ANNUAL REPORT
FISCAL YEAR 2023

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

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FISCAL YEAR 2023

FOR THE PERIOD
JULY 1, 2022 THROUGH JUNE 30, 2023

MASSACHUSETTS
STATE COLLEGE BUILDING AUTHORITY

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DECEMBER 31, 2023

FISCAL YEAR 2023

ANNUAL REPORT

OF THE

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

BACKGROUND

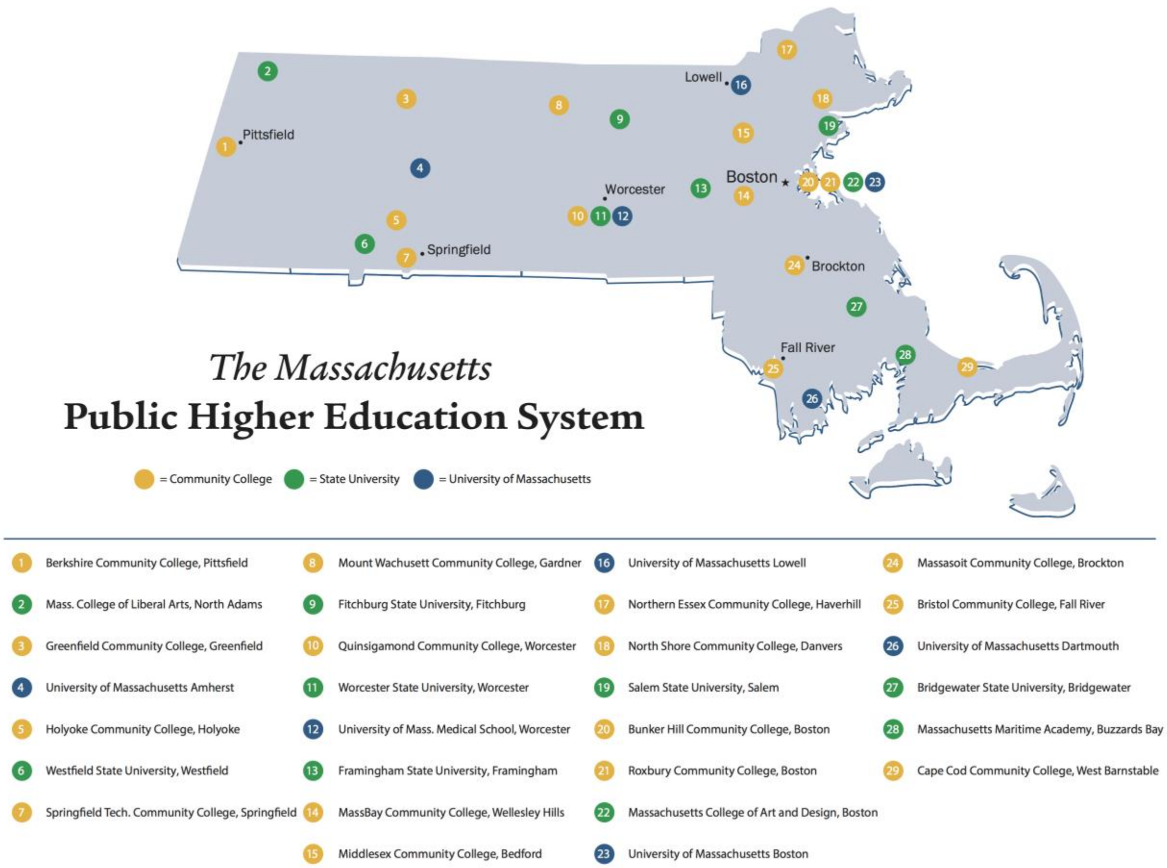
The Massachusetts State College Building Authority (the Authority) is a public instrumentality of the Commonwealth, established by the Legislature in 1963. The Authority is charged with financing, designing, constructing, and overseeing the management of housing, dining, athletic, parking, and other student activity facilities for the nine state universities and fifteen community colleges (collectively, the state colleges): Bridgewater, Fitchburg, Framingham, Salem, Westfield, and Worcester State Universities, Massachusetts College of Art and Design, Massachusetts College of Liberal Arts, Massachusetts Maritime Academy, and Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges. The Authority is also able to finance certain academic facility projects located at the state universities and community colleges.

There are 16,616 beds in the 54 residential complexes owned by the Authority on the nine state university campuses; these residential facilities house approximately 50% of full-time undergraduate students and comprise about 4.5 million square feet of space in approximately 89 separate structures. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

HISTORY AND PURPOSE

The institutions now known as the Massachusetts state universities were established in the mid-nineteenth century, essentially to train teachers for the emerging system of public education in America. By the mid-twentieth century, they had evolved into comprehensive colleges. The surge in population following World War II, coupled with the greater role that advanced academic attainment played in the post-war economy, contributed to substantial growth in enrollment in higher education. These combined trends greatly increased the demand for campus housing and the attendant need for dining and student activity facilities on college campuses in Massachusetts and throughout the country. Further, on-campus housing tends to improve the ability of the universities to recruit and to retain students. Students who live on campus persist towards graduation at greater rates than those students who have not had this opportunity.

The community college system in Massachusetts is the result of a 1958 study of access to higher education. The fifteen community colleges offer an array of programs leading to certificates and associate degrees, as well as a variety of vocational programs.



Massachusetts Department of Higher Education (August 2010)

FUNDING

The Authority does not receive an appropriation from the Commonwealth. All revenues to support the debt issued to fund facility design and construction, and the cost of annual operations and reserves, are derived from the rents and fees paid by students for the use of these facilities and services. In 1998, legislation was enacted to permit the Authority to issue revenue bonds without the general obligation guarantee of the Commonwealth; this has provided the Authority with the ability to issue bonds based upon the facility requirements of the campuses and the availability of revenues sufficient to fund all project costs. The Authority is rated Aa2 by Moody's Investors Service and AA by S&P Global. A listing of the Massachusetts higher education institutions rated by Moody's is in Appendix A. The Commonwealth-guaranteed debt was retired on May 1, 2016.

PROJECT DELIVERY

In 1999 and 2004, legislation was enacted to permit the Authority to utilize an alternate means of procurement for design, construction management, and construction services to improve the quality and to reduce the time and cost of delivering new and renovated facilities. The design and construction procurement methodology of the Authority is considered exemplary in the public sector in its ability to provide high-quality, cost-effective facilities in critical timeframes while providing for the public solicitation of architectural design and construction management services and for the public bidding of trade contractor work.

EMERY RICE HALL & MARITIME CONFERENCE CENTER
MASSACHUSETTS MARITIME ACADEMY

MAJOR ACCOMPLISHMENTS

For fiscal year 2023, the OPEB Trust reached fully funded status for the first time in the Authority's history. Significant Authority accomplishments in project delivery included the following:

Residence Halls

- Completed construction of Emory Rice Hall & Maritime Conference Center, providing 72 new cadet beds conference space for Massachusetts Maritime Academy
- Provided replacement of domestic water heaters and heat pump compressor units for Weygand Hall at Bridgewater State University.
- Replaced approximately 290 light fixtures at Shea and Durgin Halls at Bridgewater State University.
- Completed the design and replacement of the generator at Miles DiNardo Hall at Bridgewater State University.
- Completed façade repairs at Aubuchon Hall and painting upgrades at Russell Towers at Fitchburg State University.
- Completed the design and replacement of the boilers at Mara 8 at Fitchburg State University.

- Completed cosmetic exterior repairs to the patio and retaining wall and Corinne Hall Towers and Larned Hall.
- Completed Phase I of student-room furniture upgrades at the Artists' Residences at Massachusetts College of Art and Design.
- Conducted a study for the initial design for the boiler and chiller replacement, along with bathroom and stairwell door renovations at Smith Hall at Massachusetts College of Art and Design.
- Replaced domestic hot water system at Berkshire Towers, the lower roof of Hoosac Hall, and exterior cosmetic upgrades at Flagg Townhouses at Massachusetts College of Liberal Arts.
- Upgraded card access programming system for all cadet bedrooms at Massachusetts Maritime Academy.
- Upgraded the cadet room finished and heat distribution in Company 2, the third of 6-phased renewal and adaptive renovations of the cadet housing at Massachusetts Maritime Academy.
- Conducted a design study for conversion to single student rooms at Peabody and Bowditch Halls at Salem State University.
- Completed interior upgrades to Welch Hall, the apartment complex at Westfield State University.
- Completed the replacement of two double doors and automatic door openers at Wasylean Hall at Worcester State University.
- Completed the design study for roof replacement, and concrete patio renovations at Chandler Village at Worcester State University.

Student Activity Facilities

- Completed the restoration of the existing storefront spaces along the Main Street Theater Block at Fitchburg State University and replaced the kitchen floor in Holmes Dining Hall
- Completed the design and turf replacement of Elliot Field at Fitchburg State University.
- Completed emergency structural repairs at Meier Hall at Salem State University.
- Upgraded the fire alarm system serving the Cabins at Warren Conference Center at Framingham State University.

The following table list projects that were substantially complete in fiscal year 2023:

PROJECTS COMPLETED – FY 2023

Campus	Building	Description	Total Project Cost
Bridgewater	Multiple Residence Halls	Furniture Replacement	215,516
	Weygand Hall	Domestic Hot Water Replacement	186,000
	Shea & Durgin Hall	Bedroom Lighting Replacement	115,000
	Miles DiNardo	Generator Repair	30,365
Fitchburg	Main Street Theater	Main Street Theater Storefront Reactivation	2,285,994
	Elliot Field	Turf Replacement and Renovation	1,503,514
	Aubuchon Hall	Façade Repairs	811,707
	Russell Towers	Common Area Painting Upgrades	139,683
	Mara 8	Boiler Replacement	197,080
Framingham	Corinne and Larned Hall	Exterior Repairs	60,457
	Warren Conference Center	Cabins New Fire Alarm	129,380
MassArt	Artist's Residence	Student Room Furniture - Phase I	450,476
	Smith Hall	Boiler and Chiller Replacement Design	118,740
	Smith Hall	Life Safety & Bathroom Renovation	42,354
MCLA	Berkshire Towers	Domestic Hot Water Repairs	434,977
	Flagg Towers	Facia and Soffit Painting	76,726
	Hoosac Hall	Back Low Roof Replacement	190,000
Maritime	Emory Rice Hall	New Housing for 72 Cadets	19,660,615
	Company 2	Cadet Room, Heating, Hallway Renovations	3,203,834
	Companies 1-6	Card Access Programming	1,266,619
Salem	Peabody and Bowditch Halls	Bowditch and Peabody Singles Design Study	51,287
	Meier Hall	Emergency Repairs	1,050,000
	Peabody Hall	Roof Replacement	500,000
	Viking Hall	Glass Replacement	29,340
Westfield	Welch Apartments	Interior Renovations	1,297,826
Worcester	Wasylean Hall	West Side Exterior Door Replacement	57,578
	Chandler Village	Flat Roof Replacement Design	26,045
	Chandler Village	Underground Heating Loop Upgrades	53,538
	Chandler Village	Concrete Patio Renovations	24,157
			$ 34,208,807

The following table list projects that are underway during fiscal year 2023:

PROJECTS UNDERWAY – FY 2023

Campus	Building	Description	Total Project Cost
Bridgewater	Shea Hall	Shea Bathrooms Renovation	5,118,510
	Durgin Hall	Durgin Bathrooms Renovation	4,632,000
	Stonehouse Hall	Cooling Tower Replacement	1,100,000
	Miles DiNardo Hall	Miles DiNardo Door Repairs	75,000
Fitchburg	Main Street Theater	Main Street Theater Roof Replacement	7,726,716
	Hammond Hall	Southside Chiller Plant Expansion	1,207,120
Framingham	O'Connor Hall	Christa McAuliffe Center	7,748,431
	Warren Conference Center	Main Lodge Ballroom Addition	6,591,116
	Warren Conference Center	Northern Lodge Clubhouse	1,365,873
	Warren Conference Center	Sewer System Upgrades	1,623,783
	Warren Conference Center	Roof, Generators and Windows	850,506
	Peirce & Mann Hall	Bedroom Flooring Replacement	278,000
	Larned Hall	Door Replacement	152,500
	Peirce Hall	Peirce Annex Roof	540,000
	Corinne Hall	Generator Replacement	247,000
	Corinne Hall	Corinne LED Replacement	30,000
	Peirce Hall	Peirce & Mann Load Study	30,000
MassArt	Kennedy Campus Center	Starbucks Fitout	1,508,112
	Artists' Residence	Student Room Furniture Phase II	518,063
MCLA	Berkshire Hall	Berkshire Towers Domestic Hot Water Repairs	513,150
	Athletics	Soccer Field Synthetic Turf Replacement	1,880,691
	Hoosac Hall	Hoosac Upper Roof Replacement	940,050
	Hoosac Hall	Hoosac Corridor Study	40,000
Maritime	Company 3	Company 3 Renovations	4,050,000
	Company 5	Company 5 Renovations	4,300,000
	Fantail Lounge	Fantail Lounge Renovations	9,638,000
	Marine Wharf	Pier Upgrades	27,522,102
Salem	Atlantic Hall	Atlantic Boilers	1,200,000
	Atlantic Hall	Appliance Replacement	158,000
	Marsh Hall	Marsh Boilers & Storefront Doors	1,500,000
	Bowditch & Peabody Hall	Bowditch Heater & Peabody Roof Replacement	2,376,087
Westfield	New Hall	New Hall Hot Water Replacement	771,692
	Welch Apartments	Welch Apartment Repairs	150,000
Worcester	Wasylean Hall	Wasylean Roof Design	90,000
	Wasylean Hall	Wasylean Fire Pump Replacement	200,000
			$ 96,672,502

SHEA DURGIN HALL – BATHROOM RENOVATIONS
BRIDGEWATER STATE UNIVERSITY

STATE OF THE SYSTEM

Overview

The Authority develops and manages two different types of residence hall projects: System projects and Campus projects. System projects are those facilities that existed prior to 1999 and were initially financed with debt that was guaranteed by the Commonwealth. Only non-state guaranteed debt is remaining outstanding for the System projects. The System buildings have pooled capital replacement reserves. System Projects comprise approximately 9,800 beds and 2.5 million gross square feet of space. By contrast, each Campus project is funded by revenue bonds that are secured by pledged rent and fees; these bonds are not guaranteed by the Commonwealth. Since 2001, the Authority has completed construction on more than 20 Campus projects for new residence halls, the expansion of existing ones, and three parking structures. There are approximately 6,800 beds in the Campus projects that comprise 2.0 million gross square feet. Each residence hall Campus project owned by the Authority has a separate, dedicated capital replacement reserve. Through the use of capital improvement reserves and project revenue bonds, the Authority dramatically reduced deferred maintenance in System facilities and has renovated buildings to meet the changing needs of students and the changing requirements of building codes and standards (e.g., life safety, accessibility, environmental health, sustainability, and resilience). The improved condition of the residential facilities of the Authority has resulted in strong desirability of on-campus housing, as demonstrated in part through stable occupancy during an extended period of creating new capacity. The predictable schedule, quality, and funding of facility improvement projects reduces the likelihood of substantial unanticipated projects and their associated inconvenience and expense.

In addition to the residence halls and student activity facilities that it owns and manages, the Authority has renovated and expanded several Commonwealth-owned properties that include dining, athletic, and cultural facilities. In 2011, the statute of the Authority was expanded to include supplemental funding for certain higher education capital projects principally funded and managed by the Commonwealth. These include science centers at Framingham and Westfield State, the Center for Design + Media at MassArt, the Wellness Center at Worcester State, an academic building and a student lounge at Mount Wachusett Community College, and a Learning and Resource Center at Bunker Hill Community College (financing was completed in July 2023).

KENNEDY CAMPUS CENTER
MASSACHUSETTS COLLEGE OF ART & DESIGN

Financial Performance
The financial condition of the Authority is stable and strong. For fiscal year 2023, Authority assessments, derived primarily from rents and fees, totaled $100.6 million, of which $87.1 million was used to pay debt service. To cover the Authority's assessments and the annual expense of operating the residence halls, the universities collect rents and fees from students in accordance with the annual rent schedule prepared by the Authority and approved by the Massachusetts Board of Higher Education. In addition, the Authority had debt service reserve funds with a market value of $45.5 million as of June 30, 2023, that may be used to pay debt service and/or to fund capital projects. In November 2019 (as a result of the 2019C bond issue), bond holder consent was achieved to reduce the debt service reserve fund requirement to zero. In addition, the campuses pledge a total of $23.6 million in pledged trust funds that are available to the Authority to pay debt service, if necessary. The Authority's audited financial statements for fiscal year 2023 are included in Appendix B.

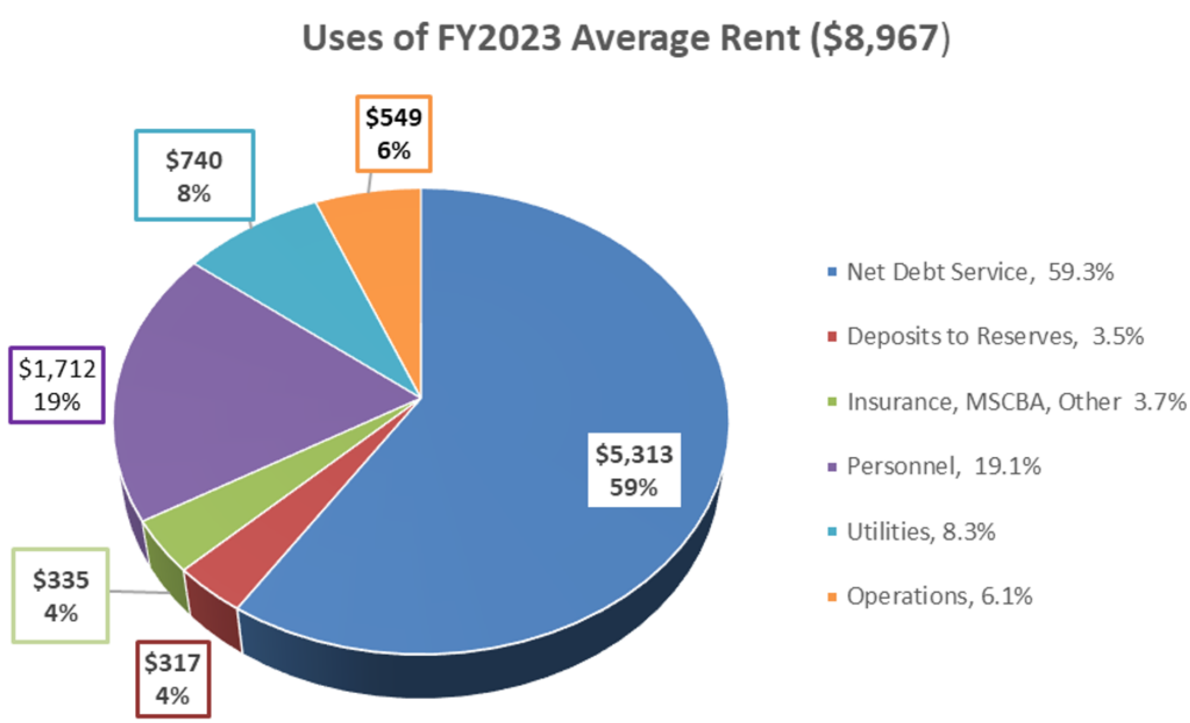
The financial condition of the Authority is further strengthened by a series of capital reserves and trust funds. The campus assessments fund annual debt service obligations, Authority operating expenses, insurance premiums, and deposits to capital reserves. During fiscal year 2023, approximately $8.2 million was deposited into the System and Campus Capital Improvement Reserves from rent revenues; these reserves are managed by the Authority and are used to fund the renewal requirements of the System and Campus projects; at the close of the fiscal year, the balance available was a combined $36.9 million. In addition, Multipurpose and Supplemental Reserves totaled $5.1 million as of the close of the fiscal year.

Rents and Fees

For the 2022/2023 academic year (fiscal 2023), the average approved on-campus room rent was $8,967 per bed. To ensure affordability and full occupancy, Authority room rents are typically maintained at or below the off-campus market rental rates in the community in which the campus is located. Regular modest increases in room rents permit the Authority to fund increases in operating expenses (salaries and utilities), debt service expense, and a regular program of facility renewal and renovation.

The following chart illustrates the uses of the average rent per student for the 2022/2023 academic year:

USES OF THE AVERAGE RENT (8,967)



Facility Renewal

The Authority has developed a comprehensive facility renewal program to ensure that the recurring need for reinvestment occurs on a predictable schedule that is coordinated with the availability of funds necessary to perform this work. Typically, renewal projects include work that is performed on a regular cycle to maintain an existing building in its present configuration for its current use. The *Facility Renewal Plan* includes a schedule of the anticipated useful life of each major building component and system and the date and estimated cost of the next required investment. The plan is revised annually to incorporate recently completed work, to validate the projected schedule for future work, and to update the unit prices for each building assembly that is scheduled for future replacement.

One measure of facility condition is the Facility Condition Index, a higher education industry standard that is the ratio of the value of Deferred Maintenance divided by the Current Replacement Value of the facility [FCI = DM/CRV]. Due to steady reinvestment in existing facilities the FCI for the Authority has maintained an enviable ratio indicating that the residence hall buildings are in good condition.

FACILITY CONDITION INDEX (System Projects)

System Buildings	**2000**	**2008**	**2012**	**2016**	**2019**	**2020**	**2021**	**2022***	**2023**
Deferred Maintenance ($m)	61.1	15.2	10.6	10.2	19.1	24.5	29.0	43.9	42.7
Current Replacement Value ($m)	274	416	484	534	551	589	592	1,054	1,248
Facility Condition Index	**22.30%**	**3.60%**	**2.10%**	**2.00%**	**3.40%**	**4.20%**	**4.90%**	**4.17%**	**3.42%**

* denotes new methodology and updated building values for all state buildings implemented in 2022

Until now, only the older system projects have been included in the report so that the new buildings would not skew the values. As the new buildings now range in age from 9-22 years all buildings will be included in a separate table as shown here:

Campus Buildings	**2022***	**2023**
Deferred Maintenance ($m)	15.5	12
Current Replacement Value ($m)	887	1,037
Facility Condition Index	**1.70%**	**1.20%**

* denotes new methodology and updated building values for all state buildings implemented in 2022

Debt Management

Authority debt is secured by the rents and fees pledged by the state colleges and paid by the students who benefit from the projects funded by the debt. Further security is provided by a campus pledge of twenty-five percent of the average annual debt service and by a debt service reserve fund. As of June 30, 2023, the Authority has issued bonds to finance projects totaling $1.45 billion. As detailed in the following chart, $300 million in bond proceeds have been used to fund repair and renewal of existing residence halls. Bond proceeds of $745 million have been used to fund the construction of new residence halls and the expansion of existing ones. The remaining bond proceeds of $316 million have been used to fund new construction, repair, and renovation of student activity facilities, and $92 million was used to provide supplemental financing for certain Commonwealth-managed projects.

The following table shows use of project funds from new money bond proceeds since 1999:

USE OF PROJECT FUNDS FROM BOND PROCEEDS SINCE 1999 (Amounts in Millions)

Series	True Interest Cost	Original Average Life	Repair and Renovation Projects	New Residential Capacity Projects	Student Activity Projects	University / Commonwealth-Owned Projects	University / Commonwealth-Managed Projects	Total
1999-A	5.71	20.7	$ 33.45	$ -	$ -			$ 33.45
1999-1	5.59	24.3	-	26.81	11.62	1.80		40.23
2000-1	6.03	24.0	-	20.21	-			20.21
2003A; B	4.87	25.4	19.00	67.00	-	2.10		88.10
2004A	4.45	20.9	24.00	32.00	2.00			58.00
2005A	4.32	12.7	19.00	-	-	14.90		33.90
2006A	4.50	19.8	19.60	54.10	10.00	8.28		91.98
2008A	4.85	20.3	32.60	49.00	-	0.80		82.40
2009A	5.29	21.4	15.10	77.72	4.08	16.40		113.30
2009B; C (BABs)	4.57, 3.82	21.2, 21.0	16.00	105.00	-	6.60		127.60
2010A; B (BABs)	2.33, 4.08	4.5, 16.8	12.50	1.60	12.50	18.31	10.00	54.91
2012A	4.12	19.6	11.50	113.00	31.00		3.00	158.50
2012C	2.69	15.5	10.50	75.39	17.71	35.95	15.00	154.55
2014A	4.15	16.9	27.80	50.20	4.80	41.85	5.00	129.65
CC Series 1	4.25	11.9	-	-	-		3.00	3.00
2014B; C	3.67; 3.16	17.7; 12.0	10.00	44.00	22.50	12.90	17.70	107.10
2015A	3.14	12.5	11.00	-	6.20	1.22		18.42
CC Series 2	2.75	11.1	-	-	-	3.00		3.00
2017A	3.06	12.2	8.00	9.00	-	4.00		21.00
2017B; C	2.97; 3.46	12.6; 12.0	8.00	1.80	10.00	-		19.80
2019A	2.97	12.5	10.90	-	4.90	-		15.80
21A,B	2.01; 1.73	17.7; 11.8	1.50	17.00	-	-	1.00	19.50
22A	2.31	11.5	6.50	1.00		10.40		17.90
2023A (1)	3.40	11.7	3.00				1.60	4.60
CC Series 3 (1)	3.96	18.4					35.30	35.30
Project Fund Total			**$ 299.95**	**$ 744.83**	**$ 137.31**	**$ 178.51**	**$ 91.60**	**$ 1,452.20**

(1) Issued July 2023 (fiscal year 2024).

In addition to issuing bonds to fund new projects, the Authority strategically issues refunding bonds to take advantage of lower interest rates that produce lower debt service costs. Since 2011, the Authority has issued ten refunding bonds that produced an aggregate of $5.3 million in average annual debt service savings, including the first ever refunding of a community college series in July 2023 (fiscal year 2024).

Enrollment

The following chart illustrates enrollment at each state university:

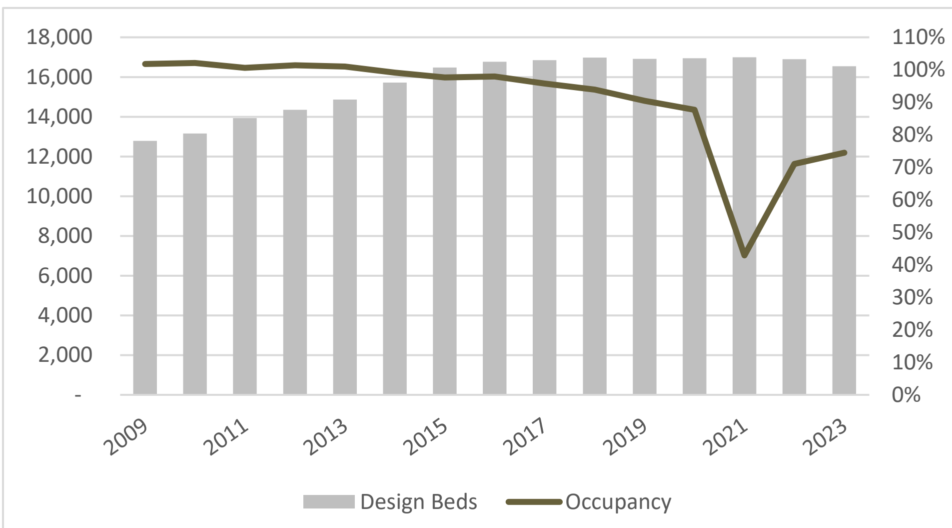
STATE UNIVERSITY ENROLLMENT (Fall Data**)**

Campus	2004	2006	2008	2010	2012	2014	2016	2018	2020	2022	2023
Bridgewater State	7,399	7,471	8,117	8,911	9,201	9,214	9,054	9,047	8,619	7,774	7,786
Fitchburg State	3,622	3,903	4,421	4,503	4,368	4,452	4,498	4,745	4,469	4,026	3,934
Framingham State	4,207	4,169	4,237	4,288	4,909	4,996	4,732	4,405	3,983	3,220	3,121
MA College of Art and Desig	1,482	1,543	1,803	1,956	1,902	1,801	1,761	1,820	1,675	1,733	1,803
MA College of Liberal Arts	1,592	1,765	1,589	1,715	1,601	1,563	1,441	1,288	1,063	799	785
MA Maritime Academy	984	1,092	1,221	1,297	1,434	1,542	1,749	1,786	1,650	1,431	1,368
Salem State	6,422	7,224	7,279	7,438	7,207	7,290	7,226	6,778	5,803	5,144	4,889
Westfield State	4,090	4,630	4,863	5,174	5,352	5,563	5,617	5,345	4,652	3,989	3,863
Worcester State	3,794	3,939	4,004	4,350	4,770	4,872	4,860	4,930	4,596	4,018	4,083
Total	**33,592**	**35,736**	**37,535**	**39,630**	**40,744**	**41,293**	**40,938**	**40,144**	**36,510**	**32,134**	**31,632**

Residence Hall Occupancy

The following table shows annual occupancy of residence halls as a percent of design beds:

RESIDENCE HALL OCCUPANCY (Annual Data)



Housing Financial Aid

By statute, the fees, rents, and charges assessed by the Authority must provide sufficient revenue to pay the cost of debt service, maintenance, repair, operations, and capital improvement reserves. There is a range of types and costs of Authority projects, to appeal to a range of student interests and resources. To further improve the affordability of its projects, the Authority established a housing financial aid program in 2005. In fiscal year 2023, this program provided $4.9 million that was redistributed by the financial aid offices of the nine state universities to complement the financial aid package for residential students.

Economic Impact

The impact of the Authority and of its projects on the Massachusetts economy is substantial. The following table illustrates the dollar value of the direct expenditure of the Authority for personnel, purchasing, and construction for fiscal years 2012, 2014, 2016, 2018, 2020 and 2022:

ECONOMIC IMPACT OF THE AUTHORITY AND ITS PROJECTS (Amounts in Millions)

Expense Type	FY2012	FY2014	FY2016	FY2018	FY2020	FY2022	FY2023	FY2023 Employment
Authority Operations and Administration	$1.50	$1.70	$2.88	$2.70	$2.38	$2.89	$3.15	15
Residence Hall Operations	$36.90	$43.40	$48.90	$46.20	$46.00	$42.89	$45.61	315
Construction and Maintenance*	$122.70	$169.40	$111.30	$39.33	$37.11	$5.20	$42.70	214
Total	**$161.10**	**$214.50**	**$163.08**	**$88.23**	**$85.49**	**$50.98**	**$91.46**	**543**

**Construction industry guidelines indicate that at current prevailing wage rates, every million dollars of construction could result in the employment of approximately five workers for a full year.*

Commitment to Diversity

The Authority is committed to fostering, cultivating, and preserving a culture of diversity, equity, and inclusion. The Authority partners with the Commonwealth's Supplier Diversity Office, other state entities, and industry associations to strengthen the diverse workforce within the Commonwealth. In addition to adopting the Commonwealth's diversity goals for hiring design and construction firms, the MSCBA continues to reach out to the subcontractor community by engaging Minority-Owned Business Enterprises, Woman-Owned Business Enterprises, and Veteran-Owned Business Enterprises in a web-based trade contractor prequalification process where they are awarded additional credit toward becoming prequalified to bid on MSCBA projects.

Along with the MBE/WBE goals, the Authority has also adopted workforce participation goals to ensure opportunities for minority and women individuals to participate in our construction projects. Monthly review of the workforce data on each project results in an open dialog, creates demand, and results in real job opportunities. The Authority tracks this data on all projects to the established goals to measure growth and identify areas in need of improvement. Further, the Authority promotes diversity throughout other internally hired vendors and in other types of procurement, and regularly engages minority and women owned firms for consulting and project support roles, as well as in financing activities.

Sustainability

The Authority has taken a leadership role in improving the sustainability of its projects and the larger campus environments that it serves by increasing energy conservation, reducing resource consumption and emissions, and moderating the upward pressure on student rents and fees due to the cost of utilities. This enhances our commitment to provide healthier places for students to live, learn and socialize by designing to higher standards, maintaining building performance, and continuously improving efficiency and sustainability through new technologies and streamlined

operations. New construction and major modernization projects are designed and constructed to meet the Commonwealth's energy goals wherever technically feasible and practicable.
These efforts have been recognized by the United States Green Building Council (USGBC) by conferring Leadership in Energy and Environmental Design (LEED) status on 18 Authority projects.(Appendix D includes a list of projects registered with the USGBC.)

Green Bonds

The Authority was one of the first state agencies in the nation to take advantage of a new product developed in the municipal bond market – Green Bonds. This product was developed in response to investor demand and governmental issuer interest in environmentally sustainable projects – a long-held tenet of the Authority. To codify the Authority's interest in such projects, the Authority developed Guidelines for the identification, implementation, and documentation of the following types of environmentally sustainable projects that could be funded from a Green Bond issue:

- Resource and Energy Efficient Buildings and Structures
- Renewable Energy Generation
- Energy Efficiency Improvements to Existing Buildings
- Public, Shared, and Alternative Fuel Transportation

Consistent with its Green Bond Guidelines, (see Appendix E), the Authority may include projects in a Green Bond issue that are designed to meet, at the minimum, the requirements of the USGBC for LEED certification at the Silver level, or of the Green Parking Council for Green Garage Certification at the Bronze level. The Guidelines further state that the Authority will report on the use of Green Bond proceeds through its Annual Report.

The Authority issued Green Bonds to fund the following projects, each of which meets the criteria of the Guidelines:

PROJECTS INCLUDED IN MSCBA GREEN BOND ISSUES

Project	Campus	Project Amount	Standard	Status	Bond Issue
New Cadet Housing	Maritime Academy	$17,000,000	USGBC Silver	Pending	2021A
West Hall Student Residence	Framingham State	$44,000,000	USGBC Gold	Complete	2014B
North Campus Parking Structure	Salem State	23,000,000	GPC Bronze	Complete	2014B
Hammond Campus Center	Fitchburg State	10,000,000	USGBC Silver	Complete	2014B
Center for Design + Media	Mass Art	8,000,000	Mass LEED+	Complete	2014B
Science Center	Westfield State	11,000,000	Mass LEED+	Complete	2014B

Strategic Planning

Every other year through 2020, the Authority has updated its Strategic Plan with demographic data to determine the long-term demand for student housing facilities at the nine state university campuses. The plan considered the latest available enrollment data and projections prepared by the Department of Higher Education. In the past, the goal was met with new housing to provide, on average, capacity for fifty percent of the full-time undergraduate students in the state university system: this would provide capacity for two years of housing during a students' four-year undergraduate experience. The goal was modified in 2000 to identify specific housing targets to support the sustained enrollment for each campus and by 2017 the Authority had met each State University's anticipated targets except for Massachusetts Maritime Academy.

Due to the continued impacts of COVID and the decrease in demographics related to birth rates for traditional college-aged student, we recognize that a focus beyond data is necessary. During the first half of the calendar year 2022, we engaged in a Business Opportunity Assessment with the assistance of CliftonLarsonAllen Associates. Outcomes of this exercise helped us to understand that we needed to broaden the work and engage in full-scale strategic planning, involving campus constituents and our board members. During the second half of the calendar year, this strategic planning work began. We sought information through interviews and analysis in order to better understand campus needs and how we can more effectively support them. Some themes that emerged included: exploring best practices for occupancy management, streamlining of capital planning processes with a focus on a greater understanding of available resources and developing potential use for housing capacity that is currently not in use. The Authority will continue these efforts and will publish a new strategic plan in 2024 and begin to move towards implementing the recommendations.

Staffing Levels

The Authority has been taking strides to return our operation to pre-COVID staffing levels through increasing recruitment efforts and promoting within the organization. Several internal staff promotions have occurred, and four new hires were onboarded in FY 23.

COMMONWEALTH OF MASSACHUSETTS
Maura Healey, Governor

AUTHORITY MEMBERS AND OFFICERS
Michael Fallon, Chair
James M. Karam, Vice Chair
John J. Burns, Treasurer
James H. Collins
Rosalind Gorin
Barbara Stern

Janet L. Chrisos, Executive Director
Assistant Treasurer/Secretary

AUTHORITY STAFF
Ala'a Al-Jermozi, Senior Accountant and Financial Analyst
Molly Bench, Controller
Janet Chrisos, Executive Director
Laura Croteau, Associate Director, Systems & Internal Controls
Amanda Forde, Director of Capital Projects
Paul Forgione, Senior Project Manager
Patrick Giard, Assistant Project Manager
Jennifer Gonzalez, Deputy Director, Administration & Finance
Kristin Murphy, Director of Administration and Budget
Jeremy Ponce, Staff Accountant
Stephen Rogan, Project Manager
Michael Rose, Contracts and Procurement Coordinator
Jadea Simmons, Administrative Assistant
Kiara Taylor, Project Assistant

GENERAL COUNSEL
Bowditch & Dewey

CERTIFIED PUBLIC ACCOUNTANTS
CohnReznick

BOND COUNSEL
Hinckley Allen

As of June 30, 2023

APPENDIX A

Moody's Investors Services

Massachusetts College and University Ratings
as of December 6, 2023

Institution	Rating
Amherst College, MA	Aaa
Babson College, MA	A1
Bentley University, MA	A2
Berklee College of Music, MA	A2
Boston College, MA	Aa3
Boston University, MA	Aa3
Brandeis University, MA	A1
Clark University, MA	A2
College of the Holy Cross, MA	Aa3
Emerson College, MA	Baa2
Emmanuel College, MA	Baa2
Franklin W. Olin College of Engineering, MA	A2
Harvard University, MA	Aaa
Massachusetts College of Pharmacy & Health Sciences, MA	Aa2
Massachusetts Institute of Technology, MA	Aaa
Massachusetts State College Building Authority, MA	Aa2*
Mount Holyoke College, MA	Aa3
Northeastern University, MA	A1
Simmons College, MA	Baa2
Smith College, MA	Aa1
Stonehill College, MA	A3
Suffolk University, MA	Baa2
Tufts University, MA	Aa3
University of Massachusetts, MA	Aa2
Wentworth Institute of Technology, MA	Baa1
Wheaton College, MA	Baa2
Williams College, MA	Aa1
Worcester Polytechnic Institute, MA	A2
Worcester State University, MA	A2

*MSCBA's Aa2 is an enhanced rating that is notched off of the Commonwealth of Massachusetts' general obligation rating, and includes attributes related to the sufficiency of the financing structure.

Appendix B

Massachusetts State College Building Authority
(A Component Unit of the
Commonwealth of Massachusetts)

Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports

June 30, 2023 and 2022

CohnReznick
ADVISORY • ASSURANCE • TAX

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Index

Independent Auditor's Report

To the Board
Massachusetts State College Building Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Massachusetts State College Building Authority (the "Authority"), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of June 30, 2023 and 2022, and the respective changes in its 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 Authority 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

Massachusetts State College Building Authority's 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 Massachusetts State College Building Authority'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.

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 Massachusetts State College Building Authority'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 Massachusetts State College Building Authority'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 analysis and the pension and OPEB benefit schedules on pages 5 to 18 and 65 to 73, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information. The other information comprises the statistical section contained on pages 74 to 77 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

CohnReznick LLP

Boston, Massachusetts
November 15, 2023

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

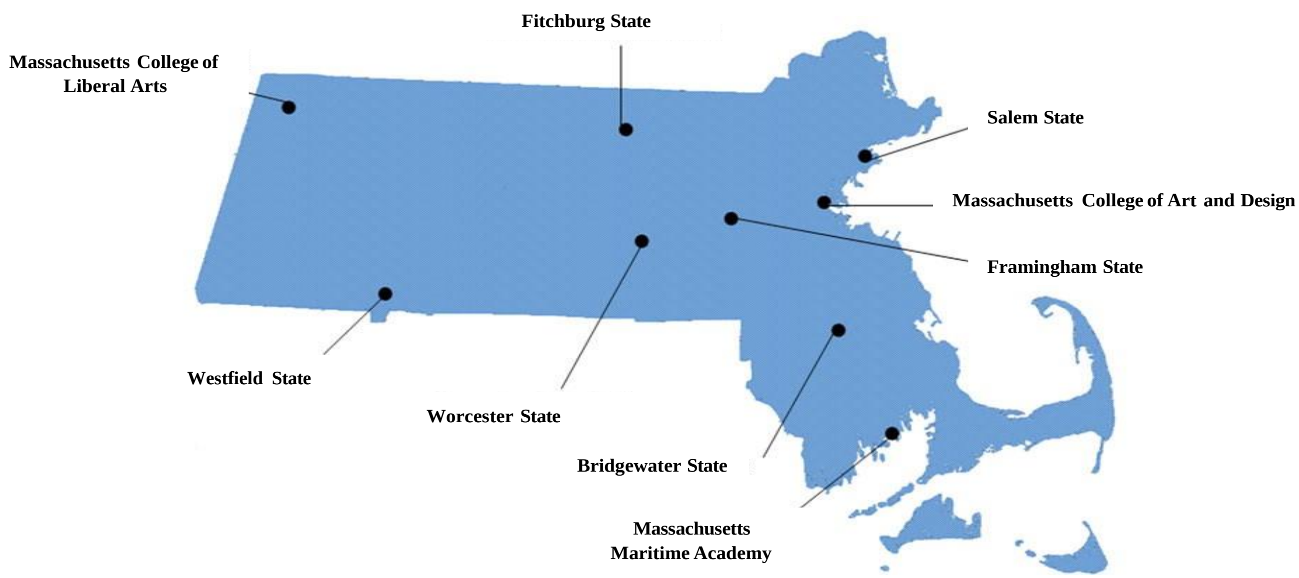
Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited

The following discussion and analysis provide management's overview of the financial position of the Massachusetts State College Building Authority (the "Authority" or “MSCBA”) as of June 30, 2023 and 2022, and the results of its operations and cash flows for the years then ended. This management's discussion and analysis is unaudited and should be read in conjunction with the Authority's audited financial statements and notes, which are attached hereto.

Introduction

The Massachusetts State College Building Authority is a public instrumentality of the Commonwealth of Massachusetts (the "Commonwealth") charged with financing, designing, constructing, and overseeing the management of revenue-funded facilities - housing, dining, athletic, parking, and other student activity facilities - for the nine State Universities. Recent amendments to the enabling legislation expand the mission of the Authority to include the 15 Community Colleges, as well as enabling the Authority to finance certain academic facility projects located at the State Universities and Community Colleges. The Authority was created pursuant to Chapter 703 of the Acts of 1963 (the "Act") of the Commonwealth of Massachusetts.

The State University segment of the public institutions of higher education includes Bridgewater, Fitchburg, Framingham, Salem, Westfield, and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design, and Massachusetts Maritime Academy.



The Community College segment includes the following institutions: Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges. There are two loans outstanding under the Community College program for Mount Wachusett Community College.

As required by statute, the offices of the Authority are in Boston, Massachusetts. The nine board members of the Authority are appointed by the Governor; three members must be appointive members of the Commonwealth's Board of Higher Education.

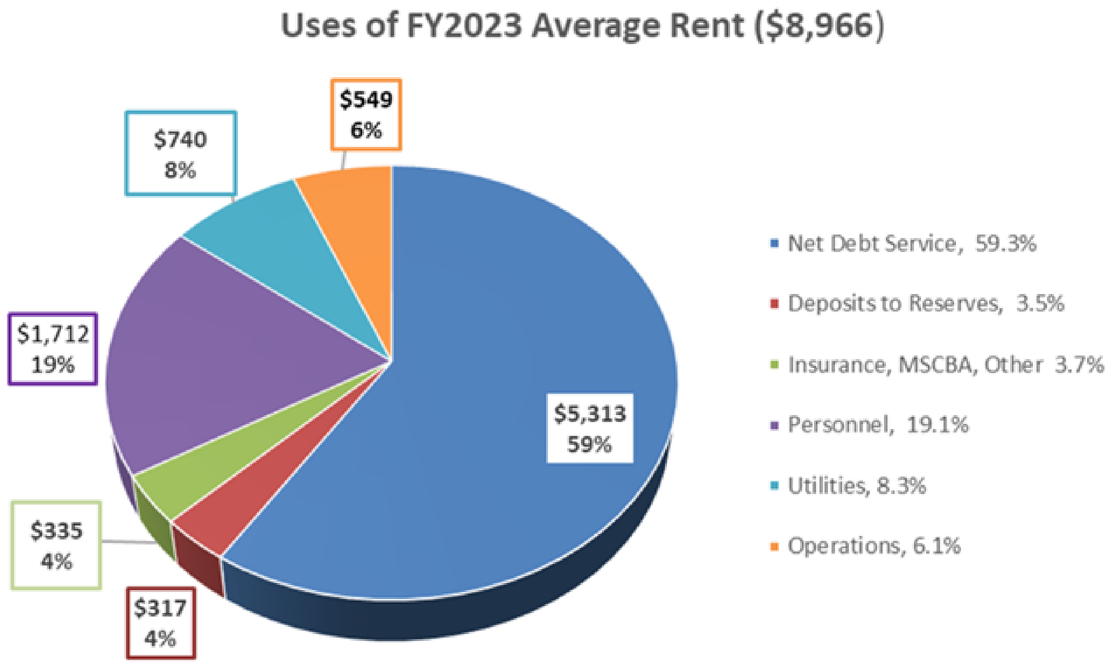
SUMMARY

The Authority's Fiscal Year 2023 (FY23) financial statements reflect the Authority's on-going response efforts to support the state universities while they navigate the continuing impact of the COVID-19 pandemic upon enrollment and institutional operations. The FY23 financial statements, and the related variances from prior years, reflect a deliberate, structured approach by the Authority to provide short term financial flexibility to the campuses, in order to allow them to concurrently prioritize the public health needs of their community while maintaining financial stability. For these reasons, comparison of FY23 to prior years may not be indicative of results since the COVID-19 outbreak and for the foreseeable future.

As compared to Fiscal Year 2022 (FY22), which saw a variety of financing activities including the issuance of three new money bonds as well as defeasances for a Framingham State property sale and the termination of a ground lease at Salem State, FY23 was relatively placid with no new financing activities. The impact of FY22's financing activity was still evident in FY23 as FY22's ending Cash, Cash Equivalent, and Investment balances were actually utilized in FY23 as planned.

Revenue

The Authority receives no appropriation from the Commonwealth; all revenues to support facility design, construction, and operation are derived from the rents and fees paid by students for the use of these facilities and services. Pursuant to the Act and a Contract for Financial Assistance, Management and Services between the Commonwealth acting by and through the Board of Higher Education ("BHE") (the "Contract"), the Authority annually sets and assesses rents and fees sufficient to provide for the payment of all costs of its facilities. The average budgeted rent in academic year 2022/23 was $8,967 and included maintenance, operations, administration, reserves, and related debt service on revenue bonds issued to finance its projects.



Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited

Enrollment and Occupancy

The State Universities certify residence hall occupancy to the Authority and to the Commonwealth's Department of Higher Education on a semi-annual basis. For the academic years 2022/23, 2021/22 and 2020/21, the number of students housed in on-campus housing owned by the Authority was 75%, 71% and 43% of design occupancy, respectively.

At the beginning of the spring 2023 semester, approximately 11,809 students resided in the 54 residential complexes owned by the Authority. These facilities can house 53% of the fall semester full-time undergraduate students and comprise about 4.5 million square feet of space on the nine State University campuses. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

The following table shows average annual residence hall occupancy from academic year 2013/14 through 2022/23. During fiscal year 2023 as compared to fiscal year 2022, the Authority decreased design occupancy by 2.1%, or 356 beds.

State University	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Bridgewater	95%	99%	97%	96%	95%	95%	96%	37%	81%	89%
Fitchburg	100%	103%	101%	96%	92%	85%	76%	50%	58%	52%
Framingham	100%	98%	98%	94%	93%	90%	88%	33%	64%	64%
Mass. College of Art and Design	99%	99%	98%	99%	99%	96%	100%	65%	98%	101%
Mass. College of Liberal Arts	86%	86%	79%	77%	74%	71%	73%	46%	43%	42%
Mass. Maritime Academy	111%	93%	101%	105%	102%	102%	10%	57%	95%	87%
Salem	106%	107%	100%	96%	96%	90%	79%	37%	63%	79%
Westfield	98%	98%	102%	99%	94%	86%	82%	38%	66%	66%
Worcester	101%	87%	94%	92%	96%	96%	96%	50%	78%	84%
Average Occupancy	**99%**	**98%**	**98%**	**96%**	**94%**	**91%**	**88%**	**43%**	**71%**	**75%**
Design Occupancy	**15,717**	**16,458**	**17,289**	**16,857**	**16,957**	**16,922**	**16,939**	**17,001**	**16,900**	**16,544**

Financial Statements

The Authority's financial statements (pages 19 to 25 of this report) have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The *Statement of Net Position (Deficiency in Net Position)* presents assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the residual balance being reported as *net position (deficiency in net position).* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the fiscal year presented. 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., the payment for accrued compensated absences, or the receipt of amounts due from state colleges (includes State Universities and Community Colleges) and others for services rendered).

The *Statement of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., income from contracts for financial assistance, management, and services) and disbursements (e.g., cash paid to employees, contractors, consultants, or vendors for services). GASB Statements 34 and 35 require this method to be used.

The notes to the financial statements describe significant accounting policies adopted by the Authority and provide additional information that is essential to a full understanding of the data provided in the financial statements.

New or Recent Governmental Accounting Standards Board (GASB) Statements

- **GASB Statement 87, Leases:** In FY22, the Authority implemented GASB Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information regarding the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority's lease receivables are largely attributable to the use of the residence halls that are owned by the Authority but utilized by the state universities. The implementation of this standard has had a significant impact ($1.0 Billion) on both lease receivables and associated capital asset accounting. This change is reflected in both the FY23 financial statements and the FY22 financial statements.

- The GASB Statement No. 87 impact is further discussed in Footnote #14 of the audited Financial Statements. Implementation of GASB 87 does make trend analysis difficult as prior years' statements (including FY2020) do not account for this significant adjustment. With the implementation of GASB 87, all the outstanding debt of the Authority falls into either the Accounts Receivable category for campus/Commonwealth-owned buildings or Lease Receivable for MSCBA-owned buildings.

- **GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs)**, was released by GASB in May 2020. It requires government entities to recognize a right-to-use subscription asset and corresponding subscription liability for such contracts with a specified term. The standards for SBITAs are based upon the standards established in GASB 87. The Authority has reviewed and evaluated its SBITAs and has determined that the financial impact is immaterial and as a result does not require disclosure at this time.

Financial Highlights

- Total assets of the Authority declined from $2.153 billion at June 30, 2022, to $2.052 billion at June 30, 2023. This decline largely relates to the amortization of GASB 87 lease receivables, which decreased by $41.3 million, depreciation exceeding investment in new capital assets on Authority-owned facilities by $15.7 million and the reduction in cash and non-retirement fund related-investments balances of $28.0 million, and a reduction in the receivables related to campus/Commonwealth-owned buildings of $15.5 million. Details of capital assets are provided in Footnote #4.

- Total liabilities decreased from $1.286 billion to $1.215 billion. The decrease is primarily due to a decrease of $13.367 million in interagency payables and reductions in bond payables of $58.458 million. Interagency includes funds received from campuses or the Commonwealth for campus-owned projects and/or new money borrowing for campus-owned projects.

- FY23 operating revenues decreased to $107.297 million from FY22's $109.512 million. This decrease is due to the outstanding debt being paid down and no new debt added to assessments in FY 23.

- During FY22, the Authority established an Other Post Employment Benefits (OPEB) Trust, which is invested in the State Retirement Board Trust Fund (SRBTF). It is an irrevocable trust fund established for the purpose of accumulating assets to pay for future OPEB costs. The SRBTF is an investment vehicle established by Massachusetts law that enables government entities of the Commonwealth to invest funds set aside to fulfill OPEB for retirees such as healthcare or dental coverage in retirement. See Footnote #13 for additional information related to OPEB. During FY23, the Authority deposited an additional $300,000 into the OPEB trust, bringing the trust to a fully funded position, based upon the current estimated Net OPEB liability.

Financial Analysis

Statements of Net Position (Deficiency in Net Position)

The Authority's net position reflects its investment in capital assets, including land, buildings, furniture and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets. These assets provide on-going services to the State Universities and consequently they are generally not available to be used to liquidate liabilities. In fiscal year 2002, the Authority began depreciating its capital assets in accordance with GASB Statements 34 and 35. At that time, the initial accumulated depreciation of $81.45 million represented the depreciation on its capital assets dating back to 1963. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets in accordance with guidelines established by the Commonwealth. The Authority's net position is as follows:

Summary - Statements of Net Position at June 30, 2023, 2022, and 2021

	Fiscal year ended June 30,		
	2023	2022	2021 (restated)
Current assets	$ 132,906,622	$ 152,129,966	$ 72,771,477
Capital assets, net	778,618,852	794,289,957	827,199,032
Long-term leases receivable	917,192,070	958,477,483	991,809,948
Other noncurrent assets	222,999,178	247,576,664	270,093,453
Total assets	2,051,716,722	2,152,474,070	2,161,873,910
Deferred outflows of resources	28,065,657	31,334,538	39,530,081
Current liabilities	84,979,384	96,644,924	45,651,904
Bonds payable, net of current portion	1,119,903,105	1,178,390,239	1,208,139,929
Other noncurrent liabilities	10,823,190	11,363,526	15,399,371
Total liabilities	1,215,705,679	1,286,398,689	1,269,191,204
Deferred inflows of resources	834,921,888	902,900,822	960,585,628
Net position			
Net investment in capital assets	(131,117,106)	(142,427,617)	(93,721,552)
Unrestricted	160,271,918	136,936,714	65,348,711
Total net position (deficiency in net position)	$ 29,154,812	$ (5,490,903)	$ (28,372,841)

Current assets include cash related to project spending, debt service, and Authority operations, current accounts receivable, and prepaid expenses.

- For the year ended June 30, 2023, current assets decreased $19.2 million or 12.6% from the prior year. Unrestricted cash increased by $5.2 million while restricted cash, cash equivalents, and investments decreased by $19.0 million. These decreases in cash and investments are primarily related to campus funds received for projects in prior years, which have not been disbursed, releases of debt service reserve funds to pay debt service or fund project costs, and changes in market value of fixed income investments. The current portion of accounts receivable also decreased by $5.0 million, reflecting the payment of debt in FY23 with no new debt issued. The Authority sustains a capital reserve program consistent with the requirements of the Contract to ensure adequate reserves for building renewal. This reserve program is funded through annual assessments based on building age. Total capital reserves were $36.9 million at June 30, 2023.

- The current portion of net accounts receivable related to university-owned assets was reduced by $5.0 million from the year ended June 30, 2022 to June 30, 2023. This decrease is due to annual debt service payments.

Capital assets include land, buildings and furniture and equipment, net of depreciation. Due to the reduction in Authority capital spending on Authority-owned assets in recent years and the impact of current year depreciation, capital assets have decreased $15.7 million, or 2.0% in FY23. Further detail of capital assets is discussed in Footnote #4.

Other non-current assets include the non-current portion of restricted cash and investments, including debt service reserve funds, pension reserves, and long-term accounts receivable related to debt service on university-owned assets.

- Non-current restricted cash, cash equivalents, and investments, excluding investments related to the retirement fund, decreased by $14.2 million. These decreases in cash and investments are primarily related to campus funds received for projects in prior years, which had not been disbursed, releases of debt service reserve funds to pay debt service or fund project costs, and changes in market value of fixed income investments. Restricted investments relating to the retirement fund remain basically unchanged at $5.6 million as of both the years ended June 30, 2023 and 2022.

- Debt service reserve fund balances are represented in the restricted cash and cash equivalents and restricted investments line items. For the year ended June 30, 2023, total debt service reserve fund balances decreased by $11.7 million, or 22.9%. This decrease reflects the use of debt service reserve funds to fund projects and payment of debt service.

- The non-current portion of net accounts receivable related to university-owned assets was also reduced by $10.5 million from the year ended June 30, 2022 to June 30, 2023. Again, this decrease is due to annual debt service payments.

- Deferred outflow of resources includes deferred outflows for pensions and net OPEB liability of $533 thousand and deferred losses on refunding of debt of $27.5 million. Total deferred outflows of resources was $28.1 million for the year ended June 30, 2023, a decrease of $3.3 million or 10.4%.

- Beginning in FY18, the Authority implemented GASB 75 which requires the Authority to report the OPEB liability, which is the difference between the total liability and the value of the assets available to pay other postemployment benefits. As of June 30, 2023, the value of assets available to pay the OPEB liability actually exceeded the net OPEB liability by $146 thousand. This excess is considered a non-current asset. As of June 30, 2022, the balance was a liability of $260 thousand, which was shown as a non-current liability. The overall swing between the prior year liability and current year asset was about $406 thousand or 156.0%.

Total liabilities include debt service, accounts payable, payroll related liabilities, liabilities related to university funds held by the Authority, and the net pension and OPEB liability of the Authority.

- For the year ended June 30, 2023, total liabilities decreased $70.7 million, or 5.5%.
- Beginning with FY15, the Authority implemented GASB 68 which requires the Authority to report the net pension liability, which is the difference between the total pension liability and the value of the assets available in the pension plan's trust to pay pension benefits. The Commonwealth calculated the Authority's proportional share of the Commonwealth's net pension liability in FY23 to be $3.0 million compared to $2.6 million in FY22. The Authority invests its retirement trust fund with the Commonwealth's Pension Reserve Investment Trust. This investment was valued at $5.6 million as of June 30, 2023, which is $2.6 million greater than the liability assigned to the Authority by the Commonwealth.
- University-owned student activity facilities are not carried as capital assets of the Authority. Project funds associated with university-owned assets are carried as interagency payable liabilities of the Authority. Debt associated with university-owned facilities is carried as receivables due from the college. Interest payments received from the colleges are reflected as Interest income - interagency.
- Debt administration is discussed further on page 17.
- The total net position at June 20, 2023 improved by $34.6 million as compared to June 30, 2022; major factors include:

  Items decreasing the net position:

  1. depreciation exceeding new capital asset investment by $15.7 million
  2. decrease in the long-term lease receivables of $41.3 million
  3. decrease in accounts receivable of $15.5 million
  4. decrease in restricted investments of $22.8 million

  Items increasing the net position:

  1. decrease in overall cash and cash equivalents of $5.2 million
  2. decrease in deferred lease revenue related to GASB 87 of $66.8 million
  3. decrease in bonds payable of $58.5 million
  4. decrease in overall interagency payables of $13.4 million

Statements of Revenues, Expenses and Changes in Net Position

Authority revenue is primarily derived from assessments of state college residence hall rents and student activity fees pursuant to the Contract, in which the BHE commits the state colleges to meet the statutory and financial obligations related to the projects undertaken by the Authority. The assessments provide sufficient revenue to fund annual debt service requirements associated with bonds issued to finance capital projects, capital improvement reserve deposits, insurance premiums, and Authority operating expenses.

Summary - Operating and Non-Operating Revenues and Expense

	Fiscal year ended June 30, 2023	2022	2021 (restated)
Total operating revenues	$ 107,296,964	$ 109,512,201	$ 89,006,809
Total operating expenses	49,174,963	48,989,870	50,012,007
Operating income	58,122,001	60,522,331	38,994,802
Nonoperating expenses, net	(23,476,286)	(37,640,393)	(37,043,043)
Increase (decrease) in net position	34,645,715	22,881,938	1,951,759
Net position - beginning of the year	(5,490,903)	(28,372,841)	(30,324,600)
Net position - end of the year	$ 29,154,812	$ (5,490,903)	$ (28,372,841)

O*perating revenues* include contracts for assistance, management and services, management fees on campus owned projects, and other miscellaneous revenue.

For the year ended June 30, 2023, total operating revenue decreased by $2.2 million, or 2.0%. The decrease is attributed to utilization of the debt service reserve to reduce assessments.

Operating expenses include depreciation, insurance premium costs and general operating expenses (including contributions to the OPEB trust fund) of Authority operations.

- The net change in expenses related to pension and OPEB-related liabilities increased $260 thousand as compared to FY22.
- Authority general operating expenses, excluding depreciation, pension and OPEB expenses, and the amortization of deferred loss on receivables, increased by $43 thousand from FY22 to FY23. The increased expenses were primarily due to insurance costs, which rose by $115 thousand, but were offset by lower operating expenses.
- No amortization of deferred loss on receivables was required in FY23 as compared to $277 thousand in FY22.

Non-operating expenses, net include other revenue including investment income (or losses) on project funds and reserves, net transfers between the Authority and the State Universities in support of capital projects, bond issuance costs, interest expense incurred on debt obligations and interest subsidy received from the U.S. Treasury relating to the Authority's outstanding Build America Bonds, and other one-time expenses.

- For the year ended June 30, 2023, net investment earnings on both cash and investments of $3.0 million were recorded as compared to investment losses of $4.4 million for the year ended June 30, 2022.

- In the year ended June 30, 2023, the Authority had interest expense of $44.0 million, an increase of $1.182 million or 2.8% increase from the prior year; this increase reflects the first full year of interest expense on the 22A bond series.

- Bond issuance costs decreased by $1.1 million in FY23 as compared to FY22 as no new debt was issued during this fiscal year.

- Net transfers to the State Universities in FY23 were $11.9 million as compared to net transfers of $4.0 million in FY22.

- FY23 reports no losses on the sale of assets as compared to a $521 thousand loss in FY22 as no sale of assets occurred in FY23.

Statements of Cash Flows

Authority cash in-flows are primarily generated from assessments received from the State Universities and proceeds from bond issuances. Cash out-flows are primarily from continued payments for additions to Authority capital assets, payments for additions to university-owned assets, and payment of principal and interest on Authority debt.

Summary - Statements of Cash Flows

	Fiscal year ended June 30, 2023	2022	2021
Cash received from operations	$ 83,043,014	$ 63,767,151	$ 33,133,337
Cash expended for operations	(4,428,204)	(4,656,262)	(4,431,405)
Net cash provided by operations	78,614,810	59,110,889	28,701,932
Net cash provided by (used in) capital and related financing activities	(109,435,904)	(24,844,931)	(54,492,435)
Net cash provided by (used in) investing activities	25,640,715	(6,269,795)	27,915,507
Net increase (decrease) in cash and cash equivalents	(5,180,379)	27,996,163	2,125,004
Cash and cash equivalents, beginning of the year	87,858,375	59,862,212	57,737,208
Cash and cash equivalents, end of the year	$ 82,677,996	$ 87,858,375	$ 59,862,212

- Cash and cash equivalents were $82.7 million at June 30, 2023 compared to $87.9 million at June 30, 2022. This decrease reflects the spend down of the 21AB and 22A bonds received in FY22 as well as the continued spending of campus funds received for projects at campus/Commonwealth-owned buildings.

Cash provided by operations includes cash received for contract revenue from campus and other miscellaneous revenues. Cash provided by operations also includes cash spent on insurance, operating, and Authority expenses.

- Cash provided by operations increased by $19.5 million, or 32.3% due to increases in assessment revenue.

Cash used in capital and related financing activities includes proceeds and cash paid related to bond issuances and refunding, payments for capital assets, payments and transfers for interagency payments and receipts between the Authority and the Universities, and principal and interest paid on capital debt.

- In FY23, net cash used in capital and related financing activities was $109.4 million compared to $24.8 million in FY22.

Cash provided by investing activities includes proceeds from sales and maturities of investments, purchases of investments, and interest earned on investments.

- For the year ended June 30, 2023, net cash provided by investing activities was $25.6 million as compared to net cashed used of $6.3 million in FY22, reflecting lower purchases of investments due to the investment of bond proceeds and higher actual sales or maturities of investments.

Capital Assets

The Authority's investment in capital assets as of June 30, 2023 was $778.6 million, net of accumulated depreciation, compared to $794.3 million as of June 30, 2022. Capital assets include land, buildings, building improvements, furnishings, and equipment. Capital assets comprised approximately 37.9% of total assets at June 30, 2023 and 36.9% at June 30, 2022. During the year ended June 30, 2023, the Authority had a net reduction of capital assets of $15.7 million, inclusive of depreciation, vs. an increase of $17.6 million in FY22. During FY23, depreciation exceeded new capital asset additions causing the overall reduction. The major components of capital assets are presented below (see Footnote #4 for additional information):

- Construction in progress (CIP) represents the balance of additions to Authority assets for projects currently underway. The CIP balance was $34.7 million at June 30, 2023 compared to $14.6 million at June 30, 2022.

- The buildings and improvements balances were stable at $1.36 billion at June 30, 2023, compared to the balance at June 30, 2022 of $1.35 billion.

- The furnishings and equipment balance was $54.1 million at June 30, 2023, compared to $61.6 million at June 30, 2022.

- The Authority has entered into various commitments for the purchase of equipment, construction of certain facilities and other improvements relating to both Authority assets and university-owned assets. As of June 30, 2023, such commitments were approximately $23.2 million.

- Additions to university-owned facilities have no effect on the Authority's capital assets. Project funds associated with university-owned assets are held as interagency payable liabilities of the Authority. As university-owned asset project funds are spent, the corresponding payable balances are reduced accordingly.

Debt Administration

The Act authorizes the Authority to issue bonds to finance the design and construction of residence facilities, dining commons, parking, athletic, cultural, and other student activity facilities at the state colleges. Also, under certain circumstances, the Authority may provide financing for certain projects that are managed by the Commonwealth. Authority bonds are special obligations of the Authority, payable solely from revenues and certain pledged funds provided under the provisions of the Act, the Contract and the Trust Agreement between the Authority and trustee. Annually, the Authority collects assessments from each state college in amounts sufficient for the payment of, among other things, the debt service on the Authority's bonds. These assessments are primarily derived from the rents and fees on the Authority's facilities, and on university-owned facilities financed by the Authority, as annually set by the Authority. As additional security for the Authority's bonds, the Act and the Contract provide for an intercept of legislative appropriations to the state colleges, if the Authority otherwise lacks sufficient funds to pay debt service in full and on time. This intercept mechanism was clarified and streamlined by amendments to the Act in 2009 and 2011 and the Contract was amended to conform to the statutory changes.

As of June 30, 2023, the Authority had $1.14 billion in principal amount of bonds outstanding compared to $1.19 billion and $1.20 billion at June 30, 2022 and 2021, respectively. The outstanding bond obligations carried unamortized premium balances of $42.5 million, $49.6 million, and $36.6 million respectfully, as of June 30, 2023, 2022 and 2021.

All the outstanding bonds carry fixed interest rates payable semi-annually on May and November 1st. For all State University program bonds, principal is payable annually on May 1st, with a final maturity of 2052. Principal is payable semi-annually on May 1st and November 1st for the Community College Bonds, Series 2 issued in 2017 and Series 1 issued in 2014. Additional information regarding the Authority's Bonds Payable is available in Footnote #7.

The Authority's outstanding debt has no associated interest rate exchange agreements. Of the amount outstanding, $94.5 million are taxable Build America Bonds for which the Authority was to receive a 35% interest rate subsidy directly from the U.S. Treasury. In each of the federal fiscal years 2023, 2022 and 2021, a portion of the Authority's interest rate subsidy was reduced by approximately 5.7%, due to the federal government budgetary sequestration. The Authority has no Commonwealth-guaranteed debt outstanding and no authorization to issue any.

The Authority's State University program bonds were rated Aa2 by Moody's and AA by S&P Global as of June 30, 2023. The Community College Program, Series 1 and Series 2 bonds were not previously rated. In July 2023, the Authority issued the Series 3 bonds, and the Community College program has also been rated Aa2 by Moody's and AA by S&P Global.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain RSI on the pension liability, OPEB liability, and statistical information.

Requests for Information

The Authority's financial statements are designed to present readers with a general overview of the Authority's finances. Additional financial information, including official statements relating to the Authority's bonds, can be found on the Authority's website www.mscba.org. Questions concerning the financial statements or requests for additional financial information should be addressed to the Executive Director, Massachusetts State College Building Authority, 10 High Street, Suite 201, Boston, Massachusetts 02110.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Net Position (Deficiency in Net Position)
June 30, 2023 and 2022

Assets

	2023	2022
Current assets		
Cash and cash equivalents	$ 46,139,695	$ 40,910,625
Restricted cash and cash equivalents, current	26,927,485	37,247,192
Restricted investments, including amounts held by trustee, current	5,350,438	14,014,265
Current portion of accounts receivable, net	15,239,544	20,241,344
Current portion of leases receivable	39,190,416	39,667,066
Prepaid expenses	59,044	49,474
Total current assets	132,906,622	152,129,966
Noncurrent assets		
Restricted cash and cash equivalents	9,610,816	9,700,558
Restricted investments, including amounts held by trustee	35,494,702	49,630,197
Restricted investments, retirement fund	5,595,587	5,587,274
Accounts receivable, net	172,152,296	182,658,635
Capital assets, net	778,618,852	794,289,957
Net OPEB assets	145,777	-
Long-term leases receivable	917,192,070	958,477,483
Total noncurrent assets	1,918,810,100	2,000,344,104
Total assets	2,051,716,722	2,152,474,070
Deferred outflows of resources		
Deferred outflows for pensions	167,529	331,862
Deferred outflows for OPEB	365,790	278,318
Deferred losses on refunding of debt	27,532,338	30,724,358
Total deferred outflows of resources	28,065,657	31,334,538

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Net Position (Deficiency in Net Position)
June 30, 2023 and 2022

Liabilities and Net Position (Deficiency in Net Position)

	2023	2022
Current liabilities		
Accounts payable and accrued liabilities	$ 13,047,067	$ 11,621,567
Accrued payroll	12,379	263,175
Interagency payables, current portion	12,969,497	25,836,866
Current portion of lease payable	224,985	210,346
Current compensated absences	252,769	269,736
Current portion of bonds payable	58,472,687	58,443,234
Total current liabilities	84,979,384	96,644,924
Noncurrent liabilities		
Compensated absences	38,992	33,090
Interagency payables, long-term	5,798,827	6,298,827
Lease payable	1,950,095	2,177,563
Bonds payable, net of current portion	1,119,903,105	1,178,390,239
MSCBA portion of net pension liability	3,035,276	2,593,803
Net OPEB liability	-	260,243
Total noncurrent liabilities	1,130,726,295	1,189,753,765
Total liabilities	1,215,705,679	1,286,398,689
Deferred inflows of resources		
Deferred inflows for pensions	720,687	1,601,291
Deferred inflows for OPEB	3,890,749	4,207,176
Deferred lease revenue	830,310,452	897,092,355
Total deferred inflows of resources	834,921,888	902,900,822
Net position (deficiency in net position)		
Net investment in capital assets	(131,117,106)	(142,427,617)
Unrestricted	160,271,918	136,936,714
Total net position (deficiency in net position)	$ 29,154,812	$ (5,490,903)

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position (Deficiency in Net Position)
Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues		
Income from contracts for financial assistance, management, and services	$ 107,168,319	$ 109,096,779
Other miscellaneous revenues	128,645	415,422
Total operating revenues	107,296,964	109,512,201
Operating expenses		
Insurance costs	1,644,878	1,530,011
Authority operating expenses	2,369,421	2,441,072
Depreciation	45,744,654	45,585,151
Pension and OPEB expenses	(583,990)	(843,835)
Amortization of deferred loss (gain) on receivables	-	277,471
Total operating expenses	49,174,963	48,989,870
Operating income	58,122,001	60,522,331
Nonoperating revenues (expenses)		
Net investment income (loss)	2,974,146	(4,406,631)
Interest income - interagency	4,143,735	5,746,687
Interest expense	(44,000,467)	(42,817,906)
Bond issuance costs	(12,544)	(1,135,831)
Net transfers to/from State Universities	11,946,358	4,011,129
Build America Bonds interest subsidy	1,472,486	1,482,780
Gain (loss) on sale of assets	-	(520,621)
Net nonoperating revenues (expenses)	(23,476,286)	(37,640,393)
Increase in net position	34,645,715	22,881,938
Net position (deficiency in net position) Beginning of year	(5,490,903)	(28,372,841)
Net position (deficiency in net position) End of year	$ 29,154,812	$ (5,490,903)

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	$ 82,477,840	$ 63,351,729
Other miscellaneous receipts	128,645	415,422
Proceeds from pension and salary reimbursements	436,529	-
Payments for insurance costs	(1,654,448)	(1,072,783)
Payments for operating expenses	(1,169,234)	(1,116,923)
Payments to employees	(1,604,522)	(1,402,950)
Payments for other expenses	-	(1,063,606)
Net cash provided by operating activities	78,614,810	59,110,889
Cash flows from capital and related financing activities		
Proceeds from bond issuance	-	150,342,882
Cash paid to bond trustee related to advanced refunding	-	(113,925,219)
Build America Bonds interest subsidy	1,970,806	1,999,325
Payments of bond issuance costs	(12,544)	(1,135,831)
Payments for capital assets	(29,576,029)	(18,435,894)
Proceeds from sale of capital assets	-	986,529
Collections of debt service receivables	18,106,502	12,214,221
Transfer of funds from State Universities	11,983,373	3,474,886
Payments from (deposits to) funds held for others	(11,954,940)	15,418,201
Principal paid on capital debt	(51,352,201)	(26,913,668)
Interest paid on capital debt	(48,600,871)	(48,870,363)
Net cash used in capital and related financing activities	(109,435,904)	(24,844,931)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	81,291,553	33,372,303
Purchases of investments	(60,598,251)	(47,690,170)
Interest on investments	4,947,413	8,048,072
Net cash provided by (used in) investing activities	25,640,715	(6,269,795)
Net increase (decrease) in cash and cash equivalents	(5,180,379)	27,996,163
Cash and cash equivalents, beginning of year	87,858,375	59,862,212
Cash and cash equivalents, end of year	$ 82,677,996	$ 87,858,375

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 58,122,001	$ 60,522,331
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	45,744,654	45,585,151
Amortization of deferred inflow of resources from campuses	(25,019,847)	(40,256,181)
Amortization of lease liability - office lease	2,114	-
Change in net pension liability	(238,356)	(2,697,276)
Changes in assets and liabilities		
Accounts receivable	9,027	(3,618,626)
Prepaid expenses	(9,570)	(358,280)
Accounts payable and accrued liabilities	48,049	(36,135)
Accrued payroll and compensated absences	(43,262)	(30,095)
Net cash provided by operating activities	$ 78,614,810	$ 59,110,889

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	2023	2022
Acquisition of capital assets	$ 30,323,667	$ 18,510,286
Accounts payable thereon:		
Beginning of year	3,205,760	3,131,368
End of year	(3,953,398)	(3,205,760)
Payments for capital assets	$ 29,576,029	$ 18,435,894
Contractor accounts payable related to State University capital projects on State University-owned property	$ 1,945,537	$ 1,033,109
Unrealized gain (loss) on investment securities	$ 1,746,546	$ (6,992,982)

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Fiduciary Net Position - Fiduciary Fund
June 30, 2023 and 2022

	OPEB Trust Fund	
	2023	2022
Assets		
Investments		
Mutual Funds		
PRIT Fund Core Asset Allocation	$ 1,036,791	$ 685,649
Total Assets	$ 1,036,791	$ 685,649
Net Position		
Restricted for		
OPEB Benefits	$ 1,036,791	$ 685,649
Total Net Position	$ 1,036,791	$ 685,649

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Changes in Fiduciary Net Position - Fiduciary Fund
Years Ended June 30, 2023 and 2022

	OPEB Trust Fund	
	2023	2022
Additions		
Contributions		
Employer	$ 300,000	$ 750,000
Total contributions	300,000	750,000
Investment income (loss)		
Changes in fair value of investments	27,753	(70,332)
Realized gains	5,647	1,261
Interest and dividends	21,886	5,628
Total investment income (loss)	55,286	(63,443)
Less investment expenses	(4,144)	(908)
Net investment income (loss)	51,142	(64,351)
Total additions	351,142	685,649
Net position, beginning of the year	685,649	-
Net position, end of year	$ 1,036,791	$ 685,649

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies Organization

Massachusetts State College Building Authority (the "Authority") was created pursuant to Chapter 703 of the Acts of 1963 of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"), as amended (the "Act"), as a body politic and corporate and a public instrumentality for the general purpose of providing dormitories, dining commons and other facilities primarily for use by students and staff of certain state colleges of the Commonwealth of Massachusetts and their dependents. Such facilities may be provided in collaboration with and for joint use by other agencies, boards, commissions, or authorities of the Commonwealth. The Act defines State Colleges as the state university and community college segments of the Commonwealth's public higher education system. The state universities include Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design and Massachusetts Maritime Academy (collectively, the "State Universities"). The community colleges include Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury and Springfield Technical (collectively, the "Community Colleges"). The Authority provides bond financing, design and construction management of new facilities, major renovations, adaption, and capital repairs for its projects at the State Colleges. Annual obligations of the Authority include rent setting and oversight of State University residence hall operating budgets. The Authority's operations are primarily governed by a Contract for Financial Assistance, Management and Services with the Board of Higher Education of the Commonwealth ("BHE"), in which the BHE commits the State Colleges to meet the statutory and financial obligations related to the projects.

The Authority is a component unit of the Commonwealth of Massachusetts. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the Authority had been operated as an independent organization. The Authority's financial statements are included in the Commonwealth's financial statements as a blended component unit.

Basis of presentation

The accompanying proprietary fund and fiduciary fund 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 imposed by the provider have been met.

The Authority has determined that it functions as a Business-Type Activity, as defined by GASB.

The Authority's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the Authority's net investment income and interest expense.

Net position

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three net position categories:

Net investment in capital assets:
Capital assets, which are net of accumulated depreciation and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction, repair, 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 also included in this component of net position.

Restricted:
Nonexpendable - Net position which use is subject to externally imposed conditions that the Authority must maintain in perpetuity.

Expendable - Net position which use is subject to externally imposed conditions that can be fulfilled by the actions of the Authority pursuant to those conditions or that expire with the passage of time.

Unrestricted:
All other categories of net position. Unrestricted net position may be designated for specific purposes by action of the Authority's Board of Trustees ("Board").

The Authority has adopted a policy of reviewing, on an individual basis, all restricted - expendable funds, for the purpose of determining the order in which restricted - expendable and unrestricted funds would be utilized.

In accordance with the requirements of the Act, the Authority's operations are accounted for in several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents
The Authority considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Investments
Investments in marketable securities are stated at fair value. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets. There were no significant realized gains or losses on investments during the years ended June 30, 2023 and 2022.

The Authority has no donor-restricted endowments.

The Authority is currently authorized by its Board and the statutes of the Commonwealth to invest funds of the Authority. The Board establishes investment policy, but delegates to its Finance and Audit Committee of the Authority the direction of an investment advisor.

Accounts receivable
Accounts receivable are stated at the total amount of the future minimum payments to be received less unearned interest income. Interest income is recognized using the effective interest method. No allowance for doubtful accounts has been made as of June 30, 2023 and 2022, as management considers all amounts fully collectible.

Capital assets
The accompanying financial statements include the transactions of all of the Authority-owned capital assets, which include residence halls for approximately 16,500 students in 2023 and 2022, some with dining facilities as well as some with student activity facilities and land, at the State Universities.

Project costs include land acquisition, architectural and engineering services, construction, furnishings and equipment and related expenses for legal, accounting, and financial services. Such expenses have been incurred for the construction of new facilities and for capital improvements to existing facilities. Fire alarm system improvements, the installation of automatic sprinkler systems, the repair and replacement of roofs and windows, and improvements to make the facilities accessible for use by handicapped persons are examples of capital improvements to existing facilities undertaken by the Authority.

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition. In accordance with the Authority's capitalization policy, only those items with a total project cost of more than $50,000, including furniture, fixtures, and equipment, are capitalized. Interest costs on debt related to capital assets are expensed during the construction period. Authority capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis in accordance with the guidelines set forth by the Commonwealth Comptroller's Office. Renovations are depreciated over a term of 20 years, furniture, fixtures and equipment are depreciated over a term of 10 years, and new construction is depreciated over 40 years. A full year of depreciation is claimed the first year (regardless of the date of completion) and no depreciation is recorded in the final year.

Bond issuance costs
Bond issuance costs are expensed as incurred. During fiscal 2023 and 2022, the Authority incurred $12,544 and $1,135,831, respectively, of bond issuance costs.

Fringe benefits
The Authority participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and other postemployment benefits (“OPEB”) for which it is billed by the Commonwealth. Workers' compensation insurance is purchased as a separate policy within the Authority's insurance portfolio.

Deferred outflows/inflows of resources
In addition to assets, the statements of net position (deficiency in net position) include a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. They are the deferred losses on refunding, deferred outflows from pensions, and deferred outflows from OPEB. The deferred losses on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between projected and actual investment earnings, differences between

expected and actual experience, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statements of net position (deficiency in net position) include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category. They are unearned revenue, deferred inflows from pensions, and deferred inflows from OPEB. The Authority reports unearned revenue from long-term leases held with the state universities as further described in Note 14. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the Authority reports deferred amounts related to pension and OPEB similar to deferred outflows of resources.

Pension plan
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 ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits
For purposes of measuring the net postemployment benefits other than pensions ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Authority's OPEB plan. The Authority authorized the establishment of an OPEB trust, which received its initial deposit in fiscal year 2022 as well as an additional deposit in fiscal year 2023, which brought the balance to a fully funded position.

Compensated absences
Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned and unused by all eligible employees through June 30 of each year. The accrued sick leave balance represents 20% of amounts earned at the end of the fiscal year for retirement eligible employees. Upon retirement, these employees are entitled to receive payment for these accrued balances.

Income tax status
The Authority is a component unit of the Commonwealth and is, therefore, exempt from federal and state income taxes.

Note 2 - Cash and Cash Equivalents and Investments

Credit risk
Credit risk includes the risk that securities in which the Authority has invested will default.

The Authority's Trust Agreement stipulates that only certain highly rated securities are eligible investments. The Authority has a formal investment policy consistent with the Trust Agreement in which permissible investment obligations include: (i) certain direct or agency obligations which are unconditionally guaranteed by the United States of America; (ii) certain interest-bearing instruments issued by a banking institution with a long-term unsecured debt rating in one of the two highest long-term rating categories, (iii) commercial paper rated in the highest rating category; and (iv) obligations of state or local governments or authorities thereof rated in the two highest rating categories. The Authority is also required to comply with the Commonwealth of Massachusetts's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. The Authority's deposit and investment policies are generally consistent with those of the State Statutes.

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits and/or investments may not be returned to it. The Authority does not have a formal policy with respect to the custodial credit risk.

The Authority has two primary commercial banking relationships: Citizens Bank, N.A. ("Citizens") is the Authority's primary depository bank, and U.S. Bank National Association ("U.S. Bank") is the Authority's trustee bank and holds all bond and related funds pursuant to the Trust Agreement. The Authority is party to a third-party custodian agreement in which Citizens provides the Authority with collateral equal to the Authority's uninsured deposits and the custodian provides safekeeping services and holds the collateral on behalf of and for the benefit of the Authority. Pursuant to the agreement, eligible collateral is limited to only those obligations which are guaranteed as to the payment of principal and interest by the United States of America. As of June 30, 2023, $250,000 of the Authority's bank balances held by Citizens were covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the remaining balance of $70,198,609 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. As of June 30, 2022, $250,000 of the Authority's bank balances held by Citizens were covered by FDIC insurance and the remaining balance of $60,971,509 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. The Authority has invested two savings accounts in the Cash Pool at Massachusetts Municipal Depository Trust ("MMDT"), an alternative investment vehicle for local governments established by the Commonwealth’s Treasurer, which are uninsured and uncollateralized, and had $727,262 as of June 30, 2023.

The Authority does not have a formal deposit policy for custodial credit risk with U.S. Bank. As of June 30, 2023 and 2022, the fair market value of the Authority's cash equivalent balances with U.S. Bank of $15,998,400 and $26,636,814, respectively, were exposed to custodial credit risk because they were uninsured and uncollateralized. These funds were invested in U.S. Bank money market deposit accounts.

In addition to the commercial banking relationships, the Authority invests its retirement trust fund (Note 12) with the Massachusetts Pension Reserve Investment Trust ("PRIT"). PRIT consists of two investment funds, the Capital Fund and the Cash Fund. Each of these funds is managed, accounted for, and held separately by PRIT's custodian bank, Bank of New York ("BNY") Mellon. The Cash Fund consists of short-term investments, which are used to meet liquidity requirements. All Cash Fund earnings are reinvested. The Cash Fund maintains a stable net asset value of $1.00 per unit. The Capital Fund is invested in the General Allocation Account, which invests in all asset classes of PRIT in accordance with its asset allocation plan and investment policy guidelines. The Capital Fund serves as the investment portfolio of PRIT and consists of the following investments at June 30, 2023 and 2022: General Allocation (holds units of other accounts), Domestic Equity, Core Fixed Income, Value-Added Fixed Income, International Equity, Emerging Markets, Real Estate, Timberland, Portfolio Completion Strategies, and Private Equity Investments. The funds held in the amount of $6,632,378 and $6,272,923 as of June 30, 2023 and 2022, respectively, with PRIT are intended to be used to fund the net pension and OPEB liability. These funds were not rated for average credit quality at June 30, 2023 and 2022.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2023 and 2022:

	2023		2022	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	$ 7,507,727	$ 7,548,120	$ 14,934,803	$ 15,162,440
State taxable bonds	16,155,000	16,935,598	16,155,000	17,866,383
U.S. Treasuries	11,897,858	12,006,740	29,699,416	30,615,639
Mutual funds	10,449,595	10,987,060	5,914,280	6,272,923
	$ 46,010,180	$ 47,477,518	$ 66,703,499	$ 69,917,385

The Authority classifies its restricted cash and cash equivalents and investments between current and noncurrent classifications in the accompanying statements of net position (deficiency in net position) according to its plans for their use in liquidating associated liabilities. Investments with maturities of less than one year that are not required to be used to liquidate current liabilities are reflected as noncurrent assets in accordance with management's intention to reinvest the proceeds of those investments upon their maturity.

Investments held by the bond trustee represent project funds, as well as debt service and certain reserve funds.

At June 30, 2023, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

		Investment maturities (in years)				
Investment Type	Fair market value	Less Than 1	1-5	6-10	Greater than 10	Credit rating
Federal Home Loan U.S. Govt. Issues	$ 6,967,155	$ 6,967,155	$ -	$ -	$ -	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	580,965	-	580,965	-	-	Aaa
Various Massachusetts ST Bonds	16,935,598	-	-	3,227,323	13,708,275	Aa1
U.S. Government Securities -						
Treasury Notes	4,518,478	992,082	3,526,396	-	-	
Treasury Bonds	7,488,262	-	382,209	-	7,106,053	Aaa
Total	$ 36,490,458	$ 7,959,237	$ 4,489,570	$ 3,227,323	$ 20,814,328	

At June 30, 2022, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

Investment Type	Fair market value	Less Than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	$ 7,538,900	$ 7,538,900	$ -	$ -	$ -	Aaa
Federal Home Loan U.S. Govt. Issues	7,019,986	7,019,986	-	-	-	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	603,554	-	603,554	-	-	Aaa
Various Massachusetts ST Bonds	17,866,383	-	-	3,381,874	14,484,509	Aa1
U.S. Government Securities -						
Treasury Notes	19,400,223	12,875,187	6,525,036	-	-	Aaa
Treasury Bonds	8,144,877	-	383,145	-	7,761,732	Aaa
Treasury Bills	3,070,539	3,070,539	-	-	-	Aaa
Total	$ 63,644,462	$ 30,504,612	$ 7,511,735	$ 3,381,874	$ 22,246,241	

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to $500,000, including $250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Authority investments at June 30, 2023 and 2022 are held by U.S. Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2023	2022
U.S. Government Agencies	$ 7,548,120	$ 15,162,440
State taxable bonds	16,935,598	17,866,383
U.S. Treasuries	12,006,740	30,615,639
	36,490,458	63,644,462
Less insured amounts	(500,000)	(500,000)
	$ 35,990,458	$ 63,144,462

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

The Authority's investments at fair value measurement are as follows at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	$ 7,548,120	$ -	$ -	$ 7,548,120
State taxable bonds	16,935,598	-	-	16,935,598
U.S. Treasuries	12,006,740	-	-	12,006,740
Mutual funds	-	10,987,060	-	10,987,060
	$ 36,490,458	$ 10,987,060	$ -	$ 47,477,518

The Authority's investments at fair value measurement are as follows at June 30,2022:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	$ 15,162,440	$ -	$ -	$ 15,162,440
State taxable bonds	17,866,383	-	-	17,866,383
U.S. Treasuries	30,615,639	-	-	30,615,639
Mutual funds	-	6,272,923	-	6,272,923
	$ 63,644,462	$ 6,272,923	$ -	$ 69,917,385

Note 3 - Accounts Receivable

Accounts receivable include the following at June 30, 2023 and 2022:

	2023	2022
Debt service receivables	$ 186,801,844	$ 202,092,292
Interest receivables on investments	257,894	484,612
Other miscellaneous receivables	23,049	14,022
Build America Bonds interest subsidy receivable	309,053	309,053
	$ 187,391,840	$ 202,899,979

The Authority anticipates that all its interest receivables will be collected within a one-year time frame.

The Commonwealth's policy for accounting for capital and renovation projects provides for the State University with ownership of the underlying asset to also own any related improvements to these facilities. Under this policy, the Authority recognizes as accounts receivable the minimum payments, net of unearned interest income, to be received from the State Colleges. Conversely, the State Colleges recognize a corresponding liability to the Authority.

During both fiscal 2023 and 2022, no accounts receivable, net of unearned interest income, were added in connection with projects at the State Universities.

The components of the Authority's debt service receivables in these State College-owned projects as of June 30, 2023 and 2022 are as follows:

	2023	2022
Total payments to be received	$ 229,508,443	$ 248,942,630
Less: Unearned income	(42,706,599)	(46,850,338)
Net debt service receivables in State College-owned projects	$ 186,801,844	$ 202,092,292

The following table sets forth the total payments to be received under these agreements as of June 30, 2023:

Year ending June 30:	
2024	$ 19,917,382
2025	20,429,853
2026	19,028,936
2027	18,239,576
2028	18,410,996
2029 - 2033	75,982,230
2034 - 2038	36,353,232
2039 - 2043	13,240,801
2044 - 2048	6,005,583
2049 - 2052	1,899,854
Total	$ 229,508,443

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2023, is as follows:

	2023			
	Totals June 30, 2022	Additions	Reclassifications and reductions	Totals June 30, 2023
Capital Assets				
Land	$ 19,103,918	$ -	$ -	$ 19,103,918
Construction in progress	14,585,604	25,576,124	(5,481,162)	34,680,566
Total not being depreciated	33,689,522	25,576,124	(5,481,162)	53,784,484
Buildings and improvements	1,346,768,501	4,481,734	13,281,606	1,364,531,841
Furnishings and equipment	61,626,315	174,914	(7,707,311)	54,093,918
Computer equipment	2,238	-	(2,238)	-
Total depreciable assets	1,408,397,054	4,656,648	5,572,057	1,418,625,759
Total capital assets	1,442,086,576	30,232,772	90,895	1,472,410,243
Less accumulated depreciation:				
Buildings and improvements	(604,726,082)	(42,948,688)	-	(647,671,270)
Furnishings and equipment	(45,321,598)	(2,795,966)	-	(48,117,564)
Total accumulated depreciation	(650,047,680)	(45,744,654)	-	(695,792,334)
Capital assets, net	792,038,896	(15,511,882)	90,895	776,617,909
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(500,236)	(250,118)	-	(750,354)
Total accumulated amortization	(500,236)	(250,118)	-	(750,354)
Total lease assets, net	2,251,061	(250,118)	-	2,000,943
Total capital assets, net	$ 794,289,957	$ (15,762,000)	$ 90,895	$ 778,618,852

Capital assets activity for the year ended June 30, 2022, is as follows:

	2022			
	Totals June 30, 2021	Additions	Reclassifications and reductions	Totals June 30, 2022
Land	$ 19,398,146	$ -	$ (294,228)	$ 19,103,918
Construction in progress	6,457,938	17,555,488	(9,427,822)	14,585,604
Total not being depreciated	25,856,084	17,555,488	(9,722,050)	33,689,522
Buildings and improvements	1,352,013,622	-	(5,245,121)	1,346,768,501
Furnishings and equipment	63,997,908	-	(2,371,593)	61,626,315
Computer equipment	-	2,238	-	2,238
Total depreciable assets	1,416,011,530	2,238	(7,616,714)	1,408,397,054
Total capital assets	1,441,867,614	17,557,726	(17,338,764)	1,442,086,576
Less accumulated depreciation:				
Buildings and improvements	(574,455,129)	(42,978,185)	12,707,232	(604,726,082)
Furnishings and equipment	(42,714,632)	(2,606,966)	-	(45,321,598)
Total accumulated depreciation	(617,169,761)	(45,585,151)	12,707,232	(650,047,680)
Capital assets, net	824,697,853	(28,027,425)	(4,631,532)	792,038,896
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(250,118)	(250,118)	-	(500,236)
Total accumulated amortization	(250,118)	(250,118)	-	(500,236)
Total lease assets, net	2,501,179	(250,118)	-	2,251,061
Total capital assets, net	$ 827,199,032	$ (28,277,543)	$ (4,631,532)	$ 794,289,957

The Authority has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the Authority's financial statements for the years ended June 30, 2023 and 2022.

The Authority has entered into various purchase commitments with contractors for the purchase of equipment, construction of certain facilities and other improvements. The amounts under commitment were approximately $23,200,000 and $28,700,000, respectively, as of June 30, 2023 and 2022.

Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2023 and 2022:

	2023	2022
Capital assets and construction payables	$ 2,704,871	$ 3,205,760
Accrued bond interest payable	6,646,780	7,333,720
Accrued pension expense payable	495,220	-
Construction reserve payable	1,248,527	-
Contractor payables for State College-owned assets	1,945,537	1,033,109
Authority operating expenses	6,132	48,978
	$ 13,047,067	$ 11,621,567

Note 6 - Interagency Payables

Under the provisions of the Community College Program Series 1 and Series 2, and the State University Program Series 2022A, 2021B, 2021A, 2019A, 2017C, 2017A, 2015A, 2014C, 2014B, 2014A, 2012C, 2012A, 2010B, 2009C, 2009A, 2008A, 2006A, 2005A, 2003A and 1999A Trust Agreements (see Note 7), a portion of the bond proceeds, together with certain earnings thereon, are being or have been used to finance the costs of capital projects for certain of the State Colleges on State College-owned property. The State Colleges are required to pay to the Authority the amount necessary to pay the applicable portion of the bond issuance costs and bond principal and interest payments when they become due. The Authority has recorded accounts receivable from the State Colleges reflecting its net debt service receivables in these capital projects as discussed further in Note 3. The unspent bond proceeds for the costs of these projects and related bond amounts are included in the Authority's financial statements under restricted cash and cash equivalents, and restricted investments.

Certain of the State Colleges may also be required to commit additional funding for the projects over and above the amounts provided from bond proceeds. Such amounts (the "State College contributions") received from the State Colleges are also included in restricted cash and cash equivalents, and restricted investments. The Authority has recorded corresponding Interagency payables to the State Colleges for the unspent State College contributions, and unspent bond proceeds and related bond amounts. As capital and construction costs relating to these projects are incurred and paid, restricted cash and cash equivalents, and restricted investments, and the corresponding Interagency payables are reduced.

As of June 30, 2023 and 2022, the Authority has an aggregate liability for Interagency payables of $18,768,324 and $32,135,693, respectively.

Note 7 - Bonds Payable

The Authority issues debt to finance the design and construction of new facilities, major renovations, and capital repairs for its projects at State Colleges, pursuant to the Act. The Authority has created separate bond programs for the State Universities and the Community Colleges. The Authority's outstanding debt is secured by revenues received by the Authority from State Colleges relating to Authority projects and other pledged funds. Interest on the Authority's debt is payable on May 1 and November 1 and principal is due annually on May 1. The Authority's outstanding debt for the State University Program is rated Aa2 and AA by Moody's and S&P Global, respectively. The Authority's outstanding debt for the Community College Program is not rated.

The following table summarizes the Authority's outstanding debt as of June 30, 2023:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	$ 117,513,022	2.00 - 5.50	2003 - 2039	12.57%	$ 51,754,402	$ 2,725,514	$ 54,479,916
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.82%	58,020,000	-	58,020,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.28%	36,480,000	-	36,480,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	3,460,000	207,507	3,667,507
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.96%	9,740,000	318,534	10,058,534
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	5.00%	14,400,000	1,229,332	15,629,332
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	5.00%	7,010,000	781,924	7,791,924
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.94%	9,960,000	1,176,689	11,136,689
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.00%	56,060,000	5,623,276	61,683,276
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.73%	16,295,000	693,644	16,988,644
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.69%	8,950,000	1,089,325	10,039,325
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.36%	6,145,000	-	6,145,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.41%	58,570,000	5,847,468	64,417,468
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.87%	13,825,000	754,756	14,579,756
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	4.02%	45,095,000	612,536	45,707,536
Refunding Series 2019C	11/19/2019	233,620,000	1.686 - 3.373	2020 - 2043	2.81%	217,390,000	-	217,390,000
Refunding Series 2020A	7/1/2020	395,735,000	1.044 - 3.072	2024 - 2049	2.47%	394,930,000	-	394,930,000
Series 2021A	7/22/2021	16,825,000	2.125 - 5.00	2022 - 2051	4.82%	16,490,000	933,753	17,423,753
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	5.78%	2,180,000	235,555	2,415,555
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 -2052	2.20%	104,910,000	20,247,619	125,157,619
Total Project Revenue Bonds		1,637,343,022				1,131,664,402	42,477,432	1,174,141,834
Community College Program Bonds								
Series 1	03/06/14	3,000,000	4.25	2015 - 2034	4.18%	1,970,000	-	1,970,000
Series 2	01/20/17	3,055,000	1.84 - 3.35	2021 - 2036	2.63%	2,263,958	-	2,263,958
Total Community College Program Bonds		6,055,000				4,233,958	-	4,233,958
Total Bonds		$ 1,643,398,022				$ 1,135,898,360	$ 42,477,432	$ 1,178,375,792

* Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of bonds payable.

The following table summarizes the Authority's outstanding debt as of June 30, 2022:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	$ 117,513,022	2.00 - 5.50	2003 - 2039	12.57%	$ 56,974,607	$ 3,155,950	$ 60,130,557
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.82%	59,900,000	-	59,900,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.28%	39,260,000	-	39,260,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	10,785,000	635,007	11,420,007
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.96%	14,275,000	627,437	14,902,437
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	5.00%	16,880,000	1,694,708	18,574,708
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	5.00%	7,475,000	910,439	8,385,439
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.94%	10,505,000	1,338,526	11,843,526
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.00%	62,780,000	7,164,653	69,944,653
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.73%	17,140,000	793,319	17,933,319
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.69%	9,345,000	1,226,161	10,571,161
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.36%	6,460,000	-	6,460,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.41%	60,640,000	6,495,262	67,135,262
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.87%	14,415,000	849,024	15,264,024
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	4.02%	46,785,000	672,578	47,457,578
Refunding Series 2019C	11/19/2019	233,620,000	1.686 - 3.373	2020 - 2043	2.81%	227,940,000	-	227,940,000
Refunding Series 2020A	7/1/2020	395,735,000	1.044 - 3.072	2024 - 2049	2.47%	394,930,000	-	394,930,000
Series 2021A	7/22/2021	16,825,000	2.125 - 5.00	2022 - 2051	4.82%	16,825,000	1,004,985	17,829,985
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	5.78%	2,265,000	265,011	2,530,011
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 -2052	2.20%	107,155,000	22,749,852	129,904,852
Total Project Revenue Bonds		1,637,343,022				1,182,734,607	49,582,912	1,232,317,519
Community College Program Bonds								
Series 1	03/06/14	3,000,000	4.25	2015 - 2034	4.20%	2,110,000	-	2,110,000
Series 2	01/20/17	3,055,000	1.84 - 3.35	2021 - 2036	2.59%	2,405,954	-	2,405,954
Total Community College Program Bonds		6,055,000				4,515,954	-	4,515,954
Total Bonds		$ 1,643,398,022				$ 1,187,250,561	$ 49,582,912	$ 1,236,833,473

* Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of bonds payable.

The following table is the amortization schedule for the Authority's long-term debt:

Year ending June 30:	Total principal	Total Premium	Total interest
2024	$ 52,552,907	$ 5,919,780	$ 45,615,246
2025	55,913,595	5,356,457	43,814,312
2026	57,222,666	4,800,705	41,805,206
2027	58,763,084	4,325,026	39,834,481
2028	59,122,135	3,974,008	40,510,166
2029 - 2033	324,238,156	10,926,572	122,712,131
2034 - 2038	296,315,818	5,219,987	70,295,323
2039 - 2043	180,619,999	1,539,289	23,366,331
2044 - 2048	43,750,000	322,833	4,785,869
2049 - 2052	7,400,000	92,775	386,194
Total	$ 1,135,898,360	$ 42,477,432	$ 433,125,259
Plus: Unamortized premiums	42,477,432		
	$ 1,178,375,792		

Defeasance of debt

From time-to-time, the Authority issues refunding or utilizes cash to defease outstanding bonds. The proceeds of the refunding bonds or cash are placed in irrevocable trusts to provide for all future debt service on the refunded or defeased bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the accompanying financial statements. The differences between the reacquisition prices and net carrying amount of the bonds defeased with refunding debt are reported in the accompanying statements of net position (deficiency in net position) as deferred outflows of resources and charged annually to interest expense over the shorter of the remaining life of the refunded or refunding bonds principally using the effective interest method.

Refunding revenue bonds

The Refunding Series 2003B Bonds refunded the Authority's Series 1999A, 1999-1, and 2000-1 Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $1,769,263 and a present value economic gain at issuance of $729,611. The refunding resulted in a deferred outflow of resources at issuance of $21,535,590, of which $6,119,729 and $7,127,124 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of $435,701 were recognized as a result of the 2020A bond refunding. In November 2011 and May 2010, the Authority exercised call options to fully redeem the remaining unpaid principal of the Series 1999-1 and 2000-1 Bonds, respectively. As of June 30, 2023, the assets held in escrow for the repayment of the remaining Series 1999A Bonds have an aggregate market value of $42,133,986 with an unpaid principal balance, plus accreted interest of $47,850,000.

The Refunding Series 2011A Bonds refunded portions of the Authority's Series 2003A and 2004A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $3,518,799 and a present value economic gain at issuance of $2,822,354. The refunding resulted in a deferred outflow of resources at issuance of $2,638,154, of which $69,346 and $212,211 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of $345,943 were recognized as a result of the 2020A bond refunding. During 2014, the Authority exercised the call option to fully redeem the related unpaid principal of these bonds.

The Refunding Series 2012B Bonds refunded portions of the Authority's Series 2003A, 2004A, 2005A, and 2006A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $20,587,474 and a present value economic gain at issuance of $13,285,676. The refunding resulted in a deferred outflow of resources at issuance of $14,347,581, of which $86,185 was unamortized as of 2021. During 2020, deferred losses of $7,675,715 were recognized as a result of the 2019C bond refunding. During 2021, deferred losses of $503,602 were recognized as a result of the 2020A bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the related unpaid principal of the 2006A bonds and 2005A bonds, respectively. The final payment for the non-called 2012B Bonds was May 1, 2022, and the refunding escrow assets were used to pay the callable bonds on the call date.

The Refunding Series 2014D Bonds refunded portions of the Authority's Series 2005A and 2006A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $6,449,975 and a net present value economic savings at issuance of $3,604,695. The refunding resulted in a deferred outflow of resources at issuance of $244,383. During 2021, deferred losses of $178,677 were recognized as a result of the 2020A bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the remaining unpaid principal of the 2006A bonds and 2005A bonds, respectively. All remaining maturities were refunded by the 2020A Bonds and are being paid out of the refunding escrow until the call date on May 1, 2025.

The Refunding Series 2016A Bonds refunded portions of the Authority's Series 2008A and 2009A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $43,977,921 and a net present value economic savings at issuance of $27,959,783. The refunding resulted in a deferred outflow of resources at issuance of $18,147,495, of which $2,810,963 and $3,581,466 were unamortized as of June 30, 2023 and 2022, respectively. During 2022, deferred losses of $159,723 were recognized as a result of a partial defeasance on June 16, 2022. During 2021, deferred losses of $7,958,732 were recognized as a result of the 2020A bond refunding. During 2019, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009A bonds in the amount of $107,980,000. During 2018, the Authority exercised the call options to fully redeem the related unpaid principal of the 2008A bonds in the amount of $82,825,000. As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series 2008A and 2009A Bonds have an aggregate market value of $0 and $1, respectively, with the principal balance paid as of 2019.

The Refunding Series 2017D Bonds refunded portions of the Authority's Series 2009B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $19,934,951 and a net present value economic savings at issuance of $12,745,369. The refunding resulted in a deferred outflow of resources at issuance of $2,771,434, of which $1,649,096 and $1,828,189 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of $99,667 were recognized as a result of the 2020A bond refunding. During 2020, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009B bonds in the amount of $70,275,000. As of June 30, 2020, the assets held in escrow were fully used for the repayment of the remaining Series 2009B Bonds.

The Refunding Series 2019B Bonds refunded portions of the Authority's Series 2012A Bonds. These bonds were refinanced to achieve a total increase of debt service at issuance of $2,891,916 and a net present value economic savings at issuance of $133,946. The refunding resulted in a deferred outflow of resources at issuance of $2,252,897, of which $1,497,755 and $1,644,568 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of $94,723 were recognized as a result of the 2020A bond refunding. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012A Bonds.

The Refunding Series 2019C Bonds refunded portions of the Authority's Series 2012A and 2012B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $29,159,706 and a net present value economic savings at issuance of $22,116,569. The refunding resulted in a deferred outflow of resources at issuance of $1,289,017, of which $963,130 and $1,051,791 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of $17,797 were recognized as a result of the 2020A bond refunding. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012A and 2012B Bonds.

The 2020A Refunding Bonds refunded portions of the Series 2003B, 2009C, 2010B, 2011A, 2012A, 2012B, 2012C, 2014A, 2014B, 2014C, 2015A, 2016A, 2017A, 2017B, 2017C, 2017D, 2019A, 2019B, and 2019C Bonds. Additionally, the 2020A Refunding Bonds refunded the entire 2014D Refunding Bonds Series. These bonds were refinanced to achieve a total increase in debt service at issuance of $933,443 and a net present value economic savings at issuance of $26,782,222. The refunding resulted in a deferred outflow of resources at issuance of $21,245,986, of which $17,593,405 and $18,867,237 were unamortized as of June 30, 2023 and 2022, respectively. During 2022, deferred losses of $15,299 and $24,124 were recognized as a result of the partial defeasances in September 2021 and June 2022, respectively. As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of $193,725,710 and $296,314,894, respectively, with an unpaid principal balance of $193,715,531 and $293,325,000, respectively.

On July 28, 2020, $2,425,000 of the Series 2015A Project Revenue Bonds were cash defeased due to a sale of property to the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2021 to May 1, 2036 maturities. The coupon rates ranged from 2.00% to 5.00%. The defeasance escrow is invested in SLGS to the call date of November 1, 2024. As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of $2,263,421 and $2,474,625, respectively, with an unpaid principal balance of $2,095,000 and $2,210,000, respectively.

On September 10, 2021, $70,000 of the Series 2012C Project Revenue Bonds, $165,000 of the 2014A Project Revenue Bonds, and $295,000 of the 2020A Refunding Revenue Bonds were cash defeased due to a sale of property. The maturities defeased included portions of the May 1, 2022 to May 1, 2039 maturities. The coupon rates ranged from 1.512% to 5.00%. The defeasance escrow is invested in Treasury securities to the respective call dates or maturity dates. As of June 30, 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of $309,684, with an unpaid principal balance of $460,000.

On June 16, 2022, $2,810,000 of the Series 2016A Refunding Revenue Bonds and $505,000 of the 2020A Refunding Revenue Bonds were cash defeased due to termination of the ground lease with the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2023 to May 1, 2049 maturities. The coupon rates ranged from 1.412% to 4.00%. The defeasance escrow is invested in SLGS to the call dates or maturity dates.

As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of $3,010,758 and $3,416,670, respectively, with an unpaid principal balance of $2,775,000 and $3,315,000, respectively.

The Refunding Series 2022A Bonds refunded portions of the Authority's Series 2012C Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $7,731,903 and a net present value economic savings at issuance of $6,072,107. The refunding resulted in a deferred inflow of resources at issuance of $3,588,228, of which $3,171,085 and $3,588,228 were unamortized as of June 30, 2023 and 2022, respectively. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012C Bonds.

Debt service reserve fund investment agreements

In connection with the issuance of the Series 2005A Bonds and Series 2006A Bonds, the Authority entered into debt service reserve fund or debt service fund investment agreements which provide for a guaranteed rate of return on the applicable debt service reserve funds to support the Authority's future debt service payments. The agreements provide for termination under certain circumstances as more fully described in the agreements. Termination of the agreements may generate a gain or loss to the Authority depending on the nature and circumstances of the termination.

Unamortized bond premiums are reflected as an addition to the outstanding principal balance of the bonds payable and consisted of the following at June 30, 2023 and 2022:

	2023	2022
Unamortized balance, beginning	$ 49,582,912	$ 36,642,696
Current year additions	-	24,097,882
Unamortized premium on bonds refunded	-	(5,193,454)
Defeased premium refunded	-	(332,833)
Current year amortization	(7,105,480)	(5,631,379)
Unamortized balance, ending	$ 42,477,432	$ 49,582,912

Deferred losses on bond refundings are reflected as deferred outflows of resources in the accompanying statements of net position (deficiency in net position) and consisted of the following at June 30, 2023 and 2022:

	2023	2022
Balance, beginning	$ 30,724,358	$ 38,322,617
Current year additions	-	3,588,228
Current year refunded	-	(7,375,605)
Current year amortization	(3,192,020)	(3,810,882)
Balance, ending	$ 27,532,338	$ 30,724,358

Note 8 - Long-term Liabilities

Long-term liabilities at June 30, 2023 consisted of the following:

	2023				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	$ 1,187,250,561	$ -	$ (51,352,201)	$ 1,135,898,360	$ 52,552,907
Unamortized premiums	49,582,912	-	(7,105,480)	42,477,432	5,919,780
Total bonds payable	1,236,833,473	-	(58,457,681)	1,178,375,792	58,472,687
Interagency payables	32,135,693	3,583,717	(16,951,086)	18,768,324	12,969,497
Net pension liability	2,593,803	441,473	-	3,035,276	-
Net OPEB liability	260,243	-	(260,243)	-	-
Lease payable (GASB 87)	2,387,909	-	(212,829)	2,175,080	224,985
Other liabilities					
Compensated absences	302,826	-	(11,065)	291,761	252,769
Total long-term liabilities	$ 1,274,513,947	$ 4,025,190	$ (75,892,904)	$ 1,202,646,233	$ 71,919,938

Long-term liabilities at June 30, 2022 consisted of the following:

	2022				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	$ 1,204,089,230	$ 126,245,000	$ (143,083,669)	$ 1,187,250,561	$ 51,352,202
Unamortized premiums	36,642,696	24,097,882	(11,157,666)	49,582,912	7,091,032
Total bonds payable	1,240,731,926	150,342,882	(154,241,335)	1,236,833,473	58,443,234
Interagency payables	7,668,294	33,754,332	(9,286,933)	32,135,693	25,836,866
Net pension liability	4,302,195	-	(1,708,392)	2,593,803	-
Net OPEB liability	1,657,305	-	(1,397,062)	260,243	-
Lease payable (GASB 87)	2,564,126	-	(176,217)	2,387,909	210,346
Other liabilities					
Compensated absences	344,562	415,262	(456,998)	302,826	269,736
Total long-term liabilities	$ 1,257,268,408	$ 184,512,476	$ (167,266,937)	$ 1,274,513,947	$ 84,760,182

Note 9 - Net Position

The net investment in capital assets of $(131,117,106) at June 30, 2023, includes the effect of deferring the recognition of the losses on bond refundings. The $27,532,338 balance of the deferred outflows of resources on refunding of debt at June 30, 2023 will be amortized to interest expense over the terms of the old trust or new trust agreements, whichever is shorter, which will decrease the unrestricted net position and increase the net investment in capital assets over those periods (see Note 7).

Note 10 - Contingencies

Pending or threatened lawsuits against the Authority arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened, that would materially affect the Authority's financial position.

Note 11 - Operating Expenses

The Authority's operating expenses for the years ended June 30, 2023 and 2022, on a natural classification basis, are comprised of the following:

	2023	2022
Insurance	$ 1,644,878	$ 1,530,011
Compensation	1,354,194	1,375,150
Supplies and service	1,015,227	1,065,922
Pension and OPEB expenses	(583,990)	(843,835)
Depreciation	45,744,654	45,585,151
Amortization of deferred loss on receivables	-	277,471
	$ 49,174,963	$ 48,989,870

Note 12 - Retirement Plan

Substantially all Authority full-time non-student employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board. The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of 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, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 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 cannot retire prior to age 60.

The MSERS' 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 MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

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

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation except for State Police, which is 12% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

For active Authority employees covered by MSERS, the Authority is not required to make contributions to the Plan. For retired Authority employees, the Commonwealth computes the projected benefit obligation of the retired employee. The Authority is responsible to contribute any shortfall that exists as a result of this computation. The total amount due to the Massachusetts State Retirement Board amounted to $283,721, $211,499, and $203,754 for the years ended June 30, 2023, 2022, and 2021, respectively, which equaled the required contributions each year.

At June 30, 2023, the Authority reported a liability of $3,035,276 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. On June 30, 2023, the Authority's proportion was 0.02182%, which is a decrease of 0.00303% from its proportion measured as of June 30, 2022.

At June 30, 2022, the Authority reported a liability of $2,593,803 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. On June 30, 2022, the Authority's proportion was 0.02485%, which is a decrease of 0.00022% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of ($125,213) and $(8,272), respectively.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 83,566	$ -
Net difference between projected and actual earnings on pension plan investments	-	16,181
Differences between expected and actual experience	75,504	118,468
Changes in proportion	8,459	586,038
Total	$ 167,529	$ 720,687

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	$ (146,958)
2025	(199,865)
2026	(295,255)
2027	88,920
Total	$ (553,158)

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 176,830	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,016,921
Differences between expected and actual experience	89,502	187,789
Changes in proportion	65,530	396,581
Total	$ 331,862	$ 1,601,291

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. These valuations used the following assumptions each measurement date, unless otherwise noted:

1. (a) 2.50% and 0.00% inflation rates for the June 30, 2022 and 2021 measurement dates, respectively, (b) 7.0% investment rate of return, (c) 3.5% interest rate credited to the annuity savings fund and (d) 3.0% cost of living increase per year on the first $13,000 of allowance each year.

2. Salary increases are based on analyses of past experience but range from 4.0% to 9.0% depending on group and length of service.

3. Mortality rates were as follows:

   (i) Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females.

   (iii) Disability - the morality rate reflects the post-retirement mortality described above, set forward 1 year.

4. Experience studies were performed as follows:

   (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 and 2021 are summarized in the following table:

		Long-term expected real rate of return	
Asset class	Target allocation	2022	2021
Global Equity	38.0%	4.20%	4.80%
Core Fixed Income	15.0%	0.50%	0.30%
Private Equity	15.0%	7.30%	7.80%
Portfolio Completion Strategies	10.0%	2.70%	2.90%
Real Estate	10.0%	3.30%	3.70%
Value Added Fixed Income	8.0%	3.70%	3.90%
Timberland/Natural Resources	4.0%	3.90%	4.30%
	100.0%		

The discount rate used to measure the total pension liability for both of the measurement years ended June 30, 2022 and 2021 was 7.00% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Authority's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% and 7.00% for both of the measurement years ended June 30, 2022 and 2021, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% and 6.00%, respectively) or 1-percentage-point higher (8.00% and 8.00%, respectively) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2022	$ 4,186,141	$ 3,035,276	$ 2,061,215
June 30, 2021	3,970,199	2,593,803	1,462,513

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

Note 13 - Retiree Health Plan

The Authority contributes to the Commonwealth's Group Insurance Commission ("GIC"), which manages a single-employer defined benefit postemployment healthcare plan for the Commonwealth and other governments within the Commonwealth. GIC provides medical benefits to retired employees of participating governments. Chapter 32A of the General Laws of the Commonwealth of Massachusetts assigns the authority to establish and amend benefit provisions to the GIC board of commissioners. The GIC does not issue separately audited financial statements. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

Under Chapter 32A, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all Commonwealth employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Chapter 32A provides that contribution requirements of the plan members and the participating governments are established and may be amended by the GIC. Plan members or beneficiaries receiving benefits contribute anywhere from 0% to 20% depending on entry age.

Participating governments are contractually required to contribute at a rate assessed each year by GIC on a premium basis. The Authority's contributions to GIC for the years ended June 30, 2023, 2022, and 2021 were $31,287, $106,288, and $103,730, respectively, which equaled the required contributions each year. Required contributions include contributions for the total health plan costs for both active and retired employees.

At December 31, 2022, the Authority's plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	10
Active members	14
Inactive vested members	2
Total plan members	26

The Authority established a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and fully funded the plan during fiscal year 2023. Employees are not required to make contributions to the plan. At June 30, 2023, the Authority reported net OPEB assets of $145,777. At June 30, 2022, the Authority reported a net OPEB liability of $260,243. The components of the net OPEB liability (assets) were as follows:

	June 30, 2023	June 30, 2022
Total OPEB liability	$ 891,014	$ 945,892
Plan fiduciary net position	(1,036,791)	(685,649)
Net OPEB liability (assets)	$ (145,777)	$ 260,243
Plan fiduciary net position as a percentage of the total OPEB liability	116.36%	72.49%

The Authority's OPEB liability was measured at June 30, 2023 and the total OPEB liability used to calculated the net OPEB liability (assets) was measured by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2023. The Authority's OPEB liability was measured at June 30, 2022 and the total OPEB liability used to calculated the net OPEB liability was measured by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022.

The changes in OPEB liability (assets) for the plan for the years ended June 30, 2023 and 2022 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2022	$ 945,892	$ 685,649	$ 260,243
Changes for the year			
Service cost	31,287	-	31,287
Interest	66,940	-	66,940
Differences between expected and actual experience	135,102	-	135,102
Changes of assumptions	(245,702)	-	(245,702)
Change in measurement date	-	-	-
Contributions - employer	-	342,505	(342,505)
Contributions - employee	-	-	-
Net investment income (loss)	-	51,142	(51,142)
Benefit payments, including refunds of member contributions	(42,505)	(42,505)	-
Net changes	(54,878)	351,142	(406,020)
Balance at June 30, 2023	$ 891,014	$ 1,036,791	$ (145,777)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2021	$ 1,657,305	$ -	$ 1,657,305
Changes for the year			
Service cost	106,288	-	106,288
Interest	40,425	-	40,425
Differences between expected and actual experience	-	-	-
Changes of assumptions	(948,196)	-	(948,196)
Change in measurement date	125,582	-	125,582
Contributions - employer	-	785,512	(785,512)
Contributions - employee	-	-	-
Net investment income (loss)	-	(64,351)	64,351
Benefit payments, including refunds of member contributions	(35,512)	(35,512)	-
Net changes	(711,413)	685,649	(1,397,062)
Balance at June 30, 2022	$ 945,892	$ 685,649	$ 260,243

Employer contributions reflect the Authority's additional deposits of $300,000 and $750,000 into the OPEB Trust account at the SRBTF during the years ended June 30, 2023 and 2022, respectively.

For the years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of $(458,777) and $(366,379), respectively. The recognized OPEB expense for both the years ended June 30, 2023 and 2022 are negative due to deferred inflows and outflows resulting in a change in OPEB liability.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 191,558	$ 3,724,565
Net difference between projected and actual earnings on OPEB plan investments	49,546	-
Differences between expected and actual experience	124,686	166,184
Total	$ 365,790	$ 3,890,749

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2024	$ (510,804)
2025	(510,804)
2026	(510,804)
2027	(526,334)
2028	(527,073)
Thereafter	(939,140)
Total	$ (3,524,959)

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 216,198	$ 4,020,219
Net difference between projected and actual earnings on OPEB plan investments	62,120	-
Differences between expected and actual experience	-	186,957
Total	$ 278,318	$ 4,207,176

The total OPEB liability for the June 30, 2023 and 2022 measurement date was determined by an actuarial valuation as of December 31, 2022 and 2020, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

1. The following annual healthcare cost trend rates for the year ended June 30, 2023: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate.

   The following annual healthcare cost trend rates for the year ended June 30, 2022: (a) for GIC non-Medicare plans, 6.60%, 6.50%, 6.40%, 6.20%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, 4.80%, 4.70%, 4.60%, 4.70%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate.

2. The mortality rate was in accordance with:

   i. Healthy: PubG-2010 General Healthy Retiree Headcount-Waited Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023 (previously, RP 2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2020, gender distinct for the year ended June 30, 2022).

ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023.

iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

3. Wage inflation and salary increases of 3.25% and 3.00% for the years ended June 30, 2023 and 2022, respectively.

4. Actuarial cost method - Entry Age Normal - Level percentage of payroll.

5. Discount rate of 7.00% for both of the years ended June 30, 2023 and 2022.

6. Participation rates:

   i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.

   ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.

   iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation as of June 30, 2023 and 2022 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

		Long-term expected real rate of return	
Asset class	Target allocation	2023	2022
Domestic equity	20.50%	6.59%	6.11%
International developed markets equity	12.00%	6.87%	6.49%
International emerging markets equity	4.50%	8.30%	8.12%
Core fixed income	15.00%	1.53%	0.38%
High-yield fixed income	8.00%	3.54%	2.48%
Real estate	10.00%	3.44%	3.72%
Timber	4.00%	4.01%	3.44%
Hedge fund, GTAA, Risk parity	10.00%	3.06%	2.63%
Private equity	16.00%	9.49%	9.93%
Total	100.00%		

The discount rates used to measure the total OPEB liability for both of the measurement years ended June 30, 2023 and 2022 was 7.00%. The OPEB 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 OPEB plan investment was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the Authority's net OPEB liability calculated using the discount rate of 7.0% for both of the measurement years ended June 30, 2023 and 2022, respectively, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current discount	1% increase
June 30, 2022	$ 386,420	$ 260,243	$ 156,126
June 30, 2023	(19,137)	(145,777)	(249,115)

(a) The discount rates as of both June 30, 2023 and 2022 are as follows: 7.00% (current); 6.00% (1% decrease) and 8.00% (1% increase)

The following presents the Authority's net OPEB liability calculated using the healthcare cost trend rates of 8.77% and 6.60% for the measurement years ended June 30, 2023 and 2022, respectively, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current rate	1% increase
June 30, 2022	$ 137,042	$ 260,243	$ 414,495
June 30, 2023	(260,292)	(145,777)	(1,316)

(a) - The healthcare cost trend rates as of June 30, 2023 are as follows: for GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by .25% per year, 4.5% ultimate rate

(b) - The healthcare cost trend rates as of June 30, 2022 are as follows: for GIC non-Medicare plans, 6.60%, 6.50%, 6.40%, 6.20%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, 4.80%, 4.70%, 4.60%, 4.70%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate.

Note 14 - Leases

The Authority is the lessor of multiple long-term leases to the state universities. These leases include residence halls and other facilities used by students of the Commonwealth's state universities. These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair.

The lease receivable was calculated based upon the discounting of the future bond service payments using the average interest rate of the bond issuance associated with that lease. Each University, in accordance with a management and services agreement between the Authority and the Commonwealth of Massachusetts, is charged a revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. This revenue assessment is used by the Authority to pay principal and interest due on its long-term debt obligations and certain Authority operating costs. If the Authority refunds the bonds, any cost savings are passed on to the Universities. Leases expire at various times, as noted in the following chart. The lease term is completed when the final bond payment is made.

The following table summarizes the Authority's outstanding significant leases receivable as of June 30, 2023 and 2022:

Bond Series Description	Commencement Date	Lease Term at Commencement (Years)	Lease Amount	Rate Type	Interest Rate	Leases Receivable 6/30/2023	Leases Receivable 6/30/2022
2003B	7/1/2020	16.8	Varies	Implicit Rate	5.38% - 5.50%	$ 51,066,735	$ 56,193,668
2009C	7/1/2020	17.8	Varies	Implicit Rate	4.58% - 5.93%	55,209,159	56,740,177
2010B	7/1/2020	17.8	Varies	Implicit Rate	4.89% - 6.54%	16,787,757	18,033,360
2011A	7/1/2020	2.8	Varies	Implicit Rate	5.00%	3,299,574	10,542,216
2012C	7/1/2020	19.8	Varies	Implicit Rate	2.00% - 5.00%	-	5,000
2014A	7/1/2020	25.8	Varies	Implicit Rate	4.50% - 5.00%	5,100,000	7,500,000
2014B	7/1/2020	21.8	Varies	Implicit Rate	4.00% - 5.00%	8,532,406	10,003,798
2014C	7/1/2020	11.8	Varies	Implicit Rate	4.00% - 5.00%	6,535,000	6,970,000
2015A	7/1/2020	13.8	Varies	Implicit Rate	2.00% - 5.00%	9,165,000	12,090,000
2016A	7/1/2020	26.8	Varies	Implicit Rate	4.00% - 5.00%	48,671,708	54,310,696
2017A	7/1/2020	14.8	Varies	Implicit Rate	3.00% - 5.00%	13,191,000	13,875,000
2017B	7/1/2020	15.8	Varies	Implicit Rate	4.00% - 5.00%	8,950,000	9,345,000
2017D	7/1/2020	17.8	Varies	Implicit Rate	4.00% - 5.00%	58,570,000	60,640,000
2019A	7/1/2020	16.8	Varies	Implicit Rate	3.00% - 5.00%	9,815,000	10,235,000
2019B	7/1/2020	18.8	Varies	Implicit Rate	4.00% - 4.10%	45,095,000	46,785,000
2019C	7/1/2020	20.8	Varies	Implicit Rate	1.69% - 3.37%	191,510,153	198,598,098
2020A	7/1/2020	26.8	Varies	Implicit Rate	1.04% - 3.07%	336,411,433	336,411,433
2021A	7/1/2021	28.8	Varies	Implicit Rate	2.00% - 5.00%	16,490,000	16,825,000
2021B	7/1/2021	18.8	Varies	Implicit Rate	2.00% - 5.00%	1,305,000	1,360,000
2022A	7/1/2021	29.8	Varies	Implicit Rate	4.00% - 5.00%	70,677,561	71,681,103
						$ 956,382,486	$ 998,144,549

For the year ended June 30, 2023, the Authority recognized $64,331,908 in lease revenue and $41,207,354 in lease interest revenue. For the year ended June 30, 2022, the Authority recognized $64,786,592 in lease revenue and $32,376,521 in lease interest revenue.

Future payments due to the Authority under the lease agreements with the state universities are as follows for the years ending June 30:

Year ending June 30	Principal	Interest	Total
2024	$ 39,190,416	$ 39,060,356	$ 78,250,772
2025	41,507,174	37,790,880	79,298,054
2026	43,628,145	36,370,792	79,998,937
2027	45,408,450	34,949,539	80,357,989
2028	45,052,674	36,168,632	81,221,306
2029 - 2033	262,065,473	108,902,585	370,968,058
2034 - 2038	265,656,606	64,601,303	330,257,909
2039 - 2043	169,688,926	21,056,604	190,745,530
2044 - 2048	38,513,631	4,016,656	42,530,287
2049 - 2052	5,670,991	215,350	5,886,341
Total	$ 956,382,486	$ 383,132,697	$ 1,339,515,183

On October 24, 2019, the Authority entered into a lease agreement with an unrelated third party for office space located in Boston, Massachusetts commencing on March 1, 2020. The leased area is approximately 5,319 square feet. The lease provides for a minimum annual base rent of $276,588 for the initial year (fiscal year 2021) of the lease agreement and increases $1 per rentable square foot per year, ultimately increasing to $329,776 in year eleven of the lease term. The initial year base rent reflects a one-month free rent period. The lease is for a term of 132 months and expires in February 2031. The Authority is also required to pay, as additional rent, its pro rata share of real estate tax and operating expense escalations, as specified in the lease agreement.

During fiscal year 2022, the Authority adopted GASB 87 - *Leases*. Under the GASB standard, the Authority recognized the lease as a right of use asset and an operating lease liability on the statements of net position (deficiency in net position). The adoption required the lease liability to be measured at the present value of payments expected to be made during the lease term. The present value was calculated using an estimated incremental borrowing rate of 3.25%. Lease payments are allocated between interest expense and a reduction to the lease liability. As of June 30, 2023 and 2022, the lease liability balance was $2,175,080 and $2,387,909, respectively.

The right of use asset is measured as the initial amount of the lease liability, adjusted for certain lease allowances or other items. The lease asset was valued at $2,751,297 at July 1, 2020. The lease asset is amortized on a straight-line basis, over the remaining useful life of the lease. As of June 30, 2023 and 2022, the lease asset, net of amortization, was $2,000,943 and $2,251,061, respectively. Amortization expenses for both of the years ended June 30, 2023 and 2022 were $250,118. The reduction to lease liability was $212,829 and $176,217 for the years ended June 30, 2023 and 2022, respectively, along with lease interest expense of $76,880 and $83,334 for 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, additional rent amounted to $11,600 and $12,478, respectively.

The minimum annual lease payments, allocated between lease interest expense and the reduction of the operating lease liability, for subsequent fiscal years through maturity in February 2031 are as follows:

Year ending June 30	Lease Liability	Lease Interest	Total
2024	$ 224,985	$ 70,044	$ 295,029
2025	237,535	62,813	300,348
2026	250,493	55,174	305,667
2027	263,872	47,114	310,986
2028	275,203	38,618	313,821
2029-2031	922,992	60,322	983,314
	$ 2,175,080	$ 334,085	$ 2,509,165

On June 30, 2017, the Authority entered into a lease agreement with Plus One Holdings, Inc. ("Plus One") to lease approximately 2,395 square feet of space at the Massachusetts College of Arts and Design ("MCAD") for the purpose of operating a student health services clinic. The lease agreement provides for an initial term of five years commencing in July 2017, and thereafter, at the option of Plus One, may be extended for three additional, five-year periods. The option to extend a term shall be exercised not less than one year prior to the expiration of the term then in effect. Annual rent shall be due in advance on the anniversary of the commencement date. Annual rent shall increase two and a half percent per year during the initial lease term and all extension periods. The Authority is currently in negotiations to extend the lease with Plus One and the lease is currently on a month-to-month basis effective in July 2022.

The Authority has entered into an agreement with MCAD, whereby the Massachusetts College of Pharmacy and Health Services ("MCPHS") and Plus One lease payments will be made on a semiannual basis directly to MCAD, as payment of rent, and held in MCAD's residence hall trust fund and shall be used by MCAD for the operation of the leased property in a similar manner in which residence hall fees are used by the University and the Authority. In accordance with the lease agreement, Plus One paid MCAD $32,219 and $31,432 during fiscal 2023 and 2022, respectively. The Authority assesses annual obligations to MCAD, which include the pro rata share of the building occupied by Plus One, on the same debt assessment basis the Authority uses for their other residence halls.

On June 30, 2023, the Authority entered into a lease agreement with Carbon Health for an initial period conterminous with a three-year Student Health Service Agreement. Both the lease agreement and the health service agreement have potential extensions. The annual rent amount for the first year of the lease is $32,213.

Note 15 - Subsequent Events

On July 13, 2023, the MSCBA closed on $4,375,000 of Project Revenue Bonds Series 2023A for the purpose of providing funding for residence hall renovations at Bridgewater State University and soccer field turf replacement at the Massachusetts College of Liberal Arts. The first principal payment is due on May 1, 2024, and the final principal payment is on May 1, 2043. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 3.25% to 5%.

On July 20, 2023, the MSCBA closed on $36,165,000 Project and Refunding Revenue Bonds (Community College Program) Series 3 for the purpose of providing funding for a new Learning and Resource Center at Bunker Hill Community College and to refund the Community College 2014 Series 1 Bonds for Mount Wachusett Community College. The first principal payment is due on May 1, 2024, and the final principal payment is on May 1, 2053. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 4% to 5.5%.

Required Supplementary Information

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability of the Commonwealth of Massachusetts June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the collective net pension liability (asset)	0.0218%	0.0249%	0.0251%	0.0269%	0.0312%	0.0299%	0.0262%	0.0289%	0.0253%
Authority's proportionate share of the collective net pension liability (asset)	$ 3,035,276	$ 2,593,803	$ 4,302,195	$ 3,935,112	$ 4,121,111	$ 3,828,162	$ 3,612,661	$ 3,286,731	$ 1,878,277
Authority's covered-employee payroll	$ 1,788,535	$ 1,684,806	$ 1,512,594	$ 1,537,249	$ 1,705,680	$ 1,787,296	$ 1,704,399	$ 1,459,312	$ 1,431,639
Authority's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	169.71%	153.95%	284.42%	255.98%	241.61%	214.19%	211.96%	225.22%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

* The amounts presented for each fiscal year were determined as of 6/30.

** This schedule is intended to present 10 years of data. Additional years will be presented when available.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Supplementary Information

Schedule of Authority Pension Contributions
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 283,721	$ 211,499	$ 203,754	$ 215,188	$ 134,295	$ 115,941	$ 115,941	$ 115,955	$ 101,546	$ 97,745
Contributions in relation to the contractually required contribution	(283,721)	(211,499)	(203,754)	(215,188)	(134,295)	(115,941)	(115,941)	(115,955)	(101,546)	(97,745)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,788,535	$ 1,684,806	$ 1,512,594	$ 1,537,249	$ 1,705,680	$ 1,787,296	$ 1,704,399	$ 1,459,312	$ 1,431,639	$ 1,408,627
Contributions as a percentage of covered payroll	15.86%	12.55%	13.47%	14.00%	7.87%	6.49%	6.80%	7.95%	7.09%	6.94%

* This schedule is intended to present 10 years of data. Additional years will be presented when available.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios
June 30, 2023

	2023	2022	2021	2020	2019
Total OPEB liability:					
Service cost	$ 31,287	$ 106,288	$ 103,730	$ 94,823	$ 244,646
Interest	66,940	40,425	58,628	56,145	239,294
Changes of benefit terms	-	-	-	-	-
Change in measurement date	-	-	-	-	-
Differences between expected and actual experience	135,102	-	(249,271)	-	(5,391,656)
Changes of assumptions	(245,702)	(948,196)	187,964	93,930	-
Benefits payments, including refunds of employee contributions	(42,505)	(35,512)	(29,927)	(29,317)	(137,071)
Net change in total OPEB liability	(54,878)	(836,995)	71,124	215,581	(5,044,787)
Total OPEB liability - beginning	945,892	1,782,887	6,630,968	6,415,387	6,415,387
Total OPEB liability - end (a)	$ 891,014	$ 945,892	$ 6,702,092	$ 6,630,968	$ 1,370,600
Plan fiduciary net position:					
Contributions - employer	$ 342,505	$ 785,512	$ 29,317	$ 29,317	$ 137,071
Contributions - employee	-	-	-	-	-
Net investment income	51,142	(64,351)	-	-	-
Benefits payments, including refunds of employee contributions	(42,505)	(35,512)	(29,317)	(29,317)	(137,071)
Change in accounting for assets	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan Fiduciary Net Position	351,142	685,649	-	-	-
Plan Fiduciary Net Position - beginning	685,649	-	-	-	-
Plan Fiduciary Net Position - end (b)	$ 1,036,791	$ 685,649	$ -	$ -	$ -
Net OPEB Liabilities (Assets) - end (a) - (b)	$ (145,777)	$ 260,243	$ 6,702,092	$ 6,630,968	$ 1,370,600
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	116.36%	72.49%	0.00%	0.00%	0.00%
Covered employee payroll	$ 1,788,535	$ 1,684,806	$ 1,512,594	$ 1,537,249	$ 1,705,680
Plan Net OPEB Liabilites (Assets) as a percentage of covered employee payroll	-8.15%	15.45%	443.09%	431.35%	80.36%

* The amounts presented for each fiscal year were determined as of 6/30.

** This schedule is intended to present 10 years of data. Additional years will be presented when available.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Supplementary Information

Schedule of Authority OPEB Contributions
June 30, 2023

The plan has been pay-as-you-go up until June 30, 2022. The Massachusetts State College Building Authority established a formal trust in the fiscal year ending June 30, 2022. The Massachusetts State College Building Authority's current funding policy is not tied directly to the actuarially determined OPEB liability. As such, there was no Actuarially Determined Contribution calculated.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Note 1 - Changes in net pension benefit terms and assumptions

FY2023 (Measurement Date of June 30, 2022) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

The inflation rate changed to 2.5% from 0%.

FY2022 (Measurement Date of June 30, 2021) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

The investment rate of return changed to 7.00% from 7.15%.

FY2021 (Measurement Date of June 30, 2020) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

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

FY2020 (Measurement Date of June 30, 2019) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

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

FY2019 (Measurement Date of June 30, 2018) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

The investment rate of return changed to 7.35% from 7.5%.

The mortality assumption changed as follows:

- Disability - was changed to reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct).

Note 2 - Changes in net OPEB benefit terms and assumptions

FY2023 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

The payroll growth rate and salary increases were increased to 3.25% from 3.00%.

FY2022 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

The discount rate was increased to 7.00% from 2.16%.

FY2021 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

The discount rate was decreased to 2.16% from 2.21%.

FY2020 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

The discount rate was decreased to 2.21% from 3.50%.

FY2019 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

The discount rate was decreased to 3.50% from 3.87%.

FY2018 Changes in Actuarial Assumptions

<u>Changes in benefit terms</u>

None in 2018.

<u>Changes in assumptions</u>

The methodology was changed such that liabilities were calculated separately from the Commonwealth.

The turnover, disability and pre-retirement mortality assumptions were eliminated and the retirement assumption was revised.

The per-capita claim costs were updated.

The trend assumptions were revised.

The discount rate was increased to 3.87% from 3.63%.

The mortality assumption changed as follows:

- <u>Post-retirement</u> - was changed to reflect the RP-2014 Healthy Annuitant Mortality table projected generationally using Scale MP-2018, gender distinct from RP-2014 Blue Collar Healthy Annuitant Mortality table projected generationally using Scale MP-2016 and set forward 1 year for females.

The participation rate assumptions changed to the following:

- 80% of active employees are assumed to elect retiree medical and life insurance coverage. 100% of all retirees who currently have health care coverage will continue with the same coverage, except those with POS/PPO coverage, 85% are assumed to move into the indemnity plan and 15% are assumed to move into the HMO.

- All future retirees are assumed to have Medicare coverage upon attainment of age 65.

- 40% of future retirees are assumed to elect a GIC indemnity plan upon retirement, 50% are assumed to elect a POS/PPO plan upon retirement and 10% are assumed to elect a GIC HMO plan. 100% of future retirees are assumed to be eligible for Medicare, with 85% electing a GIC indemnity plan upon reaching age 65 and 15% electing a GIC HMO plan upon reaching age 65.

The participation rate assumptions were formerly:

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

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

- 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.

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

	Retirement Age	
	Under 65	Age 65 +
Indemnity	40%	85%
POS/PPO	50%	0%
HMO	10%	15%

Note 3 - Significant methods and assumptions used in calculating the actuarially determined calculations

The total OPEB liability for the June 30, 2023 and 2022 measurement date was determined by an actuarial valuation as of December 31, 2022 and 2020, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

1. The following annual healthcare cost trend rates for the year ended June 30, 2023: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate.

   The following annual healthcare cost trend rates for the year ended June 30, 2022: (a) for GIC non-Medicare plans, 6.60%, 6.50%, 6.40%, 6.20%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, 4.80%, 4.70%, 4.60%, 4.70%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate.

2. The mortality rate was in accordance with:

   i. Healthy: PubG-2010 General Healthy Retiree Headcount-Waited Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023 (previously, RP 2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2020, gender distinct for the year ended June 30, 2022).

   ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023.

   iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

3. Wage inflation and salary increases of 3.25% and 3.00% for the years ended June 30, 2023 and 2022, respectively.

4. Actuarial cost method - Entry Age Normal - Level percentage of payroll.

5. Discount rate of 7.00% for both of the years ended June 30, 2023 and 2022.

6. Participation rates:

   i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.

   ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.

   iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.

Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Schedule of Net Position (Deficiency) by Category

	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020	2021 (as restated)	2022	2023
Net investment in capital assets	$ (3,080,091)	$ (12,717,572)	$ (26,837,719)	$ (23,187,500)	$ (29,027,598)	$ (44,021,651)	$ (52,345,420)	$ (93,721,552)	$ (142,427,617)	$ (131,117,106)
Restricted - expendable	905,631	905,721	-	-	-	-	-	-	-	-
Unrestricted	(21,970,305)	(17,193,251)	(856,119)	(17,484,620)	(13,656,989)	2,888,291	22,020,820	65,348,711	136,936,714	160,271,918
Total Net Position (Deficiency)	$ (24,144,765)	$ (29,005,102)	$ (27,693,838)	$ (40,672,120)	$ (42,684,587)	$ (41,133,360)	$ (30,324,600)	$ (28,372,841)	$ (5,490,903)	$ 29,154,812

See Independent Auditor's Report on Page 2.

Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Changes in Net Position

	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020	2021	2022	2023
Operating Revenue										
Income from assessments	$ 67,825,646	$ 74,214,554	$ 76,187,363	$ 85,979,296	$ 87,755,221	$ 90,613,525	$ 92,150,894	$ 88,821,995	$ 109,096,779	$ 107,168,319
Other miscellaneous revenue	426,352	598,515	943,094	549,270	452,204	158,783	345,339	184,815	415,422	128,645
Total operating revenue	68,251,998	74,813,069	77,130,457	86,528,566	88,207,425	90,772,308	92,496,233	89,006,810	109,512,201	107,296,964
Non-Operating Revenue										
Net investment income (loss)	10,763,298	10,702,249	15,374,812	7,981,303	10,053,652	14,950,924	12,369,469	1,698,121	(4,406,631)	2,974,146
Interest income - interagency	-	-	-	-	-	-	7,291,176	5,398,320	5,746,687	4,143,735
Transfers (to)/from State Universities	4,221,388	4,009,535	7,056,055	421,418	498,508	585,251	(495,898)	(66,254)	4,011,129	11,946,358
Build America Bonds interest subsidy	2,161,590	2,189,322	2,200,443	2,201,230	2,198,010	2,181,789	2,147,963	1,461,387	1,482,780	1,472,486
Gain (loss) on sale of assets	-	-	-	-	.	-	-	213,031	(520,621)	-
Miscellaneous nonoperating revenue	912,114	150,866	99,082	49,691	70,350	26,061	9,112	69,870	-	-
Capital grants	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue	18,058,390	17,051,972	24,730,392	10,653,642	12,820,520	17,744,025	21,321,822	8,774,475	6,313,344	20,536,725
Total Revenue	86,310,388	91,865,041	101,860,849	97,182,208	101,027,945	108,516,333	113,818,055	97,781,285	115,825,545	127,833,689
Operating Expenses										
Insurance costs	(892,842)	(939,566)	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)	(1,255,933)	(1,512,604)	(1,530,011)	(1,644,878)
Authority operating expenses	(1,660,589)	(2,208,557)	(2,312,194)	(2,338,033)	(2,490,233)	(2,713,867)	(2,120,278)	(2,358,521)	(2,441,072)	(2,369,421)
Depreciation	(33,711,899)	(38,884,197)	(41,762,241)	(43,333,694)	(44,346,059)	(45,099,077)	(45,007,554)	(45,963,988)	(45,585,151)	(45,744,654)
Amortization of deferred loss (gain) on receivables	-	-	-	-	-	-	-	(42,612)	(277,471)	-
Other expenses	(235,606)	(402,886)	(46,879)	-	(106,166)	(12,983)	(221,551)	(134,281)	843,835	583,990
Total operating expenses	(36,500,936)	(42,435,206)	(45,145,972)	(46,758,490)	(48,102,769)	(49,014,849)	(48,605,316)	(50,012,006)	(48,989,870)	(49,174,963)
Non-operating expenses										
Interest expense	(48,795,255)	(53,529,051)	(54,345,047)	1,968,378	(54,281,857)	(57,085,975)	(52,979,652)	(43,549,368)	(42,817,906)	(44,000,467)
Bond issuance costs	(564,385)	(761,121)	(1,058,566)	(655,786)	(655,786)	(864,282)	(1,424,327)	(2,268,147)	(1,135,831)	(12,544)
Total non-operating expenses	(49,359,640)	(54,290,172)	(55,403,613)	1,312,592	(54,937,643)	(57,950,257)	(54,403,979)	(45,817,515)	(43,953,737)	(44,013,011)
Total Expenses	(85,860,576)	(96,725,378)	(100,549,585)	(45,445,898)	(103,040,412)	(106,965,106)	(103,009,295)	(95,829,521)	(92,943,607)	(93,187,974)
Increase (decrease) in net position	$ 449,812	$ (4,860,337)	$ 1,311,264	$ 51,736,310	$ (2,012,467)	$ 1,551,227	$ 10,808,760	$ 1,951,764	$ 22,881,938	$ 34,645,715

* Prior to 2020, the amounts presented for net investment income and interest income - interagency were combined under net investment income.

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Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Room Rates of Residence Facilities

Institution	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bridgewater	$6,540-7,740	$6,740-7,840	$6,940-8,080	$7,220-$8,400	$7,510-8,862	$7,698-9,128	$7,948-9,425	$8,099-10,024	$8,100-10,220	$8,140-10,480
Fitchburg	$5,230-6,580	$5,330-6,710	$5,440-6,840	$5,770-$7,900	$6,044-8,273	$6,331-8,666	$6,331-9,034	$6,600-10,000	$6,600-10,000	$6,998-10,484
Framingham	$6,085-8,830	$6,380-9,060	$6,680-9,280	$6,980-$9,580	$7,280-9,880	$7,560-10,160	$7,840-10,440	$8,040-13,640	$8,040-13,640	$8,040-13,640
Mass. College of Art	$8,030-11,220	$8,190-11,440	$8,350-11,670	$8,560-$12,807	$8,820-12,320	$9,261-13,378	$9,358-13,378	$8,944-13,860	$9,210-14,280	$9,490-14,710
Mass. College of Liberal Arts	$4,860-5,260	$5,210-5,510	$5,500-5,700	$5,750-$5,950	$6,050-6,250	$5,000-6,550	$5,000-6,850	$6,900-7,196	$7,040-7,340	$7,300-8,400
Mass. Maritime Academy	$5,910	$6,440	$6,790	$7,130	$7,340	$7,560	$7,790	$8,004	$8,200	$8,410
Salem	$6,700-9,500	$6,980-9,900	$7,280-10,320	$7,570-$10,730	$7,870-11,160	$8,110-11,490	$8,350-11,820	$8,680-12,530	$8,680-12,000	$8,897-12,013
Westfield	$5,250-7,500	$5,510-8,350	$5,730-8,680	$5,940-$9,000	$6,110-9,260	$4,380-9,540	$4,510-9,830	$6,800-10,120	$7,700-9,700	$8,300-10,300
Worcester	$6,920-7,980	$7,090-8,180	$7,270-8,370	$7,485-$8,585	$7,646-8,746	$7,778-8,878	$7,778-8,878	$7,878-9,278	$7,878-9,278	$8,098-9,498

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Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Occupancy as a Percentage of Design Capacity at Residence Facilities

State University	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/2022	2022/2023
Bridgewater	95%	99%	97%	96%	95%	95%	96%	37%	81%	89%
Fitchburg	100%	103%	101%	96%	92%	85%	76%	50%	58%	52%
Framingham	100%	98%	98%	94%	93%	90%	88%	33%	64%	64%
Mass. College of Art and Design	99%	99%	98%	99%	99%	96%	100%	65%	98%	101%
Mass. College of Liberal Arts	86%	86%	79%	77%	74%	71%	73%	46%	43%	42%
Mass. Maritime Academy	111%	93%	101%	105%	102%	102%	101%	57%	95%	87%
Salem	106%	107%	100%	96%	96%	90%	79%	37%	63%	79%
Westfield	98%	98%	102%	99%	94%	86%	82%	38%	66%	66%
Worcester	101%	87%	94%	92%	96%	96%	96%	50%	78%	84%
Average Occupancy	**99%**	**98%**	**98%**	**96%**	**94%**	**91%**	**88%**	**43%**	**71%**	**74%**

See Independent Auditor's Report on Page 2.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board
Massachusetts State College Building Authority

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 and the aggregate remaining fund information of the Massachusetts State College Building Authority (a component unit of the Commonwealth of Massachusetts) (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
November 15, 2023

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Appendix C

FY 2023 Senior Management Compensation

Title	Annual Salary FY 2023
Executive Director	263,114
Deputy Director, Administration and Finance	204,718

APPENDIX D

Certified Sustainable Projects
as of June 30, 2023

Campus	Building	Date	Beds	GSF	Certification
Bridgewater State University	Crimson Hall	2009	400	138,000	LEED Silver
Bridgewater State University	Pope Hall	2010	337	75,177	LEED Silver
Bridgewater State University	Scott Hall	2010	269	67,390	LEED Silver
Bridgewater State University	Weygand Hall	2014	500	165,000	LEED Gold
Fitchburg State University	Hammond Campus Center	2017	N/A	157,831	LEED Silver
Fitchburg State University	Mara Village Building 8	2010	104	38,000	LEED Silver
Framingham State University	North Hall	2012	400	127,500	LEED Gold
Framingham State University	West Hall	2017	316	95,922	LEED Gold
MA College of Art and Design	Kennedy Campus Center	2011	N/A	57,913	LEED Gold
MA College of Art and Design	Treehouse Residence	2015	493	147,004	LEED Gold
MA Maritime Academy	Company 1 & 2 Expansion	2008	168	33,120	LEED Gold
MA Maritime Academy	Company 4 Expansion	2015	196	35,435	LEED Silver
MA Maritime Academy	Emory Rice Hall New Cadet Housing	2023	72	31,000	LEED Silver
Salem State University	Marsh Hall	2013	500	162,637	LEED Gold
Salem State University	Viking Hall	2015	353	117,276	LEED Gold
Salem State University	North Campus Parking Structure	2016	N/A	222,106	Parksmart Bronze
Westfield State University	University Hall	2013	410	134,000	LEED Gold
Worcester State University	Dowden Hall Addition	2011	403	41,640	LEED Gold
Worcester State University	Sheehan Hall	2017	400	150,000	LEED Gold
Total			**4,580**	**1,380,647**	

APPENDIX E

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

Green Bond Guidelines

June 14, 2022

Background

The Massachusetts State College Building Authority (the Authority) anticipates issuing revenue bonds and utilizing the proceeds, in whole or in part, to finance environmentally sustainable capital projects or re-finance outstanding bonds issued to finance environmentally sustainable capital projects. These bonds, hereinafter referred to as Green Bonds, will be managed in a manner that is generally consistent with the Green Bond Principles (“GBP”)[1], voluntary guidelines published by the International Capital Markets Association (“ICMA”) to increase the amount of capital targeted to address pressing environmental challenges by providing transparency to investors in the following key areas: Use of Proceeds; Process for Project Evaluation and Selection; Management of Proceeds; and Reporting.

Additionally, in 2015, the General Assembly of the United Nations adopted a resolution, *Transforming our world: the 2030 Agenda for Sustainable Development*, which identifies 17 Sustainable Development Goals (or the “UNSDGs”). The ICMA has published a document that creates a high-level mapping of The Green Bond Principles and Social Bond Principles to the 17 UNSDGs which illustrates the alignment of the two frameworks. Accordingly, while the Authority intends to manage these Green Bond Guidelines consistent with the ICMA Green Bond Principles, the Authority recognizes that the ICMA Green Bond Principles align and map to the UNSDGs and the Authority may reference each as part of the Authority’s review of project alignment with guidelines in its determination of issuance or allocation of Green Bonds.

Use of Proceeds

The Authority intends to use the proceeds of Green Bonds for the following project types:

- Resource and Energy Efficient Buildings and Structures
- Renewable Energy Generation
- Energy Efficiency Improvements to Existing Buildings
- Public, Shared, and Alternative Fuel Transportation
- Other Environmentally Sustainable Initiatives

Process for Project Evaluation and Selection

Annually, the Authority reviews potential capital project requirements with the twenty-four state university and community college campuses it serves. These projects principally include the construction and renovation of on-campus student housing facilities, but also include a full range of student activity facilities (dining, parking, athletic, medical, and cultural) to support the campus community. Projects are funded from capital replacement reserves, current year revenues, campus contributions, and the proceeds of revenue bonds. The Authority will review each project proposed to be funded from the proceeds of revenue bonds to determine whether it is eligible for funding with Green Bonds. In essence, these criteria include:

Land Use	Water Use
Energy Use	Indoor Air Quality
Material Selection	Transportation

Specifically, the Authority will include projects in a Green Bond issue that are designed to meet, at the minimum, the requirements of the United States Green Building Council (USGBC) for Leadership in Energy and Environmental Design (LEED) certification at the Silver level, or of the Green Parking Council for Green Garage Certification at the Bronze level.

The preliminary official statement and official statement for the revenue bond issue that includes a Green Bond series will specifically state which projects are intended for funding with the proceeds of the Green Bonds and the anticipated certification level. The term Green Bonds is used for identification purposes only and is not intended to provide or to imply that holders of these bonds are entitled to any additional security other than as provided in the indenture. Green Bonds are parity obligations of the Authority and holders of the Green Bonds do not assume any specific project risk related to any of the funded Green Projects.

Management of Proceeds

The net proceeds of a Green Bond issue will be deposited with the Trustee and held in a separate fund; upon approval of monthly invoices, the Trustee will be requested to transfer the funds for payment to the vendor(s).

Reporting

The Authority will report on the use of Green Bond proceeds through its Annual Report. In addition, its website (www.mscba.org) includes links to environmentally sustainable projects and features, irrespective of the source of funds used to finance the project.

[1] International Capital Markets Association (ICMA), https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf, June 2021.