

# University of Massachusetts **Annual Financial Report 2024**







# Contents

University Administration.....	2
Letter from the President.....	3
Report of Independent Auditors.....	4
Management’s Discussion and Analysis (unaudited).....	8
Financial Statements.....	22
Statements of Net Position.....	22
Statements of Revenues, Expenses, and Changes in Net Position.....	23
Statements of Cash Flows.....	24
Discretely Presented Component Unit Statements of Financial Position.....	26
Discretely Presented Component Unit Statements of Activities.....	27
Notes to Financial Statements.....	28
Required Supplementary Information (unaudited).....	79
Schedule of the University’s Proportionate Share of the Net Pension Liability — Massachusetts State Employees’ Retirement System, 2023–2019.....	79
Schedule of the University’s Contributions — Massachusetts State Employees’ Retirement System, 2024–2020.....	79
Schedule of the University’s Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability — State Retirees’ Benefit Trust.....	80
Schedule of the University’s Contributions — State Retirees’ Benefit Trust.....	80

# University Administration

As of November 2024

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# Letter from the President

I am pleased to present the annual financial report of the University of Massachusetts. This report details the university's financial position and major activities over the past year and emphasizes the work that we have done to ensure active fiscal management and accountability across the five-campus system.

This is a pivotal period in higher education, as public and private colleges and universities across the country are facing significant demographic challenges, largely due to a declining high school graduate population, which is especially pronounced in the Northeast. In spite of this, I am pleased to report that the University of Massachusetts has continued to maintain strong enrollment, and the university is positioned to come through stronger because of our collective work over the past years.

The university's scope of activities is broad and impactful. UMass educates more than 73,000 students and produces nearly 19,000 graduates each year, with 660,000 alumni in total, including 360,000 in Massachusetts. The UMass community provides 700,000 community service hours a year and serves as a critical talent pipeline in service of the state's long-term competitiveness. With a \$4.3 billion budget and \$8.3 billion in annual economic impact, UMass is an enormous contributor to the state's economy, supporting many external jobs and construction activities that generate a ripple effect in every corner of the Commonwealth. Our research funding, which now stands at a record-high \$826 million, is focused on key Massachusetts industries like the life sciences, data science, climate science, advanced manufacturing, robotics, and more.

The national reputation of our UMass campuses in Amherst, Boston, Dartmouth, and Lowell continues to rise, including in annual rankings from reputable sources like *U.S. News & World Report*. UMass Chan Medical School was recently named the best medical school in the Northeast for primary care and ranks among the top 15 in the country.

Our work continues to be focused on providing affordability, accessibility, and a world-class education for all our students. To accomplish these goals, the university has employed innovative strategies ranging from improved data analytics to procurement reforms resulting in reduced costs to UMass.

These efforts are only possible because of the overall effectiveness of our operations and our financial strength, which have distinguished UMass as a well-managed university.

The university's endowment has reached an all-time-high of \$1.5 billion, thanks to improved fundraising efforts on our campuses, significant philanthropic gifts, and exceptional stewardship and investment management. We continue to receive external recognition for the strength of our management, with strong bond ratings from Moody's, Fitch and S&P Global. Our Enterprise Risk Management program also received a national award from the Public Risk Management Association.

A strong, stable and thriving UMass is critical to the success of our state, our economy, and our quality of life, and I am proud of what our administration, faculty and staff have worked on this past fiscal year to help advance these goals. As the largest contributor of college graduates entering the state's workforce, UMass is building the future of the Commonwealth — and together we must remain steadfast in our mission of making Massachusetts better, stronger, and more competitive through our mission of education, research and service.

Sincerely,

Martin T. Meehan  
President



# Report of Independent Auditors



KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

## Independent Auditors' Report

The Board of Trustees  
University of Massachusetts:

### Report on the Audit of the Financial Statements

#### *Opinions*

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

In our opinion, the accompanying 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 units of the University, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University 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. The financial statements of the University of Massachusetts Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

#### *Emphasis of Matter*

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, each major fund, and the aggregate discretely presented component units of the Commonwealth of Massachusetts that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Massachusetts as of June 30, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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

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### *Auditors' 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 auditors' 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 University'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.

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*

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the accompanying 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Management is responsible for the other information included in the annual financial report. The other information comprises the University Administration and Letter from the President but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

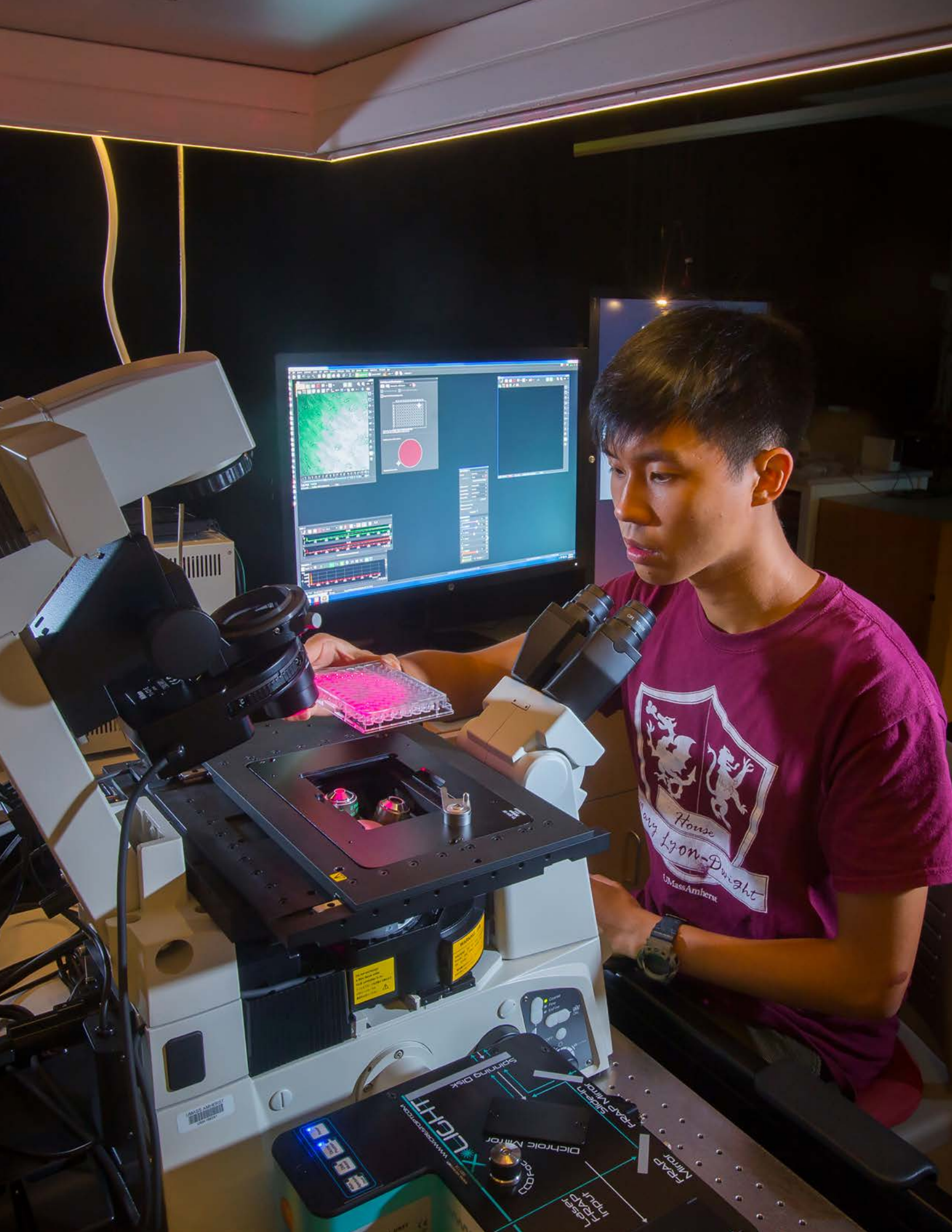
In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts  
December 18, 2024





# Management's Discussion and Analysis (unaudited)

June 30, 2024

## Introduction

This Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Massachusetts (the University or UMass) for the fiscal years ended June 30, 2024, 2023 and 2022, and should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes and this discussion are the responsibility of management.

The University of Massachusetts was established in 1863 as the Massachusetts Agricultural College, located in Amherst. Since then it has grown into a system that is nationally and internationally known for the quality of its academic programs and the scope and excellence of its faculty research. From Nobel Prize-winning research in gene-silencing to research in critical areas such as renewable energy, nanotechnology, cybersecurity, life sciences and marine science, the University of Massachusetts is expanding the boundaries of knowledge and opening doors of discovery that benefit the Commonwealth of Massachusetts (Commonwealth), the nation and the world. UMass consistently ranks as one of the best, most innovative universities in the world.

**UMass Amherst** is the flagship campus of the University. True to its land-grant roots, UMass Amherst is engaged in research and creative work in all fields and is classified by the Carnegie Foundation for the Advancement of Teaching as a doctoral university with "very high research activity". Major areas of emphasis include climate science, food science, alternative energy, nano manufacturing, polymer science,

computer science and linguistics. UMass Amherst is ranked 32nd among the nation's top public schools in the 2024 *U.S. News & World Report*.

**UMass Boston** is nationally recognized as a model of excellence for urban public research universities. Located on Boston Harbor, it is the metropolitan area's only public research university. UMass Boston's distinguished intellectual contributions span the social sciences, education, health and wellness. With a student population that represents over 117 countries, UMass Boston is committed to educating people from modest-income backgrounds, first-generation college students and those from urban areas, here and abroad. UMass Boston is ranked 1st in New England for social mobility according to the *U.S. News & World Report*.

**UMass Dartmouth** distinguishes itself as a vibrant university dedicated to engaged learning and innovative research resulting in personal and lifelong student success. Located on 710 acres on the south coast of Massachusetts, UMass Dartmouth offers students high-quality academic programs through undergraduate majors and professional and doctoral programs, including the state's only public law school. In addition, UMass Dartmouth's School for Marine Science & Technology (SMAST) is a nationally and internationally recognized research institution.

**UMass Law**, which is part of UMass Dartmouth and the only public law school in Massachusetts, is committed to providing an excellent, affordable, and accessible legal education that balances legal theory, doctrine, skills, experience, and



professionalism. UMass Law prepares students to thrive in a changing profession and advances justice through research, writing, teaching, learning, and practice. UMass Law's February 2024 Massachusetts first-time bar passage rate was 62.5%.

**UMass Lowell** is ranked 84th among the nation's top public schools within the 2024 *U.S. News & World Report*, with programs supporting workforce and economic development through innovation, entrepreneurship and public-private partnerships. UMass Lowell prepares students emphasizing experiential learning through cooperative education, service and research.

**UMass Chan Medical School** founded in 1962 and situated in Worcester, is the Commonwealth's only public medical school and the University's Nobel-prize winning health sciences education and research campus. Consistently ranked by *U.S. News & World Report* as a tier 1 medical school in the U.S. for primary care training, UMass Chan has remained true to its founding mission while also becoming globally recognized in biomedical research. Unique among medical schools, UMass Chan is also home to ForHealth Consulting, a health care

consulting division that partners with states and the federal government in delivering health services to vulnerable populations; and MassBiologics, the only non-profit, FDA-licensed manufacturer of vaccines and biologics in the nation.

**UMass Global**, in September of 2021, the University acquired Brandman University to expand educational opportunities for adult learners. This agreement officially launched UMass Global (UMG), a nonprofit blended component unit of UMass that delivers expanded online educational opportunities to adult learners in Massachusetts, across the nation and around the globe through a strengthened technology platform and tailored student support services. In addition to providing new educational opportunities, UMass Global also streamlines efforts to build workforce development partnerships with local and national employers, community colleges, other educational partners, non-profits, government agencies, and the U.S. military.



## Financial Management

### Accountability Framework

The University has strengthened its long-term fiscal outlook by adopting a framework for financial accountability. The framework is based on four key tenets:

- **Oversight:** independent and objective assurance that analyzes data, processes, policies and controls
- **Internal Controls:** standard processes to provide reasonable assurance regarding achievement of objectives
- **Transparency:** reliable, timely information that is accessible and understandable
- **Risk Management:** systematic approach to identifying, assessing and managing risks across the organization

**FIGURE 1 –UMass Financial Accountability Framework**



Annually, management develops a working Roadmap that identifies various projects that have a direct connection to one or more of the key tenets of the Accountability Framework. In addition to the Framework, the annual Roadmap is guided by the UMass Systemwide Enterprise Risk Management (ERM) Program and the UMass systemwide risk registry. The following highlight some of the FY2024 Roadmap projects that address several of the University's top ten risks:

- Enrollment Risk:
  - Improved real-time data on enrollment demographics and residency in the University's real-time data dashboard, Strategic Planning Analytics and Reporting for Campuses (SPARC)
  - Implemented an expanded admissions sharing pilot among campuses
- Facilities and Deferred Maintenance
  - Introduced up to date deferred maintenance dashboards

- Financial Sustainability
  - Enhanced the shared procurement system to ensure consistent data across campuses and improve the end user experience as well as the introduction of a new tool
  - Launched new real-time data dashboard, SPARC Pro, to enable real time tracking and management of contracts
  - Implemented a new systemwide travel and expense technology
- International Activities
  - Implemented a new travel registration platform
  - Replaced the international tax system
- Diversity, Equity, Inclusion & Accessibility
  - Improved accessibility of published digital materials
  - Increased utilization of and spending with diverse suppliers
- Attract, Recruit, Retain Faculty and Staff
  - Updated non-unit personnel policies

Through the Accountability Framework, the University continues its work towards financial sustainability, risk mitigation and operational efficiencies to ensure access to and affordability of a UMass education for our students while improving our capacity to deliver quality service to our customers.

### Shared Services Initiatives — Unified Procurement Services Team

In January 2020, the University implemented the Unified Procurement Services Team (UPST) as the University's first procurement shared services organization. Comprised of a team of procurement professionals from across the UMass system, UPST was tasked with providing high-quality services while driving transactional efficiency. UPST supports our campuses in achieving cost optimization through proactive commodity sourcing and contracting with innovative suppliers and partners that support delivering on UPST's "better, faster, and cheaper" mission. UPST manages over \$1 billion in third-party spend annually across more than 30,000 suppliers and partners by leveraging optimized technology, data-driven business intelligence, training, and enhanced operational processes.

As of June 2024, the University has achieved \$140.1 million in annualized cost savings with \$56.0 million in cost reductions, \$51.7 million of cost avoidance and \$33.0 million in refunds, credits and/or rebates.

To continue this path of cost savings, a robust pipeline of process improvements, service optimization and cost savings and recovery projects has been developed which are expected to result in continued savings, efficiencies, and process



improvements for the University. In the next 18–24 months, UPST will implement projects including increased adoption of system-wide proactive sourcing practices and contracts, and deployment of updated vendor performance guidelines that continue to help UMass manage risk while optimizing cost benefits to the system. UPST will also build upon the successes of its focus on increasing supplier diversity and environmental sustainability considerations across the UMass vendor portfolio; between FY2021 to FY2024 the University increased diverse supplier spend by 133%, now accounting for 11.2% of total spend.

### Shared Services Initiatives — Employee Services Team

Leveraging the successful shared services model of UPST, the University established the Employee Services Team (EST) in October 2021 to provide payroll and human resource application management services to all campuses. In FY2023, EST operations were expanded to include employee travel and expense, launching a systemwide effort to automate and integrate travel and expense technology through the implementation of the market-leading Travel & Expense platform, Concur. The new, systemwide T&E platform, now live at all campuses and the President's Office, enables the University increased transparency on, ensure consistency in, the governance of, and reduction of risk associated with business and travel expenses and travel authorization and

management. This transformation of the travel and expense program, processes and technology aligns with the University's recently updated travel and expense policies and standards and will drive even greater operational efficiencies.

## Using the Annual Financial Report

The University's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes financial reporting standards for public colleges and universities. The University's significant accounting policies are summarized in Note 1 of the accompanying financial statements, including further information on the financial reporting entity.

This report includes the University's Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows for the fiscal years ended June 30, 2024 and 2023, as well as certain required supplementary information. The University's net position (the difference between assets, deferred outflows, deferred inflows, and liabilities) is one indicator of the University's financial health. Over time, increases or decreases in net position are indicators of the improvement in, or erosion of, an institution's financial health when considered together with non-financial factors such as enrollment levels and the condition of facilities.



**Statements of Net Position** include all assets and liabilities, as well as deferred inflows and outflows of resources of the University. Net position is further broken down into three categories: net investment in capital assets, restricted and unrestricted. Amounts reported in net investment in capital assets represent the historical cost of property and equipment, reduced by the balance of related debt outstanding and depreciation expense charged over the years. Net position is reported as restricted when constraints are imposed by third parties, such as donors or enabling legislation. Restricted net position is either non-expendable, as in the case of endowment gifts to be held in perpetuity, or expendable, as in the case of funds to be spent on scholarships and research. The remaining net position is unrestricted; however, such resources may be committed for use under contract or designation by the Board of Trustees (the Board). Note 16 to the accompanying financial statements depicts the designations of unrestricted net position at June 30, 2024 and 2023, respectively.

**Statements of Revenues, Expenses and Changes in Net Position** present the revenues earned and expenses incurred during the year. Activities are reported as either operating or non-operating, as prescribed by GASB. According to the GASB definitions, operating revenues and expenses include tuition and fees, grant and contract activity, auxiliary enterprises and activity for the general operations of the institution not including appropriations from state and federal sources.

Non-operating revenues include appropriations, capital grants and contracts, gifts, investment income, and non-operating federal grants (such as Pell grants and COVID-19 related Higher Education Emergency Relief Fund grants). With a public university's dependency on support from the state, Pell grants, and gifts, it is common for institutions to have operating expenses exceed operating revenues. This is because the financial reporting model prescribed by GASB classifies state and federal appropriations, Pell grants, and gifts as non-operating revenues. Due to the materiality of the state appropriations upon which the University relies, these appropriation amounts are included in certain analyses throughout this MD&A as operating revenue. The utilization of capital assets is reflected in the financial statements as depreciation expense, which amortizes the cost of a capital asset over its expected useful life. Depreciation expense is considered an operating expense.

**Statements of Cash Flows** present cash receipts and payments of the University that have been included within current and noncurrent cash and cash equivalents, cash held by state treasurer and deposits with bond trustees.

**Notes to the Financial Statements** present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements.



**Required Supplementary Information (RSI)** presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes schedules of the University's proportionate share of the Massachusetts State Employees' Retirement System (MSERS) pension liability and other postemployment benefits (OPEB) liability, contributions to the MSERS pension and OPEB plans and related ratios, and this MD&A.

## Reporting Entity

The financial statements of the University include financial activities of the following blended component units: the UMass Building Authority (Building Authority), Worcester City Campus Corporation and Subsidiaries (WCCC), UMass Global (UMG), UMass Medical School Foundation, UMass Amherst Foundation, and UMass Lowell Applied Research Corporation.

Separate Statements of Financial Position and Statements of Activities are presented in this report for the University's discretely presented component units, the University of Massachusetts Foundation, Inc. (UMF), and the University of Massachusetts Dartmouth Foundation, Inc. (UMDF). The statements for these entities are presented in accordance with Financial Accounting Standards Board (FASB) standards, which differ from GASB standards in certain areas such as reporting of pledges to endowment and net position.

For copies of publicly available financial statements for the above entities, please contact the University Controller's Office by email at [generalacctg\\_inquiry@umassp.edu](mailto:generalacctg_inquiry@umassp.edu).

### University of Massachusetts Foundation, Inc.

UMF was established in 1950 to foster and promote the growth, progress and general welfare of the University, and to solicit, receive and administer gifts and donations for such purposes. UMF maintains a portion of the University's investment portfolio, predominantly the endowment, quasi-endowment investments, and certain other investments. The total investments held at UMF on behalf of the University at June 30, 2024, 2023 and 2022 were \$1.1 billion, \$1.0 billion and \$914.8 million, respectively.

### University of Massachusetts Dartmouth Foundation, Inc.

UMDF was established in 1973 to raise funds for the development and improvement of the academic and educational environment for students at the Dartmouth campus and the continued engagement of its alumni. In addition to holding investments for the University, UMF also holds investments on behalf of UMDF.

## Financial Highlights

Selected financial highlights for the fiscal year ended June 30, 2024 include:

- Postemployment benefit expenses related to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) and GASB Statement No. 68, *Accounting and Reporting for Pensions* (GASB 68) have a significant impact on the operating margin results. Both plans, the Other Post-Employment Benefit Plan (OPEB) under GASB 75 and the Massachusetts State Employees' Retirement System (MSERS) under GASB 68, are administered by the Commonwealth. Annually, the University receives audited reports from the Commonwealth which provide the necessary information to report the University's allocations for OPEB and MSERS reporting purposes. Gains and losses from these GASB standards are heavily impacted by economic conditions and actuarial assumptions outside of the University's control. In FY2024, the University's operating expenses include a gain of \$50.5 million as a result of GASB 75 and GASB 68.
- From FY2023 to FY2024, the University's operating revenues increased by \$15.4 million. This modest increase is primarily due to an increase in grant activity, specifically around MassGrant+ educational awards for all campuses. Operating expenses increased by \$123.4 million primarily driven by increased wages and benefits during the fiscal year. Non-operating revenues increased \$170.7 million primarily attributable to an increase in state and capital appropriations. As a result, the University's net position increased \$507.8 million from \$3.0 billion in FY2023 to \$3.5 billion in FY2024.
- For internal reporting purposes, both to senior management and its Board, the University utilizes a key performance indicator identified as 'operating margin.' Operating margin consists of loss before other revenues, expenses, gains, and losses of \$280.8 million reduced by unrealized investment gain of \$3.6 million. The operating margin is further adjusted for the GAAP effect of postemployment benefit plans of \$51.2 million as well as a non-GAAP element of postemployment benefit plans which represents payments made subsequent to the measurement date of June 30, 2023 of \$58.3 million. The resulting operating margins for the years ended June 30, 2024, 2023 and 2022 were \$167.7 million, \$152.3 million and \$128.5 million, respectively.



## Net Position

Condensed schedules of net position for the University at June 30, 2024, 2023, and 2022, respectively, are presented in **Figure 2**.

Assets totaled \$9.6 billion at June 30, 2024 and \$8.9 billion at both June 30, 2023 and 2022. These balances are primarily driven by capital assets net of accumulated depreciation, which have seen moderate growth in the three years presented, primarily as a result of additional resources being dedicated to address deferred maintenance.

Liabilities totaled \$5.4 billion at June 30, 2024 and \$5.5 billion at both June 30, 2023 and 2022. The majority of the University's long-term liabilities in all three years are long-term debt along with pension and OPEB liabilities.

Net position represents the difference between total assets and total liabilities, and in addition to capital, includes cash,

liquid investments, as well as non-cash items and illiquid investments. Total net position was \$3.6 billion, \$3.0 billion and \$2.7 billion at June 30, 2024, 2023 and 2022, respectively. The largest component of net assets for the University remains the net investment in capital assets which has experienced modest year over year increases for the three years presented from \$2.3-2.4 billion.

Unrestricted net position increased over the three years presented due to operating cost reductions, unfilled staffing and faculty positions, a return to pre-pandemic auxiliary operations, and increased non-operating revenues from state-funded initiatives such as HEERF and increased MassGrant+ educational awards.

As of June 30, 2024, the University's endowment, held at UMF, experienced an increase of \$103.8 million from \$1.0 billion in FY2023 to \$1.1 billion in FY2024. The increase is primarily the result of market returns.

**FIGURE 2 – Condensed Schedules of Net Position**

As of June 30, 2024, 2023, and 2022 (\$ in thousands)

Net position	2024	2023	2022
<b>Assets</b>			
Current assets	\$ 1,377,540	\$ 1,229,605	\$ 1,345,089
Noncurrent assets – Capital assets, net	5,927,589	5,615,301	5,549,054
Noncurrent assets – All other noncurrent assets	2,330,285	2,078,434	1,975,000
Total assets	9,635,414	8,923,340	8,869,143
<b>Deferred outflows of resources</b>	<b>482,567</b>	<b>603,926</b>	<b>433,998</b>
<b>Liabilities</b>			
Current liabilities	866,371	807,228	790,455
Noncurrent liabilities	4,544,519	4,736,825	4,679,078
Total liabilities	5,410,890	5,544,053	5,469,533
<b>Deferred inflows of resources</b>	<b>1,155,256</b>	<b>939,241</b>	<b>1,085,656</b>
<b>Net position</b>			
Net investment in capital assets	2,447,350	2,341,776	2,281,471
Restricted – Nonexpendable	17,776	17,648	22,515
Restricted – Expendable	256,945	265,329	262,669
Unrestricted	829,764	419,219	181,297
<b>Total net position</b>	<b>\$ 3,551,835</b>	<b>\$ 3,043,972</b>	<b>\$ 2,747,952</b>



## Revenues, Expenses, and Changes in Net Position

Condensed schedules of revenues, expenses, and changes in net position of the University for the three years ended June 30, 2024, 2023, and 2022, are presented in **Figure 3**.

**FIGURE 3 – Condensed Schedules of Revenues, Expenses, and Changes in Net Position**

For the years ended June 30, 2024, 2023, and 2022 (\$ in thousands)

Revenue and expense	2024	2023	2022
<b>Operating revenues</b>			
Tuition and fees, net of scholarships	\$ 1,021,621	\$ 1,042,664	\$ 1,007,124
Grants and contracts	823,037	746,350	719,479
Auxiliary enterprises	467,457	475,591	434,129
Other operating revenues	575,270	607,372	560,561
Total operating revenues	2,887,385	2,871,977	2,721,293
<b>Operating expenses</b>	<b>3,931,568</b>	<b>3,808,229</b>	<b>3,601,764</b>
<b>Operating loss</b>	<b>(1,044,183)</b>	<b>(936,252)</b>	<b>(880,471)</b>
<b>Nonoperating revenues (expenses)</b>			
Federal appropriations	6,342	6,255	5,588
State appropriations	1,151,020	1,011,360	880,003
Interest expense	(132,442)	(129,132)	(117,244)
Nonoperating federal grants	91,175	100,533	221,628
Other nonoperating income	208,903	165,266	78,061
Total nonoperating revenues (expenses)	1,324,998	1,154,282	1,068,036
<b>Gain (loss) before other revenues, expenses, gains and losses</b>	<b>280,815</b>	<b>218,030</b>	<b>187,565</b>
<b>Other revenues, expenses, gains and losses</b>			
Capital appropriations, grants and other sources	159,150	41,216	95,908
Endowment return, net of amount used for operations	91,496	72,718	(148,089)
Other additions (deductions)	(23,598)	(35,944)	25,406
Total other revenues, expenses, gains, and losses	227,048	77,990	(26,775)
<b>Total increase in net position</b>	<b>507,863</b>	<b>296,020</b>	<b>160,790</b>
<b>Net position</b>			
Net position at the beginning of the year	3,043,972	2,747,952	2,587,162
<b>Net position at the end of the year</b>	<b>\$ 3,551,835</b>	<b>\$ 3,043,972</b>	<b>\$ 2,747,952</b>

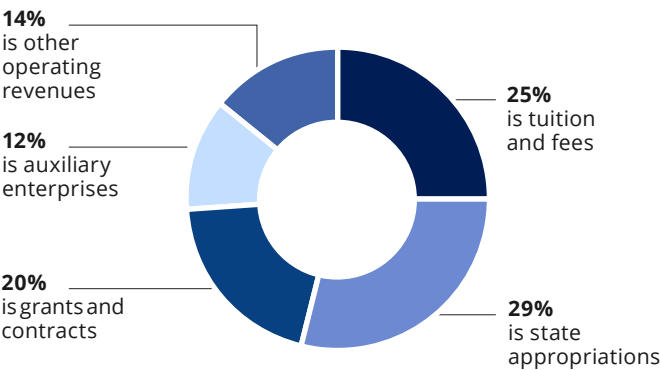
## Operating Revenues and Expenses

While not classified on the financial statements as operating revenue, state appropriations serve as a primary source for funding the core mission of the University. State appropriations revenue, described in detail below, is used almost exclusively to fund payroll for University employees, and as such is considered to be operating revenue for management’s planning and analysis purposes. The University’s operating revenue, including state appropriations, increased by \$155.1 million to \$4.0 billion in FY2024, driven by increased state appropriations and increased grant activity. From FY2023 to FY2022, operating revenues increased \$282.0 million driven by increased state appropriations and student supporting operations.

As noted in **Figure 4**, operating revenues chart below, 54% of the University’s operating revenues were from tuition and fees and state appropriations. Auxiliary enterprises revenue includes housing and dining revenue. These three revenue categories make up the primary revenue sources and combined, make up 65% of the University’s operating revenue.

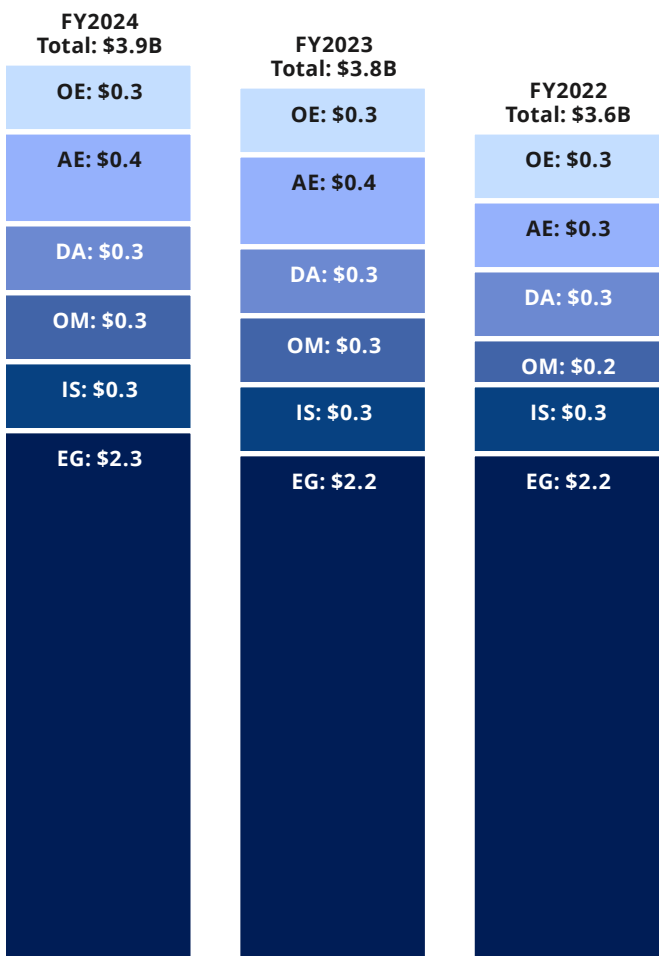
Other operating revenues includes revenues generated from ForHealth programs. These programs provide public consulting and services in health care financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. In addition to ForHealth activities, other operating revenues also include revenue earned by UMass Chan for educational services it provides to its clinical affiliate UMass Memorial Health Care, Inc. (UMass Memorial) as required by the enabling legislation enacted by the Commonwealth in 1997. Grants and contracts revenue includes federal, state and privately sponsored research and other programs.

**FIGURE 4 – Fiscal Year 2024 Operating Revenues (including State Appropriations)**



In FY2024, operating expenses, including depreciation and amortization, totaled \$3.9 billion, as compared to \$3.8 billion in FY2023 and \$3.6 billion in FY2022. Of the FY2024 total, \$2.3 billion or 59% was used to support the academic core activities of the University, including \$620.5 million in research. The education and general portion of the three-year operating expenses shown in **Figure 5** represents expenses in the following functional categories: instruction, research, public service, academic support, student services and scholarships and fellowships.

**FIGURE 5 – Three Year Operating Expenses by Function**  
(\$ in billions)



**Key**  
OE = Other expenditures  
AE = Auxiliary enterprises  
DA = Depreciation and amortization  
OM = Operation and maintenance of plant  
IS = Institutional support  
EG = Education and general

## State Appropriations

In FY2024, state appropriations represented approximately 29.0% of all operating revenues. The level of state support is a key factor influencing the University's overall financial condition. Although the majority of state appropriations are unrestricted revenue, nearly 100% of the state appropriations support payroll and benefits for University employees. In addition to the direct state appropriation, there are several smaller appropriations that add to the total state support for the University. While these smaller line items are in support of campus-specific programs and do not support general University operations, they are included in the state appropriations line in the accompanying financial statements, and in the state appropriations line in **Figure 6**.

The Commonwealth pays fringe benefits for University employees paid from state appropriations. Therefore, such fringe benefit support is added to the state appropriations financial statement line item in the accompanying Statements of Revenues, Expenses and Changes in Net Position. The University pays the Commonwealth for the fringe benefit cost of the employees paid from funding sources other than state appropriations. These amounts are not included in state appropriations.

The University's state appropriations, including fringe benefits, increased in FY2024 by \$139.7 million from FY2023, primarily due to an increase in available state funding for the state's share of collective bargaining and associated fringe determined by the Commonwealth. The University's state appropriations including fringe benefits increased in FY2023 by \$131.4 million from FY2022 driven by similar activity.

**Figure 6** details the state appropriations for the fiscal years ended June 30, 2024, 2023, and 2022

**FIGURE 6 – State Appropriations**

For the fiscal years ended June 30, 2024, 2023, and 2022 (\$ in thousands)

Appropriation	2024	2023	2022
State appropriations	\$ 763,651	\$ 704,241	\$ 618,245
Plus: fringe benefits	387,369	307,119	261,758
<b>Commonwealth support</b>	<b>\$ 1,151,020</b>	<b>\$ 1,011,360</b>	<b>\$ 880,003</b>

## State Capital Appropriations

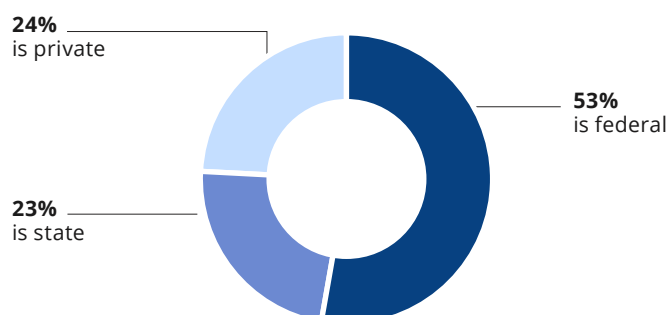
The University faces a financial challenge to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. To have a successful capital program, the University must rely on a combination of revenue sources to fund its capital investments. In FY2024, FY2023 and FY2022, the capital support provided to the University through appropriations and grants from the Commonwealth was \$152.6 million, \$29.7 million and \$87.1 million, respectively. We received \$33.0 million in one-time appropriations and \$44.8 million related to the Commonwealth's Fair Share Amendment passed in 2022. Capital appropriations provide funding in four distinct categories; major projects, critical repairs, critical infrastructure and readiness determination projects. Capital appropriation increases align with the five-year capital plan and increased state support for deferred maintenance.

## Grant and Contract Revenue

Among Massachusetts colleges and universities, the University ranks third in research and development expenditures, behind only the Massachusetts Institute of Technology (MIT) and Harvard University. Most research at the University is externally funded, with the federal government providing a majority of the funding through the National Institutes of Health, the National Science Foundation, and other agencies.

Collectively, UMass Amherst and UMass Chan account for approximately three-quarters of the University's total grants and contracts revenue of \$823.0 million, \$746.4 million and \$719.5 million at June 30, 2024, 2023 and 2022. **Figure 7** details the University's grant and contract revenues by source for the year ended June 30, 2024.

**FIGURE 7 – Grant and Contract Revenue FY2024**



### Tuition and Fees

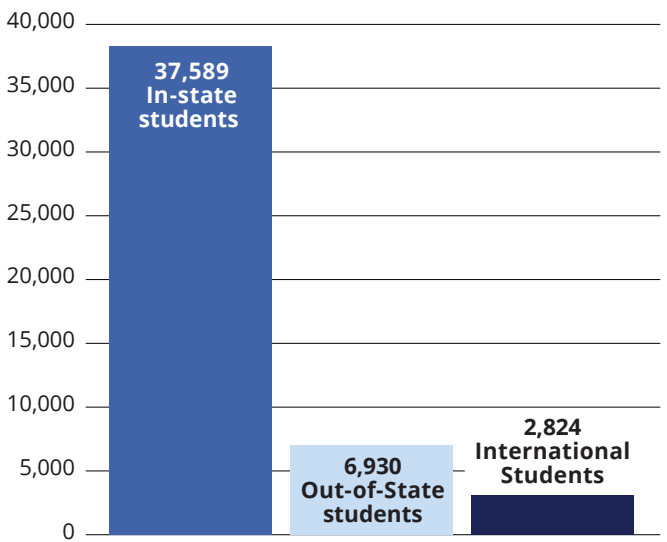
Effective for academic years 2024–2025 and 2023–2024, in-state undergraduate tuition was raised an average of 2.5%. Affordability continues to be a priority of the University and increases in fees are considered in conjunction with Commonwealth support on an annual basis.

### Enrollment

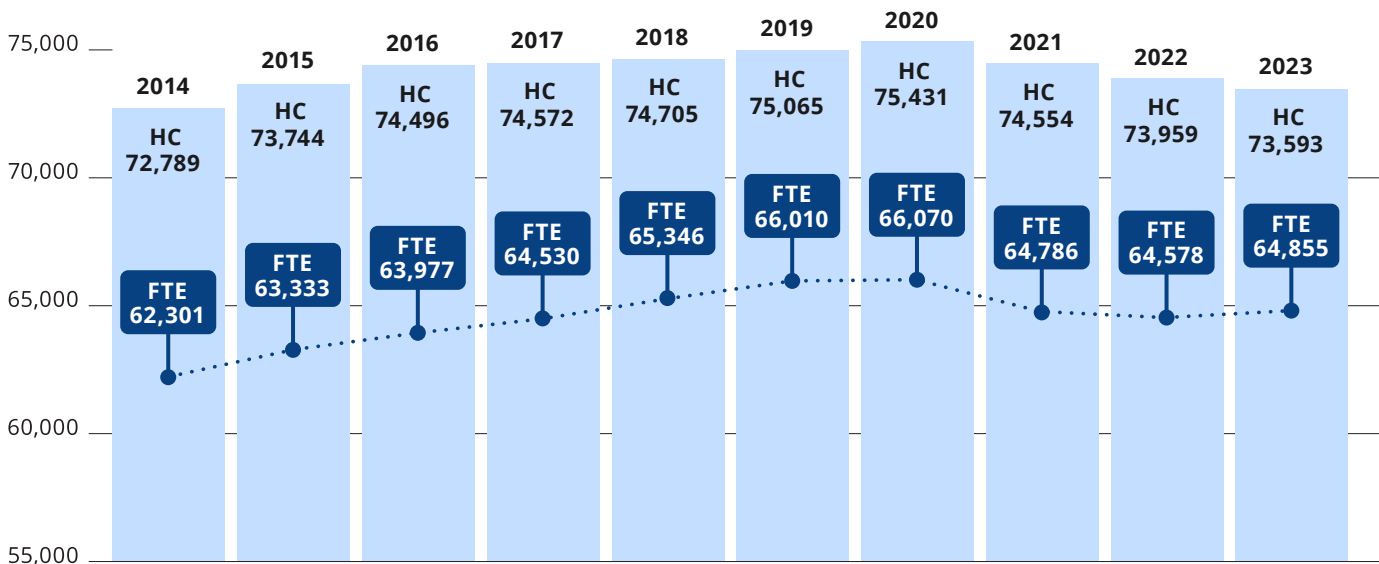
As shown in **Figure 8**, total enrollment in the fall of 2023 was 64,855 FTE (73,593 headcount students), an increase of 0.4% from the fall of 2022 enrollment of 64,578 FTE (73,959 headcount students). Enrollment in the fall of 2021 was 64,786 FTE (74,554 headcount students). Although the University experienced a decline in the five-year enrollment of 1.7% from the fall of 2019 to the fall of 2023, there has been improvement in the past year. The higher education industry as a whole has been experiencing downward trends of enrollment. The slight increase for fall of 2023 is a direct result of UMass implementing specific strategies and actively monitoring trends in enrollment. The increase is consistent with the University’s efforts to increase its reach across the Commonwealth in addition to recruiting out of state, international and continuing education students, and reflects the quality of education provided by the University of Massachusetts. Improving student retention remains a key focus of the University’s strategic goals to help offset the declining enrollment.

Admission to the University is open to residents of the Commonwealth and non-residents on a competitive basis. Massachusetts residents accounted for 79.4% of the University’s total undergraduate enrollment in the fall semester 2023, 80.9% in fall semester 2022 and 82.7% in fall 2021, as shown in **Figure 9**.

**FIGURE 9 – Fall 2023 Undergraduate Enrollment by Residency**



**FIGURE 8 – Total Enrollment: Headcount (HC) vs. Full Time Enrollment (FTE), as of Fall for the years 2014–2023**





## Investments Held by UMF

As of June 30, 2024, the University's investments held at UMF increased by \$103.8 million from \$1.0 billion to \$1.1 billion. The change in investment value is due to investment gains of \$133.9 million (14.0% annualized return), contributions of \$0.6 million and new university investments of \$0.7 million offset by distributions under the approved spending rule of \$30.0 million. Over the last decade, the endowment generated a 10-year annualized return of 6.9%, exceeding UMF's long-term return objective and reflecting the strategic growth of the portfolio's exposure to global equities and strong partnerships with high caliber investment managers. This ten-year return was produced with annual investment results that ranged from a low of -13.5% in FY2022 to a high of 37.1% in FY2021, underscoring the importance of having a long-term focus.

## Long-Term Debt

Long-term debt, including commercial paper, is the University's largest liability at June 30, 2024, 2023 and 2022. The University had outstanding long-term debt of \$3.5 billion at both June 30, 2024 and 2023 and \$3.7 billion at June 30, 2022. The principal issuer of the University's debt is the Building

Authority. Additional issuers utilized by the University include Massachusetts Health and Educational Facilities Authority (MHEFA), Massachusetts Development Finance Agency (MDFA), UMG and WCCC.

During FY2024, the University issued \$150.5 million of the 2024-1 Project Revenue Bonds to finance construction projects at the Amherst campus with an interest rate of 5%. In addition, during FY2024, the University issued \$80.1 million in new commercial paper to finance the Substructure Demolition & Quadrangle Development at the Boston campus, and two property acquisitions at the Lowell campus with interest rates from 3.55% to 5.67%.

The debt financed through the Building Authority is being used for construction and renovation of residence halls and general education buildings, replacement of core infrastructure, and construction of academic, laboratory, and research facilities. The proceeds from the UMass MHEFA bonds were used to create an internal revolving loan program and to refinance the construction of a research facility at the UMass Chan Medical School.

For further details on outstanding balances with each issuer, refer to [Note 10](#) of the accompanying financial statements.



## University Bond Rating

The University relies on a carefully planned and executed debt strategy to support master and strategic planning at the campuses and for the University as a whole. Bonds issued by the University and the Building Authority are rated Aa2 stable by Moody's Investor Service, AA stable by Fitch Ratings, and AA- stable by Standard and Poor's Global Rating.

Standard and Poor's, Moody's and Fitch all reaffirmed their ratings of the University during FY2024. These reviews cited the University's flagship role in public higher education in Massachusetts, disciplined financial oversight, positive operating performance, comprehensive long-term strategic plans, growth in financial resources and solid support from the Commonwealth.

## Line of Credit

During FY2022, the University amended and restated the line of credit agreement with Bank of America as the sole lender for a maximum loan amount of increasing the available line of credit to \$150.0 million (the "new line of credit") and allowed the State Street Bank line of credit to expire. The new line of credit had a maturity date of May 1, 2023.

During FY2023, the University amended the existing line of credit agreement with Bank of America maintaining a maximum loan amount of \$150.0 million. The line of credit had a maturity date of May 1, 2024.

During FY2024, the University amended the existing line of credit agreement with Bank of America maintaining a maximum loan amount of \$150.0 million. The line of credit has a maturity date of March 31, 2025. In addition, the University entered a \$8.6 million letter of credit on behalf of UMass Global for the benefit of the U.S. Department of Education. This letter of credit is within the University's existing line of credit.

As of June 30, 2024, the outstanding balance on the line of credit was \$0.

## Limitations on Additional Indebtedness

The University may, without limit, issue additional indebtedness or request the Building Authority to issue additional indebtedness on behalf of the University so long as such indebtedness is payable from all available funds of the University. As noted in the Board of Trustee policy, each campus' debt service cannot exceed 8% of its total operating expenditures.

The Building Authority is authorized by its enabling act to issue bonds with the unconditional guarantee of the Commonwealth for the punctual payment of the interest and principal on the guaranteed bonds. The full faith and credit of the Commonwealth are pledged for the performance of its guarantee. The enabling act, as amended, currently limits to

\$200.0 million the total principal amount of notes and bonds of the Building Authority that may be Commonwealth guaranteed and outstanding at any one time. As of June 30, 2024, the University does not have any outstanding Commonwealth guaranteed debt.

## Capital Plan

A majority of the capital spending during FY2024, FY2023 and FY2022 related to continued investments in deferred maintenance. In September 2023, the University's Board approved an updated five-year capital plan for FY2024–FY2028 totaling \$2.1 billion. The University's capital plan is funded through a combination of University operations, bonds issued by the Building Authority and MHEFA, Commonwealth appropriations, and private fundraising.

The University's five-year capital plan for FY2024–FY2028 includes a combination of major projects that were previously approved by the Board in prior-year capital plans as well as new projects. The University's capital approval process provides for a multi-step review process involving the President's Office, the Building Authority and the Board. Additional approvals have been put in place for any capital project seeking alternative financing and/or delivery options.

## Factors Impacting Future Periods

There are a number of issues of University-wide importance that directly impact the financial operations of the University. The University continually monitors issues such as improving academic quality, ensuring enrollment stability, realizing strong financial results, investing in capital assets, expanding fundraising capacity, operating more efficiently, being the most effective University for students and the Commonwealth given the available resources, and measuring performance. Consideration of these items is of continuous importance to the Board and University leadership and impacts the financial planning each year. Student enrollment, the level of state support, the impact of collectively bargained wage increases, rising fringe benefit costs, and the ability of student-fee supported activities to meet inflationary pressures determine the limits of program expansion, new initiatives and strategic investments, as well as the ability of the University to meet its core mission and ongoing operational needs.

## Contacting the University

This financial report is designed to provide the University, the Commonwealth, the public and other interested parties with an overview of the financial results of the University and an explanation of the University's financial condition. If you have any questions about this report or require additional information, please contact the University Controller's Office by email at [generalacctg\\_inquiry@umassp.edu](mailto:generalacctg_inquiry@umassp.edu).





# Financial Statements

## Statements of Net Position

As of June 30, 2024 and 2023 (\$ in thousands). See accompanying notes to the financial statements.

Assets and liabilities	2024	2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 119,755	\$ 148,803
Cash held by state treasurer	31,147	31,211
Deposits with bond trustees	-	9,581
Accounts receivable, net	430,451	324,547
Lease receivable	18,224	15,145
Short-term investments	728,223	646,473
Other current assets	49,740	53,845
<b>Total current assets</b>	<b>1,377,540</b>	<b>1,229,605</b>
<b>Noncurrent assets</b>		
Cash held by state treasurer	14,143	10,915
Deposits with bond trustees	446,844	348,706
Accounts receivable, net	34,373	39,573
Lease receivable	286,061	301,213
Long-term investments	1,541,994	1,364,207
Other assets	6,870	13,820
Capital assets, net	5,927,589	5,615,301
<b>Total noncurrent assets</b>	<b>8,257,874</b>	<b>7,693,735</b>
<b>Total assets</b>	<b>9,635,414</b>	<b>8,923,340</b>
<b>Deferred outflows of resources</b>	<b>482,567</b>	<b>603,926</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	456,018	420,379
Unearned revenues and advances	149,745	138,381
Lease and subscription liability, current portion	19,991	19,631
Long-term debt, current portion	130,844	127,753
Commercial paper notes	58,067	37,250
Other current liabilities	51,706	63,834
<b>Total current liabilities</b>	<b>866,371</b>	<b>807,228</b>
<b>Noncurrent liabilities</b>		
Unearned revenues and advances	93,292	90,782
Lease and subscription liability	178,776	174,993
Long-term debt	3,376,102	3,360,817
Net pension liability	384,432	444,824
Net other postemployment benefits liability	408,875	559,807
Other long-term liabilities	103,042	105,602
<b>Total noncurrent liabilities</b>	<b>4,544,519</b>	<b>4,736,825</b>
<b>Total liabilities</b>	<b>5,410,890</b>	<b>5,544,053</b>
<b>Deferred inflows of resources</b>	<b>1,155,256</b>	<b>939,241</b>
<b>Net position</b>		
Net investment in capital assets	2,447,350	2,341,776
Restricted – Nonexpendable	17,776	17,648
Restricted – Expendable	256,945	265,329
Unrestricted	829,764	419,219
<b>Total net position</b>	<b>\$ 3,551,835</b>	<b>\$ 3,043,972</b>



## Statements of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2024 and 2023 (\$ in thousands). See accompanying notes to the financial statements.

Revenues and expenses	2024	2023
<b>Operating revenues</b>		
Tuition and fees (net of scholarship allowances of \$462,128 in 2024 and \$409,759 in 2023)	\$ 1,021,621	\$ 1,042,664
Auxiliary enterprises (net of scholarship allowances of \$24,021 in 2024)	467,457	475,591
Grants and contracts	823,037	746,350
Sales and services, educational activities	36,170	41,388
Other operating revenues:		
Sales and services, independent operations	58,052	66,955
Sales and services, public service activities	334,856	377,375
Other	146,192	121,654
<b>Total operating revenues</b>	<b>2,887,385</b>	<b>2,871,977</b>
<b>Operating expenses</b>		
Educational and general: Instruction	1,057,281	996,803
Educational and general: Research	620,502	586,292
Educational and general: Public service	91,376	87,581
Educational and general: Academic support	247,057	222,169
Educational and general: Student services	247,973	240,039
Educational and general: Institutional support	373,359	343,980
Educational and general: Operation and maintenance of capital assets	280,303	259,873
Educational and general: Depreciation and amortization	361,126	344,872
Educational and general: Scholarships and fellowships	29,463	62,237
Auxiliary enterprises	360,852	352,627
Other expenditures: Independent operations	45,240	56,605
Other expenditures: Public service activities	217,036	255,151
<b>Total operating expenses</b>	<b>3,931,568</b>	<b>3,808,229</b>
<b>Operating loss</b>	<b>(1,044,183)</b>	<b>(936,252)</b>
<b>Nonoperating revenues (expenses)</b>		
Federal appropriations	6,342	6,255
State appropriations	1,151,020	1,011,360
Gifts	47,350	43,881
Investment return, net	100,133	68,155
Endowment return used for operations	49,261	43,774
Interest expense	(132,442)	(129,132)
Nonoperating federal grants	91,175	100,533
Other nonoperating income (loss)	12,159	9,456
<b>Total net nonoperating revenues</b>	<b>1,324,998</b>	<b>1,154,282</b>
<b>Gain before other revenues, expenses, gains, and losses</b>	<b>280,815</b>	<b>218,030</b>
<b>Other revenues, expenses, gains and losses</b>		
Capital appropriations	152,596	29,690
Capital grants, contracts and gifts	6,554	11,526
Endowment return, net of amount used for operations	91,496	72,718
Other deductions, net	(23,598)	(35,944)
<b>Total other revenues, expenses, gains, and losses</b>	<b>227,048</b>	<b>77,990</b>
<b>Total increase in net position</b>	<b>507,863</b>	<b>296,020</b>
<b>Net position at beginning of year</b>	<b>3,043,972</b>	<b>2,747,952</b>
<b>Net position at end of year</b>	<b>\$ 3,551,835</b>	<b>\$ 3,043,972</b>

## Statements of Cash Flows

For the years ended June 30, 2024 and 2023 (\$ in thousands). See accompanying notes to the financial statements.

Cash flow	2024	2023
<b>Cash flows from operating activities</b>		
Tuition and fees	\$ 986,920	\$ 1,137,320
Grants and contracts	819,066	764,887
Payments to suppliers	(1,012,854)	(1,100,129)
Payments to employees	(1,866,553)	(1,885,577)
Payments for benefits	(669,270)	(602,773)
Payments for scholarships and fellowships	(26,766)	(96,537)
Loans issued to students and employees	(1,290)	(1,673)
Collections of loans to students and employees	5,588	4,377
Auxiliary enterprises	467,326	475,471
Sales and services, educational	35,582	41,599
Sales and services, independent operations	58,052	66,955
Sales and services, public service activities	314,673	395,386
Student related fiduciary activities inflows	13,318	13,633
Student related fiduciary activities outflows	(10,285)	(10,285)
Other receipts, net	61,303	136,998
<b>Net cash used for operating activities</b>	<b>(825,190)</b>	<b>(660,348)</b>
<b>Cash flows from noncapital financing activities</b>		
Federal appropriations	6,342	6,255
State appropriations	1,151,020	1,011,360
Grants, contracts and gifts for other than capital purposes	49,908	45,338
Nonoperating federal grants	91,175	100,533
Other noncapital financing activities	(357)	(356)
<b>Net cash provided by noncapital financing activities</b>	<b>1,298,088</b>	<b>1,163,130</b>
<b>Cash flows from capital and other financing activities</b>		
Proceeds from debt issuances	230,529	17,250
Proceeds from premiums received	15,593	-
Bond issuance costs paid	(419)	-
Capital appropriations	152,596	29,690
Capital grants and contracts	3,995	10,069
Proceeds from sales of capital assets	1,256	1,136
Purchases of capital assets and construction	(461,537)	(444,906)
Lease receipts	10,262	10,793
Interest on leases	1,098	-
Principal paid on debt and leases	(200,540)	(123,523)
Interest paid on debt and leases	(146,505)	(155,939)
<b>Net cash used for capital financing activities</b>	<b>(393,672)</b>	<b>(655,430)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	2,408,286	2,282,738
Interest on investments	100,531	62,974
Purchases of investments	(2,525,370)	(2,339,898)
<b>Net cash (used for) provided by investing activities</b>	<b>(16,553)</b>	<b>5,814</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>62,673</b>	<b>(146,834)</b>
<b>Cash and cash equivalents – beginning of the year</b>	<b>549,216</b>	<b>696,050</b>
<b>Cash and cash equivalents – end of the year</b>	<b>\$ 611,889</b>	<b>\$ 549,216</b>

Cash flow	2024	2023
<b>Reconciliation of operating loss to net cash used for operating activities</b>		
Operating loss	\$ (1,044,183)	\$ (936,252)
Adjustments to reconcile loss to net cash used for operating activities:		
Depreciation and amortization expense	361,126	344,872
Changes in assets and liabilities: Accounts receivable, net	(100,702)	21,423
Changes in assets and liabilities: Other assets	7,076	869
Changes in assets and liabilities: Accounts payable and accrued expenses	71,413	(36,885)
Changes in assets and liabilities: Unearned revenues and advances	13,874	29,137
Changes in assets and liabilities: Other liabilities	(11,452)	(13,279)
Changes in assets and liabilities: Pension and other postemployment benefits liability, net	(109,506)	(62,196)
Changes in assets and liabilities: Fiduciary transactions	690	1,005
Changes in deferred inflows related to future revenues	(13,511)	(9,015)
Changes in deferred outflows related to future revenues	(15)	(27)
<b>Net cash used for operating activities</b>	<b>\$ (825,190)</b>	<b>\$ (660,348)</b>
<b>Supplemental disclosure of noncash activities</b>		
Assets acquired and included in accounts payable and other liabilities	25,877	65,997
Assets acquired in exchange for lease obligation	-	12,895
Loss on disposal of capital assets	(9,786)	(17,671)
Extinguishment of debt	-	41,907
Assets acquired through public-private partnership	245,794	-
Donated assets	-	35



## Discretely Presented Component Unit Statements of Financial Position

For the years ended June 30, 2024 and 2023 (\$ in thousands). See accompanying notes to the financial statements.

Component units	2024	2023
<b>Assets</b>		
Cash	\$ 532	\$ 1,377
Pledges receivable, net	120,540	153,424
Other receivables	18	54
Investments of the Foundations	2,312,758	2,006,597
Prepaid expenses and other assets	1,862	4,192
Land, property, plant and equipment, net	18,095	18,709
<b>Total assets</b>	<b>\$ 2,453,805</b>	<b>\$ 2,184,353</b>
<b>Liabilities and net assets</b>		
Liabilities		
Accounts payable and accrued expenses	3,297	4,366
Deferred revenue	1,423	1,460
Right of use liability	12,711	13,499
Obligations to beneficiaries of split-interest agreements	2,716	2,723
Assets held on behalf of others	1,138,651	1,033,099
<b>Total liabilities</b>	<b>1,158,798</b>	<b>1,055,147</b>
Net assets		
Without donor restrictions	67,951	60,266
With donor restrictions	1,227,056	1,068,940
<b>Total net assets</b>	<b>1,295,007</b>	<b>1,129,206</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,453,805</b>	<b>\$ 2,184,353</b>





## Discretely Presented Component Unit Statements of Activities

For the years ended June 30, 2024 (with summarized financial information for the year ended June 30, 2023) (\$ in thousands).

Component units	Without donor restrictions	With donor restrictions	Total 2024	Total 2023
<b>Support and revenue</b>				
Gifts, bequests and grants	\$ 1,480	\$ 48,015	\$ 49,495	\$ 60,633
Other contributions	75	11,227	11,302	38,966
Total investment income, including net gains (losses) – net of fees	140,187	129,681	269,868	214,215
Investment management fee	14,762	-	14,762	12,582
Other income	82	-	82	28
Net assets released from restrictions	27,460	(27,460)	-	-
<b>Total support and revenue</b>	<b>184,046</b>	<b>161,463</b>	<b>345,509</b>	<b>326,424</b>
<b>Expenses</b>				
Distributions to University	55,926	422	56,348	53,199
Program services	-	-	-	6,967
Fundraising support	2,864	-	2,864	3,982
Administrative and general, Foundation	8,235	226	8,461	5,915
Administrative and general, University	2,177	3,039	5,216	2,430
<b>Total expenses</b>	<b>69,202</b>	<b>3,687</b>	<b>72,889</b>	<b>72,493</b>
<b>Excess of support and revenue over expenses</b>	<b>114,844</b>	<b>157,776</b>	<b>272,620</b>	<b>253,931</b>
Less: Fiscal year activity related to assets held on behalf of University	(103,799)	-	(103,799)	(99,483)
Less: Fiscal year activity related to assets held on behalf of Edward M. Kennedy Institute	(1,754)	-	(1,754)	1,715
Transfers to (from) other funds	(629)	340	(289)	-
Change in value of split interest agreements	-	-	-	(845)
Other	(977)	-	(977)	(886)
<b>Change in net assets</b>	<b>7,685</b>	<b>158,116</b>	<b>165,801</b>	<b>154,432</b>
<b>Net assets, beginning of year</b>	<b>60,266</b>	<b>1,068,940</b>	<b>1,129,206</b>	<b>974,774</b>
<b>Net assets, end of year</b>	<b>\$ 67,951</b>	<b>\$ 1,227,056</b>	<b>\$ 1,295,007</b>	<b>\$ 1,129,206</b>

# Notes to Financial Statements

## 1. Summary of Significant Accounting Policies

### Reporting Entity

The University of Massachusetts (University or UMass), a federal land grant institution, is governed by Massachusetts General Laws Chapter 75. Its Board of Trustees (Board or Trustees) consists of nineteen voting members and three non-voting members. The voting members consist of two full-time students, the Secretary of Education of the Commonwealth of Massachusetts (Commonwealth) and sixteen members appointed by the governor. The non-voting members consist of student representatives who may only participate in open meetings of the full Board of Trustees.

The University is a business-type activity of the Commonwealth. The financial balances and activities included in these financial statements are, therefore, also included in the Commonwealth's annual comprehensive financial report.

The financial statements of the University include the campuses of Amherst, Boston, Dartmouth, Lowell, Chan Medical School (UMass Chan), and the President's Office of the University, University of Massachusetts Global (UMG), Worcester City Campus Corporation (WCCC), University of Massachusetts Lowell Applied Research Corporation (UMLARC), the University of Massachusetts Amherst Foundation (UMass Amherst Foundation), University of Massachusetts Medical School Foundation (UMMSF) as well as the University of Massachusetts Building Authority (Building Authority).

The Building Authority is a public instrumentality of the Commonwealth created by Chapter 773 of the Acts of 1960 (referred to as the Enabling Act), whose purpose is to provide dormitories, dining commons, and other buildings and structures for use by the University. The UMLARC is a legally separate 501(c)(3) non-profit corporation which promotes efficient and effective applied research and development by entering into grants, contracts, and other contractual mechanisms for services. UMG is a California based not-for-profit institution of higher learning and a legally separate 501(c)(3) organization. WCCC is a tax-exempt 501(c)(3) organization founded to support research and real property activities for the University. The UMass Amherst Foundation supports private fundraising on behalf of the faculty and students of the Amherst campus. The UMMSF supports fundraising and philanthropic activities of the UMass Chan. These component units are blended in the financial statements of the University because of the significance and exclusivity of their financial relationships with the University. Refer to [Note 18](#) for condensed financial information for these blended component units.

The University also includes the financial information of the University's discretely presented component units, the University of Massachusetts Foundation, Inc. (UMF) and the University of Massachusetts Dartmouth Foundation, Inc. (UMDF). In these financial statements, UMF and UMDF are collectively known as the Foundations. These are tax-exempt organizations founded to foster and promote the growth, progress and general welfare of the University.

## Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resources measurement focus and the accrual basis of accounting. The Foundations' financial statements are prepared in accordance with accounting and reporting requirements prescribed by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the University's financial reporting entity for these differences.

The University's activities are considered to be a single business-type activity and accordingly, are reported in a single column in the financial statements. Business-type activities are those that are financed in whole or in part by funds received from external parties for goods or services.

On the Statements of Revenues, Expenses and Changes in Net Position, the University's operating activities consist of tuition and fees, grants and contracts, sales and services, auxiliary enterprise and other operating revenues. Other operating revenues include sales and services provided by UMass Chan under its ForHealth Consulting program (ForHealth). ForHealth provides consulting and services in health care financing, administration and policy to federal, state and local agencies and not-for-profit health and policy organizations. Also included in other operating revenues are payments received by UMass Chan for educational services it provides to its clinical affiliate, UMass Memorial Medical Center (UMass Memorial).

Operating expenses include, among other items, payroll, fringe benefits, utilities, supplies and services, depreciation, and amortization. Nonoperating revenues or expenses are those in which the University receives or gives value without directly giving or receiving equal value, such as State and Federal appropriations, Federal Pell grants, private gifts, investment income and interest expense.

Revenues for exchange transactions are recognized when earned and expenses are recognized when incurred. Restricted grant revenue is recognized only when all eligibility requirements have been met. The University applies restricted net assets first when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The University receives unconditional promises to give through private donations or pledges from corporations, foundations, alumni and other supporters of the University. Revenue is recognized when a pledge is received and all eligibility requirements, including time and purpose requirements, are met. Endowment pledges are not recorded until paid because the inherent time restriction has not been met until the funds are able to be invested in perpetuity.

## Net Position

Net position is classified into the following categories:

- **Net investment in capital assets:** Capital assets, at historical cost or fair market value on the date of gift, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted nonexpendable:** Resources subject to externally imposed stipulations that they be maintained permanently by the University.
- **Restricted expendable:** Resources whose use by the University is subject to externally imposed stipulations. Such assets include restricted grants and contracts, the accumulated net gains/losses on true endowment funds, as well as restricted funds loaned to students, restricted gifts and endowment income, and other similar restricted funds.
- **Unrestricted:** The net position that is not subject to externally imposed restrictions governing their use. The University's unrestricted net position may be designated for specific purposes by management or the Board of Trustees. Substantially all of the University's unrestricted net position is designated to support academic and research initiatives or programs, auxiliary enterprises, quasi-endowments, or commitments to capital construction projects. Note 16 describes these designations in more detail.

## Cash and Cash Equivalents

Cash and cash equivalents consist primarily of demand deposit accounts, savings accounts and money market accounts with an original maturity date of three months or less.

## Massachusetts Municipal Depository Trust

The University is authorized to invest in the Massachusetts Municipal Depository Trust (“MMDT”), a pooled money market-like fund, established under Massachusetts General Laws, Chapter 29, Section 38A. MMDT is an external investment pool that meets the criteria to report its holdings at amortized cost. As such, the University reports its position in MMDT at amortized cost which approximates the net asset value of \$1.00 (one dollar) per share. MMDT has a maturity of less than one year and is not rated.

## Accounts Receivable, Net

Accounts receivable consist of receivables for tuition and fees, grants and contracts, student loans, pledges and ForHealth related activities. The University establishes an allowance for accounts receivable based on management’s expectation regarding the collection of the receivables and the University’s historical experience for collections.

## Investments

Investments are reported at fair value. Short-term investments consist of deposits with original maturities of less than one year and are available for current use. Securities received as gifts are recorded at estimated fair value at the date of the gift. Investment return includes dividends, interest income, unrealized gains and losses, and realized gains and losses, which are determined on a specific identification basis.





## Endowment

UMF maintains and administers the University's endowment assets and other long-term investments. UMF utilizes the pooled investment concept, whereby all invested funds are included in one investment pool unless otherwise required by the donor.

Pooled investment funds receive an annual distribution based on the endowment fund's average market value for the preceding twelve quarters on a one-year lag. Only quarters with funds on deposit are included in the average. In addition, a prudence rule is utilized, limiting spending from a particular endowment fund to be no lower than 93% of its carrying value. The spending rate approved for the years ended June 30, 2024 and 2023 was 4%.

## Capital Assets

Capital assets (excluding intangible right-to-use lease and subscription assets) are stated at cost on the date of acquisition or, in the case of gifts, fair value upon date of donation. Construction in progress is stated at cost, which includes direct construction costs and other expenditures related to construction. All construction costs related to projects which are not yet completed are presented as construction in progress until such time as the projects are completed and placed in operation. Repairs and maintenance costs are expensed as incurred, whereas major improvements that extend the estimated useful lives of the assets are capitalized as additions to capital assets. The University does not capitalize works of art, historical treasures, or library books.

The University capitalizes equipment with useful lives greater than one year and acquisition costs greater than or equal to \$5,000. Capital construction occurs when estimated costs reach \$25,000. Projects under \$25,000 are considered to be maintenance and repairs and they are expensed as incurred. The University computes depreciation using the straight-line method over the asset's useful life and applies a half-year convention in the year the asset is acquired or placed in service. Land is not depreciated.

**Table 1** presents the range of useful lives for the University's depreciable assets:

**TABLE 1 – Depreciable Assets**

Depreciable asset category	Useful life
Land improvements	20 years
Buildings	12–65 years
Infrastructure	50 years
Building improvements	3–20 years
Equipment, furniture and IT infrastructure	3–15 years
Software	5 years

## Newly Implemented Accounting Standards

In April 2022, GASB issued GASB Statement No. 99, *Omnibus 2022*. This standard establishes or amends accounting and financial requirements for specific issues including, but not limited to, financial guarantees, derivative guarantees, public private partnerships (PPPs) and subscription based information technology arrangements (SBITAs). The University adopted GASB statement No. 99, effective July 1, 2022. Adoption of the standard had no effect on the University's financial statements.

In June 2022, GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This standard enhances the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The University adopted GASB statement No. 100, effective July 1, 2023. Adoption of the standard had no effect on the University's financial statements.

## Leasing

The University determines if an arrangement is a lease at inception. The University has leases under which it is obligated as a lessee and leases for which it is a lessor. The University is a lessee for various noncancellable real estate leases. In addition, the University is a lessor of various leases of buildings, office space and ground leases.

**Short-term Leases** — For leases arrangements with a maximum possible term of 12 months or less at commencement, the University recognizes expense based on the provisions of the lease contract.

**Lease Arrangements Other Than Short-Term** — For all other leases, (i.e. those that are not short-term), the University recognizes a lease liability, and an intangible right-to-use lease asset.

For leases, where the University is a lessor, the University recognizes a lease receivable and a deferred inflow of resources.

### Measurement of Lease Amounts —

- **Lessee:** At lease commencement, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the University is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.
- **Lessor:** At lease commencement, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflows of resources are initially measured as the initial amount of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Subsequently, the deferred inflows of resources are amortized into lease revenue on a straight-line basis over the shorter of the lease term or the useful life of the underlying lease receivable.

**Key Estimates and Judgments** — Key estimates and judgments include how the University determines (1) the discount rate used to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

When available, the University will use the interest rate explicitly or implicitly stated in the lease contract. If the rate is not provided within the contract, the University will use its incremental borrowing rate (IBR), based on the University's applicable bond rates. The University's IBR for leases is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease payments, under similar terms, as of the lease commencement or amendment dates.

The lease includes the noncancellable period of the lease plus any additional periods covered by either a University or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessor/vendor have an option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

Payments are evaluated by the University to determine if they should be included in the measurement of the lease liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as purchase options, payments for termination penalties, and other payments.

**Remeasurement of Lease Amounts** — The University monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable, the liability or receivable is remeasured, and a corresponding adjustment is made to the lease asset (for lessee arrangements) or deferred inflows of resources (for lessor arrangements).

**Presentation in Statements of Net Position** — Lease assets are reported with capital assets and lease liabilities are reported within current and non-current liabilities in the statement of net position. Lease receivables are reported with current and non-current assets and deferred inflows of resources in the Statements of Net Position.

## Subscription-Based Liabilities

The University determines if an arrangement is a subscription-based information technology arrangement (SBITA) at inception and recognizes a corresponding liability. Right-to-use SBITA assets largely consist of system-wide IT arrangements and upon identification of a SBITA, the University recognizes a subscription-based liability and an intangible right-to-use subscription asset.

**Measurement of Subscription-Based Liabilities** — At SBITA commencement, the University initially measures the subscription-based liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription-based liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the liability, less payments made at or before the SBITA commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the SBITA asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

**Key Estimates and Judgments** — Key estimates and judgments include how the University determines (1) the discount rate used to calculate the present value of the expected subscription payments, (2) subscription term, and (3) subscription payments.

When available, the University will use the interest rate explicitly or implicitly stated in the SBITA contract. If the rate is not provided within the contract, the University will use its incremental borrowing rate (IBR), based on the University's applicable bond rates. The University's IBR for SBITA agreements is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the SBITA payments, under similar terms, as of the SBITA commencement or amendment dates.

**Presentation in Statements of Net Position** — SBITA assets are reported with capital assets and subscription based liabilities are reported within current and non-current liabilities in the Statements of Net Position.



## Deferred Outflows and Inflows of Resources

The University accounts for certain transactions that result in the consumption or acquisition of resources in one period that are applicable to future periods as deferred outflows and deferred inflows, respectively, to distinguish them from assets and liabilities. Deferred outflows of resources increase net position, similar to assets and deferred inflows of resources decrease net position, similar to liabilities.

The components of deferred outflows and inflows of resources as of June 30, 2024 and 2023 (\$ in thousands) are presented in **Tables 2 and 3**:

**TABLE 2 – Deferred Outflows of Resources**

As of June 30, 2024 and 2023 (\$ in thousands)

Deferred outflow	2024	2023
Debt refunding	\$ 95,814	\$ 105,652
Certain asset retirement obligations	1,201	1,186
Excess consideration provided for acquisition	35,870	40,653
Impact of changes in assumptions and investment value: Pension liability	123,689	148,222
Impact of changes in assumptions and investment value: Other postemployment benefits liability	225,993	308,213
<b>Total deferred outflows of resources</b>	<b>\$ 482,567</b>	<b>\$ 603,926</b>

**TABLE 3 – Deferred Inflows of Resources**

As of June 30, 2024 and 2023 (\$ in thousands)

Deferred inflow	2024	2023
Future lease revenues	\$ 446,912	\$ 215,696
Sale of future revenues	25,168	35,436
Experience gains for: Pension liability	138,825	121,000
Experience gains for: Other postemployment benefits liability	544,351	567,109
<b>Total deferred inflows of resources</b>	<b>\$ 1,155,256</b>	<b>\$ 939,241</b>

## Compensated Absences

Employees earn the right to be compensated during absences for annual vacation leave and sick leave. Upon retirement, termination, or death, certain employees are compensated for unused sick and vacation leave, subject to certain limitations, at their current rate of pay. Within the Statements of Net Position, a liability is recorded for vacation and sick leave benefits earned as of the fiscal year-end. The recorded liability is classified as current and noncurrent on the Statements of Net Position based on the amount estimated to be paid to eligible employees in one year and beyond one year, respectively.

## Unearned Revenue and Advances

Unearned revenue consists of amounts billed or received in advance of the University providing goods or services. Unearned revenue is subsequently earned as qualifying expenses are incurred.

Advances include funds advanced to the University by the U.S. government under the Federal Perkins Loan Program (the Program). Under federal law, the authority for colleges and universities to make new loans under the Program ended on September 30, 2017, and final distributions were permitted through June 30, 2018. The University's Statements of Net Position include both the notes receivable from students and the related refundable liability to the Federal government.



## Tuition and Fees, Net of Scholarship Allowances

Student tuition and fees, housing, dining, and other similar auxiliary revenues are reported net of any related scholarships and fellowships applied to student accounts.

## Grants and Contracts

The University receives grants and contracts for scholarships as well as research and other activities including medical service reimbursements from federal and state government agencies. The University records revenue at the point all eligibility requirements (e.g. allowable costs are incurred) are met.

The University records the recovery of indirect costs applicable to research programs and other activities which provide for the full or partial reimbursement of such costs, as revenue. Recovery of indirect costs for the years ended June 30, 2024 and 2023 was \$180.9 million and \$170.8 million, respectively, and is a component of grants and contracts revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

## Auxiliary Enterprises, Net of Discount

An auxiliary enterprise is an activity that exists to furnish a service to students, faculty or staff acting in a personal capacity, and that charges a fee for the use of goods and services. Any amount of excess undesignated aid (aid remaining after applicable tuition and fee charges have been covered) would be applied first to auxiliary charges as a discount, then recorded as an expense.

## Fringe Benefits for Current Employees and Postemployment Obligations

The University participates in the Commonwealth's fringe benefit programs, including active employee and postemployment health insurance, unemployment compensation, pension, and workers' compensation benefits. Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth. Workers' compensation costs are assessed separately based on actual University experience.

## Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. The most significant areas that require management estimates relate to valuation of certain investments and derivative instruments, useful lives and related depreciation of capital assets, and accruals for pension and other postemployment related benefits.

During FY2024, the University switched from a method that estimated and allocated scholarship allowances to a method that directly determines discounts by student, by term. The new methodology applies discounts against auxiliary which was not done historically. This change was applied prospectively for the year ending June 30, 2024 and had no impact on the University's change in net position.

## Income Tax Status

The University is exempt from Federal and state income tax under the doctrine of intergovernmental tax immunity. The University qualifies as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(v) of the Internal Revenue Code, as amended (the Code).

The University and its component units are required to assess uncertain tax positions and have determined that there were no such positions that are material to the financial statements as of June 30, 2024 and 2023, respectively.

## Reclassifications

Certain reclassifications were made in the prior year to conform to current year presentation.

## 2. Cash Held by State Treasurer

Accounts payable, accrued salaries and outlays for capital projects funded by state-appropriated funds totaled \$45.3 million and \$42.1 million at June 30, 2024 and June 30, 2023. The University has recorded a comparable amount of cash held by the State Treasurer for the benefit of the University, which will be subsequently utilized to pay for allowable expenditures. The cash is held in the State Treasurer's pooled cash account. The Commonwealth requires all bank deposits in excess of insurance coverage by the FDIC to be collateralized with a perfected pledge of eligible collateral. Eligible collateral must be pledged in an amount equal to 102% of the amount of the deposits that exceed FDIC insurance. Sufficient collateral to cover total Commonwealth deposits in excess of the FDIC insured amount must be pledged and held in safekeeping by a custodian that is approved by and under the control of the Commonwealth Treasurer and Receiver - General.

## 3. Deposits with Bond Trustees

Deposits with bond trustees primarily consist of unspent bond proceeds, amounts held for the future payment of debt service on such borrowings, and designated funds from the University's pool loan program.

At June 30, 2024 and 2023, deposits with bond trustees are presented in **Table 4** (\$ in thousands):

**TABLE 4 – Deposits with Bond Trustees**

As of June 30, 2024 and 2023 (\$ in thousands)

Deposits	2024	2023
Cash	\$ 34,419	\$ 26,291
MMDT	412,425	316,350
U.S. Treasury Securities	-	15,646
<b>Total deposits with bond trustees</b>	<b>\$ 446,844</b>	<b>\$ 358,287</b>

At June 30, 2024 and 2023, amounts restricted by bond trust agreements for capital projects and other purposes were \$425.1 million and \$339.3 million, respectively.

**Custodial Credit Risk** — The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2024 and 2023, the bank balances of uninsured deposits totaled \$12.5 million and \$7.0 million, respectively.

**Interest Rate Risk** — Interest rate risk is the extent that changes in interest rates relevant to debt investments will adversely affect the fair value of those investments. These investments include certain short-term cash equivalents, various long-term items, and restricted assets by maturity in years. The University minimizes the risk of the fair value of securities falling due to changes in market interest rates by ensuring securities have effective maturities of less than a year. MMDT and permitted money market accounts have effective maturities of less than one year, thereby limiting the interest rate risk.

**Credit Risk** — Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. MMDT and permitted money market accounts are not rated.

## 4. Investments

The investment portfolio of the University reflected on the Statements of Net Position for the years ended June 30, 2024 and 2023, respectively, are shown in **Tables 5** and **6** (\$ in thousands):

**TABLE 5 – Investment Portfolio**

As of June 30, 2024 and 2023 (\$ in thousands)

Investment type	2024	2023
Short-term investments	\$ 728,223	\$ 646,473
Long-term investments	1,541,994	1,364,207
<b>Total</b>	<b>\$ 2,270,217</b>	<b>\$ 2,010,680</b>

Investment policies are established by the Board. The goals of these policies are to preserve capital, provide liquidity, and generate investment income. The University has statutory authority under Massachusetts General Laws, Chapter 75 to collect, manage, and disburse its trust funds. UMF holds certain investments on behalf of the University, referred to as foundation agency funds.

The investment holdings of the University, including foundation agency funds, as of June 30, 2024 and 2023, are summarized in **Table 6** (\$ in thousands):

**TABLE 6 – Investment Holdings of the University**

As of June 30, 2024 and 2023 (\$ in thousands)

University investment holdings	2024	2023
<b>University managed funds</b>		
Money market and other investments	\$ 85,500	\$ 176,000
MMDT	459,100	300,000
Fixed income investments	594,942	511,356
Commercial ventures and intellectual property	3,326	2,457
Annuity life income funds	9,231	6,548
<b>Total University managed funds</b>	<b>1,152,099</b>	<b>996,361</b>
<b>Foundation agency funds</b>		
Pooled investments – Fund I	936,684	845,245
Short-term pool	181,434	169,074
<b>Total Foundation agency funds</b>	<b>1,118,118</b>	<b>1,014,319</b>
<b>Total University investments</b>	<b>\$ 2,270,217</b>	<b>\$ 2,010,680</b>



**Pooled Investments** — Fund I represents the endowment funds and University operating cash held at UMF. The endowment funds include both donor-restricted endowments and quasi-endowments. The investment horizon for this portfolio is 5 to 10 years.

Short-Term Pool represents a portion of the operating cash balances of the University that have been transferred to UMF for investment purposes only. This portfolio has a high degree of liquidity. The asset allocation is 25% U.S. equities and 75% short-term corporate bonds. The University treasurer has the authority to request the return of funds at any time to meet the operating needs of the University.

In addition to Foundation Agency funds, the Foundations' assets also include investments not reported within the University's Statements of Net Position. Total investments of the Foundations as of June 30, 2024 and 2023 are summarized in **Table 7** (\$ in thousands):

**TABLE 7 – Investment Holdings of the Foundations**

As of June 30, 2024 and 2023 (\$ in thousands)

Foundations investment holdings	2024	2023
<b>Foundations non-agency funds</b>		
Cash and cash equivalents	\$ 50,200	\$ 44,394
Money market and other investments	14,571	9,808
Fixed income investments	-	389
Pooled investments – Fund I	1,125,552	933,933
Annuity life income funds	4,317	3,754
<b>Total Foundations non-agency funds</b>	<b>1,194,640</b>	<b>992,278</b>
<b>Foundation agency funds</b> (detailed in Table 6)	<b>1,118,118</b>	<b>1,014,319</b>
<b>Total Foundations investments</b>	<b>\$ 2,312,758</b>	<b>\$ 2,006,597</b>

**Custodial Credit Risk** — Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the University and are held by either the counterparty or the counterparty's trust department or agent but not in the University's name.

The carrying amounts of cash balances with uninsured or uncollateralized deposits were \$6.1 million and \$5.3 million, at June 30, 2024 and 2023, respectively.

The University held non-money market investments with a fair market value of \$1.7 billion and \$1.5 billion at June 30, 2024 and 2023, respectively. In the event of negligence due to the University's custodian and/or investment manager(s), it is expected that the investment balances would be fully recovered. However, these amounts are subject to both interest rate risk and credit risk.

**Concentration of Credit Risk** — As of June 30, 2024 and 2023, there is no concentration of investments from one issuer equal to or greater than 5% of the portfolio. Investments issued or guaranteed by the U.S. government, as well as investments in mutual funds and other pooled investments are excluded from consideration when evaluating concentration risk.

**Credit Risk** — The University's Investment Policy and Guidelines Statement allows each portfolio manager full discretion within the parameters of the investment guidelines specific to that manager. Nationally recognized statistical rating organizations, such as Standards & Poor's (S&P) assign credit ratings to security issues and issuers that indicate a measure of potential credit risk to investors.

**Table 8** presents the debt investments, excluding U.S. Treasury funds, at fair value by credit quality of the University's investment portfolio as of June 30, 2024 (\$ in thousands):

**TABLE 8 – S&P Quality Ratings FY2024**

As of June 30, 2024 (\$ in thousands)

Debt securities	AAA	AA	A	BBB	BB	Unrated	Total
Government agency bonds	\$ -	\$ 369	\$ -	\$ -	\$ -	\$ 6,575	\$ 6,944
Asset-backed securities	80,088	142	1,994	3,782	-	4,517	90,523
Commercial mortgage-backed securities	16,871	-	-	1,108	-	1,638	19,617
Commercial Paper	-	-	-	-	-	4,896	4,896
Government mortgage-backed securities	1,110	-	-	-	-	25,518	26,628
Non-government backed collateralized mortgage obligations	297	-	-	-	-	-	297
Corporate bonds	3,252	19,178	107,385	65,474	412	2,808	198,509
Municipal and provincial bonds	524	5,721	149	-	-	352	6,746
Index linked government bonds	-	-	-	-	-	986	986
Bond funds, including exchange traded funds	337	817	240	-	-	136,070	137,464
<b>Total debt securities</b>	<b>\$ 102,479</b>	<b>\$ 26,227</b>	<b>\$ 109,768</b>	<b>\$ 70,364</b>	<b>\$ 412</b>	<b>\$ 183,360</b>	<b>\$ 492,610</b>

**Table 9** presents the debt investments, excluding U.S. Treasury funds, at fair value by credit quality of the University's investment portfolio as of June 30, 2023 (\$ in thousands):

**TABLE 9 – S&P Quality Ratings FY2023**

As of June 30, 2023 (\$ in thousands)

Debt securities	AAA	AA	A	BBB	BB	Unrated	Total
Government agency bonds	\$ -	\$ 29,013	\$ -	\$ -	\$ -	\$ 6,901	\$ 35,914
Asset-backed securities	59,880	401	2,970	3,643	-	506	67,400
Commercial mortgage-backed securities	21,315	-	-	1,215	-	1,781	24,311
Commercial Paper	-	-	-	-	-	10,520	10,520
Government mortgage-backed securities	-	-	-	-	-	22,412	22,412
Non-government backed collateralized mortgage obligations	2,934	-	-	-	-	82	3,016
Corporate bonds	3,815	19,288	88,086	62,340	406	337	174,272
Municipal and provincial bonds	630	6,920	483	-	-	343	8,376
Index linked government bonds	-	-	-	-	-	951	951
Bond funds, including exchange traded funds	18	361	1,078	-	-	126,385	127,842
<b>Total debt securities</b>	<b>\$ 88,592</b>	<b>\$ 55,983</b>	<b>\$ 92,617</b>	<b>\$ 67,198</b>	<b>\$ 406</b>	<b>\$ 170,218</b>	<b>\$ 475,014</b>

**Interest Rate Risk** — The University's Investment Policy and Guidelines Statement establishes targets for the preferred duration of the fixed income component of the investment portfolio by limiting investments through targeted allocations to different asset classes.

**Table 10** presents the fair value of the debt investments component of the University's investment portfolio by investment maturity as of June 30, 2024 (\$ in thousands):

**TABLE 10 – Investment Maturity (in years), FY2024**

As of June 30, 2024 (\$ in thousands)

Debt securities	Less than 1	1 to 5	6 to 10	More than 10	Total
U.S. Treasury securities	\$ 15,092	\$ 254,276	\$ 19,776	\$ -	\$ 289,144
Government agency bonds	2	748	6,194	-	6,944
Asset backed securities	32,633	57,890	-	-	90,523
Commercial mortgage-backed securities	4,442	14,639	536	-	19,617
Commercial Paper	4,896	-	-	-	4,896
Government mortgage-backed securities	2,307	20,238	4,083	-	26,628
Non-government backed collateralized mortgage obligations	-	297	-	-	297
Corporate bonds	157,279	6,062	35,168	-	198,509
Municipal and provincial bonds	1,683	4,132	931	-	6,746
Index linked government bonds	-	986	-	-	986
Bond funds, including exchange traded funds	-	136,398	1,049	17	137,464
<b>Total debt securities</b>	<b>\$ 218,334</b>	<b>\$ 495,666</b>	<b>\$ 67,737</b>	<b>\$ 17</b>	<b>\$ 781,754</b>

**Table 11** presents the fair value of the debt investments component of the University's investment portfolio by investment maturity as of June 30, 2023 (\$ in thousands):

**TABLE 11 – Investment Maturity (in years), FY2023**

As of June 30, 2023 (\$ in thousands)

Debt securities	Less than 1	1 to 5	6 to 10	More than 10	Total
U.S. Treasury securities	\$ 21,878	\$ 174,975	\$ 18,179	\$ -	\$ 215,032
Government agency bonds	8	29,461	4,833	1,612	35,914
Asset backed securities	11,755	53,922	1,723	-	67,400
Commercial mortgage-backed securities	8,007	15,738	566	-	24,311
Commercial Paper	10,520	-	-	-	10,520
Government mortgage-backed securities	1,546	15,222	5,644	-	22,412
Non-government backed collateralized mortgage obligations	-	3,016	-	-	3,016
Corporate bonds	32,273	136,372	5,627	-	174,272
Municipal and provincial bonds	1,274	5,602	1,500	-	8,376
Index linked government bonds	-	951	-	-	951
Bond funds, including exchange traded funds	-	126,754	1,070	18	127,842
<b>Total debt securities</b>	<b>\$ 87,261</b>	<b>\$ 562,013</b>	<b>\$ 39,142</b>	<b>\$ 1,630</b>	<b>\$ 690,046</b>

**Fair Value Measurement** — Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University categorizes these assets and liabilities measured at fair value using a three-tiered hierarchy based on the valuation methodologies employed. The hierarchy is defined as follows:

**Level 1** — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are available at the measurement date.

**Level 2** — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's own data.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The University's Level 1 investments primarily consist of investments in U.S. Treasury obligations, equity securities, and mutual funds. When quoted prices in active markets are not available, fair values are based on evaluated prices received from the University's investment custodian in conjunction with a third-party service provider and are reported within Level 2 of the fair value hierarchy. The inputs for Level 2 include, but are not limited to, pricing models such as benchmarking yields, reported trades, broker-dealer quotes, issuer spreads and benchmarking securities, among others. The University's Level 2 investments primarily consist of investments in U.S. government and agency obligations, asset-backed securities, and corporate debt securities that did not trade on the University's fiscal year end date.





As a practical expedient to estimate the fair value of the University's interests, certain investments in commingled funds and limited partnerships are reported at the net asset value (NAV) determined by the fund managers. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material. As of June 30, 2024 and 2023, the University had no plans or intentions to sell such investments at amounts different from NAV.

**Table 12** summarizes the fair value of the University's investments by type as of June 30, 2024 (\$ in thousands):

**TABLE 12 – Fair Value Hierarchy of Investments, FY2024**

As of June 30, 2024 (\$ in thousands)

Investment	Investments measured at NAV	Investments classified in the fair value hierarchy Level 1	Investments classified in the fair value hierarchy Level 2	Investments classified in the fair value hierarchy Level 3	Total
<b>Money market funds</b>	\$ -	\$ 132,314	\$ -	\$ -	\$ 132,314
<b>Debt securities</b>					
U.S. Treasury securities	-	289,144	-	-	289,144
Government agency bonds	-	-	6,944	-	6,944
Asset backed securities	-	-	90,523	-	90,523
Commercial mortgage-backed securities	-	-	19,617	-	19,617
Commercial Paper	-	-	4,896	-	4,896
Government mortgage-backed securities	-	-	26,628	-	26,628
Non-government backed collateralized mortgage obligations	-	-	297	-	297
Corporate bonds	-	-	198,509	-	198,509
Municipal and provincial bonds	-	-	6,746	-	6,746
Index linked government Bonds	-	-	986	-	986
Bond funds, including exchange traded funds	-	137,464	-	-	137,464
<b>Total debt securities</b>	-	<b>426,608</b>	<b>355,146</b>	-	<b>781,754</b>
<b>Equity securities</b>					
Domestic equities	-	160,255	-	2,393	162,648
International equities	-	45,364	-	-	45,364
<b>Total equity securities</b>	-	<b>205,619</b>	-	<b>2,393</b>	<b>208,012</b>
<b>Alternative investments</b>					
Multi-strategy hedge funds: Equity	325,267	-	-	-	325,267
Multi-strategy hedge funds: Long/short	178,373	-	-	-	178,373
Multi-strategy hedge funds: Fixed income	50,020	-	-	-	50,020
Multi-strategy hedge funds: Absolute return	39,998	-	-	-	39,998
Multi-strategy hedge funds: Real assets	9,727	-	-	-	9,727
Private equity and venture capital	67,931	-	-	-	67,931
Private debt	11,349	-	-	-	11,349
Private real estate	6,372	-	-	-	6,372
<b>Total alternative investments</b>	<b>689,037</b>	-	-	-	<b>689,037</b>
<b>Total investments at fair value</b>	<b>689,037</b>	<b>764,541</b>	<b>355,146</b>	<b>2,393</b>	<b>1,811,117</b>
MMDT	-	-	-	-	459,100
<b>Total investments at cost</b>	-	-	-	-	<b>459,100</b>
<b>Total investments</b>	<b>\$ 689,037</b>	<b>\$ 764,541</b>	<b>\$ 355,146</b>	<b>\$ 2,393</b>	<b>\$ 2,270,217</b>

**Table 13** presents unfunded commitments, redemption terms, restrictions, and notice period for investments that have been valued using NAV as a practical expedient as of June 30, 2024 (\$ in thousands):

**TABLE 13 – Alternative Investments, FY2024**

As of June 30, 2024 (\$ in thousands)

Alternative investments	NAV	Unfunded commitments	Redemption terms	Notice period	Redemption restrictions
Multi-strategy hedge funds — Equity	\$ 325,267	\$ -	Daily to annual	1–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Equity — Long/short	178,373	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Equity — Fixed income	50,020	-	Quarterly to semi-annual	*	No lock-up restrictions
Multi-strategy hedge funds: Equity — Absolute return	39,998	-	Quarterly to annual	45–65 days	No lock-up restrictions
Multi-strategy hedge funds: Equity — Real assets	9,727	-	Annual	90 days	No lock-up restrictions
Private equity and venture capital	67,931	30,392	Closed end funds	**	Not redeemable
Private debt	11,349	8,933	Closed end funds	**	Not redeemable
Private real estate	6,372	1,353	Closed end funds	**	Not redeemable
<b>Total</b>	<b>\$ 689,037</b>	<b>\$ 40,678</b>			

\* The University has made commitments to various private equity and venture debt partnerships. The University expects these funds to be called over the next 1–5 years. Liquidity is expected to be received in the next 1–9 years.

\*\* Includes fund(s) that restrict redemptions such that redemptions are at the sole discretion of the Fund. Redemption terms require 60 to 90 days notice.



**Table 14** summarizes the fair value of the University's investments by type as of June 30, 2023 (\$ in thousands):

**TABLE 14 – Fair Value Hierarchy of Investments, FY2023**

As of June 30, 2023 (\$ in thousands)

Investment	Investments measured at NAV	Investments classified in the fair value hierarchy Level 1	Investments classified in the fair value hierarchy Level 2	Investments classified in the fair value hierarchy Level 3	Total
<b>Money market funds</b>	\$ -	\$ 212,555	\$ -	\$ -	\$ 212,555
<b>Debt securities</b>					
U.S. Treasury securities	-	215,032	-	-	215,032
Government agency bonds	-	-	35,914	-	35,914
Asset backed securities	-	-	67,400	-	67,400
Commercial mortgage-backed securities	-	-	24,311	-	24,311
Commercial Paper	-	-	10,520	-	10,520
Government mortgage-backed securities	-	-	22,412	-	22,412
Non-government backed collateralized mortgage obligations	-	-	3,016	-	3,016
Corporate bonds	-	-	174,271	1	174,272
Municipal and provincial bonds	-	-	8,376	-	8,376
Index linked government Bonds	-	-	951	-	951
Bond funds, including exchange traded funds	-	127,842	-	-	127,842
<b>Total debt securities</b>	-	<b>342,874</b>	<b>347,171</b>	<b>1</b>	<b>690,046</b>
<b>Equity securities</b>					
Domestic equities	-	144,055	-	1,785	145,840
International equities	-	37,450	-	-	37,450
<b>Total equity securities</b>	-	<b>181,505</b>	-	<b>1,785</b>	<b>183,290</b>
<b>Alternative investments</b>					
Multi-strategy hedge funds: Equity	299,003	-	-	-	299,003
Multi-strategy hedge funds: Long/short	148,353	-	-	-	148,353
Multi-strategy hedge funds: Fixed income	39,717	-	-	-	39,717
Multi-strategy hedge funds: Absolute return	36,987	-	-	-	36,987
Multi-strategy hedge funds: Real assets	9,581	-	-	-	9,581
Private equity and venture capital	69,991	-	-	-	69,991
Private debt	13,933	-	-	-	13,933
Private real estate	7,224	-	-	-	7,224
<b>Total alternative investments</b>	<b>624,789</b>	-	-	-	<b>624,789</b>
<b>Total investments at fair value</b>	<b>624,789</b>	<b>736,934</b>	<b>347,171</b>	<b>1,786</b>	<b>1,710,680</b>
MMDT	-	-	-	-	300,000
<b>Total investments at cost</b>	-	-	-	-	<b>300,000</b>
<b>Total investments</b>	<b>\$ 624,789</b>	<b>\$ 736,934</b>	<b>\$ 347,171</b>	<b>\$ 1,786</b>	<b>\$ 2,010,680</b>

**Table 15** presents unfunded commitments, redemption terms, restrictions, and notice period for investments that have been valued using NAV as a practical expedient as of June 30, 2023 (\$ in thousands):

**TABLE 15 – Alternative Investments, FY2023**

As of June 30, 2023 (\$ in thousands)

Alternative investments	NAV	Unfunded commitments	Redemption terms	Notice period	Redemption restrictions
Multi-strategy hedge funds: Equity	\$ 299,003	\$ -	Daily to annual	1–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Equity — Long/short	148,353	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Equity — Fixed income	39,717	-	Quarterly to semi-annual	60–90 days	No lock-up restrictions
Multi-strategy hedge funds: Equity — Absolute return	36,987	-	Quarterly to annual	45–65 days	No lock-up restrictions
Multi-strategy hedge funds: Equity — Real assets	9,581	-	Annual	90 days	No lock-up restrictions
Private equity and venture capital	69,991	30,392	Closed end funds	*	Not redeemable
Private debt	13,933	8,933	Closed end funds	*	Not redeemable
Private real estate	7,224	1,353	Closed end funds	*	Not redeemable
<b>Total</b>	<b>\$624,789</b>	<b>\$ 40,678</b>			

\* The University has made commitments to various private equity and venture debt partnerships. The University expects these funds to be called over the next 1–5 years. Liquidity is expected to be received in the next 1–9 years.

## 5. Accounts Receivable, Net

Accounts receivable as of June 30, 2024 and 2023 are presented in **Table 16** (\$ in thousands):

**TABLE 16 – Accounts Receivable, Net**

As of June 30, 2024 and 2023 (\$ in thousands)

Accounts receivable	2024	2023
Student tuition and fees	\$ 66,540	\$ 71,110
Student loans	16,524	21,780
Pledges	41,537	47,751
Grants and contracts	176,067	141,953
ForHealth program	76,261	57,520
UMass Memorial	20,418	14,583
Other	96,667	37,967
Total accounts receivable	494,014	392,664
Less: allowance for doubtful accounts and discount to present value for pledges	(29,190)	(28,544)
<b>Accounts receivable, net</b>	<b>\$ 464,824</b>	<b>\$ 364,120</b>



## 6. UMass Memorial Medical Center

In 1998, the University entered into an Amended and Restated Definitive Agreement (Definitive Agreement whereby the University separated its clinical health care operations from its ongoing academic operations. As part of the Definitive Agreement, the University entered into a 99-year Academic Affiliation and Support Agreement (Affiliation Agreement), expiring on June 30, 2097, with UMass Memorial (successor to the clinical operations) whereby UMass Memorial is required to make annual inflation adjusted payments to the University provided the University continues to operate a medical school. For the years ending June 30, 2024 and 2023, the inflation adjusted income recognized totaled approximately \$22.9 million and \$21.6 million and was recorded as other operating revenue in the accompanying financial statements.

Other provisions of the Definitive agreement include terms for reimbursement of shared services, cross-funded employees, and other agreed upon activities. For the years ended June 30, 2024 and 2023, the reimbursements received for services provided to UMass Memorial and which offset the University's operating expenses were \$181.4 million and \$156.3 million, respectively. Included in these amounts are payroll paid by the University on behalf of UMass Memorial in an agency capacity, recorded as an offset to operating expenses, in the amount of \$108.0 million and \$111.0 million for the years ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, the University has recorded a receivable, from UMass Memorial, in the amount of \$20.4 million and \$14.6 million, respectively. The University has recorded a payable of \$7.3 million and \$3.7 million at June 30, 2024 and 2023, respectively.

## 7. Capital Assets

**Table 17** represents the University's capital assets activity for the ended years June 30, 2024 and 2023 (\$ in thousands):

**TABLE 17 – Capital Assets Activity**

For the years ended June 30 (\$ in thousands)

Asset	As of 2022	Additions	Retirements / adjustments	As of 2023	Additions	Retirements / adjustments	As of 2024
Land	\$ 188,474	\$ 656	\$ (18,500)	\$ 170,630	\$ 9,325	\$ (596)	\$ 179,359
Buildings and improvements	7,866,707	256,063	(68,635)	8,054,135	839,134	(22,838)	8,870,431
Software	128,507	5,999	(482)	134,024	1,811	(763)	135,072
Equipment and furniture	716,808	48,112	(55,465)	709,455	84,796	(29,100)	765,151
Library books	25,640	-	(7,197)	18,443	-	(5,314)	13,129
Right of use assets (note 9)	262,269	12,895	(32,139)	243,025	27,946	(9,220)	261,751
<b>Total</b>	<b>9,188,405</b>	<b>323,725</b>	<b>(182,418)</b>	<b>9,329,712</b>	<b>963,012</b>	<b>(67,831)</b>	<b>10,224,893</b>
Accumulated depreciation/ amortization	(4,049,968)	(339,888)	117,635	(4,272,221)	(356,530)	44,178	(4,584,573)
<b>Total</b>	<b>5,138,437</b>	<b>(16,163)</b>	<b>(64,783)</b>	<b>5,057,491</b>	<b>606,482</b>	<b>(23,653)</b>	<b>5,640,320</b>
Construction in progress	410,617	379,571	(232,378)	557,810	255,761	(526,302)	287,269
<b>Total capital assets, net</b>	<b>\$5,549,054</b>	<b>\$ 363,408</b>	<b>\$ (297,161)</b>	<b>\$ 5,615,301</b>	<b>\$ 862,243</b>	<b>\$ (549,955)</b>	<b>\$ 5,927,589</b>

## 8. Business Acquisition

Effective September 1, 2021, the University acquired Brandman University in exchange for \$139.3 million and the assumption of all Brandman's existing liabilities totaling \$59.2 million. The acquisition included all of the assets of Brandman University totaling \$150.7 million.

The transaction resulted in deferred outflows of resources of \$47.8 million as of the acquisition date. The deferred outflows of resources are being amortized over a 10-year period. As of June 30, 2024 and 2023 there were \$35.9 and \$40.7 million, respectively of deferred outflows of resources remaining associated with the acquisition.

## 9. Public–Private Partnerships and Leases

The University has entered into three Public-Private Partnerships (PPP), one of which meets the definition of a service concession arrangement (SCA). The remaining two PPPs do not meet the definition of an SCA.

### PPPs Meeting the Definition of an SCA

On July 7, 2022, the University entered into an SCA with Mass Ave Housing Partners LLC (Project Company), to carry out the design, construction, financing, operation, management, and maintenance of a portion of the Student Housing Project on the Amherst campus consisting of approximately 600 beds of undergraduate apartment-style housing and approximately 200 beds of graduate student apartment-style housing and related infrastructure, including parking. The Project Company will manage, maintain, and operate the Student Housing Facilities and be entitled to all user fees associated with the project as defined, for a term of 65-years. At the end of the arrangement, operation of the Student Housing Project will be transferred to the University. The accumulated cost of construction of the Student Housing Project was \$245.8 million. In accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, the University recorded an asset and corresponding deferred inflow for the cost of the Student Housing Project when the related asset was placed into service in January 2024.

In accordance with SCA agreements, the University received from the Project Company a lump-sum payment of \$20.0 million, which is included in other noncurrent liabilities in the accompanying financial statements. The payment gets amortized over the term of the agreement.

### PPPs Not Meeting the Definition of an SCA

On November 8, 2016, the University entered into an agreement with Provident Commonwealth Educational Resources, Inc. (PCER), a Massachusetts not-for-profit corporation to construct and operate for 40 years a 1,082-bed student housing facility at its Boston campus (Boston Project). The Boston Project reverts to the University in 2056.

The Boston Project was financed with \$130.1 million of revenue bonds issued on October 26, 2016 (Series 2016 Bonds) by the Massachusetts Development Finance Agency (MassDevelopment) pursuant to a Loan and Trust Agreement between MassDevelopment and PCER. Neither the Authority, University nor Boston campus have pledged revenues to secure the payment of the Series 2016 bonds or have any obligation with respect to payment of the Series 2016 bonds.

On November 14, 2018, the University entered into an agreement with Provident Commonwealth Educational Resources II, Inc. (PCER II), a Massachusetts not-for-profit corporation to construct and operate for 45 years a 1,210-bed student housing facility at its Dartmouth campus (Dartmouth Project). The Dartmouth Project reverts to the University in 2064.

The Dartmouth Project was financed with \$132.2 million of revenue bonds issued on November 14, 2018 (Series 2018 Bonds) by the Massachusetts Development Finance Agency (MassDevelopment) pursuant to a Loan and Trust Agreement between MassDevelopment and PCER II. Neither the Authority, University nor Dartmouth campus have pledged revenues to secure the payment of the Series 2018 bonds or have any obligation with respect to payment of the Series 2018 bonds.

Management evaluated the applicability of relevant GASB guidance against the underlying Boston and Dartmouth Project agreements and indentures and has concluded that the associated debt should not be recognized on the financial statements of the University.

In accordance with GASB Statement No. 94, PPP's that do not meet the definition of an SCA are recorded based upon the operators' (PCER and PCER II) estimated carrying value of the underlying PPP assets as of the expected date of transfer in ownership to

the University. As of June 30, 2024 and 2023, the estimated carrying value of the assets upon ownership transfer for the Boston Project (2056) and the Dartmouth Project (2064) were deemed immaterial and therefore no amounts have been recorded in the accompanying financial statements.

## Ground Leases

Pursuant to the Boston and Dartmouth Project PPP agreements, the University entered into the following ground leases. For the Boston Project, commencing January 1, 2019, and continuing for a term of 40 years, the annual rental amount payable to the University is \$1.0 million. For the Dartmouth Project, commencing January 1, 2021, and continuing for a term of 45 years, the rental amount payable to the University is \$0.6 million, increasing by 3% every five years.

As of June 30, 2024 and 2023 the University has current receivables past due of \$4.5 million and \$3.9 million, respectively, related to the Boston and Dartmouth ground leases.

## Direct Financing Lease

On October 27, 2009, the University entered into an agreement to lease its facility located on Morrissey Boulevard in Dorchester, Massachusetts (the Facility) to the Edward M. Kennedy Institute for the United States Senate (EMKI), a charitable corporation registered in the District of Columbia. The lease agreement provides for an initial term of ninety-nine years commencing in October 2009, and thereafter, at the option of EMKI, may be extended for two additional ninety-nine-year periods.

EMKI has an option to purchase the Facility for one dollar at any time after the earlier of: (i) payment of no less than 51% or (ii) defeasement of the original amount of the associated revenue bonds. The University has right of first refusal in the event EMKI decides to sell or otherwise dispose of the ownership of the Facility.

The project was financed with \$74.4 million of revenue bonds. Rent is equal to the debt service on the outstanding bonds and payable semiannually through fiscal year 2043.



At June 30, 2024 and 2023, the University recorded gross lease receivable of approximately \$88.9 million and \$91.5 million, respectively, related to the EMKI lease. As of June 30, 2024 and 2023, the University recorded unearned interest income of approximately \$21.5 million and \$23.7 million, respectively, related to the EMKI lease. The University presents the unearned interest income associated with the EMKI lease as other current liabilities of approximately \$2.2 million and \$2.2 million and other noncurrent liabilities of approximately \$19.3 million and \$21.5 million as of June 30, 2024 and 2023, respectively.

For both years ended June 30, 2024 and 2023, the University recognized \$2.2 million of interest income related to its EMKI direct financing lease.

## Lessee Leases and Subscriptions

The University is a lessee for various noncancellable real estate leases.

The University has executed long-term leases with the Commonwealth, acting by and through the Trustees, covering the land on which facilities owned by the Building Authority are located on the University's campuses. These leases call for nominal annual payments to the Commonwealth. Certain of these leases renew automatically for subsequent five- or ten-year periods unless the Building Authority notifies the University that it does not wish to renew. Other leases require the Building Authority to notify the University of its desire to renew. As of June 30, 2024, all leases with the Commonwealth were in good standing and any leases requiring action by the Building Authority during the year to facilitate their renewals were properly renewed.

As provided in the Enabling Act, each of the above-referenced leases also terminates when the Building Authority no longer has any bonds outstanding, at which time all Building Authority property becomes the property of the Commonwealth.

In addition, the University has entered into SBITA's for various information technology agreements and are identified as subscriptions within tables 18 and 19.

**Tables 18 and 19** present a summary of right of use asset activity during the years ended June 30, 2024 and 2023, respectively.

**TABLE 18 – Right of Use Asset Activity, FY 2024**

For the years ended June 30, 2024 (\$ in thousands)

Asset	As of 2023	Additions	Remeasurements / terminations	As of 2024
Right of use asset: Real estate	\$ 204,452	\$ 14,563	\$ (109)	\$ 218,906
Right of use asset: Equipment	244	-	-	244
Right of use asset: SBITA Subscriptions	38,329	13,383	(9,111)	42,601
<b>Total</b>	<b>243,025</b>	<b>27,946</b>	<b>(9,220)</b>	<b>261,751</b>
Accumulated amortization	(58,276)	(26,387)	8,478	(76,185)
<b>Total right of use assets, net</b>	<b>\$ 184,749</b>	<b>\$ 1,559</b>	<b>\$ (742)</b>	<b>\$ 185,566</b>

**TABLE 19 – Right of Use Asset Activity, FY 2023**

For the years ended June 30, 2023 (\$ in thousands)

Asset	As of 2022	Additions	Remeasurements / terminations	As of 2023
Right of use asset: Real estate	\$ 235,258	\$ 1,342	\$ (32,148)	\$ 204,452
Right of use asset: Equipment	114	190	(60)	244
Right of use asset: SBITA Subscriptions	26,897	11,363	69	38,329
<b>Total</b>	<b>262,269</b>	<b>12,895</b>	<b>(32,139)</b>	<b>243,025</b>
Accumulated amortization	(52,005)	(25,549)	19,278	(58,276)
<b>Total right of use assets, net</b>	<b>\$ 210,264</b>	<b>\$ (12,654)</b>	<b>\$ (12,861)</b>	<b>\$ 184,749</b>



### Lease and Subscription Liabilities

**Table 20** presents a summary of changes in the related lease and subscription liabilities during the year ended June 30, 2024 (\$ in thousands):

**TABLE 20 – Lease and Subscription Liabilities, FY2024**

For the year ended June 30, 2024 (\$ in thousands)

Liability	As of 2023	Additions	Remeasurements	Deductions	As of 2024	Due in one year
Real estate	\$ 174,551	\$ 14,271	\$ 215	\$ (12,226)	\$ 176,811	\$ 11,804
Equipment	153	-	-	(37)	116	38
SBITA subscriptions	19,920	12,797	(187)	(10,690)	21,840	8,149
<b>Total lease and subscription liability</b>	<b>\$ 194,624</b>	<b>\$ 27,068</b>	<b>\$ 28</b>	<b>\$ (22,953)</b>	<b>\$ 198,767</b>	<b>\$ 19,991</b>

**Table 21** presents a summary of changes in the related lease and subscription liabilities during the year ended June 30, 2023 (\$ in thousands):

**TABLE 21 – Lease and Subscription Liabilities, FY2023**

For the year ended June 30, 2023 (\$ in thousands)

Liability	As of 2022	Additions	Remeasurements	Deductions	As of 2023	Due in one year
Real estate	\$ 199,837	\$ 1,342	\$ (13,805)	\$ (12,823)	\$ 174,551	\$ 12,095
Equipment	819	190	(816)	(40)	153	37
SBITA subscriptions	19,757	10,178	-	(10,015)	19,920	7,499
<b>Total lease and subscription liability</b>	<b>\$ 220,413</b>	<b>\$ 11,710</b>	<b>\$ (14,621)</b>	<b>\$ (22,878)</b>	<b>\$ 194,624</b>	<b>\$ 19,631</b>

Future annual lease and subscription payments are presented in **Table 22** (\$ in thousands):

**TABLE 22 – Future Annual Lease Payments**

As of June 30, 2024 (\$ in thousands)

Fiscal year	Principal	Interest	Total
2025	\$ 19,991	\$ 6,087	\$ 26,078
2026	18,014	5,372	23,386
2027	15,469	4,664	20,133
2028	14,289	4,211	18,500
2029	13,863	3,803	17,666
2030–2034	56,492	13,960	70,452
2035–2039	50,947	5,478	56,425
2040–2044	8,184	694	8,878
2045–2049	1,518	21	1,539
<b>Total</b>	<b>\$ 198,767</b>	<b>\$ 44,290</b>	<b>\$ 243,057</b>

For the years ended June 30, 2024 and 2023, the University recognized \$5.6 million and \$4.9 million, respectively, of interest expense related to its leases and subscriptions.

## Lessor Leases

The University is a lessor of various leases of buildings, office space and ground leases.

### Lease Receivables

**Table 23** presents a summary of changes in the related lease receivable during the year ended June 30, 2024 (\$ in thousands):

**TABLE 23 – Lease Receivables, FY2024**

For the year ended June 30, 2024 (\$ in thousands)

Receivable	As of 2023	Additions	Remeasurements	Deductions	As of 2024	Due in one year
Real estate leases	\$ 224,809	\$ (391)	\$ (1,811)	\$ (7,206)	\$ 215,401	\$ 13,222
Direct financing arrangement	91,549	-	-	(2,665)	88,884	5,002
<b>Total lease receivable</b>	<b>\$ 316,358</b>	<b>\$ (391)</b>	<b>\$ (1,811)</b>	<b>\$ (9,871)</b>	<b>\$ 304,285</b>	<b>\$ 18,224</b>

**Table 24** presents a summary of changes in the related lease receivable during the year ended June 30, 2023 (\$ in thousands):

**TABLE 24 – Lease Receivables, FY2023**

For the year ended June 30, 2023 (\$ in thousands)

Receivable	As of 2022	Additions	Remeasurements	Deductions	As of 2023	Due in one year
Real estate leases	\$ 237,497	\$ -	\$ (476)	\$ (12,212)	\$ 224,809	\$ 12,480
Direct financing arrangement	96,622	-	-	(5,073)	91,549	2,665
<b>Total lease receivable</b>	<b>\$ 334,119</b>	<b>\$ -</b>	<b>\$ (476)</b>	<b>\$ (17,285)</b>	<b>\$ 316,358</b>	<b>\$ 15,145</b>

For the years ended June 30, 2024 and 2023, the University recognized \$19.1 million and \$18.4 million, respectively, of revenue related to its lessor operating leases, which is included in auxiliary enterprise revenue, other operating revenue and other nonoperating income in the accompanying financial statements.

## 10. Long-Term Debt

**Table 25** represents the outstanding long-term debt as of June 30, 2024, and the related activity during the fiscal year (\$ in thousands):

**TABLE 25 – Long-Term Debt, FY2024**

For the year ended June 30, 2024 (\$ in thousands)

Debt	Original borrowing	Maturity date	Interest rate	As of 2023	Additions	Reductions	As of 2024
<b>Building Authority</b>							
Series 2009-2	\$ 271,855	2039	6.4–6.6%	\$ 16,945	-	\$ (765)	\$ 16,180
Series 2009-3	28,570	2039	5.8–6.2%	21,625	-	(820)	20,805
Series 2010-2	430,320	2040	3.8–5.5%	396,485	-	(17,560)	378,925
Series 2010-3	3,005	2040	5.8%	2,345	-	(80)	2,265
Series 2013-1	212,585	2043	2.0–5.0%	2,565	-	(1,335)	1,230
Series 2013-2	71,970	2043	0.4–4.3%	27,105	-	(2,545)	24,560
Series 2014-1	293,890	2044	3.0–5.0%	58,800	-	(4,400)	54,400
Series 2014-3	67,635	2029	2.0–5.0%	19,845	-	(4,710)	15,135
Series 2014-4	157,855	2025	0.2–3.4%	6,630	-	(2,140)	4,490
Series 2015-1	298,795	2045	4.0–5.0%	266,880	-	-	266,880
Series 2015-2	191,825	2036	3.0–5.0%	107,710	-	(17,350)	90,360
Series 2017-1	165,130	2047	4.0–5.3%	165,130	-	-	165,130
Series 2017-2	19,510	2027	1.6–3.4%	12,000	-	(2,255)	9,745
Series 2017-3	187,680	2038	3.0–5.0%	148,500	-	(3,840)	144,660
Series 2018-1	37,650	2043	2.0–2.9%	37,650	-	(1,655)	35,995
Series 2019-1	208,725	2039	5.0%	208,725	-	(6,670)	202,055
Series 2020-1	200,840	2050	5.0%	200,840	-	-	200,840
Series 2020-2	129,830	2050	1.8–3.5%	125,825	-	(2,055)	123,770
Series 2020-3	319,345	2044	1.7–3.5%	313,500	-	(4,555)	308,945
Series 2020-4	329,930	2043	0.4%–3.0%	320,585	-	(12,930)	307,655
Series 2021-1	312,330	2037	5.0%	261,785	-	(31,435)	230,350
Series 2021-2	46,585	2036	0.2%	30,580	-	(260)	30,320
Series 2022-1	188,650	2052	5.0%	188,650	-	(960)	187,690
Series 2022-2	211,270	2045	2.2–4.3%	211,270	-	(6,405)	204,865
Series 2024-1	150,480	2054	5.0%	-	150,480	-	150,480
Unamortized bond premium				215,153	15,593	(24,661)	206,085
<b>Total Building Authority</b>				<b>3,367,128</b>	<b>166,073</b>	<b>(149,386)</b>	<b>3,383,815</b>
<b>MHEFA/MDFA</b>							
Series A	20,000	2030	variable	20,000	-	-	20,000
<b>Total MHEFA/MDFA</b>				<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
<b>WCCC MHEFA/MDFA</b>							
Series 2005-D	99,325	2029	5.0–5.3%	425	-	-	425
Unamortized bond premium				11	-	(1)	10
<b>Total WCCC MHEFA/MDFA</b>				<b>436</b>	<b>-</b>	<b>(1)</b>	<b>435</b>
<b>MDFA</b>							
Clean renewable energy bonds	1,625	2027	3.5%	382	-	(188)	194
<b>Total bonds payable</b>				<b>3,387,946</b>	<b>166,073</b>	<b>(149,575)</b>	<b>3,404,444</b>
<b>UMG</b>							
Working capital note	21,100	2025	2.2%	16,100	-	-	16,100
Change in control note	96,000	2031	0.0%	96,000	-	-	96,000
Unamortized discount				(11,476)	-	1,878	(9,598)
<b>Total notes payable</b>				<b>100,624</b>	<b>-</b>	<b>1,878</b>	<b>102,502</b>
<b>Total long-term debt</b>				<b>\$3,488,570</b>	<b>\$ 166,073</b>	<b>\$ (147,697)</b>	<b>\$3,506,946</b>

**Table 26** represents the outstanding long-term debt as of June 30, 2023, and the related activity during the fiscal year (\$ in thousands):

**TABLE 26 – Long-Term Debt, FY2023**

For the year ended June 30, 2023 (\$ in thousands)

Debt	Original borrowing	Maturity date	Interest rate	As of 2022	Additions	Reductions	As of 2023
<b>Building Authority</b>							
Series 2009-2	\$ 271,855	2039	6.4–6.6%	\$ 16,945	\$ -	\$ -	\$ 16,945
Series 2009-3	28,570	2039	5.8–6.2%	22,400	-	(775)	21,625
Series 2010-2	430,320	2040	3.8–5.5%	413,610	-	(17,125)	396,485
Series 2010-3	3,005	2040	5.8%	2,420	-	(75)	2,345
Series 2013-1	212,585	2043	2.0–5.0%	8,410	-	(5,845)	2,565
Series 2013-2	71,970	2043	0.4–4.3%	29,590	-	(2,485)	27,105
Series 2013-3	24,640	2043	4.0–5.0%	485	-	(485)	-
Series 2014-1	293,890	2044	3.0–5.0%	62,935	-	(4,135)	58,800
Series 2014-3	67,635	2029	2.0–5.0%	24,345	-	(4,500)	19,845
Series 2014-4	157,855	2025	0.2–3.4%	8,700	-	(2,070)	6,630
Series 2015-1	298,795	2045	4.0–5.0%	266,880	-	-	266,880
Series 2015-2	191,825	2036	3.0–5.0%	133,330	-	(25,620)	107,710
Series 2017-1	165,130	2047	4.0–5.3%	165,130	-	-	165,130
Series 2017-2	19,510	2027	1.6–3.4%	13,570	-	(1,570)	12,000
Series 2017-3	187,680	2038	3.0–5.0%	152,150	-	(3,650)	148,500
Series 2018-1	37,650	2043	2.0–2.9%	37,650	-	-	37,650
Series 2019-1	208,725	2039	5.0%	208,725	-	-	208,725
Series 2020-1	200,840	2050	5.0%	200,840	-	-	200,840
Series 2020-2	129,830	2050	1.8–3.5%	127,845	-	(2,020)	125,825
Series 2020-3	319,345	2044	1.7–3.5%	315,665	-	(2,165)	313,500
Series 2020-4	329,930	2043	0.4%–3.0%	329,930	-	(9,345)	320,585
Series 2021-1	312,330	2037	5.0%	291,750	-	(29,965)	261,785
Series 2021-2	46,585	2036	0.2%	30,835	-	(255)	30,580
Series 2022-1	188,650	2052	5.0%	188,650	-	-	188,650
Series 2022-2	211,270	2045	2.2–4.3%	211,270	-	-	211,270
Unamortized bond premium				241,608	-	(26,455)	215,153
<b>Total Building Authority</b>				<b>3,505,668</b>	<b>-</b>	<b>(138,540)</b>	<b>3,367,128</b>
<b>MHEFA/MDFA</b>							
Series A	20,000	2030	Variable	20,000	-	-	20,000
<b>Total MHEFA/MDFA</b>				<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
<b>WCCC MHEFA/MDFA</b>							
Series 2005-D	99,325	2029	5.0–5.3%	425	-	-	425
Unamortized bond premium				15	-	(4)	11
<b>Total WCCC MHEFA/MDFA</b>				<b>440</b>	<b>-</b>	<b>(4)</b>	<b>436</b>
<b>MDFA</b>							
CREBs	1,625	2027	3.5%	478	-	(96)	382
<b>Total bonds payable</b>				<b>3,526,586</b>	<b>-</b>	<b>(138,640)</b>	<b>3,387,946</b>
<b>UMG</b>							
Working capital note	21,100	2025	2.2%	21,100	-	(5,000)	16,100
Building note	37,000	2027	2.2%	37,000	-	(37,000)	-
Change in control note	96,000	2031	0.0%	96,000	-	-	96,000
Unamortized discount				(13,313)	-	1,837	(11,476)
<b>Total notes payable</b>				<b>140,787</b>	<b>-</b>	<b>(40,163)</b>	<b>100,624</b>
<b>Total long-term debt</b>				<b>\$3,667,373</b>	<b>\$ -</b>	<b>\$ (178,803)</b>	<b>\$3,488,570</b>



## Pledged Revenues

The University is obligated under its contracts for financial assistance, management and services with the Building Authority to collect rates, rents, fees and other charges with respect to such facilities sufficient to pay principal and interest on the Building Authority's bonds and certain other costs such as insurance on such facilities.

The University's spendable cash and investments secures the obligations of the University with respect to the MHEFA/MDFA Series A Bonds. The University is required to certify annually that there are sufficient funds in spendable cash and investments to cover the debt service on the Series A Bonds.

## Principal and Interest

Principal and interest, which is estimated using rates in effect at June 30, 2024, on bonds and notes payable for the next five fiscal years and in subsequent five-year periods are presented in **Table 27** (\$ in thousands):

**TABLE 27 – Principal and Interest on Long-term Debt**

(\$ in thousands)

Fiscal Year	Bonds – principal	Bonds – interest	Bonds – interest subsidy*	Direct placement bonds – principal	Direct placement bonds – interest	Notes payable – principal	Notes payable – interest	Total
2025	\$ 121,066	\$ 136,465	\$ (6,729)	\$ 1,690	\$ 718	\$ 6,100	\$ 304	\$ 259,614
2026	119,521	131,709	(6,445)	1,725	684	10,000	138	257,332
2027	122,627	126,346	(6,153)	1,760	649	12,000	-	257,229
2028	127,575	120,842	(5,858)	1,790	615	21,000	-	265,964
2029	132,065	115,455	(5,547)	1,600	827	63,000	-	307,400
2030–2034	679,255	486,613	(22,325)	8,530	3,500	-	-	1,155,573
2035–2039	724,855	332,120	(11,337)	9,880	2,142	-	-	1,057,660
2040–2044	622,650	175,739	(1,025)	9,020	591	-	-	806,975
2045–2049	327,370	76,979	-	-	-	-	-	404,349
2050–2053	185,370	18,975	-	-	-	-	-	204,345
<b>Total</b>	<b>\$ 3,162,354</b>	<b>\$ 1,721,243</b>	<b>\$ (65,419)</b>	<b>\$ 35,995</b>	<b>\$ 9,726</b>	<b>\$ 112,100</b>	<b>\$ 442</b>	<b>\$ 4,976,441</b>

\* These interest rate subsidies are provided by the United States Government related to the Authority's issuance of bonds under the Build America Bond (BAB) program. Under the BAB program, the Government provides a direct subsidy of the interest rate paid to bondholders up to 35%. The University's November 1, 2023, and May 1, 2024 subsidy payments related to the Senior Series 2009-2 Project Revenue Build America Bonds and the Senior Series 2010-2 Project Revenue Build America Bonds were both 33.0%. For fiscal year 2025 through fiscal year 2043, the estimated subsidy reflected in the table above is 33.0%.

## Bond Activity

In FY2024, the University issued \$150.5 million of Senior Series 2024-1 Project Revenue Bonds to finance construction projects at the Amherst campus.

The University did not issue any new bonds and there was no refunding activity in FY2023.

## Bond Premium (Discount) and Issuance Expenses

The University amortizes the premiums received as a reduction of interest expense over the life of the respective bond issue. In FY2024, the Authority received \$15.6 million as premiums at issuance.

In connection with the University's bond issues, the University incurred certain issuance costs associated with the bond offerings. In FY2024, issuance costs were \$1.0 million and were expensed in accordance with the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

No bond activity occurred in FY2023, thus no new bond premium, discount or bond issuance costs were recorded in FY2023.

## Notes Payable

In FY2022, the University entered into three notes payable as part of the Brandman University acquisition agreement. A working capital note payable of \$21.1 million, a building note payable for \$37.0 million and a change in control note payable of \$96.0 million. In FY2023 the building was sold and the proceeds were used to pay off the building note payable for \$37.0 million and \$5.0 million of the working capital note. Remaining notes payable totaled \$112.1 million as of June 30, 2024.

## Commercial Paper

The maximum aggregate principal amount of commercial paper which may be outstanding at one time is \$200.0 million. The Commercial Paper Series 2013-A are secured by a new standby liquidity facility agreement with TD Bank, NA that expires on August 3, 2025. As of June 30, 2024, the outstanding commercial paper had a term of 39 days with a maturity date August 8, 2024.

**TABLE 28 – Commercial Paper**

As of June 30 (\$ in thousands)

Commercial paper	As of 2022	Additions	Reductions	As of 2023	Additions	Reductions	As of 2024
Commercial paper	\$ 20,000	\$ 17,250	\$ -	\$ 37,250	\$ 80,050	\$ (59,233)	\$ 58,067

The University incurred total fees of \$2.3 million and \$1.0 million in FY2024 and FY2023, respectively, associated with the use of commercial paper.

## Line of Credit

During FY2024, the University amended the existing line of credit agreement with Bank of America maintaining a maximum loan amount of \$150.0 million. The line of credit has an updated maturity date of March 31, 2025.

Within the existing line of credit agreement, the University has secured \$8.6 million of credit on behalf of UMass Global for the benefit of the U.S. Department of Education.

As of June 30, 2024, the outstanding balance on the line of credit was \$0.

## 11. Other Liabilities

**Table 29** shows current and long-term portions of other liabilities as recorded in the Statements of Net Position (\$ in thousands):

**TABLE 29 – Current Portion and Total Other Liabilities**

As of June 30 (\$ in thousands)

Other liabilities	As of June 30, 2024		As of June 30, 2023	
Accounts payable and accrued liabilities				
Accounts payable	\$	150,724	\$	147,469
Accrued salaries		157,523		135,426
Compensated absences		111,856		106,583
Workers' compensation		4,110		3,853
Interest payable		24,492		23,303
Other liabilities		7,313		3,745
Total accounts payable and accrued liabilities	\$	456,018	\$	420,379
Other current liabilities				
Due to Related Organizations		1,060		434
Other Liabilities		50,646		63,400
Total other current liabilities	\$	51,706	\$	63,834
Other long-term liabilities				
Compensated absences		27,842		25,549
Workers' compensation		16,112		16,112
Other liabilities		59,088		63,941
Total other long-term liabilities	\$	103,042	\$	105,602

## 12. Fringe Benefits

During the years ended June 30, 2024 and 2023, the Commonwealth paid \$544.1 million and \$467.7 million, respectively, for the University's portion of fringe benefit costs which includes pension expense, health insurance for active employees and retirees, and terminal leave. Of this amount, the University reimbursed the Commonwealth \$157.8 million and \$145.8 million during the years ended June 30, 2024 and 2023, respectively. The remaining portion is included in revenue as state appropriations.

## 13. Benefit Plans

### Defined Benefit Plan

The Massachusetts State Employees' Retirement System (MSERS) is a public employee retirement system (PERS) that administers a cost-sharing multi-employer defined benefit plan covering substantially all employees of the Commonwealth including University employees.

MSERS 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 to five-year average annual rate of regular compensation depending on the date of hire. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

The MSERS' funding policies were established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS 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 MSERS vary depending on the most recent date of membership, as shown in **Table 30**:

**TABLE 30 – Membership Contributions**

Hire date	% of Compensation
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 except for State Police which is 12% of regular compensation
1979–present	An additional 2% of regular compensation in excess of \$30,000

In addition, members within this group who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

The University makes contributions on behalf of the employees through a fringe benefit charge assessed by the Commonwealth. The fringe benefit charge amounted to \$220.7 million and \$185.1 million for the years ended June 30, 2024 and 2023, respectively. Annual covered payroll was 77.7% and 76.6% of annual total payroll for the University for the years ended June 30, 2024 and 2023, respectively.

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

The net pension liability as of June 30, 2024 was determined based on a measurement date of June 30, 2023 from an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The net pension liability measured as of June 30, 2023 was determined based on a measurement date of June 30, 2022 from an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. There are no significant changes known which would impact the total pension liability between the measurement date and the reporting date, other than typical plan experience.

At June 30, 2024 and 2023, the University reported a liability of \$384.4 million and \$444.8 million, respectively, for its proportionate share of MSERS's net pension liability, respectively. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the total projected contributions of all participating entities, as actuarially determined. The University's proportion of the pension plan at measurement dates of June 30, 2023 and 2022 was 2.6% and 3.2%, respectively.

For the fiscal years ended June 30, 2024 and 2023, the University recognized net pension expense of \$21.4 million and \$28.1 million, respectively.

The University reported its proportionate share of MSERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2024 and 2023 (\$ in thousands), as presented in **Tables 31** and **32**:



**TABLE 31 – University's Proportionate Share of MSERS, FY2024**

As of June 30, 2024 (\$ in thousands)

Pension resource	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 6,461	\$ -
Changes in proportion due to internal allocation	54,488	126,389
Employer contributions after measurement date	38,735	-
Differences between expected and actual experience	13,656	9,499
Net difference between projected and actual investment earnings on pension plan investments	10,346	-
Changes in proportion from Commonwealth	3	2,937
<b>Total</b>	<b>\$ 123,689</b>	<b>\$ 138,825</b>

**TABLE 32 – University's Proportionate Share of MSERS, FY2023**

As of June 30, 2023 (\$ in thousands)

Pension resource	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 12,247	\$ -
Changes in proportion due to internal allocation	86,900	100,064
Employer contributions after measurement date	37,980	-
Differences between expected and actual experience	11,065	17,362
Net difference between projected and actual investment earnings on pension plan investments	-	2,371
Changes in proportion from Commonwealth	30	1,203
<b>Total</b>	<b>\$ 148,222</b>	<b>\$ 121,000</b>

Amounts reported as deferred outflows of resources relating to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction, or increase, to pension expense (benefit) in the next fiscal year. The remaining difference between the University's balances of deferred outflows and inflows of resources will be recognized in pension expense (benefit) as presented in **Table 33**:

**TABLE 33 – Amortization of Pension Expense in Future Years**

(\$ in thousands)

Year ending June 30	Pension
2025	\$ (17,704)
2026	(29,177)
2027	7,107
2028	(14,097)
<b>Total</b>	<b>\$ (53,871)</b>

## Actuarial Assumptions

Significant actuarial assumptions used at each respective measurement date are presented in **Table 34**:

**TABLE 34 – Actuarial Assumptions**

Assumption	June 30, 2023	June 30, 2022
Investment rate of return	7.0%	7.0%
Interest rate credited to the annuity savings fund	3.5%	3.5%
Cost of living increases on the first \$13,000 per year	3.0%	3.0%
Salary increases*	4.0% to 9.0%	4.0% to 9.0%
Mortality rates: Pre-retirement	RP-2014 Blue Collar Employees Scale MP-2021 **	RP-2014 Blue Collar Employees Scale MP-2020 **
Mortality rates: Post-retirement	RP-2014 Blue Collar Healthy Annuitant Scale MP-2021 **	RP-2014 Blue Collar Healthy Annuitant Scale MP-2020 **
Mortality rates: Disability	RP-2014 Blue Collar Healthy Annuitant Scale MP-2021 ***	RP-2014 Blue Collar Healthy Annuitant Scale MP-2020 ***

\* Salary increases were based on analysis of past experiences depending on group and length of service

\*\* Set forward one year for females.

\*\*\* Set forward one year

## Investment Allocation

Investment assets of MSERS are with the Commonwealth's 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, 2023 and 2022 are summarized in **Tables 35** and **36**:

**TABLE 35 – Target Asset Allocation as of June 30, 2023**

Asset class	Target allocation	Long-term expected real rate of return
Global equity	37.0%	4.9%
Core fixed income	15.0%	1.9%
Private equity	16.0%	7.4%
Portfolio completion strategies	10.0%	3.8%
Real estate	10.0%	3.0%
Value added fixed income	8.0%	5.1%
Timber / natural resources	4.0%	4.3%
<b>Total</b>	<b>100.00%</b>	

**TABLE 36 – Target Asset Allocation as of June 30, 2022**

Asset class	Target allocation	Long-term expected real rate of return
Global equity	38.0%	4.2%
Core fixed income	15.0%	0.5%
Private equity	15.0%	7.3%
Portfolio completion strategies	10.0%	2.7%
Real estate	10.0%	3.3%
Value added fixed income	8.0%	3.7%
Timber / natural resources	4.0%	3.9%
<b>Total</b>	<b>100.00%</b>	

## Discount Rate

The discount rate used to measure the total pension liability was 7.00% for both June 30, 2023 and 2022. 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 contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity Analysis

**Table 37** The following illustrates the impact of a 1% change in the discount rate for the net pension liability at June 30, 2024 and 2023 (\$ in thousands):

**TABLE 37 – Sensitivity Analysis of Discount**

As of June 30, 2024 and 2023 (\$ in thousands)

Fiscal year ended	1% Decrease	At current discount rate	1% Increase
June 30, 2024	\$ 528,350	\$ 384,432	\$ 262,640
June 30, 2023	\$ 613,514	\$ 444,824	\$ 302,088

## Defined Contribution Plan

Non-vested faculty and certain other employees of the University can opt out of MSERS and participate in a defined contribution plan, the Optional Retirement Plan (ORP), administered by the Commonwealth's Department of Higher Education. As of June 30, 2024 and 2023, there were 2,316 and 2,255 participants in the ORP, respectively. Employees contribute at the same rate as members in MSERS and the Commonwealth matches 5.0% of employee contributions, minus certain expenses such as cost of insurances and administrative expenses for a net matching contribution of 4.3%. The Commonwealth contributed \$10.9 million and \$9.6 million in FY2024 and FY2023, respectively. University employees contributed \$25.8 million and \$23.1 million in 2024 and 2023, respectively.

The MSERS and ORP retirement contributions of employees who become members of MSERS or ORP after January 1, 2011 are subject to a state compensation limit. Effective January 1, 2011, the University established a defined contribution plan, the University of Massachusetts 401(a) Retirement Gap Plan (Gap Plan). Employees with MSERS or ORP membership dates after January 1, 2011 are eligible to participate in the Gap Plan. Eligible employees begin participation in the Gap Plan when their regular compensation exceeds the state compensation limit in effect for the plan year, at which point their contributions to MSERS or ORP are required to stop for the remainder of the plan year. Employee contributions to the Gap Plan are mandatory and at the same rate as MSERS and ORP. The University contributes 5% of employee compensation exceeding 64% of the Compensation Limit up to the Compensation

Limit. The Compensation limits for FY2024 and FY2023 were \$345,000 and \$330,000, respectively. As of June 30, 2024 and 2023, the plan assets of the Gap Plan were \$14.4 million and \$10.2 million, respectively.

In addition, UMG offers a defined contribution retirement plan. Employees working at least 20 hours a week are eligible to participate in the plan after 90 days of employment. UMG contributes 3% of each employee's eligible annual salary, as defined by the plan. Eligible employees may contribute up to 6% of their eligible salary and UMG matches their contributions. UMG's total contribution to the plan was \$2.5 million and \$3.1 million for FY2024 and FY2023, respectively.

Other component units may opt to offer defined contribution retirement plans. These are not material in relation to the University as a whole and detailed plan information are therefore not presented.

## 14. Other Postemployment Benefits

The Commonwealth administers the State Retirees' Benefit Trust (SRBT), a single employer defined Postemployment Benefits Other Than Pensions (OPEB) Plan (the Plan). Benefits are managed by the Group Insurance Commission (GIC) and investments are managed by the Commonwealth's Pension Reserves Investment Management Board (PRIM).

### Benefits Provided

Under Chapter 32A of the MGL the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. 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.

Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2024 and 2023, the retirees' share of premium costs is between 10%–20%, depending on the date of hire.

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

The total OPEB liability as of June 30, 2024 was determined based on a measurement date of June 30, 2023 from an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The total OPEB liability as of June 30, 2023 was determined based on a measurement date of June 30, 2022 from an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. There are no significant changes known which would impact the total OPEB liability between the measurement date and the reporting date, other than typical plan experience.

As of June 30, 2024 and 2023, the University reported a liability of \$408.9 million and \$559.8 million, respectively, for its proportionate share of the OPEB liability. The University's proportion of the OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the total projected contributions of all participating entities, actuarially determined. The University's proportion of the OPEB plan at measurement dates of June 30, 2023 and 2022 was 2.88% and 4.19%, respectively.



For the fiscal years ended June 30, 2024 and 2023, the University recognized a net OPEB benefit of \$71.9 million and \$26.5 million, respectively.

The University reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, as shown in **Tables 38** and **39** (\$ in thousands):

**TABLE 38 – University's Proportionate Share of OPEB, FY2024**

As of June 30, 2024 (\$ in thousands)

OPEB resources	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 17,962	\$ 105,464
Changes in proportion due to internal allocation	170,478	389,047
Employer contributions after measurement date	19,550	-
Differences between expected and actual experience	16,630	45,927
Investment earnings on OPEB plan investments	1,336	-
Changes in proportion from Commonwealth	37	3,913
<b>Total</b>	<b>\$ 225,993</b>	<b>\$ 544,351</b>

**TABLE 39 – University's Proportionate Share of OPEB, FY2023**

As of June 30, 2023 (\$ in thousands)

OPEB resources	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 41,232	\$ 202,606
Changes in proportion due to internal allocation	236,707	269,056
Employer contributions after measurement date	18,861	-
Differences between expected and actual experience	10,305	92,682
Investment earnings on OPEB plan investments	851	-
Changes in proportion from Commonwealth	257	2,765
<b>Total</b>	<b>\$ 308,213</b>	<b>\$ 567,109</b>

Amounts reported as deferred outflows of resources relating to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction to OPEB expense (benefit) in the next fiscal year. The remaining difference between the University's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense (benefit), as shown in **Table 40**:

**TABLE 40 – Amortization of OPEB Expense in Future Years**

(\$ in thousands)

Year ending June 30	Pension
2025	\$ (82,387)
2026	(80,169)
2027	(77,578)
2028	(54,595)
2029	(43,179)
<b>Total</b>	<b>\$ (337,908)</b>

## Actuarial Assumptions

Significant actuarial assumptions used at the 2023 measurement date are as follows:

### Long-term rate of return on investment: 7.00%

### Annual healthcare cost trend rates

Developed based on the most recent published SAO-Getzen trend rate model, version 2023\_1f.

**Short-term** — Based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases.

**Long-term** — Based on the most recent published SAO-Getzen model for trend rates beginning in 2027 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy. **Table 41** presents annual healthcare cost trend rates.

**TABLE 41 – Annual Healthcare Cost Trend Rates**

Year	Medicare benefits	Non-Medicare benefits
2023	5.79%	7.50%
2024	7.26%	8.59%
2025	7.14%	8.29%
2026	5.45%	6.59%
2027	5.33%	6.28%
2032	4.77%	4.77%
2042	4.50%	4.50%
2052	4.44%	4.44%
2062	4.38%	4.38%
2072	4.06%	4.06%
2075+	3.94%	3.94%

### Getzen long run growth factors

- Inflation: 2.50%
- Real GDP Growth: 1.40%
- Excess Medical Growth: 1.00%

### Mortality rates

RP-2014 Blue Collar Mortality Table projected with scale MP-2021 with females set forward one year.

### Participation rates

- 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
- 35% of employees currently opting out of active health coverage are assumed to elect to enroll in retiree coverages.
- 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.
- Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
- 100% of spouses are assumed to elect to continue coverage after retiree's death.

- Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to a Medicare Supplement plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity-Medicare Supplement/HMO-Medicare Advantage/POS/PPO).
- Future retirees are assumed to enroll in the existing plans in the same proportion as the current retiree mix, as shown in **Table 42**. These proportions are established separately for non-Medicare and Medicare coverage for each product type and reflect the migration of the members to the new plans, as stated in the GIC Provisions sections.

**TABLE 42 – Future Enrollment Proportions**

Plan	Retirement age under 65	Retirement age over 65
Indemnity	27.0%	0.0%
POS/PPO	63.0%	0.0%
HMO	10.0%	0.0%
Medicare Supplement	-	96.0%
Medicare Advantage	-	4.0%

Significant actuarial assumptions used at the 2022 measurement date are as follows:

#### Long-term rate of return on investment: 7.00%

#### Annual healthcare cost trend rates

Developed based on the most recent published SAO-Getzen trend rate model, version 2022\_f4.

**Short-term** — Based on review of the plan's historical trend rates during fiscal years 2021 and 2022, along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases.

**Long-term** — Based on the most recent published SAO-Getzen model for trend rates beginning in 2023 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy. **Table 43** presents annual healthcare cost trend rates.

**TABLE 43 – Annual Healthcare Cost Trend Rates**

Year	Medicare benefits	Non-Medicare benefits
2022	5.00%	7.60%
2023	6.80%	9.11%
2024	6.79%	8.82%
2025	4.99%	6.72%
2026	4.99%	6.43%
2031	4.97%	4.97%
2041	4.78%	4.78%
2051	4.62%	4.62%
2061	4.53%	4.53%
2071	4.15%	4.15%
2075+	3.94%	3.94%

#### Getzen long run growth factors:

- Inflation: 2.50%
- Real GDP Growth: 1.40%
- Excess Medical Growth: 1.00%

## Mortality rates

RP-2014 Blue Collar Employees projected with Scale MP-2020 from the central year, with females set forward one year.

## Participation rates

- 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
- 35% of employees currently opting out of active health coverage are assumed to elect to enroll in retiree coverages.
- 85% of current and future vested terminated participants will elect health care benefits at age 55 or if later, the participant's current age.
- Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
- 100% of spouses are assumed to elect to continue coverage after retiree's death.
- Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Indemnity plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity/POS/PPO/HMO).
- Future retirees are assumed to enroll in the existing plan in the same proportion as the current retiree mix, as shown in **Table 44**. These proportions are established separately for non-Medicare and Medicare coverage for each product type.

**TABLE 44 – Future Enrollment Proportions**

Plan	Retirement age under 65	Retirement age over 65
Indemnity	28.0%	96.0%
POS/PPO	62.0%	0.0%
HMO	10.0%	4.0%





## Investment Allocation

Investment assets of the Plan are with PRIT. 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.

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, 2023 and 2022 are summarized in **Tables 45** and **46**:

**TABLE 45 – Target Asset Allocation as of June 30, 2023**

Asset class	Target allocation	Long-term expected real rate of return
Global equity	37.00%	4.90%
Core fixed income	15.00%	1.90%
Private equity	16.00%	7.40%
Portfolio completion strategies	10.00%	3.80%
Real estate	10.00%	3.00%
Value added fixed income	8.00%	5.10%
Timber / natural resources	4.00%	4.30%
<b>Total</b>	<b>100.00%</b>	

**TABLE 46 – Target Asset Allocation as of June 30, 2022**

Asset class	Target allocation	Long-term expected real rate of return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber / natural resources	4.00%	3.90%
<b>Total</b>	<b>100.00%</b>	

## Discount Rate

The discount rates used to measure the total OPEB liability as of June 30, 2024 and 2023 were 4.34% and 4.30%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 3.65% and 3.54%, respectively, as of the measurement dates June 30, 2023 and 2022 and the long term rate of return on Plan investments of 7.00%. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on SRBT investments was applied to projected benefit payments through year 2042 and the municipal bond rate was applied to all remaining future years to determine the total OPEB liability.

## Sensitivity Analysis of Discount

**Table 47** presents the net OPEB liability of the Commonwealth calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (\$ in thousands):

**TABLE 47 – Sensitivity Analysis of Discount**

As of June 30, 2023 and 2022 (\$ in thousands)

Fiscal year ended	1% Decrease	At current discount rate	1% Increase
June 30, 2023	\$ 477,731	\$ 408,875	\$ 352,376
June 30, 2022	653,075	559,807	483,194

## Sensitivity Analysis of Healthcare Cost Trend Rate

**Table 48** presents the net OPEB liability of the Commonwealth, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate (\$ in thousands):

**TABLE 48 – Sensitivity Analysis of Healthcare Cost Trend Rate**

As of June 30, 2023 and 2022 (\$ in thousands)

Fiscal year ended	1% Decrease	At current healthcare cost trend rate	1% Increase
June 30, 2023	\$ 342,606	\$ 408,875	\$ 492,701
June 30, 2022	469,278	559,807	674,405



## 15. Operating Expenses and Interest

**Table 49** summarizes the University's operating and interest expenses by natural and functional classification for the year ended June 30, 2024 (\$ in thousands):

**TABLE 49 – Operating Expenses and Interest, FY2024**

For the year ended June 30, 2024 (\$ in thousands)

Expense / interest	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation and amortization	Interest	Total
<b>Educational and general</b>						
Instruction	\$ 916,613	\$ 140,668	\$ -	\$ -	\$ -	\$ 1,057,281
Research	373,494	247,008	-	-	-	620,502
Public service	64,526	26,850	-	-	-	91,376
Academic support	175,822	71,235	-	-	-	247,057
Student services	161,234	86,739	-	-	-	247,973
Institutional support	282,013	91,346	-	-	-	373,359
Operation and maintenance of plant	131,541	148,762	-	-	-	280,303
Depreciation and amortization	-	-	-	361,126	-	361,126
Scholarships and fellowships	-	-	29,463	-	-	29,463
<b>Auxiliary enterprises</b>	<b>174,995</b>	<b>185,857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>360,852</b>
<b>Other expenditures</b>						
Independent operations	16,453	28,787	-	-	-	45,240
Public service activities	124,143	92,893	-	-	-	217,036
Total operating expenses	2,420,834	1,120,145	29,463	361,126	-	3,931,568
Interest expense	-	-	-	-	132,442	132,442
<b>Total operating expenses and interest</b>	<b>\$ 2,420,834</b>	<b>\$ 1,120,145</b>	<b>\$ 29,463</b>	<b>\$ 361,126</b>	<b>\$ 132,442</b>	<b>\$ 4,064,010</b>



**Table 50** summarizes the University's operating expenses and interest by natural and functional classification for the year ended June 30, 2023 (\$ in thousands):

**TABLE 50 – Operating Expenses and Interest, FY2023**

For the year ended June 30, 2023 (\$ in thousands)

Expense / interest	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation and amortization	Interest	Total
<b>Educational and general</b>						
Instruction	\$ 862,872	\$ 133,931	\$ -	\$ -	\$ -	\$ 996,803
Research	346,938	239,354	-	-	-	586,292
Public service	62,464	25,117	-	-	-	87,581
Academic support	152,317	69,852	-	-	-	222,169
Student services	155,380	84,659	-	-	-	240,039
Institutional support	258,715	85,265	-	-	-	343,980
Operation and maintenance of plant	122,529	137,344	-	-	-	259,873
Depreciation and amortization	-	-	-	344,872	-	344,872
Scholarships and fellowships	-	-	62,237	-	-	62,237
<b>Auxiliary enterprises</b>	<b>161,242</b>	<b>191,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>352,627</b>
<b>Other expenditures</b>						
Independent operations	22,880	33,725	-	-	-	56,605
Public service activities	117,473	137,678	-	-	-	255,151
Total operating expenses	2,262,810	1,138,310	62,237	344,872	-	3,808,229
Interest expense	-	-	-	-	129,132	129,132
<b>Total operating expenses and interest</b>	<b>\$ 2,262,810</b>	<b>\$ 1,138,310</b>	<b>\$ 62,237</b>	<b>\$ 344,872</b>	<b>\$ 129,132</b>	<b>\$ 3,937,361</b>

## 16. Unrestricted Net Position

According to the University's reserve policy, unrestricted net position is designated for certain purposes. Below are the designations used by the University, as described in the University's policy:

- **Unexpended plant and facilities:** funds designated for capital projects, equipment and the major renovations of all existing buildings including research, education and general, and auxiliary.
- **Auxiliary enterprises:** funds related to self-supporting activities which provide non-instructional support in the form of goods and services to students, faculty, and staff upon payment of a specific user charge or fee.
- **Education and general:** funds designated for operational requirements, academic initiatives, research, faculty recruitment, and University initiatives.
- **Quasi-endowment:** funds related to unrestricted resources invested in the Foundation's pooled endowment fund, intended to be invested for the long-term unless otherwise approved by the Board of Trustees or a designated authority.
- **Stabilization:** funds designated to provide budgetary stabilization for operations due to unforeseen and/or uncontrollable circumstances to ensure responsible long-term financial stability.
- **Other unrestricted:** funds undesignated for a specific use or purpose.



**Table 51** summarizes the University's unrestricted net position as of June 30, 2024 and 2023 (\$ in thousands):

**TABLE 51 – Unrestricted Net Position**

As of June 30, 2024 and 2023 (\$ in thousands)

Unrestricted resources	2024	2023
Unexpended plant and facilities	\$ 599,627	\$ 467,237
Auxiliary enterprises	173,524	123,013
Education and general	564,013	469,562
Quasi-endowment	451,215	412,813
Stabilization	163,961	157,467
Other unrestricted	4,226	25,432
<b>Subtotal</b>	<b>1,956,566</b>	<b>1,655,524</b>
Unfunded portion of pension liabilities	(399,569)	(417,602)
Unfunded portion of postretirement benefits other than pension liabilities	(727,233)	(818,703)
<b>Total unrestricted net position</b>	<b>\$ 829,764</b>	<b>\$ 419,219</b>

## 17. Commitments and Contingencies

In June 2019, the University entered into an agreement to lease property located at 200 Mount Vernon Street in Dorchester, Massachusetts to an unrelated party (the Developer). The Developer plans to develop a mixed-use opportunity at the site. Under the terms of the agreement, the Developer, subject to certain contingencies, may enter into a 99-year ground lease for an initial fixed rent upfront payment of up to \$235.0 million, with a minimum payment of \$192.5 million. It is an ongoing transaction to be negotiated on terms acceptable to the University while the parties agree to a closing date. At June 30, 2024, the University held \$26.4 million as a fully nonrefundable deposit. Subsequent to the year end, an additional \$0.3 million was released to the University as a nonrefundable deposit. The University has the ability to terminate the agreement subject to the terms of the agreement.

The University has outstanding purchase commitments with contractors for the construction of certain facilities as of June 30, 2024 and 2023 of \$179.4 million and \$193.1 million, respectively.

As of June 30, 2024 and 2023, the Authority had a working capital deficiency of \$77.4 million and \$125.9 million, respectively. As stated in the various contracts between the Authority and the University, the University is required to provide necessary funding to the Authority to meet its obligations through June 30, 2025 and beyond.

From time to time, the University is involved in routine litigation that arises in the ordinary course of business. There are no significant legal proceedings to which the University is a party for which management believes the ultimate outcome would have a material adverse effect on the University's financial position.

## 18. Blended Component Units

Condensed information for the University's blended component units, the Building Authority, WCCC and UMG as of June 30, 2024 (\$ in thousands), is presented in **Tables 52, 53 and 54**:

**TABLE 52 – Condensed Information from the Statements of Net Position, FY2024**

As of June 30, 2024 (\$ in thousands)

Condensed Information from the Statements of Net Position	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Capital assets, net	\$ 4,238,452	\$ (432,400)	\$ 348,518	\$ -	\$ 10,342	\$ -
Lease receivable	148,151	(3,928)	159,347	-	-	-
Other assets	728,285	257,362	205,997	-	40,824	-
Deferred outflows	91,277	1,032	6,538	-	-	-
Total assets and deferred outflows	5,206,165	(177,934)	720,400	-	51,166	-
Debt, including commercial paper	3,441,882	(107,097)	267,006	-	102,503	-
Lease liability	26,040	(20,772)	-	-	6,191	-
Other liabilities	148,244	(16,490)	65,643	-	23,631	-
Deferred inflows	301,028	(3,431)	148,621	-	-	-
Total liabilities and deferred inflows	3,917,194	(147,790)	481,270	-	132,325	-
<b>Total net position</b>	<b>\$1,288,971</b>	<b>\$ (30,144)</b>	<b>\$ 239,130</b>	<b>\$ -</b>	<b>\$ (81,159)</b>	<b>\$ -</b>

**TABLE 53 – Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position, FY2024**

For the year ended June 30, 2024 (\$ in thousands)

Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Other revenues	\$ 412,075	\$ (199,611)	\$ 95,228	\$ (56,656)	\$ 106,367	\$ 36
Total revenues	412,075	(199,611)	95,228	(56,656)	106,367	36
Operation and maintenance of capital assets	7,640	(34,342)	28,549	(26,171)	-	-
Depreciation	184,219	(26,315)	18,246	-	5,718	-
Interest expense	125,510	(125,655)	8,899	-	2,367	-
Other expenses	11,541	(10,792)	23,854	(30,485)	97,246	36
Total expenses	328,910	(197,104)	79,548	(56,656)	105,331	36
<b>Increase (decrease) in net position</b>	<b>\$ 83,165</b>	<b>\$ (2,507)</b>	<b>\$ 15,680</b>	<b>\$ -</b>	<b>\$ 1,036</b>	<b>\$ -</b>

**TABLE 54 – Condensed Information from the Statements of Cash Flows, FY2024**

For the year ended June 30, 2024 (\$ in thousands)

Condensed Information from the Statements of Cash Flows	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Net cash provided by (used in) operating activities	\$ 233,458	\$ (2,507)	\$ 33,934	\$ -	\$ 4,178	\$ -
Net cash provided by (used in) investing activities	36,353	-	(2,966)	-	532	-
Net cash provided by noncapital financing activities	-	-	-	-	2,929	-
Net cash (used in) provided by capital and other financing activities	(168,284)	-	(18,533)	-	(4,325)	-
<b>Change in cash and cash equivalents</b>	<b>\$ 101,527</b>	<b>\$ (2,507)</b>	<b>\$ 12,435</b>	<b>\$ -</b>	<b>\$ 3,314</b>	<b>\$ -</b>

Condensed information for the University's blended component units, the Building Authority, WCCC and UMG, as of June 30, 2023 (\$ in thousands) is presented in **Tables 55, 56 and 57**:

**TABLE 55 – Condensed Information from the Statements of Net Position, FY2023**

As of June 30, 2023 (\$ in thousands)

Condensed Information from the Statements of Net Position	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Capital assets, net	\$ 3,972,090	\$ (449,531)	\$ 362,905	\$ -	\$ 17,902	\$ -
Lease receivable	152,155	(2,706)	165,542	-	-	-
Other assets	606,522	227,945	149,240	-	36,086	-
Deferred outflows	100,624	374	7,304	-	-	-
Total assets and deferred outflows	4,831,391	(223,918)	684,991	-	53,988	-
Debt, including commercial paper	3,404,378	(158,431)	289,273	-	100,624	-
Lease liability	27,803	(23,767)	-	-	11,846	-
Other liabilities	133,744	(11,504)	14,989	-	23,714	-
Deferred inflows	59,660	(2,579)	157,281	-	-	-
Total liabilities and deferred inflows	3,625,585	(196,281)	461,543	-	136,184	-
<b>Total net position</b>	<b>\$1,205,806</b>	<b>\$ (27,637)</b>	<b>\$223,448</b>	<b>\$ -</b>	<b>\$ (82,196)</b>	<b>\$ -</b>

**TABLE 56 – Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position, FY2023**

For the year ended June 30, 2023 (\$ in thousands)

Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Other revenues	\$ 318,204	\$ (279,269)	\$ 99,295	\$ (62,979)	\$ 105,457	\$ -
Total revenues	318,204	(279,269)	99,295	(62,979)	105,457	-
Operation and maintenance of capital assets	6,861	(21,279)	28,538	(27,995)	-	-
Depreciation	169,512	(26,409)	18,978	-	7,343	-
Interest expense	125,216	(132,012)	9,294	-	2,560	-
Other expenses	21,280	(96,969)	25,025	(32,139)	113,385	-
Total expenses	322,869	(276,669)	81,835	(60,134)	123,288	-
<b>Increase (decrease) in net position</b>	<b>\$ (4,665)</b>	<b>\$ (2,600)</b>	<b>\$ 17,460</b>	<b>\$ (2,845)</b>	<b>\$ (17,831)</b>	<b>\$ -</b>

**TABLE 57 – Condensed Information from the Statements of Cash Flows, FY2023**

For the year ended June 30, 2023 (\$ in thousands)

Condensed Information from the Statements of Cash Flows	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Net cash provided by (used in) operating activities	\$ 206,966	\$ (2,600)	\$ 27,688	\$ (2,845)	\$ (18,891)	\$ -
Net cash provided by (used in) investing activities	195,135	-	(5,585)	-	77	-
Net cash provided by noncapital financing activities	-	-	-	-	510	-
Net cash (used in) provided by capital and other financing activities	(384,226)	-	(16,739)	-	(7,459)	-
<b>Change in cash and cash equivalents</b>	<b>\$ 17,875</b>	<b>\$ (2,600)</b>	<b>\$ 5,364</b>	<b>\$ (2,845)</b>	<b>\$ (25,763)</b>	<b>\$ -</b>

The UMass Amherst Foundation, UMass Medical School Foundation and the UMLARC are not material in relation to the other blended component units, nor the University as a whole, and therefore not presented in the above condensed information.

## 19. Discretely Presented Component Units

As described in [Note 1](#), UMF and UMDF are discretely presented component units. These Foundations are presented in the aggregate in the accompanying financial statements. Following is supplemental information on UMF's non-agency investments, which is not included in its entirety elsewhere in these financial statements.

This note excludes agency funds held with the Foundation that are not the University's in the amount of \$20.5 million and \$18.8 million as of June 30, 2024 and 2023. UMF's investment portfolio represents substantially all of the aggregate discretely presented component units. This note does not include investment information for UMDF given the immaterial nature of UMDF's balances and activities.

### Investments

UMF's disclosure regarding investments in debt and equity securities, owned by the University, is captured in [Note 4](#). Additional disclosure related to UMF's non-agency investments is noted on [page 74](#).



## Custodial Credit Risk

UMF maintains depository, payroll, disbursement, receipt, and imprest accounts. In addition to bank account deposits, UMF held money market instruments which are classified as investments. Interest bearing and money market accounts carry Federal Deposit Insurance Corporation (FDIC) insurance up to \$250,000 per account. None of the accounts are collateralized above the FDIC insured amounts.

**Concentration of Credit Risk** — As of June 30, 2024 and 2023, there is no concentration of investments from one issuer equal or greater than 5% of the portfolio. Investments issued or guaranteed by the U.S. government, as well as investments in mutual funds and other pooled investments are excluded from consideration when evaluating concentration risk.

**Credit Risk** — UMF's investment policy allows each portfolio manager full discretion within the parameters of the investment guidelines specific to that manager. Nationally recognized statistical rating organizations, such as Standards & Poor's (S&P) assign credit ratings to security issues and issuers that indicate a measure of potential credit risk to investors.

**Table 58** presents the debt investments at fair value by credit quality of UMF's non-agency investment portfolio as of June 30, 2024 (\$ in thousands):

**TABLE 58 – Debt Investments by Credit Quality, FY2024**

As of June 30, 2024 (\$ in thousands)

Debt securities	2024	S&P rating
U.S. Treasury securities	\$ 63,469	AAA
<b>Total debt securities</b>	<b>\$ 63,469</b>	

**Table 59** presents the debt investments at fair value by credit quality of UMF's non-agency investment portfolio as of June 30, 2023 (\$ in thousands):

**TABLE 59 – Debt Investments by Credit Quality, FY2023**

As of June 30, 2023 (\$ in thousands)

Debt securities	2023	S&P rating
U.S. Treasury securities	\$ 58,308	AAA
<b>Total debt securities</b>	<b>\$ 58,308</b>	

**Interest Rate Risk** — UMF's Investment Policy and Guidelines Statement establishes targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through targeted allocations to different asset classes.

**Table 60** presents the fair value by investment maturity of the debt investments of UMF's non-agency investment portfolio as of June 30, 2024 (\$ in thousands):

**TABLE 60 – Debt Investments by Maturity, FY2024**

As of June 30, 2024 (\$ in thousands)

Debt securities	Less than 1	1 to 5	6 to 10	More than 10	Total
U.S. Treasury securities	\$ 2,920	\$ 60,549	\$ -	\$ -	\$ 63,469
<b>Total debt securities</b>	<b>\$ 2,920</b>	<b>\$ 60,549</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63,469</b>



**Table 61** presents the fair value by investment maturity of the debt investments of UMF's non-agency investment portfolio as of June 30, 2023 (\$ in thousands):

**TABLE 61 – Debt Investments by Maturity, FY2023**

As of June 30, 2023 (\$ in thousands)

Debt securities	Less than 1	1 to 5	6 to 10	More than 10	Total
U.S. Treasury securities	\$ 1,850	\$ 56,458	\$ -	\$ -	\$ 58,308
<b>Total debt securities</b>	<b>\$ 1,850</b>	<b>\$ 56,458</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 58,308</b>

**Fair Value Measurement** — UMF's fair value measurement disclosure is captured in Note 4. Additional disclosure related to UMF's non-agency investments is as noted in **Table 62**.

**Table 62** summarizes the fair value of UMF's non-agency investments by type as of June 30, 2024 (\$ in thousands):

**TABLE 62 – Fair Value Hierarchy of Non-Agency Investments, FY2024**

As of June 30, 2024 (\$ in thousands)

Non-agency investments	Investments measured at NAV	Investments classified in the fair value hierarchy Level 1	Investments classified in the fair value hierarchy Level 2	Investments classified in the fair value hierarchy Level 3	Total
<b>Money market funds</b>	\$ -	\$ 111,417	\$ -	\$ -	\$ 111,417
<b>Debt securities</b>					
U.S. Treasury securities	-	63,469	-	-	63,469
<b>Total debt securities</b>	-	<b>63,469</b>	-	-	<b>63,469</b>
<b>Equity securities</b>					
Domestic equities	-	140,177	-	-	140,177
International equities	-	51,240	-	-	51,240
<b>Total equity securities</b>	-	<b>191,417</b>	-	-	<b>191,417</b>
<b>Alternative investments</b>					
Multi-strategy hedge funds: Equity	378,766	-	-	-	378,766
Multi-strategy hedge funds: Long/short	207,790	-	-	-	207,790
Multi-strategy hedge funds: Fixed income	58,270	-	-	-	58,270
Multi-strategy hedge funds: Absolute return	46,197	-	-	-	46,197
Multi-strategy hedge funds: Real assets	10,927	-	-	-	10,927
Private equity	80,894	-	-	-	80,894
Private debt	13,221	-	-	-	13,221
Private real estate	7,422	-	-	-	7,422
Annuity & Life Income Pooled Funds	4,317	-	-	-	4,317
<b>Total alternative investments</b>	<b>807,804</b>	-	-	-	<b>807,804</b>
<b>Total investments</b>	<b>\$ 807,804</b>	<b>\$ 366,303</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,174,107</b>

**Table 63** summarizes the fair value of UMF's non-agency investments by type as of June 30, 2023 (\$ in thousands):

**TABLE 63 – Fair Value Hierarchy of Non-Agency Investments, FY2023**

As of June 30, 2023 (\$ in thousands)

Non-agency investments	Investments measured at NAV	Investments classified in the fair value hierarchy Level 1	Investments classified in the fair value hierarchy Level 2	Investments classified in the fair value hierarchy Level 3	Total
<b>Money market funds</b>	\$ -	\$ 86,564	\$ -	\$ -	\$ 86,564
<b>Debt securities</b>					
U.S. Treasury securities	-	58,308	-	-	58,308
<b>Total debt securities</b>	-	58,308	-	-	58,308
<b>Equity securities</b>					
Domestic equities	-	112,817	-	-	112,817
International equities	-	39,158	-	-	39,158
<b>Total equity securities</b>	-	151,975	-	-	151,975
<b>Alternative investments</b>					
Multi-strategy hedge funds: Equity	321,265	-	-	-	321,265
Multi-strategy hedge funds: Long/short	159,451	-	-	-	159,451
Multi-strategy hedge funds: Fixed income	42,688	-	-	-	42,688
Multi-strategy hedge funds: Absolute return	39,494	-	-	-	39,494
Multi-strategy hedge funds: Real assets	9,938	-	-	-	9,938
Private equity	76,906	-	-	-	76,906
Private debt	14,975	-	-	-	14,975
Private real estate	7,765	-	-	-	7,765
Annuity & Life Income Pooled Funds	3,754	-	-	-	3,754
<b>Total alternative investments</b>	<b>676,236</b>	-	-	-	<b>676,236</b>
<b>Total investments</b>	<b>\$ 676,236</b>	<b>\$ 296,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 973,083</b>

**Table 64** presents unfunded commitments, redemption frequency and notice period for non-agency investments that have been valued using NAV as a practical expedient as of June 30, 2024 (\$ in thousands):

**TABLE 64 – Alternative Non-Agency Investments, FY2024**

As of June 30, 2024 (\$ in thousands)

Alternative investments	NAV	Unfunded commitments	Redemption terms	Notice period	Redemption restrictions
Common trust funds	\$ 4,317	\$ -	Daily		No lock-up restrictions
Multi-strategy hedge funds: Equity	378,766	3,196	Daily to annual	1–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Long/short	207,790	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Fixed income	58,270	-	Quarterly to semi-annual	**	No lock-up restrictions
Multi-strategy hedge funds: Absolute return	46,197	-	Quarterly to annual	45–65 days	No lock-up restrictions
Multi-strategy hedge funds: Real assets	10,927	-	Annual	90 days	No lock-up restrictions
Private equity and venture capital	80,894	28,967	Closed end funds	*	Not redeemable
Private debt	13,221	5,611	Closed end funds	*	Not redeemable
Private real estate	7,422	1,363	Closed end funds	*	Not redeemable
<b>Total</b>	<b>\$807,804</b>	<b>\$ 39,137</b>			

\* UMF has made commitments to various private equity and venture debt partnerships. The University expects these funds to be called over the next 1–5 years. Liquidity is expected to be received in the next 1–9 years.

\*\* Includes fund(s) that restrict redemptions such that redemptions are at the sole discretion of the Fund. Redemption terms require 60 to 90 days notice.

**Table 65** presents unfunded commitments, redemption frequency and notice period for non-agency investments that have been valued using NAV as a practical expedient as of June 30, 2023 (\$ in thousands):

**TABLE 65 – Alternative Non-Agency Investments, FY2023**

As of June 30, 2023 (\$ in thousands)

Alternative investments	NAV	Unfunded commitments	Redemption terms	Notice period	Redemption restrictions
Common trust funds	\$ 3,754	\$ -	Daily		No lock-up restrictions
Multi-strategy hedge funds: Equity	321,265	-	Daily to annual	1–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Long/short	159,451	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Multi-strategy hedge funds: Fixed income	42,688	-	Quarterly to semi-annual	**	No lock-up restrictions
Multi-strategy hedge funds: Absolute return	39,494	-	Quarterly to annual	45–65 days	No lock-up restrictions
Multi-strategy hedge funds: Real assets	9,938	-	Annual	90 days	No lock-up restrictions
Private equity and venture capital	76,906	32,666	Closed end funds	*	Not redeemable
Private debt	14,975	9,601	Closed end funds	*	Not redeemable
Private real estate	7,765	1,454	Closed end funds	*	Not redeemable
<b>Total</b>	<b>\$676,236</b>	<b>\$ 43,721</b>			

\* UMF has made commitments to various private equity and venture debt partnerships. The University expects these funds to be called over the next 1–5 years. Liquidity is expected to be received in the next 1–9 years.

\*\* Includes fund(s) that restrict redemptions such that redemptions are at the sole discretion of the Fund. Redemption terms require 60 to 90 days notice.

## 20. Related Party Transactions

Members of the University's Board of Trustees and Officers may, from time to time, be associated, either directly or indirectly, with companies doing business with the University. The University requires an annual disclosure of significant financial interests in, family relationships, significant management function, or substantial business with entities doing business with the University by members of the University's Board of Trustees and Officers. When such relationships exist, measures are taken to assess potential conflicts of interest to protect the best interests of the University and ensure compliance with relevant conflict of interest laws and policy. The University's conflict of interest policy also requires, among other things, that no member of the Board of Trustees or Officer may participate in any decision in which they (or an immediate family member) has a material financial interest.

## 21. Subsequent Events

Subsequent to the year ended June 30, 2024, and through December 18, 2024, the University rolled \$52.8 million of tax-exempt and \$5.25 million of taxable commercial paper with interest rates ranging from 3.31% to 5.15% with a maturity date of December 4, 2024, to fund construction projects at the Boston and Lowell campuses.

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2024 and through December 18, 2024, the date on which the financial statements were issued.



# Required Supplementary Information (unaudited)

## For the last ten years\* (\$ in thousands)

\*Until a full ten year trend is compiled, the University is presenting only information for the years for which information is available.

### Schedule of the University's Proportionate Share of the Net Pension Liability — Massachusetts State Employees' Retirement System, 2023–2019

Based on the measurement date, June 30

Liability	2023	2022	2021	2020	2019
University's proportion of the net pension liability	2.60%	3.20%	2.65%	3.76%	3.60%
University's proportionate share of the net pension liability	\$ 384,432	\$ 444,824	\$ 276,313	\$ 644,879	\$ 526,739
University's covered-employee payroll	\$ 1,397,536	\$ 1,318,298	\$ 1,216,914	\$ 1,264,971	\$ 1,247,098
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.51%	33.74%	22.71%	50.98%	42.24%
Plan fiduciary net position as a percentage of total pension liability	70.71%	71.05%	77.54%	62.48%	66.28%

### Schedule of the University's Proportionate Share of the Net Pension Liability — Massachusetts State Employees' Retirement System, 2018–2014

Based on the measurement date, June 30

Liability	2018	2017	2016	2015	2014
University's proportion of the net pension liability	3.09%	3.28%	3.12%	3.59%	3.49%
University's proportionate share of the net pension liability	\$ 409,319	\$ 420,234	\$ 429,871	\$ 408,418	\$ 237,134
University's covered-employee payroll	\$ 1,242,525	\$ 1,168,661	\$ 1,156,082	\$ 1,139,719	\$ 1,061,132
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.94%	35.96%	37.18%	35.83%	22.35%
Plan fiduciary net position as a percentage of total pension liability	67.91%	67.21%	63.48%	67.87%	76.32%

### Schedule of the University's Contributions — Massachusetts State Employees' Retirement System, 2024–2020

For the fiscal year ended June 30

Contributions	2024	2023	2022	2021	2020
Contractually required contribution	\$ 38,735	\$ 37,980	\$ 45,010	\$ 31,495	\$ 40,617
Contributions in relation to the contractually required contribution	(38,735)	(37,980)	(45,010)	(31,495)	(40,617)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 1,479,627	\$ 1,397,536	\$ 1,318,298	\$ 1,216,914	\$ 1,264,971
Contributions as a percentage of covered-employee payroll	2.62%	2.72%	3.41%	2.59%	3.21%

### Schedule of the University's Contributions — Massachusetts State Employees' Retirement System, 2019–2015

For the fiscal year ended June 30

Contributions	2019	2018	2017	2016	2015
Contractually required contribution	\$ 35,843	\$ 28,292	\$ 25,618	\$ 22,386	\$ 22,386
Contributions in relation to the contractually required contribution	(35,843)	(28,292)	(25,618)	(22,386)	(22,386)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 1,247,098	\$ 1,242,525	\$ 1,168,661	\$ 1,156,082	\$ 1,139,719
Contributions as a percentage of covered-employee payroll	2.87%	2.28%	2.19%	1.94%	1.96%



### Schedule of the University's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability — State Retirees' Benefit Trust

Based on the measurement date, June 30

Liabilities	2023	2022	2021	2020	2019	2018 (restated)	2017
University's proportion of the net OPEB	2.88%	4.19%	3.03%	4.01%	5.43%	4.82%	4.67%
University's proportionate share of the net OPEB	\$ 408,875	\$ 559,807	\$ 485,141	\$ 829,808	\$ 992,991	\$ 895,669	\$ 817,357
University's covered-employee payroll	\$ 1,397,536	\$ 1,318,298	\$ 1,216,914	\$ 1,264,971	\$ 1,247,098	\$ 1,242,525	\$ 1,168,661
University's proportionate share of the net OPEB as a percentage of its covered-employee payroll	29.26%	42.46%	39.87%	65.60%	79.62%	72.08%	69.94%
Plan fiduciary net position as a percentage of total OPEB liability	13.00%	13.00%	10.70%	6.40%	6.96%	6.01%	4.80%

### Schedule of the University's Contributions — State Retirees' Benefit Trust

For the fiscal year ended June 30

Contributions	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 19,550	\$ 18,861	\$ 21,091	\$ 16,538	\$ 21,040	\$ 26,137	\$ 21,421
Contributions in relation to the contractually required contribution	(19,550)	(18,861)	(21,091)	(16,538)	(21,040)	(26,137)	(21,421)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered-employee payroll	\$ 1,479,627	\$ 1,397,536	\$ 1,318,298	\$ 1,216,914	\$ 1,264,971	\$ 1,247,098	\$ 1,242,525
Contributions as a percentage of covered-employee payroll	1.32%	1.35%	1.60%	1.36%	1.66%	2.10%	1.72%







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