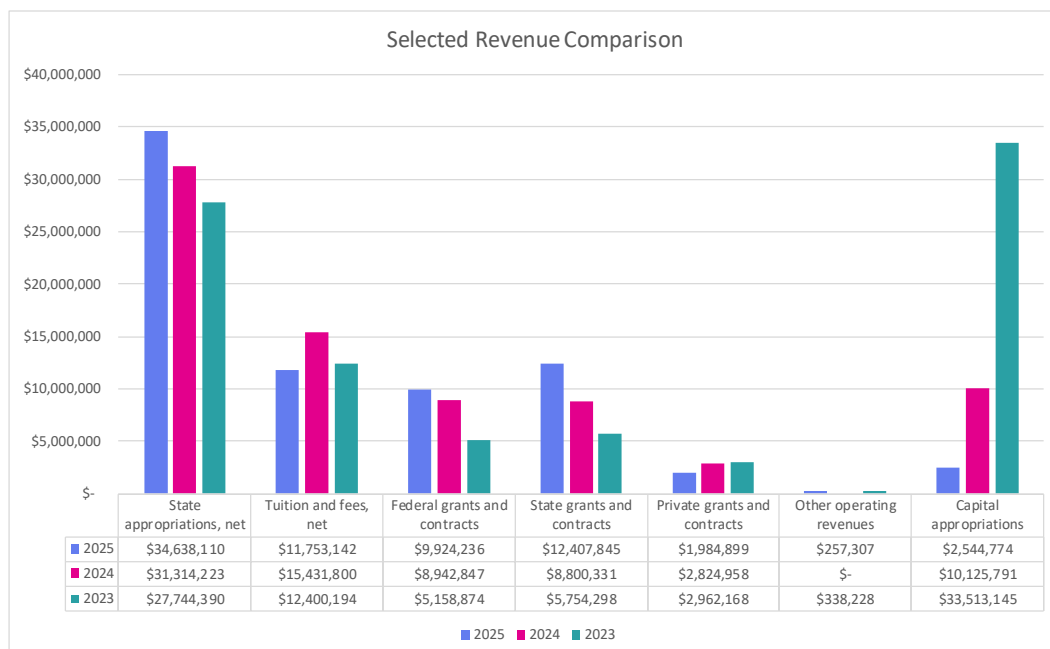
Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Federal grants and contract annual revenues increased by \$1M or 11% in fiscal year 2025 and \$3.8M or 73% in fiscal year 2024. The increase in fiscal year 2025 was due to the implementation of and continuation of the free community college programs, which requires all applicants to complete a FASFA, making more students eligible for federal financial aid. The increase in fiscal year 2024 was due to there being large federal grants earned related to purchases for the new Framingham campus as well as more students applying for federal financial aid to be eligible for the MassReconnect program. For the years ended June 30, 2025 and 2024, Pell revenue totaled \$8.4M and \$5.1M.

State grants and contracts annual revenues increased by \$3.6M or 41% and \$3M or 53% in fiscal years 2025 and 2024, respectively. For fiscal year 2025, the college received \$7.5M for the MassReconnect and MassEducate free community college programs, which were the primary drivers of the increase. Other notable state funding included \$1.1M for SUCCESS program funding, \$883K for the Early Childhood Education program, and \$350K for STEM Tech Career Academy. For fiscal year 2024, the college received \$1M for MassReconnect, \$1.1M for its Early Childhood Education program, \$1M for SUCCESS program funding, \$400K Capital Skills monies as well as increased other state student financial aid.

Private grants, contracts, gifts, and other operating revenue decreased by \$583K or 21% and \$475K or 14% for the fiscal years 2025 and 2024, respectively. The decrease in fiscal year 2025 is due to there being fewer private grants for equipment that were solicited for the opening of the new campus in prior year. The decrease in fiscal year 2024 is due to there being less capital campaign funding being recognized during the year compared to prior year.



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Management's Discussion & Analysis (Unaudited) - Continued

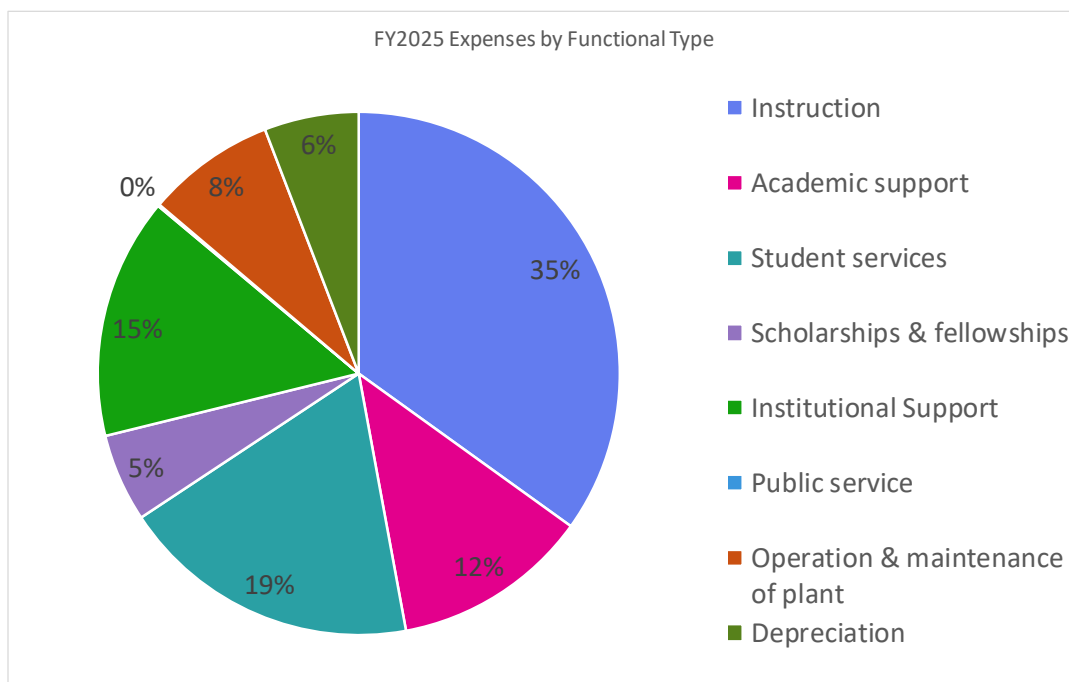
June 30, 2025 and 2024

The College receives capital appropriations from the Commonwealth that can span multiple fiscal years. In accordance with accounting standards, the amount shown as capital appropriation revenue on the financial statement is the amount expended during the current year. Expenditures from capital project funds that do not meet accounting standards for capitalization are reported as operating expenses. Those expenditures that meet the capitalization requirements are not shown as expense in the current period and are instead recognized as depreciation expense over the expected useful life of the asset. The decrease in capital appropriations is due to capitalizing fewer construction costs relating to the new Framingham campus than prior year.

Expenses

In response to declining enrollment prior to and during the COVID-19 pandemic, the College consistently pursued opportunities to identify cost savings and operational efficiencies. Over the past several years, the institution has strategically restructured its budget to strengthen its financial position in anticipation of continued enrollment challenges, driven by projected declines in the 18–24-year-old population across Massachusetts. However, the recent implementation of free community college programs in the state has significantly altered this trajectory, resulting in double-digit enrollment growth for fiscal years 2025 and 2024.

The following are graphic illustrations of total expenses by functional categories including depreciation expense for the fiscal years ended June 30, 2025, 2024 and 2023:

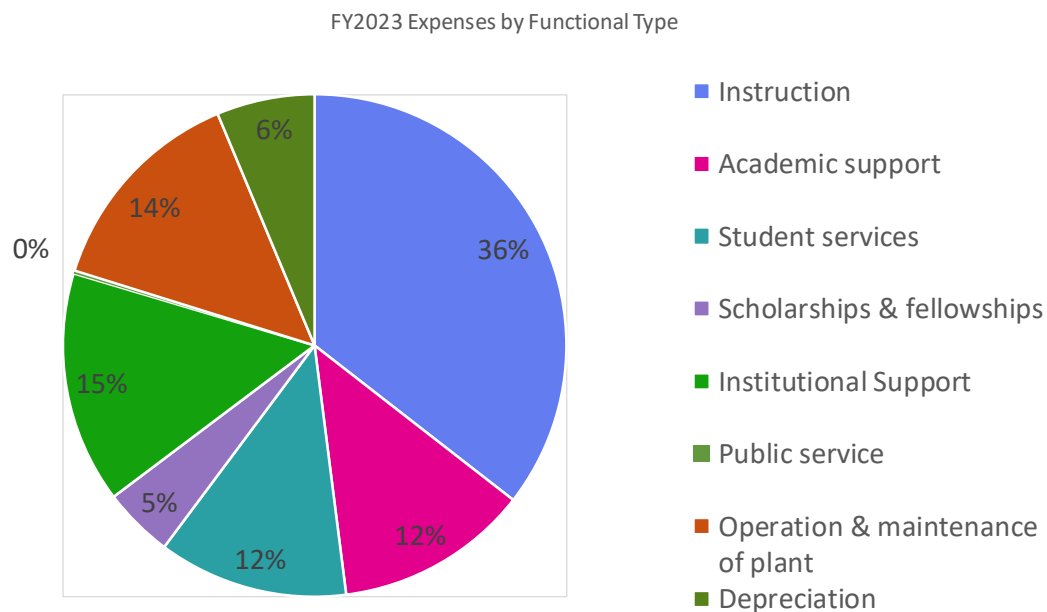
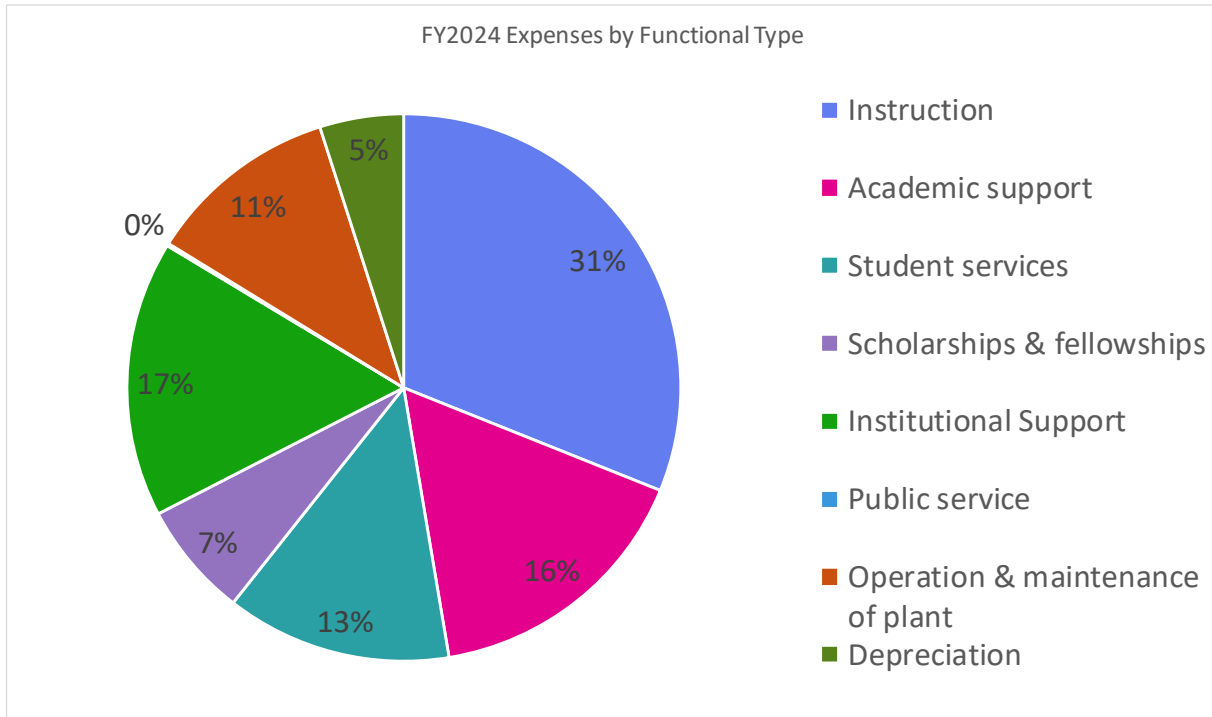


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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024



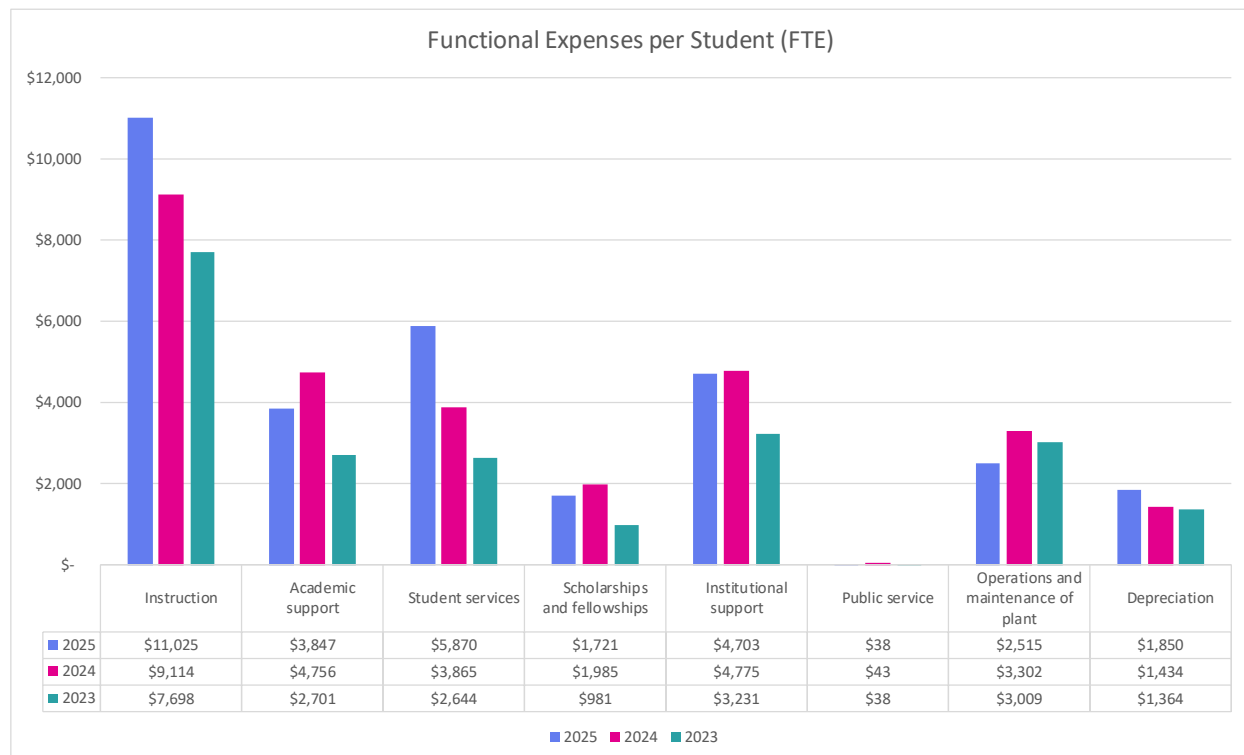
MASSACHUSETTS BAY COMMUNITY COLLEGE

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The following chart illustrates the operating expense by National Association of College and University Business Officers ("NACUBO") functional category per full-time equivalent (FTE) student.



The College's operational expenses increased by \$4.3M or 6% and \$15.4M or 30%, for fiscal years 2025 and 2024, respectively. The fiscal year 2025 and 2024 increases are attributed to enrollment increases requiring more class sections and academic support activities as a direct result of the state implementing the MassEducate program in fiscal year 2025 and continuing the MassReconnect program, which started in fiscal year 2024. Other increases can be attributed to mandated salary increases and related benefits.

- **Instruction** costs increased by \$4.5M or 22% in fiscal year 2025 and \$2.5M or 14% in fiscal year 2024. The fiscal year 2025 and 2024 increases were due to enrollment increases as a result of the MassEducate and MassReconnect programs requiring higher staffing levels to run more classes and support students.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

- **Academic support** costs decreased by \$2.0M or 19% and increased by \$4.4M or 69% in fiscal years 2025 and 2024, respectively. The decrease in fiscal year 2025 was due to fewer purchases related to the Framingham campus, which was new in 2024. Fiscal year 2024's increases were due to increased salaries, furnishings and equipment purchases for health sciences. These were in line with furnishing and opening the new Framingham campus as well as paying out delayed salary increases.
- **Student services** costs increased by \$4.7M or 53% and \$2.5M or 41% in fiscal years 2025 and 2024, respectively. Both the fiscal year 2025 and 2024 increases over the prior years are due to salary increases as well as increased staffing levels to support enrollment increases due to free community college programs.
- **Scholarships and fellowships** costs decreased by \$573K or 13% and increased \$2.2M or 95% in fiscal years 2025 and 2024, respectively. The decrease is due to refunds being smaller in fiscal year 2025 compared to 2024. When combining the scholarship allowance in the operating revenues and the scholarships and fellowships in the operating expense section, the total is higher than prior year, which is in line with the free community college programs implemented in Massachusetts. The primary increase in 2024 is due to MassReconnect requiring students fill out a FASFA and apply for aid in order to be eligible for the program as well as funding for the program itself.
- **Institutional support** costs decreased by \$85K or 1% in fiscal year 2025 and increased by \$3.2M or 42% in fiscal year 2024. The decrease in fiscal year 2025 is primarily due to a payoff of leases that occurred in 2024 that did not reoccur in 2025. This decrease was offset by an increase in salary increases. The increase in fiscal year 2024 is due to salary increases, website redesign, and office furnishings, especially for the new Framingham Campus.
- **Public service** costs have been flat for the last few fiscal years as expected due to no major change in activity in this expense category.
- **Operation and maintenance of plant** costs decreased by \$1.8M or 23% in fiscal year 2025 and increased \$395K or 6% in fiscal year 2024. The 2025 decrease is due to construction projects, like the kitchen renovation, being delayed and because there were fewer construction costs related to the Framingham Campus. The 2024 increase was due to a variety of fluctuating expenses. Salaries, utilities and construction costs were up, but rent was down.

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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

- **Depreciation** expense increased by \$980K or 30% and increased by \$34K or 1% for fiscal years 2025 and 2024. The increase was due to the college depreciating the Framingham campus building put into service in fiscal year 2025. This was offset by the College entering into fewer SBITA arrangements resulting in smaller amortization. Fiscal year 2024 change was negligible due to there not being any new lease accounting changes requiring additional amortization.

Expenditure classifications are defined below:

- **Instruction** – costs directly related to the classroom, i.e., faculty salaries, instructional supplies, and equipment.
- **Academic support** – academic computing, library, academic administration.
- **Student services** – Admissions, Registrar, Financial Aid offices, as well as counseling, tutoring, interpreters and athletics.
- **Scholarship and fellowships** – all student aid including federal, state, and private grants, i.e., Pell, S.E.O.G., MAEducate, MassReconnect, Mass State Cash Grants and Mass State Scholarship which was not used to pay tuition and fees.
- **Institutional support** – President's office, business operations, development office, and all other administrative functions including campus police.
- **Public Service** – includes funds expensed for activities established primarily to provide non-instructional service programs to individuals and groups external to the institution.
- **Operation and maintenance of plant** – all costs of operating and direct maintenance of the physical plant and grounds.

Loss from Operations

It is the nature of public higher education institutions to incur a loss from operations because the state appropriation is presented as non-operating income. Tuition rates are determined by the Massachusetts Board of Higher Education and cannot be adjusted without their authorization. Fees are capped by the Massachusetts Board of Higher Education, however, are established by the College's Board of Trustees and adjusted annually as deemed appropriate. The College, with the purpose of balancing educational and operational needs with tuition and fee revenue, approved budgets to adequately manage the operation of the institution taking into consideration such issues as physical plant maintenance, delivery of instruction and student services, long range plans, and enrollment growth.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The Statement of Cash Flows

The Statement of Cash Flows gives a general picture of where the College obtains and spends its cash and cash equivalents during the fiscal year. The statement gives detailed information about cash flows related to four different types of activities within the institution.

The first section, Cash Flows from Operating Activities, shows cash received and spent on the operations of the College. Since tuition and fees and other operating revenue alone do not normally cover the operating costs of a public higher education institution, this section can be expected to show more cash used than provided.

The second section, Cash Flows from Non-Capital Financing Activities, shows cash received and spent on non-capital financing activities of the College. Here the College reports cash from state appropriations. Tuition required to be remitted to the state for day courses is also included in this section.

The third section, Cash Flows from Capital and Related Financing Activities, shows cash received and spent on capital and related financing activities. This includes state capital appropriations for major projects, minor works and repairs. It also includes principal and interest paid on capital leases. Since the College also uses local funds to supplement these sources, it is not unusual for this section to show more cash used than provided.

The fourth section, Cash Flows from Investing Activities, shows cash received and spent on investing activities, including the purchase and sale of investment instruments, interest earnings and realized gains and losses from investments.

Next, the statement shows how the current year's change in cash combined with the prior year's cash balance results in the ending cash and cash equivalents balance shown on the College's Statement of Net Position. Finally, the statement includes a detailed reconciliation of operating activity only, between the operating loss shown as a subtotal on the Statement of Revenues, Expenses and Changes in Net Position and the net cash used by operating activities as shown on the Statement of Cash Flows.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The condensed statement of cash flows is presented below:

Condensed Statements of Cash Flows

For the Year ended June 30,	2025	2024	2023
Operating activities	\$ (23,910,954)	\$ (18,646,367)	\$ (13,933,965)
Non-capital financing activities	23,984,924	23,067,777	20,065,059
Capital financing activities	(1,927,973)	(5,350,658)	(4,588,846)
Investing activities	<u>(4,059,451)</u>	<u>1,207,601</u>	<u>(19,157,355)</u>
Net change in cash	(5,913,454)	278,353	(17,615,107)
Cash and cash equivalents, beginning of year	<u>12,463,862</u>	<u>12,185,509</u>	<u>29,800,616</u>
Cash and cash equivalents, end of year	<u>\$ 6,550,408</u>	<u>\$ 12,463,862</u>	<u>\$ 12,185,509</u>

The College's cash and cash equivalents decreased by \$5.9M or 47% and increased by \$278K or 2% in fiscal years 2025 and 2024, respectively. The reason for the fiscal year 2025 decrease is due to the college investing an additional \$5M of cash in liquid investments. The reason for the increase in fiscal year 2024 is due to increases in tuition and fees, a large volume of grant and contract revenue as well as state and capital appropriations. These increases were offset by larger outflows to suppliers, employees and purchases of capital assets.

MASSACHUSETTS BAY COMMUNITY COLLEGE

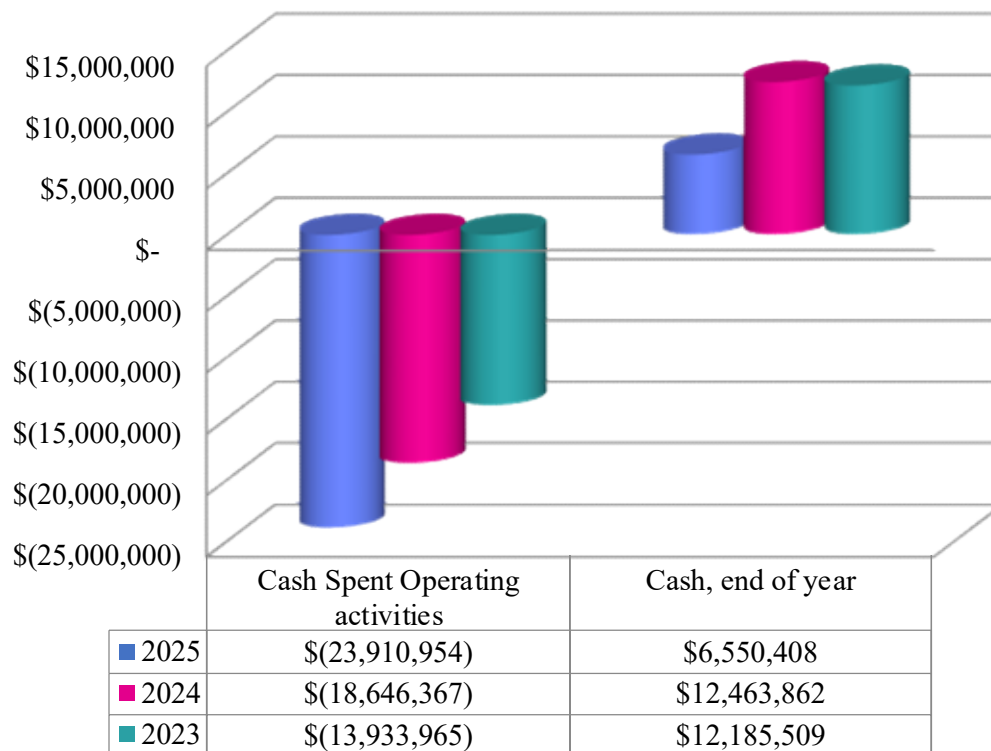
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Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The following schedule summarizes the increase in cash spent to support operating activities for fiscal years 2025, 2024 and 2023, respectively, while maintaining a strong cash balance reserve:

Cash Spent on Operating Activities Comparison



Capital Assets and Long-Term Debt Activities

Every five years, the College submits a prioritized request for capital funding to the Commonwealth's Department of Capital Management and Maintenance ("DCAMM"), which includes major projects. The primary funding source for capital projects is state general obligation bonds. In recent years, the Commonwealth's debt capacity has impacted the number of new and major repair projects that can be funded.

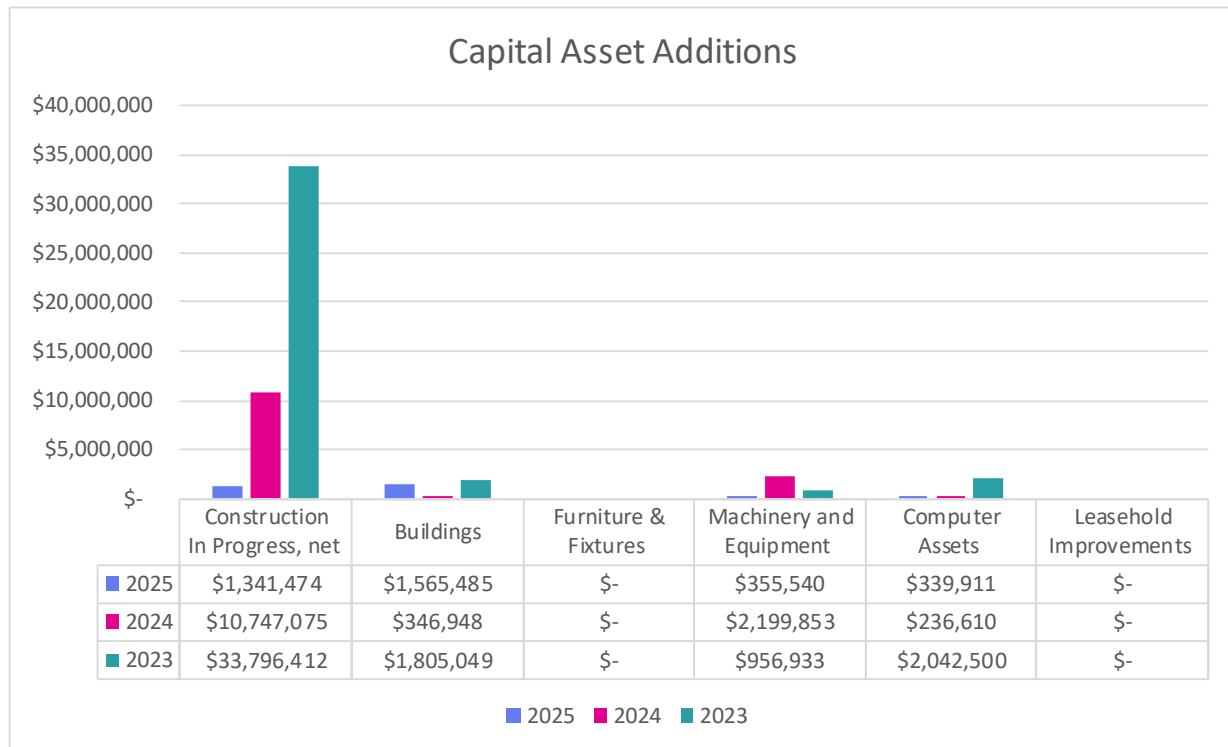
MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

As of June 30, 2025, the College had invested more than \$78.4M in capital assets, net of accumulated depreciation. Major asset additions are as follows:



The decrease in net capital assets in fiscal year 2025 is due to the depreciation of the Framingham campus building being placed into service. This decrease was offset by a capitalized lease and some smaller equipment purchases. The increase in net capital assets in fiscal years 2024 can be attributed to significant construction-in-progress, equipment and furnishings relating to the Framingham Campus construction. There were also various projects completed on campus during the year.

Factors Impacting Future Periods

Under the leadership of the president, the College embarked on creating a new strategic plan for the five years beginning 2024. This plan sets forth five strategic directions aligned to enrollment, teaching and learning, the academic program, the student experience, and institutional resources. The College's strategic plan was recently approved by the Department of Higher Education.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The fiscal year 2026 budget was structured with enrollment increasing year over year. In anticipation of an increase in enrollment, management plans on factoring in a 12% increase in enrollment in the Fall budget revision. Fall 2025 enrollment is up approximately 15.7% in FTE, over the Fall semester 2024. The increases have been due to the state free community college programs, which are expected to continue into the next fiscal year. Current enrollment has surpassed pre-pandemic enrollment levels. With free community college, enrollment is expected to continue to increase in the foreseeable future before levelling off.

The college has identified several key areas to focus on to increase enrollment, including efforts to increase retention of part-time and non-degree students, increasing the yield on applications submitted, providing more financial aid award information to applicants, and building corporate training, workforce development partnerships and other non-credit offerings. The College will continue to strive to make educational opportunities affordable to all who seek them while simultaneously working to raise sufficient revenues to support the mission of the institution.

While the introduction of free community college has positively impacted enrollment, the long-term effects of the impending demographic shift remain uncertain. Additionally, anticipated reductions in federal funding to the state may impact Massachusetts' support for public higher education. The potential implications of these challenges for MassBay are not yet clear. However, the College maintains a conservative budgeting approach and remains in a strong financial position, which should enable it to effectively navigate any short-term impacts.

In fiscal year 2025, the College completed its scheduled ten-year accreditation review by the New England Commission of Higher Education (NECHE). The visiting team provided positive preliminary feedback, and the final report is expected in November 2025. Based on the review process and initial observations, the College anticipates continued reaccreditation, which supports institutional stability and long-term planning.

The College completed construction on a new campus in Framingham in 2024. The building houses the Health Science, Early Childhood, and Human Services programs, Non-credit programs (e.g., ESL, Certified Nursing Assistant), and has space to offer general education classes and provide student services. The construction of the new building helps the College fulfill its mission to provide first-rate undergraduate education to the residents of MetroWest region of the greater Boston area. The building is LEED certified and will reduce the space rental and utility expenses the College has incurred in the past.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Management's Discussion & Analysis (Unaudited) - Continued

June 30, 2025 and 2024

Requests for Information

This financial report is designed to provide the College, the Commonwealth, the public and other interested parties with an overview of the financial results of the College and an explanation of the College's financial condition. If you have questions about this report or requests for additional information, please contact the Office of the Vice President for Finance & Administration, 50 Oakland Street, Wellesley Hills, MA 02481.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2025 and 2024

Assets and Deferred Outflows of Resources

	<u>Primary Government</u>	
	2025	2024
	<u>College</u>	<u>College</u>
Current Assets:		
Cash and cash equivalents	\$ 3,696,459	\$ 10,068,389
Deposits held by State Treasurer	2,853,949	2,395,473
Accounts and grants receivable, net	6,219,804	4,390,643
Due from affiliate	57,453	48,000
Prepaid expenses and other current assets	983,244	1,062,169
Investments	<u>31,193,996</u>	<u>23,588,650</u>
Total Current Assets	<u>45,004,905</u>	<u>41,553,324</u>
Non-Current Assets:		
Capital assets, net	<u>78,470,436</u>	<u>79,150,339</u>
Total Non-Current Assets	<u>78,470,436</u>	<u>79,150,339</u>
Total Assets	<u>123,475,341</u>	<u>120,703,663</u>
Deferred Outflows of Resources:		
Deferred outflows related to pensions	821,955	338,297
Deferred outflows related to OPEB	<u>955,505</u>	<u>308,827</u>
Total Deferred Outflows of Resources	<u>1,777,460</u>	<u>647,124</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 125,252,801</u>	<u>\$ 121,350,787</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2025 and 2024

Liabilities, Deferred Inflows of Resources and Net Position

	<u>Primary Government</u>	
	2025	2024
	<u>College</u>	<u>College</u>
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 5,719,970	\$ 7,097,268
Accrued salaries and wages	1,554,058	1,268,774
Current portion of accrued compensated absences and workers' compensation	2,798,196	2,507,604
Unearned tuition and student deposits	2,054,687	1,689,920
Unearned grant and contract revenue	1,258,612	939,872
Current portion of lease liability	391,984	575,835
Due to affiliate	<u>333,333</u>	<u>-</u>
Total Current Liabilities	<u>14,110,840</u>	<u>14,079,273</u>
Non-Current Liabilities:		
Accrued compensated absences and workers' compensation, net of current portion	1,475,740	1,349,329
Lease liability, net of current portion	2,495,189	3,061,707
Net pension liability	1,382,229	936,976
Net OPEB liability	<u>1,557,942</u>	<u>996,551</u>
Total Non-Current Liabilities	<u>6,911,100</u>	<u>6,344,563</u>
Total Liabilities	<u>21,021,940</u>	<u>20,423,836</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	100,592	348,887
Deferred inflows related to OPEB	<u>898,669</u>	<u>1,708,151</u>
Total Deferred Inflows of Resources	<u>999,261</u>	<u>2,057,038</u>
Net Position:		
Net investment in capital assets	75,583,263	75,512,797
Restricted:		
Expendable	4,112,561	3,314,535
Unrestricted	<u>23,535,776</u>	<u>20,042,581</u>
Total Net Position	<u>103,231,600</u>	<u>98,869,913</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 125,252,801</u>	<u>\$ 121,350,787</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2025 and 2024

	<u>Primary Government</u>	
	<u>2025</u>	<u>2024</u>
	<u>College</u>	<u>College</u>
Operating Revenues:		
Tuition and fees	26,236,951	\$ 21,401,585
Less: scholarships and fellowships	<u>(14,483,809)</u>	<u>(5,969,785)</u>
Net tuition and fees	11,753,142	15,431,800
Federal grants and contracts	9,924,236	8,942,847
State grants and contracts	12,407,845	8,800,331
Private grants and contracts	1,984,899	2,824,958
Other operating revenues	<u>257,307</u>	<u>-</u>
Total Operating Revenues	<u>36,327,429</u>	<u>35,999,936</u>
Operating Expenses:		
Instruction	25,334,522	20,789,856
Academic support	8,839,304	10,848,436
Student services	13,488,532	8,817,033
Scholarships and fellowships	3,955,526	4,528,153
Institutional support	10,806,603	10,891,260
Public service	87,721	97,388
Operation and maintenance of plant	5,780,032	7,531,503
Depreciation	<u>4,250,657</u>	<u>3,270,641</u>
Total Operating Expenses	<u>72,542,897</u>	<u>66,774,270</u>
Net Operating Loss	<u>(36,215,468)</u>	<u>(30,774,334)</u>
Non-Operating Revenues (Expenses):		
State appropriations, net	34,638,110	31,314,223
Investment income, net	3,545,895	3,259,083
Interest expense	<u>(151,624)</u>	<u>(271,733)</u>
Total Non-Operating Revenues	<u>38,032,381</u>	<u>34,301,573</u>
Changes in Net Position Before Capital Appropriations	1,816,913	3,527,239
Capital appropriations	<u>2,544,774</u>	<u>10,125,791</u>
Changes in Net Position	4,361,687	13,653,030
Net Position, Beginning of Year	<u>98,869,913</u>	<u>85,216,883</u>
Net Position, End of Year	<u>\$ 103,231,600</u>	<u>\$ 98,869,913</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>Primary Government</u>	
	2025	2024
	<u>College</u>	<u>College</u>
Cash Flows from Operating Activities:		
Tuition and fees	\$ 8,608,876	\$ 16,677,173
Grants and contracts	26,639,472	18,500,305
Payments to suppliers	(17,798,448)	(15,193,813)
Payments to employees	(37,662,635)	(34,101,879)
Payments to students	(3,955,526)	(4,528,153)
Other operating revenues	<u>257,307</u>	<u>-</u>
Net Cash Applied to Operating Activities	<u>(23,910,954)</u>	<u>(18,646,367)</u>
Cash Flows from Non-Capital Financing Activities:		
State appropriations	24,426,144	23,287,254
Tuition remitted to state	<u>(441,220)</u>	<u>(219,477)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>23,984,924</u>	<u>23,067,777</u>
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	(1,342,731)	(3,168,084)
Principal paid on leases and SBITAs	(433,618)	(1,910,841)
Interest paid on leases and SBITAs	<u>(151,624)</u>	<u>(271,733)</u>
Net Cash Applied to Capital Financing Activities	<u>(1,927,973)</u>	<u>(5,350,658)</u>
Cash Flows from Investing Activities:		
Proceeds from sales of investments	7,018,121	707,676
Purchase of investments	(11,861,218)	(414,620)
Interest income	<u>783,646</u>	<u>914,545</u>
Net Cash Provided by (Applied to) Investing Activities	<u>(4,059,451)</u>	<u>1,207,601</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(5,913,454)	278,353
Cash and Cash Equivalents, Beginning of Year	<u>12,463,862</u>	<u>12,185,509</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,550,408</u>	<u>\$ 12,463,862</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued

For the Years Ended June 30, 2025 and 2024

	<u>Primary Government</u>	
	<u>2025</u>	<u>2024</u>
	<u>College</u>	<u>College</u>
Reconciliation of Net Operating Loss to Net Cash		
Applied to Operating Activities:		
Net operating loss	\$ <u>(36,215,468)</u>	\$ <u>(30,774,334)</u>
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation	4,250,657	3,270,641
Bad debts	52,148	331,950
Fringe benefits provided by the State	10,653,186	8,246,446
Changes in assets and liabilities:		
Accounts and grants receivable, net	(1,881,309)	(180,192)
Due to/from affiliate	323,880	38,174
Prepaid expenses and other current assets	78,925	(430,626)
Accounts payable and accrued liabilities	(1,377,298)	2,516,595
Accrued salaries, wages, compensated absences and workers' compensation	702,287	479,745
Unearned tuition and student deposits	364,767	342,983
Unearned grant and contract revenue	318,740	(1,215,283)
Net pension liability	(286,700)	(428,330)
Net OPEB liability	<u>(894,769)</u>	<u>(844,136)</u>
 Net Cash Applied to Operating Activities	 \$ <u>(23,910,954)</u>	 \$ <u>(18,646,367)</u>
Reconciliation Cash and Equivalents per the Statements of Cash Flows to the		
Statements of Financial Position, end of year:		
Cash and cash equivalents	\$ 3,696,459	\$ 10,068,389
Deposits held by State Treasurer	<u>2,853,949</u>	<u>2,395,473</u>
 Cash and cash equivalents, end of year	 \$ <u>6,550,408</u>	 \$ <u>12,463,862</u>
Non-Cash Disclosures:		
Fringe benefits provided by the State	\$ <u>10,653,186</u>	\$ <u>8,246,446</u>
Capital appropriations paid by DCAMM	\$ <u>2,544,774</u>	\$ <u>10,125,791</u>
Unrealized gain on investments	\$ <u>2,734,339</u>	\$ <u>2,344,538</u>
Capital assets acquired through leases and software arrangements	\$ <u>339,911</u>	\$ <u>236,610</u>
Reduction of lease liability and ROU asset for lease termination	\$ <u>656,662</u>	\$ <u>-</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Net Assets (Component Unit)

For the Years Ended June 30, 2025 and 2024

Assets

	<u>Component Unit</u>	
	2025	2024
	<u>Foundation</u>	<u>Foundation</u>
		<u>(As Restated)</u>
Current Assets:		
Cash and cash equivalents	\$ 1,047,357	\$ 1,077,404
Accrued interest receivable	19,878	18,364
Grants receivable	50,029	139,027
Pledges receivable, net of discount	5,901	43,888
Due from affiliate	333,333	-
Prepaid expenses and other current assets	6,999	8,499
Investments	<u>1,673,826</u>	<u>1,391,279</u>
Total Current Assets	<u>3,137,323</u>	<u>2,678,461</u>
Non-Current Assets:		
Long-term pledges receivable, net of current portion	2,829	2,807
Long-term investments	<u>4,683,276</u>	<u>4,271,694</u>
Total Non-Current Assets	<u>4,686,105</u>	<u>4,274,501</u>
Total Assets	<u>\$ 7,823,428</u>	<u>\$ 6,952,962</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Net Assets (Component Unit)

For the Years Ended June 30, 2025 and 2024

Liabilities and Net Assets

	<u>Component Unit</u>	
	2025	2024
	<u>Foundation</u>	<u>Foundation</u>
		<u>(As Restated)</u>
Liabilities:		
Accrued expenses	\$ 4,213	\$ 4,053
Due to affiliate	<u>57,453</u>	<u>48,000</u>
Total Liabilities	<u>61,666</u>	<u>52,053</u>
Net Assets:		
Net assets without donor restrictions	2,162,892	1,729,872
Net assets with donor restrictions	<u>5,598,870</u>	<u>5,171,037</u>
Total Net Assets	<u>7,761,762</u>	<u>6,900,909</u>
Total Liabilities and Net Assets	<u>\$ 7,823,428</u>	<u>\$ 6,952,962</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Activities and Changes in Net Assets (Component Unit)

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>			<u>2024</u>
	<u>Without</u>	<u>With</u>		
	<u>Donor</u>	<u>Donor</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Operating Revenues:				
Gifts and contributions	\$ 576,327	\$ 654,472	\$ 1,230,799	\$ 1,497,191
Loss on pledges receivable	-	(3,480)	(3,480)	-
Investment return, net	<u>229,456</u>	<u>500,508</u>	<u>729,964</u>	<u>696,213</u>
Total Operating Revenues	<u>805,783</u>	<u>1,151,500</u>	<u>1,957,283</u>	<u>2,193,404</u>
Operating Expenses:				
Scholarships and fellowships	498,375	-	498,375	430,601
Institutional support	<u>598,055</u>	<u>-</u>	<u>598,055</u>	<u>1,839,450</u>
Total Operating Expenses	<u>1,096,430</u>	<u>-</u>	<u>1,096,430</u>	<u>2,270,051</u>
Net Operating Income	<u>(290,647)</u>	<u>1,151,500</u>	<u>860,853</u>	<u>(76,647)</u>
Changes in Net Assets	(290,647)	1,151,500	860,853	(76,647)
Net Assets, Beginning of Year	<u>1,729,872</u>	<u>5,171,037</u>	<u>6,900,909</u>	<u>6,977,556</u>
Net Assets, End of Year	<u>\$ 1,439,225</u>	<u>\$ 6,322,537</u>	<u>\$ 7,761,762</u>	<u>\$ 6,900,909</u>

See accompanying notes to the financial statements.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements

June 30, 2025 and 2024

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

Organization

Massachusetts Bay Community College ("the College") is a state-supported, comprehensive two-year college that offers a quality education leading to an associate degree in the arts and sciences as well as one-year certificate programs. The College's primary campus is located in Wellesley Hills, Massachusetts, along with another campus in Framingham and a satellite facility in Ashland. The College provides instruction and training in a variety of liberal arts, allied health and business fields of study. The College also offers, through corporate and community education, credit and noncredit courses. The College is accredited by the New England Commission of Higher Education.

The College is an agency of the Commonwealth of Massachusetts (the State or the Commonwealth). The accompanying financial statements reflect only the transactions of the College and its discretely presented component unit. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the College had been operated independently of the State.

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"). Massachusetts Bay Community College Foundation's (the "Foundation") financial statements are prepared in accordance with accounting and reporting requirements prescribed by the Financial Accounting Standards Board ("FASB"). As such, certain revenue recognition and lease criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The accompanying statement of revenues, expenses and changes in net position demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenues.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

The College has determined that it functions as a business-type activity, as defined by GASB. The effect of inter-fund activity has been eliminated from these financial statements. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements, including the College's discretely presented component unit, and required supplementary information. The College presents statements of net position and revenues, expenses and changes in net position on a combined college-wide basis.

The College's policy is to define operating activities in the statement of revenues, expenses and changes in net position as 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, including the College's operating and capital appropriations from the Commonwealth, net investment income, and interest expense.

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

The Massachusetts Bay Community College Foundation, Inc. ("the Foundation") is a legally separate tax-exempt organization. The Foundation was formed in 1984 to render financial assistance and support to the educational programs and development of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. The Foundation is considered a component unit of the College because of the nature and significance of its relationship with the College as of June 30, 2025 and 2024 and is therefore discretely presented in the College's financial statements.

Complete financial statements can be obtained from the Foundation's administrative offices in Wellesley Hills, Massachusetts.

During the years ended June 30, 2025 and 2024, the Foundation distributed scholarships in the amount of \$498,375 and \$430,601, respectively, directly to students of the College.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Net Position

The College has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds. Resources are classified for accounting purposes into the following three 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 – Non-expendable: Net position subject to externally imposed conditions or by law such that the College must maintain the funds in perpetuity.

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

Unrestricted: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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/amortization, the net pension liability and net OPEB liability.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Cash and Cash Equivalents

The College has defined cash and cash equivalents to include cash on hand, demand deposits, and cash and deposits held by State agencies on behalf of the College with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at the amount the College expects to collect from outstanding balances. The College provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the College has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments

Investments in marketable securities are stated at fair value. Alternative investments are carried at net asset value as a practical expedient to fair value. The estimated fair value of these investments is based on valuations provided by the external investment managers and reviewed by management. Since these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investment existed. Such differences could be material. Dividends, interest, and net realized and unrealized gains or losses on investments are reported in the statement of revenues, expenses and changes in net position. Gains and losses on the disposition of investments are determined based on specific identification of securities sold. Investment income is recognized when earned.

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost as of date of acquisition or, in the case of gifts, at fair value at date of donation. It is the College's policy to capitalize items with a unit cost of more than \$50,000 and with a useful life of greater than one year. Interest costs on debt related to capital assets are expensed during the construction period. The College's 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 2 to 40 years. Leased and subscription-based information technology arrangement assets are amortized over the shorter of the lease/subscription term or useful life of the underlying asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Amortization of leasehold improvements and leased assets is included within depreciation expense.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

It is the College's policy to expense educational reference materials when purchased. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

Fringe Benefits

The College participates in the Commonwealth's Fringe Benefits programs, including health insurance, unemployment, and pension. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the College.

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 each year. Employees with 10 or more years of service are entitled to carry forward 20% of unused sick time. Upon retirement, the employee is entitled to receive payment for the unused balance.

Workers' Compensation

The Commonwealth provides workers' compensation coverage to its employees on a self-insured basis. The Commonwealth requires the College to record its portion of the workers' compensation in its records. Workers' compensation is assessed separately to the College based on the College's actual experience.

Unearned Revenues

Unearned revenues consist of student deposits, fees and tuition payments for summer programs and the next academic year, and grant and contract revenues. Funds received in advance from various grants and contracts are deferred. Revenues are recognized as the related services are performed and completed.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

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.

Other Post-Employment Benefits (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.

Student Tuition and Fees

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

Tax Status

The College is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Adopted Accounting Pronouncements

As of July 1, 2023, the College adopted GASB Statement 101 - *Compensated Absences*. The objective of this statement is to enhance the recognition and measurement for compensated absences.

As of July 1, 2023, the College adopted GASB Statement 102 - *Certain Risk Disclosures*. The objective of this statement is to update the required disclosure for risks that could negatively impact state and local governments.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

The implementation of these standards did not have a material impact on the financial statements.

Future Governmental Accounting Pronouncements

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 College and assessing a government's accountability.

GASB Statement 104 - Disclosure of Certain Capital Assets - is effective for reporting periods beginning after June 15, 2025. The requirements of this standard will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

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

Note 2 - Correction of Error – Foundation

The Foundation determined that it had improperly classified long-term investments held in the endowment as current assets within the June 30, 2024 financial statements. Investments with the intention to be held in excess of one-year should be classified as non-current in accordance with generally accepted accounting principles in the United States of America. There was no effect on net assets as of June 30, 2024 and July 1, 2023. The effects of the correction of the error on the June 30, 2024 Statement of Financial Position was to increase non-current investments from \$1,789,633 to \$4,271,694 and to decrease current investments from \$3,873,340 to \$1,391,279.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 3 - Cash and Cash Equivalents

The College is required to comply with the Commonwealth's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers' acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record, and repurchase agreements secured by any of these obligations.

The Treasurer of the Commonwealth 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 an amortized cost where the net asset value is \$1 per share. At June 30, 2025 and 2024, the College had \$2,924,812 and \$7,250,741, respectively, invested with MMDT and is included in cash and cash equivalents.

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the College would not be able to recover its balance in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The College does not have a formal deposit policy for custodial credit risk.

The College monitors the exposure associated with cash and cash equivalents and has not experienced any losses in such accounts. Deposits in the bank in excess of the insured amount are uninsured and uncollateralized. At June 30, 2025 and 2024, the bank balance of the College's cash and cash equivalents, not including the MMDT cash balances, was \$1,367,604 and \$3,329,464, respectively. At June 30, 2025 and 2024, the College had uninsured and uncollateralized cash balances totaling \$4,042,415 and \$3,079,464, respectively.

Note 4 - Deposits Held by State Treasurer

Accounts payable and accrued salaries to be funded from State-appropriated funds totaled \$2,853,949 and \$2,395,473 at June 30, 2025 and 2024, respectively. The College has recorded an equivalent dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently utilized to pay for such liabilities.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 5 - Accounts and Grants Receivable, net

Accounts and grants receivable include the following at June 30:

	<u>2025</u>	<u>2024</u>
Student accounts receivable	5,719,326	\$ 2,157,639
Grants receivable	1,245,849	2,212,502
Other	<u>20,908</u>	<u>734,127</u>
	6,986,083	5,104,268
Less: Allowance for doubtful accounts	<u>(766,279)</u>	<u>(713,625)</u>
	<u>\$ 6,219,804</u>	<u>\$ 4,390,643</u>

Note 6 - Investments

Short-term investments are categorized according to the level of risk assumed by the College. At June 30, 2025 and 2024, the entire balance of investments are held in trust depository accounts in the name of the College and are uninsured. At June 30, 2025 and 2024, the investments are stated at fair value.

Fair Value Hierarchy

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Mutual funds are valued at daily closing prices as reported by the fund. The mutual funds are classified as Level 1 and are deemed to be actively traded.

As a practical expedient to estimate the fair value of the College's alternative investments, they are reported at the net asset value ("NAV"). The College's alternative investments, which include Rhumblin Large Cap Core Index Account, Davidson Kempner Institutional Partners, L.P., Archipelago Holdings, Ltd. and US Research Equity Extended Fund, L.P., are reported at fair value based on the most current NAV.

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.

June 30, 2025					
	NAV	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:					
Mutual funds	\$ -	16,815,669	\$ -	\$ -	\$ 16,815,669
Exchange-traded funds	-	519,190	-	-	519,190
Alternative investments	<u>13,859,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,859,137</u>
Total marketable securities at fair value	<u>\$ 13,859,137</u>	<u>\$ 17,334,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,193,996</u>

June 30, 2024					
	NAV	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:					
Mutual funds	\$ -	\$ 13,354,866	\$ -	\$ -	\$ 13,354,866
Exchange-traded funds	-	516,613	-	-	516,613
Alternative investments	<u>9,717,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,717,171</u>
Total marketable securities at fair value	<u>\$ 9,717,171</u>	<u>\$ 13,871,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,588,650</u>

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

The College's investments measured at NAV are as follows at June 30:

<u>June 30, 2025</u>				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative investments:				
Rhumblin Large Cap Core Index Account	\$ 8,711,858	\$ -	Daily	Daily
Davidson Kempner Institutional Partners, L.P.	967,750	-	Quarterly	65 days
Archipelago Holdings, Ltd.	1,542,013	-	Quarterly	45 days
US Research Equity Extended Fund, L.P.	<u>2,637,516</u>	<u>-</u>	Monthly	10 business days
Total Investments Measured at the NAV	<u>\$ 13,859,137</u>	<u>\$ -</u>		

<u>June 30, 2024</u>				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative investments:				
Rhumblin Large Cap Core Index Account	\$ 6,722,935	\$ -	Daily	Daily
Davidson Kempner Institutional Partners, L.P.	672,905	-	Quarterly	65 days
Archipelago Holdings, Ltd.	1,002,062	-	Quarterly	45 days
US Research Equity Extended Fund, L.P.	<u>1,319,269</u>	<u>-</u>	Quarterly	10 business days
Total Investments Measured at the NAV	<u>\$ 9,717,171</u>	<u>\$ -</u>		

Investments of the Foundation

The following is a summary of investments at fair value June 30:

	<u>2025</u>	<u>2024</u>
Mutual funds	\$ 113,206	\$ 111,615
Fixed income funds	1,970,007	1,840,824
Equity funds	4,145,628	3,590,619
Real asset funds	<u>128,261</u>	<u>119,915</u>
	<u>\$ 6,357,102</u>	<u>\$ 5,662,973</u>

Refer to the Foundation's financial statements for additional information regarding investments.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 7 - Capital Assets, net

Capital assets, net consist of the following at June 30, 2025 and 2024:

		2025			
	Estimated lives (in years)	Beginning Balance	Additions	Reclassifications & Reductions	Ending Balance
Capital assets, not depreciated:					
Land	-	\$ 103,368	\$ -	\$ -	\$ 103,368
Construction-in-progress	-	<u>62,097,794</u>	<u>1,341,474</u>	<u>(59,334,476)</u>	<u>4,104,792</u>
Total not depreciated		<u>62,201,162</u>	<u>1,341,474</u>	<u>(59,334,476)</u>	<u>4,208,160</u>
Capital assets, depreciated:					
Buildings, including improvements	11-40	31,827,313	1,565,485	59,896,403	93,289,201
Furnishings and equipment	2-10	12,606,176	355,540	-	12,961,716
Software arrangements	3	491,120	-	-	491,120
Leased Equipment	5	2,927,742	339,911	(741,979)	2,525,674
Leased Building	3-10	<u>4,372,299</u>	<u>-</u>	<u>-</u>	<u>4,372,299</u>
Total depreciated		<u>52,224,650</u>	<u>2,260,936</u>	<u>59,154,424</u>	<u>113,640,010</u>
Less accumulated depreciation:					
Buildings, including improvements		(21,852,376)	(2,935,167)	-	(24,787,543)
Furnishings and equipment		(9,515,664)	(556,497)	-	(10,072,161)
Software arrangements		(456,864)	(34,256)	-	(491,120)
Leased Equipment		(1,663,054)	(364,077)	148,396	(1,878,735)
Leased Building		<u>(1,787,515)</u>	<u>(360,660)</u>	<u>-</u>	<u>(2,148,175)</u>
Total accumulated depreciation		<u>(35,275,473)</u>	<u>(4,250,657)</u>	<u>148,396</u>	<u>(39,377,734)</u>
Net depreciable assets		<u>16,949,177</u>	<u>(1,989,721)</u>	<u>59,302,820</u>	<u>74,262,276</u>
Capital assets, net		<u>\$ 79,150,339</u>	<u>\$ (648,247)</u>	<u>\$ (31,656)</u>	<u>\$ 78,470,436</u>

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

2024					
	Estimated lives (in years)	Beginning Balance	Additions	Reclassifications & Reductions	Ending Balance
Capital assets, not depreciated:					
Land	-	\$ 103,368	\$ -	\$ -	\$ 103,368
Construction-in-progress	-	51,453,503	10,747,075	(102,784)	62,097,794
Total not depreciated		51,556,871	10,747,075	(102,784)	62,201,162
Capital assets, depreciated:					
Buildings, including improvements	11-40	31,377,581	346,948	102,784	31,827,313
Furnishings and equipment	2-10	10,406,323	2,199,853	-	12,606,176
Software arrangements	3	491,120	-	-	491,120
Leased Equipment	5	2,691,132	236,610	-	2,927,742
Leased Building	3-10	4,372,299	-	-	4,372,299
Total depreciated		49,338,455	2,783,411	102,784	52,224,650
Less accumulated depreciation:					
Buildings, including improvements		(20,581,980)	(1,270,395)	-	(21,852,376)
Furnishings and equipment		(8,930,676)	(584,988)	-	(9,515,664)
Software arrangements		(228,037)	(228,827)	-	(456,864)
Leased Equipment		(837,283)	(825,771)	-	(1,663,054)
Leased Building		(1,426,855)	(360,660)	-	(1,787,515)
Total accumulated depreciation		(32,004,831)	(3,270,641)	-	(35,275,473)
Net depreciable assets		17,333,624	(487,230)	102,784	16,949,177
Capital assets, net		\$ 68,890,495	\$ 10,259,845	\$ -	\$ 79,150,339

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 8 - Non-Current Liabilities

Non-current liabilities at June 30 consist of:

2025					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Lease liability	\$ 3,637,542	\$ 339,911	\$ 1,090,280	\$ 2,887,173	\$ 391,984
Other non-current liabilities:					
Compensated absences	3,600,042	394,304	-	3,994,346	2,763,006
Workers' compensation	256,891	22,699	-	279,590	35,190
Net pension liability	936,976	445,253	-	1,382,229	-
Net OPEB Liability	996,551	561,391	-	1,557,942	-
Total other non-current liabilities	<u>5,790,460</u>	<u>1,423,647</u>	<u>-</u>	<u>7,214,107</u>	<u>2,798,196</u>
Total Non-Current Liabilities	<u>\$ 9,428,002</u>	<u>\$ 1,763,558</u>	<u>\$ 1,090,280</u>	<u>\$ 10,101,280</u>	<u>\$ 3,190,180</u>
2024					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Lease liability	\$ 5,041,225	\$ 236,610	\$ 1,640,293	\$ 3,637,542	\$ 575,835
SBITAs liability	270,548	-	270,548	-	-
Total lease liabilities	5,311,773	236,610	1,910,841	3,637,542	575,835
Other non-current liabilities:					
Compensated absences	3,287,790	312,252	-	3,600,042	2,460,206
Workers' compensation	228,054	28,837	-	256,891	47,398
Net pension liability	770,280	166,696	-	936,976	-
Net OPEB Liability	969,390	27,161	-	996,551	-
Total other non-current liabilities	<u>5,255,514</u>	<u>534,946</u>	<u>-</u>	<u>5,790,460</u>	<u>2,507,604</u>
Total Non-Current Liabilities	<u>\$ 10,567,287</u>	<u>\$ 771,556</u>	<u>\$ 1,910,841</u>	<u>\$ 9,428,002</u>	<u>\$ 3,083,439</u>

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 9 - Leases

A summary of the College's leases at June 30 are as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Terms</u>	<u>Payment Amount (Annual)</u>	<u>Interest Rate</u>	<u>Lease Liability 2025</u>	<u>Lease Liability 2024</u>
Building	9/1/2021	10 years	Varies	4.25%	\$ 2,593,880	\$ 2,895,563
Equipment	1/13/2023	5 years	\$ 172,660	5.27%	-	741,979
Equipment	9/10/2024	5 years	\$ 84,672	9.00%	293,293	-
					<u>\$ 2,887,173</u>	<u>\$ 3,637,542</u>

On September 1, 2021, Division of Capital Asset Management and Maintenance ("DCAMM") also entered into a ten-year lease agreement on behalf of the College to lease classroom and office space in Ashland from a third-party landlord. The lease can be extended by one five-year term. Monthly payments range from \$35,139 to \$44,254 over the remaining lease term. In addition, the College is charged fees for services including janitorial, utilities and parking. For the years ended June 30, 2025 and 2024, these fees totaled \$138,493 and \$273,728, respectively. The College's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the intangible right to use this asset and the associated lease liability.

On January 13, 2023, the College entered into a five-year lease for phone system equipment with a fixed interest rate of 5.27%. Payments of \$172,660 are due annually. During the year ended, June 30, 2025, the College exercised the purchase option on this lease and brought the equipment into fixed assets. The College did not make payments for this lease other than the lease payment for the year ended June 30, 2024.

On September 10, 2024, the College entered into a five-year lease for copier equipment. Payments of \$7,056 are due monthly. There are options to renew the lease or purchase the leased equipment at Fair Market Value at the end of the lease term. The College did not make payments for this lease other than the lease payment for the year ended June 30, 2025.

At June 30, 2025 and 2024, the total amounts of the leased right of use assets and accumulated amortization for leases were \$6,897,973 and \$7,300,041 and \$4,026,910 and \$3,450,569, respectively.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Annual requirements to amortize the lease liability and related interest subsequent to June 30, 2025 are as follows:

Years Ending June 30,	<u>Principal</u>	<u>Interest</u>
2026	\$ 391,984	\$ 127,887
2027	429,572	107,498
2028	469,604	85,181
2029	512,407	60,801
2030	485,208	36,636
2031-2032	<u>598,398</u>	<u>16,133</u>
Total	<u>\$ 2,887,173</u>	<u>\$ 434,136</u>

Note 9A - Subscription-Based Information Technology Arrangements

The College has entered into subscription-based information technology arrangements (SBITAs) involving its financial management software and document management software.

The financial management software arrangement is a three-year agreement, initiated in fiscal year 2022 with an annual payment that ranges from \$95,000 to \$97,300. The College has used a 5.75% discount rate for this arrangement based on another equipment lease during the same fiscal year to determine the present value of the intangible right-to-use asset and SBITA liability. The College had an option to extend this arrangement for three additional years but chose not to exercise that option. There is no option to purchase the software. During the year ended, June 30, 2024, in addition to the required lease payment the College made an additional payment to pay the lease in its entirety. The College did not make payments for this lease during the year ended June 30, 2025.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

The document management software arrangement is a three-year agreement, initiated in fiscal year 2023 with a monthly payment of \$12,480. The College has used a 5.75% discount rate for this arrangement based on another equipment lease during the same fiscal year to determine the present value of the intangible right-to-use asset and SBITA liability. There are no options to renew or purchase the software. During the year ended, June 30, 2024, in addition to the required lease payment the College made an additional payment to pay the lease in its entirety. The College did not make payments for this lease during the year ended June 30, 2025.

At June 30, 2025 and 2024, the total amount of the SBITA right of use asset was \$491,120 and accumulated amortization for SBITA was \$491,120 and \$456,864, respectively. At June 30, 2025 and 2024 the balance of the SBITA liability was \$0.

Note 10 - **Pensions**

Defined Benefit Plan Description

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

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

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June 30, 2025 and 2024

Benefit Provisions

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

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

Contributions

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

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

<u>Hire Date</u>	<u>Percent of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 - 6/30/1996	8% of regular compensation
7/1/1996 - present	9% of regular compensation
7/1/2001 to present	11% of regular compensation
1979 - present	An additional 2% of regular compensation in excess of \$30,000

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June 30, 2025 and 2024

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 \$4,568,800, \$3,185,956, and \$3,246,704, for the years ended June 30, 2025, 2024 and 2023, 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 18.63%, 16.69% and 16.70% of annual covered payroll for the fiscal years ended June 30, 2025, 2024 and 2023, respectively. The College contributed \$282,374, \$147,859 and \$94,319 for the fiscal years ended June 30, 2025, 2024 and 2023, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2025 and 2024, the College reported a liability of \$1,382,229 for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2025, the reporting date, was measured as of June 30, 2024, 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, 2024 rolled forward to June 30, 2024.

At June 30, 2024, the College reported a liability of \$936,976 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 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 year 2024. The College's proportionate share was based on actual employer contributions to the SERS for fiscal years 2025 and 2024 relative to total contributions of all participating employers for the fiscal years. At June 30, 2025 and 2024, the College's proportion was 0.010% and 0.006%, respectively.

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June 30, 2025 and 2024

For the years ended June 30, 2025 and 2024, the College recognized pension income of \$4,325 and \$280,474.

The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2025</u>	<u>2024</u>
<u>Deferred Outflows of Resources Related to Pension</u>		
Contributions subsequent to the measurement date	\$ 282,374	\$ 147,859
Differences between projected and actual investments earnings	-	25,217
Differences between expected and actual experience	69,277	33,284
Changes in proportion from Commonwealth	-	8
Changes in plan actuarial assumptions	9,919	15,747
Changes in proportion due to internal allocation	<u>460,385</u>	<u>116,182</u>
Total Deferred Outflows Related to Pension	<u>\$ 821,955</u>	<u>\$ 338,297</u>
<u>Deferred Inflows of Resources Related to Pension</u>		
Differences between projected and actual investments earnings	\$ 17,972	\$ -
Differences between expected and actual experience	17,709	23,153
Changes in proportion from Commonwealth	8,883	7,158
Changes in proportion due to internal allocation	<u>56,028</u>	<u>318,576</u>
Total Deferred Inflows Related to Pension	<u>\$ 100,592</u>	<u>\$ 348,887</u>

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

The College's contributions of \$282,374 and \$147,859 made during the fiscal years ended 2025 and 2024 subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Years Ending June 30,

2026	\$ (466,699)
2027	898,099
2028	100,533
2029	<u>(92,944)</u>
	<u><u>\$ 438,989</u></u>

Actuarial Assumptions

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

	<u>2025</u>	<u>2024</u>
Measurement date	June 30, 2024	June 30, 2023
Inflation on the first \$13,000 of allowance	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Interest rate credited to annuity savings fund	3.50%	3.50%

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

For measurement date June 30, 2024 and 2023, mortality rates were based on:

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

Experience studies were performed as follows:

- Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

The 2025 and 2024 pension liability for the June 30, 2024 and 2023 measurement date was determined by an actuarial valuation as of January 1, 2024 and 2023 and rolled forward to June 30, 2024 and 2023, respectively.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

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 tables:

Asset Class	2025		2024	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0%	4.6%	37.0%	4.9%
Portfolio Completion Strategies	10.0%	3.7%	10.0%	3.8%
Core Fixed Income	15.0%	2.1%	15.0%	1.9%
Private Equity	16.0%	7.4%	16.0%	7.4%
Real Estate	10.0%	3.9%	10.0%	3.0%
Value Added Fixed Income	9.0%	5.1%	8.0%	5.1%
Timber/Natural Resources	4.0%	4.4%	4.0%	4.3%
	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to the Financial Statements - Continued

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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:

	<div style="text-align: center;"> <u>2025</u> Current <div style="display: flex; justify-content: space-between;"> 1.00% Decrease Discount Rate 1.00% Increase </div> <div style="display: flex; justify-content: space-between;"> 6.00% 7.00% 8.00% </div> </div>		
Net Pension liability	\$ 1,941,853	\$ 1,382,229	\$ 908,788

	<div style="text-align: center;"> <u>2024</u> Current <div style="display: flex; justify-content: space-between;"> 1.00% Decrease Discount Rate 1.00% Increase </div> <div style="display: flex; justify-content: space-between;"> 6.00% 7.00% 8.00% </div> </div>		
Net Pension liability	\$ 1,287,747	\$ 936,976	\$ 640,131

Note 11 - 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 defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

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June 30, 2025 and 2024

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

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

Benefits Provided

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

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2025 and 2024, and as of the valuation dates (January 1, 2024 and 2023, respectively), 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 7.49% and 7.83% of annual covered payroll for the fiscal year ended June 30, 2025 and 2024, respectively. The College contributed \$113,545 and \$69,363 for the fiscal years ended June 30, 2025 and 2024, respectively equal to 100% of the required contribution for the year.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

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

At June 30, 2025 and 2024, the College reported a liability of \$1,557,942 and \$996,551 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, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 and 2023, 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 2024 and 2023. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal year. At June 30, 2025 and 2024, the College's proportion was 0.011% and 0.007%, respectively.

For the years ended June 30, 2025 and 2024, the College recognized OPEB income of \$776,635 and \$769,765, respectively.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
<u>Deferred Outflows of Resources Related to OPEB</u>		
Contributions subsequent to the measurement date	\$ 113,545	\$ 69,363
Changes in OPEB plan actuarial assumptions	30,374	43,779
Differences between expected and actual experience	43,304	40,533
Changes in proportion from Commonwealth	-	91
Changes in proportion due to internal allocation	768,282	151,804
Differences between expected and actual investment earnings	<u>-</u>	<u>3,257</u>
Total Deferred Outflows Related to OPEB	<u>\$ 955,505</u>	<u>\$ 308,827</u>
<u>Deferred Inflows of Resources Related to OPEB</u>		
Changes in proportion from Commonwealth	\$ 15,005	\$ 9,536
Differences between expected and actual experience	120,348	111,937
Changes in proportion internal allocation	415,099	1,329,632
Changes in OPEB plan actuarial assumptions	347,598	257,046
Differences between expected and actual investment earnings	<u>619</u>	<u>-</u>
Total Deferred Inflows Related to OPEB	<u>\$ 898,669</u>	<u>\$ 1,708,151</u>

The College's contributions of \$113,545 and \$69,363 made during the fiscal years 2025 and 2024, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in each of the succeeding years.

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June 30, 2025 and 2024

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

Years Ending June 30,

2026	\$ (81,868)
2027	(71,646)
2028	19,037
2029	64,079
2030	<u>13,689</u>
	<u>\$ (56,709)</u>

Actuarial Assumptions

The total OPEB liability for 2025 and 2024 were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>2025</u>	<u>2024</u>
Measurement date:	June 30, 2024	June 30, 2023
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 2024_1b. Medicare and non-Medicare benefits range from 5.35% to 7.42%	Developed based on the most recent published GAO-Getzen trend rate model, version 2023_1f. Medicare and non-Medicare benefits range from 5.79% to 7.50%

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2021 from the central year, with females set forward one year for both measurement dates June 30, 2024 and 2023.

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June 30, 2025 and 2024

The participation rates are actuarially assumed as below:

- 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
- 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
- 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:

	June 30, 2024 Retirement Age		June 30, 2023 Retirement Age	
	Non-Medicare Under 65	Medicare Age 65+	Under 65	Age 65+
Indemnity	18.0%	96.0%	27.0%	96.0%
POS/PPO	72.0%	0.0%	63.0%	0.0%
HMO	10.0%	4.0%	10.0%	4.0%

The actuarial assumptions used in the January 1, 2024 and 2023 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2024 and 2023 through December 31, 2023 and 2022, depending upon the criteria being evaluated.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

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, are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2024 and 2023 was 4.61% and 4.34%, respectively. This rate was based on a blend of the Bond Buyer Index rate (3.93% and 3.65%) 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 2043 and 2042 for the fiscal years 2025 and 2024. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% per annum 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:

	<u>2025</u>		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	3.61%	4.61%	5.61%
Net OPEB liability	\$ 1,814,507	\$ 1,557,942	\$ 1,346,209
	<u>2024</u>		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	3.34%	4.34%	5.34%
Net OPEB liability	\$ 1,164,366	\$ 996,551	\$ 858,840

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June 30, 2025 and 2024

Sensitivity of the College's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

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

2025			2024		
1.00%	Current Health	1.00%	1.00%	Current Health	1.00%
Decrease	Care Cost	1.00% Increase	Decrease	Care Cost	1.00% Increase
Trend Rate			Trend Rate		
(B)	(A)	(C)	(B)	(A)	(C)
\$ 1,307,874	\$ 1,557,942	\$ 1,872,520	\$ 835,030	\$ 996,551	\$ 1,200,854

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

(B) - 1-percentage decrease in current health care cost trend rate, as disclosed in the actuarial assumptions

(C) - 1-percentage increase in current health care cost trend rate, as disclosed in the actuarial assumptions

Note 12 - **Restricted Net Position**

The College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of \$4,112,561 and \$3,314,535, at June 30, 2025 and 2024. The funds are to be used for student grants.

Note 13 - **Contingencies**

Litigation

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

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Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Federal, State, and Private Contracts and 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.

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2%. The College is obligated to accept, as payment of tuition, the amount determined by this Program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the College. The effect of this Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the College.

State Appropriations

As disclosed in Note 1, the College is a public, State-supported, two-year college, with campuses located in Wellesley Hills, Framingham, and Ashland, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. As such, the College receives general state appropriations for a portion of its annual operations for employee salaries and fringe benefits reported on the Statement of Revenues and Expenses and Note 16 of these financial statements.

Risk Management

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

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June 30, 2025 and 2024

Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the College consist of Educator's Legal Liability, commercial crime, general liability, automobile liability, excess liability, and a foreign package policy. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded policy coverages in any of the past three years.

Federal Student Financial Assistance and Other Grants

The College participates in the Federal Financial Assistance (Title IV) programs along with federal grants related to various college programs and operations. These programs allow for grants, scholarship aid, and other awards to be issued to students and the college to cover qualified education and related costs. During the fiscal years ended June 30, 2025 and 2024, the College expended approximately \$8,500,000 and \$5,300,000, respectively, of federal funds for students and assistance with their operations.

State Student Financial Assistance and Other Grants

The College participates in the Massachusetts State student financial assistance programs. These programs allow for grants, scholarship aid, and other awards to be issued to students to cover qualified education costs. During the fiscal years ended June 30, 2025 and 2024, the College expended approximately \$9,100,000 and \$4,600,000, respectively, of Massachusetts funds for students and assistance with their operations.

Workforce Covered by Collective Bargaining Agreements:

The College is comprised of State Employees hired and employed by the Commonwealth of Massachusetts. The Massachusetts Board of Higher Education negotiates collective bargaining agreements ("CBA") with the majority of college employees. During the fiscal years ended June 30, 2025 and 2024, the College employed individuals belonging to the following unions:

Massachusetts Community College Council ("MCCC")

The CBA for MCCC union covers the period from July 1, 2023 to June 30, 2025. This Agreement is entered into by and between the Board of Higher Education and the Massachusetts Community College Council MCCC/MTA/NEA and sets forth procedures for the equitable resolution of grievances, the terms of employment with respect to wages and working conditions and means by which the parties may consult periodically on mutually perceived issues. As of June 30, 2025, negotiations between the Board of Higher Education and MSCA are in the process of constructing and obtaining an updated CBA. As of September 15,

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

2025, the Board of Higher Education and MCCC are awaiting ratification of the updated CBA by the MCCC membership.

American Federation of State, County and Municipal Employees (AFSCME)

The CBA for AFSCME union covers the period from July 1, 2020 to June 30, 2023. This Agreement is entered into by and between the Board of Higher Education and the American Federation of State, County and Municipal Employees Local 1067, Council 93, AFL-CIO and sets forth procedures for the equitable resolution of grievances, the terms of employment with respect to wages and working conditions and means by which the parties may consult periodically on mutually perceived issues. Negotiations are on-going for an updated CBA between the Board of Higher Education and AFSCME.

Limitation on Raising Tuition Rates:

Tuition rates are determined by the Massachusetts Board of Higher Education and cannot be adjusted without their authorization. Fees are capped by the Massachusetts Board of Higher Education, however, are established by the College's Board of Trustees and adjusted annually as deemed appropriate.

Note 14 - **Operating Expenses**

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

	<u>2025</u>	<u>2024</u>
Compensation and benefits	\$ 47,836,639	\$ 41,555,604
Supplies and services	16,500,075	17,419,872
Depreciation	4,250,657	3,270,641
Scholarships and fellowships	3,955,526	4,528,153
	<u>\$ 72,542,897</u>	<u>\$ 66,774,270</u>

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 15 - Fringe Benefit Programs

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

Group Insurance Commission

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. 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 an eleven-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 fiscal years ended June 30, 2025 and 2024, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

Other Employee Benefits

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

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 16 - Massachusetts Management Accounting and Reporting System

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS") on the statutory basis of accounting.

The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. Management believes the amount reported on MMARS meets the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

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

	<u>2025</u>	<u>2024</u>
Direct Unrestricted Appropriation	\$ 23,297,868	\$ 22,217,385
Add: Fringe Benefits	10,653,186	8,246,446
Day school tuition remitted to the state and included in tuition and fee revenues	<u>(441,220)</u>	<u>(219,477)</u>
Total unrestricted appropriations	33,509,834	30,244,354
Workforce Training	61,775	63,486
SUCCESS	1,066,501	985,571
State Facilities	2,544,774	10,125,791
Surplus Property	<u>-</u>	<u>20,812</u>
Total Appropriations	<u>\$ 37,182,884</u>	<u>\$ 41,440,014</u>

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

A timing difference occurred in the amount of \$857,540 and \$3,642,105 that was reported to MMARS after August 31, 2025 and 2024, respectively and reconciled as follows (unaudited):

	<u>2025</u>	<u>2024</u>
Revenue per MMARS	\$ 26,770,497	\$ 81,579,478
Revenue per College	<u>25,912,957</u>	<u>77,937,373</u>
Difference	<u>\$ (857,540)</u>	<u>\$ (3,642,105)</u>

Note 17 - **Pass-Through Federal Loans**

The College provides student les through the William D. Ford Federal Direct Lending Program which provides Subsidized and Unsubsidized Stafford Loans at the same rates to students. The U.S. Government is the lender in the Direct Loan program. The College distributed \$1,142,583 and \$1,858,601 for student loans through the Direct Loan Program for the years ended June 30, 2025 and 2024. These distributions and related funding sources are not included as expenses and revenues nor as cash disbursements and cash receipts in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended Measurement date Valuation date	June 30, 2025 June 30, 2024 January 1, 2024	June 30, 2024 June 30, 2023 January 1, 2023	June 30, 2023 June 30, 2022 January 1, 2022	June 30, 2022 June 30, 2021 January 1, 2021	June 30, 2021 June 30, 2020 January 1, 2019	June 30, 2020 June 30, 2019 January 1, 2019	June 30, 2019 June 30, 2018 January 1, 2018	June 30, 2018 June 30, 2017 January 1, 2017	June 30, 2017 June 30, 2016 January 1, 2016	June 30, 2016 June 30, 2015 January 1, 2015
Proportion of the collective net pension liability	0.010%	0.006%	0.006%	0.005%	0.006%	0.014%	0.023%	0.018%	0.012%	0.023%
Proportionate share of the collective net pension liability	\$ 1,382,229	\$ 936,976	\$ 770,280	\$ 558,356	\$ 1,007,703	\$ 2,009,337	\$ 3,072,507	\$ 2,331,027	\$ 1,674,264	\$ 2,560,726
College's covered payroll	\$ 885,914	\$ 564,784	\$ 483,811	\$ 434,134	\$ 450,774	\$ 1,133,748	\$ 1,802,827	\$ 1,428,161	\$ 1,355,528	\$ 1,355,528
College's proportionate share of the net pension liability as a percentage of its covered payroll	156.02%	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	123.51%	188.91%
Plan fiduciary net position as a percentage of the total pension liability	72.90%	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%

See accompanying notes to the required supplementary information.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	<u>2025</u>	<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>
Statutorily required contribution	\$ 282,374	\$ 147,859	\$ 94,319	\$ 77,942	\$ 63,644	\$ 63,469	\$ 136,730	\$ 212,373	\$ 142,102	\$ 87,189
Contributions in relation to the statutorily required contribution	<u>(282,374)</u>	<u>(147,859)</u>	<u>(94,319)</u>	<u>(77,942)</u>	<u>(63,644)</u>	<u>(63,469)</u>	<u>(136,730)</u>	<u>(212,373)</u>	<u>(142,102)</u>	<u>(87,189)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 1,515,695	\$ 885,914	\$ 564,784	\$ 483,811	\$ 434,134	\$ 450,774	\$ 1,133,748	\$ 1,802,827	\$ 1,428,161	\$ 922,307
Contribution as a percentage of covered payroll	18.63%	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%

See accompanying notes to the required supplementary information.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - Pension

June 30, 2025

Note 1 - Change in Plan Actuarial and Assumptions

Measurement date – June 30, 2023

The mortality rates were changed as follows:

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

Measurement date – June 30, 2022

The inflation rate of return changes from 3.00% to 2.50%.

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

See Independent Auditor's Report.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - Pension

June 30, 2025

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

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.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - Pension

June 30, 2025

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)

MASSACHUSETTS BAY COMMUNITY COLLEGE
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Schedule of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.011%	0.007%	0.007%	0.006%	0.006%	0.022%	0.019%	0.026%
Proportionate share of the collective net OPEB liability	\$ 1,557,942	\$ 996,551	\$ 969,390	\$ 980,343	\$ 1,296,677	\$ 3,787,946	\$ 6,723,245	\$ 4,533,850
College's covered payroll	\$ 885,914	\$ 564,784	\$ 483,811	\$ 434,134	\$ 450,774	\$ 1,133,748	\$ 1,802,827	\$ 1,428,161
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	175.86%	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	15.60%	13.80%	13.00%	10.70%	6.40%	8.79%	6.01%	5.39%

See accompanying notes to the required supplementary information.

MASSACHUSETTS BAY COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Year Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 113,545	\$ 69,363	\$ 41,103	\$ 37,015	\$ 33,420	\$ 32,878	\$ 99,703
Contributions in relation to the statutorily required contribution	<u>(113,545)</u>	<u>(69,363)</u>	<u>(41,103)</u>	<u>(37,015)</u>	<u>(33,420)</u>	<u>(32,878)</u>	<u>(99,703)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 1,515,695	\$ 885,914	\$ 564,784	\$ 483,811	\$ 434,134	\$ 450,774	\$ 1,133,748
Contribution as a percentage of covered payroll	7.49%	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%

Notes:

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

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

See accompanying notes to the required supplementary information.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Notes to Required Supplementary Information - OPEB

June 30, 2025

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2025

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 2024_1b. 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 4.61% (based upon a blend of the Bond Buyer Index rate (3.93%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2024

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

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

Change in Discount Rate

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

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Notes to Required Supplementary Information - OPEB

June 30, 2025

Fiscal year June 30, 2023

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

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

Change in Discount Rate

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

Fiscal year June 30, 2022

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated 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.

See accompanying notes to the required supplementary information.

MASSACHUSETTS BAY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - OPEB

June 30, 2025

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

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

Change in Investment Rate

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

Change in Salary Scale

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

Change in Discount Rate

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

Fiscal year June 30, 2020

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

See accompanying notes to the required supplementary information.

MASSACHUSETTS BAY COMMUNITY COLLEGE

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Notes to Required Supplementary Information - OPEB

June 30, 2025

Change in Discount Rate

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

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.5% to 8.0%, which 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%.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

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

To the Board of Trustees of
Massachusetts Bay 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 Massachusetts Bay Community College (the "College"), and its discretely presented major component unit, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Massachusetts Bay Community 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 an 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College'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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control in the Foundation, a discretely presented major component unit of the College, described below, as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massachusetts Bay Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the finding identified in our audit and described above. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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'.

January 14, 2026

Current Year Findings

Finding 2025-001

Criteria

Investments with the intention to be held in excess of one-year should be classified as non-current under generally accepted accounting principles in the United States of America (U.S. GAAP).

Condition

The Foundation has determined that it had improperly classified long-term investments held in the endowment as current within the June 30, 2024 financial statements.

Cause

Year-end financial reporting procedures did not identify the need to reclassify endowment investments to noncurrent assets.

Effect

The misclassification resulted in current investments being overstated and noncurrent investments being understated by approximately \$2.5 million at June 30, 2024.

Recommendation

We recommend that the Foundation implement enhanced year-end financial reporting procedures, including review checklists and supervisory review, to ensure that investments with the intention to be held in excess of one-year are classified as noncurrent assets.

Management Response

Management accepts the Finding 2025-001 regarding the classification of investments between current and non-current as prescribed by generally accepted accounting principles and recommended by the Foundation's auditors. This change was a presentation matter only and had no impact on our investment balance in total. The Foundation will implement the change to bring the financial reporting in line with generally accepted principles and best practices.