ROXBURY COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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

Financial Statements and Management's Discussion and Analysis

June 30, 2022 and 2021

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Roxbury Community College
Roxbury, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, of Roxbury Community College, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Roxbury Community College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Roxbury Community College, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Roxbury Community College adopted new accounting guidance, *GASB Statement Number 87, Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Roxbury Community College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in the United States of America 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 generally accepted auditing standards in the United States of America 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 Roxbury Community 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 Roxbury Community 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 January 31, 2023 on our consideration of the Roxbury Community 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 Roxbury Community 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 Roxbury Community College's internal control over financial reporting and compliance.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

January 31, 2023

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

Management's Discussion and Analysis
(Unaudited)

June 30, 2022, 2021 and 2020

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Roxbury Community College (RCC) as of June 30, 2022, 2021, and 2020 and for the fiscal years then ended. The information in this section should be considered in conjunction with the financial statements and notes, which follow this section of the report.

Roxbury Community College is a public, two-year institution that is accredited by the New England Commission of Higher Education (NECHE). RCC serves the greater Boston Metropolitan Area, particularly Roxbury, Dorchester, Mattapan, Jamaica Plain, Roslindale, Hyde Park, the South End and surrounding communities. The campus is located at 1234 Columbus Avenue, Roxbury, Massachusetts, 02120.

The Massachusetts Department of Higher Education grants authority to the College to award associate degrees and certificates, as a part of a comprehensive public educational system. RCC provides non-credit programs for students to become prepared for employment; for incumbent workers to receive training; and for members of the entire family to engage in lifelong learning. Courses are offered during the day, evening, on weekends, and via the Internet. In addition, the College is a vital part of the community and offers multiple activities and events for engagement in civics, culture, and the arts.

RCC offers its students several support services including; advising, tutoring, learning resources through the library, and referrals that connect students to community resources and social services. In addition, the College has a variety of facilities that support learning including; specialized labs for natural and physical sciences, healthcare including nursing and radiologic technology, computer science, media technology, and child development. The College facilities also include a 500-seat theatre and the Reggie Lewis Track and Athletic Center, which houses one of the best indoor tracks in the country.

Financial Highlights

Total net position of RCC decreased $2,397,665 for fiscal year 2022 as compared to a decrease of $5,086,886 for fiscal year 2021 and an increase of $2,942,264 in fiscal year 2020.

Financial Highlights - Continued

As of June 30, 2022, 2021, and 2020, total assets and deferred outflows of RCC were, $77,235,033, $79,662,951, and $82,075,370, respectively. Of these total assets, 90%, 91%, and 93%, consisted of the net book value of capital assets as of June 30, 2022, 2021, and 2020, respectively. For the same periods, its total liabilities and deferred inflows of resources were $16,948,327, $16,978,580, and $14,304,113, and its net position was $60,286,706, $62,684,371, and $67,771,257, respectively.

Total operating revenues decreased by $742,715 for fiscal year 2022 whereas non-operating revenue increased by $6,678,132, year over year. The increase in non-operating revenues is a result of an increase in the COVID-19 pandemic federal grants. The change in net position before capital appropriations increased by $1,516,056 over the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Roxbury Community College's (RCC) financial statements. The financial statements of RCC are comprised of two components: 1) the financial statements and 2) the notes to the financial statements. In addition to the financial statements, this report also contains supplementary information the form of a Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

The Financial Statements

The financial statements are designed to provide readers with a broad overview of the finances of the College. The financial report includes three financial statements: The Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

These statements are prepared in accordance with Government Accounting Standards Board (GASB) principles. These principles establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the institution as a whole. A description of the financial statements follows.

Overview of the Financial Statements - Continued

The Financial Statements - continued

Under the provisions of GASB No. 39, RCC includes the Roxbury Community College Foundation in its financial statements as a separate component unit. The Foundation is a nonprofit organization whose primary purpose is to raise funds and hold them exclusively for the benefit of the College. Its financial position and activity are reported in a separate column. No consolidating or eliminating entries are to be used in this presentation for transactions between the Foundation and the College.

The *Statements of Net Position* presents information on the assets and liabilities of the College, with the difference between the two reported as net position. Over time, increases or decreases in the net position, particularly increases or decreases in unrestricted net position, indicate whether the financial position of the College is improving or weakening.

The *Statements of Revenues and Expenses* are prepared on an accrual basis whereby all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These statements present the details that explain how the net position of the College changed during the most recent fiscal year.

The *Statements of Changes in Net Position* presents, by both classification and in total, both of the changes in net position and ending net position for each of the years presented within the financial statements.

The *Statements of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services). GASB Statements No. 34 and 35 require this method to be used.

Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the financial statements. Under the standards established by the Government Accounting Standards Board, operating revenue designates funds generated by the college such as tuition, fees, and rental income. State appropriations are treated as "non-operating revenues". Consequently, the College, as with most public institutions, can usually expect to have a significant operating loss.

Overview of the Financial Statements – Continued

Notes to the Financial Statements - continued

Roxbury Community College is an agency of the Commonwealth of Massachusetts. Its financial statements are therefore prepared in conjunction with related state agencies so that the results of the College's operations, its net position and cash flows can all be consistently included in the Commonwealth's Comprehensive Annual Financial Report. This report incorporates all branches of the government of Massachusetts into a set of unified financial statements.

An evaluation of the financial condition of the College, as a *separate* entity, is sometimes needed by the President, the college's administration, members of its Board of Trustees, and others who do business directly with the College. To do so requires an understanding of the relationship between the financial statements of Roxbury Community College, the financial statements of some of the other related component units of the Commonwealth of Massachusetts and the impact that certain budgetary and appropriation policy differences relating to fiscal year designation have on the financial statements.

For example, the land, buildings and the depreciation related thereto, are all included in the financial statements of the College, but the outstanding liabilities on the related bonds that were issued in connection with the College investment in plant are included elsewhere on the financial statements of one or more other component units of the Commonwealth. Consequently, the total net position of Roxbury Community College is higher than they otherwise would have been if the liabilities related to its investment in plant had been included.

On the other hand, the total decrease in net position would have been smaller, if the non-operating revenue appropriated to reduce the liability on the bonds had been included on the books of the College. Consequently, the annual depreciation expense, which was $4,086,566 in fiscal year 2022, $3,960,075 in fiscal year 2021, and $3,842,762 in fiscal year 2020, flows directly through to decrease net position on the Statements of Revenues, Expenses, and Changes in Net Position even if the budget of the College is otherwise completely in balance.

Overview of the Financial Statements – Continued

Notes to the Financial Statements - continued

For this reason, the change in unrestricted net position (which is unaffected by depreciation and other changes in fixed assets) is usually a better indicator of the financial position of the College, as a separate entity, rather than the change in total net position. The unrestricted net position balance increased by $847,994 from fiscal year end 2021 to 2022.

The financial position of the College is further demonstrated by the relationship between current assets and current liabilities. At June 30, 2022, current liabilities exceeded current assets by $66,868. Prior to the provision for legal contingency, current assets exceeded liabilities by $1,995,450 at June 30, 2022. At June 30, 2021, current assets exceeded current liabilities by $1,375,147. At June 30, 2020, current liabilities exceeded current assets by $973,587. This is an indication that the College continues to improve its management over operations.

The financial position of the College as presented in the financial statements, as an agency of the Commonwealth of Massachusetts does not properly reflect in some respects the financial position of the College when considered as a separate entity. For example, certain current liabilities, which properly need to be recognized in the balance sheet of the entire Commonwealth, are nearly permanent differences for which budgetary and appropriation policies in effect postpone year after year any need for additional cash or budgetary funds. For example, the accrued faculty salaries at June 30th are by state policy to be paid out of the subsequent year's appropriation.

ROXBURY COMMUNITY COLLEGE
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Management's Discussion and Analysis - Continued
(Unaudited)

June 30, 2022, 2021 and 2020

Financial Analysis

Schedule of Net Position

The Statements of Net Position is presented on an accrual basis of accounting. Buildings and other fixed assets are capitalized and depreciated. The following schedule summarizes the detail presented in the Statements of Net Position at June 30:

Summary Schedule of Net Position

	2022	2021	2020
Current Assets	7,422,667	$ **6,024,204**	$ 5,525,573
Non-Current Assets	69,191,535	**72,817,755**	76,443,876
Deferred Outflows of Resources	620,831	**820,992**	105,921
Total Assets and Deferred Outflows	**77,235,033**	$ **79,662,951**	$ 82,075,370
Current Liabilities	7,489,535	**6,711,375**	4,551,986
Non-Current Liabilities	8,669,982	**10,067,600**	9,402,705
Total Liabilities	**16,159,517**	**16,778,975**	13,954,691
Deferred Inflows of Resources	788,810	**199,605**	349,422
Investment in Capital Assets	60,661,476	**63,907,135**	67,163,779
Restricted: Expendable	790,369	**790,369**	790,369
Unrestricted	(1,165,139)	**(2,013,133)**	(182,891)
Net Position	**60,286,706**	**62,684,371**	67,771,257
Total Liabilities, Deferred Inflows and Net Position	**77,235,033**	$ **79,662,951**	$ 82,075,370

Financial Analysis - Continued

Schedule of Net Position - continued
Almost all of the net position of the College is capital assets (e.g. land, buildings, machinery, and equipment). The liabilities of the College include accrued employee compensation and benefits (such as compensated absences), unearned revenue, accounts payable, legal contingency, and other smaller payables.

Long-Term Liabilities
The long-term liabilities consist primarily of a portion of the personnel obligations for compensated absences and worker's compensation in addition to a loan from the State of Massachusetts related to the energy and water efficiency projects, to be repaid by anticipated savings. This loan was for $9.8 million to be repaid over 20 years, at an interest rate of 3.0% starting January of 2020.

Schedule of Revenues and Expenses
The summary schedule of Revenue and Expenses is prepared from the College's Statements of Revenues and Expenses of the financial statements. This information is presented on an accrual basis whereby all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This schedule represents the results of the College's operations.

Summary Schedule of Revenues and Expenses
For the Years Ended June 30,

	2022	2021	2020
Operating Revenues:			
Tuition and Fees	**$ 6,472,341**	$ 6,025,927	$ 7,663,081
Less: Scholarships	**(4,035,679)**	(3,539,825)	(4,887,373)
	2,436,662	2,486,102	2,775,708
Federal, State and Private Grants	**4,794,831**	5,083,604	7,111,854
Athletic Track	**82,908**	770,185	349,322
Other Revenue	**423,845**	141,070	271,247
Total Operating Revenues	**7,738,246**	8,480,961	10,508,131
Operating Expenses:	**(36,422,834)**	(32,003,473)	(29,488,684)
Operating Loss:	**(28,684,588)**	(23,522,512)	(18,980,553)

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Management's Discussion and Analysis - Continued
(Unaudited)

June 30, 2022, 2021 and 2020

Financial Analysis - Continued

Schedule of Revenues and Expenses – continued

Summary Schedule of Revenues and Expenses (continued)
For the Years Ended June 30,

	2022	2021	2020
Operating Loss:	(28,684,588)	(23,522,512)	(18,980,553)
Non-Operating Revenues (Expenses):			
CARES Act Funds	6,867,561	691,166	838,572
State Appropriations, net	17,619,835	17,085,544	16,470,695
Other Income	235,253	278,891	302,466
Investment Return, net	200	200	300
Interest Expense	(267,319)	(278,403)	(289,164)
Net Non-Operating Revenues	24,455,530	17,777,398	17,322,869
Loss Before Capital Appropriations:	(4,229,058)	(5,745,114)	(1,657,684)
Capital Appropriations:	1,831,393	658,228	4,599,948
Total Increase/(Decrease) in Net Position	$ (2,397,665)	$ (5,086,886)	$ 2,942,264

Loss from Operations

Generally accepted accounting principles require state appropriations, which represent the largest source of funding to public higher education institutions in Massachusetts, to be presented as non-operating revenues. As such, the College incurred a loss from operations in fiscal years 2022, 2021, and 2020.

The primary source of operating revenue comes from college tuition and fees. The remainder of the operating revenue comes from other grants. Normally rental income and commissions from the parking lots, bookstore, and vending machines revenue are also part of income. Due to the campus being partially closed during the COVID 19 period, there was very little of this income received.

Financial Analysis – Continued

Loss from Operations - continued
The Massachusetts Board of Higher Education (BHE) is legally responsible for establishing day tuition rates, while the College's Board of Trustees approves fees and other charges. The Legislative appropriations to the College cover the loss from operations that is not funded by tuition, fees, and other revenue.

Using the legislative appropriation, tuition, fees and other revenue, College administrators create a balanced budget for approval by the Board of Trustees of the College to enable it to provide educational and operational services consistent with its mission.

Operating Revenues
The following is a graphic illustration of the operating revenues, by source, that were used to fund the College's operating activities for the years ended June 30, 2022, 2021, and 2020. In accordance with generally accepted accounting principles, state appropriations are not included in operating revenue.

Schedule of Oneratinu Revenues
For the Years Ended June 30,

	2022	2021	2020
Operating Revenues:			
Tuition and Fees, net	**$ 2,436,662**	$ 2,486,102	$ 2,775,708
Fedeml Grants	**3,081,226**	2,758,820	4,810,586
State Grants	**1,557,064**	1,986,850	1,902,826
Private Grants	**156,541**	337,934	398,442
Athletic Track	**82,908**	770,185	349,322
Other Revenue	**423,845**	141,070	271,247
Total Operating Revenues	**$ 7,738,246**	$ 8,480,961	$ 10,508,131

Financial Analysis - Continued

Operating Revenues - continued

The method of classification in the table above is based primarily on the source of the funds. Consequently, tuition and fees that were paid through federal and state financial aid grants are included under federal and state grants. The total of all tuition and fees that were retained by the College for use in its operations, net of tuition remittance to the State of Massachusetts (including tuition and fees paid through federal and state financial aid grants) was $6,472,341, $6,025,927, and $7,663,081 for FY's 2022, 2021, and 2020, respectively.

In total, federal grants amounted to $3,081,226 while state grants totaled $1,557,064 in fiscal year 2022. Financial aid grants were also utilized to pay not only for tuition and fees but also for student books and federal work study wages.

Operating Expenses

Operating expenses can be displayed in two formats: a format called "natural classification" based on objects of expenditures, and a programmatic or functional classification. The format of expenses in the main Statement of Revenues, Expenses, and Changes in Net Position is based on the programmatic or functional classification. The following is a summary of the College's expenses for the years ended June 30, 2022, 2021 and 2020 (along with a graphic representation of those expenses) using the *Natural Classification format*:

Schedule of Operating Expenses - Natural Classification Basis
For the Years Ended June 30,

	2022	2021	2020
Operating Expenses:			
Compensation and benefits	**$ 18,164,570**	$ 17,762,116	$ 18,214,800
Supplies and services	**8,297,983**	8,129,013	5,838,839
Depreciation	**4,086,566**	3,960,075	3,842,762
Provision for legal contingency	**-**	2,062,318	-
Scholarships and fellowships	**5,873,715**	89,951	1,592,283
Total Operating Expenses	**$ 36,422,834**	$ 32,003,473	$ 29,488,684

Financial Analysis – Continued

Operating Expenses - continued
Natural classifications of expenditures are useful for budgeting and analyzing the operational aspects of a college.

Changes in expenditures between fiscal year 2022 and fiscal year 2021 are as follows:

- Compensation and benefits increased by $402,454 or 2.27% in fiscal year 2022.
- Supplies and services increased by $188,973 or 2.32% in fiscal year 2022.
- Depreciation expense increased by $126,491 or 3.19% in fiscal year 2022.
- Provision for legal contingency was 0 and decreased by 100% in fiscal year 2022. (this was a one time recognition of a contingency.)
- Scholarships and fellowships increased by $5,783,764 in fiscal year 2022.
- The total operating expenses increased by $4,419,361 or 13.81% in fiscal year 2022.

Programmatic or Functional Classification:
In addition to the natural classification format, operating expenses can also be classified through a programmatic or functional classification format, which has been the primary format used internally for budgeting and analysis.

Functional classifications of expenditures are particularly useful for comparisons with the expenses of other institutions of higher education with similar missions and student characteristics.

Financial Analysis - Continued

Operating Expenses - continued
The following presentation reclassifies the operating expenses using the *programmatic or functional classification format*:

Schedule of Operating Expenses - Functional Classification
For the Years Ended June 30,

	2022	2021	2020
Instruction	**$ 7,311,173**	$ 7,050,022	$ 8,090,164
Student services	**3,357,571**	3,036,914	3,301,516
Institutional support	**6,124,089**	6,442,982	4,139,498
Academic support	**4,729,308**	4,968,712	4,051,556
Scholarships and fellowships	**5,873,715**	89,954	1,592,283
Operation & maintenance of plant	**3,072,229**	2,383,506	2,679,534
Depreciation	**4,086,566**	3,960,075	3,842,762
Provision for legal contingency	-	2,062,318	
Public service	**1,868,183**	2,008,990	1,791,371
Total Operating Expenses	**$36,422,834**	$ 32,003,473	$ 29,488,684

Large decreases year over year in Operating expenses was in Institutional support by $318,893, Academic Support by $239,404 and in Public Service by $140,807. These decreases primarily resulted from the partial closure of facilities as a result of the COVID-19 pandemic.

The largest increase was in Scholarships and fellowships by $5,783,761. The college obtained Federal funds through the CARES Act to help cover the loss of these funds.

Financial Analysis – Continued

Operating Expenses - continued
The decreases were offset by increases in Student Services by $320,657, and instruction by $261,151 to help develop a more robust infrastructure to increase the efficiency of the college's online courses and services. Also, operation and maintenance of plant increased $688,723 due to increased small repairs of over $400,000, return to normal utility usage and increased utility rates.

Strategic Ratios
Since fiscal year 2002, accounting guidelines have strongly encouraged colleges to include strategic ratios in their financial analyses to provide a clear, high-level assessment of the overall financial health of the institution. The financial data of FY 2017 are to be viewed as the base from which to measure the College's financial performance in subsequent years.

Primary Reserve Ratio: This ratio measures the financial strength of the College by comparing expendable net position to total expenses. Expendable net position represents those assets that the College can access quickly and spend to satisfy its obligations. This ratio is an indicator of financial strength and flexibility by indicating how long the College could function using its expendable reserves without relying on additional net position generated by operations. It is reasonable to expect expendable net position to increase in proportion to the rate of growth in operating size. The trend of this ratio is important. A negative ratio or a decreasing trend over time indicates a weakening financial condition.

The College's Primary Reserve Ratios are as follows:

FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
-1.02%	-3.8%	+2.0%	-6.7%	-14.4%	-14.0%

The College's Primary Reserve Ratio in FY 2022 was -1.02% as compared to -.3.8% in 2021, which was the result of the provision for legal expenses disclosed in the footnotes. Prior to this provision, the primary reserve ratio in 2021 had increased to 2.8%.

Financial Analysis - Continued

Strategic Ratios - continued

***Return on Net Position Ratio**:* This ratio determines whether the institution is financially better off than in previous years by measuring the total economic return. An improving trend in this ratio indicates that the College is increasing its net position and is likely to be able to set aside financial resources to strengthen its future financial flexibility.

The College's Return on Net Position Ratios is as follows:

FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
-3.8%	-7.5%	+4.5%	+7.5%	+51.3%	+82.3%

The College's Return on Net Position Ratio continues to be is negative in FY 2022. This is a result of decreased enrollment.

***Net Operating Revenues Ratio**:* This ratio indicates whether total operating activities resulted in a surplus or deficit. The ratio explains how the surplus from operating activities affects the behavior of the other three strategic ratios. A large surplus or deficit directly influences the amount of funds an institution adds to or subtracts from net position, thereby affecting the Primary Reserve Ratio, the Return on Net Position Ratio, and the Viability Ratio.

The College's Net Operating Revenues Ratios are as follows:

FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
-7.39%	-19.6%	+10.5%	+16.1%	+78.4%	+69.1%

As with the Return on Net Position Ratio, the college's Net Operating Revenues Ratio for FY 2018 and 2017 were very high because of significant capital funds invested by the State of Massachusetts to renovate facilities. Without capital funding, the college's goal is to maintain a ratio of 3%. This year, the ratio continues to be negative due to COVID Pandemic issues.

Financial Analysis – Continued

Strategic Ratios - continued
Viability Ratio*:* This is a key measure of institutional financial health - the availability of expendable net position to cover debt should the College need to settle its obligations as of the balance sheet date. A ratio of 1:1 or greater indicates that, as of the balance sheet date, the College has sufficient expendable net position to satisfy debt obligations. This ratio may vary from year to year as institutional objectives and obligations change. If the Viability Ratio should fall below 1:1, it means the institution's ability to respond to adverse conditions from internal sources diminishes, as does the ability to attract capital from external sources and its flexibility to fund new objectives.

The College's Viability Ratios are as follows:

FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
-4.4%	-13.7%	+6.5%	-20.0%	-39.68%	-713.5%

The College's Viability Ratio in FY 2022 was -4.4%, an improvement from the decrease of -13.7% in FY 2021, which was caused by the provision for legal expense described in the notes to the financials.

These four ratios, when considered together over an extended period of time, provide useful information about the overall financial health of the College, and can help shape financial discussions and policies in the future. Comparisons of actual ratio percentages may be made within the community college system in Massachusetts. However, comparisons of the actual ratio percentages with other institutions outside of the state and community college system in Massachusetts may not be advisable, because of the peculiar accounting differences previously discussed related to the accounting conventions used for the higher education component units in Massachusetts.

Capital Assets
At June 30, 2021, Roxbury Community College had investments in capital assets of $69,191,535 (net of accumulated depreciation of $60,107,410). Investments in capital assets include land, buildings including improvements, furnishings and equipment, including the cost of capital leases and educational resource materials. Depreciation expense for these capital assets totaled $4,086,566, $3,960,075, and $3,842,762 in fiscal years 2022, 2021, and 2020, respectively.

Financial Analysis – Continued

Capital Assets - continued

The College records capital assets under Generally Accepted Accounting Principles (GAAP) whereby assets are recorded at their historical cost and depreciated over a period ranging from 3 to 40 years. In the case of land and buildings, these historical costs may vary significantly from the current fair market value. The land, the four College buildings and the Reggie Lewis Track and Athletic Center, which now comprise the College, were acquired and constructed between 1972 and 1996.

The following schedule details the capital assets:

Schedule of Capital Assets at June 30,

	2022	2021
Land	$ 312,000	$ 312,000
Construction in progress	507,113	829,017
Building and improvement	123,089,227	122,306,977
Funishings and equipment	4,660,591	4,660,591
Library books (Educational Resource Materials)	730,014	730,014
Total	129,298,945	128,838,599
Less: accumulated depreciation	(60,107,410)	(56,020,844)
Net capital assets	$ 69,191,535	$ 72,817,755

Economic Factors that will Affect the Future

Massachusetts, overall, has continued to see declining enrollment for institutions of higher education. Due to the demographic changes and an increasingly diverse population in the Boston metropolitan area, the need for an affordable, culturally accessible education remains high. Moreover, economic development and workforce development issues in this region remain critically dependent upon higher education—especially the type of programs provided by community colleges. The increased demand for highly technical education, particularly in medical and health-related fields and smart building technology, which are highly concentrated in the Boston area, require that RCC maintains state-of-the art equipment, continues to develop new programs, and continues to upgrade the competencies of its faculty.

Economic Factors that will Affect the Future - Continued

In 2018 RCC opened its new health sciences facility with simulation labs for nursing, radiology technology, anesthesiology technology and phlebotomy.

In response to advocacy from the building management industry, RCC has created the Center for Smart Building Technology to train the workforce needed to support the new energy control systems being used in today's buildings. RCC is committed to opening doors of opportunity for people of color to enter into these high paying jobs of the future.

During the spring of 2020 the state was hit with the spread of the COVID-19 virus causing the Governor to close all state and educational facilities. A phased reopening was established for the reopening of institutions of higher education. In October of 2020 with rising case numbers the Commonwealth halted the phased reopening plan. RCC moved all courses to remote learning with a small number of hybrid courses with limited on campus work mostly in the area of health sciences. The facilities remained closed to classroom instruction for the remainder of the fiscal year. In person classroom instruction resumed for the Fall of 2021. The administration of the College continues to monitor the situation and has made operational changes to ensure the continued success of the College and its students.

The Federal Department of Education's audit of the College's past compliance with the Jeanne Clery Act on campus safety, and the Student Financial Aid program review are complete. The College settled with the Department of Education in October of 2020 related to all questioned compliance issues.

In accordance with the settlement noted above, the College has been removed from the Heightened Cash Management-2 (HCM2) reimbursement system by the Federal Department of Education, Office of Student Financial Aid.

Public colleges in Massachusetts have weathered hard times in the past. The College needs to do all it can to make its operations as efficient and as cost effective as possible so that the student educational experience will not be compromised. Towards this end RCC has completed 22 energy conservation measures reducing its overall energy costs by 60%.

Economic Factors that will Affect the Future - Continued

By helping its students to become productive and responsible citizens, the College generates many tangible and intangible benefits through its students to the community and the state for many years to come. Past, present, and future students of the College can be expected to generate additional tax revenue, reduce social welfare costs, contribute to the economic development of the community, and provide the intangible benefits of an educated, productive, and morally enlightened citizenry - all of which are likely to far exceed the original cost of their education.

Requests For Information

This financial report is designed to provide a general overview, for all readers with an interest in the finances of Roxbury Community College. Questions concerning the information provided in this report, or requests for additional financial information, should be addressed to:

Office of Accounting and Finance
Roxbury Community College
1234 Columbus Avenue
Boston, Massachusetts

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

Statements of Net Position

June 30, 2022 and 2021

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

Statements of Net Position

June 30, 2022 and 2021

Assets and Deferred Outflows of Resources

	Primary Government		Component Unit	
	2022 College	2021 College	**2022 Foundation**	2021 Foundation
Current Assets:				
Cash and equivalents	**2,713,607**	$ 2,032,811	**$ 133,636**	$ 117,906
Restricted cash and equivalents	**-**	-	**495,013**	389,555
Deposits held by State Treasurer	**2,717,040**	1,072,887	**-**	-
Cash held by State Treasurer	**709,509**	1,021,783	**-**	-
Accounts receivable, net	**1,019,049**	1,878,955	**2,326**	2,282
Financial aid receivable	**17,768**	17,768	**-**	-
Prepaid expenses	**245,694**	-	**1,400**	1,400
Total Current Assets	**7,422,667**	6,024,204	**632,375**	511,143
Non-Current Assets:				
Capital assets, net	**69,191,535**	72,817,755	**-**	-
Investments	**-**	-	**2,411,813**	2,896,510
Total Non-Current Assets	**69,191,535**	72,817,755	**2,411,813**	2,896,510
Total Assets	**76,614,202**	78,841,959	**3,044,188**	3,407,653
Deferred Outflows of Resources:				
Pension related, net	**254,463**	324,786	**-**	-
OPEB related, net	**366,368**	496,206	**-**	-
Total Deferred Outflows of Resources	**620,831**	820,992	**-**	-
Total Assets and Deferred Outflows of Resources	**$ 77,235,033**	$ 79,662,951	**$ 3,044,188**	$ 3,407,653

The accompanying notes are an integral part of the financial statements.

Liabilities, Deferred Inflows of Resources and Net Position

	Primary Government		Component Unit	
	2022 College	2021 College	**2022 Foundation**	2021 Foundation
Current Liabilities:				
Accounts payable and accrued expenses	**$ 2,273,424**	$ 1,750,447	**$ 6,352**	$ 16,656
Accrued payroll	**745,409**	880,684	**-**	-
Accrued compensated absences	**1,041,545**	1,107,578	**-**	-
Accrued workers' compensation	**25,695**	28,815	**-**	-
Student deposits and unearned revenue	**949,166**	500,972	**-**	-
Provision for legal contingency	**2,062,318**	2,062,318	**-**	-
Current portion of note payable	**391,978**	380,561	**-**	-
Total Current Liabilities	**7,489,535**	6,711,375	**6,352**	16,656
Non-Current Liabilities:				
Accrued compensated absences	**344,450**	359,085	**-**	-
Accrued workers' compensation	**187,451**	208,143	**-**	-
Net pension liability	**-**	424,317	**-**	-
Net OPEB liability	**-**	545,996	**-**	-
Note payable	**8,138,081**	8,530,059	**-**	-
Total Non-Current Liabilities	**8,669,982**	10,067,600	**-**	-
Total Liabilities	**16,159,517**	16,778,975	**6,352**	16,656
Deferred Inflows of Resources:				
Pension related, net	**301,034**	59,244	**-**	-
OPEB related, net	**487,776**	140,361	**-**	-
Total Deferred Inflows of Resources	**788,810**	199,605	**-**	-
Net Position:				
Net investment in capital assets	**60,661,476**	63,907,135	**-**	-
Restricted:				
Expendable	**790,369**	790,369	**2,121,840**	2,446,395
Non-expendable	**-**	-	**784,986**	784,986
Unrestricted	**(1,165,139)**	(2,013,133)	**131,010**	159,616
Total Net Position	**60,286,706**	62,684,371	**3,037,836**	3,390,997
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 77,235,033**	$ 79,662,951	**$ 3,044,188**	$ 3,407,653

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

Statements of Revenues and Expenses

For the Years Ended June 30,

	Primary Government		Component Unit	
	2022	2021	**2022**	2021
	College	College	**Foundation**	Foundation
Operating Revenues:				
Tuition and fees	**$ 6,472,341**	$ 6,025,927	**$ -**	$ -
Less: scholarships and fellowships	**4,035,679**	3,539,825	**-**	-
Net tuition and fees	**2,436,662**	2,486,102	**-**	-
Federal grants and contracts	**3,081,226**	2,758,820	**-**	-
State grants and contracts	**1,557,064**	1,986,850	**-**	-
Athletic track	**82,908**	770,185	**-**	-
Other	**423,845**	141,070	**-**	-
Private grants and contracts	**156,541**	337,934	**-**	-
Gifts and contributions	**-**	-	**170,196**	416,362
Total Operating Revenues	**7,738,246**	8,480,961	**170,196**	416,362
Operating Expenses:				
Institutional support	**6,124,089**	6,442,982	**88,917**	130,706
Instruction	**7,311,173**	7,050,022	**-**	-
Student services	**3,357,571**	3,036,914	**-**	-
Academic support	**4,729,308**	4,968,712	**-**	-
Operation and maintenance of plant	**3,072,229**	2,383,506	**-**	-
Scholarship and fellowships	**5,873,715**	89,954	**-**	-
Public support	**1,868,183**	2,008,990	**-**	-
Depreciation	**4,086,566**	3,960,075	**-**	-
Provision for legal contingency	-	2,062,318	**-**	-
Gifts and contributions	**-**	-	**-**	129,000
Total Operating Expenses	**36,422,834**	32,003,473	**88,917**	259,706
Net Operating Income (Loss)	**(28,684,588)**	(23,522,512)	**81,279**	156,656
Non-Operating Revenues (Expenses):				
Federal grants	**6,867,561**	691,166	**-**	-
State appropriations, net	**17,619,835**	17,085,544	**-**	-
Interest expense	**(267,319)**	(278,403)	**-**	-
Other income	**235,253**	278,891	**-**	-
Investment return, net	**200**	200	**(370,665)**	740,149
Net Non-Operating Revenues	**24,455,530**	17,777,398	**(370,665)**	740,149
Return of Donor Funds	**-**	-	**(63,775)**	-
Change in Net Position Before Capital Appropriations	**(4,229,058)**	(5,745,114)	**(353,161)**	896,805
Capital Appropriations	**1,831,393**	658,228	**-**	-
Change in Net Position	**$ (2,397,665)**	$ (5,086,886)	**$ (353,161)**	$ 896,805

The accompanying notes are an integral part of the financial statements.

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

Statements of Changes in Net Position

For the Year Ended June 30, 2022 and 2021

	College				
	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted	Total
Balance, June 30, 2020	$ 67,163,779	$ -	$ 790,369	$ (182,891)	$ 67,771,257
Changes in net position	(3,256,644)	-	-	(1,830,242)	(5,086,886)
Balance, June 30, 2021	63,907,135	-	790,369	(2,013,133)	62,684,371
Changes in net position	(3,245,659)	-	-	847,994	(2,397,665)
Balance, June 30, 2022	$ 60,661,476	$ -	$ 790,369	$ (1,165,139)	$ 60,286,706

	Foundation				
	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted	Total
Balance, June 30, 2020	$ -	$ 884,986	$ 1,461,638	$ 147,568	$ 2,494,192
Changes in net position	-	(100,000)	984,757	12,048	896,805
Balance, June 30, 2021	-	784,986	2,446,395	159,616	3,390,997
Changes in net position	-	-	(324,555)	(28,606)	(353,161)
Balance June 30, 2022	$ -	$ 784,986	$ 2,121,840	$ 131,010	$ 3,037,836

The accompanying notes are an integral part of the financial statements.

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

Statements of Cash Flows

For the Years Ended June 30,

	2022	2021
Cash Flows from Operating Activities:		
Tuition and fees	**$ 3,744,762**	$ 3,263,258
Grants and contracts	**4,794,831**	5,465,209
Payments to suppliers	**(8,548,523)**	(8,329,346)
Payments to students	**(5,873,715)**	(89,954)
Payments to employees	**(14,075,083)**	(13,171,982)
Other operating revenues	**506,753**	911,255
Net Cash Applied to Operating Activities	**(19,450,975)**	(11,951,560)
Cash Flows from Non-Capital Financing Activities:		
State appropriations	**13,637,469**	13,187,560
State solar incentives	**235,253**	278,891
Federal grants	**6,867,561**	683,595
Net Cash Provided by Non-Capital Financing Activities	**20,740,283**	14,150,046
Cash Flows from Capital Financing Activities:		
Purchase of capital assets	**-**	-
DCAMM funding	**1,371,047**	324,275
Capital appropriations	**-**	-
Principal paid on capital debt	**(380,561)**	(369,477)
Interest paid on capital debt	**(267,319)**	(278,403)
Net Cash Provided by (Applied to) Capital Financing Activities	**723,167**	(323,605)
Cash Flows from Investing Activity:		
Interest and dividends on investments, net	**200**	200
Net Change in Cash and Equivalents	**2,012,675**	1,875,081
Cash and Equivalents, Beginning of Year	**4,127,481**	2,252,400
Cash and Equivalents, End of Year	**$ 6,140,156**	$ 4,127,481

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

Statements of Cash Flows - Continued

For the Years Ended June 30,

	2022	2021
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	**$ (28,684,588)**	$ (23,522,512)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation	**4,086,566**	3,960,075
Fringe benefits provided by the State	**3,982,366**	3,897,984
Bad debts	**(366,745)**	1,089,737
State capital appropriations below capitalization threshold	**-**	-
Changes in assets and liabilities:		
Accounts receivable	**1,226,651**	(87,322)
Financial aid receivable	**-**	381,605
Prepaid expense	**(245,694)**	
Accounts payable and accrued expenses	**522,977**	156,059
Financial aid payable to students	**-**	(389,915)
Tuition refund payable to students	**-**	-
Accrued payroll	**(135,275)**	167,210
Accrued compensated absences and workers' compensation	**(104,480)**	196,415
Student deposits and unearned revenue	**448,194**	164,656
Financial aid liability	**-**	(59,167)
Provision for legal contingency	**-**	2,062,318
Net pension activity	**(112,204)**	(49,695)
Net OPEB activity	**(68,743)**	80,992
Net Cash Applied to Operating Activities	**$ (19,450,975)**	$ (11,951,560)
Reconciliation of Cash and Equivalents to Cash and Equivalents, End of Year:		
Cash and equivalents	**$ 2,713,607**	$ 2,032,811
Cash held by State	**709,509**	1,021,783
Deposits held by State Treasurer	**2,717,040**	1,072,887
Cash and Equivalents, End of Year	**$ 6,140,156**	$ 4,127,481
Non-Cash Transactions:		
Capital appropriations	**$ 460,346**	$ 333,953
Fringe benefits provided by the State	**$ 3,982,366**	$ 3,897,984

The accompanying notes are an integral part of the financial statements.

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

Organization

Roxbury Community College (an agency of the Commonwealth of Massachusetts – the “Commonwealth”) (the "College") is a state-supported comprehensive two-year college that offers an education leading to Associate degrees in the Arts and Sciences, as well as one-year certificate programs. From the College’s location in Roxbury, Massachusetts, the College provides instructions and training in a variety of liberal arts, allied health, and business fields of study. The College also offers, through the Division of Continuing Education, 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.

Basis of Presentation and Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (“GASB”).

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

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

Basis of Presentation and Accounting - continued

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

The College's policy for defining operating activities in the statements of revenues and expenses are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services and certain grants and contracts. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include the College's operating and capital appropriations from the Commonwealth of Massachusetts (the "Commonwealth"), net investment income, Commonwealth incentives for energy efficiency, and interest expense.

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

The Roxbury Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of the College established in November 1983. The Roxbury Community College Foundation was established to provide 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. Because these resources held by the Foundation can only be used by, or are 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.

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

Basis of Presentation and Accounting - continued
During the years ended June 30, 2022 and 2021, the Foundation distributed $63,775 and $129,000, respectively, to the College for both restricted and unrestricted purposes. The funds have been included in private grants and contracts on the statements of revenues and expenses.

Complete financial statements can be obtained from the Foundation's administrative office in Roxbury, Massachusetts.

Net Position
Resources are classified for accounting purposes into the following 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, repair, or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the College must maintain in perpetuity.

Restricted - expendable: Net position that is subject to externally imposed stipulations that can be fulfilled by the actions of the College pursuant to those stipulations or by the passage of time.

Unrestricted: Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the College's Board of Trustees (the "Board of Trustees") or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and capital programs and initiatives.

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

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

Cash and Equivalents
The College considers cash on hand, cash and deposits held by the State Treasurer, and short-term highly liquid investments with original maturities of three months or less from the date of acquisition, to be cash equivalents.

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 statement of revenues and expenses. Any net earnings not expended are included in net position categories as follows:

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

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

(iii) as increases in unrestricted net position in all other cases.

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 the 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 no longer capitalized and amortized.

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 5 to 40 years. The costs of normal maintenance and repairs that do not add to the value, materially extend the life of, the asset are not capitalized.

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

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

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

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

Capital Assets- continued
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.

Beginning on July 1, 2021, interest on debt costs on debt related to capital assets were expensed during the construction period. Prior to July 1, 2021 interest costs on debt related to capital assets were capitalized during the construction period. No interest costs were capitalized in 2021.

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 deferred and recorded as revenues when earned.

Fringe Benefits
The College participates in the Commonwealth's Fringe Benefit programs, including health insurance, unemployment, pension, workers' compensation, and certain post-retirement 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.

Compensated Absences
Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through year-end. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more years of state service at June 30, 2022 and 2021. Upon retirement, these employees are entitled to receive payment for this accrued balance.

Note 1 - Summary of Significant Accounting Policies - Continued

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

Postemployment 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.

Grants
The College receives financial assistance from federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit by the granting agency.

Allowance for Doubtful Accounts
Provisions for losses on receivables are based on loss experience, known and inherent risks, and current economic conditions.

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

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

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

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period.

Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, and determining the net pension and OPEB liabilities.

COVID-19
On March 11, 2020, the World Health Organization declared the global outbreak of the novel coronavirus (“COVID-19”) as a pandemic. During the year ended June 30, 2021, COVID-19 had a significant effect on the College’s operations in response to government requirements and observing safety measures.

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

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

Notes to the Financial Statements - Continued

June 30, 2022 and 2021

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

COVID-19 - continued

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 student aid award and the institutional award must be spent by June 30, 2023.

The College was awarded the following HEERF funds as of June 30, 2022:

	Student Aid Award	Institutional Award	Minority Serving Institutions	Total
CARES	$ 838,572	$ 838,572	$ -	$ 1,677,144
CRRSAA	838,572	2,980,878	-	3,819,450
ARPA	3,357,720	3,348,946	701,903	7,408,569
Total	$ 5,034,864	$ 7,168,396	$ 701,903	$ 12,905,163

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

For the Year Ended June 30, 2022

	Student Aid Award	Institutional Award	Minority Serving Institutions	Total
CARES	$ -	$ 147,406	$ -	$ 147,406
CRRSAA	838,572	2,980,878	-	3,819,450
ARPA	2,519,148	381,557	-	2,900,705
Total	$ 3,357,720	$ 3,509,841	$ -	$ 6,867,561

For the Year Ended June 30, 2021

	Student Aid Award	Institutional Award	Minority Serving Institutions	Total
CARES	$ -	$ 691,166	$ -	$ 691,166
CRRSAA	-	-	-	-
ARPA	-	-	-	-
Total	$ -	$ 691,166	$ -	$ 691,166

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

As of June 30, 2022, the College has approximately $4,500,000 left to expend related to these grants.

Note 2- **Implementation of Newly Effective Accounting Standard**

As of July 1, 2021, the College implemented GASB 87, *Leases*. GASB 87 enhances the consistency for leasing activities and establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The was no change to net position as of July 1, 2021, upon the implementation of GASB 87 since the College does not have any material leases.

Note 3 - **Cash and Equivalents**

The carrying amount of the College's bank deposits and deposits in trust depositories are $2,713,607 and $2,032,811, as compared to bank balances of $4,446,510 and $2,195,023 at June 30, 2022 and 2021, respectively. The differences between the carrying amount and the bank balances were attributed to deposits in transit and outstanding checks.

Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, the College would not be able to recover its balance in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in banks in excess of the insured amount are uninsured and uncollateralized. The College does not have a formal deposit policy for custodial credit risk. Amounts exposed to custodial risk at June 30, 2022 and 2021 are approximately $4,200,000 and $1,950,000, respectively.

Note 4 - **Cash and Deposits Held by the State Treasurer**

Accounts payable, accrued salaries, and facility maintenance to be funded from state-appropriated funds totaled $709,509 and $1,021,783 at June 30, 2022 and 2021, 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. All cash and deposits held by the State Treasurer in excess of the encumbered amounts have been designated for the subsequent year.

Note 5 - **Receivables**

Financial Aid Receivable
The financial aid receivable represents financial aid awarded to students during the fiscal year not received from the Federal or State Governments as of June 30th of each year. Total amounts due as of June 30, 2022 and 2021 were $17,768 and $17,768, respectively.

Accounts Receivable
Accounts receivable are comprised of the following at June 30,:

	2022	2021
Student accounts receivable	**$ 6,010,301**	$ 7,547,913
Grants receivable	**579,841**	359,334
Other receivable	**90,454**	-
	6,680,596	7,907,247
Less: allowance for doubtful accounts	**(5,661,547)**	(6,028,292)
Total accounts receivable, net	**$ 1,019,049**	$ 1,878,955

Note 6 - **Investments**

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

	2022	2021
Mutual and exchange traded funds:		
Investment grade index fund	**$ 125,078**	$ 193,893
Global high yield fund	**23,334**	24,865
International equities	**363,242**	478,415
Emerging markets equities	**172,306**	177,431
Domestic equities	**1,538,808**	1,829,410
Single premium immediate annuity	**189,045**	192,496
	$ 2,411,813	$ 2,896,510

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

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 7 - **Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Estimated lives (in years)	Beginning Balance	Additions	Reclass	Ending Balance
Capital assets, not depreciated:					
Construction in progress	-	$ 829,017	$ -	$ (321,904)	$ 507,113
Land	-	312,000	-	-	312,000
Total not depreciated		1,141,017	-	(321,904)	819,113
Capital assets, depreciated:					
Buildings and improvements	20-40	122,306,977	460,346	321,904	123,089,227
Furnishings and equipment	5	4,614,123	-	-	4,614,123
Automobile	5	46,468	-	-	46,468
Educational resource materials	5	730,014	-	-	730,014
Total depreciable assets		127,697,582	460,346	321,904	128,479,832
Total capital assets		128,838,599	460,346	-	129,298,945
Less: accumulated depreciation:					
Buildings and improvements		51,485,730	3,941,281	-	55,427,011
Automobile		46,468	-	-	46,468
Furnishings and equipment		3,758,632	145,285	-	3,903,917
Educational resource materials		730,014	-	-	730,014
Total accumulated depreciation		56,020,844	4,086,566	-	60,107,410
Capital assets, net		$ 72,817,755	$ (3,626,220)	$ -	$69,191,535

Note 7 - **Capital Assets - Continued**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Estimated lives (in years)	Beginning Balance	Additions	Reclass	Ending Balance
Capital assets, not depreciated:					
Construction in progress	-	$ 3,962,601	$ 333,954	$ (3,467,538)	$ 829,017
Land	-	312,000	-	-	312,000
Total not depreciated		4,274,601	333,954	(3,467,538)	1,141,017
Capital assets, depreciated:					
Buildings and improvements	20-40	119,014,439	-	3,292,538	122,306,977
Furnishings and equipment	5	4,439,123	-	175,000	4,614,123
Automobile	5	46,468	-	-	46,468
Educational resource materials	5	730,014	-	-	730,014
Total depreciable assets		124,230,044	-	3,467,538	127,697,582
Total capital assets		128,504,645	333,954	-	128,838,599
Less: accumulated depreciation:					
Buildings and improvements		47,670,940	3,814,790	-	51,485,730
Automobile		46,468	-	-	46,468
Furnishings and equipment		3,613,347	145,285	-	3,758,632
Educational resource materials		730,014	-	-	730,014
Total accumulated depreciation		52,060,769	3,960,075	-	56,020,844
Capital assets, net		$76,443,876	$ (3,626,121)	$ -	$72,817,755

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Notes to the Financial Statements - Continued

June 30, 2022 and 2021

Note 8 - **Long-Term Liabilities**

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

	2022				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note payable	**$ 8,910,620**	**$ -**	**$ 380,561**	**$ 8,530,059**	**$ 391,978**
Other long-term liabilities:					
Compensated absences	**1,466,663**	**-**	**80,668**	**1,385,995**	**1,041,545**
Workers' compensation	**236,958**	**-**	**23,812**	**213,146**	**25,695**
Net pension liability	**424,317**	**-**	**424,317**	**-**	**-**
Net OPEB liability	**545,996**	**-**	**545,996**	**-**	**-**
Total other long-term liabilities	**2,673,934**	**-**	**1,074,793**	**1,599,141**	**1,067,240**
Total Long-term liabilities	**$11,584,554**	**$ -**	**$ 1,455,354**	**$10,129,200**	**$ 1,459,218**

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Note payable	$ 9,280,097	$ -	$ 369,477	$ 8,910,620	$ 380,561
Other long-term liabilities:					
Compensated absences	1,343,244	123,419	-	1,466,663	1,107,578
Workers' compensation	163,962	72,996	-	236,958	28,815
Contingent Federal aid liability	59,167	-	59,167	-	-
Net pension liability	25,688	398,629	-	424,317	-
Net OPEB liability	48,440	497,556	-	545,996	-
Total other long-term liabilities	1,640,501	1,092,600	59,167	2,673,934	1,136,393
Total Long-term liabilities	$10,920,598	$ 1,092,600	$ 428,644	$11,584,554	$ 1,516,954

Notes Payable

During the year ended June 30, 2018, the College entered into a 20-year agreement with the Massachusetts Division of Capital Asset Management and Maintenance (“DCAMM”) to participate in the Massachusetts Clean Energy Investment Program (“CEIP”). Under the program, DCAMM is responsible for construction of specific energy conservation projects funded by CEIP funds. The original amount of debt issued was $9,638,812. Principal and interest of $647,880 is payable annually with interest charged at 3.00%

Note 8 - **Long-Term Liabilities - Continued**

Maturities of principal and interest subsequent to June 30, 2022 are as follows:

Fiscal Years Ending June 30,	Principal	Interest
2023	391,978	255,902
2024	403,737	244,142
2025	415,849	232,030
2026	428,325	219,555
2027	441,174	206,705
2028-2032	2,412,523	826,875
2033-2037	2,796,775	442,623
2038-2039	1,239,698	56,061
	$ 8,530,059	$ 2,483,893

Note 9 - **Restricted Net Position**

The College is, on occasion, the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. Restricted-expendable net position consists of funds whose income is mainly to be used for grants and scholarships. The College held $790,369 of restricted-expendable net assets at June 30, 2022 and 2021.

The Foundation's restricted-expendable net assets consist of funds whose income is mainly to be used for grants and scholarships. The Foundation's restricted-nonexpendable net position consists of investments to be held in perpetuity and the income is restricted for the purpose of providing scholarships, and other activities that benefit the College.

Note 10 - **Operating Expenses**

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

	2022	2021
Compensation and benefits	**$ 18,164,570**	$ 17,762,116
Supplies and services	**8,317,983**	8,129,010
Depreciation	**4,086,566**	3,960,075
Provision for legal contingency	**-**	2,062,318
Scholarships and fellowships	**5,873,715**	89,954
	$ 36,442,834	$ 32,003,473

Note 11 - **Pensions**

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

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

Note 11 - **Pensions - Continued**

Benefit Provisions

SERS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establish 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 on terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Commonwealth of Massachusetts 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.

Note 11 - **Pensions - Continued**

Contributions - continued
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
1979 to present	An additional 2% of regular compensation in excess of $30,000

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 $1,712,652, $1,546,888 and $1,458,784 for the years ended June 30, 2022, 2021 and 2020, 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 16.11%, 14.66%, 14.08% and of annual covered payroll for the fiscal years ended June 30, 2022, 2021, and 2020, respectively. The College contributed $54,636, $0, and $1,748 for the fiscal years ended June 30, 2022, 2021, and 2020, respectively, equal to 100% of the required contributions for each year.

Note 11 - **Pensions - Continued**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2022 and 2021, the College reported a liability of $0 and $424,317, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2022, the reporting date, was measured as of June 30, 2021, 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, 2021 rolled forward to June 30, 2021. The net pension liability as of June 30, 2021, the reporting date, was measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020.

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 2022 and 2021. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2022 and 2021 relative to total contributions of all participating employers for the fiscal year. At June 30, 2022 and 2021, the College's proportion was 0.000% and 0.002%, respectively.

For the years ended June 30, 2022 and 2021, the College recognized a pension benefit of $57,568 and $49,696, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	2022	2021
Deferred Outflows of Resources related to Pension		
Difference between projected and actual investments earnings	**$ -**	$ 23,325
Contributions subsequent to measurement date	**54,636**	-
Differences between expected and actual experience	**-**	13,501
Changes in proportion from Commonwealth	**-**	320
Changes in plan actuarial assumptions	**-**	24,058
Changes in proportion due to internal allocation	**199,827**	263,582
	$ 254,463	$ 324,786

Note 11 - **Pensions - Continued**

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

	2022	2021
Deferred Inflows of Resources Related to Pension		
Differences between expected and actual experience	$ -	$ 2,746
Changes in proportion from Commonwealth	-	1,034
Changes in proportion due to internal allocation	301,034	55,464
	$ 301,034	$ 59,244

The College's contributions of $54,636 and $0 made during the fiscal year ending 2022 and 2021,respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding year.

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

Fiscal Years Ending June 30,	
2023	$ (23,536)
2024	(23,536)
2025	(23,536)
2026	(23,536)
2027	(7,063)
	$ (101,207)

Note 11 - **Pensions - Continued**

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

Measurement date	**June 30, 2021**	June 30, 2020
Inflation	3.00%	3.00%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.15%
Interest rate credited to annuity savings fund	3.50%	3.50%

For measurement date June 30, 2021 and 2020, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females.
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

The 2022 pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 2021 and rolled forward to June 30, 2021. The 2021 pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 2020 and rolled forward to June 30, 2020.

Note 11 - **Pensions - Continued**

Actuarial Assumptions - continued

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:

	2022		2021	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	**39.0%**	**4.8%**	39.0%	4.8%
Core Fixed Income	**15.0%**	**30.0%**	15.0%	7.0%
Private Equity	**13.0%**	**7.8%**	13.0%	8.2%
Portfolio Completion Strategies	**11.0%**	**2.9%**	11.0%	3.2%
Real Estate	**10.0%**	**3.7%**	10.0%	3.5%
Value Added Fixed Income	**8.0%**	**3.9%**	8.0%	4.2%
Timberland / Natural Resources	**4.0%**	**4.3%**	4.0%	4.1%
Total	**100.0%**		100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 7.15% at June 30, 2022 and 2021, respectively. 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.

Note 11 - **Pensions - Continued**

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

	2022	
1.00% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1.00% Increase (8.00%)**
$ -	**$ -**	**$ -**

	2021	
1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
$ 559,064	$ 424,317	$ 313,566

Note 12 - **Other Postemployment 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").

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

Plan Description - continued

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

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

Management of the SRBT is vested with the board of trustees, which consists of seven members (or their designatee) and includes the Secretary of Administration and Finance, the Executive Director of the GIC, the Executive Director of PERAC, the State Treasurer, the Comptroller, 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 a stand-alone audited financial statement but is reflected as a fiduciary fund in the Commonwealth's audited financials.

Benefits Provided

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

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

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, 2022 and 2021, and as of the valuation date (January 1, 2021 and 2020), participants contributed 10% to 20%, respectively, 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 7.65% and 7.70% of annual covered payroll for the fiscal years ended June 30, 2022 and 2011, respectively. The College contributed $25,947 and $0 for the fiscal years ended June 30, 2022 and 2021, 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, 2022 and 2021, the College reported a liability of $0 and $545,996, 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, 2021 and 2020, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 and 2020, 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 2021 and 2020. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2021 and 2020 relative to total contributions of all participating employers for the fiscal year. At June 30, 2022 and 2021, the College's proportion was 0.000% and 0.003%, respectively.

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

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

For the years ended June 30, 2022 and 2021, the College recognized OPEB income of $44,791 and $80,991 respectively. The College reported deferred outflows of resources related to OPEB from the following sources at June 30,:

	2022	2021
Deferred Outflows of Resources Related to OPEB		
Difference between projected and actual earnings on OPEB plan investments	$ -	$ 1,579
Contributions subsequent to measurement date	25,947	-
Differences between expected and actual experience	-	15,068
Changes in proportion from Commonwealth	-	827
Changes in plan actuarial assumptions	-	44,964
Changes in proportion due to internal allocation	340,421	433,768
	$ 366,368	$ 496,206

Deferred Inflows of Resources Related to OPEB	2022	2021
Difference between projected and actual earnings on OPEB plan investments	$ -	$ -
Differences between expected and actual experience	-	13,477
Changes in OPEB plan actuarial assumptions	-	52,769
Changes in proportion from Commonwealth	-	1,854
Changes in proportion due to internal allocation	487,776	72,261
	$ 487,776	$ 140,361

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued
The College's contributions of $25,947 made during the fiscal year 2022, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the succeeding year. No contributions were made subsequent to the measurement date in the fiscal year 2021.

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 Ending June 30,	
2023	$ (34,269)
2024	(34,269)
2025	(34,269)
2026	(34,269)
2027	(10,279)
	$ (147,355)

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Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

Actuarial Assumptions
The total OPEB liability for 2021 and 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Salary increases	Rates vary by years of service and group classification, consistent with SERS	4.0% per year
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.15%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published GAO-Getzen trend rate model, version 2021_b. Medicare and non-medicare benefits range from 4.04% to 7.30%	Developed based on the most recent published GAO-Getzen trend rate model, version 2021_b. Medicare and non-medicare benefits range from 4.04% to 6.70%

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

Actuarial Assumptions - continued
The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	2022		2021	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	28.0%	96.0%	28.0%	96.0%
POS/PPO	60.0%	0.0%	60.0%	0.0%
HMO	12.0%	4.0%	12.0%	4.0%

Note 12- **Other Postemployment Benefits ("OPEB") - Continued**

Actuarial Assumptions - continued

The actuarial assumptions used in the January 1, 2021 and 2020 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2019 and 2018 through December 31, 2020 and 2019, depending upon the criteria being evaluated.

As a result of this actuarial experience study, the mortality assumption was adjusted in the January 1, 2020 and 2019 actuarial valuations to more closely reflect actual experience as a result of the recent experience study completed by the Public Employee Retirement Administration Commission ("PERAC").

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, 2022 and 2021 are the same as discussed in the pension footnote.

Discount Rate

The discount rate used to measure the total OPEB liability for 2022 and 2021 was 2.77% and 2.28%, respectively. These rates were based on a blend of the Bond Buyer Index rate (2.21% and 3.51%) 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 2028 and 2029 for the fiscal years 2022 and 2021, respectively. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% and 7.15%, respectively, per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

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:

2021		
1.00% Decrease (1.77%)	**Current Discount Rate (2.77%)**	**1.00% Increase (3.77%)**
$ -	$ -	$ -

2021		
1.00% Decrease (1.28%)	Current Discount Rate (2.28%)	1.00% Increase (3.28%)
$ 656,135	$ 545,996	$ 458,973

Note 12 - **Other Postemployment Benefits ("OPEB") - Continued**

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:

2022

1.00% Decrease (B)	**Current Healthcare Cost Trend Rate (A)**	**1.00% Increase (C)**
$ -	**$ -**	**$ -**

2021

1.00% Decrease (B)	Current Healthcare Cost Trend Rate (A)	1.00% Increase (C)
$ 443,475	$ 545,996	$ 682,204

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

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

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

Note 13 - **Fringe Benefits Provided by State**

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

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

The GIC is a quasi-independent state agency governed by an eleven-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and 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, 2020 and 2019, 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 healthcare 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 13 - **Fringe Benefits Provided by State - Continued**

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

Note 14 - **Massachusetts Management Accounting and Reporting System**

The College's state maintenance appropriation is composed of the following at June 30,:

	2022	2021
Direct unrestricted appropriations	**$ 13,707,706**	$ 13,187,560
Add: Fringe benefits for employees on the state payroll	**3,982,366**	3,897,984
Total unrestricted appropriations	**17,690,072**	17,085,544
Capital appropriations	**1,761,156**	658,228
Total Appropriations	**$ 19,451,228**	$ 17,743,772

No timing differences occurred where the College had additional revenue that was reported to Massachusetts Management Accounting and Reporting System after June 30, 2022 and 2021 (unaudited).

Note 14 - **Massachusetts Management Accounting and Reporting System - Continued**

As of June 30, 2022 and 2021, the College had paid or accrued for all amounts charged to it through the Commonwealth's fringe benefit program. 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 Educational Audited Financial Statements.*

Note 15 - **Contingencies**

Provision for Legal Contingency
In December 2021, a former employee was awarded approximately $2,062,000 in a lawsuit against the College for wrongful termination. This decision was recognized as a liability at June 30, 2021. The College is currently appealing the decision. The College also has the option to submit the claim for reimbursement from the Commonwealth of Massachusetts' settlement and judgment's account ("account"). Management believes that the claim is eligible to be fully reimbursed by the account. However, it is not assured that the College will be reimbursed for the claim until it is approved by the Commonwealth of Massachusetts. As of the date of the financial statements, the College has not submitted the claim for reimbursement.

Various lawsuits are currently pending or threatened against the College for wrongful termination. These claims are in the early the stages of litigation. Management is vigorously fighting these claims. In the opinion of management, these claims would not materially affect the College's financial position.

Note 15 - **Contingencies - Continued**

Prepaid Tuition Savings Plan

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

Grants

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Massachusetts State Employees' Retirement System

Year Ended	**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, 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, 2021**	January 1, 2019	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	**0.000%**	0.002%	0.000%	0.000%	0.000%	0.001%	0.005%	0.015%
Proportionate share of the collective net pension liability	**$ -**	$ 424,317	$ 25,688	$ 637	$ -	$ 131,366	$ 578,384	$ 1,129,044
College's covered payroll	**$ -**	$ 189,808	$ 14,494	$ 375	$ -	$ 72,368	$ 306,167	$ 1,128,071
College's proportionate share of the net pension liability as a percentage of its covered payroll	**128.61%**	223.55%	177.23%	170.09%	0.00%	181.52%	188.91%	100.09%
Plan fiduciary net position as a percentage of the total pension liability	**77.54%**	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

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

Schedules of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Year Ended June 30,

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 54,636**	$ -	$ 26,725	$ 1,748	$ 44	$ -	$ 6,841	$ 31,811
Contributions in relation to the contractually required contribution	**(54,636)**	-	(26,725)	(1,748)	(44)	-	(6,841)	(31,811)
Contribution excess	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	**$ -**	$ -	$ 189,808	$ 14,494	$ 375	$ -	$ 72,368	$ 306,167
Contribution as a percentage of covered payroll	**16.11%**	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%	10.39%

Notes:

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.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

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

Notes to the Required Supplementary Information - Pension (Unaudited)

June 30, 2022

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

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

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females.
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

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

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

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

The mortality rate assumptions were changed as follows:

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

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

Measurement date – June 30, 2017
The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females

- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females

- Disability – did not change

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

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

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

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

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

The mortality rates were changed as follows:

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

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

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

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

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

Massachusetts State Retirees' Benefit Trust

Year Ended	**June 30, 2022**	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	**June 30, 2021**	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	**January 1, 2021**	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	**0.000%**	0.003%	0.000%	0.000%	0.000%
Proportionate share of the collective net OPEB liability	**$ -**	$ 545,996	$ 48,440	$ 1,108	$ -
College's covered payroll	**$ -**	$ 189,808	$ 14,494	$ 375	$ -
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	**225.82%**	287.66%	334.21%	295.85%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	**10.70%**	6.40%	6.96%	7.38%	4.80%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and

See accompanying notes to the required supplementary information.

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

Schedules of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Year Ended June 30,

	2022	2021	2020	2019	2018
Statutorily required contribution	**$ 25,947**	$ -	$ 13,844	$ 1,275	$ 33
Contributions in relation to the statutorily required contribution	**25,947**	-	13,844	1,275	33
Contribution (excess)/deficit	**$ -**	$ -	$ -	$ -	$ -
College's covered payroll	**$ -**	$ -	$ 189,808	$ 14,494	$ 375
Contribution as a percentage of covered payroll	**7.65%**	7.70%	7.29%	8.79%	8.92%

Notes:

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

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

See accompanying notes to the required supplementary information.

Note 1 - **Changes in Plan Assumptions**

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

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

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

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

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

Note 1 - **Changes in Plan Assumptions - Continued**

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

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

Change in medical trend rates

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

Change in Investment Rate

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

Change in Salary Scale

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

Change in Discount Rate

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

Fiscal year June 30, 2020

Assumptions:

Change in Inflation

The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions

Salary decreased from 4.5% to 4.0%.

Change in Investment Rate

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

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

Notes to the Required Supplementary Information - OPEB (Unaudited) - Continued

June 30, 2022

Note 1 - **<u>Changes in Plan Assumptions - Continued</u>**

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

<u>Assumptions:</u>
Change in Trend on Future Costs
The healthcare trend rate decreased from 8.5% to 8.0%, which impacted 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

<u>Assumptions:</u>
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 AUDITORS' 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*

O'Connor & Drew P.C.
Certified Public Accountants

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

To the Board of Trustees of
Roxbury Community College
Roxbury, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Roxbury Community College (the "College"), and its discretely presented major component unit, as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated January 31, 2023.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described below as item 2022-001 that we consider to be a material weakness.

The College's response to the findings identified in our audit is described below. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Current Year Finding
Finding 2021-001

Criteria
Internal controls should be in place to provide reasonable assurance that the College's trial balance provided to the auditors was accurate and provided on a timely basis.

Condition
The initial trial balance provided to the auditors was not accurate and needed significant adjustments for the financial statements to be in compliance with generally accepted accounting principles.

Cause
Financial year-end procedures were not in place to ensure that the trial balance provided to the auditors was accurate and provided on a timely basis.

Effect
Significant adjustments were required on the initial trial balance provided to the auditors which increases the risk that the financial statements could be materially misstated.

Recommendation:
We recommend that the College update year-end procedures to ensure that a trial balance can be provided to the auditors that is accurate and provided on a timely basis.

Management Response:
The College has implemented additional procedures to ensure an accurately prepared trial balance for all future periods.

Prior Year Findings

Finding 2021-001

Condition

At June 30, 2021, several of the College’s bank accounts had not been reconciled since the calendar year 2020. A select number of bank accounts were not reconciled through June 30, 2021 until December 2021.

Current Year Update

This finding has been resolved.

Finding 2021-002

Condition

For the fiscal year ended June 30, 2021, journal entries were not documented or formerly reviewed prior to posting.

Current Year Update

This finding has been resolved.

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

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.

O'Connor + Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

January 31, 2023