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, 2019 and 2018

CohnReznick
Accounting • Tax • Advisory

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 Financial Statements

We have audited the accompanying financial statements 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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

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 other postemployment benefit schedules on pages 4 to 16 and 57 to 62, respectively, be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The statistical section contained on pages 63 to 67 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2019, 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
October 10, 2019

Management's Discussion and Analysis
For the Years Ended June 30, 2019 and 2018
Unaudited

The following discussion and analysis provide management's overview of the financial position of the Massachusetts State College Building Authority (the Authority) as of June 30, 2019 and 2018, 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

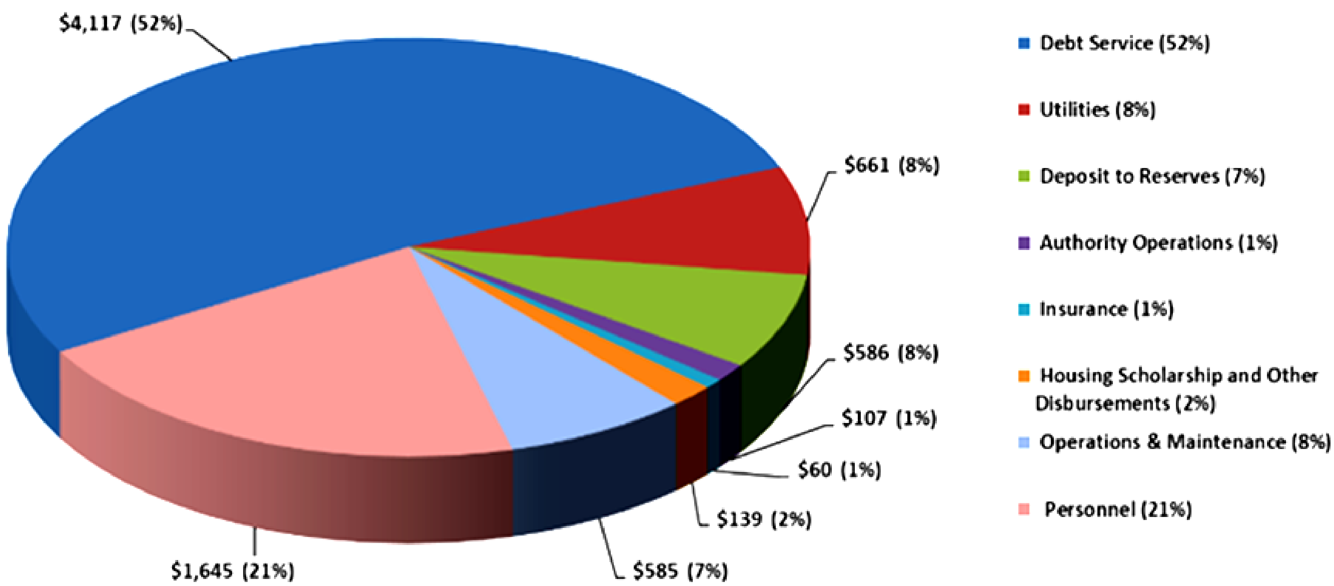
The Massachusetts State College Building Authority is a public instrumentality of the Commonwealth of Massachusetts (the Commonwealth) charged with financing, designing, constructing, and overseeing the management of - housing, dining, athletic, parking, and other student activity facilities - for the nine state universities and fifteen community colleges (collectively, the state colleges). The Authority is also able 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.

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.

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 rent in academic year 2018/19 was $7,901 and included maintenance, operation, administration, reserves and to pay debt service on revenue bonds issued to finance its projects.



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 2018/19 and 2017/18, the number of students housed in on-campus housing owned by the Authority was 90.5% and 93.9% of design occupancy, respectively.

As of June 30, 2019, approximately 14,800 students reside in the 57 residential complexes owned by the Authority. These facilities house 37% of fall 2018 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 2009/10 through 2018/19. During this period the authority increased design occupancy by 33%, or over 4,000 beds.

	Academic Years									
State University	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Bridgewater	101.0%	100.0%	100.0%	98.9%	94.6%	99.2%	96.7%	96.0%	95.0%	94.8%
Fitchburg	105.0%	104.0%	100.0%	100.8%	99.6%	103.1%	101.0%	96.4%	92.0%	84.8%
Framingham	101.0%	104.0%	100.0%	100.3%	100.3%	97.9%	97.9%	93.8%	93.0%	89.9%
Mass. College of Art	100.0%	99.0%	100.0%	99.3%	99.2%	98.6%	98.2%	99.2%	99.0%	96.2%
Mass. College of Liberal Arts	94.0%	99.0%	94.0%	91.1%	85.8%	85.7%	78.6%	77.4%	74.0%	70.8%
Mass. Maritime Academy	100.0%	103.0%	106.0%	107.9%	111.2%	92.5%	100.5%	104.6%	102.0%	101.8%
Salem	106.0%	94.0%	102.0%	106.7%	105.9%	106.8%	99.7%	96.3%	96.0%	89.9%
Westfield	105.0%	104.0%	106.0%	101.1%	98.1%	98.3%	102.4%	99.2%	94.0%	86.0%
Worcester	102.0%	100.0%	103.0%	101.9%	101.1%	86.6%	94.0%	92.3%	96.0%	96.0%
Average Occupancy	**102.0%**	**101.0%**	**101.4%**	**101.0%**	**99.1%**	**97.5%**	**97.6%**	**95.8%**	**94.0%**	**90.5%**
Design Occupancy	**12,700**	**14,138**	**14,344**	**15,290**	**15,717**	**16,458**	**17,289**	**16,857**	**16,957**	**16,922**

Financial Statements

The Authority's financial statements (pages 17 - 55 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 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.

Financial Highlights

- The Authority issued $15.4 million Project Revenue Bonds Series 2019A on January 15, 2019. The proceeds of these bonds will fund residence hall renewal and adaption projects at Fitchburg State University, Framingham State University, and Salem State University. Series 2019A also provided funds for dining and recreation facilities projects at Fitchburg State University, Framingham State University, and Massachusetts College of Liberal Arts. The bonds were issued with a true interest cost of 2.96%.

- The Authority issued $52.3 million Refunding Revenue Bonds Series 2019B (Federally Taxable) to restructure a portion of Series 2012A Bonds. The refunding bonds resulted in level debt service for the bonds originally issued to fund University Hall at Westfield State University. The Series 2019B Bonds were issued on a taxable basis as the Tax Cuts and Jobs Act of 2017 eliminated the ability to issue tax-exempt advance refunding bonds. The bonds were issued with a true interest cost of 3.97%.

- The Authority adopted GASB 75 Accounting and Reporting for Post-Employment Benefits other than Pensions (OPEB) in FY18, recording a liability calculated as the Authority's proportionate share of the total Commonwealth's OPEB liability based on number of employees. In FY19, the Authority engaged an actuarial firm to calculate the liability based on demographic factors specific to the Authority. This change in assumptions resulted in a decrease of the OPEB liability from $6.1 million in FY18 to $1.3 million in FY19.

- The total assets of the Authority declined from $1.29 billion at June 30, 2018 to $1.26 billion at June 30, 2019. This decline largely relates to depreciation exceeding investment in new capital assets on Authority-owned facilities by $23.3 million. Details of capital assets are provided on pages 33 - 34.

- Total liabilities decreased $34.1 million, from $1.37 billion in FY18 to $1.34 billion in FY19. This decline is due to a combination of reduced debt outstanding ($27 million), a reduction in campus funds held by the Authority ($6.5 million), $4.4 million net adjustment for the FY18 pension and OPEB liabilities, net of an increase in accounts payable of $3.8 million.

- FY19 operating revenues increased $2.5 million or 2.9% from FY18 due to increased assessment revenues used to fund debt obligations, Authority operations, and deposits to capital reserves.

- The Authority's interest income increased in FY19 due to an active investment strategy and an increased interest rate environment. The Authority conducted competitive bids for the investment of proceeds of the Series 2019A Bonds and the reinvestment of certain debt service reserve fund investments. The result was an increase in net investment income of 48%, or $4.8 million from FY18 despite average total cash/investments only increasing 2.3% or $3.7 million, from FY18 to FY19.

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, 2019, 2018, and 2017

	Fiscal year ended June 30,		
	2019	2018	2017
Current assets	$ 86,766,119	$ 85,986,555	$ 76,122,131
Capital assets, net	886,078,640	909,377,246	932,977,708
Other noncurrent assets	289,907,347	294,178,547	302,588,784
Total assets	1,262,752,106	1,289,542,348	1,311,688,623
Deferred outflows of resources	41,263,105	42,298,738	41,831,016
Current liabilities	81,737,089	81,530,088	77,073,715
Noncurrent liabilities	1,257,506,644	1,291,845,929	1,316,866,154
Total liabilities	1,339,243,733	1,373,376,017	1,393,939,869
Deferred inflows of resources	5,904,838	1,149,656	251,890
Net position:			
Net investment in capital assets	(44,021,651)	(29,027,598)	(23,187,500)
Unrestricted (deficit)	2,888,291	(13,656,989)	(17,484,620)
Deficiency in net position	$ (41,133,360)	$ (42,684,587)	$ (40,672,120)

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, 2019, current assets increased $779 thousand or 0.9% from the prior year. Unrestricted cash increased by $4.3 million, reflecting increased capital reserves of $3.7 million while restricted cash and investments declined by $3.4 million driven by capital project spending of bond proceeds and campus funds at a greater rate than new bond proceeds and new campus funds were received. 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 $28.5 million at June 30, 2019.

- For the year ended June 30, 2018, current assets increased $9.9 million from prior year due to an increase in campus funded initiatives, increased interest earnings, and a decreased spending rate of new money bonds from prior year.

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, capital assets have decreased $23.3 million, or 2.5% in FY19 and $23.6 million, or 2.5%, in FY18. Further detail of capital assets is discussed on pages 33 - 34.

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.

- For the year ended June 30, 2019, restricted investments increased by $10.1 million due to a shift of debt service reserve funds from cash to investments due to the more favorable interest rate environment.

- 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, 2019, total debt service reserve fund balances increased by $2.7 million, or 3% to $85.0 million. This increase is driven by the increase in investment value at year end. For the year ended June 30, 2018, the debt service reserve funds balance was $82.3 million, a $5.3 million reduction from prior year. This reduction was attributed to reserves in excess of the required level of reserves applied as a source of funds to the Refunding Bond Series 2017D and Series 2016A, respectively.

- Net accounts receivable related to university-owned assets were reduced by $7.1 million from the year ended June 30, 2018 to June 30, 2019 due to payments of receivables, offset by $4.9 million in new receivables related to university-owned projects funded with Series 2019A Bonds. Accounts receivable decreased in FY18 reflecting payments from the universities that exceeded new additions of debt incurred on behalf of universities in FY18.

Deferred outflow of resources includes deferred outflows for pensions and OPEB ($1.5 million) and deferred losses on refunding of debt ($39.7 million).Total deferred outflows for resources was $41.2 for the year ended June 30, 2019, a decrease of $1 million or 2%. This decrease was driven by a reduction in the deferred losses of prior refundings offset by the $2.2 million increase for the 2019B refunding.

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

- For the year ended June 30, 2019, total liabilities decreased $34.1 million, or 2.5% from FY18. This decrease was driven by a $27 million decrease in bonds payable, a $6.5 million decrease in interagency payables to the campuses, and a $4.4 million net adjustment for the FY18 pension and OPEB liabilities, net of an increase in accounts payable of $3.8 million.

- For the year ended June 30, 2018, total liabilities were $1.3 billion, a decrease of $20.6 million, or 1.5% from the year ended June 30, 2017. This decrease was largely driven by the decrease in bonds payable, due to FY18 debt service payments, offset by the 2017D refunding.

- 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 FY19 to be $4.1 million compared to $3.8 million in FY18. The Authority invests its retirement trust fund with the Commonwealth's Pension Reserve Investment Trust. This investment was valued at $5.2 million as of June 30, 2019, which is $1.1 million greater than the liability assigned to the Authority by the Commonwealth.

- Beginning in FY18, the Authority implemented GASB 75 which requires the Authority to report the net other postemployment benefits liability, which is the difference between the total liability and the value of the assets available to pay other postemployment benefits. The Commonwealth calculated the Authority's proportional share of the Commonwealth's net OPEB liability in FY18 to be $6.1 million. This assumption was based on the Authority's current contributions for employee healthcare to the Group Insurance Commission (GIC) as a percentage of total contributions. In December 2018, the Commonwealth restated their total OPEB liability, with the Authority's proportionate share decreasing to $5.4 million. In addition to the Commonwealth's adjustment, in FY19 the Authority engaged an actuarial consultant to calculate the Authority's liability using demographic data specific to the Authority's employee profile and actual retiree data. This change in assumption led to a decrease of total OPEB liability by $4.7 million, to $1.3 million for the year ended June 30, 2019.

- 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 recognized as investment income by the Authority.

- Debt administration is discussed on pages 15 - 16.

- A deficiency in total net position exists primarily due to depreciation and interest expenses exceeding operating and non-operating revenues over a period. The deficiency in net position at June 30, 2019 decreased by $1.5 million compared to the net position at June 30, 2018. The deficiency in net position at June 30, 2018 increased by $2.0 million compared to the net position at June 30, 2017. This increase is due to increases to assessment revenues offset by an increase in depreciation and interest expense and a decrease in net transfers from colleges. The net position for the years ended June 30, 2019 and 2018, excluding depreciation, was $4.0 million and $1.7 million, respectively.

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 the revenue sufficient to fund annual debt service requirements associated with bonds issued to finance capital projects, capital improvement reserve deposits, insurance premiums, and Authority operating expenses.

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

Management's Discussion and Analysis
For the Years Ended June 30, 2019 and 2018
Unaudited

Summary - Operating and Non-Operating Revenues and Expense

	Fiscal year ended June 30, 2019	2018	2017
Total operating revenues	$ 90,772,308	$ 88,207,425	$ 86,528,566
Total operating expenses	49,014,849	48,102,769	46,866,913
Operating income	41,757,459	40,104,656	39,661,653
Nonoperating expenses, net	(40,206,232)	(42,117,123)	(46,719,770)
Increase (decrease) in net position	1,551,227	(2,012,467)	(7,058,117)
Restatement			(5,920,165)
Net position - beginning of the year	(42,684,587)	(40,672,120)	(27,693,838)
Net position - end of the year	$ (41,133,360)	$ (42,684,587)	$ (40,672,120)

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

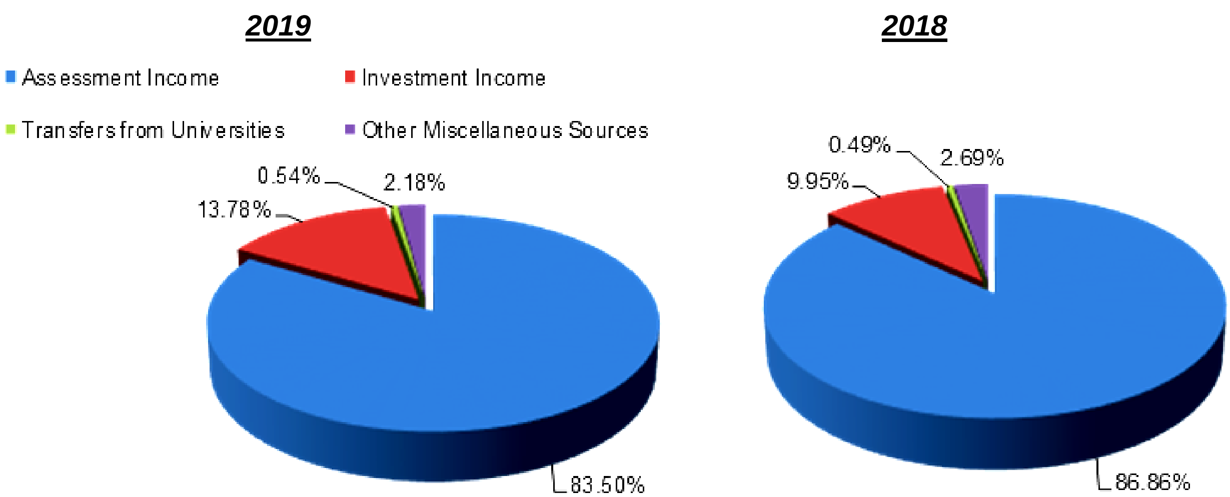
- For the year ended June 30, 2019, operating income grew $2.5 million, or 2.9% from $88.2 million at June 30, 2018 due to increases in assessment revenues.
- For the year ended June 30, 2018, operating income grew 1.9% to $88.2 million from $86.5 million in FY17 due to increased assessment revenues.
- Miscellaneous revenue includes management fees on campus-owned projects, revenue from a laundry operation contract, and other one-time revenue. This decreased from $452 thousand to $158 thousand due to a decrease in management fees and one-time revenues in FY18.

Nonoperating expenses, net include other revenue including investment income on project funds and reserves, net transfers between the Authority and the state universities in support of capital projects, and interest subsidy from the U.S. Treasury relating to the Authority's outstanding Build America Bonds.

- For the year ended June 30, 2019, net investment income increased $4.9 million, a 49% increase over FY18.
- Nonoperating revenue from Build America Bonds, net transfers to/from state universities, and other miscellaneous revenues was stable year over year, increasing in aggregate less than 1%.
- For the year ended June 30, 2018, the $4.6 million decrease in nonoperating expenses was due to an increase in net investment income and a decrease in interest expense.

The charts below compare total revenue for FY19 with FY18.

Summary - Total Revenue Fiscal Years 2019 and 2018



Operating expenses include depreciation, insurance premium costs and operating expenses associated with Authority operations.

- For the year ended June 30, 2019, the $912 thousand increase in operating expenses was due to a $753 thousand increase in depreciation expense and an increase in Authority operating costs due to one-time investments and increased retiree health payments.

- For the year ended June 30, 2018, the $1.2 million increase in operating expenses was due to a $1.0 million increase in depreciation expense, slight increase in insurance costs, and slight increase in Authority operating expense.

- Net nonoperating expenses include annual interest expense incurred on the Authority's debt obligations, less investment income used to offset debt service requirements, bond issuance costs, and other one-time expenses.

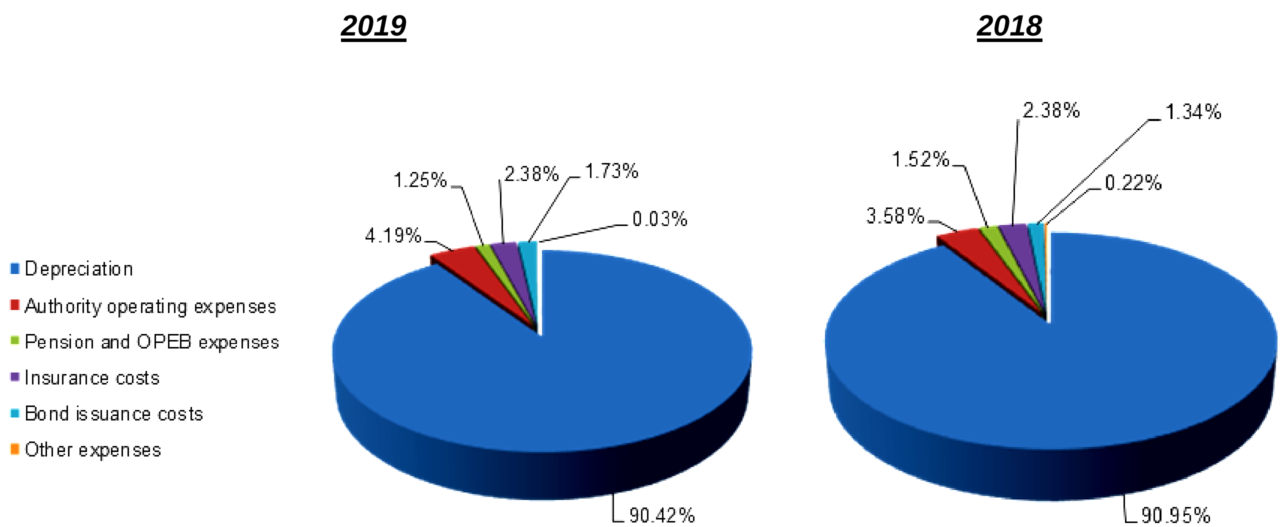
  - In the year ended June 30, 2019, the Authority had interest expense of $57.1 million, an increase of $2.8 million, or 5% from FY18. For the year ended June 30, 2018, the interest expense decreased by $2.9 million, or 5%.

  - In the year ended June 30, 2018, the Authority distributed settlement funds related to the escrow restructuring of the Series 2003A&B bonds. These funds totaled $2.5 million and are included in net nonoperating expenses.

  - In the year ended June 30, 2019, bond issuance costs were $864 thousand, related to the 2019A and 2019B bond issuances. For the year ended June 30, 2018, bond issuance costs were $656 thousand, related to the 2017B, 2017C and 2017D bond issuances.

The charts below compare total expenses, excluding interest expense, for FY19 with FY18.

Summary - Total Expenses (excluding Interest Expense) Fiscal Years 2019 and 2018



Statements of Cash Flows

Authority cash in-flows are primarily generated from assessments received from the state colleges 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, 2019	2018	2017
Cash received from operations	$ 90,693,937	$ 88,207,426	$ 86,528,566
Cash expended for operations	(2,610,797)	(4,016,821)	(2,238,963)
Net cash provided by operations	88,083,140	84,190,605	84,289,603
Net cash provided by (used in) capital and related financing activities	(92,040,591)	(82,897,124)	(93,917,907)
Net cash provided by (used in) investing activities	(8,146,118)	5,916,543	3,448,845
Net increase (decrease) in cash and cash equivalents	(12,103,569)	7,210,024	(6,179,459)
Cash and cash equivalents, beginning of year	83,768,393	76,558,369	82,737,828
Cash and cash equivalents, end of year	$ 71,664,824	$ 83,768,393	$ 76,558,369

- Cash and cash equivalents were $71.7 million at June 30, 2019 compared to $83.8 million at June 30, 2018. The $12 million decrease reflects the investment of the 2019A project funds, spending campus held funds at a faster rate than contribution of campus funds, and an increase in spending on capital assets and debt service. This is offset by an increase in cash provided by assessments.

- Cash and cash equivalents were $83.8 million at June 30, 2018 compared to $76.6 million at June 30, 2017. The $7.2 million increase is due primarily to increased campus held project funds and increased project reserves. In addition, spending of current year bond proceeds was at a slower rate in fiscal year 2018 (for bond funds 2017B and 2017C) than in fiscal year 2017 (for bond series 2017A) leading to increased cash balances at year end.

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

- Cash provided by operations increased by $3.9 million to $88.1 in FY19. This increase is due to increased assessments of $2.9 million offset by a $1.7 million impact of the timing of insurance premium payments from FY18 to FY19.

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 FY19, net cash used in capital and related financing activities was $92.0 million compared to $82.9 million in FY18. The change between fiscal years is primarily attributable to a $3.2 million year net impact of the 2019AB bond issuance compared to prior year bond issuance, net spending of campus assets of $3.2 million greater than campus cash received, $1.9 million in cash spent for capital assets, and $1.2 million increase in cash spent for debt service

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, 2019, net cash provided by investing activities decreased by $14.1 million, reflecting the investment strategy implemented in the year ended June 30, 2019. These funds were held in investments at year end.

Capital Assets

The Authority's investment in capital assets as of June 30, 2019 was $886 million, net of accumulated depreciation, compared to $909.4 million as of June 30, 2018 and $933 million as of June 30, 2017. Capital assets include land, buildings and improvements thereon, furnishings and equipment. Capital assets comprised approximately 70.2% of total assets at June 30, 2019 and 70.5% at June 30, 2018 and June 30, 2017. During the years ended June 30, 2019 and 2018, the Authority had additions to capital assets of $21.8 million and $20.7 million, respectively, in constructing new assets and improvements on assets already in service, inclusive of construction in progress. The major components of capital assets are presented below.

- Construction in progress represents the balance of additions to Authority assets for projects currently underway. The construction in progress balance was $10.9 million at June 30, 2019 compared to $9.9 million at June 30, 2018.

- The buildings and improvements balance were $1.32 billion at June 30, 2019 compared to $1.30 billion at June 30, 2018 and $1.28 billion at June 30, 2017.

- The furnishings and equipment balance was $60.8 million at June 30, 2019, compared to $59.5 million at June 30, 2018 and $57.8 million at June 30, 2017. The $1.3 million increase in furnishings and equipment in FY19 was attributable to purchases across the state colleges.

- The Authority did not enter into any real estate transactions for the year ended June 30, 2019. Land value is unchanged at $21.6 million at June 30, 2019 and June 30, 2018.

- 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, 2019, and 2018, respectively, such commitments were approximately $21.6 million and $25.5 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, 2019, the Authority had $1.18 billion in principal amount of bonds outstanding compared to $1.20 billion and $1.23 billion at June 30, 2018 and 2017, respectively. The outstanding bond obligations carried unamortized premium balances of $112.5 million, $116.9 million, and $113.9 million respectively, as of June 30, 2019, 2018 and 2017. The $27.0 million decrease in bonds outstanding in fiscal year 2019 is attributable to $41.9 million of principal payments and $48.5 million reduction in principal related to the 2019B refunding, offset by $67.8 million in new debt related to the 2019A and 2019B issuances. 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 2049. Principal is payable semi-annually on May 1 and November 1 for the Community College Bonds, Series 2 issued in 2017 and Series 1, which was issued in fiscal year 2014. The Authority's outstanding debt has no associated interest rate exchange agreements. Of the amount outstanding, $109.5 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 fiscal years 2019, 2018 and 2017, a portion of the Authority's interest rate subsidy was reduced by approximately 6.2%, 6.6%, and 6.9%, respectively, 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 are rated Aa2 by Moody's and AA- by S&P Global as of June 30, 2019. On June 17, 2017, S&P Global lowered the Authority's credit rating from AA, mirroring its one notch lowering of the Commonwealth of Massachusetts rating from AA+ to AA. The Community College Program, Series 1 and Series 2 bonds are not rated.

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, 253 Summer Street, Suite 300, Boston, Massachusetts 02210.

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

Statements of Net Position (Deficiency in Net Position)
June 30, 2019 and 2018

Assets

	2019	2018
Current assets		
Cash and cash equivalents	$ 35,991,804	$ 31,725,140
Restricted cash and cash equivalents	32,148,913	41,181,416
Restricted investments, including amounts held by trustee	5,621,784	-
Accounts receivable, net	12,901,825	12,209,389
Prepaid expenses	101,793	870,610
Total current assets	86,766,119	85,986,555
Noncurrent assets		
Restricted cash and cash equivalents	3,524,107	10,861,837
Restricted investments, including amounts held by trustee	81,559,632	71,465,567
Restricted investments, retirement fund	5,230,241	5,194,143
Accounts receivable, net	199,593,367	206,657,000
Capital assets, net	886,078,640	909,377,246
Total noncurrent assets	1,175,985,987	1,203,555,793
Total assets	1,262,752,106	1,289,542,348
Deferred outflows of resources		
Deferred outflows for pensions	1,001,702	1,008,486
Deferred outflows for OPEB	512,764	682,316
Deferred losses on refunding of debt	39,748,639	40,607,936
Total deferred outflows of resources	41,263,105	42,298,738

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

Statements of Net Position (Deficiency in Net Position)
June 30, 2019 and 2018

Liabilities

	2019	2018
Current liabilities		
Accounts payable and accrued liabilities	$ 21,481,041	$ 17,606,682
Accrued payroll	262,637	252,905
Interagency payables	10,593,639	17,069,615
Compensated absences	102,607	112,902
Current portion of bonds payable	49,297,165	46,487,984
Total current liabilities	81,737,089	81,530,088
Noncurrent liabilities		
Compensated absences	131,611	146,884
Interagency payables	9,294,150	9,294,150
Bonds payable, net of current portion	1,242,589,172	1,272,469,094
MSCBA portion of net pension liability	4,121,111	3,828,162
MSCBA portion of net OPEB liability	1,370,600	6,107,639
Total noncurrent liabilities	1,257,506,644	1,291,845,929
Total liabilities	1,339,243,733	1,373,376,017
Deferred inflows of resources		
Deferred inflows for pensions	349,235	336,714
Deferred inflows for OPEB	5,555,603	812,942
Total deferred inflows of resources	5,904,838	1,149,656
Net position (deficiency in net position)		
Net investment in capital assets	(44,021,651)	(29,027,598)
Unrestricted (deficit)	2,888,291	(13,656,989)
Total net position (deficiency in net position)	$ (41,133,360)	$ (42,684,587)

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
Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues		
Income from contracts for financial assistance, management, and services	$ 90,613,525	$ 87,755,221
Other miscellaneous revenues	158,783	452,204
Total operating revenues	90,772,308	88,207,425
Operating expenses		
Insurance costs	1,188,922	1,160,311
Authority operating expenses	2,092,144	1,747,327
Depreciation	45,099,077	44,346,059
Pension and OPEB expenses	621,723	742,906
Other expenses	12,983	106,166
Total operating expenses	49,014,849	48,102,769
Operating income	41,757,459	40,104,656
Nonoperating revenues (expenses)		
Net investment income	14,950,924	10,053,652
Interest expense	(57,085,975)	(54,281,857)
Bond issuance costs	(864,282)	(655,786)
Net transfers to/from State Universities	585,251	498,508
Build America Bonds interest subsidy	2,181,789	2,198,010
Miscellaneous nonoperating revenue (expense)	26,061	70,350
Net nonoperating revenues (expenses)	(40,206,232)	(42,117,123)
Increase (decrease) in net position	1,551,227	(2,012,467)
Net position (deficiency in net position) Beginning of year	(42,684,587)	(40,672,120)
Net position (deficiency in net position) End of year	$ (41,133,360)	$ (42,684,587)

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, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	$ 90,613,525	$ 87,755,221
Other miscellaneous receipts	80,412	452,205
Payments for insurance costs	(420,105)	(2,079,456)
Payments for operating expenses	(812,097)	(761,431)
Payments to employees	(1,231,317)	(1,052,585)
Payments for other expenses	(147,278)	(123,354)
Net cash provided by operating activities	88,083,140	84,190,600
Cash flows from capital and related financing activities		
Proceeds from bond issuance	69,847,327	95,319,217
Cash paid to bond trustee related to advanced refunding	(50,919,164)	(73,170,370)
Build America Bonds interest subsidy	2,188,112	2,201,624
Payments of bond issuance costs	(864,282)	(655,786)
Payments for capital assets	(21,228,956)	(19,307,869)
Miscellaneous receipts (expenditures)	26,061	70,350
Collections of debt service receivables	18,784,822	18,257,461
Transfer of funds from State Universities	585,251	498,508
Payments from funds held for others	(26,657,503)	(17,829,091)
Funds received and held for others	18,664,103	13,021,086
Principal paid on capital debt	(43,410,197)	(45,295,633)
Interest paid on capital debt	(59,056,165)	(56,006,621)
Net cash used in capital and related financing activities	(92,040,591)	(82,897,124)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	65,016,485	11,920,371
Purchases of investments	(78,397,804)	(10,274,450)
Interest on investments	5,235,201	4,270,622
Net cash (used in) provided by investing activities	(8,146,118)	5,916,543
Net (decrease) increase in cash and cash equivalents	(12,103,569)	7,210,019
Cash and cash equivalents, beginning of year	83,768,393	76,558,374
Cash and cash equivalents, end of year	$ 71,664,824	$ 83,768,393

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

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 41,757,459	$ 40,104,656
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	45,099,077	44,346,059
Change in net pension liability	312,254	308,865
Change in unfunded net OPEB liability	175,174	318,100
Changes in assets and liabilities		
Accounts receivable	(78,371)	-
Prepaid expenses	768,817	(803,130)
Accounts payable and accrued liabilities	64,566	(116,020)
Accrued payroll and compensated absences	(15,836)	32,070
Net cash provided by operating activities	$ 88,083,140	$ 84,190,600

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

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	2019
Acquisition of capital assets	$ 21,800,471
Accounts payable thereon	
Beginning of year	5,696,258
End of year	(6,193,928)
Net interest incurred and earned, capitalized in construction in progress	(73,845)
Payments for capital assets	$ 21,228,956
Accounts receivable and Interagency payables related to State College capital projects on State College owned property	$ 4,949,405
Unearned interest income on accounts receivable related to State College capital projects on State College owned property	$ 1,683,964
Contractor accounts payable related to State projects on State College owned property	$ 5,332,727
Unrealized gain (loss) on investment securities	$ 2,370,612

	2018
Acquisition of capital assets	$ 20,745,597
Accounts payable thereon:	
Beginning of year	4,258,530
End of year	(5,696,258)
Payments for capital assets	$ 19,307,869
Accounts receivable and Interagency payables related to State College capital projects on State College owned property	$ 7,565,000
Unearned interest income on accounts receivable related to State College capital projects on State College owned property	$ 3,118,506
Contractor accounts payable related to State College capital projects on State College owned property	$ 1,900,729
Unrealized gain (loss) on investment securities	$ (1,776,896)

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 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 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 them 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 by 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.

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, 2019 and 2018.

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 shall establish investment policy, but delegate to the Finance and Audit Committee of the Authority to direct 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, 2019 and 2018, 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 17,000 students in 2019 and 2018, 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, and all furniture, fixtures and equipment, are capitalized. Interest costs on debt related to capital assets are capitalized during the construction period. Authority capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 40 years.

Bond issuance costs
Bond issuance costs are expensed as incurred. During fiscal 2019 and 2018, the Authority incurred $864,282 and $655,786, 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 for which it is billed by the Commonwealth. Worker's compensation insurance is purchased as a separate policy within the Authority's insurance portfolio.

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, information about the fiduciary net position of the Commonwealth of Massachusetts OPEB Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Investments are reported at fair value.

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.

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. Upon retirement, these employees are entitled to receive payment for these accrued balances.

Interest expense and capitalization

The Authority may capitalize interest costs incurred during the construction period of qualifying property assets. The amount of interest costs capitalized on qualifying assets acquired with proceeds of tax-exempt borrowings consists of all interest costs of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use. Bond premiums are amortized to interest expense on a straight-line basis over the terms of the related bonds. Deferred losses on bond refundings are amortized to interest expense principally on the effective interest method over the terms of the old trust or new trust agreements, whichever is shorter. During fiscal 2019 and 2018, total interest costs were accounted for as follows:

	2019	2018
Total interest incurred	$ 58,936,290	$ 56,505,592
Amortization of bond premium	(4,841,604)	(5,201,225)
Amortization of deferred loss	3,112,195	2,977,490
Less: capitalized portion of interest incurred	(120,906)	-
Interest expense	$ 57,085,975	$ 54,281,857
Capitalized portion of interest incurred	$ 120,906	$ -
Less interest income on unused funds from tax-exempt borrowings	(47,061)	-
Net capitalized interest	$ 73,845	$ -

Income tax status

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

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

Note 2 - Cash and cash equivalents, and investments

Credit risk

Credit risk includes the risk that securities that the Authority has invested in 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' 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, 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. All of the Authority's bank balances held by Citizens of $49,801,275 and $45,459,722 as of June 30, 2019 and 2018, respectively, were secured and fully collateralized pursuant to this agreement.

The Authority does not have a formal deposit policy for custodial credit risk with U.S. Bank. As of June 30, 2019 and 2018, the fair market value of the Authority's cash equivalent balances with U.S. Bank of $21,726,216 and $38,301,087, 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 and Fidelity Institutional Money Market Government Fund 57 (the "Fund 57") as of June 30, 2019, and solely in Fund 57 as of June 30, 2018. Fund 57 invests primarily in U.S. government securities, repurchase agreements, and may invest in reverse repurchase agreements guaranteed by U.S. Treasury obligations. Fund 57 seeks to preserve the investment value of $1 per share and the investment securities maintain a weighted average maturity of 60 days or less. Fund 57 was not rated for average credit quality at June 30, 2019 and 2018.

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, 2019 and 2018: General Allocation (holds units of other accounts), Domestic Equity, Core Fixed Income, Value-Added Fixed Income, International Equity, Emerging Markets, Real Estate, Real Assets, Timberland, Timber/Natural Resources, Hedge Funds and Private Equity Investments. The funds held in the amount of $5,230,241 and $5,194,143 as of June 30, 2019 and 2018, respectively, with PRIT are intended to be used to fund the net pension liability. These funds were not rated for average credit quality at June 30, 2019 and 2018.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2019 and 2018:

	2019		2018	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	$ 37,611,503	$ 38,186,433	$ 33,720,224	$ 33,962,392
State taxable bonds	16,155,000	20,430,714	16,155,000	19,316,330
U.S. Treasuries	20,487,450	22,942,485	16,639,226	18,186,845
Mutual funds	10,565,139	10,852,025	4,923,149	5,194,143
	$ 84,819,092	$ 92,411,657	$ 71,437,599	$ 76,659,710

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, 2019, 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	Investment maturities (in years) Less Than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	$ 7,547,494	$ 7,547,494	$ -	$ -	$ -	Aaa
Strip Coupon Bonds - U.S. Govt. Issues	2,930,691	-	2,930,691	-	-	Aaa
Federal Home Loan Mortgage Corp. MTN ("FHLMCMTN") U.S. Govt. Issues	7,020,763	7,020,763	-	-	-	Aaa
Federal Home Loan Mortgage Corp. ("FHLMC") discount notes	9,972,688	9,972,688	-	-	-	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	10,714,797	-	10,714,797	-	-	Aaa
Various Massachusetts ST Bonds	20,430,714	-	-	-	20,430,714	Aaa1
U.S. Government Securities - Treasury Notes	22,942,485	4,591,593	5,206,592	4,248,318	8,895,982	Aaa
Total	$ 81,559,632	$ 29,132,538	$ 18,852,080	$ 4,248,318	$ 29,326,696	

At June 30, 2018, 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	Investment Maturities (in years) Less than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	$ 7,549,698	$ 7,549,698	$ -	$ -	$ -	Aaa
Strip Coupon Bonds - U.S. Govt. Issues	2,804,232	-	2,804,232	-	-	Aaa
Federal Home Loan Mortgage Corp. MTN ("FHLMCMTN") U.S. Govt. Issues	16,046,644	16,046,644	-	-	-	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	7,561,818	-	7,561,818	-	-	Aaa
Various Massachusetts ST Bonds	19,316,330	-	-	-	19,316,330	Aaa1
U.S. Government Securities - Treasury Notes	18,186,845	9,981,727	-	-	8,205,118	Aaa
Total	$ 71,465,567	$ 33,578,069	$ 10,366,050	$ -	$ 27,521,448	

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, 2019 and 2018 are held by US Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2019	2018
U.S. Government Agencies	$ 38,186,433	$ 33,962,392
State taxable bonds	20,430,714	19,316,330
U.S. Treasuries	22,942,485	18,186,845
	81,559,632	71,465,567
Less insured amounts	(500,000)	(500,000)
	$ 81,059,632	$ 70,965,567

The Authority 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, 2019:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	$ 38,186,433	$ -	$ -	$ 38,186,433
State taxable bonds	20,430,714	-	-	20,430,714
U.S. Treasuries	22,942,485	-	-	22,942,485
Mutual funds	-	10,852,025	-	10,852,025
Total investment assets	$ 81,559,632	$ 10,852,025	$ -	$ 92,411,657

The Authority's investments at fair value measurement are as follows at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	$ 33,962,392	$ -	$ -	$ 33,962,392
State taxable bonds	19,316,330	-	-	19,316,330
U.S. Treasuries	18,186,845	-	-	18,186,845
Mutual funds	-	5,194,143	-	5,194,143
Total investment assets	$ 71,465,567	$ 5,194,143	$ -	$ 76,659,710

Note 3 - Accounts receivable

Accounts receivable include the following at June 30, 2019 and 2018:

	2019	2018
Debt service receivables	$ 211,512,332	$ 217,921,810
Interest receivable on investments	543,753	577,520
Other miscellaneous receivables	82,303	3,932
Build America Bonds interest subsidy receivable	356,804	363,127
	$ 212,495,192	$ 218,866,389

The Authority anticipates that all of 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 fiscal 2019, accounts receivable, net of unearned interest income, totaling $4,949,405 were added in connection with projects at three state universities. During fiscal 2018, accounts receivable, net of unearned interest income, totaling $7,565,000 were recorded in connection with a project at one state university. A corresponding Interagency payable was recorded by the Authority in 2019 and 2018 as discussed further in Note 6.

The components of the Authority's debt service receivables in these State College-owned projects as of June 30, 2019 and 2018 are as follows:

	2019	2018
Total payments to be received	$ 274,740,502	$ 286,891,955
Less: Unearned income	(63,228,170)	(68,970,145)
Net debt service receivables in State College-owned projects	$ 211,512,332	$ 217,921,810

The following table sets forth the total payments to be received under these agreements as of June 30, 2019:

Year ending June 30:	
2020	$ 19,189,107
2021	19,149,819
2022	19,161,665
2023	19,618,932
2024	19,735,905
2025 - 2029	94,348,647
2030 - 2034	61,061,201
2035 - 2039	15,831,970
2040 - 2044	6,355,837
2045 - 2049	287,419
Total	$ 274,740,502

Note 4 - Capital assets

Capital assets activity for the year ended June 30, 2019 are as follows:

	2019			
	Totals June 30, 2018	Additions	Reclassifications and reductions	Totals June 30, 2019
Land	$ 21,569,817	$ -	$ -	$ 21,569,817
Construction in progress	9,938,763	19,048,154	(18,100,566)	10,886,351
Total not being depreciated	31,508,580	19,048,154	(18,100,566)	32,456,168
Buildings and improvements	1,299,618,890	1,442,133	18,100,566	1,319,161,589
Furnishings and equipment	59,534,862	1,310,184	-	60,845,046
Total depreciable assets	1,359,153,752	2,752,317	18,100,566	1,380,006,635
Total capital assets	1,390,662,332	21,800,471	-	1,412,462,803
Less accumulated depreciation:				
Buildings and improvements	(447,782,235)	(41,866,821)	-	(489,649,056)
Furnishings and equipment	(33,502,851)	(3,232,256)	-	(36,735,107)
Total accumulated depreciation	(481,285,086)	(45,099,077)	-	(526,384,163)
Capital assets, net	$ 909,377,246	$ (23,298,606)	$ -	$ 886,078,640

Capital assets activity for the year ended June 30, 2018 are as follows:

	2018			
	Totals June 30, 2017	Additions	Reclassifications and reductions	Totals June 30, 2018
Land	$ 19,218,163	$ 2,351,654	$ -	$ 21,569,817
Construction in progress	10,959,904	15,208,186	(16,229,327)	9,938,763
Total not being depreciated	30,178,067	17,559,840	(16,229,327)	31,508,580
Buildings and improvements	1,281,947,465	1,442,098	16,229,327	1,299,618,890
Furnishings and equipment	57,791,203	1,743,659	-	59,534,862
Total depreciable assets	1,339,738,668	3,185,757	16,229,327	1,359,153,752
Total capital assets	1,369,916,735	20,745,597	-	1,390,662,332
Less accumulated depreciation:				
Buildings and improvements	(406,751,634)	(41,030,601)	-	(447,782,235)
Furnishings and equipment	(30,187,393)	(3,315,458)	-	(33,502,851)
Total accumulated depreciation	(436,939,027)	(44,346,059)	-	(481,285,086)
Capital assets, net	$ 932,977,708	$ (23,600,462)	$ -	$ 909,377,246

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, 2019 and 2018.

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 $21,600,000 and $25,500,000, respectively, as of June 30, 2019 and 2018.

Note 5 - Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2019 and 2018:

	2019	2018
Capital assets and construction payables	$ 6,193,928	$ 5,696,258
Accrued bond interest payable	9,865,598	9,985,473
Contractor payables for State College owned assets	5,332,727	1,900,729
Authority operating expenses	88,788	24,222
	$ 21,481,041	$ 17,606,682

Note 6 - Interagency payables

Under the provisions of the Community College Program Series 1 and Series 2, the State University Program Series 2019A, 2017C, 2017B, 2017A, 2015A, 2014C, 2014B, 2014A, 2012C, 2012A, 2010A, 2010B, 2009C, 2009B, 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, 2019 and 2018, the Authority has an aggregate liability for Interagency payables of $19,887,789 and $26,363,765, 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. Prior to 1999, all of the Authority's bonds were guaranteed by the Commonwealth. The final series of guaranteed bonds (Series 2004B) were retired as of May 1, 2016. Pursuant to the Act, the Authority is precluded from issuing any additional bonds guaranteed by the Commonwealth. 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 Aa1 and Aa2 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, 2019:

	Issue date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Project Revenue Bonds								
Refunding Series 2003B	03/05/2003	$ 117,513,022	2.00 - 5.50	2003 - 2039	9.44	$ 73,103,312	$ 4,381,186	$ 77,484,498
Series 2009A	01/28/2009	128,570,000	3.00 - 5.75	2010 - 2049	4.71	-	-	-
Series 2009B	12/22/2009	82,085,000	2.00 - 5.00	2011 - 2040	3.71	1,125,000	-	1,125,000
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.77	63,720,000	-	63,720,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.13	45,830,000	-	45,830,000
Refunding Series 2011A	06/08/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00	26,965,000	3,315,295	30,280,295
Series 2012A	01/04/2012	154,345,000	3.00 - 5.00	2013 - 2041	3.91	95,560,000	8,518,052	104,078,052
Refunding Series 2012B	03/01/2012	149,275,000	3.00 - 5.00	2018 - 2043	4.70	142,430,000	17,837,077	160,267,077
Series 2012C	12/20/2012	153,840,000	2.00 - 5.00	2014 - 2042	3.14	128,930,000	6,954,900	135,884,900
Series 2014A	01/07/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.93	116,875,000	9,530,218	126,405,218
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	4.98	85,115,000	12,878,873	97,993,873
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	4.96	8,760,000	1,367,166	10,127,166
Refunding Series 2014D	12/17/2014	36,110,000	1.00 - 5.00	2015 - 2041	5.00	27,000,000	4,292,447	31,292,447
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.72	14,550,000	2,294,006	16,844,006
Refunding Series 2016A	02/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.52	175,060,000	27,746,114	202,806,114
Series 2017A	01/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.89	19,440,000	1,129,206	20,569,206
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	5.86	10,430,000	1,675,718	12,105,718
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	4.02	7,365,000	-	7,365,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.44	64,995,000	8,555,408	73,550,408
Series 2019A	01/15/2019	15,440,000	3.38 - 5.00	2020 - 2039	1.84	15,440,000	1,138,932	16,578,932
Refunding Series 2019B	01/15/2019	52,355,000	4.00	2019 - 2035	3.57	51,415,000	873,143	52,288,143
Total Project Revenue Bonds		1,585,968,022				1,174,108,312	112,487,741	1,286,596,053
Community College Program Bonds								
Series 1	03/06/2014	3,000,000	4.25	2015 - 2034	4.20	2,485,000	-	2,485,000
Series 2	01/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.50	2,805,284	-	2,805,284
Total Community College Program Bonds		6,055,000				5,290,284	-	5,290,284
Total Bonds		$ 1,592,023,022				$ 1,179,398,596	$ 112,487,741	$ 1,291,886,337

*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, 2018:

	Issue date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Project Revenue Bonds								
Refunding Series 2003B	03/05/2003	$ 117,513,022	2.00 - 5.50	2003 - 2039	4.41	$ 78,957,559	$ 4,601,157	$ 83,558,716
Series 2008A	03/12/2008	95,670,000	3.0 - 5.0	2009 - 2038	5.00	-	-	-
Series 2009A	01/28/2009	128,570,000	3.00 - 5.75	2010 - 2049	4.68	3,080,000	30,877	3,110,877
Series 2009B	12/22/2009	82,085,000	2.00 - 5.00	2011 - 2040	2.06	2,120,000	-	2,120,000
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.75	64,960,000	-	64,960,000
Series 2010A	12/17/2010	12,120,000	3.0 - 5.0	2012 - 2018	5.00	-	-	-
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.12	47,880,000	-	47,880,000
Refunding Series 2011A	06/08/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00	31,855,000	3,881,447	35,736,447
Series 2012A	01/04/2012	154,345,000	3.00 - 5.00	2013 - 2041	4.76	145,965,000	10,379,026	156,344,026
Refunding Series 2012B	03/01/2012	149,275,000	3.00 - 5.00	2018 - 2043	4.69	147,420,000	18,585,486	166,005,486
Series 2012C	12/20/2012	153,840,000	2.00 - 5.00	2014 - 2042	3.18	133,970,000	7,259,494	141,229,494
Series 2014A	01/07/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.93	120,635,000	9,860,521	130,495,521
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	4.96	87,175,000	13,397,123	100,572,123
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	4.93	9,150,000	1,459,278	10,609,278
Refunding Series 2014D	12/17/2014	36,110,000	1.00 - 5.00	2015 - 2041	4.92	27,000,000	4,488,917	31,488,917
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.70	15,120,000	2,428,948	17,548,948
Refunding Series 2016A	02/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.52	177,315,000	28,680,671	205,995,671
Series 2017A	01/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	4.61	20,135,000	1,192,823	21,327,823
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	2.71	10,590,000	1,765,090	12,355,090
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	1.86	7,565,000	-	7,565,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.73	65,555,000	8,965,865	74,520,865
Total Project Revenue Bonds		1,625,963,022				1,196,447,559	116,976,723	1,313,424,282
Community College Program Bonds								
Series 1	03/06/2014	3,000,000	4.25	2015 - 2034	4.21	2,600,000	-	2,600,000
Series 2	01/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.94	2,932,796	-	2,932,796
Total Community College Program Bonds		6,055,000				5,532,796	-	5,532,796
Total Bonds		$ 1,632,018,022				$ 1,201,980,355	$ 116,976,723	$ 1,318,957,078

*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 interest	Total debt service
2020	$ 44,204,310	$ 58,401,478	$ 102,605,788
2021	46,055,056	56,591,457	102,646,513
2022	48,298,668	54,835,592	103,134,260
2023	52,942,202	53,005,181	105,947,383
2024	50,812,907	50,785,193	101,598,100
2025-2029	281,530,093	217,336,898	498,866,991
2030-2034	256,789,582	126,346,974	383,136,556
2035-2039	242,075,778	66,403,995	308,479,773
2040-2044	130,760,000	18,453,426	149,213,426
2045-2049	25,930,000	2,783,275	28,713,275
Total	1,179,398,596	$ 704,943,469	$ 1,884,342,065
Plus: Unamortized premiums	112,487,741		
	$ 1,291,886,337		

Defeasance of debt

From time-to-time, the Authority issues refunding bonds to defease outstanding bonds. The proceeds of the refunding bonds 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 $10,264,156 and $11,043,390 were unamortized as of June 30, 2019 and 2018, respectively. 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, 2019, the assets held in escrow for the repayment of the remaining Series 1999A Bonds have an aggregate market value of $75,214,457 with an unpaid principal balance, plus accreted interest, of $70,906,019.

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 $1,108,294 and $1,297,862 were unamortized as of June 30, 2019 and 2018, respectively. 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 $8,959,196 and $9,704,191 were unamortized as of June 30, 2019 and 2018, respectively. 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 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, of which $189,815 and $200,952 were unamortized as of June 30, 2019 and 2018, respectively. 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.

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 $14,527,055 and $15,664,366 were unamortized as of June 30, 2019 and 2018, respectively. 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, 2019 and 2018, the assets held in escrow for the repayment of the remaining Series 2008A and 2009A Bonds have an aggregate market value of $7,200 and $111,263,911, respectively, with an unpaid principal balance of $0 and $107,980,000, respectively.

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 $2,493,870 and $2,697,175 were unamortized as of June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, the assets held in escrow for the repayment of the remaining Series 2009B Bonds have an aggregate market value of $72,379,309 and $73,717,269, respectively, with an unpaid principal balance of $70,275,000 each year.

The Refunding Series 2019B Bonds refunded portions of the Authority's Series 2012A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $2,891,916 and a net present value economic savings at issuance of $134,178. The refunding resulted in a deferred outflow of resources at issuance of $2,252,897, of which $2,206,253 was unamortized as of June 30, 2019. As of June 30, 2019, the assets held in escrow for the repayment of the remaining Series 2012A Bonds have an aggregate market value of $51,290,641 with an unpaid principal balance of $48,150,000.

Debt service reserve fund investment agreements

In connection with the issuance of the Series 2003A Bonds, Series 2005A Bonds, Series 2006A Bonds, and Series 2009A Bonds, the Authority entered into debt service reserve 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. The 2012B Refunding Bonds refunded a portion of the Series 2005A Bonds which necessitated that a portion ($1,800,000) of the original Series 2005A debt service reserve fund investment agreement be terminated. The funds received from this termination payment are being held in the Series 2005A Bonds Rebate Account. The 2014D Refunding Bonds refunded a portion of the Series 2005A Bonds which necessitated that a portion ($1,069,938) of the original Series 2005A debt service reserve fund investment agreement be terminated. The funds received from this termination payment are being held in the Series 2005A Bonds Rebate Account. The 2016A Refunding Bonds refunded a portion of the Series 2008A Bonds and the Forward Delivery Agreement associated with those bonds was assigned by the provider proportionately to the 2016A Refunding Bonds. The 2016A Refunding Bonds refunded a portion of the Series 2009A Bonds. A portion ($3,600,000) of the original Series 2009A debt service reserve fund was liquidated and used as a source of funds for the 2016A Refunding Bonds. The 2017D Refunding Bonds refunded a portion of the Series 2009B Bonds. A portion ($940,998) of the Series 2014B debt service reserve fund was liquidated and used as a source of funds for the 2017D Refunding Bonds. The 2019B Refunding Bonds refunded a portion of the Series 2012A Bonds.

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, 2019 and 2018:

	2019	2018
Unamortized balance, beginning	$ 116,976,723	$ 113,916,934
Current year additions	2,052,328	10,939,217
Unamortized premium on bonds refunded	(1,699,706)	(2,678,203)
Current year amortization	(4,841,604)	(5,201,225)
Unamortized balance, ending	$ 112,487,741	$ 116,976,723

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, 2019 and 2018:

	2019	2018
Balance, beginning	$ 40,607,936	$ 40,813,990
Current year additions	2,252,897	2,771,434
Current year amortization	(3,112,194)	(2,977,488)
Balance, ending	$ 39,748,639	$ 40,607,936

Note 8 - Long-term liabilities

Long-term liabilities at June 30, 2019 consisted of the following:

	2019				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	$ 1,201,980,355	$ 67,795,000	$ (90,376,759)	$ 1,179,398,596	$ 44,204,310
Unamortized premiums	116,976,723	2,052,327	(6,541,309)	112,487,741	5,092,855
Total bonds payable	1,318,957,078	69,847,327	(96,918,068)	1,291,886,337	49,297,165
Interagency payables	26,363,765	23,564,103	(30,040,079)	19,887,789	10,593,639
Net pension liability	3,828,162	292,949	-	4,121,111	-
Net OPEB liability	6,107,639	-	(4,737,039)	1,370,600	-
Other liabilities					
Compensated absences	259,786	39,972	(65,540)	234,218	102,607
Total long-term liabilities	$ 1,355,516,430	$ 93,744,351	$ (131,760,726)	$ 1,317,500,055	$ 59,993,411

Long-term liabilities at June 30, 2018 consisted of the following:

	2018				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	$ 1,230,612,559	$ 84,380,000	$ (113,012,204)	$ 1,201,980,355	$ 41,286,759
Unamortized premiums	113,916,934	10,939,217	(7,879,428)	116,976,723	5,201,225
Total bonds payable	1,344,529,493	95,319,217	(120,891,632)	1,318,957,078	46,487,984
Interagency payables	25,372,932	20,521,086	(19,530,253)	26,363,765	17,069,615
Net pension liability	3,612,661	215,501	-	3,828,162	-
Net OPEB liability	5,920,165	187,474	-	6,107,639	-
Other liabilities					
Compensated absences	259,945	55,825	(55,984)	259,786	112,902
Total long-term liabilities	$ 1,379,695,196	$ 116,299,103	$ (140,477,869)	$ 1,355,516,430	$ 63,670,501

Note 9 - Net position

The net investment in capital assets of ($44,021,651) at June 30, 2019, includes the effect of deferring the recognition of the losses on bond refundings. The $39,748,639 balance of the deferred outflows of resources on refunding of debt at June 30, 2019 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, 2019 and 2018 on a natural classification basis, are comprised of the following:

	2019	2018
Insurance	$ 1,188,922	$ 1,160,311
Compensation	1,215,481	1,084,655
Supplies and service	889,646	768,838
Pension and OPEB expenses	621,723	742,906
Depreciation	45,099,077	44,346,059
	$ 49,014,849	$ 48,102,769

Note 12 - Retirement plan

Substantially all of the Authority's full-time 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 and covers substantially all non-student employees. 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
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 paid by the Authority to the Massachusetts State Retirement Board amounted to $134,295, $115,941 and $115,941 for the years ended June 30, 2019, 2018 and 2017, respectively, which equaled the required contributions each year.

At June 30, 2019, the Authority reported a liability of $4,121,111 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2018 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. At June 30, 2019, the Authority's proportion was 0.03115%.

At June 30, 2018, the Authority reported a liability of $3,828,162 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2017 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. At June 30, 2018, the Authority's proportion was 0.02985%.

For the years ended June 30, 2019 and 2018, the Authority recognized pension expense of $446,549 and $424,806, respectively.

At June 30, 2019, 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	$ 417,649	$ -
Net difference between projected and actual earnings on pension plan investments	-	143,246
Differences between expected and actual experience	130,687	83,988
Changes in proportion	453,366	122,001
Total	$ 1,001,702	$ 349,235

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:	
2020	$ 327,938
2021	187,755
2022	9,829
2023	77,363
2024	49,582
Total	$ 652,467

At June 30, 2018, 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	$ 398,379	$ -
Net difference between projected and actual earnings on pension plan investments	-	45,613
Differences between expected and actual experience	148,012	104,155
Changes in proportion	462,095	-
Changes in proportion from Commonwealth	-	186,946
Total	$ 1,008,486	$ 336,714

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. These valuations used the following assumptions each measurement date, unless otherwise noted:

1. (a) 7.35% and 7.5% investment rates of return for the June 30, 2018 and 2017 measurement dates, respectively, (b) 3.5% interest rate credited to the annuity savings fund and (c) 3.0% cost of living increase per 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-2016 and set forward 1 year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 and set forward 1 year for females.

   (iii) Disability - the morality rate for the June 30, 2018 measurement date is assumed to be in accordance with the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016, set forward 1 year. The morality rate for the June 30, 2017 measurement date is assumed to be in accordance with the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct).

4. Experience studies were performed as follows:

    (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011.

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, 2018 and 2017 are summarized in the following table:

		Long-term expected real rate of return	
Asset class	Target allocation	2018	2017
Global equity	39.00%	5.00%	5.00%
Portfolio completion strategies	13.00%	3.70%	3.60%
Core fixed income	12.00%	0.90%	1.10%
Private equity	12.00%	6.60%	6.60%
Value added fixed income	10.00%	3.80%	3.80%
Real estate	10.00%	3.80%	3.60%
Timberland/natural resources	4.00%	3.40%	3.20%
Total	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2018 and 2017 was 7.35% and 7.5%, 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 7.35% and 7.5% for the measurement years ended June 30, 2018 and 2017, 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 (6.35% and 6.5%, respectively) or 1-percentage-point higher (8.35% and 8.5%, respectively) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2017	$ 5,213,840	$ 3,828,162	$ 2,712,022
June 30, 2018	5,554,606	4,121,111	2,896,296

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 of the Commonwealth's 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, 2019, 2018, and 2017, were $153,937, $117,538 and $151,421, 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 June 30, 2019 and 2018, the Authority reported a liability of $1,370,600 and $6,107,639, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively. The total OPEB liability at June 30, 2018 and 2017 was measured by an actuarial valuation as of December 31, 2018 and June 30, 2017, respectively, and the State's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

At June 30, 2019, the Authority's proportion of the net OPEB liability was revalued by a third party actuary, as further described in Note 15. At June 30, 2018, the Authority's proportion of the net OPEB 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. At June 30, 2018, the Authority's proportion was 0.03089%.

For the years ended June 30, 2019 and 2018, the Authority recognized OPEB expense of $175,174 and $318,100, respectively.

At June 30, 2019, 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	$ -	$ 5,532,656
Net difference between projected and actual earnings on OPEB plan investments	-	10,952
Differences between expected and actual experience	-	11,995
Changes in proportion	512,764	-
Total	$ 512,764	$ 5,555,603

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:	
2020	$ (483,875)
2021	(483,875)
2022	(483,875)
2023	(446,083)
2024	(449,305)
Thereafter	(2,695,826)
Total	$ (5,042,839)

At June 30, 2018, 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	$ -	$ 787,074
Net difference between projected and actual earnings on OPEB plan investments	-	9,875
Differences between expected and actual experience	-	15,993
Changes in proportion	682,316	-
Changes in proportion from Commonwealth	-	-
Total	$ 682,316	$ 812,942

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of December 31, 2018 rolled backward to June 30, 2018. This valuation used the following assumptions:

1. The following annual healthcare cost trend rates: (a) 7.5% decreasing by 0.5% each year to 5.5% decreasing by 0.25% each year to an ultimate rate of 5.0% per year for medical, (b) 5.0% for EGWP and (c) 5.0% for administration costs.

2. The mortality rate was in accordance with RP 2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2018, gender distinct.

3. Wage inflation and salary increases of 3.0%.

4. Participation rates:

   (i) 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.

   (ii) All future retirees are assumed to have Medicare coverage upon attainment of age 65.

   (iii) 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 total OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2017. This valuation used the following assumptions:

1. The following annual healthcare cost trend rates: (a) 8.5%, decreasing by 0.5% each year to an ultimate rate of 5.0% in 2024 for medical, (b) 5.0% for EGWP and (c) 5.0% for administration costs.

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

3. Participation rates:

(i) 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.

(ii) 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.

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

(iv) 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%

Investment assets of the Plan are with the PRIT Fund. See Note 12.

The discount rate used to measure the total OPEB liability for the measurement year ended June 30, 2018 was 3.87%. This rate was based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index. The discount rate used to measure the total OPEB liability for the measurement year ended June 30, 2017 was 3.63%. This rate was based on the Bond Buyer Index rate of 3.58% and the expected rates of return. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2023. Therefore, the long-term expected rate of return on plan investments of 7.5% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2017.

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rates of 3.87% and 3.63% for the measurement years ended June 30, 2018 and 2017, respectively, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current discount	1% increase
June 30, 2017	$ 7,269,086	$ 6,107,639	$ 4,893,409
June 30, 2018	1,623,279	1,370,600	1,170,269

(a) - The discount rates as of June 30, 2017 are as follows: 3.63% (current); 2.63% (1% decrease) and 4.63% (1% increase)

(b) - The discount rates as of June 30, 2018 are as follows: 3.87% (current); 2.87% (1% decrease) and 4.87% (1% increase)

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare cost trend rates of 9.0% and 9.0% for the measurement years ended June 30, 2018 and 2017, respectively, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current rate	1% increase
June 30, 2017	$ 4,849,057	$ 6,107,639	$ 7,358,928
June 30, 2018	1,161,889	1,370,600	1,640,149

(a) - The healthcare cost trend rates as of June 30, 2017 are as follows: 9.0% (current); 8.0% (1% decrease) and 10.0% (1% increase) for medical costs and 5.0% (current); 4.0% (1% decrease) and 6.0% (1% increase) for EGWP and administration costs

(b) - The healthcare cost trend rates as of June 30, 2018 are as follows: 7.5% (current); 6.5% (1% decrease) and 8.5% (1% increase) for medical costs and 5.0% (current); 4.0% (1% decrease) and 6.0% (1% increase) for EGWP and administration costs

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

Note 14 - Lease commitments and receivables

On July 24, 2009, the Authority entered into a lease agreement with an unrelated third party for office space located in Boston, Massachusetts. The lease was amended in January 2010 increasing the leased space to approximately 5,700 square feet. As amended, the lease provides for a minimum annual base rent of $115,885 for the initial year of the lease agreement and increases to $184,470 for year eight and each of the remaining two years thereafter in the lease term. The initial year base rent also reflects a two-month free rent period. The lease is for a term of 120 months and expires in February 2020. 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.

For the years ended June 30, 2019 and 2018, rent expense incurred, including additional costs for monthly storage and parking which are not provided under the terms of the lease agreement, amounted to $228,899 and $225,570, respectively.

Future minimum rental payment remaining under this operating lease agreement totals $122,980 through maturity in February 2020.

On June 25, 2010, the Authority entered into a lease agreement with the Massachusetts College of Pharmacy and Health Sciences ("MCPHS") for the purpose of leasing a portion of the dormitory residences of the new student residence hall at the Massachusetts College of Art and Design ("MCAD") which was completed in May 2012. Occupancy of the leased space began in the Fall 2012 academic semester. The lease was amended as of May 9, 2012 to allow for, among other matters, additional bed spaces, revised extension terms and revised total rent payments. The cost of the portion of the property that is leased to MCPHS and included in buildings and improvements in the accompanying statements of net position (deficiency in net position) amounted to approximately $35,101,000 at June 30, 2018, with accumulated depreciation of $6,142,546 as of June 30, 2018. In accordance with the lease agreement, MCPHS deposited $100,000 with the Authority in December 2009, which together with interest earned thereon, in the amount of $100,391, was credited towards the payment of MCPHS's first installment of annual rent during fiscal 2013.

The lease agreement provided for an initial term of five academic years for the original bed spaces and four academic years for the new bed spaces per the lease amendment. The lease commenced in August 2012. The lease term for the original bed spaces may be extended for three additional, consecutive five-year periods and the term of the new bed spaces may be extended for one additional one-year period. The option to extend a term shall be exercised not less than one year prior to the expiration of the term then in effect. MCPHS has exercised the option to extend both leases for one five-year period and two one-year periods, respectively. Annual rent for an academic year shall be due and payable in equal installments in September and February. Annual rent during the periods of extension provide for rent increases as defined in the lease agreement. The lease for the new bed spaces terminated on May 15, 2018.

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 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 has entered into an agreement with MCAD, whereby the 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 $28,477 during fiscal 2019. MCPHS and Plus One paid MCAD $3,361,288 and $27,782, respectively, during fiscal 2018. 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.

Future minimum rental income to be remitted to MCAD are as follows:

Year ending June 30:	Plus One Holdings
2020	$ 29,189
2021	29,919
2022	30,667
	$ 89,775

Note 15 - Change in actuarial assumptions

During the year ended June 30, 2019, the Authority consulted a third party actuary for the purpose of valuating the Authority's proportionate share of the Commonwealth's net OPEB liability using assumptions the Authority believes more accurately reflect the nature of the Authority's business. These assumptions included, but were not limited to, salary increases, mortality rates, and retirement and trend assumptions. The effect of this change in estimate on current operations is not material to the financial statements.

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, 2019

	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.0312%	0.0299%	0.0262%	0.0289%	0.0253%	0.0264%
Authority's proportionate share of the net pension liability (asset)	$ 4,121,111	$ 3,828,162	$ 3,612,661	$ 3,286,731	$ 1,878,277	$ 2,350,479
Authority's covered payroll	$ 1,705,680	$ 1,787,296	$ 1,704,399	$ 1,459,312	$ 1,431,639	$ 1,408,627
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	241.61%	214.19%	211.96%	225.22%	131.20%	166.86%
Plan fiduciary net position as a percentage of the total pension liability	67.91%	67.21%	63.48%	67.87%	76.32%	70.31%

* 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 3 and Notes to Required Supplementary Information.

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

Supplementary Information

Schedule of Authority Pension Contributions
June 30, 2019

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 134,295	$ 115,941	$ 115,941	$ 115,955	$ 101,546	$ 97,745
Contributions in relation to the contractually required contribution	(134,295)	(115,941)	(115,941)	(115,955)	(101,546)	(97,745)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 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	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 3 and Notes to 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 OPEB Liability of the Commonwealth of Massachusetts
June 30, 2019

	2019	2018	2017
Authority's proportion of the net OPEB liability (asset)	0.0309%	0.0309%	0.0271%
Authority's proportionate share of the net OPEB liability (asset)	$ 1,370,600	$ 6,107,639	$ 5,920,165
Authority's covered payroll	$ 1,705,680	$ 1,787,296	$ 1,704,399
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	80.36%	341.73%	347.35%
Plan fiduciary net position as a percentage of the total OPEB liability	7.38%	4.80%	3.81%

* 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 3 and Notes to Required Supplementary Information.

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

Supplementary Information

Schedule of Authority OPEB Contributions
June 30, 2019

	2019	2018	2017
Contractually required contribution	$ 134,295	$ 135,943	$ 115,253
Contributions in relation to the contractually required contribution	(134,295)	(135,943)	(115,253)
Contribution deficiency (excess)	$ -	$ -	$ -
Authority's covered payroll	$ 1,705,680	$ 1,787,296	$ 1,704,399
Contributions as a percentage of covered payroll	7.87%	7.61%	6.76%

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

See Independent Auditor's Report on page 3 and Notes to Required Supplementary Information.

Note 1 - Changes in net pension benefit terms and assumptions

FY2018 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2018.

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).

FY2017 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2017.

Changes in assumptions

The mortality assumptions changed as follows:

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

- Post-retirement - 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 2009 (gender distinct).

Note 2 - Changes in net OPEB benefit terms and assumptions

FY2018 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2018.

Changes in assumptions

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:

- Post-retirement - 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%

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

Supplementary Information

Statistical Information (Unaudited)

Schedule of Net Position (Deficiency) by Category

	2010 (as restated)	2011 (as restated)	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019
Net investment in capital assets	$ (21,689,811)	$ (3,693,773)	$ 1,380,597	$ 405,186	$ (3,080,091)	$ (12,717,572)	$ (26,837,719)	$ (23,187,500)	$ (29,027,598)	$ (44,021,651)
Restricted - expendable	2,555,116	1,897,286	2,415,383	2,231,469	905,631	905,721	-	-	-	-
Unrestricted	585,170	(17,664,638)	(19,618,320)	(24,880,753)	(21,970,305)	(17,193,251)	(856,119)	(17,484,620)	(13,656,989)	2,888,291
Total Net Position (Deficiency)	**$ (18,549,525)**	**$ (19,461,125)**	**$ (15,822,340)**	**$ (22,244,098)**	**$ (24,144,765)**	**$ (29,005,102)**	**$ (27,693,838)**	**$ (40,672,120)**	**$ (42,684,587)**	**$ (41,133,360)**

See Independent Auditor's Report on page 3.

Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Changes in Net Position

	2010 (as restated)	2011 (as restated)	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019
Operating Revenue										
Income from assessments	$ 42,453,490	$ 51,349,024	$ 55,373,353	$ 59,081,652	$ 67,825,646	$ 74,214,554	$ 76,187,363	$ 85,979,296	$ 87,755,221	$ 90,613,525
Federal grants for debt service	211,890	211,890	211,886	58,414	-	-	-	-	-	-
Other miscellaneous revenue	119,636	568,661	499,035	548,131	426,352	598,515	943,094	549,270	452,204	158,783
Total operating revenue	**42,785,016**	**52,129,575**	**56,084,274**	**59,688,197**	**68,251,998**	**74,813,069**	**77,130,457**	**86,528,566**	**88,207,425**	**90,772,308**
Non-Operating Revenue										
Net investment income	6,393,208	3,977,455	12,643,482	3,045,359	10,763,298	10,702,249	15,374,812	7,981,303	10,053,652	14,950,924
Transfers (to)/from State Universities	440,267	3,352,687	3,050,414	3,981,309	4,221,388	4,009,535	7,056,055	421,418	498,508	585,251
Transfers (to)/from DCAM	-	-	-	(497,294)	-	-	-	-	-	-
State capital appropriations	6,881,873	-	-	-	-	-	-	-	-	-
Build America Bonds interest subsidy	700,809	1,887,838	2,360,991	2,302,924	2,161,590	2,189,322	2,200,443	2,201,230	2,198,010	2,181,789
Gain (loss) on sale of assets	-	400,141	-	-	-	-	-	-	-	-
Miscellaneous nonoperating revenue	-	201,756	546,385	56,777	912,114	150,866	99,082	49,691	70,350	26,061
Capital grants	293,073	-	-	-	-	-	-	-	-	-
Total non-operating revenue	**14,709,230**	**9,819,877**	**18,601,272**	**8,889,075**	**18,058,390**	**17,051,972**	**24,730,392**	**10,653,642**	**12,820,520**	**17,744,025**
Total Revenue	**57,494,246**	**61,949,452**	**74,685,546**	**68,577,272**	**86,310,388**	**91,865,041**	**101,860,849**	**97,182,208**	**101,027,945**	**108,516,333**
Operating Expenses										
Insurance costs	(535,276)	(668,168)	(740,425)	(735,970)	(892,842)	(939,566)	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)
Authority operating expenses	(1,392,357)	(1,483,170)	(1,481,186)	(1,621,486)	(1,660,589)	(2,208,557)	(2,312,194)	(2,338,033)	(2,490,233)	(2,713,867)
Depreciation	(20,854,040)	(24,968,701)	(28,603,149)	(29,888,212)	(33,711,899)	(38,884,197)	(41,762,241)	(43,333,694)	(44,346,059)	(45,099,077)
Other expenses	(583,365)	(162,258)	(294,516)	(426,570)	(235,606)	(402,886)	(46,879)	(108,423)	(106,166)	(12,983)
Total operating expenses	**(23,365,038)**	**(27,282,297)**	**(31,119,276)**	**(32,672,238)**	**(36,500,936)**	**(42,435,206)**	**(45,145,972)**	**(46,866,913)**	**(48,102,769)**	**(49,014,849)**
Non-operating expenses										
Interest expense	(27,717,084)	(34,798,750)	(37,776,890)	(41,151,521)	(48,795,255)	(53,529,051)	(54,345,047)	(57,143,097)	(54,281,857)	(57,085,975)
Bond issuance costs	(402,289)	(780,005)	(2,150,595)	(1,175,271)	(564,385)	(761,121)	(1,058,566)	(230,315)	(655,786)	(864,282)
Total non-operating expenses	**(28,119,373)**	**(35,578,755)**	**(39,927,485)**	**(42,326,792)**	**(49,359,640)**	**(54,290,172)**	**(55,403,613)**	**(57,373,412)**	**(54,937,643)**	**(57,950,257)**
Total Expenses	**(51,484,411)**	**(62,861,052)**	**(71,046,761)**	**(74,999,030)**	**(85,860,576)**	**(96,725,378)**	**(100,549,585)**	**(104,240,325)**	**(103,040,412)**	**(106,965,106)**
Increase (decrease) in net position	**$ 6,009,835**	**$ (911,600)**	**$ 3,638,785**	**$ (6,421,758)**	**$ 449,812**	**$ (4,860,337)**	**$ 1,311,264**	**$ (7,058,117)**	**$ (2,012,467)**	**$ 1,551,227**

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

Supplementary Information

Statistical Information (Unaudited)

Schedule of Revenue

Institution	2010 (as restated)	2011 (as restated)	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019
Bridgewater	$ 10,167,907	$ 12,019,967	$ 12,980,504	$ 12,987,262	$ 16,281,766	$ 16,506,948	$ 16,415,422	$ 17,500,999	$ 17,534,811	$ 18,571,706
Fitchburg	4,318,236	4,705,990	4,902,735	5,127,026	5,376,040	5,641,136	5,152,007	6,096,926	6,780,228	7,403,353
Framingham	4,440,318	4,923,218	6,695,874	7,103,882	7,959,801	7,907,969	7,378,039	11,225,027	11,629,333	11,363,950
Mass. College of Art and Design	2,166,434	2,203,147	2,170,707	5,906,206	6,087,404	6,158,757	6,220,894	6,643,132	6,787,364	7,021,673
Mass. College of Liberal Arts	2,225,289	2,397,236	2,742,973	2,609,247	2,592,005	2,664,203	2,290,169	2,870,065	2,911,331	3,109,439
Mass. Maritime Academy	3,376,425	3,545,353	3,710,356	4,110,844	4,194,537	6,929,788	6,851,698	7,189,492	7,483,471	7,675,601
Salem	4,972,018	9,128,481	9,407,195	8,451,618	9,542,570	9,657,655	12,912,427	13,949,924	14,365,831	14,675,955
Westfield	6,264,556	6,649,381	6,943,818	7,402,580	9,996,056	10,382,798	10,207,246	11,465,584	11,419,260	11,770,370
Worcester	4,522,307	5,776,251	5,819,191	5,382,987	5,795,467	8,365,300	8,544,166	8,814,572	8,843,592	9,021,478
Mount Wachusett	-	-	-	-	-	-	215,295	223,575	-	-
Total	$ 42,453,490	$ 51,349,024	$ 55,373,353	$ 59,081,652	$ 67,825,646	$ 74,214,554	$ 76,187,363	$ 85,979,296	$ 87,755,221	$ 90,613,525

See Independent Auditor's Report on page 3.

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

Supplementary Information

Statistical Information (Unaudited)

Room Rates of Residence Facilities

Institution	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bridgewater	$5,640-6,962	$5,800-7,100	$6,100-7,310	$6,300-7,460	$6,540-7,740	$6,740-7,840	$6,940-8,080	$7,220-8,400	$7,510-8,862	$7,698-9,128
Fitchburg	$4,642-5,345	$4,782-6,000	$4,930-6,204	$5,100-6,420	$5,230-6,580	$5,330-6,710	$5,440-6,840	$5,770-7,900	$6,044-8,273	$6,331-8,666
Framingham	$4,755-5,755	$5,105-6,105	$5,495-8,250	$5,885-8,630	$6,085-8,830	$6,380-9,060	$6,680-9,280	$6,980-9,580	$7,280-9,880	$7,560-10,160
Mass. College of Art and Design	$6,777-9,676	$7,350-10,280	$7,610-10,640	$7,876-11,000	$8,030-11,220	$8,190-11,440	$8,350-11,670	$8,560-12,807	$8,820-13,190	$9,261-13,378
Mass. College of Liberal Arts	$4,175-4,575	$4,375-4,875	$4,530-5,050	$4,740-5,140	$4,860-5,260	$5,210-5,510	$5,500-5,700	$5,750-5,950	$6,050-6,250	$5,000-6,550
Mass. Maritime Academy	$4,978	$5,125	$5,300	$5,470	$5,910	$6,440	$6,790	$7,130	$7,340	$7,560
Salem	$5,071-8,204	$5,730-9,110	$6,150-9,350	$6,570-9,320	$6,700-9,500	$6,980-9,900	$7,280-10,320	$7,570-10,730	$7,870-11,160	$8,110-11,490
Westfield	$4,303-6,516	$4,650-6,800	$4,800-7,100	$4,950-7,350	$5,250-7,500	$5,510-8,350	$5,730-8,680	$5,940-9,000	$6,110-9,260	$4,380-9,540
Worcester	$5,272-7,165	$6,150-7,487	$6,580-7,800	$6,750-7,800	$6,920-7,980	$7,090-8,180	$7,270-8,370	$7,485-8,585	$7,646-8,746	$7,778-8,878

See Independent Auditor's Report on page 3.

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

Supplementary Information

Statistical Information (Unaudited)

Occupancy as a Percentage of Design Capacity at Residence Facilities

Institution	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bridgewater	101%	100%	100%	99%	95%	99%	97%	96%	95%	95%
Fitchburg	105%	104%	100%	101%	100%	103%	101%	96%	92%	85%
Framingham	101%	104%	100%	100%	100%	98%	98%	94%	93%	90%
Mass. College of Art and Design	100%	99%	100%	99%	99%	99%	98%	99%	99%	96%
Mass. College of Liberal Arts	94%	99%	94%	91%	86%	86%	79%	77%	74%	71%
Mass. Maritime Academy	100%	103%	106%	108%	111%	93%	101%	105%	102%	102%
Salem	106%	94%	102%	107%	106%	107%	100%	96%	96%	90%
Westfield	105%	104%	106%	101%	98%	98%	102%	99%	94%	86%
Worcester	102%	100%	103%	102%	101%	87%	94%	92%	96%	96%
State University Average	**102%**	**101%**	**101%**	**101%**	**99%**	**98%**	**98%**	**96%**	**94%**	**91%**

See Independent Auditor's Report on page 3.

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Massachusetts State College Building Authority (a component unit of the Commonwealth of Massachusetts) (the "Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 10, 2019.

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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
October 10, 2019

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