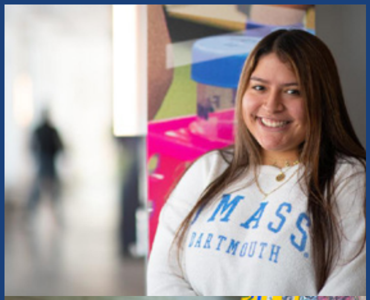
University of Massachusetts

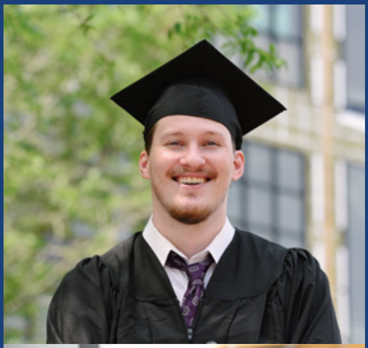
Annual Financial Report 2023







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University Administration

As of November 2023

OFFICERS OF THE UNIVERSITY

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President

Javier A. Reyes, PhD
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and Finance & Treasurer

Zunilka M. Barrett
Secretary to the Board of Trustees

Letter from the President

I am pleased to present the annual financial report of the University of Massachusetts, which details the university's financial position and activities over the past year and highlights our steadfast commitment to active fiscal management and accountability.

Despite the challenging economic environment of the last few years, we have maintained strong enrollment of nearly 74,000 students and graduated the Class of 2023 with roughly 22,000 students earning degrees. UMass continues to be the largest contributor of college graduates entering the Massachusetts economy.

Our Amherst, Boston, Dartmouth, and Lowell campuses continued to be nationally ranked top-tier institutions by the *U.S. News & World Report*, and UMass Chan Medical School was ranked among the best in the country.

Our focus continues to be on ensuring that UMass provides affordable, accessible, and excellent educational opportunities. In order 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 have distinguished UMass as a well-managed university, and external evaluators have taken notice. The university has maintained an Aa2 credit rating with a stable outlook based on strong management, excellent strategic positions, and disciplined fiscal oversight.

I am proud of what our administration, faculty and staff have achieved this past fiscal year, and I'm confident that our university community is prepared to face the opportunities and challenges that lie ahead. Together, we will ensure UMass continues to fulfill its critical mission to "provide an affordable and accessible education of high quality and to conduct programs of research and public service that advance knowledge and improve the lives of the people of the Commonwealth, the nation, and the world."

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements 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, 2023 and 2022, 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, 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 is 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, 2023 and 2022, 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.

KPMG

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 12, 2023 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 12, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2023

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, 2023, 2022 and 2021, 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 100 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 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.

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 2023 Massachusetts first-time bar passage rate was 57%, the fourth highest passage rate of the Massachusetts law schools.

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. In September of 2021, the Medical School received an endowment gift of $175 million from The Morningside Foundation with annual distributions from the fund to be used for unrestricted purposes by the Medical School. In recognition of this transformational gift, the Medical School was renamed to the UMass Chan Medical School (UMass Chan). UMass Chan's three graduate schools were also renamed in recognition of this gift: the T.H. Chan School of Medicine, the Morningside Graduate School of Biomedical Sciences, and the Tan Chingfen Graduate School of Nursing. Consistently ranked by *U.S. News & World Report* in the top 10 percent of medical schools 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 (formally Commonwealth Medicine), 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*

Through the accountability framework, the University continues to implement proactive financial management practices including:

- Maturing our systemwide Enterprise Risk Management Program to enable risk-informed prioritization of strategies and initiatives;
- Developing and evaluating multi-year financial forecasts to guide policy and programmatic decisions;
- Enhancing the functionality of UM-Plan, the University's budgeting application, to increase the transparency of budgeting;
- Reporting of complete and accurate financial results through a quarterly close process;
- Developing and evaluating quarterly projections to monitor performance and make resulting operational adjustments;
- Implementing real-time tracking and reporting of student admissions and enrollment data by student type and residency to quickly observe trends that may impact campus projections;
- Increasing level of proactive resource demand management, contract re-negotiation and sourcing efforts to limit cost exposures to the campuses;
- Implementing and tracking creative, high-impact cost containment strategies across our campuses, including expanding the University's shared services initiatives including implementation of a systemwide travel and expense platform;
- Updating and implementing a systemwide business and travel expense policy to increase transparency, enhance fiscal management and create consistency across our campuses;
- Implementing a capital policy and associated administrative standards to guide the development and implementation of campus and University master and five-year capital plans;
- Developing a reporting methodology for deferred maintenance targets and deploying a dashboard to track progress in meeting these targets;
- Implementing a reserve policy to mitigate unforeseen events, advance University priorities, and maintain strong credit ratings;
- Regularly tracking a suite of key financial ratios including operating margin, operating cash flow margin, operating liquidity, debt service and financial leverage ratios to evaluate the University's fiscal health and performance against peer institutions; and
- Launching a real-time, system-sourced dashboard to provide campuses access to key financial information on academic programs and financial aid, and assist them in their planning.

Using this framework, the University continues to work towards strategic goals to ensure financial sustainability,mitigate risk, deliver efficient operations, and to ensure access and affordability to students while improving our capacity to deliver quality service to our customers.

Shared Services Initiatives

In January 2020, the University assembled the Unified Procurement Services Team (UPST). Comprised of a team of procurement professionals from across the UMass system, they were tasked with providing high-quality services while driving transaction efficiency. The UPST supports the campuses in cost optimization through proactive commodity sourcing and contracting with innovative suppliers and partners that support the UPST in delivering on its "better, faster, and cheaper" mission. The team manages approximately $1 billion in third-party spend annually and approximately 30,000 suppliers and partners. The UPST manages this through leveraging optimized technology, data-driven business intelligence, training, and enhanced operational processes.

Since its inception through June 2023, the UPST has achieved $112.0 million in annualized cost benefits. This was achieved through more than 280 initiatives across all campuses and the UMass President's Office. The resulting system benefits reached almost seven times the target savings of $16.5 million and five times the return on investment to date of $23.4 million.

To continue 'better, faster, cheaper' services, a robust pipeline of process improvement, cost benefit and recovery projects has been developed. The UPST has identified dozens of additional projects to optimize services over the coming 18–24 months which are expected to result in continued savings, efficiencies, and process improvements for the University. Included in these projects, UMass is conducting system-wide proactive sourcing practices and contracts adoption, and deployment of updated vendor performance guidelines that continue to help UMass manage risk while optimizing cost benefits to the system. Programs to increase supplier diversity and environmental sustainability considerations across the vendor portfolio are rolling out to match the values of the University System.

Based on the success of the UPST, the University's Employee Services Team (EST) was established in October 2021 to provide payroll and human resource application management services to all campuses. In FY2023 the services were expanded to include employee travel and expense. As a result, a system-wide effort to automate and integrate travel and expense technology began in FY2023 with the implementation of Concur. Concur is a market leading Travel & Expense (T&E) platform which will allow the University to build more visibility and governance across travel related expenditures and ensure UMass constituents can reduce the administrative burdens they have when conducting travel for University needs. This transformation of the travel and expense program aligns with updated policies and standards and, along with the implementation of modern technology for all employees, 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, 2023 and 2022, 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. All other assets are unrestricted; however, they 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, 2023 and 2022, 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 (UMLARC).

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 controller-services@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, 2023, 2022 and 2021 were $1.0 billion, $914.8 million and $1.1 billion, respectively.

In addition to investments held on behalf of the University, UMF maintained an endowment balance of $933.9 million, $762.9 million and $779.0 million at June 30, 2023, 2022 and 2021 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 a significant portion of the UMDF investments. The total investments of UMDF at June 30, 2023, 2022 and 2021 were $66.7 million, $61.6 million and $76.1 million, respectively. Of those balances, $66.3 million, $61.2 million and $74.4 million is invested with UMF at June 30, 2023, 2022 and 2021, respectively.

Financial Highlights

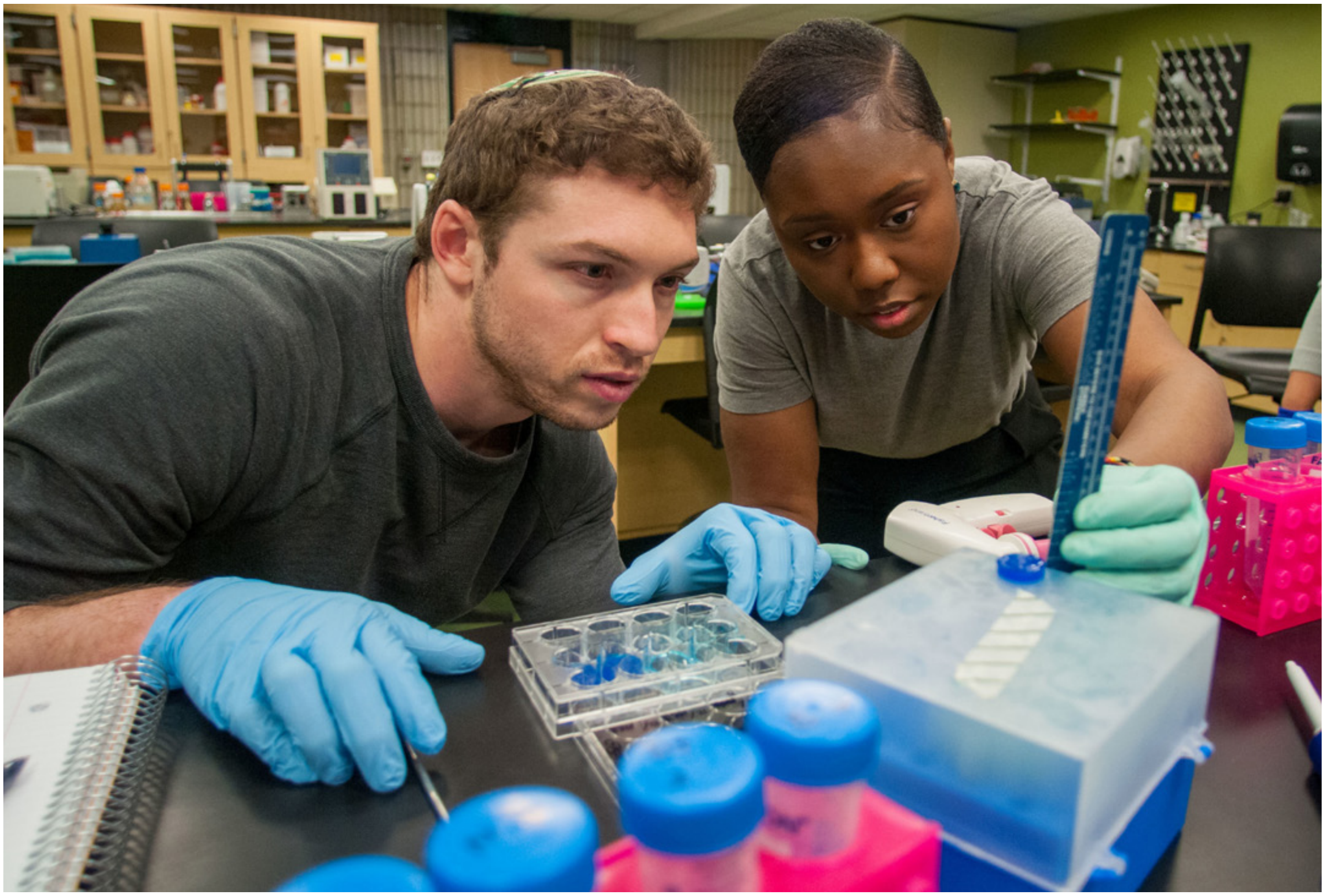
In March 2020, the World Health Organization declared a pandemic as a result of the novel coronavirus (COVID-19). As cases began to increase in the country and in Massachusetts, the University suspended in-person education and other campus-based activities and provided refunds to students for a portion of their residence and dining fees during FY2020. The University took significant budget actions across all campuses to address the resulting loss of revenue. These actions included salary freezes, furloughs, and targeted operating and personnel reductions as well as multiple non-personnel strategies including halting or delaying capital projects. Due to the ongoing pandemic, campus operations in FY2021 continued predominantly online and classes were held remotely. Some campus operations resumed in a limited fashion during the second half of FY2021, in accordance with CDC and Massachusetts guidelines. Beginning with the Fall semester of FY2022, all campuses resumed full campus operations.

The University was awarded $255.6 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan of 2021 (ARPA), collectively provided under the Higher Education Emergency Relief Fund (HEERF). An additional $3.0 million was awarded under the Governor's Emergency Education Relief Funds. The total funding is split into awards specifically for students and others specifically for use by the University to cover costs related to significant changes to the delivery of instruction due to the coronavirus, partial recovery of lost revenue, and can also be used to provide additional aid to students. The University provided emergency financial aid grants to students of $2.4 million and $72.3 million and $27.1 million in FY2023, FY2022 and FY2021, respectively. An additional $2.8 million, $70.4 million and $54.9 million was used to recover a portion of lost revenue and provide additional financial aid to students in FY2023, FY2022 and FY2021, respectively. There are no unexpended HEERF funds as of June 30, 2023.

In Fall 2021, the University acquired Brandman University in exchange for $139.3 million. As part of the transaction, the University launched UMass Global (UMG), a private, nonprofit institution, providing online degree and certificate programs in a wide range of disciplines, serving adult learners. UMG maintains a robust and scalable service and technology platform, allowing for the delivery of a wide variety of primarily online certificate and degree programs, including employer-funded degree programs and competency-based education (CBE). UMG offers over 80 degrees and certificates to benefit working professionals which are offered through fully online coursework.

Selected financial highlights for the fiscal year ended June 30, 2023 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. The University's operating expenses includes a gain of $5.3 million as a result of GASB 75 and GASB 68.
- From FY2022 to FY2023, the University's operating revenues increased by $150.7 million, largely due to increased out of state and international enrollment as part of the University's strategic initiatives to diversify the student body. Operating expenses increased by $206.4 million primarily driven by increased wages and benefits along with increased expenses associated with increased grant activity during the fiscal year. Non-operating revenues increased $86.3 million primarily attributed an increase in state appropriations, which offset the decline in nonoperating federal grants related to HEERF. As a result, the University's net position increased $296.0 million from $2.7 billion in FY2022 to $3.0 billion in FY2023.
- 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 gain before other revenues, expenses, gains and losses ($218.0M) reduced by unrealized investment gains ($3.6M). The operating margin is further adjusted for the GAAP effect of postemployment benefit plans ($5.3M) as well as a non-GAAP element of postemployment benefit



plans which represents payments made subsequent to the measurement date of June 30, 2022 ($56.8M). The resulting operating margins for the years ended June 30, 2023, 2022 and 2021 were $152.3M, $128.5M and $68.3M, respectively.

Net Position

Condensed schedules of net position for the University at June 30, 2023, 2022, and 2021, respectively, are presented in **Figure 2**.

Assets totaled $8.9 billion at both June 30, 2023 and 2022 and $8.3 billion at June 30, 2021. 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 $5.5 billion at both June 30, 2023 and 2022 and $5.7 billion at June 30, 2021. 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 $3.0 billion, $2.7 billion and $2.6 billion at June 30, 2023, 2022 and 2021, respectively. The largest component of net assets for the University remains the net investment in capital assets which remains consistent, around $2.3 billion for the three years presented.

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 pandemic related federal funding received under HEERF.

As of June 30, 2023, the University's endowment, held at UMF, experienced an increase of $99.5 million from $914.8 million in FY2022 to $1.0 billion in FY2023. The increase is primarily the result of a period of market returns after a year of economic downturn in FY2022.

FIGURE 2 – *Condensed Schedule of Net Position*

As of June 30, 2023, 2022, and 2021 ($ in thousands)

Net position	2023	2022	2021
Assets			
Current assets	$ 1,229,605	$ 1,345,089	$ 1,172,142
Noncurrent assets – Capital assets, net	5,615,301	5,549,054	5,435,274
Noncurrent assets – All other noncurrent assets	2,078,434	1,975,000	1,712,544
Total assets	8,923,340	8,869,143	8,319,960
Deferred outflows of resources	**603,926**	**433,998**	**551,553**
Liabilities			
Current liabilities	807,228	790,455	740,806
Noncurrent liabilities	4,736,825	4,679,078	4,946,592
Total liabilities	5,544,053	5,469,533	5,687,398
Deferred inflows of resources	**939,241**	**1,085,656**	**596,953**
Net position			
Net investment in capital assets	2,341,776	2,281,471	2,307,233
Restricted – Nonexpendable	17,648	22,515	22,378
Restricted – Expendable	265,329	262,669	232,833
Unrestricted	419,219	181,297	24,718
Total net position	**$ 3,043,972**	**$ 2,747,952**	**$ 2,587,162**

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, 2023, 2022, and 2021, are presented in **Figure 3**.

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

For the years ended June 30, 2023, 2022, and 2021 ($ in thousands)

Revenue and expense	2023	2022	2021
Operating revenues			
Tuition and fees, net of scholarships	$ 1,042,664	$ 1,007,124	$ 930,613
Grants and contracts	746,350	719,479	667,149
Auxiliary enterprises	475,591	434,129	163,821
Other operating revenues	607,372	560,561	541,720
Total operating revenues	2,871,977	2,721,293	2,303,303
Operating expenses	**3,808,229**	**3,601,764**	**3,380,022**
Operating loss	**(936,252)**	**(880,471)**	**(1,076,719)**
Nonoperating revenues (expenses)			
Federal appropriations	6,255	5,588	5,953
State appropriations	1,011,360	880,003	845,481
Interest expense	(129,132)	(117,244)	(109,144)
Nonoperating federal grants	100,533	221,628	173,592
Other nonoperating income	165,266	78,061	114,412
Total nonoperating revenues (expenses)	1,154,282	1,068,036	1,030,294
Gain (loss) before other revenues, expenses, gains and losses	**218,030**	**187,565**	**(46,425)**
Other revenues, expenses, gains and losses			
Capital appropriations, grants and other sources	41,216	95,908	71,120
Endowment return, net of amount used for operations	72,718	(148,089)	148,514
Other additions (deductions)	(35,944)	25,406	(16,869)
Total other revenues, expenses, gains, and losses	77,990	(26,775)	202,765
Total increase in net position	**296,020**	**160,790**	**156,340**
Net position			
Effect on beginning net position due to GASB-87 restatement	-	-	(1,945)
Net position at the beginning of the year, as restated	2,747,952	2,587,162	2,432,767
Net position at the end of the year	**$ 3,043,972**	**$ 2,747,952**	**$ 2,587,162**

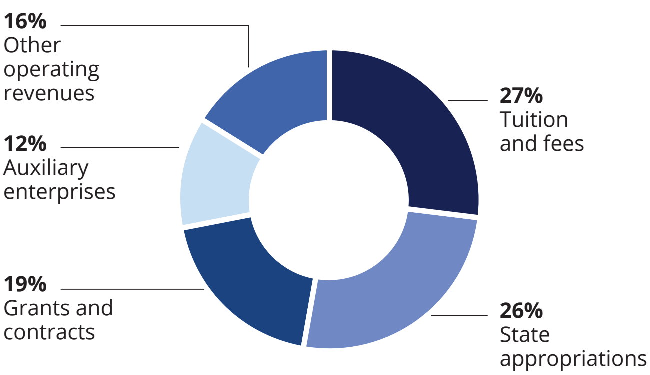
Operating Revenues and Expenses

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 $282.0 million to $3.9 billion in FY2023, driven by increased state appropriations and student supporting operations. From FY2022 and FY2021, operating revenues increased $452.5 million primarily due to auxiliary revenues returning to normal operations, increases in grants and contracts, and the addition of UMG's tuition and fee revenues.

As noted in **Figure 4**, over 50% of the University's FY2023 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 2023 Operating Revenues (including State Appropriations)*



In FY2023, operating expenses, including depreciation and amortization, totaled $3.8 billion, as compared to $3.6 billion in FY2022 and $3.4 billion in FY2021. Of the FY2023 total, $2.3 billion or 60.5% was used to support the academic core activities of the University, including $586.3 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 FY2023, state appropriations represented approximately 24% of all 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 FY2023 by $131.4 million from FY2022, primarily due to an increase in available state funding and associated fringe determined by the Commonwealth. The University's state appropriations including fringe benefits increased in FY2022 by $34.5 million from FY2021 primarily due to an increase in available state funding and increases in collective bargaining determined by the Commonwealth.

Figure 6 details the state appropriations for the fiscal years ended June 30, 2023, 2022, and 2021.

FIGURE 6 – *State Appropriations*

For the years ended June 30, 2023, 2022, and 2021 ($ in thousands)

Appropriation	2023	2022	2021
State appropriations	$ 704,241	$ 618,245	$ 569,081
Plus: fringe benefits	307,119	261,758	276,400
Commonwealth support	**$ 1,011,360**	**$ 880,003**	**$ 845,481**

State Capital Appropriations

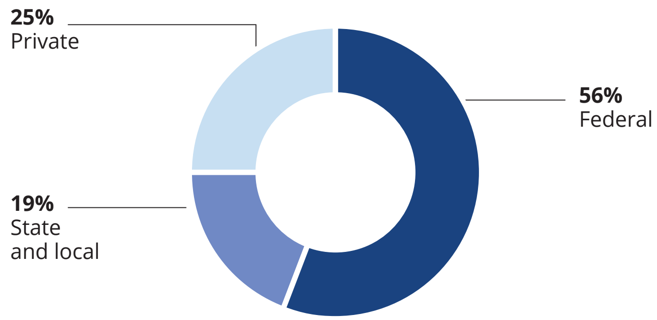
The University faces a financial challenge to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. To have a successful capital program, the University must rely on a combination of revenue sources to fund its capital investments. In FY2023, FY2022 and FY2021, the capital support provided to the University through appropriations and grants from the Commonwealth was $29.7 million, $87.1 million and $62.6 million, respectively. Capital appropriations provides funding in four distinct categories; major projects, critical repairs, critical infrastructure and readiness determination projects.

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 $746.4 million, $719.5 million and $667.1 million at June 30, 2023, 2022 and 2021. **Figure 7** details the University's grant and contract revenues by source for the year ended June 30, 2023.

FIGURE 7 – *Grant and Contract Revenue FY2023*



Tuition and Fees

Effective for academic years 2023–2024 and 2022–2023, in-state undergraduate tuition was raised an average of 2.5%. Due to affordability considerations and impacts of the COVID-19 pandemic, in-state undergraduate tuition was frozen for the academic year 2021–2022. 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 2022 was 64,578 FTE (73,959 headcount students), a decrease of 0.3% from the fall of 2021 enrollment of 64,786 FTE (74,554 headcount students). Enrollment in the fall of 2020 was 66,070 FTE (75,065 headcount students). Although the University experienced a minor decline in the five-year enrollment of .01% from the fall of 2018 to the fall of 2022, other institutions of higher education have experienced more significant declines in enrollments over this period. This is consistent with the University's efforts to increase its reach across the Commonwealth and to recruit out-of-state and international 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 80.9% of the University's total undergraduate enrollment in the fall semester 2022, 82.7% in fall semester 2021 and 83.4% in fall 2020, as shown in **Figure 9**.

FIGURE 9 – ***Fall 2022 Undergraduate Enrollment by Residency***

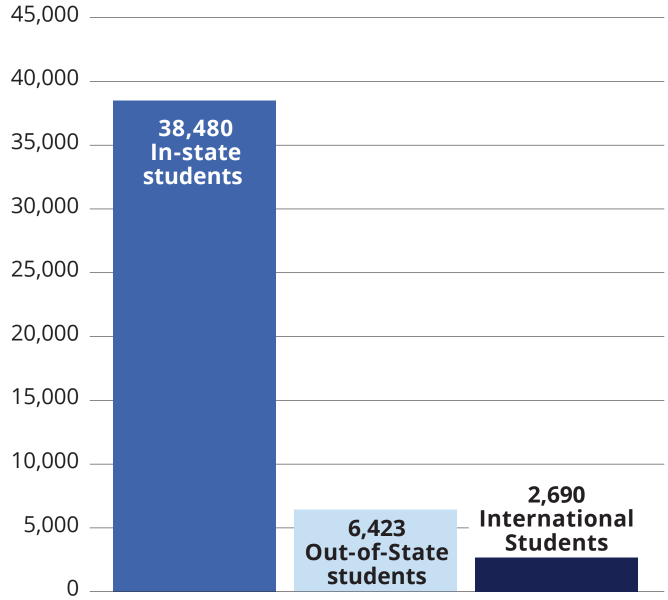
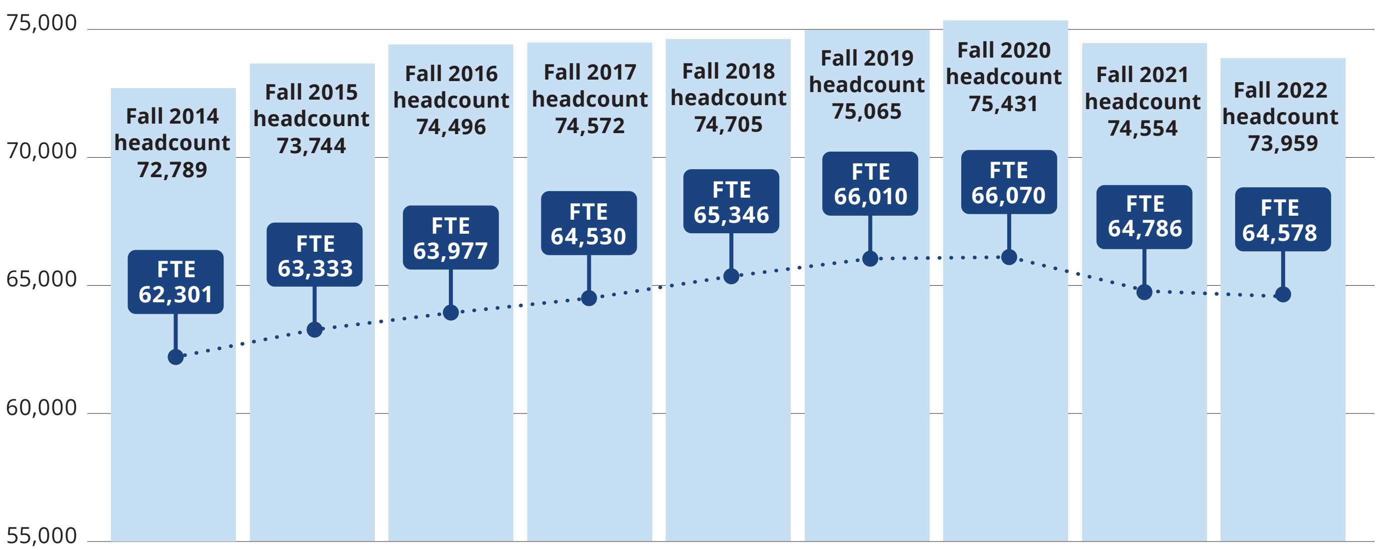


FIGURE 8 – ***Total Enrollment***



Investments Held by UMF

As of June 30, 2023, the University's investments held at UMF increased by $99.5 million from $914.8 million to $1.0 billion. The change in investment value is due to investment gains of $104.8 million (14.0% annualized return), contributions of $0.5 million and new university investments of $19.4 million offset by distributions under the approved spending rule of $25.3 million. This increase follows a year of economic decline in FY2022, where a return of -13.5% was experienced. During FY2021, a historic 37.1% return was experienced when the endowment grew by $156.1 million to $1.1 billion. Over the last decade, the endowment generated a 10-year annualized return of 7.0%, 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, 2023, 2022 and 2021. The University had outstanding long-term debt of $3.5 billion at June 30, 2023, $3.7 billion at June 30, 2022 and $3.3 billion at June 30, 2021. 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 Financing Authority (MDFA), UMG and WCCC.

During FY2023, the University issued $17.3 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 2.00% to 4.55%.

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 fund the construction of two new campus centers at the Boston and Lowell campuses (funded jointly with the Commonwealth).

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 reaffirmed the University's rating during FY2023. During FY2022, Moody's and Fitch re-affirmed the University's ratings, citing the University's flagship role in public higher education in Massachusetts, strong fiscal oversight, steady enrollment, positive operating performance, growth in financial resources and solid support from the Commonwealth.

Line of Credit

During FY2021, the University entered into a line of credit agreement with Bank of America and State Street Bank with a maximum loan amount of $75.0 million each, for a total maximum loan amount of $150.0 million. The line of credit had a maturity date of May 10, 2022.

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 has a maturity date of May 1, 2024.

As of June 30, 2023, the outstanding balance on the line of credit was $0.

On July 26,2023, the University entered a $9.3 million letter of credit on behalf of UMass Global for the benefit of the Department of Education. This letter of credit is within the University's existing line of credit.

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. During FY2021, the University retired its remaining Commonwealth guaranteed debt. As of June 30, 2023, the University does not have any outstanding Commonwealth guaranteed debt.

Capital Plan

A majority of the capital spending during FY2023 and FY2022 related to continued investments in deferred maintenance. In September 2021, the University's Board approved an updated five-year capital plan for FY2022–FY2026 totaling $1.9 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 FY2022–FY2026 includes major projects that were previously approved by the Board in prior-year capital plans. 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 funding and/or delivery options.

In the fall of FY2024 an updated FY2024–FY2028 Capital was presented for Board review and approval.

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 are of continuous importance to the Board and University leadership and impact 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 controller-services@umassp.edu.

Financial Statements

Statements of Net Position

As of June 30, 2023 and 2022 ($ in thousands). See accompanying notes to the financial statements.

Assets and liabilities	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 148,803	$ 121,053
Cash held by state treasurer	31,211	25,054
Deposits with bond trustees	9,581	11,326
Accounts receivable, net	324,547	336,589
Lease receivable	15,145	16,464
Short-term investments	646,473	787,356
Other current assets	53,845	47,247
Total current assets	1,229,605	1,345,089
Noncurrent assets		
Cash held by state treasurer	10,915	30,177
Deposits with bond trustees	348,706	508,440
Accounts receivable, net	39,573	48,968
Lease receivable	301,213	317,654
Long-term investments	1,364,207	1,052,299
Other assets	13,820	17,462
Capital assets, net	5,615,301	5,549,054
Total noncurrent assets	7,693,735	7,524,054
Total assets	**8,923,340**	**8,869,143**
Deferred outflows of resources	**603,926**	**433,998**
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	420,379	418,601
Unearned revenues and advances	138,381	126,065
Lease and subscription liability, current portion	19,631	22,061
Long-term debt, current portion	127,753	121,662
Commercial paper notes	37,250	20,000
Other current liabilities	63,834	82,066
Total current liabilities	807,228	790,455
Noncurrent liabilities		
Unearned revenues and advances	90,782	73,960
Lease and subscription liability	174,993	198,352
Long-term debt	3,360,817	3,545,711
Net pension liability	444,824	276,313
Net other postemployment benefits liability	559,807	485,141
Other long-term liabilities	105,602	99,601
Total noncurrent liabilities	4,736,825	4,679,078
Total liabilities	**5,544,053**	**5,469,533**
Deferred inflows of resources	**939,241**	**1,085,656**
Net position		
Net investment in capital assets	2,341,776	2,281,471
Restricted – Nonexpendable	17,648	22,515
Restricted – Expendable	265,329	262,669
Unrestricted	419,219	181,297
Total net position	**$ 3,043,972**	**$ 2,747,952**

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2023 and 2022 ($ in thousands). See accompanying notes to the financial statements.

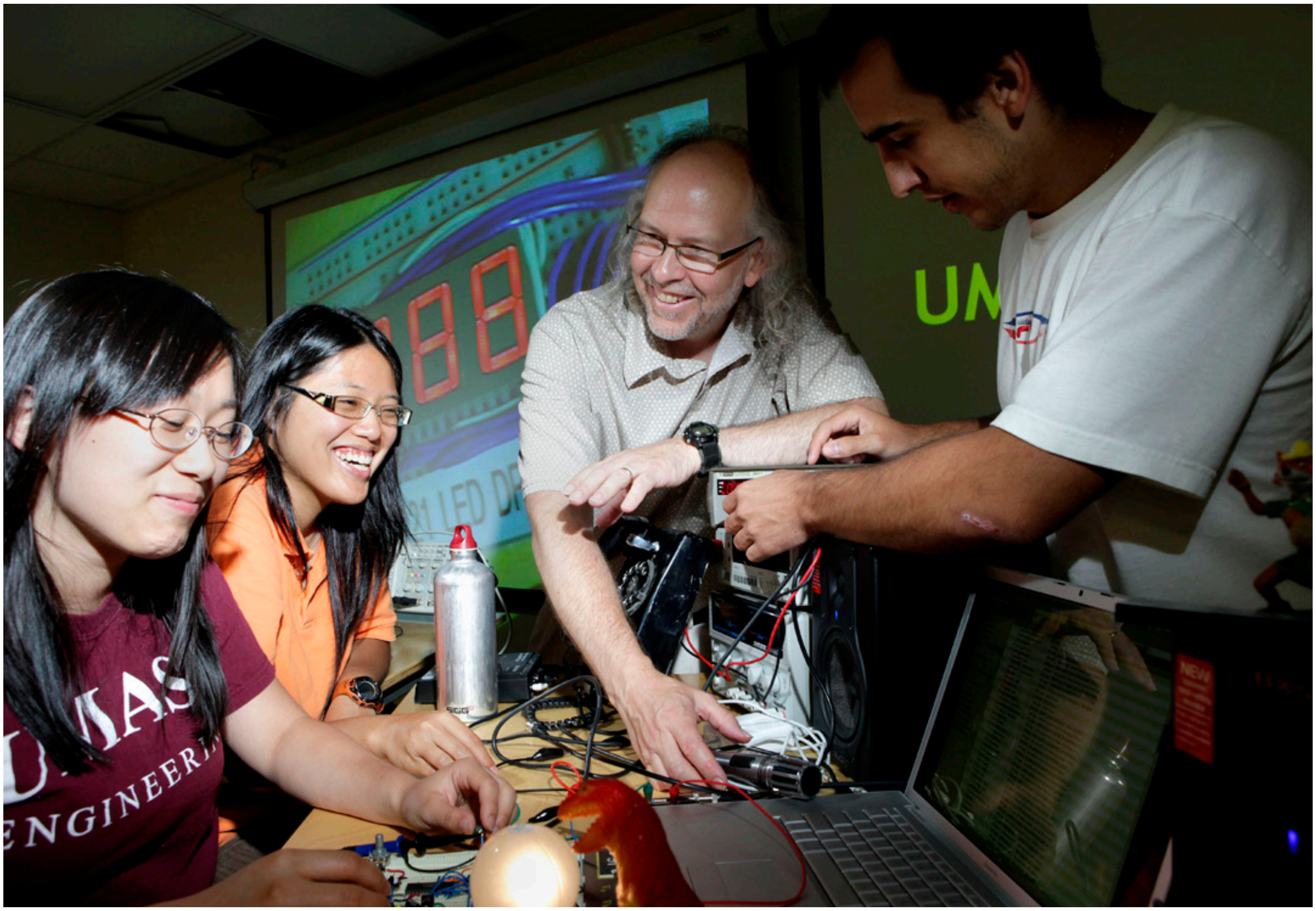
Revenues and expenses	2023	2022
Operating Revenues		
Tuition and fees (net of scholarship allowances of $409,759 at June 30, 2023 and $369,902 at June 30, 2022)	$ 1,042,664	$ 1,007,124
Grants and contracts	746,350	719,479
Sales and services, educational activities	41,388	40,907
Auxiliary enterprises	475,591	434,129
Other operating revenues:		
Sales and services, independent operations	66,955	66,929
Sales and services, public service activities	377,375	321,954
Other	121,654	130,771
Total operating revenues	**2,871,977**	**2,721,293**
Operating expenses		
Educational and general		
Instruction	996,803	930,362
Research	586,292	551,367
Public service	87,581	71,649
Academic support	222,169	194,153
Student services	240,039	211,088
Institutional support	343,980	315,810
Operation and maintenance of capital assets	259,873	242,749
Depreciation and amortization	344,872	330,715
Scholarships and fellowships	62,237	121,334
Auxiliary enterprises	352,627	320,535
Other expenditures		
Independent operations	56,605	58,582
Public service activities	255,151	253,420
Total operating expenses	3,808,229	3,601,764
Operating loss	**(936,252)**	**(880,471)**
Nonoperating revenues (expenses)		
Federal appropriations	6,255	5,588
State appropriations	1,011,360	880,003
Gifts	43,881	67,948
Investment return, net	68,155	(24,164)
Endowment return used for operations	43,774	34,944
Interest expense	(129,132)	(117,244)
Nonoperating federal grants	100,533	221,628
Other nonoperating income (loss)	9,456	(667)
Net nonoperating revenues	1,154,282	1,068,036
Gain (loss) before other revenues, expenses, gains, and losses	**218,030**	**187,565**
Other revenues, expenses, gains and losses		
Capital appropriations	29,690	87,062
Capital grants, contracts and gifts	11,526	8,846
Endowment return, net of amount used for operations	72,718	(148,089)
Other additions (deductions)	(35,944)	25,406
Total other revenues, expenses, gains, and losses	77,990	(26,775)
Total increase in net position	**296,020**	**160,790**
Net position at beginning of year	**2,747,952**	**2,587,162**
Net position at end of year	**$ 3,043,972**	**$ 2,747,952**

Statements of Cash Flows

For the years ended June 30, 2023 and 2022 ($ in thousands). See accompanying notes to the financial statements.

Cash flow	2023	2022
Cash flows from operating activities		
Tuition and fees	$ 1,137,320	$1,106,745
Grants and contracts	764,887	724,415
Payments to suppliers	(1,100,129)	(1,055,007)
Payments to employees	(1,885,577)	(1,766,320)
Payments for benefits	(602,773)	(561,537)
Payments for scholarships and fellowships	(96,537)	(122,685)
Loans issued to students and employees	(1,673)	(10,746)
Collections of loans to students and employees	4,377	18,619
Auxiliary enterprises	475,471	434,311
Sales and services, educational	41,599	40,750
Sales and services, independent operations	66,955	66,929
Sales and services, public service activities	395,386	312,617
Student related fiduciary activities inflows	13,633	15,012
Student related fiduciary activities outflows	(10,285)	(11,583)
Other receipts, net	136,998	131,112
Net cash used for operating activities	**(660,348)**	**(677,368)**
Cash flows from noncapital financing activities		
Federal appropriations	6,255	5,588
State appropriations	1,011,360	880,003
Grants, contracts and gifts for other than capital purposes	45,338	73,268
Nonoperating federal grants	100,533	221,628
Other noncapital financing activities	(356)	(816)
Net cash provided by noncapital financing activities	**1,163,130**	**1,179,671**
Cash flows from capital and other financing activities		
Proceeds from debt issuances	17,250	486,620
Proceeds from premiums received	-	26,327
Bond issuance costs paid	-	(2,423)
Capital appropriations	29,690	87,062
Capital grants and contracts	10,069	3,525
Proceeds from sales of capital assets	1,136	47,586
Purchases of capital assets and construction	(444,906)	(378,227)
Lease receipts	10,793	18,200
Interest on leases	-	5,180
Principal paid on debt and leases	(123,523)	(210,816)
Interest paid on debt and leases	(155,939)	(135,125)
Net cash used for capital financing activities	**(655,430)**	**(52,091)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,282,738	1,263,822
Interest on investments	62,974	25,990
Purchases of investments	(2,339,898)	(1,474,851)
Cash received from acquisition of subsidiary	-	76,943
Net cash provided by (used for) investing activities	**5,814**	**(108,096)**
Net (decrease) increase in cash and cash equivalents	**(146,834)**	**342,116**
Cash and cash equivalents – beginning of the year	**696,050**	**353,934**
Cash and cash equivalents – end of the year	**549,216**	**696,050**

Cash flow	2023	2022
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	(936,252)	(880,471)
Adjustments to reconcile loss to net cash used for operating activities:		
Depreciation and amortization expense	344,872	330,715
Changes in assets and liabilities:		
Accounts receivable, net	21,423	4,532
Other assets	869	(430)
Accounts payable and accrued expenses	(36,885)	(17,623)
Unearned revenues and advances	29,137	668
Other liabilities	(13,279)	15,352
Postemployment benefits liability, net	(62,196)	(107,520)
Fiduciary transactions	1,005	2,366
Changes in deferred inflows related to future revenues	(9,015)	(24,957)
Changes in deferred outflows related to future revenues	(27)	-
Net cash used for operating activities	**(660,348)**	**(677,368)**
Supplemental disclosure of noncash activities		
Assets acquired and included in accounts payable and other liabilities	65,997	41,364
Assets acquired in exchange for lease obligation	12,895	32,775
Gain (loss) on disposal of capital assets	(17,671)	(10,845)
Extinguishment of debt	41,907	-
Donated assets	35	241



Component Unit Statements of Financial Position

As of June 30, 2023 and 2022 ($ in thousands). See accompanying notes to the financial statements.

Component units	2023	2022
Assets		
Cash	$ 1,377	$ 2,654
Pledges receivable, net	153,424	170,929
Other receivables	54	873
Investments of the Foundations	2,006,597	1,731,288
Prepaid expenses and other assets	4,192	6,644
Land, property, plant and equipment, net	18,709	15,213
Total assets	**2,184,353**	**1,927,601**
Liabilities		
Accounts payable and accrued expenses	4,366	3,316
Deferred revenue	1,460	11,845
Right of use liability	13,499	-
Obligations to beneficiaries of split-interest agreements	2,723	2,335
Assets held on behalf of others	1,033,099	935,331
Total liabilities	**1,055,147**	**952,827**
Net assets		
Without donor restrictions	60,266	52,776
With donor restrictions	1,068,940	921,998
Total net assets	**1,129,206**	**974,774**
Total liabilities and net assets	**$ 2,184,353**	**$ 1,927,601**

Component Unit Statements of Activities

For the years ended June 30, 2023 (with summarized financial information for the year ended June 30, 2022) ($ in thousands).

Component units	Without donor restriction	With donor restriction	Total 2023	Total 2022
Support and revenue				
Gifts, bequests and grants	$ 880	$ 59,753	$ 60,633	$ 285,594
Other contributions	25,141	13,825	38,966	11,408
Total investment income, including net gains (losses) - net of fees	110,314	103,901	214,215	(289,134)
Investment management fee	12,582	-	12,582	12,528
Other income	28	-	28	-
Net assets released from restrictions	29,564	(29,564)	-	-
Total support and revenue	**178,509**	**147,915**	**326,424**	**20,396**
Expenses				
Distributions to University	53,015	184	53,199	42,664
Program services	6,967	-	6,967	5,546
Fundraising support	3,982	-	3,982	4,706
Administrative and general, Foundation	5,559	356	5,915	4,172
Administrative and general, University	2,430	-	2,430	1,185
Total expenses	**71,953**	**540**	**72,493**	**58,273**
Excess of support and revenue over expenses	**106,556**	**147,375**	**253,931**	**(37,877)**
Less: Fiscal year activity related to assets held on behalf of University	(99,483)	-	(99,483)	164,968
Less: Fiscal year activity related to assets held on behalf of Edward M. Kennedy Institute	1,715	-	1,715	7,879
Transfers to (from) other funds	45	(45)	-	-
Change in value of split interest agreements	(457)	(388)	(845)	-
Other	(886)	-	(886)	(854)
Change in net assets	**7,490**	**146,942**	**154,432**	**134,116**
Net assets, beginning of year	**52,776**	**921,998**	**974,774**	**840,658**
Net assets, end of year	**$ 60,266**	**$ 1,068,940**	**$ 1,129,206**	**$ 974,774**

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.

On September 2, 2021 the University completed the transfer of control of Brandman University to UMass. This launched the University of Massachusetts Global (UMG), that delivers expanded online education opportunities to adult learners.

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, 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. UMLARC also provides analytic and technology solutions to government and non-government entities to extend the impact of the University's technology enterprise. UMG is a California based not-for-profit institution of higher learning. WCCC is a tax-exempt 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 related 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), formally Commonwealth Medicine. 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, COVID-19 related Higher Education Emergency Relief Fund (HEERF) revenue, Federal Pell grants, private gifts, and investment income.

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 is recognized on the accrual basis. Also included are realized gains and losses, cost is 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 will 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, 2023 and 2022 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 charged to 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 assets with useful lives greater than one year and acquisition costs greater than or equal to $5,000. 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	12–50 years
Infrastructure	50 years
Building improvements	3–20 years
Equipment, furniture and IT infrastructure	3–15 years
Software	5 years

Newly Implemented Accounting Standards

i) In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA)*. This standard establishes the definitions of Public-Private Partnerships, an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APA). As of and for the years ending June 30, 2023 and 2022, the University had no APAs.

The University adopted the GASB Statement No. 94 effective July 1, 2021. Adoption of the standard had no effect on the University's financial statements.

See Note 9 for discussion of the University's Public-Private Partnership arrangements.

ii) In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines Subscription-Based Information Technology Arrangements (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset), and a corresponding subscription liability; and provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The University adopted GASB Statement No. 96 effective July 1, 2021, which resulted in adjustment to its previously reported assets and liabilities as shown in **Table 2** ($ in thousands):

TABLE 2 – *Adjustment to Previously Reported Assets and Liabilities*

($ in thousands)

Net position	Assets	Liabilities
Balance as of July 1, 2021, as previously reported	$ 8,849,275	$ 5,449,665
Plus: Implementation of GASB Statement No. 96	19,868	19,868
Balance as of July 1, 2021, as restated	**$ 8,869,143**	**$ 5,469,533**

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. 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 it uses 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 Statements 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 arrangements (SBITA) at inception and books the corresponding liability. The University has the right to use SBITA assets largely consisting of system-wide IT arrangements. Upon identification of an SBITA the University recognizes a subscription based liability and an intangible right-to-use subscription asset.

Measurement of Subscription Based Liabilities Amounts — 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 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.

Key Estimates and Judgments — Key estimates and judgments include how the University determines (1) the discount rate it uses 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 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, 2023 and 2022 ($ in thousands) are presented in **Tables 3** and **4**:

TABLE 3 – *Deferred Outflows of Resources*

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

Deferred outflow	2023	2022
Debt refunding	$ 105,652	$ 115,519
Certain asset retirement obligations	1,186	1,159
Excess consideration provided for acquisition	40,653	45,435
Impact of changes in assumptions and investment value:		
Pension liability	148,222	115,027
Other postemployment benefits liability	308,213	156,858
Total deferred outflows of resources	**$ 603,926**	**$ 433,998**

TABLE 4 – *Deferred Inflows of Resources*

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

Deferred inflow	2023	2022
Future lease revenues	$ 215,696	$ 232,271
Sale of future revenues	35,436	44,451
Experience gains for:		
Pension liability	121,000	266,206
Other postemployment benefits liability	567,109	542,728
Total deferred inflows of resources	**$ 939,241**	**$ 1,085,656**

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, 2019. 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. However, scholarships and fellowships paid directly to students are separately reported as scholarships and fellowships expense.

Included within scholarship and fellowship expense are student disbursements related to the Higher Education Emergency Relief Fund (HEERF) award (detailed below in Note 1q) which included emergency financial aid to students. The University provided emergency financial aid grants to students of $2.4 million and $72.3 million for the years ended June 30, 2023 and 2022, respectively.

Grants and Contracts

The University receives grants and contracts for 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, 2023 and 2022 was $170.8 million and $173.4 million, respectively, and is a component of grants and contracts revenue on the Statements of Revenues, Expenses, and Changes in Net Position.

As a result of the COVID-19 pandemic, the University was awarded $255.6 million of COVID-19 assistance, collectively provided under the Higher Education Emergency Relief Fund (HEERF). An additional $3.0 million was awarded under the Governor's Emergency Education Relief Funds. Under Section 18004(a)(1) of the CARES Act, Section 314(a)(1) of CRRSAA and ARPA, the University provided emergency financial aid grants to students of $2.4 million and $72.3 million for the years ended June 30, 2023 and 2022, respectively. These funds were recognized as revenue under nonoperating federal grants. An additional, $2.8 million and $70.4 million for the years ended June 30, 2023 and 2022, respectively, was used to recover a portion of lost revenue and additional financial aid to students. These funds were also recorded under non-operating federal grant revenue. There are no unexpended HEERF funds as of June 30, 2023.

Auxiliary Enterprises

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.

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.

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, 2023 and 2022, 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 $42.1 million and $55.2 million at June 30, 2023 and June 30, 2022. 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, 2023 and 2022, deposits with bond trustees are presented in **Table 5** ($ in thousands):

TABLE 5 – *Deposits with Bond Trustees*
As of June 30, 2023 and 2022 ($ in thousands)

Deposits	2023	2022
Cash	$ 26,291	$ 27,042
MMDT	316,350	297,003
U.S. Treasury Securities	15,646	195,721
Total deposits with bond trustees	**$ 358,287**	**$ 519,766**

At June 30, 2023 and 2022, amounts restricted by bond trust agreements for capital projects and other purposes were $339.3 million and $501.5 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, 2023 and 2022, the bank balances of uninsured deposits totaled $7.0 million and $8.5 million, respectively.

Interest Rate Risk — Interest rate risk is the extent that changes in interest rates of debt investments will adversely affect the fair value of an investment. 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 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, 2023 and 2022, respectively, are shown in **Tables 6** and **7** ($ in thousands):

TABLE 6 – *Investment Portfolio*

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

Investment type	2023	2022
Short-term investments	$ 646,473	$ 787,356
Long-term investments	1,364,207	1,052,299
Total	**$ 2,010,680**	**$ 1,839,655**

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, 2023 and 2022, are summarized in **Table 7** ($ in thousands):

TABLE 7 – *Investment Holdings of the University*

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

University investment holdings	2023	2022
University managed funds		
Cash and cash equivalents	$ -	$ 54,009
Money market and other investments	176,000	333,002
MMDT	300,000	262,000
Fixed income investments	511,356	269,203
Commercial ventures and intellectual property	2,457	2,564
Annuity life income funds	6,548	4,041
Total University managed funds	**996,361**	**924,819**
Foundation agency funds		
Pooled investments – Fund I	845,245	777,573
Short term pool	169,074	137,263
Total Foundation agency funds	**1,014,319**	**914,836**
Total University investments	**$ 2,010,680**	**$ 1,839,655**

Pooled Investments — Fund I represents the endowment funds and University operating cash held at the 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, 2023 and 2022, are summarized in **Table 8** ($ in thousands):

TABLE 8 – *Investment Holdings of the Foundations*

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

Foundations investment holdings	2023	2022
Foundations non-agency funds		
Cash and cash equivalents	$ 44,394	$ 40,544
Money market and other investments	9,808	9,195
Fixed income investments	389	384
Pooled investments – Fund I	933,933	762,925
Annuity life income funds	3,754	3,404
Total Foundations non-agency funds	**992,278**	**816,452**
Foundation agency funds (detailed in Table 7)	**1,014,319**	**914,836**
Total Foundations investments	**$ 2,006,597**	**$ 1,731,288**

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 $5.3 million and $109.6 million, at June 30, 2023 and 2022, respectively.

The University held non-money market investments with a fair market value of $1.5 billion and $1.1 billion at June 30, 2023 and 2022, 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, 2023 and 2022, 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 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
Total debt securities	**$ 88,592**	**$ 55,983**	**$ 92,617**	**$ 67,198**	**$ 406**	**$ 170,218**	**$ 475,014**

Table 10 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, 2022 ($ in thousands):

TABLE 10 – *S&P Quality Ratings FY2022*

As of June 30, 2022 ($ in thousands)

Debt securities	AAA	AA	A	BBB	BB	Unrated	Total
Government agency bonds	$ -	$ -	$ -	$ -	$ -	$ 6,929	$ 6,929
Asset backed securities	20,697	1,258	3,869	3,366	-	679	29,869
Commercial mortgage-backed securities	23,103	-	-	1,432	-	2,019	26,554
Government mortgage-backed securities	-	-	-	-	-	16,354	16,354
Non-government backed collateralized mortgage obligations	3,304	-	-	-	-	99	3,403
Corporate bonds	1,312	2,273	41,162	70,506	379	376	116,008
Municipal and provincial bonds	235	4,061	1,549	356	-	351	6,552
Index linked government bonds	-	-	-	-	-	522	522
Bond funds, including exchange traded funds	20	904	603	-	-	103,635	105,162
Total debt securities	**$ 48,671**	**$ 8,496**	**$ 47,183**	**$ 75,660**	**$ 379**	**$ 130,964**	**$ 311,353**

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 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
Total debt securities	**$ 87,261**	**$ 562,013**	**$ 39,142**	**$ 1,630**	**$ 690,046**

Table 12 presents the fair value of the debt investments component of the University's investment portfolio by investment maturity as of June 30, 2022 ($ in thousands):

TABLE 12 – *Investment Maturity (in years), FY2022*

As of June 30, 2022 ($ in thousands)

Debt securities	Less than 1	1 to 5	6 to 10	More than 10	Total
U.S. Treasury securities	$ -	$ 89,244	$ 29,756	$ 4,515	$ 123,515
Government agency bonds	-	440	978	5,511	6,929
Asset backed securities	6,369	20,351	3,149	-	29,869
Commercial mortgage-backed securities	5,617	19,135	1,802	-	26,554
Government mortgage-backed securities	2,760	4,908	8,686	-	16,354
Non-government backed collateralized mortgage obligations	-	3,403	-	-	3,403
Corporate bonds	16,126	88,470	11,033	379	116,008
Municipal and provincial bonds	3,627	2,574	351	-	6,552
Index linked government bonds	-	522	-	-	522
Bond funds, including exchange traded funds	-	104,023	1,119	20	105,162
Total debt securities	**$ 34,499**	**$ 333,070**	**$ 56,874**	**$ 10,425**	**$ 434,868**

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, 2023 and 2022, the University had no plans or intentions to sell such investments at amounts different from NAV.

Table 13 summarizes the fair value of the University's investments by type as of June 30, 2023 ($ in thousands):

TABLE 13 – *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
Money market funds	**$ -**	**$ 212,555**	**$ -**	**$ -**	**$ 212,555**
Debt securities					
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
Non US Corporate bonds	-	-	-	-	-
Municipal and provincial bonds	-	-	8,376	-	8,376
Index linked government Bonds	-	-	951	-	951
Bond funds, including exchange traded funds	-	127,842	-	-	127,842
Total debt securities	**-**	**342,874**	**347,171**	**1**	**690,046**
Equity securities					
Domestic equities	-	144,055	-	1,785	145,840
International equities	-	37,450	-	-	37,450
Total equity securities	**-**	**181,505**	**-**	**1,785**	**183,290**
Alternative investments					
Multi-strategy hedge funds					
Equity	299,003	-	-	-	299,003
Long/short	148,353	-	-	-	148,353
Fixed income	39,717	-	-	-	39,717
Absolute return	36,987	-	-	-	36,987
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
Total alternative investments	**624,789**	**-**	**-**	**-**	**624,789**
Total investments at fair value	**624,789**	**736,934**	**347,171**	**1,786**	**1,710,680**
MMDT	-	-	-	-	300,000
Total investments at cost	-	**-**	**-**	**-**	**300,000**
Total investments	**$ 624,789**	**$ 736,934**	**$ 347,171**	**$ 1,786**	**$ 2,010,680**

Table 14 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 14 – *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.
Long/short	148,353	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Fixed income	39,717	-	Quarterly to semi-annual	60–90 days	No lock-up restrictions
Absolute return	36,987	-	Quarterly to annual	45-65 days	No lock-up restrictions
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
Total	**$624,789**	**$ 40,678**			

* 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.

Table 15 summarizes the fair value of the University's investments by type as of June 30, 2022 ($ in thousands):

TABLE 15 – *Fair Value Hierarchy of Investments, FY2022*

As of June 30, 2022 ($ 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
Money market funds	**$ -**	**$ 424,859**	**$ -**	**$ -**	**$ 424,859**
Debt securities					
U.S. Treasury securities	-	123,515	-	-	123,515
Government agency bonds	-	-	6,929	-	6,929
Asset backed securities	-	-	29,869	-	29,869
Commercial mortgage-backed securities	-	-	26,554	-	26,554
Government mortgage-backed securities	-	-	16,354	-	16,354
Non-government backed collateralized mortgage obligations	-	-	3,403	-	3,403
Corporate bonds	-	-	115,966	42	116,008
Municipal and provincial bonds	-	-	6,552	-	6,552
Index linked government Bonds	-	-	522	-	522
Bond funds, including exchange traded funds	-	105,162	-	-	105,162
Total debt securities	**-**	**228,677**	**206,149**	**42**	**434,868**
Equity securities					
Domestic equities	-	93,934	-	1,635	95,569
International equities	-	29,611	-	-	29,611
Total equity securities	**-**	**123,545**	**-**	**1,635**	**125,180**
Alternative investments					
Multi-strategy hedge funds					
Equity	218,694	-	-	-	218,694
Long/short	150,695	-	-	-	150,695
Fixed income	31,424	-	-	-	31,424
Absolute return	34,678	-	-	-	34,678
Real assets	6,508	-	-	-	6,508
Private equity and venture capital	74,198	-	-	-	74,198
Private debt	14,521	-	-	-	14,521
Private real estate	8,021	-	-	-	8,021
Total alternative investments	**538,739**	**-**	**-**	**-**	**538,739**
Total investments at fair value	**538,739**	**777,081**	**206,149**	**1,677**	**1,523,646**
Cash and cash equivalents	-	-	-	-	54,009
MMDT	-	-	-	-	262,000
Total investments at cost	**-**	**-**	**-**	**-**	**316,009**
Total investments	**$ 538,739**	**$ 777,081**	**$ 206,149**	**$ 1,677**	**$ 1,839,655**

Table 16 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, 2022 ($ in thousands):

TABLE 16 – *Alternative Investments, FY2022*

As of June 30, 2022 ($ in thousands)

Alternative investments	NAV	Unfunded commitments	Redemption terms	Notice period	Redemption restrictions
Multi-strategy hedge funds					
Equity	$ 218,694	$ -	Daily to annual	1–90 days	Lock-up provisions range from none to 2 years.
Long/short	150,695	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Fixed income	31,424	-	Quarterly to semi-annual	60–90 days	No lock-up restrictions
Absolute return	34,678	-	Quarterly to annual	45–65 days	No lock-up restrictions
Real assets	6,508	-	Annual	90 days	No lock-up restrictions
Private equity and venture capital	74,198	20,191	Closed end funds	*	Not redeemable
Private debt	14,521	9,515	Closed end funds	*	Not redeemable
Private real estate	8,021	1,411	Closed end funds	*	Not redeemable
Total	**$ 538,739**	**$ 31,117**			

* 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, 2023 and 2022 are presented in **Table 17** ($ in thousands):

TABLE 17 – *Accounts Receivable, Net*

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

Accounts receivable	2023	2022
Student tuition and fees	$ 71,110	$ 68,216
Student loans	21,780	26,731
Pledges	47,751	50,458
Grants and contracts	141,953	129,634
ForHealth program	57,520	75,374
UMass Memorial	14,583	9,791
Other	37,967	57,239
Total accounts receivable	392,664	417,443
Less: allowance for doubtful accounts and discount to present value for pledges	(28,544)	(31,886)
Accounts receivable, net	**$ 364,120**	**$ 385,557**

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, 2023 and 2022, the inflation adjusted income recognized totaled approximately $21.6 million and $20.4 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, 2023 and 2022, the reimbursements received for services provided to UMass Memorial, which offset the University's operating expenses, were $156.3 million and $154.4 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 $111.0 million and $109.9 million for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the University has recorded a receivable, from UMass Memorial, in the amount of $14.6 million and $9.8 million. The University has recorded a payable of $3.7 million and $4.8 million at June 30, 2023 and 2022, respectively.

7. Capital Assets

Table 18 represents the University's capital assets activity for the ended years June 30, 2023 and 2022 ($ in thousands):

TABLE 18 – *Capital Assets Activity*

For the years ended June 30 ($ in thousands)

Asset	As of 2021	Additions*	Retirements / adjustments	As of 2022	Additions	Retirements / adjustments	As of 2023
Land	$ 169,987	$ 19,288	$ (801)	$ 188,474	$ 656	$ (18,500)	$ 170,630
Buildings and improvements	7,679,548	210,606	(23,447)	7,866,707	256,063	(68,635)	8,054,135
Software	126,068	2,439	-	128,507	5,999	(482)	134,024
Equipment and furniture	686,659	73,091	(42,942)	716,808	48,112	(55,465)	709,455
Library books	32,623	-	(6,983)	25,640	-	(7,197)	18,443
Right of use assets (note 9)	212,934	52,643	(3,308)	262,269	12,895	(32,139)	243,025
Total	**8,907,819**	**358,067**	**(77,481)**	**9,188,405**	**323,725**	**(182,418)**	**9,329,712**
Accumulated depreciation/ amortization	(3,751,483)	(363,736)	65,251	(4,049,968)	(339,888)	117,635	(4,272,221)
Total	**5,156,336**	**(5,669)**	**(12,230)**	**5,138,437**	**(16,163)**	**(64,783)**	**5,057,491**
Construction in progress	278,938	306,844	(175,165)	410,617	379,571	(232,378)	557,810
Total capital assets, net	**$ 5,435,274**	**$ 301,175**	**$ (187,395)**	**$5,549,054**	**$ 363,408**	**$ (297,161)**	**$ 5,615,301**

* Includes assets of $53.3 million from acquisition of Brandman University

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, 2023 and 2022 there were $40.7 and $45.4 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 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 estimated cost of construction of the Student Housing Project is $250.0 million. In accordance with GASB Statement No. 94, the University will record an asset and corresponding deferred inflow for the cost of the Student Housing Project when the related assets are placed into service which is expected to occur in the third quarter of FY2024.

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.

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 $132.19 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. At of June 30, 2023 and 2022, 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 $625.0 thousand, increasing by 3% every five years.

As of June 30, 2023 and 2022 the University has current receivables past due of $3.9 million and $2.3 million, respectively, related to the Boston and Dartmouth ground leases.

Direct Financing Lease

In accordance with the GASB 87 transition guidance, the University has not restated the underlying assets related to its direct finance 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 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, 2023 and 2022, the University recorded gross lease receivable of approximately $91.5 million and $96.6 million, respectively related to the EMKI lease. Also at June 30, 2023 and 2022, the University recorded unearned interest income of approximately $23.7 million and $25.9 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 $21.5 million and $23.7 million as of June 30, 2023 and 2022, respectively.

For the years ended June 30, 2023 and 2022, the University recognized $2.2 million and $2.3 million, respectively, of interest income related to its EMKI direct financing lease.

Lessee Leases and Subscriptions

The University is a lessee for various noncancellable real estate.

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, 2023, 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 in **Table 19** under subscriptions.

Table 19 presents a summary of right of use asset activity during the year ended June 30:

TABLE 19 – *Right of Use Asset Activity*

For the years ended June 30 ($ in thousands)

Asset	As of 2021*	Additions	Remeasurements / terminations	As of 2022	Additions	Remeasurements / terminations	As of 2023
Right of use assets							
Real estate	$ 212,934	$ 24,880	$ (2,556)	$ 235,258	$ 1,342	$ (32,148)	$ 204,452
Equipment	-	114	-	114	190	(60)	244
SBITA subscriptions	19,868	7,781	(752)	26,897	11,363	69	38,329
Total	**232,802**	**32,775**	**(3,308)**	**262,269**	**12,895**	**(32,139)**	**243,025**
Accumulated amortization	(19,181)	(35,380)	2,556	(52,005)	(25,549)	19,278	(58,276)
Total right of use assets, net	**$ 213,621**	**$ (2,605)**	**$ (752)**	**$ 210,264**	**$ (12,654)**	**$ (12,861)**	**$ 184,749**

* Restated to reflect GASB-96 implementation

Lease and Subscription Liabilities

Table 20 presents a summary of changes in the related lease and subscription liabilities during the year ended June 30, 2023 ($ in thousands):

TABLE 20 – *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
Total lease and subscription liability	**$ 220,413**	**$ 11,710**	**$ (14,621)**	**$ (22,878)**	**$ 194,624**	**$ 19,631**

Table 21 presents a summary of changes in the related lease and subscription liabilities during the year ended June 30, 2022 ($ in thousands):

TABLE 21 – *Lease and Subscription Liabilities, FY2022*

For the year ended June 30, 2022 ($ in thousands)

Liability	As of 2021*	Additions	Remeasurements	Deductions	As of 2022	Due in one year
Real estate	$ 200,805	$ 7,150	$ 6,223	$ (14,341)	$ 199,837	$ 12,911
Equipment	-	119	755	(55)	819	2,136
SBITA subscriptions	19,868	5,657	-	(5,768)	19,757	7,014
Total lease and subscription liability	**$ 220,673**	**$ 12,926**	**$ 6,978**	**$ (20,164)**	**$ 220,413**	**$ 22,061**

* Restated to reflect GASB-96 implementation

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

TABLE 22 – *Future Annual Lease Payments*

As of June 30, 2023 ($ in thousands)

Fiscal year	Principal	Interest	Total
2024	$ 19,631	$ 5,022	$ 24,653
2025	16,948	4,566	21,514
2026	13,860	4,154	18,014
2027	12,111	3,815	15,926
2028	11,754	3,525	15,279
2029–2033	55,679	13,214	68,893
2034–2038	51,262	6,080	57,342
2039–2043	10,451	992	11,443
2044–2048	2,928	78	3,006
Total	**$ 194,624**	**$ 41,446**	**$ 236,070**

For the years ended June 30, 2023 and 2022, the University recognized $4.9 million and $4.7 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, 2023 ($ in thousands):

TABLE 23 – *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
Total lease receivable	**$ 334,119**	**$ -**	**$ (476)**	**$ (17,285)**	**$ 316,358**	**$ 15,145**

Table 24 presents a summary of changes in the related lease receivable during the year ended June 30, 2022 ($ in thousands):

TABLE 24 – *Lease Receivables, FY2022*

For the year ended June 30, 2022 ($ in thousands)

Receivable	As of 2021*	Additions	Remeasurements	Deductions	As of 2022	Due in one year
Real estate	$ 189,368	$ 59,546	$ 1,710	$ (13,127)	$ 237,497	$ 11,391
Direct financing arrangement	101,694	-	-	(5,072)	96,622	5,073
Total lease receivable	**$ 291,062**	**$ 59,546**	**$ 1,710**	**$ (18,199)**	**$ 334,119**	**$ 16,464**

* Restated to reflect GASB-96 implementation

For the years ended June 30, 2023 and 2022, the University recognized $18.4 million and $20.7 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, 2023, and the related activity during the fiscal year ($ in thousands):

TABLE 25 – *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
Building Authority							
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
Total Building Authority				**3,505,668**	**-**	**(138,540)**	**3,367,128**
MHEFA/MDFA							
Series A	20,000	2030	variable	20,000	-	-	20,000
Total MHEFA/MDFA				**20,000**	**-**	**-**	**20,000**
WCCC MHEFA/MDFA							
Series 2005-D	99,325	2029	5.0–5.3%	425	-	-	425
Unamortized bond premium				15	-	(4)	11
Total WCCC MHEFA/MDFA				**440**	**-**	**(4)**	**436**
MDFA							
CREBs	1,625	2027	3.5%	478	-	(96)	382
Total bonds payable				**3,526,586**	**-**	**(138,640)**	**3,387,946**
UMG							
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)
Total notes payable				**140,787**	**-**	**(40,163)**	**100,624**
Total long-term debt				**$3,667,373**	**$ -**	**$ (178,803)**	**$3,488,570**

Table 26 represents the outstanding long-term debt as of June 30, 2022, and the related activity during the fiscal year ($ in thousands):

TABLE 26 – *Long-Term Debt, FY2022*

For the year ended June 30, 2022 ($ in thousands)

Debt	Original borrowing	Maturity date	Interest rate	As of 2021	Additions	Reductions	As of 2022
Building Authority							
Series 2009-2	$ 271,855	2039	6.4–6.6%	$ 16,945	$ -	$ -	$ 16,945
Series 2009-3	28,570	2039	5.8–6.2%	23,135	-	(735)	22,400
Series 2010-2	430,320	2040	3.8–5.5%	430,320	-	(16,710)	413,610
Series 2010-3	3,005	2040	5.8%	2,490	-	(70)	2,420
Series 2013-1	212,585	2043	2.0–5.0%	13,735	-	(5,325)	8,410
Series 2013-2	71,970	2043	0.4–4.3%	32,010	-	(2,420)	29,590
Series 2013-3	24,640	2043	4.0–5.0%	945	-	(460)	485
Series 2014-1	293,890	2044	3.0–5.0%	66,825	-	(3,890)	62,935
Series 2014-3	67,635	2029	2.0–5.0%	28,635	-	(4,290)	24,345
Series 2014-4	157,855	2025	0.2–3.4%	13,865	-	(5,165)	8,700
Series 2015-1	298,795	2045	4.0–5.0%	266,880	-	-	266,880
Series 2015-2	191,825	2036	3.0–5.0%	157,765	-	(24,435)	133,330
Series 2017-1	165,130	2047	4.0–5.3%	165,130	-	-	165,130
Series 2017-2	19,510	2027	1.6–3.4%	15,100	-	(1,530)	13,570
Series 2017-3	187,680	2038	3.0–5.0%	155,630	-	(3,480)	152,150
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%	129,830	-	(1,985)	127,845
Series 2020-3	319,345	2044	1.7–3.5%	317,795	-	(2,130)	315,665
Series 2020-4	329,930	2043	0.4%–3.0%	329,930	-	-	329,930
Series 2021-1	312,330	2037	5.0%	302,270	-	(10,520)	291,750
Series 2021-2	46,585	2036	0.2%	46,585	-	(15,750)	30,835
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				242,430	26,327	(27,149)	241,608
Total Building Authority				**3,205,465**	**426,247**	**(126,044)**	**3,505,668**
MHEFA/MDFA							
Series A	20,000	2030	variable	20,000	-	-	20,000
Total MHEFA/MDFA				**20,000**	**-**	**-**	**20,000**
WCCC MHEFA/MDFA							
Series 2005-D	99,325	2029	5.0–5.3%	425	-	-	425
Unamortized bond premium				20	-	(5)	15
Total WCCC MHEFA/MDFA				**445**	**-**	**(5)**	**440**
MDFA							
Clean renewable energy bonds	1,625	2027	3.50%	572	-	(94)	478
Total bonds payable				**3,226,482**	**426,247**	**(126,143)**	**3,526,586**
UMG*							
Working capital note	21,100	2025	2.2%	-	21,100	-	21,100
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				-	(14,814)	1,501	(13,313)
Total notes payable				**-**	**139,286**	**1,501**	**140,787**
Total long-term debt				**$ 3,226,482**	**$ 565,533**	**$ (124,642)**	**$ 3,667,373**

* Includes debt incurred through Brandman University acquisition

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, 2023, 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
2024	$ 123,166	$ 133,916	$ (6,993)	$ 1,655	$ 754	$ -	$ 354	$ 252,852
2025	121,066	129,233	(6,729)	1,690	718	6,100	304	252,382
2026	117,306	124,241	(6,445)	1,725	684	10,000	138	247,649
2027	120,389	118,994	(6,153)	1,760	649	12,000	-	247,639
2028	125,125	113,607	(5,858)	1,790	615	21,000	-	256,279
2029–2033	667,160	482,081	(24,217)	8,320	3,730	63,000	-	1,200,074
2034–2038	687,235	334,153	(13,702)	9,595	2,429	-	-	1,019,710
2039–2043	630,010	178,353	(2,315)	11,115	901	-	-	818,064
2044–2048	366,985	74,200	-	-	-	-	-	441,185
2049–2053	176,690	18,410	-	-	-	-	-	195,100
Total	**$ 3,135,132**	**$ 1,707,188**	**$ (72,412)**	**$ 37,650**	**$ 10,480**	**$ 112,100**	**$ 796**	**$ 4,930,934**

* 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, 2022, and May 1, 2023 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 2024 through fiscal year 2043, the estimated subsidy reflected in the table above is 33.00%.

Bond Activity

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

In FY2022, the University issued $188.7 million of Senior Series 2022-1 Project Revenue Bonds and $211.3 million of Senior Series 2022-2 Project Revenue Bonds.

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. No bond activity occurred in FY2023, thus no new bond premium, discount or bond issuance costs were recorded in FY2023. In FY2022, the University received $26.3 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 FY2022, issuance costs were $2.4 million and were expensed in accordance with the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

The $96.0 million note payable does not have a stated interest rate. As a result, this note has imputed an interest rate, which resulted in a discount of $14.8 million to be amortized over the life of the note payable. As of June 30, 2023, the remaining amount to be amortized is $11.5 million.

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.

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, 2023, the outstanding commercial paper had a term of 20 days with a maturity date July 20, 2023

TABLE 28 – *Commercial Paper*

As of June 30 ($ in thousands)

Commercial paper	As of June 30, 2021	Additions	Reductions	As of June 30, 2022	Additions	Reductions	As of June 30, 2023
Commercial paper	$ 31,000	$ 86,700	$ (97,700)	$ 20,000	$ 17,250	$ -	$ 37,250

The University incurred total fees of $1.0 million and $0.7 million in FY2023 and FY2022, respectively, associated with the use of commercial paper.

Line of Credit

During FY2022, 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 May 1, 2024.

As of June 30, 2023, 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, 2022	Current portion as of June 30, 2022	As of June 30, 2023	Current portion as of June 30, 2023
Compensated absences*	$ 129,152	$ 104,112	$ 132,131	$ 106,583
Workers' compensation*	19,656	3,544	19,965	3,853
Unearned revenues	180,763	120,833	213,585	134,432
Advances and deposits	19,262	5,232	15,578	3,950
Other liabilities	139,995	82,066	127,340	63,834

* The University includes compensated absences and workers' compensation short-term liabilities within accounts payable and accrued expenses on the Statements of Net Position.

12. Fringe Benefits

During the years ended June 30, 2023 and 2022, the Commonwealth paid $467.7 million and $430.9 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 $145.8 million and $158.0 million during the years ended June 30, 2023 and 2022, 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 $185.1 million and $178.9 million for the years ended June 30, 2023 and 2022, respectively. Annual covered payroll was 76.6% and 76.9% of annual total payroll for the University for the years ended June 30, 2023 and 2022, 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, 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. The net pension liability measured as of June 30, 2022 was determined based on a measurement date of June 30, 2021 from an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. 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, 2023 and 2022, the University reported a liability of $444.8 million and $276.3 million, respectively, for its proportionate share of MSERS 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, actuarially determined. The University's proportion of the pension plan at measurement dates of June 30, 2022 and 2021 was 3.2% and 2.6%, respectively.

For the fiscal years ended June 30, 2023 and 2022, the University recognized a net pension expense of $28.1 million and net pension benefit of $5.3 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, 2023 and 2022 ($ in thousands), as presented in **Tables 31** and **32**:

TABLE 31 – *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
Total	**$ 148,222**	**$ 121,000**

TABLE 32 – *University's Proportionate Share of MSERS, FY2022*

As of June 30, 2022 ($ in thousands)

Pension resource	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 18,837	$ -
Changes in proportion due to internal allocation	41,536	136,997
Employer contributions after measurement date	45,010	-
Differences between expected and actual experience	9,534	20,005
Net difference between projected and actual investment earnings on pension plan investments	-	108,331
Changes in proportion from Commonwealth	110	873
Total	**$ 115,027**	**$ 266,206**

Amounts reported as deferred outflows of resources relating to pension resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction 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 ended June 30	Pension
2024	$ (937)
2025	(8,691)
2026	(22,671)
2027	21,541
Total	**$ (10,758)**

Actuarial Assumptions

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

TABLE 34 – *Actuarial Assumptions*

Assumption	June 30, 2022	June 30, 2021
Investment rate of return	7.00%	7.00%
Interest rate credited to the annuity savings fund	3.50%	3.50%
Cost of living increases on the first $13,000 per year	3.00%	3.00%
Salary increases*	4.0% to 9.0%	4.0% to 9.0%
Mortality rates:		
Pre-retirement	RP-2014 Blue Collar Employees Scale MP-2020 **	RP-2014 Blue Collar Employees Scale MP-2020 **
Post-retirement	RP-2014 Blue Collar Healthy Annuitant Scale MP-2020 **	RP-2014 Blue Collar Healthy Annuitant Scale MP-2020 **
Disability	RP-2014 Blue Collar Healthy Annuitant Scale MP-2020 ***	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 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, 2022 and 2021 are summarized in **Tables 35** and **36**:

TABLE 35 – *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%
Total	**100.00%**	

TABLE 36 – *Target Asset Allocation as of June 30, 2021*

Asset class	Target allocation	Long-term expected real rate of return
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber / natural resources	4.00%	4.30%
Total	**100.00%**	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for both June 30, 2022 and 2021. 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 illustrates the impact of a 1% change in the discount rate for the net pension liability at June 30, 2023 and 2022 ($ in thousands):

TABLE 37 – *Sensitivity Analysis of Discount*
As of June 30, 2023 and 2022 ($ in thousands)

Fiscal year ended	1% Decrease	Current discount rate	1% Increase
June 30, 2023	$ 613,514	$ 444,824	$ 302,088
June 30, 2022	422,938	276,313	155,799

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, 2023 and 2022, there were 2,255 and 2,191 participants in the ORP, respectively. Employees contribute at the same rate as members in MSERS and the Commonwealth matches 5% of employee contributions. The Commonwealth contributed $9.6 million and $8.9 million in 2023 and 2022, respectively. University employees contributed $23.1 million and $21.3 million in 2023 and 2022, 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%. As of June 30, 2023 and 2022, the plan assets of the Gap Plan were $10.2 million and $8.8 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 $3.1 million for FY 2023 and $2.8 million for the period from September 1, 2021 to June 30, 2022.

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, 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 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, 2023 and 2022, 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, 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. The total OPEB liability as of June 30, 2022 was determined based on a measurement date of June 30, 2021 from an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. 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, 2023 and 2022, the University reported a liability of $559.8 million and $485.1 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, 2022 and 2021 was 4.19% and 3.03%, respectively.

For the fiscal years ended June 30, 2023 and 2022, the University recognized a net OPEB benefit of $26.5 million and $35.3 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, 2023 and 2022, respectively, as shown in **Tables 38** and **39** ($ in thousands):

TABLE 38 – *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
Total	**$ 308,213**	**$ 567,109**

TABLE 39 – *University's Proportionate Share of OPEB, FY2022*
As of June 30, 2022 ($ in thousands)

OPEB resources	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 40,744	$ 95,435
Changes in proportion due to internal allocation	82,095	353,890
Employer contributions after measurement date	21,091	-
Differences between expected and actual experience	12,384	85,400
Investment earnings on OPEB plan investments	-	5,896
Changes in proportion from Commonwealth	544	2,107
Total	**$ 156,858**	**$ 542,728**

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 ended June 30	Pension
2024	$ (66,375)
2025	(65,523)
2026	(62,293)
2027	(58,520)
2028	(25,046)
Total	**$ (277,757)**

Actuarial Assumptions

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. See **Table 41** for annual healthcare cost trend rates.

TABLE 41 – *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 42**. These proportions are established separately for non-Medicare and Medicare coverage for each product type.

TABLE 42 – *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%

Significant actuarial assumptions used at the 2021 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 2021_b.

Short-term: Based on review of the plan's historical trend rates during fiscal years 2020 and 2021, 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 2022 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. See **Table 43** for annual healthcare cost trend rates.

TABLE 43 – *Annual Healthcare Cost Trend Rates*

Year	Medicare benefits	Non-Medicare benefits
2021	4.40%	7.30%
2022	4.49%	7.06%
2023	4.57%	6.83%
2024	4.66%	6.59%
2025	4.75%	6.36%
2030	5.18%	5.18%
2040	5.18%	5.18%
2050	5.18%	5.18%
2060	4.83%	4.83%
2070	4.38%	4.38%
2075+	4.04%	4.04%

Getzen long run growth factors:

- Inflation: 2.50%
- Real GDP Growth: 1.50%
- Excess Medical Growth: 1.10%

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	60.0%	0.0%
HMO	12.0%	4.0%

Investment Allocation

Investment assets of the Plan are with the Pension Reserves Investment Trust (PRIT) Fund. 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 are summarized in **Tables 45** and **46**:

TABLE 45 – *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%
Total	**100.00%**	

TABLE 46 – *Target Asset Allocation as of June 30, 2021*

Asset class	Target allocation	Long-term expected real rate of return
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber / natural resources	4.00%	4.30%
Total	**100.00%**	

Discount Rate

The discount rates used to measure the total OPEB liability as of June 30, 2022 and 2023 were 4.30% and 2.77%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 3.54% and 2.16%, respectively, as of the measurement dates June 30, 2022 and 2021 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. The projected "depletion date" when projected benefits are not covered by projected assets is 2041. Therefore, the long-term expected rate of return on plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022 and 2021.

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, 2022 and 2021 ($ in thousands)

Fiscal year ended	1% Decrease	Current discount rate	1% Increase
June 30, 2022	$ 653,075	$ 559,807	$ 483,194
June 30, 2021	576,343	485,141	411,679

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, 2022 and 2021 ($ in thousands)

Fiscal year ended	1% Decrease	Current discount rate	1% Increase
June 30, 2022	$ 469,278	$ 559,807	$ 674,405
June 30, 2021	397,231	485,141	599,717

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, 2023 ($ in thousands):

TABLE 49 – *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
Educational and general						
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
Auxiliary enterprises	**161,242**	**191,385**	**-**	**-**	**-**	**352,627**
Other expenditures						
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
Total operating expenses and interest	**$ 2,262,810**	**$1,138,310**	**$ 62,237**	**$ 344,872**	**$ 129,132**	**$ 3,937,361**

Table 50 summarizes the University's operating expenses and interest by natural and functional classification for the year ended June 30, 2022 ($ in thousands):

TABLE 50 – *Operating Expenses and Interest, FY2022*

For the year ended June 30, 2022 ($ in thousands)

Expense / interest	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation and amortization	Interest	Total
Educational and general						
Instruction	$ 814,334	$ 116,028	$ -	$ -	$ -	$ 930,362
Research	320,970	230,397	-	-	-	551,367
Public service	53,090	18,559	-	-	-	71,649
Academic support	134,984	59,169	-	-	-	194,153
Student services	137,545	73,543	-	-	-	211,088
Institutional support	234,661	81,149	-	-	-	315,810
Operation and maintenance of plant	109,063	133,686	-	-	-	242,749
Depreciation and amortization	-	-	-	330,715	-	330,715
Scholarships and fellowships	-	-	121,334	-	-	121,334
Auxiliary enterprises	**141,473**	**179,062**	**-**	**-**	**-**	**320,535**
Other expenditures						
Independent operations	23,860	34,722	-	-	-	58,582
Public service activities	105,589	147,831	-	-	-	253,420
Total operating expenses	$ 2,075,569	$ 1,074,146	$ 121,334	$ 330,715	$ -	$ 3,601,764
Interest expense	-	-	-	-	117,244	117,244
Total operating expenses and interest	**$ 2,075,569**	**$ 1,074,146**	**$ 121,334**	**$ 330,715**	**$ 117,244**	**$ 3,719,008**

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, 2023 and 2022 ($ in thousands):

TABLE 51 – *Unrestricted Net Position*

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

Unrestricted resources	2023	2022
Unexpended plant and facilities	$ 467,237	$ 418,477
Auxiliary enterprises	123,013	89,237
Education and general	469,562	410,252
Quasi-endowment	412,813	379,143
Stabilization	157,467	152,667
Other unrestricted	25,432	30,023
Subtotal	**1,655,524**	**1,479,799**
Unfunded portion of pension liabilities	(417,602)	(427,492)
Unfunded portion of postretirement benefits other than pension liabilities	(818,703)	(871,010)
Total unrestricted net position	**$ 419,219**	**$ 181,297**

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.

At June 30, 2023, the University held the $11.5 million that is a fully nonrefundable deposit. Subsequent to the year end, an additional $11.0 million was released to the University as a nonrefundable deposit. The University has the ability to terminate the agreement at any time 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, 2023 and 2022 of $193.1 million and $181.5 million, respectively.

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, 2023 ($ in thousands), is presented in **Tables 52**, **53** and **54**:

TABLE 52 – *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	-
Total net position	**$1,205,806**	**$ (27,637)**	**$223,448**	**$ -**	**$ (82,196)**	**$ -**

TABLE 53 –*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	-
Increase (decrease) in net position	**$ (4,665)**	**$ (2,600)**	**$ 17,460**	**$ (2,845)**	**$ (17,831)**	**$ -**

TABLE 54 – *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)	-
Change in cash and cash equivalents	**$ 17,875**	**$ (2,600)**	**$ 5,364**	**$ (2,845)**	**$ (25,763)**	**$ -**

Condensed information for the University's blended component units, the Building Authority and WCCC, is presented below as of June 30, 2022 is presented in **Tables 55**, **56** and **57** ($ in thousands):

TABLE 55 – *Condensed Information from the Statements of Net Position, FY2022*

As of June 30, 2022 ($ in thousands)

Condensed Information from the Statements of Net Position	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Capital assets, net	$ 3,886,205	$ (457,933)	$ 377,949	$ -	$ 50,197	$ -
Lease receivable	161,183	(8,360)	174,211	-	-	-
Other assets	787,816	213,692	141,208	-	61,097	-
Deferred outflows	109,949	(284)	8,120	-	-	-
Total assets and deferred outflows	4,945,153	(252,885)	701,488	-	111,294	-
Debt, including commercial paper	3,525,668	(200,883)	311,871	-	140,787	-
Lease liability	30,796	(10,068)	-	-	5,671	-
Other liabilities	113,860	(13,708)	14,501	-	29,201	-
Deferred inflows	64,358	(3,189)	169,128	-	-	-
Total liabilities and deferred inflows	3,734,682	(227,848)	495,500	-	175,659	-
Total net position	**$ 1,210,471**	**$ (25,037)**	**$ 205,988**	**$ -**	**$ (64,365)**	**$ -**

TABLE 56 –*Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position, FY2022*

For the year ended June 30, 2022 ($ in thousands)

Condensed Information from the Statements of Revenues, Expenses, and Changes in Net Position	Building Authority	Eliminations	WCCC	Eliminations	UMG	Eliminations
Other revenues	$ 306,884	$ (153,122)	$ 97,388	$ (52,816)	$ 101,936	$ -
Total revenues	306,884	(153,122)	97,388	(52,816)	101,936	-
Operation and maintenance of capital assets	5,743	(1,055)	26,632	(25,118)	-	-
Depreciation	164,139	(23,001)	17,771	-	4,292	-
Interest expense	114,102	(105,069)	9,717	-	2,702	-
Other expenses	9,557	(7,714)	20,455	(27,698)	111,480	(420)
Total expenses	293,541	(136,839)	74,575	(52,816)	118,474	(420)
Increase (decrease) in net position	**$ 13,343**	**$ (16,283)**	**$ 22,813**	**$ -**	**$ (16,538)**	**$ 420**

TABLE 57 – *Condensed Information from the Statements of Cash Flows, FY2022*

For the year ended June 30, 2022 ($ 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	$ 186,174	$ (16,283)	$ 2,948	$ -	$ (26,682)	$ 420
Net cash provided by (used in) investing activities	(195,862)	-	(33,474)	-	-	-
Net cash provided by noncapital financing activities	-	-	-	-	2,915	-
Net cash provided by (used in) capital and other financing activities	98,007	-	33,133	-	(2,957)	-
Change in cash and cash equivalents	**$ 88,319**	**$ (16,283)**	**$ 2,607**	**$ -**	**$ (26,724)**	**$ 420**

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 is 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 $18.8 million and $20.5 million as of June 30, 2023 and 2022. UMF's investment portfolio represents approximately 74.7% of the aggregate discretely presented component units. This note does not include investment information for UMDF assets not held by UMF 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 below.

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, 2023 and 2022, 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 below 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 58 – *Debt Investments by Credit Quality, FY2023*

As of June 30, 2023 ($ in thousands)

Debt securities		2023	S&P rating
U.S. Treasury securities	$	$58,308	AAA
Total debt securities	**$**	**$58,308**	

Table 59 presents the debt investments at fair value by credit quality of UMF's non-agency investment portfolio as of June 30, 2022 ($ in thousands):

TABLE 59 – *Debt Investments by Credit Quality, FY2022*

As of June 30, 2022 ($ in thousands)

Debt securities		2023	S&P rating
U.S. Treasury securities	$	67,367	AAA
Bond funds, including exchange traded funds		2,046	Not Rated
Total debt securities	**$**	**69,413**	

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, 2023($ in thousands):

TABLE 60 – *Debt Investments by Maturity, FY2023*

As of June 30, 2023 ($ in thousands)

Debt securities		Less than 1 year		1 to 5 years		6 to 10 years		More than 10 years		Total
U.S. Treasury securities	$	1,850	$	56,458	$	-	$	-	$	58,308
Total debt securities	**$**	**1,850**	**$**	**56,458**	**$**	**-**	**$**	**-**	**$**	**58,308**

Table 61 presents the fair value by investment maturity of the debt investments of UMF's non-agency investment portfolio as of June 30, 2022 ($ in thousands):

TABLE 61 – *Debt Investments by Maturity, FY2022*

As of June 30, 2022 ($ in thousands)

Debt securities		Less than 1 year		1 to 5 years		6 to 10 years		More than 10 years		Total
U.S. Treasury securities	$	-	$	41,264	$	21,381	$	4,722	$	67,367
Bond funds, including exchange traded funds		40		2,006		-		-		2,046
Total debt securities	**$**	**40**	**$**	**43,270**	**$**	**21,381**	**$**	**4,722**	**$**	**69,413**

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 below.

Table 62 summarizes the fair value of UMF's non-agency investments by type as of June 30, 2023 ($ in thousands):

TABLE 62 – *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
Money market funds	**$ -**	**$ 86,564**	**$ -**	**$ -**	**$ 86,564**
Debt securities					
U.S. Treasury securities	-	58,308	-	-	58,308
Total debt securities	-	58,308	-	-	58,308
Equity securities					
Domestic equities	-	112,817	-	-	112,817
International equities	-	39,158	-	-	39,158
Total equity securities	**-**	**151,975**	**-**	**-**	**151,975**
Alternative investments					
Multi-strategy hedge funds					
Equity	321,265	-	-	-	321,265
Long/short	159,451	-	-	-	159,451
Fixed income	42,688	-	-	-	42,688
Absolute return	39,494	-	-	-	39,494
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
Total alternative investments	**676,236**	**-**	**-**	**-**	**676,236**
Total investments	**$ 676,236**	**$ 296,847**	**$ -**	**$ -**	**$ 973,083**

Table 63 summarizes the fair value of UMF's non-agency investments by type as of June 30, 2022 ($ in thousands):

TABLE 63 – *Fair Value Hierarchy of Non-Agency Investments, FY2022*

As of June 30, 2022 ($ 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
Money market funds	**$ -**	**$ 65,637**	**$ -**	**$ -**	**$ 65,637**
Debt securities					
U.S. Treasury securities	-	67,367	-	-	67,367
Bond funds, including exchange traded funds	-	2,046	-	-	2,046
Total debt securities	**-**	**69,413**	**-**	**-**	**69,413**
Equity securities					
Domestic equities	-	65,685	-	-	65,685
International equities	-	29,907	-	-	29,907
Total equity securities	**-**	**95,592**	**-**	**-**	**95,592**
Alternative investments					
Multi-strategy hedge funds					
Equity	228,635	-	-	-	228,635
Long/short	157,063	-	-	-	157,063
Fixed income	31,830	-	-	-	31,830
Absolute return	36,059	-	-	-	36,059
Real assets	8,807	-	-	-	8,807
Private equity	76,036	-	-	-	76,036
Private debt	14,686	-	-	-	14,686
Private real estate	8,388	-	-	-	8,388
Annuity & life income pooled funds	3,404	-	-	-	3,404
Total alternative investments	**564,908**	**-**	**-**	**-**	**564,908**
Total investments	**$ 564,908**	**$ 230,642**	**$ -**	**$ -**	**$ 795,550**

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, 2023 ($ in thousands):

TABLE 64 – *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.
Long/short	159,451	-	quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Fixed income	42,688	-	quarterly to semi-annual	**	No lock-up restrictions
Absolute return	39,494	-	quarterly to annual	45–65 days	No lock-up restrictions
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
Total	**$676,236**	**$ 43,721**			

* 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, 2022 ($ in thousands):

TABLE 65 – *Alternative Non-Agency Investments, FY2022*

As of June 30, 2022 ($ in thousands)

Alternative investments	NAV	Unfunded commitments	Redemption terms	Notice period	Redemption restrictions
Common trust funds	$ 3,404	$ -	Daily		No lock-up restrictions
Multi-strategy hedge funds					
Equity	228,635	-	Daily to quarterly	1–90 days	Lock-up provisions range from none to 2 years.
Long/short	157,063	-	Quarterly to annual	45–90 days	Lock-up provisions range from none to 2 years.
Fixed income	31,830	-	Quarterly to semi-annual	**	No lock-up restrictions
Absolute return	36,059	-	Quarterly to annual	45–65 days	No lock-up restrictions
Real assets	8,807	-	Annual	90 days	No lock-up restrictions
Private equity and venture capital	76,036	21,115	Closed end funds	*	Not redeemable
Private debt	14,686	9,839	Closed end funds	*	Not redeemable
Private real estate	8,388	1,476	Closed end funds	*	Not redeemable
Total	**$564,908**	**$ 32,430**			

* 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, 2023, and through December 12, 2023, the University borrowed an additional $15.0 million of tax-exempt commercial paper and rolled $31.0 million of tax-exempt and $6.25 million of taxable commercial paper with interest rates ranging from 3.95% to 5.67% with a maturity date of January 11, 2024, to fund construction projects at the Boston and Lowell campuses.

On July 26,2023, the University entered a $9.3 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.

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2023 and through December 12, 2023, the date 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

Based on the measurement date, June 30

Liability	2022	2021	2020	2019	2018	2017	2016	2015	2014
University's proportion of the net pension liability	3.20%	2.65%	3.76%	3.60%	3.09%	3.28%	3.12%	3.59%	3.49%
University's proportionate share of the net pension liability	$ 444,824	$ 276,313	$ 644,879	$ 526,739	$ 409,319	$ 420,234	$ 429,871	$ 408,418	$ 237,134
University's covered-employee payroll	$ 1,318,298	$ 1,216,914	$ 1,264,971	$ 1,247,098	$ 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	33.74%	22.71%	50.98%	42.24%	32.94%	35.96%	37.18%	35.83%	22.35%
Plan fiduciary net position as a percentage of total pension liability	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

Schedule of the University's Contributions — Massachusetts State Employees' Retirement System

For the fiscal year ended June 30

Contributions	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 37,980	$ 45,010	$ 31,495	$ 40,617	$ 35,843	$ 28,292	$ 25,618	$ 22,386	$ 22,386
Contributions in relation to the contractually required contribution	(37,980)	(45,010)	(31,495)	(40,617)	(35,843)	(28,292)	(25,618)	(22,386)	(22,386)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$ 1,156,082	$ 1,139,719
Contributions as a percentage of covered-employee payroll	2.72%	3.41%	2.59%	3.21%	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

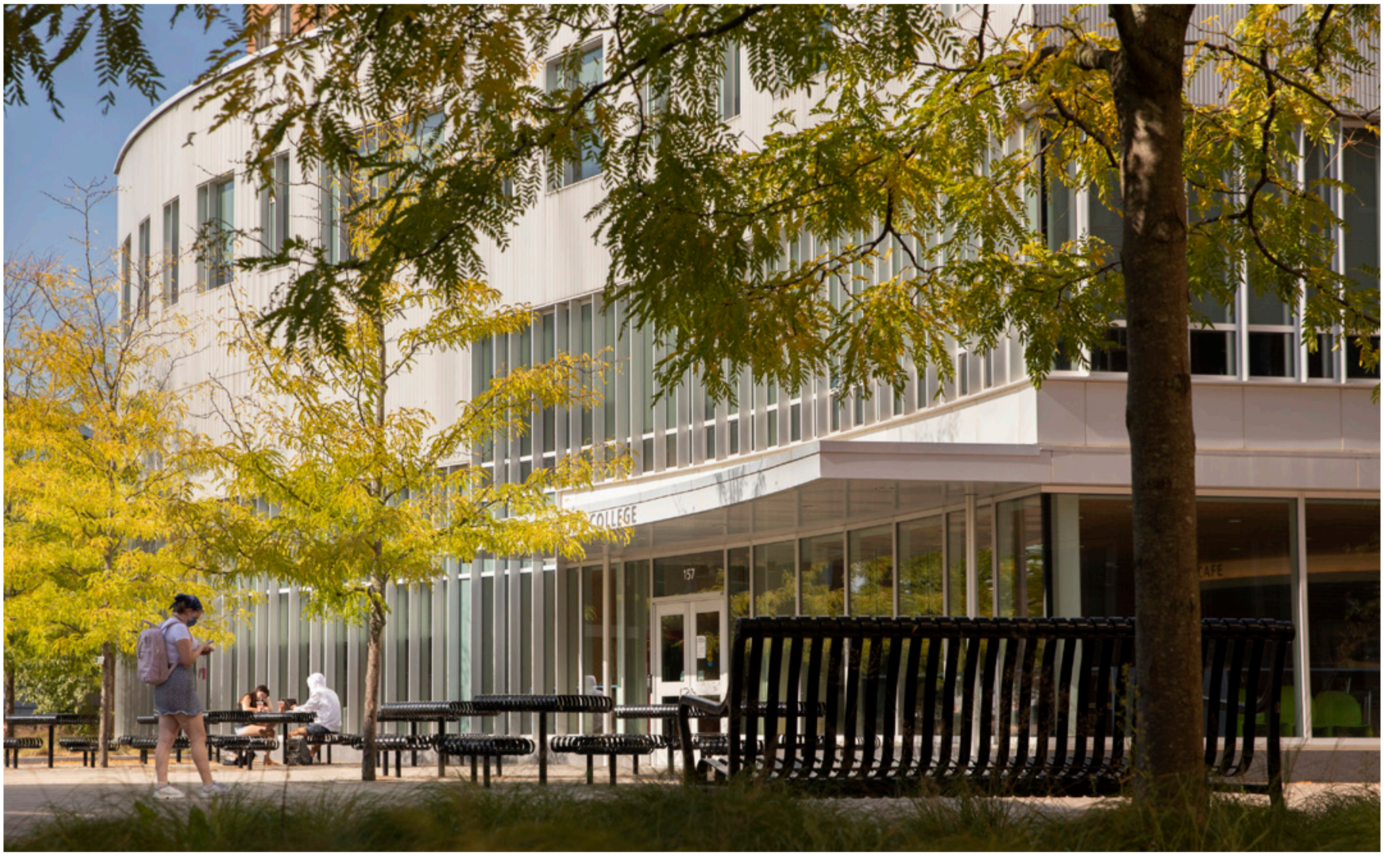
Based on the measurement date, June 30

Liabilities	2022	2021	2020	2019	2018 (restated)	2017
University's proportion of the net OPEB	4.19%	3.03%	4.01%	5.43%	4.82%	4.67%
University's proportionate share of the net OPEB	$ 559,807	$ 485,141	$ 829,808	$ 992,991	$ 895,669	$ 817,357
University's covered-employee payroll	$ 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	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%	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	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 18,861	$ 21,091	$ 16,538	$ 21,040	$ 26,137	$ 21,421
Contributions in relation to the contractually required contribution	(18,861)	(21,091)	(16,538)	(21,040)	(26,137)	(21,421)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 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	1.35%	1.60%	1.36%	1.66%	2.10%	1.72%



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University *of* Massachusetts
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