MOUNT WACHUSETT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 and 2024

withum
ADVISORY TAX AUDIT

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Financial Statements and Management's Discussion and Analysis

June 30, 2025 and 2024

CONTENTS

withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Mount Wachusett Community College:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

WithumSmith+Brown, PC 25 Braintree Hill Office Park, Suite 102, Braintree, MA 02184-8715 T (617) 471 1120 F (617) 472 7560 withum.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

withum

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

WithumSmith+Brown, PC

October 31, 2025

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

June 30, 2025 and 2024

The following discussion and analysis provide an overview of the financial position and activities of Mount Wachusett Community College (the "College") for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and notes that follow this section of the report.

Mount Wachusett Community College is an accredited, public two-year institution serving 29 cities and towns in North Central Massachusetts. The 269-acre main campus is located in Gardner, Massachusetts; satellite sites are located in Leominster, and Fitchburg.

The College offers over 50 associate degree and certificate programs, as well as adult basic education/GED programs, education and training for business and industry and noncredit community service programs. The College's corporate training programs are offered through the Division of Workforce Training.

The College's students enjoy many support services and resources including the Fitness and Wellness Center, the Academic Support Center, and the 555-seat Theater at the Mount. Courses are offered in the day, evening, on weekends, and via the Internet.

Financial Highlights

As of June 30, 2025, the College's net position is $52,877,337. The amount represents $101,722,839 in total assets and deferred outflows of resources while liabilities and deferred inflows of resources equal $48,845,502. Operating expenses for the fiscal year ended June 30, 2025 total $69,588,666 while operating revenues were $41,379,205.

The College's non-operating revenues/expenses for the fiscal year ended June 30, 2025 netted to $30,693,013. This includes $30,803,280 of state appropriations.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Mount Wachusett Community College's basic financial statements. The College's basic *financial statements* are comprised of two components: 1) the *financial statements* and 2) the *notes* to the financial statements. This report also contains other *supplementary information* in addition to the basic financial statement.

The Financial Statements: The financial statements (pages 18-24) are designed to provide readers with a broad overview of the College's finances in a manner similar to a private sector College.

> The ***Statements of Net Position*** (p. 18) present information on the College's assets, liabilities and deferred outflows and inflows of resources, with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the College's financial position is improving or weakening.
>
> The ***Statements of Revenues and Expenses and Changes in Net Position*** (p. 19) present information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. expenses are recorded upon receipt of an invoice, regardless of when payment is made).
>
> The ***Statements of Cash Flows*** (p. 20-21) 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). The Government Accounting Standards Board ("GASB") Statements 34 and 35 require this method to be used.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 26-61 of this report. Mount Wachusett Community College reports its activity as a business-type activity using the full accrual measurement focus and basis of accounting. Mount Wachusett Community College is an agency of the Commonwealth of Massachusetts. Therefore, the results of the College's operations, its net position, and cash flows are also summarized in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

Financial Analysis of the College as a Whole

Schedules of Net Position

Net position over time serves as a useful indicator of Mount Wachusett Community College's financial position. For the year ended June 30, 2025, assets exceeded liabilities and deferred inflows of resources by $52.88 million.

The following schedules are prepared from the College's Statement of Net Position (page 18):

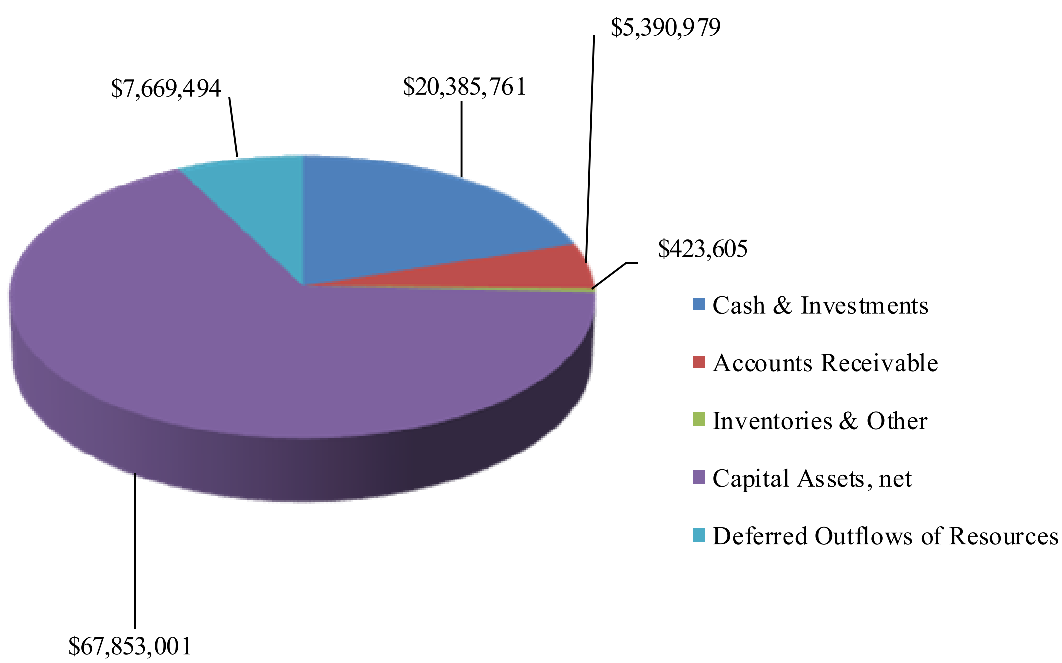
Schedules of Net Position
June 30,
(in millions)

	2025	2024	2023
Current assets	**$ 25.65**	$ 18.12	$ 17.86
Non-current assets:			
Capital assets, net of depreciation	**67.85**	69.76	73.44
Other	**0.55**	0.50	0.47
Total Assets	**$ 94.05**	$ 88.38	$ 91.77
Deferred outflows of resources	**$ 7.67**	$ 4.23	$ 2.38
Current liabilities	**$ 14.60**	$ 9.74	$ 9.26
Noncurrent liabilities	**29.78**	26.95	25.50
Total Liabilities	**$ 44.38**	$ 36.69	$ 34.76
Deferred inflows of resources	**$ 4.46**	$ 6.57	$ 10.61
Net Position:			
Investment in capital assets	**$ 55.48**	$ 56.48	$ 59.11
Restricted	**0.55**	0.50	0.47
Unrestricted	**(3.15)**	(7.63)	(10.79)
Total Net Position	**$ 52.88**	$ 49.35	$ 48.79

Schedules of Net Position – continued
Current assets increased by approximately $7.5 million from 2024 to 2025 due to the increase in cash, and net accounts receivable.

The largest portion of the College's net position reflects its investment in capital assets (e.g. land, buildings, machinery & equipment) less any related debt, including capital leases, used to acquire those assets. Unrestricted Net Position reflects assets that are available to meet the day-to-day operations of the College.

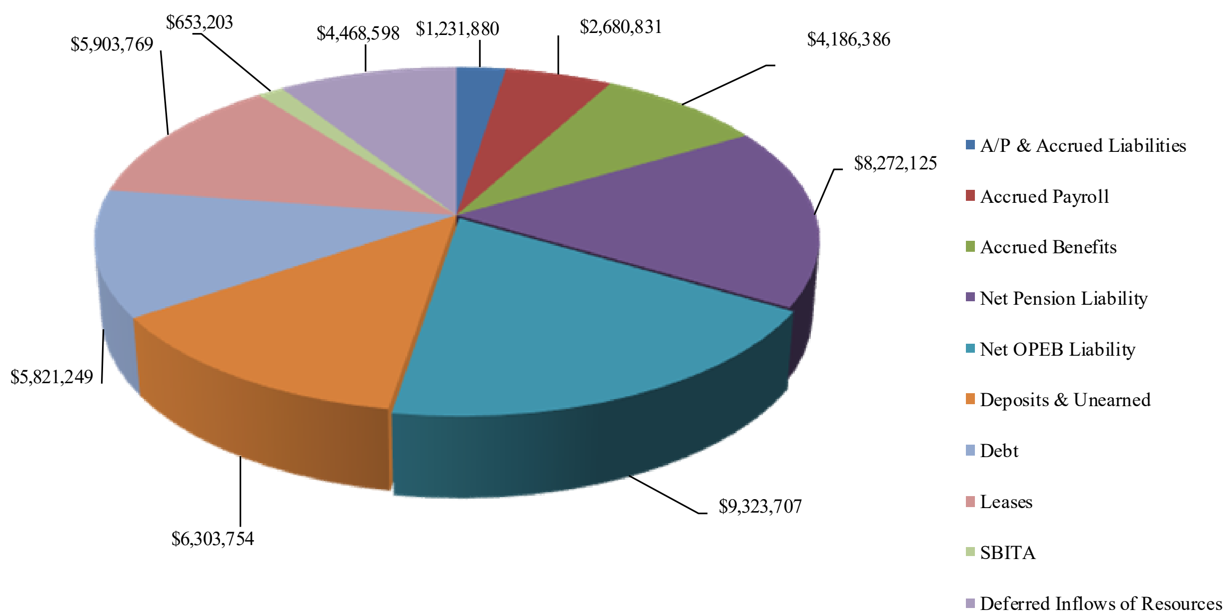
The College's assets and deferred outflows of resources include the following breakdown:



Schedules of Net Position - continued

Current liabilities increased from 2024 to 2025 by approximately $4.86 million. Non-current liabilities increased from 2024 to 2025 by $2.83 million.

The College's liabilities and deferred inflows of resources include the following breakdown:



Accrued Benefits are made up of an accrual for compensated absences $3.8 million and the College's Workers' Compensation liability approximately $.4 million.

Deposits and Unearned consists of student deposits, advance tuition payments, and grants were approximately $6.30 million.

Debt is comprised of the following:

- An eighteen-year Clean Renewable Energy Bond (CREB) ($2,145,000), and a thirty-year CEIP Bond (Clean Energy Investment Program) $4,400,000, which were used for the construction of two wind turbines.

- A twenty-year bond ($1,780,000) from the Mass State College Building Authority to support the construction of a new science & technology center.
- A twenty-year bond ($3,055,000) from the Mass State College Building Authority to support construction of a new student center.

During FY 2025, the College repaid $617,345 of the principal on its capital asset related debt.

Schedules of Revenues, Expenses and Changes in Net Position

The following schedules are prepared from the College's Schedules of Revenues, Expenses, and Changes in Net Position which is presented on an accrual basis. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These schedules represent the results of the College's operations.

Schedules of Revenues, Expenses and Changes in Net Position – continued

Operating Results
June 30,
(in millions)

	2025	2024	2023
Operating Revenue:			
Tuition and fees	**$ 5.73**	$ 7.89	$ 8.34
Grants and contracts	**33.10**	23.96	17.07
Auxiliary	**1.29**	1.14	0.94
Other	**1.27**	1.85	1.86
Total	**41.39**	34.84	28.21
Less: operating expenses	**69.59**	63.84	56.88
Net operating loss	**(28.20)**	(29.00)	(28.67)
Non-operating Revenue:			
State appropriations	**30.80**	29.40	25.08
Net interest & other non-operating	**(0.11)**	0.08	0.01
Capital appropriations, grants, and gifts	**1.04**	0.08	7.39
Total	**31.73**	29.56	32.48
Increase in net position	**3.53**	0.56	3.81
Net Position, Beginning of Year	**49.35**	48.79	44.98
Net Position, End of Year	**$ 52.88**	$ 49.35	$ 48.79

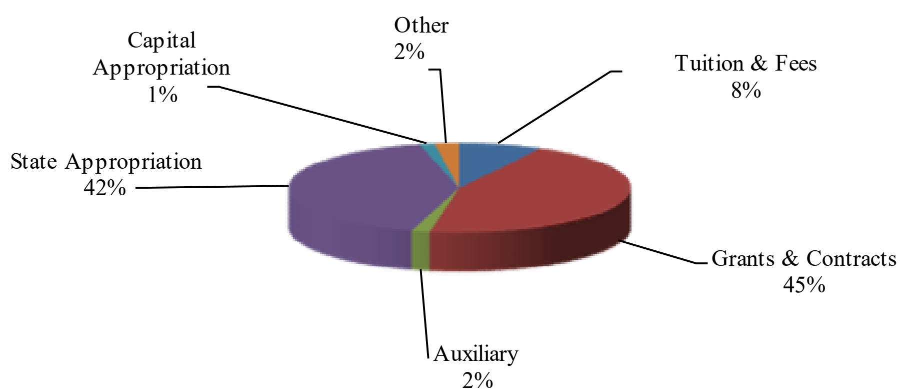
A number of revenue streams supplement student tuition and fees and currently include federal and state grants and contracts, non-governmental grants and contracts, contracted services of the bookstore, operation of the café, and fitness and wellness center. The College will continue to aggressively seek additional funding to support its operation consistent with its mission, as well as to continue to make prudent use of its financial resources for funding its operating activities.

Revenues
Revenues consisted of the following for the fiscal years ended June 30, 2025:

		2025		2024
Tuition & Fees	**$**	**5,726,305**	$	7,892,748
Grants & Contracts		**33,098,257**		23,961,169
Auxiliary		**1,287,110**		1,136,376
State Appropriation		**30,803,280**		29,476,065
Capital Appropriation		**1,040,536**		-
Other		**1,678,589**		2,436,963
		73,634,077		64,903,322

The following is a graphic illustration of the College's revenues by source:

FY 2025
Revenue Sources



Major components of the operating revenue for the year include state appropriations, tuition and fees, and federal and state grants and contracts. Gross tuition and fee revenue increased by $4.1 million while scholarship allowance increased by $6.2 million due to an increase in MassEducate/MassReconnect funding.

Grant and contract revenue increased by approximately $9.1m. This is largely driven by Pell and MassEducate/MassReconnect.

The state appropriation increased by approximately $1.3m while capital appropriations increased by $1.0m.

Operating Expenses
Operating expenses can be displayed in two formats, natural classification and functional classification. Both formats are included on the next two pages. The following is a summary of the College's expenses using the *Natural Classification Format*:

	2025	2024
Salaries & Wages	**$ 36,710,180**	$ 35,560,376
*Employee Related Expenses	**(1,411,221)**	(3,238,755)
Fringe Benefits	**12,083,890**	11,807,801
Administrative	**3,050,532**	3,914,788
Supplies	**2,167,256**	1,809,969
Utilities/Space Rental	**1,049,396**	628,284
Consultants	**1,199,670**	1,093,044
Facility Operations	**264,485**	229,868
Equipment Purchase	**529,700**	1,298,970
Equipment Lease	**1,590,572**	737,941
Client Purchased Service	**305,857**	240,280
Building & Land Maint	**813,014**	743,645
Scholarship	**6,233,975**	3,942,008
Depreciation	**4,607,405**	4,775,658
Compensated Absences	**393,955**	298,167
	69,588,666	63,842,044

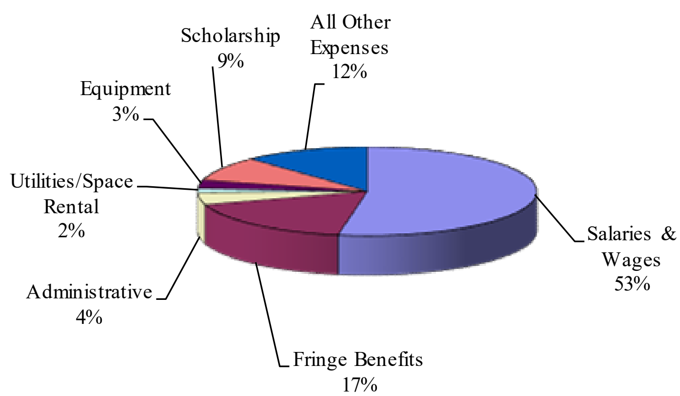
*Please note that Employee related expenses include Pension and OPEB.

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2025 and 2024

The following chart graphically illustrates the College's major expenses under the natural classification format:



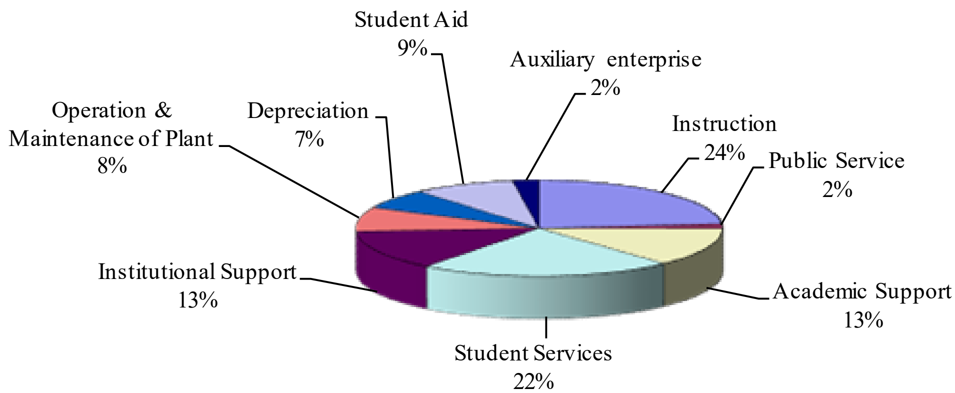
Salaries and wages make up the majority of expenditures for the College. Coupled with the resulting fringe benefits, they make up 70% of the cost of operations in FY25 and 74% in FY 2024 and 70% in FY 2023.

Natural classifications of expenditures are useful for budgetary and analytical purposes; however, functional classification can give more insight when attempting to compare institutions of higher education. Functional classifications show the expenditures grouped by programmatic areas.

The following is a summary of the College's expenses using the functional classification format:

		2025		2024
Instruction	**$**	**16,338,425**	$	15,862,136
Public Service		**1,114,875**		1,114,777
Academic Support		**9,063,703**		9,055,032
Student Services		**15,543,091**		14,678,304
Institutional Support		**9,354,013**		7,506,558
Operation & Maintenance of Plant		**5,745,933**		5,592,512
Depreciation		**4,607,405**		4,775,658
Student Aid		**6,233,975**		3,942,008
Auxiliary enterprise		**1,587,246**		1,315,060
		69,588,666		63,842,045

The following is a graphic representation of the operating expenses under the functional classification format:



Expenses for instruction, academic support, student services and student aid make up the bulk of the College's operational expense with a combined total of 68% in FY 2025. Another 28% of the College's resources went to institutional support and the maintenance of the College's facilities in FY 2025, while 2% is spent on public service and the operation of the College's fitness center and cafeteria.

Capital Asset and Debt Administration

As of June 30, 2025, the College had $67,853,001 invested in capital assets, net of accumulated depreciation of $47,642,395. This investment in capital assets includes land, buildings (including improvements), furnishings and equipment, books and capital leases. Depreciation charges for FY 2025 and 2024 were $4,607,405 and $4,775,658 respectively. Additions totaled $1,813,225 primarily for the Gardner campus remodels, duck pond dam, mass skills auto lab, and equipment/vehicles. This total includes $7,898,309 which reflects leased buildings and equipment stated as capital assets under GASB 87.

The College records capital assets under General Accepted Accounting Principles, whereby assets are recorded at their historical cost and depreciated over a period of 3 - 40 years. In the case of land and buildings, these historical costs may vary significantly from their current fair market value, where they would typically appreciate in value rather than depreciate.

The following table is a summary of the College's capital assets at June 30:

	Capital Assets (in thousands)	
	2025	2024
Land	**$ 41**	$ 41
Contruction in Progrss	**514**	240
Buildings & Improvements	**99,317**	98,538
Furnishing & Equipment	**6,318**	5,799
Library Books	**-**	408
Software Arrangements	**1,407**	1,622
Lease Buildings	**7,898**	7,444
Total	**$ 115,495**	$ 114,092
Less: Accumulated Depreciation	**47,642**	44,219
Net Capital Assets	**$ 67,853**	$ 69,873

All capital asset purchases are pre-approved by the Board of Trustees and are included in the College's capital spending plan submitted to the Board of Higher Education and the Commonwealth's Fiscal Affairs Division. Additional information about Mount Wachusett Community College's capital assets can be found in Note 6 of this report.

Long-Term Liabilities
The College's outstanding long-term liabilities consist of the following at June 30:

	2025	2024
Bonds payable	$ 5,821,249	$ 6,438,594
Lease payable	5,903,769	6,228,267
SBITA payable	653,203	610,006
Compensated absences	3,813,996	3,420,040
Net pension liability	8,272,125	6,747,160
Net OPEB liability	9,323,707	7,176,161
Workers' Compensation	372,390	342,157
	34,160,439	30,962,385
Less: current portion	4,383,657	4,157,407
Long-term liabilities	$ 29,776,782	$ 26,804,978

Economic Factors that Will Affect the Future

Nationwide, enrollments, which peaked in 2011, have been on a steady decline. Shifts in demographics leading to fewer high school graduates has been one of the major factors. During economic downturns, displaced workers will return to college to seek new skills. These older non-traditional students make up a large portion of the community college attendees. As the economy improves, these students are able to find new careers and leave the college campuses.

Regional Concerns
Due to the demographic changes associated with an aging and increasingly diverse population in the North Central Worcester County area, the need for an affordable, accessible education remains high. In addition, much of the region consists of rural communities where economic development and workforce development issues are dependent upon higher education to respond. Furthermore, excellence in technical education and the demands of the contemporary high-tech workplace require the college to maintain state-of-the art equipment, to develop new programs, and continue with faculty development efforts.

The College's ability to respond to these concerns depends on the continuation of state funding, the availability of federal and state grants and contracts, steady enrollment, and cost containment and conservation strategies in order to meet the College's basic operational needs.

The Commonwealth of Mass approved MassReconnect, an initiative to fund free community college for adults 25 and older who do not already have a college degree. MassReconnect is eligible to students that are 25 or older on the first day of classes, enrolled in and pursuing a program of higher education at a public community college, have not previously earned a college degree, enrolled in at least 6 credits per semester, completed the FAFSA, and are a Massachusetts resident. Tuition and fees are covered by MassReconnect and students receive an allowance to pay for books and supplies. Students who are eligible must complete the FAFSA as the MassReconnect dollars make up the "last dollars" a student would pay out of pocket after they are awarded federal, state and other MWCC waivers they would normally qualify for to pay for tuition and fees.

The Commonwealth of Mass approved MassEducate, an initiative to fund free community college for residents who do not have a bachelor's degree or to associate degrees. MassEducate is eligible to students on the first day of classes, enrolled in and pursuing a program of higher education at a public community college, have not previously earned a college degree, enrolled in at least 6 credits per semester, completed the FAFSA, and are a Massachusetts resident. Tuition and fees are covered by MassEducate and students receive an allowance to pay for books and supplies. Students who are eligible must complete the FAFSA as the MassEducate dollars make up the "last dollars" a student would pay out of pocket after they are awarded federal, state and other MWCC waivers they would normally qualify for to pay for tuition and fees.

Requests for Information

This financial report is designed to provide a general overview, for all those with an interest in Mount Wachusett Community College's finances. Questions concerning the information provided in this report, or requests for additional financial information, should be addressed to Jay Bry, Vice President of Finance & Administration, 444 Green Street, Mount Wachusett Community College, Gardner, MA.

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30,

Assets and Deferred Outflows of Resources

	2025 College	2024 College
Current Assets:		
Cash and equivalents	**7,736,461**	$ 7,212,392
Cash held by State Treasurer	**8,266,743**	3,907,798
Short-term investments	**3,831,888**	3,536,794
Accounts receivable, net	**5,390,979**	3,168,861
Other current assets	**423,605**	287,318
Total Current Assets	**25,649,676**	18,113,163
Non-Current Assets:		
Cash restricted for long term purposes	**38,229**	12,567
Investments restricted for long term purposes	**512,439**	486,082
Capital assets, net	**67,853,001**	69,761,547
Total Non-Current Assets	**68,403,669**	70,260,196
Deferred Outflows of Resources:		
Deferred outflows related to pensions	**3,652,145**	2,463,078
Deferred outflows related to OPEB	**4,017,349**	1,774,947
Total Deferred Outflows of Resources	**7,669,494**	4,238,025
Total Assets and Deferred Outflows of Resources	**$ 101,722,839**	$ 92,611,384

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

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30,

Liabilities, Deferred Inflows of Resources and Net Position

	2025 College	2024 College
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 1,231,879**	$ 1,117,166
Accrued payroll	**2,680,831**	2,655,330
Accrued compensated absences	**2,372,797**	2,258,889
Accrued workers' compensation	**46,870**	42,427
Student deposits and unearned revenue	**6,303,754**	1,951,232
Current portion of bonds payable	**683,141**	617,344
Current portion of SBITA liabilities	**349,563**	375,691
Current portion of lease liabilities	**931,286**	721,696
Total Current Liabilities	**14,600,121**	9,739,775
Non-Current Liabilities:		
Accrued compensated absences	**1,441,199**	1,161,151
Accrued workers' compensation	**325,520**	299,730
Net OPEB liability	**9,323,707**	7,176,161
Net pension liability	**8,272,125**	6,747,160
Bonds payable, net of current portion	**5,138,108**	5,821,250
SBITA liabilities, net of current portion	**303,640**	234,315
Lease liabilities, net of current portion	**4,972,483**	5,506,571
Total Non-Current Liabilities	**29,776,782**	26,946,338
Total Liabilities	**44,376,903**	36,686,113
Deferred Inflows of Resources:		
Deferred inflows related to pension plan	**667,140**	1,062,883
Deferred inflows related to OPEB	**3,801,459**	5,509,139
Total Deferred Inflows of Resources	**4,468,599**	6,572,022
Net Position:		
Net investment in capital assets	**55,474,780**	56,484,680
Restricted:		
Nonexpendable	**465,464**	433,812
Expendable	**85,204**	64,837
Unrestricted	**(3,148,111)**	(7,630,080)
Total Net Position	**52,877,337**	49,353,249
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 101,722,839**	$ 92,611,384

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

MOUNT WACHUSETT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statement of Revenues and Expenses and Changes in Net Position

For the Years Ended June 30,

	2025 College	2024 College
Operating Revenues:		
Tuition and fees	$ 19,420,385	$ 15,350,860
Less: Scholarships and allowances	(13,694,080)	(7,458,112)
Net tuition and fees	5,726,305	7,892,748
Federal grants and contracts	15,058,049	11,298,652
State and local grants and contracts	17,003,222	11,819,802
Non-governmental grants and contracts	1,036,986	842,715
Auxiliary enterprises	1,287,110	1,136,376
Other operating revenues	1,267,533	1,853,020
Total Operating Revenues	41,379,205	34,843,313
Operating Expenses:		
Instruction	16,338,425	15,862,136
Public service	1,114,875	1,114,777
Academic support	9,063,703	9,055,032
Student services	15,543,091	14,678,304
Institutional support	9,354,013	7,506,558
Operation and maintenance of plant	5,745,933	5,592,512
Depreciation	4,607,405	4,775,658
Scholarships and fellowships	6,233,975	3,942,008
Auxiliary enterprise	1,587,246	1,315,060
Total Operating Expenses	69,588,666	63,842,045
Net Operating Loss	(28,209,461)	(28,998,732)
State appropriation, unrestricted	30,731,778	29,397,586
State appropriation, restricted	71,502	78,479
Investment income	411,056	583,943
Interest expense	(521,323)	(574,427)
Net Non-Operating Revenues	30,693,013	29,485,581
Net Increase in Net Position Before Capital Revenue	2,483,552	486,849
Capital grants	-	81,403
Capital appropriations	1,040,536	-
Total Capital Revenue	1,040,536	81,403
Net Increase in Net Position	3,524,088	568,252
Net Position, Beginning of Year	49,353,249	48,784,997
Net Position, End of Year	$ 52,877,337	$ 49,353,249

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

MOUNT WACHUSETT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statement of Cash Flows

For the Years Ended June 30,

	2025 College	2024 College
Cash Flows from Operating Activities:		
Tuition and fees	**$ 4,121,505**	$ 7,755,905
Grants and contracts	**36,798,805**	22,848,249
Payments to employees	**(39,783,778)**	(38,347,820)
Payments to students	**(6,233,975)**	(3,942,008)
Payments to suppliers and vendors	**(11,386,010)**	(10,363,458)
Other receipts	**2,589,300**	2,538,839
Net Cash Applied to Operating Activities	**(13,894,153)**	(19,510,293)
Cash Flows from Non-Capital Financing Activities:		
State appropriations	**21,997,328**	20,982,946
Tuition remitted to State	**(205,810)**	(188,549)
Net Cash Provided by Non-Capital Financing Activities	**21,791,518**	20,794,397
Cash Flows from Capital Financing Activities:		
Capital grants	**-**	81,403
Capital appropriations	**1,040,536**	-
Purchases of capital assets	**(1,572,879)**	(188,828)
Principal paid on lease, SBITA and bonds payable	**(1,989,397)**	(1,935,241)
Interest paid on lease, SBITA and bonds payable	**(556,556)**	(640,150)
Net Cash Applied to Capital Financing Activities	**(3,078,296)**	(2,682,816)
Cash Flows from Investing Activity:		
Investment income	**89,607**	17,263
Net Increase (Decrease) in Cash and Equivalents	**4,908,676**	(1,381,449)
Cash and Equivalents, Beginning of Year	**11,132,757**	12,514,206
Cash and Equivalents, End of Year	**$ 16,041,433**	$ 11,132,757

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

MOUNT WACHUSETT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Statement of Cash Flows - Continued

For the Years Ended June 30, 2025

	2025 College	2024 College
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:		
Net operating loss	**$ (28,209,461)**	$ (28,998,732)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation	**4,607,405**	4,775,658
Fringe benefits provided by the State	**9,011,762**	8,681,667
Governmental voluntary nonexchange transaction	**-**	(48,412)
Increase (decerase) in allowance for doubtful accounts	**378,054**	(38,299)
Net pension activity	**(1,802,536)**	(790,231)
Net OPEB activity	**(59,845)**	(2,764,449)
Changes in assets and liabilities:		
Accounts receivable	**(2,600,172)**	(1,320,069)
Other current assets	**(136,287)**	254,289
Accounts payable and accrued expenses	**114,715**	377,209
Accrued payroll	**25,501**	352,877
Accrued compensated absences and workers' compensation	**424,189**	301,739
Student deposits and unearned revenues	**4,352,522**	(293,540)
Net Cash Applied to Operating Activities	**$ (13,894,153)**	$ (19,510,293)
Reconciliation of Cash and Equivalents to the Statement of Net Position:		
Cash and equivalents	**$ 7,736,461**	$ 7,212,392
Cash held by State Treasurer	**8,266,743**	3,907,798
Restricted cash and equivalents	**38,229**	12,567
Cash and Equivalents	**$ 16,041,433**	$ 11,132,757
Non-Cash Transactions:		
Fringe benefits provided by the State	**$ 9,011,762**	$ 8,681,667
Leased building additions	**$ 565,217**	$ 904,877
SBITA additions	**$ 560,768**	$ -
Bond refunding	**$ -**	$ 1,780,000
Bond premium	**$ -**	$ 241,637
Amortization of bond premium	**$ 35,233**	$ 29,301

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

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Statements of Net Assets (Component Unit)

June 30, 2025

Assets

	2025 Foundation	2024 Foundation
Assets:		
Cash and equivalents	**$ 23,592**	$ 198,974
Restricted cash and equivalents	**578,152**	739,846
Investments	**7,610,394**	6,135,694
Beneficial interest in assets held by Community Foundation of North Central Massachusetts	**2,434,428**	2,295,303
Property and equipment, net	**1,346,051**	1,246,084
Total Assets	**$ 11,992,617**	$ 10,615,901

Liabilities and Net Position

	2025 Foundation	2024 Foundation
Liabilities:		
Accounts payable and accrued expenses	**$ 99,227**	$ 163,049
Refundable advances	**-**	50,000
Total Liabilities	**99,227**	213,049
Net Assets:		
Without donor restrictions:		
Board designated	**4,135,381**	3,498,984
Undesignated	**1,246,200**	1,232,009
With donor restrictions	**6,511,809**	5,671,859
Total Net Assets	**11,893,390**	10,402,852
Total Liabilities and Net Assets	**$ 11,992,617**	$ 10,615,901

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

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

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

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains:			
Contributions and gifts of cash and other financial assets	$ 293,073	$ 769,660	$ 1,062,733
Contributions and gifts of nonfinancial assets	67,600	-	67,600
Lease income	152,199	-	152,199
Change in value of beneficial interest	-	239,125	239,125
Net investment return	501,016	353,742	854,758
Net assets released from restrictions	522,577	(522,577)	-
Total Revenue, Support and Gains	1,536,465	839,950	2,376,415
Expenses:			
Program services	667,989	-	667,989
Supporting Services:			
Management and general	169,188	-	169,188
Fundraising	48,700	-	48,700
Total Supporting Services	217,888	-	217,888
Total Expenses	885,877	-	885,877
Change in Net Position	650,588	839,950	1,490,538
Net Position, Beginning of Year	4,730,993	5,671,859	10,402,852
Net Position, End of Year	$ 5,381,581	$ 6,511,809	$ 11,893,390

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

MOUNT WACHUSETT COMMUNITY COLLEGE FOUNDATION, INC.

(a component unit of Mount Wachusett Community College)

Statements of Activities and Changes in Net Position (Component Unit) - Continued

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains:			
Contributions and gifts of cash and other financial assets	461,826	$ 459,045	$ 920,871
Contributions and gifts of nonfinancial assets	144,000	-	144,000
Lease income	149,840	-	149,840
Change in value of beneficial interest	-	225,089	225,089
Net investment return	495,937	371,673	867,610
Net assets released from restrictions	608,538	(608,538)	-
Total Revenue, Support and Gains	1,860,141	447,269	2,307,410
Expenses:			
Program services	921,328	-	921,328
Supporting Services:			
Management and general	152,215	-	152,215
Fundraising	49,515	-	49,515
		-	
Total Supporting Services	201,730	-	201,730
Total Expenses	1,123,058	-	1,123,058
Change in Net Assets	737,083	447,269	1,184,352
Net Assets, Beginning of Year	3,993,910	5,224,590	9,218,500
Net Assets, End of Year	$ 4,730,993	$ 5,671,859	$ 10,402,852

The Notes to the Financial Statements are an integral part of these statements.

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

Organization
Mount Wachusett Community College (the "College") is a state-supported comprehensive college that offers a quality education leading to associate degrees in the arts and sciences, as well as one-year certificate programs. With its primary campus located in Gardner, Massachusetts, along with other satellite campuses, the College provides instruction and training in a variety of liberal arts, allied health, engineering technologies, and business fields of study. The College also offers, 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
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 and changes in net position demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenue.

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

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

The Mount Wachusett Community College Foundation, Inc. (the "Foundation") is a legally separate tax-exempt organization. The Foundation was formed in 1971 to render financial assistance and support to the educational programs and development of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors. The Foundation is considered a component unit of the College because of the nature and significance of its relationship with the College as of June 30, 2025 and 2024 and is therefore discretely presented in the College's financial statements.

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

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

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

> Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
>
> Restricted - nonexpendable: Net assets subject to externally imposed conditions that the College must maintain in perpetuity.
>
> Restricted - expendable: Net assets whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time.
>
> Unrestricted: Net position that is not subject to externally imposed stipulations or categorized as net investment in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

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

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

Cash and Equivalents
The College considers all highly liquid debt instruments with original maturity dates of three months or less, whether held in its own accounts or by State agencies on its behalf, to be cash equivalents.

Cash Held by State Treasurer
Cash held by State Treasurer represents funds accessible by the College held by the Commonwealth of Massachusetts for payroll.

Investments
Investments in marketable securities are stated at fair market value. Dividends, interest, and net gains or losses are reported in the statements of revenues and expenses and changes in net position. 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 imposes 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.

Allowance for Doubtful Accounts
Accounts and pledges receivable are periodically evaluated for collectability based on past history with students.

Capital Assets
Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. In accordance with the State's capitalization policy, only those items with a unit cost of more than $50,000 are capitalized. College capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years. Leased and subscription-based technology arrangement assets are amortized over the shorter of the lease/subscription term or useful life of the underlying asset. Amortization of leased and subscription-based technology arrangements is included in depreciation expense.

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.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Compensated Absences
Employees earn the right to be compensated during absences for vacation and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30, 2025 and 2024. The accrued sick leave balance represents 20% of amounts earned by those employees with 10 or more years of State service at June 30, 2025 and 2024. Upon retirement, these employees are entitled to receive payment for this accrued balance.

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

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

Student Deposits and Unearned Revenue
Deposits and advance payments received for tuition and fees related to certain summer programs, tuition received for the following academic year, advance theater ticket sales, and unexpired health center memberships are deferred and recorded as revenues as earned.

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.

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

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

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

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 the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, lease and SBITA discount rate, and determining the net pension and OPEB liabilities. Actual amounts may differ from the estimates.

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

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

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

Implementation of Newly Effective Accounting Standard
As of July 1, 2024, the College implemented GASB Statement 101 - *Compensated Absences*. The objective of this statement is to update the recognition and measurement for compensated absences. The adoption of this statement did not have a material impact to the financial statements.

As of July 1, 2024, the College implemented GASB Statement 102 – *Certain Risk Disclosures*. The objective of this statement is to update the required disclosures for risks that could negatively impact state and local governments.

Note 2 - **Cash and Equivalents**

Custodial credit risk is the risk that in the event of a financial institution's failure, the College would not be able to recover its deposits in full. The College periodically maintains cash balances in excess of the Federal Deposit Insurance Corporation ("FDIC") insurable limits. The standard FDIC insurance amount is $250,000 per depositor, per insured bank, for each ownership category. Some of the College's deposits are made in domestic banks that are insured with supplemental insurance for those accounts exceeding the federally insured limits.

For the banks without supplemental insurance, management monitors the financial condition of banking institutions, along with its cash balances, to keep this potential risk to a minimum. At June 30, 2025 and 2024, the carrying amount of the College's bank balances were $10,219,188 and $7,563,090, respectively. The College had deposits of $5,342,732 and $3,800,711 in excess of FDIC and other supplemental insurance at June 30, 2025 and 2024, respectively, which were exposed to custodial credit risk and are uncollateralized.

Note 3 - Cash Held by State Treasurer

Accounts payable and accrued salaries to be funded from State-appropriated funds totaled $8,266,743 and $3,907,798 at June 30, 2025 and 2024, respectively. The College has recorded a comparable dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently utilized to pay for such liabilities.

Note 4 - Investments

Investment Policy
In accordance with Chapter 15A of the Massachusetts General Laws, The College's Board of Trustees has adopted an investment policy that applies to locally held funds that are not appropriated by the State Legislator or derived from federal allocation. The primary objective of the College’s investment policy is to provide a source of liquidity, income, and capital appreciation for the College. The College’s investments are comprised of short-term/liquid investments, which include cash and other short-term investments expected to mature within three years, and long-term investments, which include bonds, equities, and other investments expected to mature within three to ten years. Investments identified as endowment funds are designed to ensure a total return sufficient to preserve and enhance the principal of the funds and provide a dependable source of revenue for the identified purposes.

Concentration of Credit Risk
The College places no limit on the amount it may invest in any one issuer. The College had no investments exceeding 5% of its total investment balance as of June 30, 2025 and 2024. Under accounting principles generally accepted in the United States of America, investments issued or explicitly guaranteed by the federal government and mutual funds are specifically excluded for purposes of determining concentration of credit risk disclosures.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the College, or are held by either the counterparty or the counterparty's trust department or agent but not in the College's name. The College's policy is to hold all investments in its name.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The College's investment policy establishes guidelines for permissible investments, which include certificates of deposits, mutual funds, equities, and bonds.

Disclosure of Credit Risk and Maturities of Debt Securities
Certificates of deposit of $570,473 and $571,350 at June 30, 2025 and 2024, respectively, are stated at initial investment cost plus accrued interest, mature in less than one year and had an unrated credit risk. The College holds no debt securities with a maturity date greater than one year.

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

Level 1 - Observable market prices (unadjusted) in active markets for identical assets or liabilities that the College can access at measurement date.
Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3 - Unobservable inputs that are not corroborated by observable market data.

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

Certificates of Deposit: Valued at initial investment cost plus accrued interest.

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.
Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds are open-end funds that are registered with the Securities and Exchange Commission and are deemed to be actively traded.

The College's investments at fair value measurements are as follows at June 30,:

	June 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements:				
Certificates of deposit	**$ -**	**570,473**	**$ -**	**$ 570,473**
Mutual funds	**192,527**	**-**	**-**	**192,527**
Equities	**3,581,327**	**-**	**-**	**3,581,327**
Total investments at fair value	**$ 3,773,854**	**$ 570,473**	**$ -**	**$ 4,344,327**

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Certificates of deposit	$ -	$ 571,350	$ -	$ 571,350
Mutual funds	188,055	-	-	188,055
Equities	3,263,471	-	-	3,263,471
Total investments at fair value	$ 3,451,526	$ 571,350	$ -	$ 4,022,876

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

	2025	2024
Equities	**$ 5,024,802**	$ 4,310,682
Certificates of deposit	**277,580**	559,984
Fixed-income funds	**2,308,012**	1,265,028
	$ 7,610,394	$ 6,135,694

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.

Note 5 - **Accounts Receivable**

The accounts receivable balance comprises the following at June 30,:

	2025	2024
Student receivables	**$ 2,790,287**	$ 2,538,825
Grant receivables	**4,265,075**	1,881,710
Other receivables	**567,137**	601,792
	7,622,499	5,022,327
Less: allowance for doubtful accounts	**2,231,520**	1,853,466
	$ 5,390,979	$ 3,168,861

Note 6 - **Capital Assets**

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

	June 30, 2025					
	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets non-depreciable						
Land		$ 40,704	$ -	$ -	$ -	$ 40,704
Construction in progress		240,351	514,259	-	(240,351)	514,259
Total capital assets non-depreciable		281,055	514,259	-	(240,351)	554,963
Capital assets, depreciable:						
Building, including improvements	25-40	98,537,517	539,391	-	240,351	99,317,259
Furnishing and equipment	3-5	5,798,917	519,224	-	-	6,318,141
Books	5	408,323	-	408,323	-	-
Leased equipment		904,877	-	-	-	904,877
Software arrangements	3-5	1,622,069	560,768	776,113	-	1,406,724
Leased buildings	2-10	6,428,215	565,217	-	-	6,993,432
Total depreciable assets		113,699,918	2,184,600	1,184,436	240,351	114,940,433
Less: accumulated depreciation						
Building, including improvements		36,230,168	2,844,143	-	-	39,074,311
Furnishings and equipment		5,343,671	189,051	-	-	5,532,722
Books		408,323	-	408,323	-	-
Leased equipment		161,619	180,976	-	-	342,595
Software arrangements		894,456	560,073	776,113	-	678,416
Leased building		1,181,189	833,162	-	-	2,014,351
Total accumulated depreciation		44,219,426	4,607,405	1,184,436	-	47,642,395
Capital assets, net		$ 69,761,547	$ (1,908,546)	$ -	$ -	$ 67,853,001

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

	June 30, 2024					
	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets non-depreciable						
Land		$ 40,704	$ -	$ -	$ -	$ 40,704
Construction in progress		5,759,185	107,425	-	(5,626,259)	240,351
Total capital assets non-depreciable		5,799,889	107,425	-	(5,626,259)	281,055
Capital assets, depreciable:						
Building, including improvements	25-40	92,911,258		-	5,626,259	98,537,517
Furnishing and equipment	3-5	5,717,514	81,403	-	-	5,798,917
Books	5	408,323	-	-	-	408,323
Leased equipment		-	904,877	-	-	904,877
Software arrangements	3-5	2,010,062	-	387,993	-	1,622,069
Leased buildings	2-10	6,908,559	-	480,344	-	6,428,215
Total depreciable assets		107,955,716	986,280	868,337	5,626,259	113,699,918
Less: accumulated depreciation						
Building, including improvements		33,275,245	2,954,923	-	-	36,230,168
Furnishings and equipment		5,147,723	195,948	-	-	5,343,671
Books		408,323	-	-	-	408,323
Leased equipment		-	161,619			161,619
Software arrangements		624,195	658,254	387,993	-	894,456
Leased building		856,619	804,914	480,344	-	1,181,189
Total accumulated depreciation		40,312,105	4,775,658	868,337	-	44,219,426
Capital assets, net		$ 73,443,500	$ (3,681,953)	$ -	$ -	$ 69,761,547

Note 7 - **Long-Term Liabilities**

Long-term liabilities at June 30, consist of:

	June 30, 2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	**$ 6,226,258**	**$ -**	**$ 582,112**	**$ 5,644,146**	**$ 649,796**
Bond premium	**212,336**	**-**	**35,233**	**177,103**	**33,345**
SBITA liabilities	**610,006**	**560,767**	**517,570**	**653,203**	**349,563**
Lease liabilities	**6,228,267**	**565,217**	**889,715**	**5,903,769**	**931,286**
Total lease, SBITA and bonds payable	**13,276,867**	**1,125,984**	**2,024,630**	**12,378,221**	**1,963,990**
Compensated absences	**3,420,040**	**393,956**	**-**	**3,813,996**	**2,372,797**
Workers' compensation	**342,157**	**30,233**	**-**	**372,390**	**46,870**
Net pension liability	**6,747,160**	**1,524,965**	**-**	**8,272,125**	**-**
Net OPEB liability	**7,176,161**	**2,147,546**	**-**	**9,323,707**	**-**
Total other long-term liabilities	**17,685,518**	**4,096,700**	**-**	**21,782,218**	**2,419,667**
	$ 30,962,385	**$ 5,222,684**	**$ 2,024,630**	**$ 34,160,439**	**$ 4,383,657**

	June 30, 2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Leases, SBITA and bonds payable:					
Bonds payable	$ 6,996,142	$ 1,780,000	$ 2,549,884	$ 6,226,258	$ 582,112
Bond premium	-	241,637	29,301	212,336	35,232
SBITA liabilities	1,201,868	-	591,862	610,006	375,691
Lease liabilities	6,138,522	904,877	815,132	6,228,267	721,696
Total lease, SBITA and bonds payable	14,336,532	2,926,514	3,986,179	13,276,867	1,714,731
Other long-term liabilities:					
Compensated absences	3,121,874	298,166	-	3,420,040	2,258,889
Workers' compensation	338,584	3,573	-	342,157	42,427
Net pension liability	5,151,953	1,595,207	-	6,747,160	-
Net OPEB liability	6,483,684	692,477	-	7,176,161	-
Total other long-term liabilities	15,096,095	2,589,423	-	17,685,518	2,301,316
	$ 29,432,627	$ 5,515,937	$ 3,986,179	$ 30,962,385	$ 4,016,047

Bonds Payable
In 2011, the College issued a $2,145,000 Clean Renewable Energy Bond through the Massachusetts Development Finance Agency with interest at 3.5%. Annual principal payments of $126,176 and bi-annual interest payments began May 2011 through maturity in May 2027. The balance at June 30, 2025 and 2024 was $252,354 and $378,530, respectively.

On October 1, 2010, the College issued a $4,400,000 Clean Energy Investment Program Bond ("CEIP") through the Massachusetts Department of Capital Asset Management. The bond is for twenty years at 4.7% interest. Annual principal and interest payments in the amount of $310,571 are due through January 2032. The balance at June 30, 2025 and 2024 was $1,830,103 and $2,048,495, respectively.

In 2017, the College issued a $3,055,000 bond through the Massachusetts State College Building Authority ("MSCBA"). These funds are being used to build a new student center. The bond is for twenty years at interest rates varying from 1.865% to 3.398%. The College is required to make bi-annual principal and interest payments beginning in November 2017. The bond matures in November 2036. The balance at June 30, 2025 and 2024 was $1,971,689 and $2,119,233, respectively.

On July 11, 2023, the College's MSCBA 2014 Community College Series 1 bond was fully refunded as part of the MSCBA's Project and Refunding Revenue Bonds (Community College Program) Series 3. The purpose of the issuance was to provide budgetary relief to the College. This was a non-cash producing transaction to restructure the College's debt schedule and interest payments and resulted in an immaterial economic benefit. The refunding reduced the College's total debt service by approximately $131,000 and resulted in an economic gain (the difference between the present value of the debt service on the old and new bonds) of approximately $133,000. No deferred gain was recognized on the statements of net position due to a lack of materiality. Through its agreement with MSCBA, the College repays this debt in semi-annual installments, starting on November 1, 2023 and ending on May 1, 2034, at an annual rate of 5.00%. A debt service fund is not required under this financing arrangement. The balance at June 30, 2025 and 2024 was $1,590,000 and $1,680,000, respectively.

Principal and interest on bonds payable are as follows:

Year Ending June 30,	Principal	Interest
2026	$ 649,796	$ 225,590
2027	672,120	200,682
2028	564,077	174,387
2029	584,046	151,330
2030	609,568	127,560
2031-2035	2,265,141	274,916
2036-2037	299,398	10,274
	$ 5,644,146	$ 1,164,739

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

Description	Expiration Date	Payment Amount	Interest Rate	Lease Liabilities 6/30/2025	Lease Liabilities 6/30/2024
42 Linus Allain Ave., Gardner	8/31/2030	$12,487-$12,916	3.25%	$ 730,966	$ 856,249
326 Nichols Road, Fitchburg	10/37/2027	$14,167-$15,032	3.25%	$ 397,197	$ -
100-110 Erdman Way, Leominster	1/25/2033	$49,777-$54,384	4.00%	$ 4,173,265	$ 4,603,807
Equipment	Various	$5,752-$6,725	8.00%-8.25%	$ 602,341	$ 768,211
				$ 5,903,769	$ 6,228,267

The College has various lease agreements at locations off-campus for instructional uses. Payments on all leases are due monthly with payments ranging from approximately $12,000 to $54,000. The College does not have an option to extend the leases. The College's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the intangible right to use this asset and the associated lease liability. The College did not make payments for the leases other than the monthly payments for the years ended June 30, 2025 and 2024.

At June 30, 2025, the total amount of the right of use assets and accumulated amortization for leases were $7,898,309 and $2,356,946, respectively. At June 30, 2024, the total amount of the right of use assets and accumulated amortization for leases were $7,333,092 and $1,342,808, respectively.

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

Year Ending June 30,	Principle	Interest
2026	$ 931,286	$ 236,639
2027	989,754	190,655
2028	928,676	142,874
2029	702,277	107,339
2030	727,579	80,018
2031-2033	1,624,197	86,810
	$ 5,903,769	$ 844,336

Subscription-Based Information Technology Arrangements

The College has entered into subscription-based information technology arrangements ("SBITA"s) for various software products which were initiated in fiscal years ending ranging from June 30, 2020 through 2025. These agreements have expiration dates ranging from October 2023 to November 2027 and have annual payments ranging from $7,274 to $204,692. An IBR ranging from 3.84% to 4.08% was used to discount all SBITA arrangement payments to recognize the intangible right to use this asset and the associated SBITA liability. There were no payments made for additional services not included in the annual SBITA payments. The College has no options to renew these agreements and there is no option to purchase the software products.

At June 30, 2025, the total amount of the SBITA right to use assets and accumulated amortization for SBITAs were $1,406,724 and $678,416, respectively. At June 30, 2024, the total amount of the SBITA right to use assets and accumulated amortization for SBITAs were $1,622,069 and $894,456 respectively.

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

Years Ending June 30,	Principal	Interest
2026	349,563	22,834
2027	256,973	8,727
2028	46,667	543
	$ 653,203	$ 32,104

Note 8 - **Pension**

Defined Benefit Plan Description

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

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

Benefit Provisions

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

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

Contributions
The SERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets. Member contributions for SERS vary depending on the most recent date of membership:

Hire Date	Percent of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police, which is 12% of regular compensation
7/1/2001 to present	11% 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 $3,981,768, $3,354,101 and $3,016,798 for the years ended June 30, 2025, 2024 and 2023, respectively.

For employees covered by SERS but not paid from State appropriations, the College is required to contribute at an actuarially determined rate. The rate was 18.63%, 16.69% and 16.70% of annual covered payroll for the fiscal years ended June 30, 2025, 2024 and 2023, respectively. The College contributed $1,021,704, $884,884 and $679,189 for the fiscal years ended June 30, 2025, 2024 and 2023, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2025 and 2024, the College reported a liability of $8,272,125 and $6,747,160, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2025, the reporting date, was measured as of June 30, 2024, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024. The net pension liability as of June 30, 2024, the reporting date, was measured as of June 30, 2023, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023.

The College's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal years 2025 and 2024. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2025 and 2024 relative to total contributions of all participating employers for the fiscal year. At June 30, 2025 and 2024, the College's proportion was 0.065% and 0.046%, respectively.

For the years ended June 30, 2025 and 2024, the College recognized pension expense of $961,857 and $94,653, respectively.

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

Deferred Outflows of Resources Related to Pension

	2025	2024
Contributions subsequent to the measurement date	**$ 1,021,704**	$ 884,884
Change in plan actuarial assumptions	**59,363**	113,397
Differences between expected and actual experience	**414,595**	239,679
Differences between projected and actual earnings on pension plan investments	**-**	181,586
Changes in proportion - Commonwealth	**-**	56
Changes in proportion - internal	**$ 2,156,483**	1,043,476
Total	**$ 3,652,145**	$ 2,463,078

Deferred Inflows of Resources Related to Pension	**2025**	2024
Differences between projected and actual earnings on pension plan investments	**$ 107,558**	$ -
Differences between expected and actual experience	**105,981**	166,722
Changes in proportion - Commonwealth	**53,164**	51,545
Changes in proportion - internal	**400,437**	844,616
Total	**$ 667,140**	$ 1,062,883

The College's contributions of $1,021,704 and $884,884 made during the fiscal years ending 2025 and 2024, respectively, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years.

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

Years ending June 30,	
2026	(2,087,228)
2027	4,016,590
2028	449,617
2029	(415,678)
	$ 1,963,301

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, 2024	June 30, 2023
Inflation	2.50%	2.50%
Inflation on the first $13,000 of allowance	3.00%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Interest rate credited to annuity savings fund	3.50%	3.50%

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

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

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

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

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

Discount Rate
The discount rate used to measure the total pension liability was 7.00% at June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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,:

2025		
1.00% Decrease 6.00%	**Discount Rate 7.00%**	**1.00% Increase 8.00%**
$ 11,621,266	**$ 8,272,125**	**$ 5,438,757**

2024		
1.00% Decrease 6.00%	Discount Rate 7.00%	1.00% Increase 8.00%
$ 9,273,062	$ 6,747,160	$ 4,609,584

Note 9 - **Other Post-Employment Benefits ("OPEB")**

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

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

Management of the SRBT is vested with the Board of Trustees, which consists of seven members, including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board. The SRBT does not issue stand-alone audited financial statements but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

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

Contributions
Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2023 and 2019, and as of the valuation date (January 1, 2019 and 2018), 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 among the employers in a consistent manner (based on an employer's share of total covered payroll). The College is required to contribute based on Massachusetts General Laws; the rate was 7.49% and 7.83% of annual covered payroll for the fiscal years ended June 30, 2025 and 2024, respectively. The College contributed $410,836 and $415,109 for the fiscal year ended June 30, 2025, and 2024, respectively, which is 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, 2025 and 2024, the College reported a liability of $9,323,707 and $7,176,161, 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, 2025 and 2024, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025 and 2024, 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 2025 and 2024. The College's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2025 and 2024, relative to total contributions, of all participating employers for the fiscal year. At June 30, 2025 and 2024, the College's proportion was 0.072% and 0.051%, respectively.

For the years ended June 30, 2025 and 2024, the College recognized OPEB benefit of $1,391,699 and $2,349,340, respectively.

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

	2025	2024
Deferred Outflows of Resources Related to OPEB		
Contributions subsequent to the measurement date	**$ 410,836**	$ 415,109
Change in assumptions	**181,774**	315,253
Differences between expected and actual experience	**259,160**	291,875
Changes in proportion from Commonwealth	**-**	657
Differences in plan investments exp/actual	**-**	23,456
Changes in proportion due to internal allocation	**3,165,579**	728,597
Total deferred outflows related to OPEB	**$ 4,017,349**	$ 1,774,947

	2025	2024
Deferred Inflows of Resources Related to OPEB		
Differences between projected and actual earnings on OPEB plan investments	**$ 3,707**	$ -
Differences between expected and actual experience	**720,239**	806,061
Changes in proportion due to internal allocation	**907,470**	2,783,420
Change in proportion from Commonwealth of Massachusetts	**89,798**	68,668
Changes in OPEB plan actuarial assumptions	**2,080,245**	1,850,990
Total deferred inflows related to OPEB	**$ 3,801,459**	$ 5,509,139

The College's contributions of $410,836 and $415,109, made during the fiscal year 2025 and 2024, respectively, subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in each of the succeeding years.

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

Years ending June 30,	
2026	$ (456,353)
2027	(395,179)
2028	147,520
2029	417,078
2030	91,988
	$ (194,946)

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	30-Jun-24	30-Jun-23
Inflation	2.50%	2.50%
Salary increase	4.0% per year	4.0% per year
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care costs trend rates	Developed based on the most recent published SOA-Getzen trend rate model, version 2024_1b. Medicare and non-medicare benefits range from 5.35% to 7.47%	Developed based on the most recent published SOA-Getzen trend rate model, version 2023_1f. Medicare and non-medicare benefits range from 5.79% to 7.50%

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

The participation rates are actuarially assumed as below:

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

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

- 85% of current and future contingent eligible participants will elect healthcare benefits at age 55, or current age if later, for the measurement date June 30, 2024.

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

	Retirement Age		Retirement Age	
	2025		2024	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	18.0%	96.0%	27.0%	96.0%
POS/PPO	72.0%	0.0%	63.0%	0.0%
HMO	10.0%	4.0%	10.0%	4.0%

The actuarial assumptions used in the January 1, 2024 and 2023 valuation were based on the results of an actuarial experience study for the periods ranging from July 1, 2022 and 2021 through December 31, 2023 and 2022, depending upon the criteria being evaluated.

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

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, 2025 and 2024 are the same as discussed in the pension footnote, and are summarized as follows:

	2025		2024	
Asset Class	**Target Allocation**	**Expected Real Rate of return**	Target Allocation	Expected Real Rate o return
Global Equity	**36.0%**	**4.6%**	37.0%	4.9%
Core Fixed Income	**15.0%**	**2.1%**	15.0%	1.9%
Private Equity	**16.0%**	**7.4%**	16.0%	7.4%
Portfolio Completion Strategies	**10.0%**	**3.9%**	10.0%	3.8%
Real Estate	**10.0%**	**3.7%**	10.0%	3.0%
Value Added Fixed Income	**9.0%**	**5.1%**	8.0%	5.1%
Timerbland/Natural Resources	**4.0%**	**4.4%**	4.0%	4.3%
	100.0%		100.0%	

Discount Rate

The discount rate used to measure the total OPEB liability for 2025 and 2024 was 4.61% and 4.34%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.93% and 3.65%) as of the measurement date and the expected rate of return. The OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date", when projected benefits are not covered by projected assets, is 2042 for the fiscal years 2025 and 2024. Therefore, the long-term expected rate of return on OPEB plan investments of 7.00% for both years, per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Health Care 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 a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

2025

1.00% Decrease 3.61%	Current Discount Rate 4.61%	1.00% Increase 5.61%
$ 10,859,080	**$ 9,323,701**	**$ 8,056,505**

2024

1.00% Decrease 3.34%	Current Discount Rate 4.34%	1.00% Increase 5.34%
$ 8,384,640	$ 7,176,161	$ 6,184,535

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Health Care 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 health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current health care cost trend rates:

2025

1.00% Decrease (B)	**Current Healthcare Cost Trend Rate (A)**	**1.00% Increase (C)**
$ 7,827,086	**$ 9,323,701**	**$ 11,206,262**

2024

1.00% Decrease (B)	Cost Trend Rate (A)	1.00% Increase (C)
$ 6,013,078	$ 7,176,161	$ 8,647,389

(A) - Current healthcare cost trend rate, as disclosed on page 51
(B) - 1-percentage decrease in current healthcare cost trend rate, as disclosed on page 52
(C) - 1-percentage increase in current healthcare cost trend rate, as disclosed on page 52

Note 10 - Other Fringe Benefits

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

Group Insurance Commission

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

The GIC is a quasi-independent state agency governed by a seventeen-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2025 and 2024, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pretax health care spending account and dependent care assistance program (for active employees only).

Other Employee Benefits

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

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

Note 11 - **Restricted Net Position**

College
The College has received funding to establish an endowment in which the earnings must be used to support research, education, and public programs in the humanities. As of June 30, 2025 and 2024, $465,464 and $433,812, respectively, of the endowment was nonexpendable, respectively. As of June 30, 2025 and 2024 earnings of $85,204 and $64,837, respectively, were available for expenditure within the purpose and guidelines of the endowment.

Foundation
The Foundation's restricted-expendable net position consists of the following at June 30,:

	2025	2024
Sterilite Student Success	**$ 2,458,643**	$ 2,314,568
Other scholarships	**829,514**	800,368
Other Programs	**483,580**	128,667
College to Career Project	**171,697**	171,697
John Burton Scholarship	**93,965**	93,965
Needy Books Fund	**74,433**	76,099
Youth Venture	**27,121**	15,340
Robinson Broadhurst	**6,540**	9,501
Education Access Fund	**4,407**	4,407
Garrison Early Childhood Education	**-**	29,521
Haley Scholarship Fund	**-**	2,222
	$ 4,149,900	$ 3,646,355

The Foundation also has nonexpendable net position of $2,361,909 and $2,025,504 at June 30, 2025 and 2024, respectively, which consists of scholarship endowment funds. The earnings on these funds are available to award student scholarships.

Note 12 - **Concentrations & Contingencies**

Contingencies

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

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

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

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

Concentrations – Providers of Financial Resources

State Appropriations
As disclosed in Note 1, the College is a public, State-supported, comprehensive four-year college, located in Gardner, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. As such, the College receives general state appropriations for a portion of its annual operations for employee salaries and fringe benefits reported on the statements of revenues and expenses and changes in net position and Note 15 of these financial statements.

Debt
The Massachusetts College Building Authority, (“MSCBA”) provides bond funds for the construction of campus buildings and project improvements. Repayment of bond obligations is dictated based on issued public bond debt with the College receiving notice from the MSCBA regarding payments due in November and May of each year. In addition, the Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM") provides resources to fund capital construction and renovation projects on campus.

The College will incur debt owed to DCAMM to pay for certain projects or partially pay for the cost of a project that they manage for the College’s benefit. This includes repayment for maintenance and other costs on these projects.

Federal Student Financial Assistance and other grants
The College participates in the Federal Financial Assistance (Title IV) programs along with federal grants related to various college programs and operations. These programs allow for grants, scholarship aid, and other awards to be issued to students and the College to cover qualified education and related costs. During the fiscal year ended June 30, 2025 and 2024 expended federal funds to students and the College totaled $10.2 million and $6.9 million, respectively.

State Student Financial Assistance and other grants
The College participates in the Massachusetts State student financial assistance programs. These programs allow for grants, scholarship aid, and other awards to be issued to students to cover qualified education costs. During the fiscal year ended June 30, 2025 and 2024 expended Massachusetts funds awarded to students totaled $8.9 million and $3.9 million, respectively.

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

American Federation of State, County and Municipal Employees ("AFSCME")
The CBA for AFSCME union covers the period from July 1, 2024 to June 30, 2027. This agreement is entered into by and between the Board of Higher Education and the American Federation of State, County and Municipal Employees Local 1067, Council 93, AFL-CIO and sets forth procedures for the equitable resolution of grievances, the terms of employment with respect to wages and working conditions and means by which the parties may consult periodically on mutually perceived issues. Negotiation is on-ongoing for an updated CBA between the Board of Higher Education and AFSCME.

Massachusetts Community College Council ("MCCC")
The CBA for the MCCC covers the period from September 1, 2023 to August 31, 2025. This agreement is entered into by and between the Board of Higher Education and the Massachusetts Community College Council as the exclusive collective bargaining agent for members of the bargaining unit. As of June 30, 2025 negotiations between the Board of Higher Education and MCCC are in the process of constructing and obtaining an updated CBA. Subsequent to year end, the Board of Higher Education and MCCC are awaiting ratification of the updated CBA by the MCCC membership.

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

Note 13 - **Operating Expenses**

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

	2025	2024
Compensation and benefits	**47,383,082**	44,129,423
Supplies and services	**11,334,204**	10,994,956
Depreciation	**4,607,405**	4,775,658
Scholarships and fellowships	**6,233,975**	3,942,008
	69,558,666	63,842,045

Note 14 - **Pass-Through Grants**

The College distributed $2,154,325 and $2,725,736 during the years ended June 30, 2025 and 2024, respectively, for student loans through the U.S. Department of Education Federal Direct Lending Program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

Note 15 - **Massachusetts Management Accounting and Reporting System**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth colleges and universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS") using 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. The amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2025 and 2024

The College's State appropriations are comprised of the following at June 30,:

	2025	2024
Direct unrestricted appropriations	**$ 21,925,826**	$ 20,904,468
Add: Fringe benefits for benefited employees on the State payroll	**9,011,762**	8,681,667
Less: Day school tuition remitted to the State and included in tuition and fees revenue	**(205,810)**	(188,549)
Total unrestricted appropriations	**30,731,778**	29,397,586
Capital appropriations	**1,040,536**	-
Restricted appropriations	**71,502**	78,479
Total Appropriations	**$ 31,843,816**	$ 29,476,065

A reconciliation between the College and MMARS as of June 30, 2025 and 2024 is as follows (unaudited):

	2025	2024
Revenue per MMARS	**$ 38,235,033**	$ 36,599,665
Revenue per College	**38,235,033**	36,599,665
Difference	**$ -**	$ -

REQUIRED SUPPLEMENTARY INFORMATION

MOUNT WACHUSETT COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

Schedules of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Valuation date	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015
Proportion of the collective net pension liability	0.065%	0.046%	0.037%	0.044%	0.044%	0.050%	0.069%	0.080%	0.083%	0.118%
Proportionate share of the collective net pension liability	$ 8,272,125	$ 6,747,160	$ 5,151,953	$ 4,565,857	$ 7,465,770	$ 7,313,373	$ 9,091,855	$ 10,269,022	$ 11,503,109	$ 13,481,424
College's covered payroll	$ 5,301,881	$ 4,066,996	$ 3,235,916	$ 3,550,041	$ 3,339,631	$ 4,126,501	$ 5,334,745	$ 6,291,568	$ 6,338,995	$ 7,136,429
College's proportionate share of the net pension liability as a percentage of its covered payroll	156.02%	165.90%	159.21%	128.61%	223.55%	177.23%	170.43%	163.22%	181.47%	188.91%
Plan fiduciary net position as a percentage of the total pension liability	72.90%	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%

See accompanying notes to the required supplementary information.

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedules of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 1,021,704	$ 884,884	$ 679,189	$ 521,306	$ 520,436	$ 470,220	$ 497,656	$ 628,433	$ 626,011	$ 599,035
Contributions in relation to the statutorily required contribution	(1,021,704)	(884,884)	(679,189)	(521,306)	(520,436)	(470,220)	(497,656)	(628,433)	(626,011)	(599,035)
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,484,192	$ 5,301,881	$ 4,066,996	$ 3,235,916	$ 3,550,041	$ 3,339,631	$ 4,126,501	$ 5,334,745	$ 6,291,568	$ 6,338,995
Contribution as a percentage of covered payroll	18.63%	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%

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.

See accompanying notes to the required supplementary information.

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

Measurement Date- June 30, 2024
The inflation rate on the first $13,000 of allowance was changed from 2.50% to 3.00%.

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

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

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

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

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 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.

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

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.

The mortality rate assumptions were changed as follows:

- Disabled members – was changed from reflects RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct) to reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 set forward one year

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

The mortality rate assumptions were changed as follows:

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

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

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

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

- Disability – did not change

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

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.

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 five 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)

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedules of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Valuation date	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017
Proportion of the collective net OPEB liability	0.072%	0.051%	0.049%	0.050%	0.046%	0.075%	0.107%	0.114%
Proportionate share of the collective net OPEB liability	$ 9,323,707	$ 7,176,161	$ 6,483,684	$ 8,016,576	$ 9,606,696	$ 13,786,949	$ 19,894,729	$ 19,973,298
College's covered payroll	$ 5,301,881	$ 4,066,996	$ 3,235,916	$ 3,550,041	$ 3,339,631	$ 4,126,501	$ 4,126,501	$ 6,291,568
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	175.86%	176.45%	200.37%	225.82%	287.66%	334.11%	482.12%	317.46%
Plan fiduciary net position as a percentage of the total OPEB liability	15.60%	13.80%	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%

Notes:

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.

MOUNT WACHUSETT COMMUNITY COLLEGE
(an agency of the Commonwealth of Massachusetts)

Schedules of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 410,836	$ 415,109	$ 295,984	$ 247,575	$ 273,287	$ 243,585	$ 362,888	$ 475,799
Contributions in relation to the statutorily required contribution	(410,836)	(415,109)	(295,984)	(247,575)	(273,287)	(243,585)	(362,888)	(475,799)
Contribution (excess)/deficit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,484,192	$ 5,301,881	$ 4,066,996	$ 3,235,916	$ 3,550,041	$ 3,339,631	$ 4,126,501	$ 5,334,745
Contribution as a percentage of covered payroll	7.49%	7.83%	7.28%	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 - **Change in Plan Assumptions**

Measurement Date June 30, 2024
Change in per capita claims costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates
The medical trend rates were updated based on the SOA-Getzen trend rate model version 2024_1b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate
The discount rate was increased to 4.61% (based upon a blend of the Bond Buyer Index rate (3.93%) as of the measurement date as required by GASB Statement 74.

Measurement Date June 30, 2023
Change in per capita claims costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

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

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

Measurement Date June 30, 2022
Change in Per Capita Claims Costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

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

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

Change in Discount Rate
The discount rate was increased to 4.30% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

Measurement Date June 30, 2021
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.

Measurement Date June 30, 2020
Change in Per Capita Claims Costs
Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

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

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.

Measurement Date June 30, 2019
Change in Inflation
The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions
Salary decreased from 4.5% to 4.0%.

Change in Investment Rate
The investment rate of return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs
The original health care 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.

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

Measurement Date June 30, 2018

Change in Trend on Future Costs

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

Change in Mortality Rates

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

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

Change in Discount Rate

The discount rate was increased to 3.92% based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2017

Change in Discount Rate

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Mount Wachusett Community College:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Mount Wachusett Community College (the "College"), and its discretely presented major component unit, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

withum

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.

WithumSmith+Brown, PC

October 31, 2025