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

FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

withum
ADVISORY TAX AUDIT

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

Financial Statements and
Management's Discussion and Analysis

June 30, 2024 and 2023

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Holyoke Community College:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Holyoke Community College (an agency of the Commonwealth of Massachusetts) (the "College"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2024 and 2023, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Holyoke Community College Foundation, Inc. (the "Foundation") which represents one hundred percent of the component unit activity for the years ended June 30, 2024 and 2023. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Withum Smith+Brown, PC

November 12, 2024

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

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023

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

GASB Statement No. 68 of the Governmental Accounting Standard Board (GASB), *Accounting and Reporting for Pensions* establishes new standards for how governmental employers that contribute to pension plans report liabilities and plan details on their financial statements. GASB 68 requires that the Commonwealth report its unfunded pension liability on its statements of net position. As permitted by GASB 68, the Commonwealth will report its net pension liability as of June 30, 2024 on the FY 2023 statements. The pension plan is a cost sharing multiple-employer plan that pools retirement assets to pay benefits to any participating plan members. GASB 68 requires that pension liabilities and costs must be allocated to participating employers including Holyoke Community College. Holyoke Community College's FY24 statements reflect the implementation of GASB 68. Please see footnote 10, on page 47.

GASB Statement No. 75 of the Governmental Accounting Standard Board (GASB), *Accounting and Reporting for Postemployment Benefits Other Than Pensions* completes the previously implemented GASB No. 68 (for pensions) standard for reporting the Commonwealth's unfunded postemployment liabilities on its statements of net position. Please see footnote 11, on page 53.

The College is a public institution of higher education serving approximately 7,391 students, with 94 full time faculty and 290 full time staff, as well as part time faculty and employees. The campus is located in Holyoke, Massachusetts. The College offers 70 programs of study leading to an associate's degree, certificate programs and noncredit programs.

Financial Highlights

- At June 30, 2024, the College's assets of $129,743,499 and deferred outflows of resources of $2,536,494, totaling $132,279,993 exceeded its liabilities of $29,206,341 and deferred inflows of resources of $15,534,485 totaling $44,740,826 by $87,539,167. At June 30, 2023, the College's assets of $121,865,328 and deferred outflows of resources of $1,540,577, totaling $123,405,905 exceeded its liabilities of $29,470,776 and deferred inflows of resources of $15,638,562 totaling $45,109,328 by $78,296,577. At June 30, 2022, the College's assets of $108,919,458 and deferred outflows of resources of $2,668,052, totaling $111,587,510 exceeded its liabilities of $26,843,132 and deferred inflows of resources of $19,676,510 by $65,067,868. These resulting net assets are summarized into the following categories:

	2024	2023	2022
Net invested in capital assets	$ 82,593,225	$ 80,105,686	$ 72,536,837
Restricted, expendable	4,573,685	3,695,582	2,595,383
Unrestricted	372,257	(5,504,691)	(10,064,352)
Total net position	$ 87,539,167	$ 78,296,577	$ 65,067,868

- The Restricted, expendable net assets may be expended at the discretion of the Board of Trustees, but only for the purposes for which the donor or grantor intended.
- Total Net Position reflects the impact of the College's portion of the Commonwealth's unfunded pension liability of $3,752,237 in FY24, $2,703,535 in FY23 and $2,365,138 in FY22.
- The FY24 increase is primarily attributable to a reduction of the College's share of the Commonwealth's pension & OPEB liability (net of inflows and outflows) increasing net assets by $4,462,853, restricted net assets increasing by $878,103 principally due to unexpended indirect cost recovery, increase in investments of $2,153,315 and the balance is due to net capital investments. This combined to increase the College's Net Position by $9,242,590.
- The FY23 increase is primarily attributable to a reduction of the College's share of the Commonwealth's pension & OPEB liability (net of inflows and outflows) increasing net assets by $4,559,661, restricted net assets increasing by $1,100,199 principally due to unexpended indirect cost recovery, and an increase of $7,568,849 in net capital assets net of accumulated depreciation. This combined to increase the College's Net Position by $13,228,709.
- The FY22 increase is primarily attributable to a reduction of the College's share of the Commonwealth's pension & OPEB liability (net of inflows and outflows) increasing net assets by $2,415,089 and restricted net assets increasing by $838,959 due to unexpended indirect cost recovery, this was partially offset by capital assets net of accumulated depreciation declining by $646,050. This combined to increase the College's Net Position by $2,462,124.
- More information can be found in the capital assets discussion in this report and footnote 5 on page 40.
- An energy project was completed in fiscal year 2022 that upgraded campus lighting, air handlers, and mechanicals to make the campus more energy efficient. The project was completed for $6,650,820, $3,655,113 was funded by the state with the remaining $2,995,707 funded with financing provided by the Commonwealth's Division of Capital Asset Management. Current note payable balance is $2,403,805.

- The College's deferred maintenance projects totaled $5,152,519. This consisted primarily of renovations to the South Plaza, Frost Donahue Renovation, Theatre Upgrades, X-Ray Room campus wide domestic and stormwater infrastructure and Marieb Hall Renovation.

Overview of the Financial Statements

The College's financial statements comprise two primary components: 1) the financial statements and 2) the notes to the financial statements. Additionally, the financial statements focus on the College as a whole, rather than upon individual funds or activities.

In May 2002, GASB issued Statement No. 39 of the Governmental Accounting Standards Board (GASB), *Determining Whether Certain Organizations are Component Units (an amendment of GASB 14)*. GASB 39 establishes new criteria for evaluating the need to include component units of the College. The College adopted GASB 39 as of July 1, 2003.

The Holyoke Community College Foundation (the Foundation) is a legally separate tax-exempt component unit of Holyoke Community College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of directors of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. Because these resources held by the Foundation can only be used for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

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

The Financial Statements

The financial statements are designed to provide readers with a broad overview of the College's finances and are comprised of three basic statements.

The Statements of Net Position present information on all of the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

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

The Statements of Cash Flows are reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services). The Government Accounting Standards Board (GASB) Statements 34 and 35 require this method to be used. In accordance with GASB 39, the Foundation is not required to present the *Statements of Cash Flows*.

The financial statements can be found on pages 20-23 of this report.

Holyoke Community College reports its activity as a business-type activity using the full accrual measurement focus and basis of accounting. The College is a component unit of the Commonwealth of Massachusetts. Therefore, the results of the College's operations, its net assets and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide information regarding both the accounting policies and procedures the College has adopted, as well as additional detail of certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 27-63 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the College's financial position. The College's assets exceeded liabilities in FY24 by $87,539,167; in FY23 by $78,296,577; and by $65,067,868 in FY22.

The largest portion of the College's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. In FY24, investment in capital assets totaled $82,593,225 or 64% of total assets. In FY23, investment in capital assets totaled $80,105,686 or 65% of total assets. In FY22, investment in capital assets totaled $72,536,837 or 65% of total assets. The College uses these capital assets to provide services to students, faculty, administration, and the community. Consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Also, in addition to the debt noted above, which is reflected in the College's financial statements, the Commonwealth of Massachusetts regularly provides financing for certain capital projects through the issuance of general obligation bonds. These borrowings by the Commonwealth are not reflected in these financial statements.

The restricted portion of the College's net position represents resources that are subject to external restrictions on how they must be used. In FY24, restricted net position totaled $4,573,685 or 3.5% of total assets. The increase of $878,103 is primarily due to unexpended indirect overhead cost recoveries. In FY23, restricted net position totaled $3,695,582 or 3.0% of total assets. In FY22, restricted net position totaled $2,595,383 or 2.3% of total assets.

Unrestricted net position reflects the impact of unfunded postemployment benefits totaling $7,743,050 in FY24, and $6,105,909 in FY23. The accumulated impact of the GASB 68 and 75 postemployment benefit accounting on net position is $3,990,813 in FY24 and $3,402,374 in FY23 for pensions $3,752,237 in FY24 and $2,703,535 in FY23 for other postemployment benefits. In FY24, unrestricted net position is a positive $372,257. The impact of changes to the pension and OPEB liabilities increased net position by $1,637,141. In FY23, unrestricted net position is a negative $5,504,691. The impact of changes to the pension and OPEB liabilities increased net position by $4,322,353. In FY22, unrestricted net position is a negative $10,064,352. The impact of changes to the pension and OPEB liabilities increased net position by $2,415,089.

The College's net position increased $9,242,590 in fiscal 2024, $13,228,709 in fiscal 2023, and $2,213,330 in fiscal 2022.

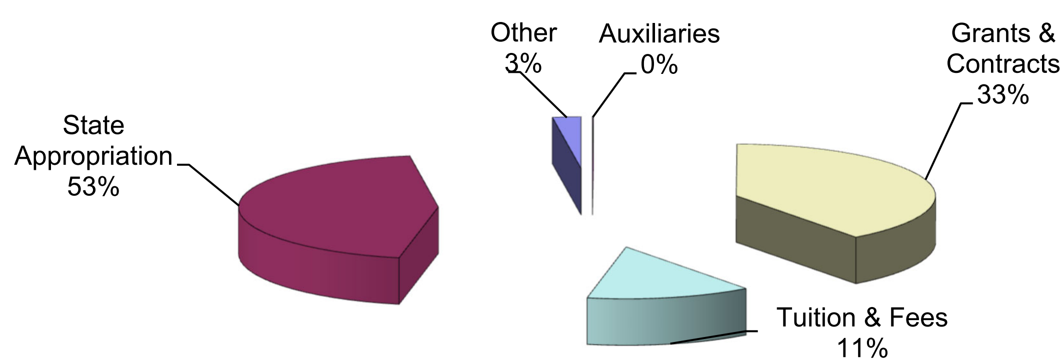
HOLYOKE COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

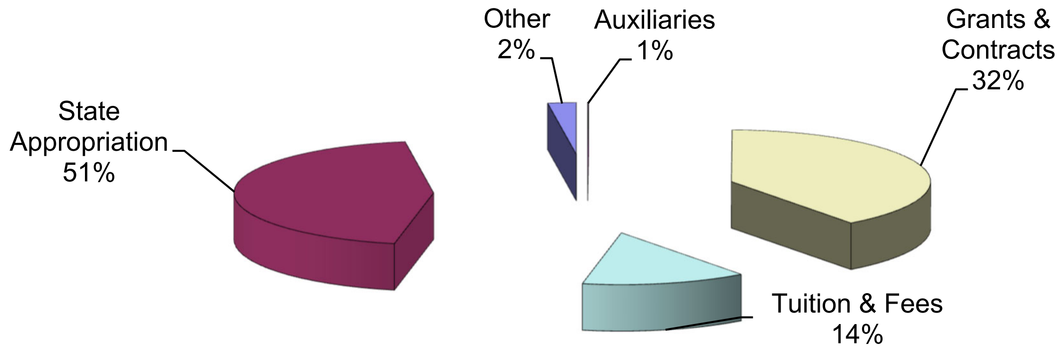
June 30, 2024 and 2023

Changes in Net Position	Year ended June 30 2024	2023	2022
Operating revenues:			
Tuition and fees, net of tuition waivers, and remissions	$ 8,576	$ 9,421	$ 9,852
Other operating sources	24,694	18,785	16,444
Total operating revenues	33,270	28,206	26,296
Operating expenses:	72,086	64,487	69,417
Net operating loss	(38,816)	(36,281)	(43,121)
Nonoperating revenues:			
State appropriation	39,878	34,519	32,901
Other nonoperating income	3,028	4,434	11,166
Total nonoperating revenues	42,906	38,953	44,067
Income before other revenues, expenses, gains, or losses	4,090	2,672	946
Capital revenues:			
State capital appropriations	5,153	10,556	1,267
Increase in net position	9,243	13,228	2,213
Net position:			
Beginning of year	78,296	65,068	62,854
End of year	$ 87,539	$ 78,296	$ 65,067

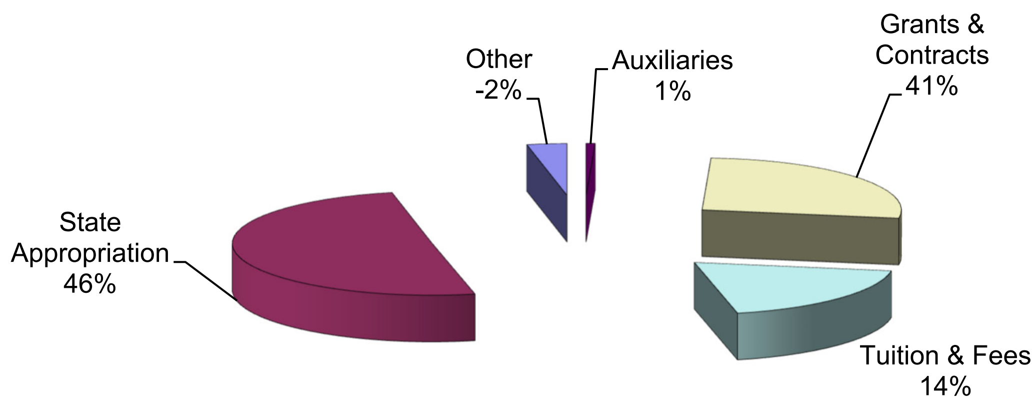
Sources of Revenue - FY24



Sources of Revenue - FY23



Sources of Revenue - FY22



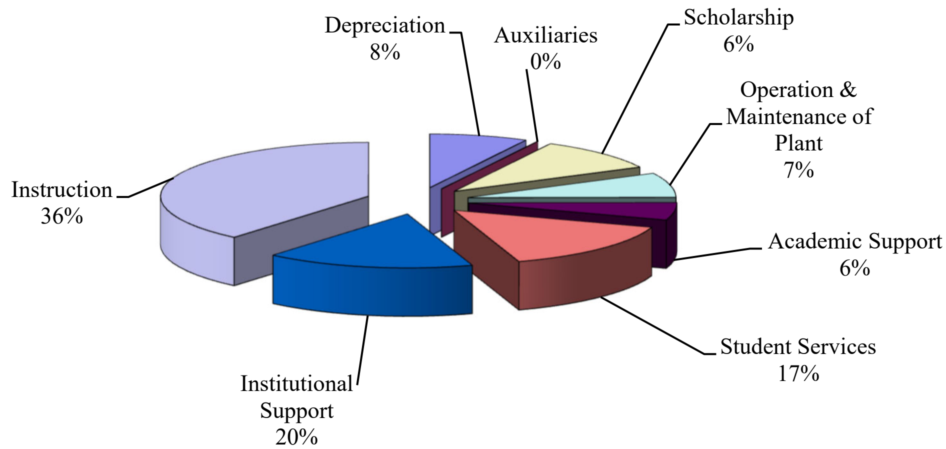
Revenue from all sources (excluding capital appropriations) totaled $76,475,750, $67,563,791, and $72,579,867 in FY24, FY23, and FY22, respectively.

Highlights of revenue include:

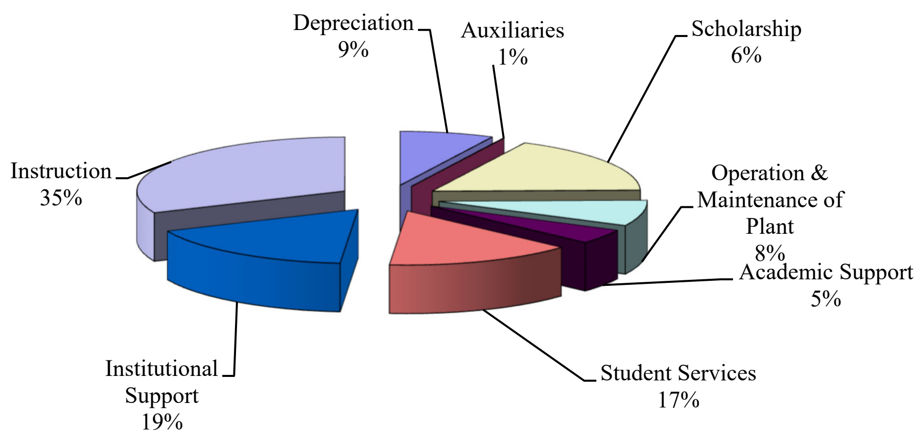
- State appropriations, which include the cost of fringe benefits (excluding capital appropriations), totaled $39,878,110, $34,518,933 and $32,901,080 in FY24, FY23 and FY22, respectively, and amount to 53%, 51%, and 45.3% in FY24, FY23, and FY22, respectively, of all revenue. In FY24, the State appropriation increased $5,359,177 or 15.53% from the prior year. In FY23, the State appropriation increased $1,617,853 or 5% from the prior year. In FY22, the State appropriation increased $1,611,492 or 5.2% from the prior year.
- The category tuition and fees in FY24, FY23 & FY22 represented approximately 11% and 14% in FY23 & FY22 of our net revenue. Of this amount, $10,357,476, $7,270,416, and $6,869,711 are tuition and fees paid by various financial aid programs including local funds designated by the College. In FY24 tuition and fees per credit hour increased by $10. There was an increase in headcount enrollment of 706 compared to prior year. The tuition revenue rate was substantially impacted by a 10.6% increase in student enrollment and an 28.8% increase in credit hours enrollment. In FY23, tuition and fees per credit hour increased by $8 helping to offset the decrease in tuition revenue compared to prior year. There was a decrease in headcount enrollment of 83 compared to prior year. In FY22, tuition and fees per credit hour were not increased. The tuition revenue rate was substantially impacted by a 11% decline in student enrollment and an 13% decline in credit hours enrollment.
- We are projecting credit hour enrollment to increase for the coming fiscal year, FY25. The College increased tuition and fee rates by $10 for FY2024 and $8 for FY2023.
- The category Grants and Contracts totaled $24,259,941, $18,171,603 and $15,922,650 in FY24, FY23, and FY22, respectively. In FY24 the College was reimbursed $1,174,200 in federal HEERF aid for COVID 19 related costs and aid to students. In FY23 the College was reimbursed $3,380,277 in federal HEERF aid for COVID 19 related costs and aid to students. In FY22 the College was reimbursed $13,382,892 in federal HEERF aid for COVID 19 related costs and direct aid to students.
- Auxiliary enterprises revenue is comprised of College bookstore operation, which was contracted to Barnes and Noble in FY20 and is reported net of sales that are paid by financial aid in the prior year. Auxiliary revenue totaled $769, $35,249, and $54,218 in FY24, FY23, and FY22, respectively. There were no textbook sales in FY24, FY23 or FY22 due to contracting out of the College bookstore. The College has recently completed a bid process for the College Store, awarding the bid and executing a new contract with eCampus.com. eCampus.com is an online bookstore and will also have a limited presence on the campus.

- Other sources of revenues in this discussion include the Other Sources reported under Operating Revenues, in the Statements of Revenues and Expenses, and represents Sales and Services of Educational Departments and Commissions. Other operating revenues amounted to $433,019, $578,063, and $467,482 in FY24, FY23, and FY22, respectively.

FY24 Expenditures



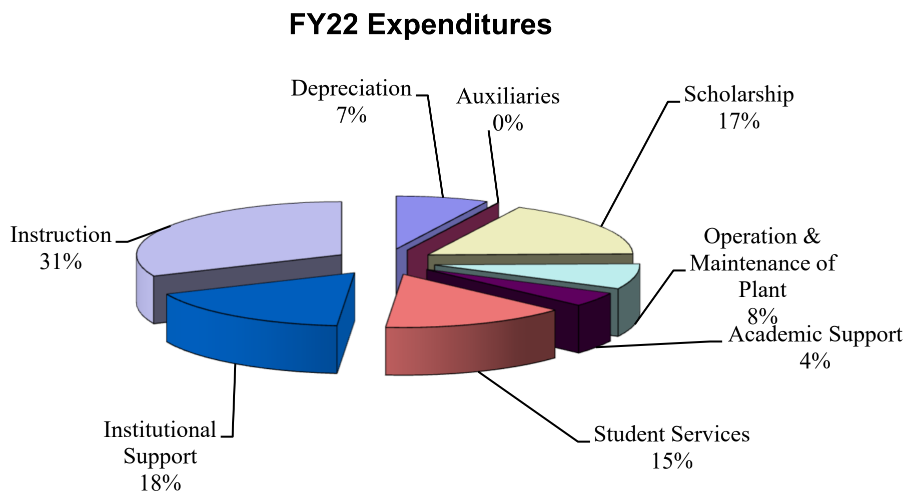
FY23 Expenditures



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

Management's Discussion and Analysis (Unaudited)

June 30, 2024 and 2023



Highlights of expenditures include:

In the current year, the College had a net postemployment benefit reduction in expense of $3,032,887 resulting from the College's allocation of the Commonwealth's Net Pension and Other Postemployment Benefit Liability impacting all expense categories except Scholarships and Depreciation. In FY23 & FY22, the College had a net postemployment benefit expense of $2,748,679, and $2,415,089, respectively, resulting from the College's allocation of the Commonwealth's Net Pension and Other Postemployment Benefit Liability impacting all expense categories except Scholarships and Depreciation. The following program expense category results are as follows:

- ***Instruction, Academic Support, and Student services*** in the current year costs increased by $4,939,649. This is primarily due to an increase in vacation and sick leave payouts, supplemental payments to employees, and salary increases for non-unit professional staff and as well as collective bargaining agreements for MCCC and AFSCME staff. Higher fringe benefit and payroll tax rates in FY24 also contributes to the increased expense. In FY23 costs increased by $2,605,288. This increase is due to hiring to backfill vacancies, payouts due to retirements as well as an increase in software implementations and expenditures. In FY22 costs decreased by $2,562,568. This was principally due to favorable OPEB and Pension provisions, reducing our expenses and liabilities.

- ***Scholarships*** (payments directly to students) in the current year increased by $402,636. This increase was primarily due to instituting the Mass Reconnect program. In FY23, scholarships decreased $8,037,788. This decrease was principally due to federal Higher Education Emergency Relief Fund payments to students of ending in FY23. In FY22, there was an increase of $5,708,660. This was due to federal Higher Education Emergency Relief Fund payments to students of approximately $6.8 million.

- ***Operation and maintenance of plant*** increased by $127,494 in the current year. An increased cost of materials due to the radical upsurge in inflation is the primary reason for the difference. In FY23 expenses decreased by $88,653. This is due to a reduction in supply purchases. In FY22 this category increased $632,605 due to an increase in projects and maintenance. In FY21, this category decreased by $90,468, primarily due to an increase in cleaning supply and equipment purchases required to adhere to safety protocols related to the COVID 19 pandemic partially offset by lower $395,228 compensation and utility costs.

- ***Institutional support*** increased by $2,106,207 in the current year. The increase in the current year was due to and salary increases for non-unit professional staff and as well as collective bargaining agreements for MCCC and AFSCME staff. In FY23 this category increased by $65,755. The increase in FY23 is primarily due to temporary staffing and consulting costs in an effort to automate and streamline various processes. In FY22 this category increased by $1,454,007 due to increased consulting fees, unfilled positions as well as increased costs of supplies and services due to inflation. Additionally, the College invested in several process improvements which automated previously manual procedures. Increased spending in response to COVID mitigation efforts and technology purchases also contributed to the increase.

  Expenditure classifications are defined below:

- ***Instruction***—costs directly related to the classroom, i.e., faculty salaries, instructional supplies, and equipment.

- ***Academic support***—academic computing, library, academic administration.

- ***Student services***—Admissions, Registrar, and Financial Aid offices, as well as counseling, tutoring, interpreters and athletics.

- ***Scholarships***—all student aid including federal, state, and private grants, i.e., Pell, S.E.O.G., Mass State Cash Grants and Mass State Scholarship which was not used to pay tuition and fees.

- ***Public services***—includes funds expended for activities established primarily to provide non-instructional service programs to individuals and groups external to the institution.

- ***Operation and maintenance of plant***—all costs of operating and direct maintenance of the physical plant and grounds.

- ***Institutional support***—President's office, business operations, development office, and all other administrative functions including campus police.

- ***Auxiliary***—Bookstore. Because dining services is operated by a private contractor, any expenses related to this activity are categorized under Institutional Support.

Non-operating Revenues and Expenses

For non-operating revenues and expenses, the Commonwealth's unrestricted appropriation increased by $5,451,779 or 17% in FY24, $854,734 or 3% in FY23, and increased $1,248,207 or 4% in FY22. The unrestricted state appropriation is the primary funding provided by the Commonwealth to support the operation of the College.

In FY24, the College utilized $1,174,200 of Higher Education Emergency Relief Funds (HEERF). In FY23, the College utilized $3,380,277 of HEERF. In FY22, the College utilized $13,382,892, of which $6,958,678 was student aid.

In FY24, the total interest expense was $299,850. In FY23, the total interest expense was $405,046 compared to prior year $318,948 due to the implementation of GASB 96 in FY23 recognizing the imputed costs of software commitments being recognized as a capital lease.

An investment gain of $2,153,315 was recorded in FY24, $1,458,437 was recorded in FY23; in FY22 investment losses amounted to $1,897,73.

Loss from Operations

Due to the nature of public higher education, institutions incur a loss from operations. The Commonwealth's Board of Higher Education sets tuition. The College sets fees and other charges. Commonwealth appropriations to the College make up the loss from operations not covered by tuition and fees. The College, with the purpose of balancing educational and operational needs with tuition and fee revenue, approves budgets to adequately manage the operation of the institution taking into consideration such issues as physical plant maintenance, delivery of instruction and student services, long range plans, and enrollment growth.

The following schedule presents the College's incurred losses from operations for the fiscal years ended June 30, 2024, 2023, and 2022 before pension and OPEB adjustment:

		Year ended June 30		
		2024	**2023**	**2022**
Tuition and fee revenue	$	8,576,396	9,421,228	9,851,544
Other revenue		24,693,729	18,784,917	16,444,350
Operational expenses		(72,085,829)	(64,486,532)	(69,416,569)
Operating loss		(38,815,704)	(36,280,387)	(43,120,675)
Commonwealth direct appropriations, fringe benefits for employees on the Commonwealth's payroll, net of remitted tuition to the Commonwealth		39,878,110	34,518,933	32,901,081
Federal Grants		1,174,200	3,380,277	13,382,892
Other non-operating revenues, net		1,853,465	1,053,391	(2,160,308)
Net change before capital appropriations	$	4,090,071	2,672,214	1,002,990

Capital Assets and Debts of the College

Capital Assets

The College's investment in capital assets as of June 30, 2024, 2023, and 2022 amounts to $82,593,225, $80,105,686 and $72,536,837, respectively, net of accumulated depreciation. This investment in capital assets includes land, buildings (including improvements), furnishings, and equipment (including the cost of capital leases). Capital assets increased by $2,487,539 in FY24, $7,568,849 in FY23, and decreased by $1,097,569 in FY22 or 1.4%.

The College used operating funds and proceeds from bond financing to invest in capital projects that enhance student services and learning.

In FY 2024 the College completed the following capital projects: Library Renovation, Hyflex Room, Door Access Control, Grounds Cameras, Frost Donahue Renovation and purchased Ford Transit 15 passenger vans and a hybrid utility vehicle for the Campus Police Station.

In FY 2023 the College completed the following capital projects: Police Station, Synthetic Floor Facelift, Library Roof, Visual Arts Lab, Restrooms Upgrade, SAMP Room, Steam Line and Underground Utilities, Bartley Center Roof and the purchase of a Food Truck.

In FY 2022, the College completed the following capital projects: Stair Railing, improved network infrastructure, renovated the second floor of the Frost Building, purchased medical simulators, purchased several computers, repaired steam line infrastructure, and installed a solar charging station for electric vehicles. In FY 2021, the College substantially completed replacement of the Bartley Athletic Center roof and HVAC system at a cost of $2.3 million. The following building improvements were done in FY21: $1.0 million to replace steam lines and the main switch gear, and renovations in the Frost-Donohue-Fine Arts buildings totaling $1.3 million that included a new dog kennel.

The College received a $3,800,000 grant from Massachusetts Center for Life Sciences to renovate 13,000 square feet of space in the Marieb building to create a Center for Life Sciences. The Center for Life Sciences is a $4,550,000 project that included the only clean room in Western Massachusetts to support training for students, faculty, and industry partners. The schematic design of the project began during the summer of 2015, construction started in the third calendar quarter of 2017 with occupancy in fall 2018.

In August of 2015, Governor Baker announced that the state would fund $2,500,000 for the design phase of improvements to the Campus Center. Additional funds of approximately $8,500,000 were approved in March of 2016 to move the project forward. The construction will include new exterior sheathing, new windows and doors, and new mechanical and electrical systems. Once the campus center is completed it will house the College store, admissions, student activities, testing and advising services, and expanded cafeteria seating and food service area. This overall $43,500,000 project began during summer of 2017, and was substantially completed in July of 2019, with operations beginning in the fall semester of 2019. In FY 2021, $456,126 was expended on open items not completed at opening.

The Massachusetts Department of Capital Maintenance & Management (DCAMM) and Holyoke Community College are collaborating on an Accelerated Energy Program for the campus. The total cost of the project is approximately $6.7 million. Holyoke Community College has pledged to reimburse DCAMM $3.0 million of the total project cost over the next 20 years with the funds realized from energy cost savings. The project includes a new energy management system and new mechanical equipment including digital variable air volume controllers, pump motors, and related controls. The project also includes LED lighting upgrades, and a hybrid solar voltaic/hot water system.

All capital asset purchases are budgeted in the College's annual spending plan, which is approved by the board of trustees. Additional information about the College's capital assets can be found in note 5 on page 40 of this report.

Long-Term Liabilities

In preparation for the acquisition and renovation of the new Center for Health Education, the College borrowed $7 million in October 2012 through the Massachusetts Development Finance Agency (MDFA). The bonds will be paid over a twenty-year period.

The College retired in FY13 the 2003 Series Bond balance of $3,600,000 with the proceeds from the 2012 MDFA Revenue Bonds. The College carries debt balances of $6,170,000 for the 2012 series MDFA Revenue Bond, $2,769,388 for a Commonwealth of MA energy improvement loan and $3,669,073 for compensated absences and workers compensation. The accrual for compensated absences consists of the long-term portion of sick and vacation pay relating to employees on the College's payroll.

In FY20, the College began paying off the $3.0 million energy improvements loan from the Commonwealth with a 20 year term at 3.0% interest.

Economic Factors and Next Year's Tuition and Student Fee Rates

The Governor and Legislature continue to strive to support public higher education in Massachusetts by increasing funding to the College's non-capital appropriation by $5,359,177 and providing capital appropriations totaling $5,152,519. In FY24, the state made a major commitment to community colleges making HCC free for students over 25 years of age with the Mass Reconnect program. In the current year, HCC received $1.3 million in Mass Reconnect funds. In FY25 the state expanded free community college to all students with the MassEducate program, allocating an additional $1.9 million to HCC. Tuition and Fees per credit hour in FY24 increased $10, FY23 increased $8 and remained flat in FY22 in order to balance the budget. The College continues to be conservative in hiring only personnel essential to support students, purchase only necessary supplies, and improve processes to reduce costs. The College continues to investigate new ways to meet capital funding demands. In FY25, the Board increased the educational service fee by $9 per credit hour. In FY24, the Board increased the educational service fee by $10 per credit hour which maintains the College's mid to lower position among Massachusetts community colleges. For FY22, the Board did not increase the Educational Service Fee. The College will continue to strive to make educational opportunities affordable to all who seek them while simultaneously working to raise sufficient revenues to support the mission of the institution.

Requests for Information

This financial report is designed to provide a general overview of the College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Vice President for Administration and Finance, Holyoke Community College, 303 Homestead Avenue, Holyoke, Massachusetts 01040.

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

Statements of Net Position

June 30,

Assets and Deferred Outflows of Resources

	2024	2023
Assets:		
Current Assets:		
Cash and equivalents	**$ 9,641,977**	$ 6,402,366
Cash held by State Treasurer	**1,609,992**	3,016,715
Cash held by DCAMM	**1,600,000**	300,000
Accounts receivable, net	**9,279,116**	7,817,262
Due from Foundation	**360,277**	39,475
Prepaid expenses	**332,546**	353,472
Other assets	**27,577**	-
Total Current Assets	**22,851,485**	17,929,290
Non-Current Assets:		
Long-term investments	**15,591,509**	13,835,659
Capital assets, net of accumulated depreciation	**91,300,505**	90,100,379
Total Non-Current Assets	**106,892,014**	103,936,038
Deferred Outflows of Resources:		
Pension related, net	**1,507,429**	559,521
OPEB related, net	**1,029,065**	981,056
Total Deferred Outflows of Resources	**2,536,494**	1,540,577
Total Assets and Deferred Outflows of Resources	**$ 132,279,993**	$ 123,405,905

See accompanying notes to the financial statements.

Liabilities, Deferred Inflows of Resources and Net Position

	2024	2023
Liabilities:		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 2,192,364**	$ 4,566,127
Accrued payroll	**3,128,560**	2,617,174
Compensated absences and other	**2,830,139**	2,443,240
Accrued interest payable	**108,050**	127,813
Student deposits and unearned revenues	**2,882,280**	1,964,782
Current portion of lease liability	**314,808**	293,933
Current portion of SBITA liability	**461,632**	420,965
Current portion of note payable	**129,244**	125,480
Current portion of bond payable	**515,000**	515,000
Total Current Liabilities	**12,562,077**	13,074,514
Non-Current Liabilities:		
Compensated absences and other	**1,614,618**	1,651,028
Lease liability, net of current portion	**579,555**	894,363
SBITA liability, net of current portion	**312,480**	706,147
Long-term portion of note payable	**2,274,561**	2,403,805
Long-term portion of bond payable	**4,120,000**	4,635,000
Net pension liability	**3,752,237**	2,703,535
Net OPEB liability	**3,990,813**	3,402,374
Total Non-Current Liabilities	**16,644,264**	16,396,252
Total Liabilities	**29,206,341**	29,470,766
Deferred Inflows of Resources:		
Voluntary non-exchange transaction	**6,000,000**	1,000,000
Pension related, net	**2,344,342**	3,875,102
OPEB related, net	**7,190,143**	10,763,460
Total Deferred Inflows of Resources	**15,534,485**	15,638,562
Net Position:		
Net investment in capital assets	**82,593,225**	80,105,686
Restricted:		
Expendable	**4,573,685**	3,695,582
Unrestricted	**372,257**	(5,504,691)
Total Net Position	**87,539,167**	78,296,577
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 132,279,993**	$ 123,405,905

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

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,

	2024	2023
Operating Revenues:		
Tuition and fees	**$ 18,933,872**	$ 16,691,644
Less: scholarship allowances	**(10,357,476)**	(7,270,416)
Net student fees	**8,576,396**	9,421,228
Federal, State, local and private grants and contracts	**24,259,941**	18,171,603
Auxiliary enterprises	**769**	35,249
Other operating revenues	**433,019**	578,063
Total Operating Revenues	**33,270,125**	28,206,143
Operating Expenses:		
Instruction	**25,803,024**	23,039,203
Academic support	**4,220,480**	3,369,133
Student services	**12,512,275**	11,187,794
Scholarships	**4,285,438**	3,967,522
Operation and maintenance of plant	**5,098,304**	4,970,810
Institutional support	**14,114,167**	11,923,240
Depreciation and amortization	**5,988,657**	5,991,074
Auxiliary enterprises	**63,484**	37,756
Total Operating Expenses	**72,085,829**	64,486,532
Net Operating Loss	**(38,815,704)**	(36,280,389)
Non-Operating Revenues (Expenses):		
Federal grants	**1,174,200**	3,380,277
State appropriations - unrestricted	**38,400,422**	32,948,643
State appropriations - restricted	**1,477,688**	1,570,290
Net investment income	**2,153,315**	1,458,437
Interest expense	**(299,850)**	(405,046)
Net Non-Operating Revenues	**42,905,775**	38,952,601
Change in Net Position Before Capital Appropriations	**4,090,071**	2,672,212
Capital appropriations	**5,152,519**	10,556,497
Total Change in Net Position	**9,242,590**	13,228,709
Net Position, Beginning of Year	**78,296,577**	65,067,868
Net Position, End of Year	**$ 87,539,167**	$ 78,296,577

See accompanying notes to the financial statements.

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

Statements of Cash Flows

For the Years Ended June 30,

	2024	2023
Cash Flows from Operating Activities:		
Tuition and fees	**$ 7,084,522**	$ 8,789,548
Grants and contracts	**30,661,042**	19,229,056
Payments to suppliers	**(15,733,199)**	(12,295,057)
Payments to employees	**(40,882,559)**	(35,292,821)
Payments to students	**(4,285,438)**	(3,967,562)
Other cash receipts	**360,935**	1,066,419
Net Cash Applied to Operating Activities	**(22,794,697)**	(22,470,417)
Cash Flows from Non-Capital Financing Activities:		
Federal grants	**445,091**	6,224,006
State appropriations	**29,003,030**	25,970,157
Tuition remitted to the State	**(274,711)**	(366,034)
Net Cash Provided by Non-Capital Financing Activities	**29,173,410**	31,828,129
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	**(1,933,575)**	(1,478,427)
Principal paid on bond payable	**(515,000)**	(515,000)
Principal paid on note payable	**(125,480)**	(121,826)
Principal payments on lease liability	**(293,933)**	(274,119)
Principal payments on SBITA liability	**(455,689)**	(614,054)
Interest on debt	**(319,613)**	(345,155)
Net Cash Applied to Capital and Related Financing Activities	**(3,643,290)**	(3,348,581)
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	**11,278,115**	493,097
Purchases of investments	**(11,638,605)**	(667,869)
Investment income	**757,955**	130,577
Net Cash Provided by (Applied to) Investing Activities	**397,465**	(44,195)
Net Increase in Cash and Equivalents	**3,132,888**	5,964,936
Cash and Equivalents, Beginning of Year	**9,719,081**	3,754,145
Cash and Equivalents, End of Year	**$ 12,851,969**	$ 9,719,081

HOLYOKE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued

For the Years Ended June 30,

	2024	2023
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	**$ (38,815,704)**	$ (36,280,389)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation and amortization	**5,988,657**	5,991,074
Fringe benefits provided by the State	**11,149,791**	8,914,810
Net pension activity	**(1,429,966)**	(1,573,674)
Net OPEB activity	**(3,032,887)**	(2,748,679)
Bad debts	**225,070**	238,103
Changes in assets and liabilities:		
Accounts receivable, net	**(957,815)**	(1,054,567)
Due from Foundation	**(320,802)**	299,544
Prepaid expenses	**20,926**	(20,095)
Other assets	**(27,577)**	-
Accounts payable and accrued liabilities	**(2,373,763)**	2,072,239
Accrued payroll	**861,875**	295,417
Voluntary non-exchange transaction	**5,000,000**	1,000,000
Students' deposits and unearned revenues	**917,498**	395,800
Net Cash Applied to Operating Activities	**$ (22,794,697)**	$ (22,470,417)
Reconciliation Cash and Equivalents to the Statements of Net Position, End of Year		
Cash and equivalents	**$ 9,641,977**	$ 6,402,366
Cash held by State Treasurer	**1,609,992**	3,016,715
Cash held by DCAMM	**1,600,000**	300,000
Total Cash and Equivalents	**$ 12,851,969**	$ 9,719,081
Non-Cash Transactions:		
Fringe benefits provided by the State	**$ 11,149,791**	$ 8,914,810
Capital appropriation	**$ 5,152,519**	$ 10,556,497
SBITA additions	**$ 102,689**	$ 930,444

See accompanying notes to the financial statements.

HOLYOKE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statements of Net Assets (Component Unit)

June 30,

Assets

		2024		2023
Current Assets:				
Cash and equivalents	**$**	**184,856**	$	478,924
Prepaid expenses		**49,701**		58,595
Contributions receivable - within one year		**4,004,500**		3,050,760
Total Current Assets		**4,239,057**		3,588,279
Non-Current Assets:				
Contributions receivable - after one year		**-**		3,809,524
Investments		**18,269,433**		17,086,361
Capital assets, net		**2,313,755**		2,894,013
Operating lease right-of-use asset		**757,868**		1,016,858
Total Non-Current Assets		**21,341,056**		24,806,756
Total Assets	**$**	**25,580,113**	$	28,395,035

Liabilities and Net Assets

		2024		2023
Current Liabilities:				
Accounts payable	**$**	**360,277**	$	39,475
Operating lease liability- due within one year		**273,605**		251,599
Total Current Liabilities		**633,882**		291,074
Non-Current Liabilities:				
Deferred lease revenue		**611,570**		786,924
Operating lease liability- due after one year		**507,676**		781,281
Total Current Liabilities		**1,119,246**		1,568,205
Total Liabilities		**1,753,128**		1,859,279
Net Assets:				
Without donor restrictions:				
Undesignated		**2,305,749**		2,086,390
Board designated		**1,600,000**		1,600,000
With donor restrictions		**19,921,236**		22,849,366
Total Net Assets		**23,826,985**		26,535,756
Total Liabilities and Net Assets	**$**	**25,580,113**	$	28,395,035

See accompanying notes to the financial statements.

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

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

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains:			
Contributions	$ 756,552	$ 957,330	$ 1,713,882
Lease income	471,697	-	471,697
In-Kind contributions	114,219	-	114,219
Special events	-	-	-
Investment income - net	116,774	487,001	603,775
Realized and unrealized gain on investments	259,548	1,469,761	1,729,309
Net assets released from restrictions	5,842,222	(5,842,222)	-
Total Revenue, Support and Gains	7,561,012	(2,928,130)	4,632,882
Expenses:			
Program	2,098,629	-	2,098,629
Administration	214,509	-	214,509
Fundraising	28,515	-	28,515
Total Expenses	2,341,653	-	2,341,653
Change in Net Assets Before Other Changes	5,219,359	(2,928,130)	2,291,229
Payments to College for Life Science building	5,000,000	-	5,000,000
Change in Net Assets	219,359	(2,928,130)	(2,708,771)
Net Assets, Beginning of Year	3,686,390	22,849,366	26,535,756
Net Assets, End of Year	$ 3,905,749	$ 19,921,236	$ 23,826,985

See accompanying notes to the financial statements.

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

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

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains:			
Contributions	$ 791,830	$ 7,725,908	$ 8,517,738
Lease income	471,697	-	471,697
In-Kind contributions	108,426	-	108,426
Special events	30,796	-	30,796
Investment income - net	32,602	334,502	367,104
Realized and unrealized gain on investments	87,919	1,066,652	1,154,571
Net assets released from restrictions	1,200,380	(1,200,380)	-
Total Revenue, Support and Gains	2,723,650	7,926,682	10,650,332
Expenses:			
Program	1,457,466	-	1,457,466
Administration	266,848	-	266,848
Fundraising	59,750	-	59,750
Total Expenses	1,784,064	-	1,784,064
Change in Net Assets Before Other Changes	939,586	7,926,682	8,866,268
Payments to College for Life Science building	1,000,000	-	1,000,000
Write-off of uncollectible pledges receivable	12,175	-	12,175
Total Other Changes	1,012,175	-	1,012,175
Change in Net Assets	(72,589)	7,926,682	7,854,093
Net Assets, Beginning of Year	3,758,979	14,922,684	18,681,663
Net Assets, End of Year	$ 3,686,390	$ 22,849,366	$ 26,535,756

See accompanying notes to the financial statements.

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

Organization

Holyoke Community College (the “College”) is a state-supported comprehensive community college that offers a quality education leading to associate degrees in the arts and sciences, as well as one-year certificate programs. With its main campus located in Holyoke, Massachusetts, along with other satellite campuses, the College provides instruction and training in a variety of liberal arts, allied health, engineering technologies, and business fields of study. The College also offers evening, weekend, and web-based credit and noncredit courses, as well as community service programs.

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

COVID-19

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

The student aid award is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to coronavirus. The institutional award and the MSI can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. The College was granted an additional extension by the Department of Education to spend on the remaining student and institutional awards. The extended deadline to spend the funds was June 30, 2024.

The College has been awarded the following HEERF and MSI funds as of June 30, 2024:

	Student Aid Award	Institutional Award	Minority Serving Institutions	Total
CARES	$ 1,842,695	$ 1,842,695	$ 637,701	$ 4,323,091
CRRSAA	1,842,695	5,804,975	-	7,647,670
ARPA	6,809,629	6,427,224	689,119	13,925,972
Total	$ 10,495,019	$ 14,074,894	$ 1,326,820	$ 25,896,733

The College has recognized the following HEERF and MSI funds as non-operating Federal grants for the years ended June 30,:

For the Year Ended June 30, 2024

	Student Aid Award	Institutional Award	Minority Serving Institutions	Total
CARES	$ -	$ -	$ -	$ -
CRRSAA	-	-	-	-
ARPA	83,522	985,559	105,119	1,174,200
Total	$ 83,522	$ 985,559	$ 105,119	$ 1,174,200

For the Year Ended June 30, 2023

	Student Aid Award	Institutional Award	Minority Serving Institutions	Total
CARES	$ -	$ -	$ 885,012	$ 885,012
CRRSAA	-	-	-	-
ARPA	4,200	2,491,065	-	2,495,265
Total	$ 4,200	$ 2,491,065	$ 885,012	$ 3,380,277

As of June 30, 2024, the College had $128 in unspent Minority Serving Institutions ("MSI") funds.

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

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

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

The College's policy is to define operating activities in the statements of revenues, expenses and changes in net position as those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities, including the College's operating and capital appropriations from the Commonwealth of Massachusetts, net investment income, gifts, and interest expense.

The Foundation is a legally separate tax-exempt organization. The Foundation was formed in 1972 to render financial assistance and support to the educational programs and development of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. The Foundation is considered a component unit of the College because of the nature and significance of its relationship with the College as of June 30, 2024 and is therefore discretely presented in the College's financial statements.

The Foundation is a private not-for-profit organization that reports in accordance with standards of the Financial Accounting Standards Board ("FASB"), including ASC 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, certain revenue recognition and lease criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Complete financial statements can be obtained from the Foundation's administrative offices in Holyoke, Massachusetts.

Separate statements of financial position and activities are presented in this report for the College's discretely presented component unit. The financial statements for the Foundation are presented in accordance with FASB.

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

Cash and Equivalents
The College has defined cash and equivalents to include cash on hand, demand deposits, and cash and deposits held by State agencies on behalf of the College.

Cash Held by State Treasurer
Deposits held represent funds accessible by the College held by the Commonwealth of Massachusetts (the "Commonwealth") for payments on payroll.

Cash held by DCAMM
Cash held by the Massachusetts Division of Capital Asset Management and Maintenance for specific projects.

Investments
Investments in marketable securities are stated at fair value.

Dividends, interest and net gains or losses on investments of endowments and similar funds are reported in the statements of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

A) as increases in restricted – nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

B) as increases in temporarily restricted – expendable net position if the terms of the gift or the College's interpretation of relevant State law impose restrictions on the current use of the income or net gains. The College has relied upon the Attorney General's interpretation of State law that unappropriated endowment gains should generally be classified as restricted - expendable; and

C) as increases in unrestricted net position in all other cases.

Allowance for Doubtful Accounts
Accounts and pledges receivable are periodically evaluated for collectability. Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral and current economic conditions.

Capital Assets
Real estate assets, including improvements, are generally stated at cost. Furnishings, equipment, and collection items are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the State's capitalization policy, only those items with a unit cost of more than $50,000 are capitalized. Library materials are generally capitalized and amortized over a five-year period. Interest costs on debt related to capital assets are expensed during the construction period. College capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. Leased and subscription-based information technology arrangement assets are amortized over the shorter of the lease/ subscription term or useful life of the underlying asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Compensated Absences
Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, each year. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the College accrues sick leave to a level representing 20% of amounts earned by those College employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance. Funding of these amounts is anticipated to be part of the future annual appropriation process from the Commonwealth of Massachusetts.

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

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

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

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

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

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

The College has adopted a policy of generally utilizing restricted – expendable funds, when available, prior to unrestricted funds.

Student Deposits and Unearned Revenue
Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are unearned and recorded as revenues when earned. Funds received in advance from various grants and contracts are unearned.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("MSERS") and the additions to/deductions from MSERS' fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions ("OPEB")
For purposes of measuring the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust ("SRBT") and additions to/deductions from SRBT's fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fringe Benefits
The College participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, workers' compensation, and certain post-employment benefits. Health insurance, unemployment, and pension costs are billed through a fringe benefit rate charged to the College. The Commonwealth provides workers' compensation coverage to its employers on a self-insured basis.

Workers' Compensation
The Commonwealth requires the College to record its portion of the workers' compensation in its records. Workers' compensation costs are actuarially determined based on the College's actual experience.

Income Tax Status

The College is an agency of the Commonwealth and therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code. The Foundation is also exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. The College's significant estimates include estimating an allowance for doubtful accounts, depreciation, lease and SBITA discount rate, the accrual for employee compensated absences, the accrual for workers' compensation liability, and determining the net pension and OPEB liabilities.

Future Governmental Accounting Pronouncements

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

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

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

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

Implementation of Newly Effective Accounting Standard

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

Note 2 - Cash and Equivalents and Investments

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

Deposits and investments	2024	2023
Cash on deposit	**$ 9,535,814**	$ 6,296,325
Money market funds	**106,163**	106,041
Total deposits	**9,641,977**	6,402,366
Debt securities	**5,699,920**	3,629,726
Equity investments	**9,891,589**	10,205,933
Total investments	**15,591,509**	13,835,659
Total deposits and investments	**$ 25,233,486**	$ 20,238,025

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the College would not be able to recover its deposits that are in the possession of the outside parties. The College's policy is to mitigate as much custodial credit risk associated with its cash assets as possible. The College deposits funds with a banking institution that obtained specific depository insurance to mitigate the College's credit risk associated with funds deposited in excess of federally insured levels.

Deposits in the bank in excess of the insured amount are uninsured and uncollateralized. At June 30, 2024 and 2023, the carrying amount of the College's deposits was $9,641,977 and $6,402,366, respectively, and the bank balance of the College's deposits was $5,561,016 and $7,284,851, respectively, of which $320,230 and $36,204, respectively was exposed to custodial credit risk as uninsured and uncollateralized.

Concentration of Credit Risk

The College places no limit on the amount it may invest in any one issuer. The following investments represent more than five percent of the College's investments as of June 30,:

	2024	2023
Common Fund:		
Multi-Strategy Bond Fund	**0.0%**	26.2%
Core Equity Fund	**0.0%**	21.4%
Multi-Strategy Equity Fund	**0.0%**	28.4%
Corient (Formerly Eaton Vance):		
Equities	**32.6%**	22.2%
Fixed Income	**24.9%**	22.2%
PFM:		
Mutual Funds - Bonds	**10.7%**	0.0%
Equity Fund	**8.8%**	0.0%
ETFs	**11.8%**	0.0%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting the College's exposure to interest rate risk, the College diversifies its investments by security type and limits holdings in any one type of investment with any one issuer. The College coordinates its investment maturities to closely match cash flow needs.

Investment Policy

In accordance with Chapter 15A of the Massachusetts General Laws, the College's Board of Trustees has adopted an investment policy that applies to locally held funds that are not appropriated by the state legislature or derived from federal allocations. The principal objectives of the investment policy are: (1) preservation of capital and safety of principal, (2) minimizing price volatility, (3) liquidity, (4) return on investment, and (5) diversification. The Board of Trustees will support the investment of trust funds in a variety of domestic and international vehicles, including bank instruments, equities, bonds, government and commercial paper of high quality, and mutual funds holding any or all of the above. The Board of Trustees will, from time to time, establish investment fund ceilings and broad asset allocation guidelines, and delegates to the President of the College or his designee the authority to determine the exact dollar amounts to be invested within those established limits and guidelines.

The following is the quality ratings for the College's debt investments as of June 30,:

2024

Debt investments	Fair Value	AAA	AA/AA-	A/A-	BBB-+&-	Unrated
		Quality ratings				
PFM:						
Mutual Funds - Bonds	$ 1,602,769	$ -	$ -	$ 1,602,769	$ -	$ -
ETFs - Bonds	$ 397,448	$ -	$ -	$ 397,448	$ -	$ -
Corient (Formerly Eaton Vance):						
Fixed Income	$ 3,699,703	$ -	$ -	$ 3,699,703	$ -	$ -
Total	$ 5,699,920	$ -	$ -	$ 5,699,920	$ -	$ -

2023

Debt investments	Fair Value	AAA	AA/AA-	A/A-	BBB-+&-	Unrated
		Quality ratings				
Common Fund:						
Multi-Strategy Bond Fund	$ 3,629,726	$ -	$ -	$ 3,629,726	$ -	$ -

Maturities of Debt Securities

The following is the investment maturities for the College's fixed income investments as of June 30,:

2024

Investment type	Fair value	Less than 1	1 to 5	6 to 10
		Investment maturities (in years)		
Debt securities				
PFM:				
Mutual Funds - Bonds	$ 1,602,769			$ 1,602,769
ETFs - Bonds	397,448	-	-	397,448
Corient (Formerly Eaton Vance):				
Fixed Income	3,699,703	-	-	3,699,703
Debt	5,699,920			
Other Investments				
Equity Investments				
PFM:				
Equity Fund	1,310,287			
ETFs	1,750,535			
Other	151,373			
	3,212,195			
Corient (Formerly Eaton Vance):				
Equities	4,829,627			
ETFs	642,367			
Mutual Funds	1,207,400			
	6,679,394			
Equities	9,891,589			
Total	$ 15,591,509			

2023

Investment type	Fair value	Investment maturities (in years) Less than 1	1 to 5	6 to 10
Debt securities				
Common Fund:				
Multi-Strategy Bond Fund	$ 3,629,726	$ -	$ -	$ 3,629,726
Other Investments				
Equity Investments				
Common Fund:				
Core Equity Fund	2,957,310			
Multi-Strategy Equity Fund	3,923,548			
Equities	3,325,075			
	10,205,933			
Total	$ 13,835,659			

Fair Value Hierarchy

The College's investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below.

Level 1 - Observable market prices (unadjusted) in active markets for identical assets or liabilities that the College can access at measurement date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by observable market data.

Mutual funds, exchange traded funds (ETFs), equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income: Consisted of US Treasury obligations and corporate bonds which are valued at market price quotations.

At June 30, 2024 and 2023, all investments are categorized in Level 1 of the fair value hierarchy except fixed income which is Level 2.

Investments of the Foundation

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

	Fair Value at June 30, 2024	Fair Value at June 30, 2023
Eaton Vance Trust Company:		
Money Market Fund	**$ 139,164**	$ 836,906
Exchange Traded Funds	**2,231,764**	-
Fixed Income	**4,155,820**	5,210,207
Equities	**9,586,594**	9,873,439
Mutual Funds	**2,150,923**	-
Other Assets	**5,168**	-
Foreign Assets	**-**	1,165,809
Total	**$ 18,269,433**	$ 17,086,361

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

Note 3 - **Cash Held by State Treasurer**

Accounts payable and accrued salaries to be funded from state-appropriated funds totaled $1,609,992 and $3,016,715 at June 30, 2024 and 2023, respectively. The College has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently utilized to pay for such liabilities.

Note 4 - Accounts Receivable

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

	2024	2023
Student accounts receivable	**$ 6,679,889**	$ 4,962,945
Grants receivable	**2,651,713**	2,703,666
State receivables	**2,156,476**	1,860,025
Other receivables	**300,176**	574,694
Less: allowance for doubtful accounts	**(2,509,138)**	(2,284,068)
	$ 9,279,116	$ 7,817,262

Note 5 - Capital Assets

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

2024

	Estimated lives (in years)	Beginning Balance	Additions	Reclassification	Ending Balance
Capital assets not depreciated:					
Land		$ 264,421	$ -	$ -	$ 264,421
Construction in progress		13,484,368	6,757,852	(2,615,218)	17,627,002
Total not depreciated		13,748,789	6,757,852	(2,615,218)	17,891,423
Capital assets depreciated:					
Buildings, including improvements	20-40	142,833,926	22,875	2,615,218	145,472,019
Furnishings and equipment (including cost of capital leases)	3-10	13,990,293	305,367	-	14,295,660
Books	5	1,216,331	-	-	1,216,331
Software arrangements	5	1,741,166	102,689	-	1,843,855
Leased classroom space	10	2,676,642	-	-	2,676,642
Leased equipment	5	178,553	-	-	178,553
Total depreciated		162,636,911	430,931	2,615,218	165,683,060
Less: accumulated depreciation and amortization					
Building, including improvements		(70,500,154)	(4,664,171)	-	(75,164,325)
Furnishings and equipment		(13,191,135)	(299,428)	-	(13,490,563)
Books		(1,216,331)	-	-	(1,216,331)
Software arrangements		(391,343)	(516,999)	-	(908,342)
Leased classroom space		(944,695)	(472,348)	-	(1,417,043)
Leased equipment		(41,663)	(35,711)	-	(77,374)
Total accumulated depreciation and amortization		(86,285,321)	(5,988,657)	-	(92,273,978)
Capital assets, net		$ 90,100,379	$ 1,200,126	$ -	$ 91,300,505

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

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

2023					
	Estimated lives (in years)	Beginning Balance	Additions	Reclassification	Ending Balance
Capital assets not depreciated:					
Land		$ 264,421	$ -	$ -	$ 264,421
Construction in progress		7,920,025	11,323,879	(5,759,536)	13,484,368
Total not depreciated		8,184,446	11,323,879	(5,759,536)	13,748,789
Capital assets depreciated:					
Buildings, including improvements	20-40	136,550,269	524,121	5,759,536	142,833,926
Furnishings and equipment (including cost of capital leases)	3-10	13,803,369	186,924	-	13,990,293
Books	5	1,216,331	-	-	1,216,331
Software arrangements	5	810,722	930,444	-	1,741,166
Leased classroom space	10	2,676,642	-	-	2,676,642
Leased equipment	5	178,553	-	-	178,553
Total depreciated		155,235,886	1,641,489	5,759,536	162,636,911
Less: accumulated depreciation					
Building, including improvements		(65,924,289)	(4,575,865)	-	(70,500,154)
Furnishings and equipment		(12,675,329)	(515,806)	-	(13,191,135)
Books		(1,216,331)	-	-	(1,216,331)
		-	(391,343)	-	(391,343)
Leased classroom space		(472,346)	(472,349)	-	(944,695)
Leased equipment		(5,952)	(35,711)	-	(41,663)
Total accumulated depreciation		(80,294,247)	(5,991,074)	-	(86,285,321)
Capital assets, net		$ 83,126,085	$ 6,974,294	$ -	$ 90,100,379

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

Notes to the Financial Statements - Continued

June 30, 2024 and 2023

Note 6 - **Long-Term Liabilities**

Long-term liabilities consist of the following at June 30,:

2024

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Lease, Bonds, and Notes Payable:						
Notes payable	$ 2,529,285	$ -	$ (125,480)	$ 2,403,805	$ 129,244	$ 2,274,561
Bonds payable	5,150,000	-	(515,000)	4,635,000	515,000	4,120,000
Lease liability	1,188,296	-	(293,933)	894,363	314,808	579,555
SBITAs liability	1,127,112	102,689	(455,689)	774,112	461,632	312,480
Total lease, bonds and notes payal	9,994,693	102,689	(1,390,102)	8,707,280	1,420,684	7,286,596
Liabilities for compensated absences and other:						
Accrued sick and vacation	3,669,074	381,765	-	4,050,839	2,781,164	1,269,675
Workers' compensation	425,194	-	(31,276)	393,918	48,975	344,943
Net pension liability	2,703,535	1,048,702	-	3,752,237	-	3,752,237
Net OPEB liability	3,402,374	-	588,439	3,990,813	-	3,990,813
Total liabilities	10,200,177	1,430,467	557,163	12,187,807	2,830,139	9,357,668
Total long-term liabilities	$20,194,870	$ 1,533,156	$ (832,939)	$20,895,087	$ 4,250,823	$16,644,264

2023

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Lease, Bonds, and Notes Payable:						
Notes payable	$ 2,651,111	$ -	$ (121,826)	$ 2,529,285	$ 125,480	$ 2,403,805
Bonds payable	5,665,000	-	(515,000)	5,150,000	515,000	4,635,000
Lease liability	1,462,415	-	(274,119)	1,188,296	293,933	894,363
SBITAs liability	810,722	930,444	(614,054)	1,127,112	420,965	706,147
Total lease, bonds and notes payable	10,589,248	930,444	(1,524,999)	9,994,693	1,355,378	8,639,315
Liabilities for compensated absences and other:						
Accrued sick and vacation	3,563,321	105,753	-	3,669,074	2,393,291	1,275,783
Workers' compensation	376,493	48,701	-	425,194	49,949	375,245
Net pension liability	2,365,138	338,397	-	2,703,535	-	2,703,535
Net OPEB liability	4,152,651	-	(750,277)	3,402,374	-	3,402,374
Total liabilities	10,457,603	492,851	(750,277)	10,200,177	2,443,240	7,756,937
Total long-term liabilities	$ 21,046,851	$ 1,423,295	$ (2,275,276)	$ 20,194,870	$ 3,798,618	$ 16,396,252

Bonds Payable
In October 2012, the College borrowed $10,300,000 in a bond issue (Series 2012) through the Massachusetts Development Finance Agency ("MDFA"). The bonds are payable annually commencing on November 1, 2013 through 2032 in principal repayment amounts of $515,000. Interest is payable semi-annually (November 1 and May 1) at a predetermined fixed rate of 3.08% through November 1, 2022, at which time a recalculation, based on the Federal Home Loan Bank Rate, will fix the rate for the remainder of the term of the bond. On November 1, 2022, the interest rate changed to 4.62%.

Note Payable
The College was involved with an Energy Equipment Design-Build Project on-site through the Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM"). The goal of the project was to make the facilities at the College more energy efficient, thus reducing utility expenses. The project was partially financed by Commonwealth General Obligation bond funds and utility incentives, with the balance being loaned to the College from the Clean Energy Investment Program ("CEIP") Fund. The total value of the project was $6,100,208, with the CEIP loan to the College totaling $2,995,707, at a fixed interest rate of 3.00%, to be repaid over 20 years after DCAMM closes the project. The College makes annual payments of $201,359.

As of June 30, 2024, principal and interest payments on the bond and loan payable for the next five years and in subsequent five-year periods are as follows:

Fiscal year ending June 30,:	Principal	Interest*
2025	$ 644,244	$ 208,880
2026	648,122	188,920
2027	652,115	168,844
2028	656,229	193,238
2029	660,466	164,548
2030-2034	2,855,467	404,777
2035-2039	922,162	84,630
	$ 7,038,805	$ 1,413,837

*Based on current 4.62% interest rate for the bond and 3.0% fixed interest rate for the note payable.

Note 7 - **Leases**

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

Description	Issue Date	Payment Terms	Payment Amount	Interest Rate	**2024 Lease Liability**	2023 Lease Liability
Classroom Space - 181 Appleton	3/1/2017	68 months	Varies	3.95%	**$ 789,230**	$ 1,048,774
Equipment - Copiers	5/1/2022	60 months	3,274	3.95%	**105,133**	139,522
					$ 894,363	$ 1,188,296

The College has a ten-year lease agreement with the Foundation to lease classroom space in downtown Holyoke. The agreement calls for monthly payments of approximately $100,000 for the first two years of the agreement before reducing to $22,000 per month with incremental increases at 3% each year thereafter. Due to the large payments at the beginning of the lease, the College had a prepaid rent of approximately $1.1M at the implementation of GASB 87 which was included with the right-to-use asset. No other payments are due other than the monthly payments.

In May 2022, the College entered into a five-year lease agreement for copier equipment. Payments of $3,274 are due monthly. The agreement contains no options to renew the lease or an option to purchase the equipment. No other payments are due other than the monthly payments.

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

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

Years Ending June 30,	Principal	Interest
2025	$ 314,808	$ 29,708
2026	336,794	16,879
2027	242,761	3,717
	$ 894,363	$ 50,304

At June 30, 2024 and 2023, the total amount of the lease right-of-use assets were $2,855,195. Total accumulated amortization at June 30, 2024 and 2023 was $1,494,417 and $986,358, respectively.

Leases - Foundation

The Foundation evaluated current contracts to determine which met the criteria of a lease. The Foundation has used its average investment rate of return to discount future lease payments. The discount rate applied to calculate the lease liability as of July 1, 2022 was 5%.

The Foundation leases space under non-cancelable operating leases for program space for the College. Total lease expense under the lease was $303,734 for both years ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, the weighted average remaining lease term for the Foundation's operating leases was approximately four year and three years, respectively. There were no noncash investing and financing transactions related to leasing.

The following reconciles the operating lease liability as presented on the statement of financial position to the undiscounted cash flows due under the lease for the years ending June 30,:

Years Ending June 30,	Principal
2025	$ 305,234
2026	314,391
2027	213,744
Total undiscounted cash flows	833,369
Present value of lease liability	(52,088)
Total lease liability	$ 781,281

The right-of-use asset and lease liability are as follows as of June 30,:

	2024	2023
Operating lease-right-of-use assets	**$ 757,868**	$ 1,016,858
Operating lease liabilities	**$ 781,281**	$ 1,032,880

Note 8 - Subscription-Based Information Technology Arrangements

The College has entered into subscription-based information technology arrangements (“SBITAs”) for various software products which were initiated in fiscal years ranging from June 30, 2021 to 2023. These agreements have expiration dates ranging from April 2024 to July 2027 and have annual payments ranging from $23,215 to $168,270. An incremental borrowing rate (“IBR”) of 5.375% was used to discount all SBITA arrangement payments to recognize the intangible right to use this asset and the associated SBITA liability. There were no payments for additional services not included in the annual SBITA payments. The College has no options to renew these agreements and there is no option to purchase the software products.

At June 30, 2024 and 2023, the total amount of the SBITA right-of-use assets was $1,843,855 and $1,741,166, respectively. Total accumulated amortization at June 30, 2024 and 2023 was $908,342 and $391,343, respectively.

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

Years Ending June 30,	Principal	Interest
2025	$ 461,632	$ 42,649
2026	182,608	17,216
2027	129,873	7,155
	$ 774,112	$ 67,020

Note 9 - Voluntary Non-exchange Transaction

In 2023, the College received a $10,000,000 grant from the Marieb Foundation and Holyoke Community College Foundation, to assist with the construction costs of the College’s new Marieb Center for Performing Arts. During the years ending June 30, 2024 and 2023, the College received advance payments of $5,000,000 and $1,000,000, respectively, none of which have been used and are currently held by the College or DCAMM for future use. As prescribed in GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*, since all eligibility requirements have been met apart from use on the construction of the facility, the funds are reported as deferred inflow of resources.

Note 10 - **Pension**

Defined Benefit Plan Description

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

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

Benefit Provisions

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

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

Contributions

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

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

Hire Date	Percent of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police, which is 12% of regular compensation

The Commonwealth does not require the College to contribute funding from its local trust funds for employees paid by State appropriations. Pension funding for employees paid from State appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to $4,307,644, $3,769,046, and $3,692,808, for the years ended June 30, 2024, 2023 and 2022, respectively.

For employees covered by SERS but not paid from state appropriations, the College is required to contribute at an actuarially determined rate. The rate was 16.69%, 16.70% and 16.11% of annual covered payroll for the fiscal years ended June 30, 2024, 2023 and 2022, respectively. The College contributed $510,469, $377,711, and $273,560, for the fiscal years ended June 30, 2024, 2023 and 2022, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2024 and 2023, the College reported a liability of $3,752,237 and $2,703,535, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2024, the reporting date, was measured as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The net pension liability as of June 30, 2023, the reporting date, was measured as of June 30, 2022, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022.

The College's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal years 2024 and 2023. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2024 and 2023 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the College's proportion was 0.026% and 0.019%, respectively.

For the years ended June 30, 2024 and 2023, the College recognized a pension benefit of $919,496 and $1,195,972, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	2024	2023
Deferred Outflows of Resources Related to Pension		
Differences between expected and actual experience	**$ 133,291**	$ 67,252
Differences between projected and actual earnings on pension plan investments	**100,984**	-
Change in plan actuarial assumptions	**63,063**	74,433
Changes in proportion from Commonwealth	**31**	185
Changes in proportion due to internal allocation	**699,591**	39,940
Contributions subsequent to the measurement date	**510,469**	377,711
Total deferred outflows of resources related to pension	**$ 1,507,429**	$ 559,521

	2024	2023
Deferred Inflows of Resources Related to Pension		
Differences between expected and actual experience	**$ 92,717**	$ 105,520
Differences between projected and actual investment earnings	**-**	14,413
Changes in proportion from Commonwealth	**28,665**	7,313
Changes in proportion due to internal allocation	**2,222,960**	3,747,856
Total deferred inflows of resources related to pension	**$ 2,344,342**	$ 3,875,102

The College's contributions of $510,469 and $377,711 made during the fiscal years ending 2024 and 2023, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years.

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

Years Ended June 30,	
2025	$ (64,602)
2026	672,827
2027	(1,659,203)
2028	(296,404)
	$ (1,347,382)

Actuarial Assumptions

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

	2024	2023
Measurement date	**June 30, 2023**	June 30, 2022
Inflation	**2.50%**	3.00%
Salary increases	**4.0% to 9.00%**	4.0% to 9.00%
Investment rate of return	**7.00%**	7.00%
Interest rate credited to annuity savings fund	**3.50%**	3.50%

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

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females.

- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females

- Disability – reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year

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

Investment assets of SERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, are summarized in the following table:

	2024		2023	
Asset Class	**Target Allocation**	**Expected Real Rate of Return**	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	**37.0%**	**4.9%**	38.0%	4.2%
Core Fixed Income	**15.0%**	**1.9%**	15.0%	0.5%
Private Equity	**16.0%**	**7.4%**	15.0%	7.3%
Portfolio Completion Strategies	**10.0%**	**3.8%**	10.0%	2.7%
Real Estate	**10.0%**	**3.0%**	10.0%	3.3%
Value Added Fixed Income	**8.0%**	**5.1%**	8.0%	3.7%
Timberland/Natural Resources	**4.0%**	**4.3%**	4.0%	3.9%
	100.0%		100.0%	

Discount Rate
The discount rate used to measure the total pension liability was 7.00% at both June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate at June 30,:

	2024	
1.00% Decrease 6.00%	**Current Discount Rate 7.00%**	**1.00% Increase 8.00%**
$5,156,944	**$3,752,237**	**$2,563,486**

2023		
	Current	
1.00% Decrease	Discount Rate	1.00% Increase
6.00%	7.00%	8.00%
$3,728,790	$2,703,535	$1,836,020

Note 11 - **Other Post-Employment Benefits ("OPEB")**

Plan Description
As an agency of the Commonwealth, certain employees of the College participate in the Commonwealth's single-employer defined benefit-OPEB plan – the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such healthcare and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

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

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

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

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2024 and 2023, and as of the valuation date (January 1, 2023 and 2022), participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant's status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs.

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). The College is required to contribute based on Massachusetts General Laws; the rate was 7.83%, 7.28%, and 7.65% of annual covered payroll for the fiscal years ended June 30, 2024, 2023, and 2022, respectively. The College contributed $239,467, $164,603, and $129,917 for the fiscal years ended June 30, 2024, 2023, and 2022, respectively, equal to 100% of the required contribution for each year.

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

At June 30, 2024 and 2023, the College reported a liability of $3,990,813 and $3,402,374, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2023 and 2022, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 and 2022, respectively. The College’s proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the College's share of total covered payroll for the fiscal years 2023 and 2022. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2023 and 2022 relative to total contributions of all participating employers for the fiscal year. At June 30, 2024 and 2023, the College’s proportion was 0.023% and 0.025%, respectively.

For the years ended June 30, 2024 and 2023, the College recognized an OPEB benefit of $2,773,361 and $2,584,078, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30,:

	2024	2023
Deferred Outflows of Resources Related to OPEB		
Differences between expected and actual experience	**$ 162,318**	$ 62,633
Differences between projected and actual investment earnings	**13,044**	5,172
Change in plan actuarial assumptions	**175,319**	250,596
Changes in proportion from Commonwealth	**366**	1,562
Changes in proportion due to internal allocation	**438,551**	496,490
Contributions subsequent to the measurement date	**239,467**	164,603
Total deferred outflows of resources related to OPEB	**$ 1,029,065**	$ 981,056
Deferred Inflows of Resources Related to OPEB		
Differences between expected and actual experience	**$ 448,268**	$ 563,300
Change in plan actuarial assumptions	**1,029,374**	1,231,391
Changes in proportion from Commonwealth	**38,188**	16,803
Changes in proportion due to internal allocation	**5,674,313**	8,951,966
Total deferred inflows of resources related to OPEB	**$ 7,190,143**	$ 10,763,460

The College's contributions of $239,467 and $164,603 made during the fiscal years 2024 and 2023, respectively, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in each of the succeeding years.

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

Years Ended June 30,	
2025	$ (1,596,313)
2026	(1,574,664)
2027	(1,549,378)
2028	(1,325,053)
2029	(355,137)
	$ (6,400,545)

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

	2024	2023
Measurement date	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Salary increases	4.0% per year	4.0% per year
Investment rate of return	7.00% net of OPEB plan investment expense, including inflation	7.00% net of OPEB plan investment expense, including inflation
Healthcare Costs Trends	Developed based on the most recent published GAO-Getzen trend rate model, version 2023_1f. Medicare and non-Medicare benefits range from 3.94% to 8.59%.	Developed based on the most recent published GAO-Getzen trend rate model, version 2022_f4. Medicare and non-Medicare benefits range from 3.94% to 9.11%.

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2021 from the central year, with females set forward one year for both measurement dates June 30, 2023 and 2022.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have healthcare coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.

- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.

- 85% of current and future contingent eligible participants will elect healthcare benefits at age 55, or current age if later, for the measurement date June 30, 2023.

- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age 2024		Retirement Age 2023	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	27.0%	96.0%	28.0%	96.0%
POS/PPO	63.0%	0.0%	62.0%	0.0%
HMO	10.0%	4.0%	12.0%	4.0%

The actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2021 and 2020 through December 31, 2022 and 2021, depending upon the criteria being evaluated.

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

The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2024 and 2023 are the same as discussed in the pension footnote, and are summarized as follows:

	2024		2023	
Asset Class	**Target Allocation**	**Expected Real Rate of Return**	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	**37.0%**	**4.9%**	38.0%	4.2%
Core Fixed Income	**15.0%**	**1.9%**	15.0%	0.5%
Private Equity	**16.0%**	**7.4%**	15.0%	7.3%
Portfolio Completion Strategies	**10.0%**	**3.8%**	10.0%	2.7%
Real Estate	**10.0%**	**3.0%**	10.0%	3.3%
Value Added Fixed Income	**8.0%**	**5.1%**	8.0%	3.7%
Timberland/Natural Resources	**4.0%**	**4.3%**	4.0%	3.9%
	100.0%		100.0%	

Discount Rate
The discount rate used to measure the total OPEB liability for 2024 and 2023 was 4.34% and 4.30%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.65% and 3.54%, respectively) as of the measurement date and the expected rate of return. The OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date", when projected benefits are not covered by projected assets, is 2042 for the fiscal years 2024 and 2023. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% for both years, per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

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

2024

1.00% Decrease	**Current Discount Rate**	**1.00% Increase**
3.34%	**4.34%**	**5.34%**
$4,662,877	**$3,990,813**	**$3,439,352**

2023

1.00% Decrease	Current Discount Rate	1.00% Increase
3.30%	4.30%	5.30%
$3,969,236	$3,402,374	$2,936,738

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

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

2024

1.00% Decrease (B)	**Current Healthcare Cost Trend Rate (A)**	**1.00% Increase (C)**
$ 3,344,001	$ 3,990,813	$ 4,808,997

2023

1.00% Decrease (B)	Current Healthcare Cost Trend Rate (A)	1.00% Increase (C)
$ 2,852,163	$ 3,402,374	$ 4,098,875

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

Note 12 - **Restricted Net Position**

The College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time, and are restricted for instructional, department, and scholarship purposes.

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

The Foundation's restricted – nonexpendable net position consists of endowment funds to be held in perpetuity, whose income is mainly used for various scholarships.

Note 13 - **Commitments and Contingencies**

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the College's administration, the ultimate resolution of any legal actions at this date will not result in a material loss to the College since most of any obligation is expected to be paid from State-appropriated funds.

Massachusetts General Laws limit the risk assumed by the Commonwealth for claims of personal injury or property damages to $100,000 per occurrence, in most circumstances.

The College receives significant financial assistance from Federal and State agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the College. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the College.

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

The College participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, and workers' compensation. The Commonwealth is self-insured for employees' workers' compensation, casualty, theft, tort claims, and other losses. Such losses, including estimates of amounts incurred but not reported, are obligations of the Commonwealth. For workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division.

Note 14 - Operating Expenses

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

	2024	2023
Compensation and benefits	**$ 48,431,372**	$ 40,180,695
Supplies and services	**13,380,362**	14,347,201
Depreciation and amortization	**5,988,657**	5,991,074
Scholarships	**4,285,438**	3,967,562
	$ 72,085,829	$ 64,486,532

Note 15 - State Appropriation

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

	2024	2023
Direct unrestricted appropriations:	**$ 27,525,342**	$ 24,399,867
Add: fringe benefits for benefited employees on the state payroll	**11,149,791**	8,914,810
Less: day school tuition remitted to the state and include in tuition and fee revenue	**(274,711)**	(366,034)
Total unrestricted appropriations	**38,400,422**	32,948,643
Restricted appropriations:	**1,477,688**	1,570,290
Capital appropriations		
Department of Capital Asset Management Allocation	**5,152,519**	10,556,497
Total appropriations	**$ 45,030,629**	$ 45,075,430

Note 16 - **Other Fringe Benefits**

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

Group Insurance Commission
The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, certain authorities and other offline agencies, retired municipal teachers from certain cities and towns, and a small number of municipalities as an agent multiple-employer program, accounted for as an agency fund activity of the Commonwealth, not the College.

The GIC is a quasi-independent state agency governed by a seventeen-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2024 and 2023, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

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

Note 17 - **Massachusetts Management Accounting and Reporting System**

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

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

Note 18 - **Pass-Through Grants**

The College distributed $5,549,349 and 4,757,917 during 2024 and 2023, respectively, for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

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

Schedules of the Proportionate Share of the Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Report date	**June 30, 2024**	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	**June 30, 2023**	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Valuation date	**January 1, 2023**	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Proportion of the collective net pension liability	**0.026%**	0.019%	0.023%	0.051%	0.057%	0.076%	0.070%	0.069%	0.081%	0.068%
Proportionate share of the collective net pension liability	**$ 3,752,237**	$ 2,703,535	$ 2,365,138	$ 8,713,578	$ 8,393,956	$ 10,032,605	$ 8,931,989	$ 9,496,282	$ 9,174,886	$ 5,028,761
Covered payroll	**$ 2,261,743**	$ 1,698,076	$ 1,838,950	$ 3,897,805	$ 4,736,211	$ 5,886,740	$ 5,472,402	$ 5,233,111	$ 4,856,747	$ 5,024,426
Proportionate share of the net pension liability as a percentage of its covered payroll	**165.90%**	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.47%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	**70.71%**	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

See accompanying notes to the required supplementary information.

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

Schedules of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	**$ 510,469**	$ 377,711	$ 273,560	$ 269,590	$ 548,811	$ 571,187	$ 693,458	$ 544,504	$ 494,529	$ 504,616
Contributions in relation to the statutorily required contribution	**(510,469)**	(377,711)	(273,560)	(269,590)	(548,811)	(571,187)	(693,458)	(544,504)	(494,529)	(504,616)
Contribution excess	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	**$ 3,058,532**	$ 2,261,743	$ 1,698,076	$ 1,838,950	$ 3,897,805	$ 4,736,211	$ 5,886,740	$ 5,472,402	$ 5,233,111	$ 4,856,747
Contribution as a percentage of covered payroll	**16.69%**	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

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

See accompanying notes to the required supplementary information.

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

Notes to the Required Supplementary Information - Pension (Unaudited)

June 30, 2024 and 2023

Note 1 - **Change in Plan Actuarial and Assumptions**

Measurement date – June 30, 2023
The mortality rates were changed as follows:

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

Measurement date – June 30, 2022
The inflation rate of return changed from 3.00% to 2.50%.

Measurement Date – June 30, 2021
The investment rate of return changed from 7.15% to 7.00%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rates were changed as follows:

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

Measurement date – June 30, 2020
The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2019
The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018
The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

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

Measurement date – June 30, 2017
The mortality rates were changed in the January 1, 2017 Actuarial Valuation as follows:

- Pre-retirement – was changed from RP-2000 Employees Table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward one year for females.

- Post-retirement – was changed from RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year for females.

- Disability – did not change.

<u>Measurement date – June 30, 2016</u>
The assumption for salary increases changed from a range of 3.5% to 9.0%, depending on group and length of service, to a range of 4.0% to 9.0%, depending on group and length of service.

Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan ("ORP") to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately $400 million as of June 30, 2016.

<u>Measurement date – June 30, 2015</u>
The discount rate to calculate the pension liability decreased from 8.0% to 7.5%.

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

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees Table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees Table projected generationally with Scale BB and a base year of 2009 (gender distinct).

- Post-retirement – was changed from RP-2000 Healthy Annuitant Table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2009 (gender distinct).

- Disability – was changed from RP-2000 Table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct).

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

Schedules of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended	**June 30, 2024**	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	**June 30, 2023**	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	**January 1, 2023**	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	**0.023%**	0.025%	0.026%	0.054%	0.087%	0.118%	0.099%
Proportionate share of the collective net OPEB liability	**$ 3,990,813**	$ 3,402,374	$ 4,152,651	$ 11,212,332	$ 15,824,020	$ 21,953,240	$ 17,372,753
College's covered payroll	**$ 2,261,743**	$ 1,698,076	$ 1,838,950	$ 3,897,805	$ 4,736,211	$ 5,886,740	$ 5,472,402
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	**176.45%**	200.37%	225.82%	287.66%	334.11%	372.93%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	**13.80%**	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%

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

See accompanying notes to the required supplementary information.

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

Schedules of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	**$ 239,467**	$ 164,603	$ 129,917	$ 141,565	$ 284,298	$ 416,506	$ 525,030
Contributions in relation to the statutorily required contribution	**(239,467)**	(164,603)	(129,917)	(141,565)	(284,298)	(416,506)	(525,030)
Contribution (excess)/deficit	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	**$ 3,058,532**	$ 2,261,743	$ 1,698,076	$ 1,838,950	$ 3,897,805	$ 4,736,211	$ 5,886,740
Contribution as a percentage of covered payroll	**7.83%**	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%

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

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

See accompanying notes to the required supplementary information.

Note 1 - **<u>Change in OPEB Plan Benefit Terms and Assumptions</u>**

Measurement date – June 30, 2023
<u>Assumptions:</u>
Change in per capita claims costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

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

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

Fiscal year June 30, 2023
<u>Assumptions:</u>
Change in per capita claims costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

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

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

Fiscal year June 30, 2022
<u>Assumptions:</u>
Change in per capita claims costs
Per capita claims costs were updated to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

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

Change in Investment Rate
The investment rate of return decreased from 7.15% to 7.00%.

Change in Mortality Rates
The mortality projection scale was updated from MP-2016 to MP-2020.

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

Fiscal year June 30, 2021
<u>Assumptions:</u>
Change in Per Capita Claims Costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

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

Change in Investment Rate
The investment rate of return decreased from 7.25% to 7.15%.

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

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

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

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

Change in Trend on Future Costs

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

Change in Discount Rate

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

Fiscal year June 30, 2019

Assumptions:

Change in Trend on Future Costs

The healthcare trend rate decreased from 8.5% to 8.0%, which impacts the high cost excise tax.

Change in Mortality Rates

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

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

Change in Discount Rate

The discount rate was increased to 3.95% based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2018
Assumptions:
Change in Discount Rate
The discount rate was increased to 3.63% based upon a blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

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

withum
ADVISORY TAX AUDIT

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

To the Board of Trustees of
Holyoke Community College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Holyoke Community College (the "College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon November 12, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Holyoke Community College Foundation, the discretely presented component unit of the College, as described in our report on the College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

withum

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith+Brown, PC

November 12, 2024