ANNUAL REPORT
FISCAL YEAR 2020

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

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FISCAL YEAR 2020

FOR THE PERIOD
JULY 1, 2019 THROUGH JUNE 30, 2020

MASSACHUSETTS
STATE COLLEGE BUILDING AUTHORITY

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JOHN J. BURNS, TREASURER
EDWARD H. ADELMAN, EXECUTIVE DIRECTOR

DECEMBER 31, 2020

Fiscal Year 2020

Annual Report

of the

Massachusetts State College Building Authority

Background

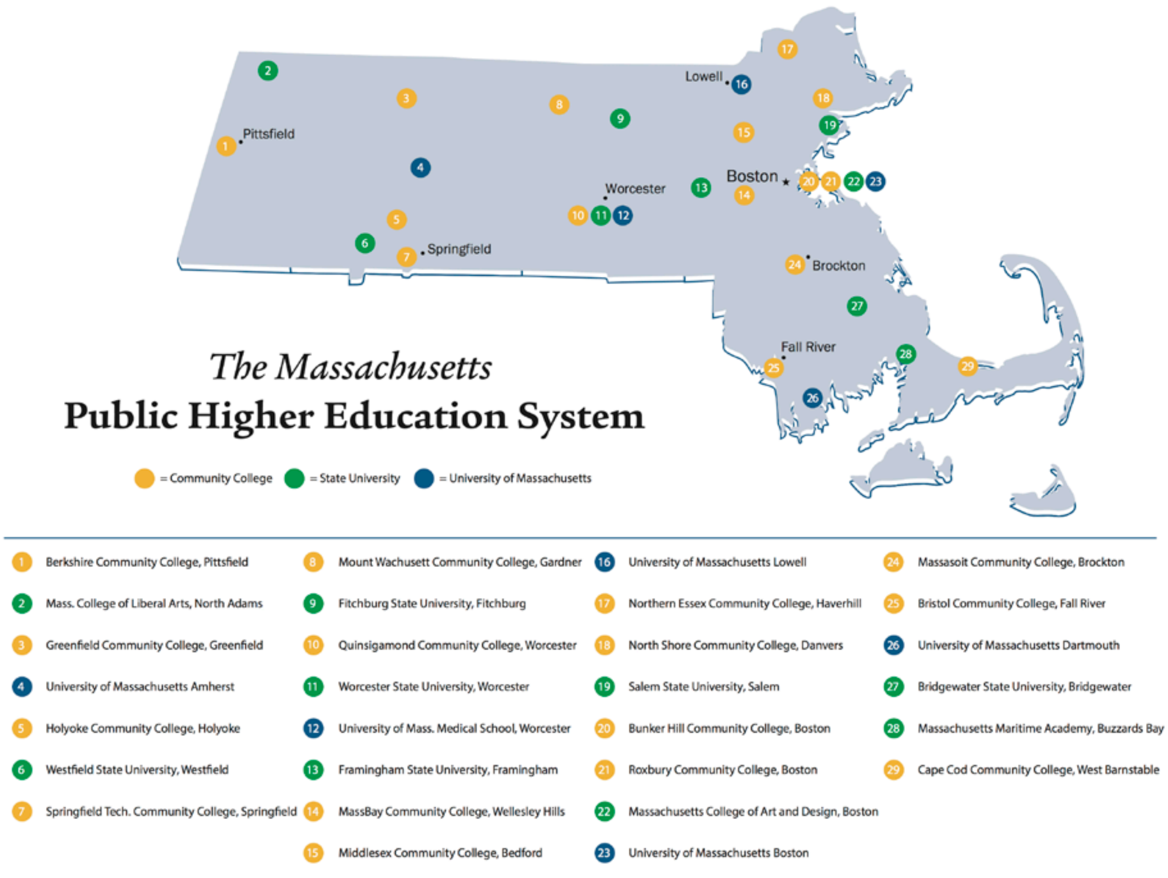
The Massachusetts State College Building Authority (the Authority) is a public instrumentality of the Commonwealth, established by the Legislature in 1963. The Authority is charged with financing, designing, constructing, and overseeing the management of housing, dining, athletic, parking, and other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

There are 17,000 beds in the 55 residential complexes owned by the Authority on the nine state university campuses; these residential facilities house approximately 40% of full-time undergraduate students and comprise about 4.5 million square feet of space in approximately 96 separate structures. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

History and Purpose

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

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



Massachusetts Department of Higher Education (August 2010)

FUNDING

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

PROJECT DELIVERY

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

NEW SYNTHETIC TURF – MAPLE STREET ATHLETIC FIELDS
FRAMINGHAM STATE UNIVERSITY

MAJOR ACCOMPLISHMENTS

For fiscal year 2020, significant Authority accomplishments included the following:

Residence Hall Construction and Renovation

- Completed bathroom renovations in Towers A and B of Russell Towers at Fitchburg State University.
- Replaced the roofs of Companies 3 and 5 of Cadet Housing at Massachusetts Maritime Academy.
- Completed the Design Development phase for New Cadet Housing at the Beachmoor site on Taylor's Point for Massachusetts Maritime Academy, including building code variance approval.
- Completed bathroom renovations and reconfigurations in Peabody and Bowditch Halls at Salem State University.
- Implemented facility renewal and adaption projects consisting of HVAC improvements, interior finishes, utility infrastructure, life safety, and access improvements at all nine state universities.

Student Activity Facilities

- Renovated the track and field surfaces at the Maple Street Athletic Fields at Framingham State University.
- Commissioned and operationalized the new chiller for the McCarthy Campus Center at Framingham State University.

- Dedicated new MassArt Art Museum (MAAM) highlighting the complete renovation of South Hall inclusive of life safety, restroom, and accessibility upgrades.
- Replaced the roof on the Recreation Center at Fitchburg State University.
- Constructed an addition to the Mess Deck at Massachusetts Maritime Academy to expand food preparation area, storage, and loading dock.
- Replaced the synthetic turf of both softball and football field at Massachusetts Maritime Academy.
- Initiated a study for a new fitness and recreation center at Mass Bay Community College.

The following tables list projects that were substantially complete in fiscal year 2020 and are underway during fiscal year 2021:

PROJECTS COMPLETED – FY 2020

Campus	Building	Description	Total Project Cost
State Universities			
Bridgewater	East Campus Commons	East Campus Commons Air Handler	$ 971,487
Fitchburg	Holmes Dining	Dish Room Replacement	1,424,500
	Mara Village	Access Improvements	1,182,500
	Recreation Center	Roof Replacement	1,685,000
	Russell Towers	Bathroom Renovations -Towers A & B	5,808,351
	Recreation Center	Sitework	360,000
	Parking Facility	Parking Study	50,000
Framingham	McCarthy Campus Center	Chiller Replacement	2,562,430
	Maple Street Athletic Field	Track & Field Renovation	1,344,734
	Warren Conference Center	Capital Improvements	169,000
	West Hall	Media Center HVAC	100,000
	Peirce Hall	Stairwell Improvements	321,594
	Corinne Towers, Larned Hall, Peirce Hall	Kitchenette & Finishes	357,116
MassArt	Artists's Residence	Entry Sidewalk Improvements	63,123
	Artists's Residence	Artist Residence Furniture	505,000
MCLA	Flagg Townhouses	Flagg Exterior Repairs and Furniture	553,289
Maritime	Mess Deck	Food Service Expansion	3,683,288
	Companies 3 & 5	Companies 3 & 5 Roof Replacement	1,200,000
	Football & Softball Field	Football/Softball Field Returf Project	1,798,000
Salem	Peabody & Bowditch Halls	Bathroom Renovation	9,100,000
	Bates Hall	Renovation Study	130,000
Westfield	Residence Halls	IT Infrastructure Upgrade	620,162
	Scanlon, Courtney, Lammers, Apartments	Repairs and Improvements	301,317
	Residence Halls	Security and Life Safety Improvements	500,000
	Scanlon Hall	Cell Tower Agreement	30,000
Worcester	Dowden Hall	Elevator Replacement Study	691,000
	Chandler Village	Hot Water Loop Inspection	25,000
	May Street Building	May Street Building Feasibility Study	450,000
Community Colleges			
Mass Bay CC	Fitness & Recreation Center	New Building Study	146,101
		Total	**$36,132,992**

PEABODY HALL BATHROOM RENOVATIONS
SALEM STATE UNIVERSITY

PROJECTS UNDERWAY – FY 2020

Campus	Building	Description	Total Project Cost Budget
State Universities			
Bridgewater	Shea Durgin	Domestic Hot Water Replacement	$ 193,183
	Stonehouse Hall	Domestic Hot Water Replacement	190,000
Fitchburg	Main Street Theater	Theater Renovation Design	1,715,400
	Russell Towers	Living Learning Suites	1,308,395
	Mara Village	Site Improvements	765,890
	164-168 Highland Ave	Study & Design for Faculty Staff Housing	3,995,000
Framingham	Warren Center	Warren Center Renewal 2020	223,371
	Peirce & Mann Halls	Peirce & Mann Flooring and Lounge Renovation	688,478
	Warren Center	Hayden Lodge Stair Repairs and Renovations	66,290
	McCarthy Campus Center	McCarthy Dining Repairs	179,398
MassArt	Artist Residence	Artist Residence MAU Replacement	1,034,330
MCLA	Hoosac Hall	Hoosac Fire Pump/Generator Study	800,000
	Berkshire Towers	Berkshire Towers Elevator Replacement	1,052,082
Maritime	New Capacity	Study & Design for 72 Beds at Beachmoor Site	1,300,000
	Companies 1-6	Zero Deck Flooring	890,000
	Kendall Rae Place Parking	236 New Surface Parking Spaces	1,215,000
	Company 1	Main Ladder-Well Renovation	320,000
Salem	Peabody Hall	Peabody Fire Pump and Res Hall Repairs	2,593,236
Westfield	Scanlon Hall	Scanlon Swing Space Fit-Out	3,283,473
	Courtney Hall	Mass Notification System	783,408
Worcester	Wasylean Hall	Chiller Replacement	450,000
	Dowden Hall	Fire Pump Replacement	150,000
			$23,196,934

Photo Credit Emma Odell

GRAND OPENING - PAINE GALLERY
MASSACHUSETTS COLLEGE OF ART & DESIGN

STATE OF THE SYSTEM

Overview

The Authority develops and manages two different types of residence hall projects: System projects and Campus projects. System projects are those facilities that existed prior to 1999 and were initially financed with debt that was guaranteed by the Commonwealth. The System buildings have pooled capital replacement reserves. System Projects comprise approximately 10,200 beds and 2.5 million gross square feet of space. By contrast, each Campus project is funded by revenue bonds that are secured by pledged rent and fees; these bonds are not guaranteed by the Commonwealth. Since 2001, the Authority has completed construction on 20 Campus projects for new residence halls, the expansion of existing ones, and three parking structures. There are approximately 6,700 beds in the Campus projects that comprise 2.0 million gross square feet. Each Campus project owned by the Authority has a separate, dedicated capital replacement reserve. Through the use of capital improvement reserves and project revenue bonds, the Authority dramatically reduced deferred maintenance in System facilities and has renovated buildings to meet the changing needs of students and the changing requirements of building codes and standards (e.g., life safety, accessibility, environmental health, sustainability, and resilience). The improved condition of the residential facilities of the Authority has resulted in a strong desirability of on-campus housing, as demonstrated in part through stable occupancy during an extended period of creating new capacity. The predictable schedule, quality, and funding of facility improvement projects reduces the likelihood of substantial unanticipated projects and their associated inconvenience and expense.

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

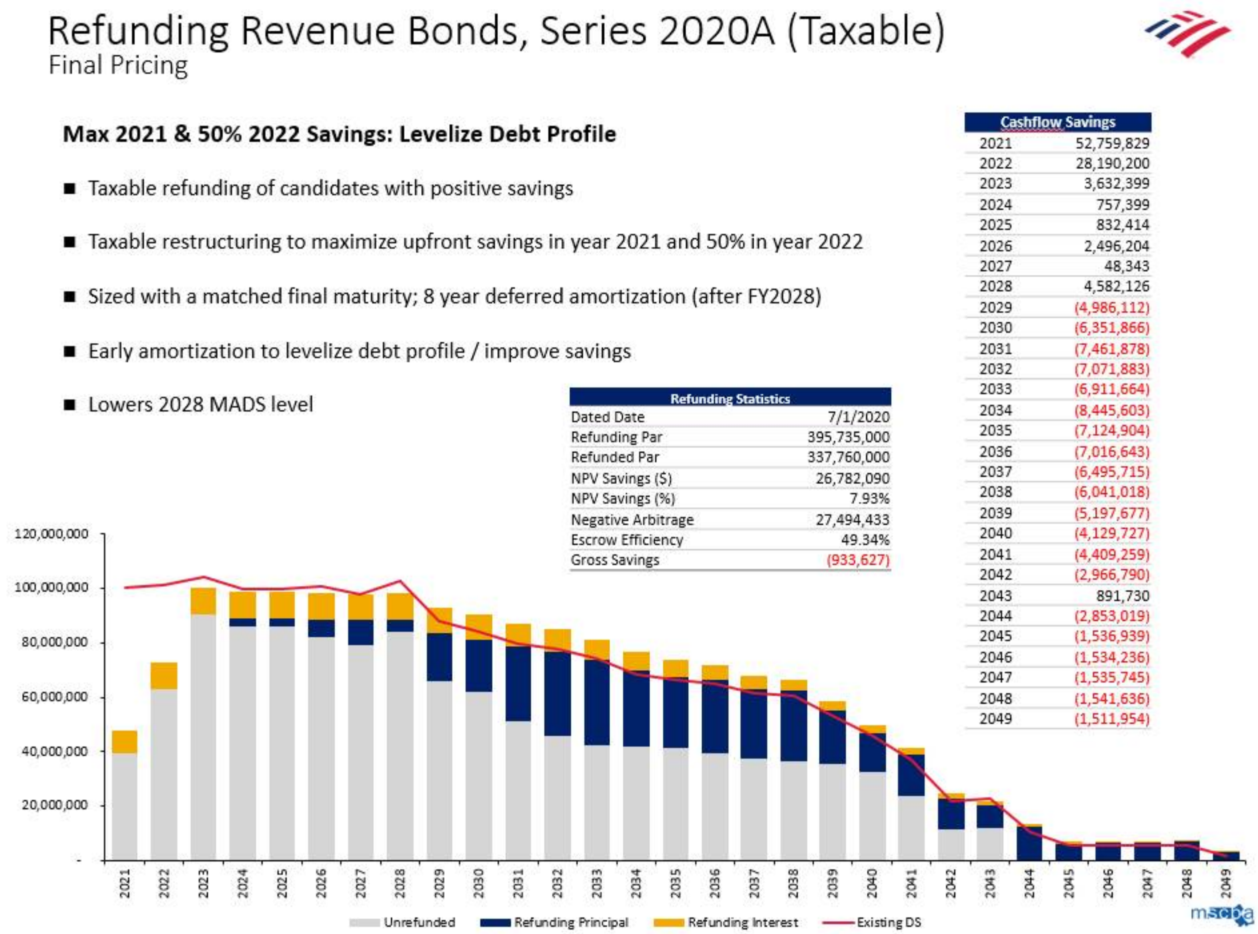
Financial Performance

The financial condition of the Authority is stable and strong. For fiscal year 2020, Authority assessments, derived primarily from rents and fees, totaled $111 million, of which $97 million was used to pay debt service. To cover the Authority's assessments and the annual expense of operating the residence halls, the universities collect rents and fees from students in accordance with the annual rent schedule prepared by the Authority and approved by the Massachusetts Board of Higher Education. In addition, the Authority had debt service reserve funds with a market value of $88 million as of June 30, 2020 that may be used to pay debt service and/or to fund capital projects. In November 2019 (as a result of the 2019C bond issue), bond holder consent was achieved to reduce the debt service reserve fund requirement to zero. In addition, the campuses pledge a total of $24 million in pledged trust funds that are available to the Authority to pay debt service, if necessary. The Authority's audited financial statements for fiscal year 2020 are included in Appendix B.

The financial condition of the Authority is further strengthened by a series of capital reserves and trust funds. The campus assessments fund annual debt service obligations, Authority operating expenses, insurance premiums, and deposits to capital reserves. During fiscal year 2020, approximately $9.3 million was deposited into the System and Campus Capital Improvement Reserves from rent revenues; these reserves are managed by the Authority and are used to fund the renewal requirements of the System and Campus projects; at the close of the fiscal year, the balance available was a combined $31.7 million. In addition, Multipurpose and Supplemental Reserves totaled $3.9 million as of the close of the fiscal year.

COVID-19 is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of COVID-19. In response, the universities shifted to online instruction for the remainder of the spring 2020 semester and during the summer; pre-paid room rents for impacted students were refunded or credited on a pro-rata basis. The federal CARES Act provided approximately $38 million of aid to the nine universities, of which approximately $11 million was used to provide refunds to students for residence hall fees in FY 2020 through the residence hall trust funds. All nine universities reopened the residence halls for the fall of 2020 and have implemented testing procedures to monitor and respond to cases on the campus.

To provide budgetary relief to the universities, the Authority issued the 2020A Refunding bonds on July 1, 2020. As a result, the FY 2021 aggregate debt service assessment was reduced by $52.8 million, and the FY 2022 aggregate debt service assessment was reduced by $28.2 million. The Authority also reduced the FY 2021 operating assessment and deferred the annual deposit to the Multipurpose and Supplemental reserves to provide additional relief. The Authority released $15.8 million from the debt service reserve to fund a portion of the fall 2020 interest payment, which further reduced the amount that needed to be assessed to the universities.



Refunding Statistics	
Dated Date	7/1/2020
Refunding Par	395,735,000
Refunded Par	337,760,000
NPV Savings ($)	26,782,090
NPV Savings (%)	7.93%
Negative Arbitrage	27,494,433
Escrow Efficiency	49.34%
Gross Savings	(933,627)

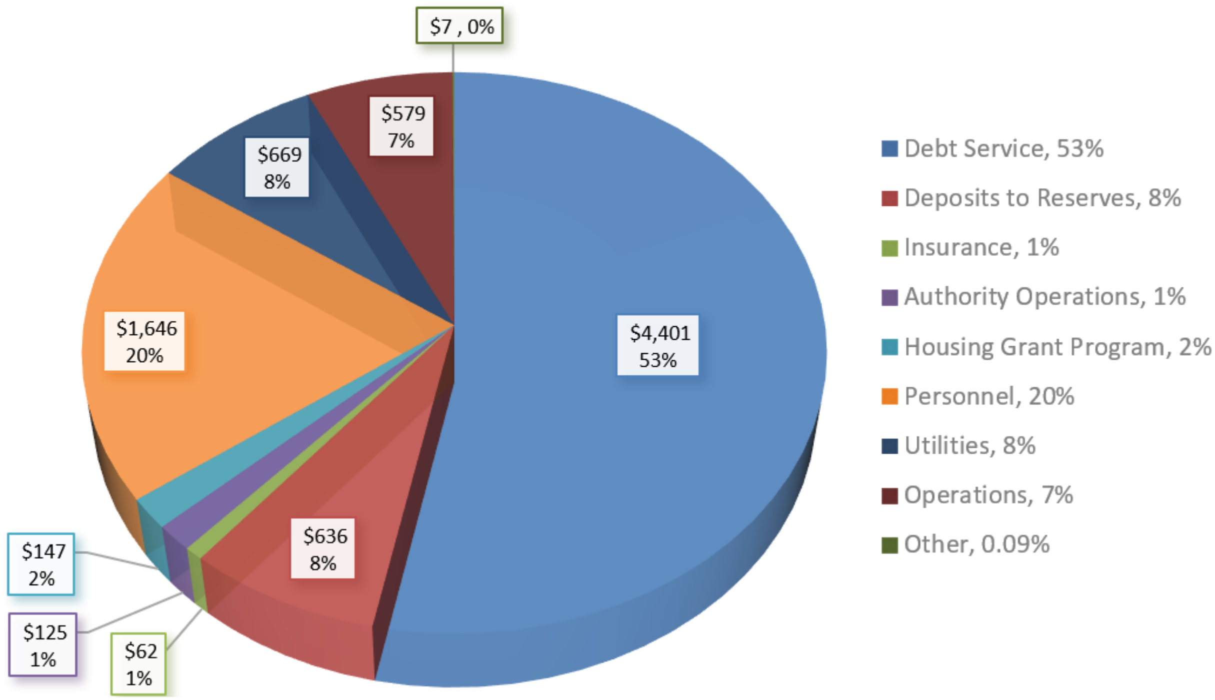
Cashflow Savings	
2021	52,759,829
2022	28,190,200
2023	3,632,399
2024	757,399
2025	832,414
2026	2,496,204
2027	48,343
2028	4,582,126
2029	(4,986,112)
2030	(6,351,866)
2031	(7,461,878)
2032	(7,071,883)
2033	(6,911,664)
2034	(8,445,603)
2035	(7,124,904)
2036	(7,016,643)
2037	(6,495,715)
2038	(6,041,018)
2039	(5,197,677)
2040	(4,129,727)
2041	(4,409,259)
2042	(2,966,790)
2043	891,730
2044	(2,853,019)
2045	(1,536,939)
2046	(1,534,236)
2047	(1,535,745)
2048	(1,541,636)
2049	(1,511,954)

Rents and Fees

For the 2019/2020 academic year (fiscal 2020), the average approved on-campus room rent was $8,273 per bed. To ensure affordability and full occupancy, Authority room rents are typically maintained at or below the off-campus market rental rates in the community in which the campus is located. Regular modest increases in room rents permit the Authority to fund increases in operating expenses (salaries and utilities), debt service expense, and a regular program of facility renewal and renovation.

The following chart illustrates the uses of the average rent per student for the 2019/2020 academic year:

Uses of the Average Rent (8,273)



Facility Renewal

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

One measure of facility condition is the Facility Condition Index, a higher education industry standard that is the ratio of the value of Deferred Maintenance divided by the Current Replacement Value of the facility [FCI = DM/CRV]. Due to steady reinvestment in existing facilities (System Projects) the FCI for the Authority has steadily improved over the past several years:

Facility Condition Index (System Projects)

	2000	2004	2008	2012	2016	2019	2020
Deferred Maintenance ($m)	61.1	39.1	15.2	10.6	10.2	19.1	24.5
Current Replacement Value ($m)	274	330	416	484	534	551	589
Facility Condition Index	**22.3%**	**11.8%**	**3.6%**	**2.1%**	**2.0%**	**3.4%**	**4.2%**

Debt Management

Authority debt is secured by the rents and fees pledged by the state colleges and paid by the students who benefit from the projects funded by the debt. Further security is provided by a campus pledge of twenty-five percent of the average annual debt service and by a debt service reserve fund. As of June 30, 2020, the Authority has issued bonds to finance projects totaling $1.37 billion. As detailed in the following chart, $287 million in bond proceeds have been used to fund repair and renewal of existing residence halls. Bond proceeds of $753 million have been used to fund the construction of new residence halls and the expansion of existing ones. The remaining bond proceeds of $277 million have been used to fund new construction, repair, and renovation of student activity facilities, and $57 million was used to provide supplemental financing for certain Commonwealth-managed projects.

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

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

Series	True Interest Cost	Original Average Life	Repair and Renovation Projects	New Residential Capacity Projects	Student Activity Projects	Supplemental Funding	Total
1999-A	5.71	20.7	$ 33.40	$ -	$ -	-	$ 33.40
1999-1	5.59	24.3	-	26.80	13.40	-	40.20
2000-1	6.03	24.0	-	20.20	-	-	20.20
2003A; B	4.87	25.4	19.00	67.00	2.10	-	88.10
2004A	4.45	20.9	24.00	32.00	2.00	-	58.00
2005A	4.32	12.7	19.00	-	14.90	-	33.90
2006A	4.50	19.8	19.60	54.10	18.30	-	92.00
2008A	4.85	20.3	32.60	49.00	0.80	-	82.40
2009A	5.29	21.4	22.10	74.80	16.40	-	113.30
2009B; C (BABs)	4.57; 3.82	21.2; 21.0	16.00	105.00	6.60	-	127.60
2010A; B (BABs)	2.33; 4.08	4.5; 16.8	12.50	1.60	30.80	10.00	44.90
2012A	4.12	19.6	11.50	113.00	31.00	3.00	155.50
2012C	2.69	15.5	10.50	80.60	46.50	17.00	137.60
2014A	4.15	16.9	18.50	62.80	43.40	5.00	124.70
CC Series 1	4.25	11.9	-	-	-	3.00	-
2014B; C	3.67; 3.16	17.7; 12.0	10.00	44.00	34.10	19.00	88.10
2015A	3.14	12.5	11.00	-	7.42	-	18.42
CC Series 2	2.75	11.1	-	-	3.05	-	3.05
2017A	3.06	12.2	8.32	1.80	10.00	-	20.12
2017B; C	2.97; 3.46	12.6; 12.0	8.00	-	11.80	-	19.80
2019A	2.97	12.5	10.90	-	4.90	-	15.80
Project Fund Total			**$ 286.92**	**$ 732.70**	**$ 297.47**	**$ 57.00**	**$ 1,317.09**

In addition to issuing bonds to fund new projects, the Authority strategically issues refunding bonds to take advantage of lower interest rates that produce lower debt service costs. Since 2011, the Authority has issued seven refunding bonds that produced an aggregate of $4.8 million in average annual debt service savings.

Enrollment

The following chart illustrates enrollment at each state university:

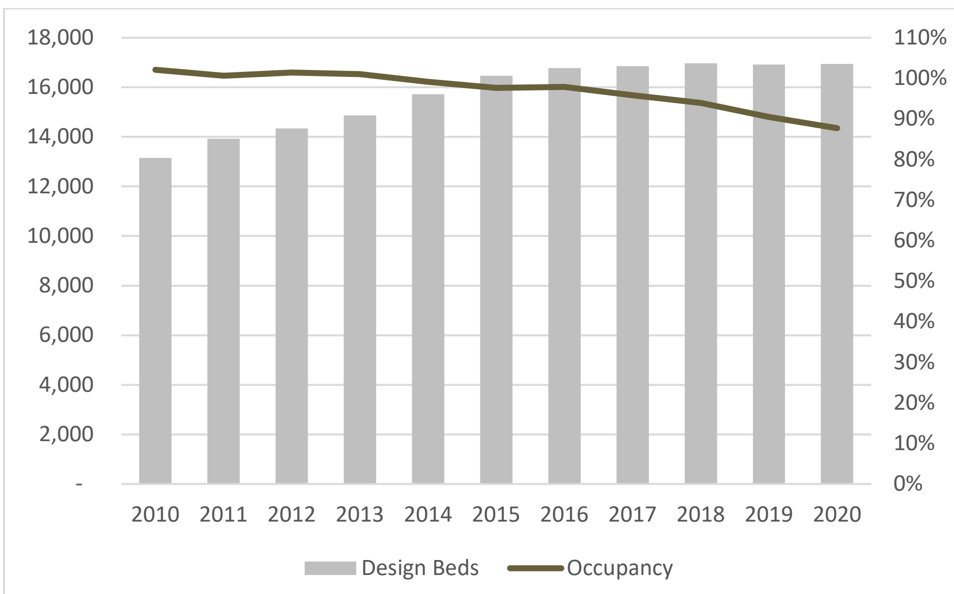
STATE UNIVERSITY ENROLLMENT (Fall Data**)**

Campus	2004	2006	2008	2010	2012	2014	2016	2018	2019
Bridgewater State	7,399	7,471	8,117	8,911	9,201	9,214	9,054	9,047	8,976
Fitchburg State	3,622	3,903	4,421	4,503	4,368	4,452	4,498	4,745	4,659
Framingham State	4,207	4,169	4,237	4,288	4,909	4,996	4,732	4,405	4,333
MA College of Art and Design	1,482	1,543	1,803	1,956	1,902	1,801	1,761	1,820	1,863
MA College of Liberal Arts	1,592	1,765	1,589	1,715	1,601	1,563	1,441	1,288	1,320
MA Maritime Academy	984	1,092	1,221	1,297	1,434	1,542	1,749	1,786	1,791
Salem State	6,422	7,224	7,279	7,438	7,207	7,290	7,226	6,778	6,260
Westfield State	4,090	4,630	4,863	5,174	5,352	5,563	5,617	5,345	5,081
Worcester State	3,794	3,939	4,004	4,350	4,770	4,872	4,860	4,930	4,850
Total	**33,592**	**35,736**	**37,535**	**39,630**	**40,744**	**41,293**	**40,938**	**40,144**	**39,133**

Residence Hall Occupancy

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

RESIDENCE HALL OCCUPANCY (Annual Data)



Housing Financial Aid

By statute, the fees, rents, and charges assessed by the Authority must provide sufficient revenue to pay the cost of debt service, maintenance, repair, operations, and capital improvement reserves. There is a range of types and costs of Authority projects, to appeal to a range of student interests and resources. To further improve the affordability of its projects, the Authority established a housing financial aid program in 2005. In fiscal year 2020, this program provided $2.42 million that was redistributed by the financial aid offices of the nine state universities to complement the financial aid package for residential students.

Economic Impact

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

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

Expense Type	FY2012	FY2014	FY2016	FY2017	FY2018	FY2020	FY2020 Employment
Authority Operations and Administration	$1.50	$1.70	$2.88	$2.75	$2.70	$2.38	12
Residence Hall Operations	$36.90	$43.40	$48.90	$46.62	$46.20	$46.00	315
Construction and Maintenance*	$122.70	$169.40	$111.30	$46.48	$39.33	$37.11	186
Total	**$161.10**	**$214.50**	**$163.08**	**$95.85**	**$88.23**	**$85.49**	**513**

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

Commitment to Diversity

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

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

Sustainability

The Authority has taken a leadership role in improving the sustainability of its projects and the larger campus environments that it serves by increasing energy conservation, reducing resource consumption and emissions, and moderating the upward pressure on student rents and fees due to the cost of utilities. This effort has been recognized by the United States Green Building Council (USGBC) by conferring Leadership in Energy and Environmental Design (LEED) status on 18 Authority projects. The sustainability work of the Authority was also recognized with an Agency Leading by Example Award by the Commonwealth of Massachusetts Executive Office for Energy and Environmental Affairs. Appendix C includes a list of projects registered with the USGBC.

Green Bonds

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

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

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

In December 2014, the Authority issued Green Bonds in the amount of $91,375,000 (Series 2014B) to fund the following projects, each of which meets the criteria of the Guidelines:

PROJECTS INCLUDED IN SERIES 2014B (GREEN BONDS)

Project	Campus	Project Amount	Standard	Status
West Hall Student Residence	Framingham State	$44,000,000	USGBC Gold	Complete
North Campus Parking Structure	Salem State	23,000,000	GPC Bronze	Complete
Hammond Campus Center	Fitchburg State	10,000,000	USGBC Silver	Complete
Center for Design + Media	Mass Art	8,000,000	Mass LEED+	Complete
Science Center	Westfield State	11,000,000	Mass LEED+	Complete

Strategic Planning

Every other year, the Authority updates its *Strategic Plan* to determine the long-term demand for student housing facilities at the nine state university campuses. This plan considers the latest available enrollment data and projections prepared by the Department of Higher Education. In the past, the goal was to provide, on average, housing for fifty percent of the full-time undergraduate students in the state university system: this would provide capacity for two years of housing during a students' four-year undergraduate experience. The present goal is to identify specific housing targets to support the sustained enrollment for each campus. The Authority will continue to update its *Strategic Plan* on a biennial basis to ensure that future projects are aligned with demand for housing and to effectively manage occupancy of existing facilities.

COMMONWEALTH OF MASSACHUSETTS
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Janet Chrisos, Deputy Director
Amanda Forde, Director of Capital Renewal
Paul Forgione, Project Manager
Jennifer Gonzalez, Deputy Director, Administration & Finance
Michael Rose, Contract Administrator and Senior Accountant*
Kiara Taylor, Administrative Coordinator*
Leigh Warren, Capital Projects Coordinator
Meredith Withelder, Finance Manager

GENERAL COUNSEL
Bowditch & Dewey

CERTIFIED PUBLIC ACCOUNTANTS
CohnReznick

BOND COUNSEL
Hinckley Allen

As of June 30, 2020

*Effective July 5, 2020.

Appendix A
Moody's Investors Services

Massachusetts College and University Ratings
as of December 30, 2020

Institution	Rating
Amherst College	Aaa
Harvard University	Aaa
Massachusetts Institute of Technology	Aaa
Smith College	Aa1
Wellesley College	Aa1
Williams College	Aa1
Massachusetts State College Building Authority	**Aa2**
Tufts University	Aa2
University of Massachusetts Building Authority	Aa2
Boston College	Aa3
Boston University	Aa3
College of the Holy Cross	Aa3
MCPHS University	Aa3
Mount Holyoke College	Aa3
Brandeis University	A1
Clark University	A1
Northeastern University	A1
Babson College	A2
Bentley University	A2
Berklee College of Music	A2
Franklin W. Olin College of Engineering	A2
Worcester Polytechnic Institute	A2
Worcester State University	A2
Stonehill College	A3
Simmons College	Baa1
Wentworth Institute of Technology	Baa1
Wheaton College	Baa1
Emerson College	Baa2
Emmanuel College	Baa2
Merrimack College	Baa2
Suffolk University	Baa2
Dean College	Baa3

APPENDIX B

FY 2020 Audited Financial Statements

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, 2020 and 2019

CohnReznick
ADVISORY • ASSURANCE • TAX

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

Index

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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, 2020 and 2019, 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, 2020 and 2019, 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.

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 59 to 64, 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 65 to 69 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 December 7, 2020, 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
December 7, 2020

Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019
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, 2020 and 2019, 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

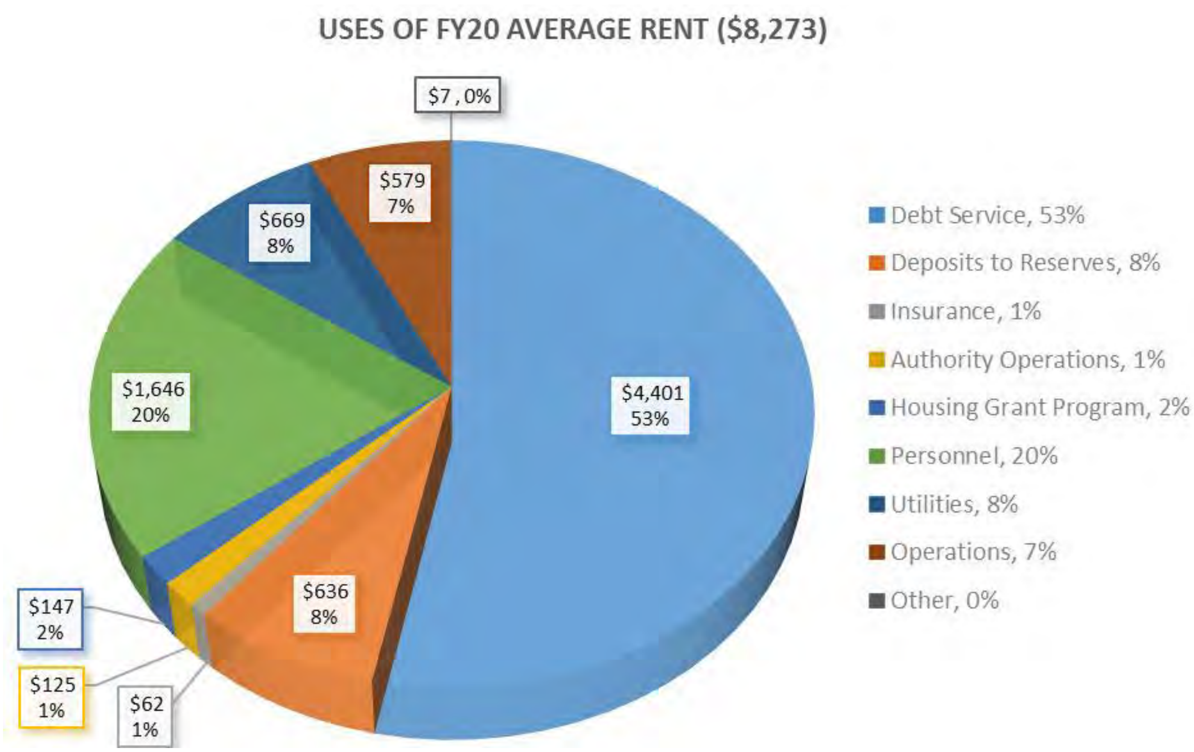
The Massachusetts State College Building Authority is a public instrumentality of the Commonwealth of Massachusetts charged with financing, designing, constructing, and overseeing the management of revenue-funded facilities - housing, dining, athletic, parking, and other student activity facilities -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

The state university segment of the public institutions of higher education includes Bridgewater, Fitchburg, Framingham, Salem, Westfield, and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design, and Massachusetts Maritime Academy. The community college segment includes the following institutions: Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges.

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 budgeted rent in academic year 2019/20 was $8,273 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 2019/20 and 2018/19, the number of students housed in on-campus housing owned by the Authority was 87.7% and 90.5% of design occupancy, respectively.

At the beginning of the spring 2020 semester, approximately 14,300 students resided in the 57 residential complexes owned by the Authority. These facilities house 45% of fall 2019 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.

COVID-19 is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of COVID-19. In response, the Universities shifted to online instruction for the remainder of the spring 2020 semester and during the summer. The unaudited aggregate balance in the residence hall trust fund for FY20 is estimated at $8.7 million, approximately 6.6% of the prior year expense. All nine Universities reopened the residence halls for the fall of 2020 and have implemented testing procedures to monitor and respond to cases on the campus through quarantining of those with positive test results or the switch to mostly online classes for the final weeks of the semester.

The following table shows average annual residence hall occupancy from academic year 2010/11 through 2019/20. During this period the authority increased design occupancy by 22%, or over 3,000 beds.

State University	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Bridgewater	99.7%	99.6%	98.9%	94.6%	99.2%	98.2%	96.4%	94.8%	94.8%	95.8%
Fitchburg	103.8	100.2	100.8	99.6	103.1	100.9	96.0	92.1	84.8	76.2
Framingham	103.9	99.8	100.3	100.3	97.9	97.9	93.8	92.9	89.9	87.9
Mass. College of Art and Design	99.4	99.6	99.3	99.2	98.6	98.2	99.2	99.0	96.2	100.0
Mass. College of Liberal Arts	97.5	93.8	91.1	85.8	85.7	78.6	77.4	74.4	70.8	73.5
Mass. Maritime Academy	102.9	106.0	107.9	111.2	92.5	100.5	104.6	102.0	101.8	101.4
Salem	93.5	102.3	106.7	105.9	106.8	99.7	96.3	95.7	89.9	79.0
Westfield	104.3	105.8	101.1	98.1	98.3	102.4	99.2	93.9	86.0	82.2
Worcester	99.1	102.5	101.9	101.1	86.6	94.0	92.3	95.5	96.0	95.7
Average Occupancy	**100.6%**	**101.4%**	**101.0%**	**99.1%**	**97.6%**	**97.9%**	**95.8%**	**93.9%**	**90.5%**	**87.7%**
Design Occupancy	**13,931**	**14,344**	**14,863**	**15,716**	**16,472**	**16,773**	**16,857**	**16,971**	**16,922**	**16,939**

Financial Statements

The Authority's financial statements (pages 17 to 22 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 Series $233.6 million Refunding Revenue Bonds Series 2019C (Federally Taxable) to refund the Series 2012A Bonds and Series 2012B Bonds. The refunding bonds resulted in present value savings of 10.2% of the par amount of the refunded bonds. The Series 2019C 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 3.04%. See the subsequent event discussion on page 56 for bond activity that occurred after June 30, 2020.

- 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 and FY20, 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 $1.4 million in FY19. The OPEB liability for FY20 is $1.6 million.

- The total assets of the Authority declined from $1.26 billion at June 30, 2019 to $1.21 billion at June 30, 2020. This decline largely relates to depreciation exceeding investment in new capital assets on Authority-owned facilities by $26.5 million. Details of capital assets are provided on pages 33 and 34.

- Total liabilities decreased $73.1 million, from $1.3 billion in FY19 to $1.27 billion in FY20. This decline is due to a combination of reduced debt outstanding ($55.5 million), a reduction in campus funds held by the Authority ($7.5 million), and a decrease in accounts payable ($10.0 million).

- FY20 operating revenues increased $1.7 million or 1.9% from FY19 due to increased assessment revenues used to fund debt obligations, Authority operations, and deposits to capital reserves.

Financial Analysis

<u>Statements of Net Position (Deficiency in Net Position)</u>
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, 2020, 2019, and 2018

	Fiscal year ended June 30, 2020	2019	2018
Current assets	$ 72,453,924	$ 87,632,827	$ 85,986,555
Capital assets, net	859,554,400	886,078,640	909,377,246
Other noncurrent assets	277,965,122	289,040,639	294,178,547
Total assets	1,209,973,446	1,262,752,106	1,289,542,348
Deferred outflows of resources	31,359,579	41,263,105	42,298,738
Current liabilities	68,131,342	81,737,089	81,530,088
Noncurrent liabilities	1,198,028,518	1,257,506,644	1,291,845,929
Total liabilities	1,266,159,860	1,339,243,733	1,373,376,017
Deferred inflows of resources	5,497,765	5,904,838	1,149,656
Net position			
Net investment in capital assets	(52,345,420)	(44,021,651)	(29,027,598)
Restricted			
Unrestricted	22,020,820	2,888,291	(13,656,989)
Deficiency in net position	$ (30,324,600)	$ (41,133,360)	$ (42,684,587)

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, 2020, current assets decreased $15.2 million or 17.3% from the prior year. Unrestricted cash increased by $1.4 million, reflecting increased capital reserves while restricted cash and investments declined by $20.9 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 $33.7 million at June 30, 2020. To assist the universities with the impact of the early closing of the residence halls due to COVID-19, the Authority distributed in June $4 million of earnings in the debt service funds after the May 1, 2020 debt service payment was made.

- For the year ended June 30, 2019, current assets increased $779 thousand, or 0.9% from the prior year due to an increase in campus funded initiatives, increased interest earnings, and a decreased spending rate of new money bonds from the 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 $26.5 million, or 3.0% in FY20 and $23.3 million, or 2.5%, in FY19. Further detail of capital assets is discussed on pages 33 and 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, 2020 restricted cash and cash equivalents increased by $1.4 million reflecting a conversion of current cash from an investment type security to cash.

- 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, 2020 total debt service reserve fund balances decreased by $114 thousand or 0.14%. 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.

Net accounts receivable related to university-owned assets were reduced by $6.7 million from the year ended June 30, 2019 to June 30, 2020 due to payments of receivables, savings from the 2019C refunding, and no additional borrowing in FY20. Accounts receivable decreased 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.

Deferred outflow of resources includes deferred outflows for pensions and OPEB ($1.1 million) and deferred losses on refunding of debt ($30.2 million). Total deferred outflows for resources was $31.4 for the year ended June 30, 2020, a decrease of $9.91 million or 24.0%. This decrease was driven by a reduction in the deferred losses of prior refundings mainly due to the 2019C taxable refunding.

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

- For the year ended June 30, 2020, total liabilities decreased $73.1 million, or 5.5%, driven by a reduction in bonds payable and accounts payable.

- 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 adjustment for the FY18 pension and OPEB liabilities, net of an increase in accounts payable of $3.8 million.

- 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 FY20 to be $3.9 million compared to $4.1 million in FY19. The Authority invests its retirement trust fund with the Commonwealth's Pension Reserve Investment Trust. This investment was valued at $5.3 million as of June 30, 2020, which is $1.4 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 post-employment benefits (OPEB) 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 re-stated 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. As of June 30, 2020, the liability is $1.6 million.

- 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 further on page 15.

- 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, 2020 decreased by $10.8 million compared to the net position at June 30, 2019. The deficiency in net position at June 30, 2019 decreased by $1.5 million compared to the net position at June 30, 2018. The net position for the years ended June 30, 2020 and 2019, excluding depreciation, was $14.7 million and $4.0 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.

Summary - Operating and Non-Operating Revenues and Expense

	Fiscal year ended June 30,		
	2020	2019	2018
Total operating revenues	$ 92,496,233	$ 90,772,308	$ 88,207,425
Total operating expenses	48,605,316	49,014,849	48,102,769
Operating income	43,890,917	41,757,459	40,104,656
Nonoperating expenses, net	(33,082,157)	(40,206,232)	(42,117,123)
Increase (decrease) in net position	10,808,760	1,551,227	(2,012,467)
Net position - beginning of the year	(41,133,360)	(42,684,587)	(40,672,120)
Net position - end of the year	$ (30,324,600)	$ (41,133,360)	$ (42,684,587)

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, 2020, operating income grew $1.7 million, or 1.9% due to increases in assessment revenues and management fee revenues on campus owned projects.
- 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.
- Miscellaneous revenue includes management fees on campus-owned projects, revenue from a laundry operation contract, and other one-time revenue. This increased to $345 thousand from $159 thousand due to an increase management fees and one-time revenues in FY20.

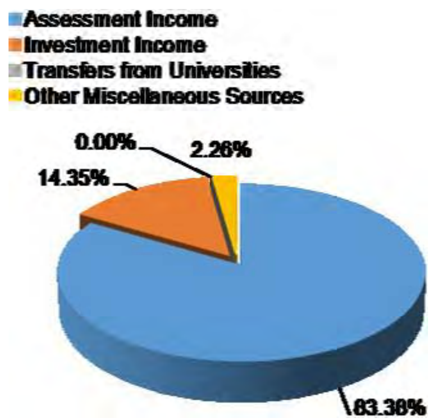
Non-operating expenses, net include other revenue including investment income on project funds and reserves, net transfers between the Authority and the state universities in support of capital projects, and interest subsidy from the U.S. Treasury relating to the Authority's outstanding Build America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

- For the year ended June 30, 2020, net investment income increased $4.7 million, a 31.5% increase.
- For the year ended June 30, 2019, net investment income increased $4.8 million, a 48% 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 1.0%.

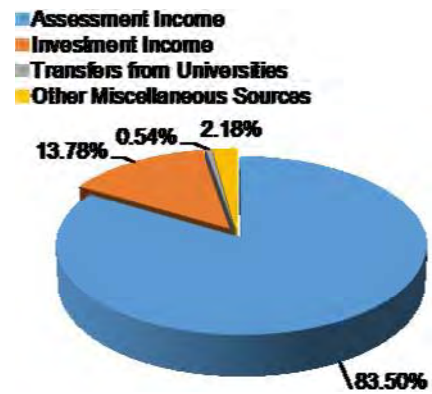
The charts below compare total revenue for FY20 with FY19.

Summary - Total Revenue Fiscal Years 2020 and 2019

2020



2019



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

- For the year ended June 30, 2020, the $409 thousand decrease in operating expenses is driven by a decline in pension and OPEB expenses of $416 thousand. All other operating expenses were stable to the prior year.

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

- Net non-operating 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.

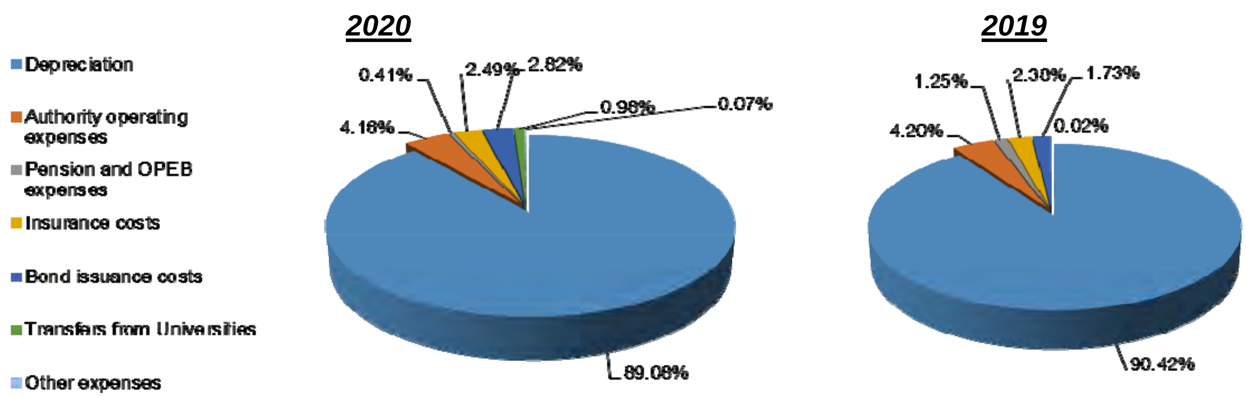
  - In the year ended June 30, 2020, the Authority had interest expense of $53.0 million, a 7.2% decrease from the prior year, due to savings on the 2019C refunding and no new debt issued.

  - For the year ended June 30, 2019, the Authority had interest expense of $57.0 million, an increase of $2.8 million, or 5% from FY18.

  - In the year ended June 30, 2020, bond issuance costs were $1.4 million, related to the 2019C refunding, as well as the cancelled initial 2020A project fund. For the year ended June 30, 2019, bond issuance costs were $864 thousand, related to the 2019A and 2019B bond issuances.

The charts below compare total expenses, excluding interest expense, for FY20 with FY19.

Summary - Total Expenses (excluding Interest Expense) Fiscal Years 2020 and 2019



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, 2020	2019	2018
Cash received from operations	$ 92,150,894	$ 90,693,937	$ 88,207,426
Cash expended for operations	(4,127,139)	(2,610,797)	(4,016,821)
Net cash provided by operations	88,023,755	88,083,140	84,190,605
Net cash provided by (used in) capital and related financing activities	(113,386,093)	(92,040,591)	(82,897,124)
Net cash provided by (used in) investing activities	11,434,722	(8,146,118)	5,916,543
Net increase (decrease) in cash and cash equivalents	(13,927,616)	(12,103,569)	7,210,024
Cash and cash equivalents, beginning of year	71,664,824	83,768,393	76,558,369
Cash and cash equivalents, end of year	$ 57,737,208	$ 71,664,824	$ 83,768,393

- Cash and cash equivalents were $57.7 million at June 30, 2020 compared to $71.6 million at June 30, 2019. This decline is due to the spending of bond proceeds and campus funds, combined with no new debt issued.

- Cash and cash equivalents were $71.6 million at June 30, 2019 compared to $83.7 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 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 was stable from FY19 to FY20, decreasing by $59 thousand to $88.0 million in FY20, or 0.1%.

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 FY20, net cash used in capital and related financing activities was $113.4 million compared to $92.0 million in FY19. The change between fiscal years is primarily attributable to spending of campus funds and bond funds on project initiatives, offset by proceeds from the 2019C refunding and the transfer of $4 million in funds to the campuses to provide financial flexibility in the spring.

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, 2020, net cash provided by investing activities increased by $19.6 million, reflecting the investment strategy implemented in the year ended June 30, 2019. No new project funds were issued during the year, so there were no new funds to purchase investments. On June 25, 2020, a forward delivery agreement termination letter was signed with SunTrust Bank for $3.8 million. These funds were deposited to the debt service fund on July 1, 2020. As part of the agreement, the Authority also retained the security held in the debt service reserve fund, which matured in October 2020.

Capital Assets
The Authority's investment in capital assets as of June 30, 2020 was $859.6 million, net of accumulated depreciation, compared to $886.1 million as of June 30, 2019 and $909.4 million as of June 30, 2018. Capital assets include land, buildings and improvements thereon, furnishings and equipment. Capital assets comprised approximately 71% of total assets at June 30, 2020, 70% at June 30, 2019, and 71% at June 30, 2018. During the years ended June 30, 2020 and 2019, the Authority had additions to capital assets of $18.4 million and $21.8 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 $23.5 million at June 30, 2020 compared to $10.9 million at June 30, 2019.

- The buildings and improvements balance were $1.32 billion at June 30, 2020 compared to $1.32 billion at June 30, 2019 and $1.29 billion at June 30, 2018.

- The furnishings and equipment balance was $62 million at June 30, 2020, compared to $60.8 million at June 30, 2019 and $59.5 million at June 30, 2018. The $1.4 million increase in furnishings and equipment in FY20 was attributable to purchases across the state colleges.

- The Authority did not enter into any real estate transactions for the year ended June 30, 2020. Land value is unchanged at $21.6 million at June 30, 2020 and June 30, 2019.

- 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, 2020, such commitments were approximately $6.7 million. This decrease in commitments reflects the completion of significant projects during FY20.

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, 2020, the Authority had $1.15 billion in principal amount of bonds outstanding compared to $1.18 billion and $1.293 billion at June 30, 2019 and 2018, respectively. The outstanding bond obligations carried unamortized premium balances of $84.1 million, $112.4 million, and $116.9 million respectively, as of June 30, 2020, 2019 and 2018. The $27.1 million decrease in bonds outstanding in fiscal year 2020 is attributable to $45.2 million of principal payments offset by new payments related to the 2019C refunding. 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 1st and November 1st for the Community College Bonds, Series 2 issued in 2017 and Series 1 issued in 2014. The Authority's outstanding debt has no associated interest rate exchange agreements. Of the amount outstanding, $106.2 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 federal fiscal years 2020, 2019 and 2018, a portion of the Authority's interest rate subsidy was reduced by approximately 5.9%, 6.2%, and 6.6%, 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, 2020. 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, 10 High Street, Suite 201, Boston, Massachusetts 02110.

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

Statements of Net Position (Deficiency in Net Position)
June 30, 2020 and 2019

Assets

	2020	2019
Current assets		
Cash and cash equivalents	$ 39,817,188	$ 38,432,363
Restricted cash and cash equivalents	13,829,422	30,575,062
Restricted investments, including amounts held by trustee	-	5,621,784
Accounts receivable, net	18,707,275	12,901,825
Prepaid expenses	100,039	101,793
Total current assets	72,453,924	87,632,827
Noncurrent assets		
Restricted cash and cash equivalents	4,090,598	2,657,399
Restricted investments, including amounts held by trustee	81,445,074	81,559,632
Restricted investments, retirement fund	5,334,437	5,230,241
Accounts receivable, net	187,095,013	199,593,367
Capital assets, net	859,554,400	886,078,640
Total noncurrent assets	1,137,519,522	1,175,119,279
Total assets	1,209,973,446	1,262,752,106
Deferred outflows of resources		
Deferred outflows for pensions	717,561	1,001,702
Deferred outflows for OPEB	429,320	512,764
Deferred losses on refunding of debt	30,212,698	39,748,639
Total deferred outflows of resources	31,359,579	41,263,105

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

Statements of Net Position (Deficiency in Net Position)
June 30, 2020 and 2019

Liabilities

	2020	2019
Current liabilities		
Accounts payable and accrued liabilities	$ 11,434,508	$ 21,481,041
Accrued payroll	233,485	262,637
Interagency payables	3,071,216	10,593,639
Compensated absences	134,281	102,607
Current portion of bonds payable	53,257,852	49,297,165
Total current liabilities	68,131,342	81,737,089
Noncurrent liabilities		
Compensated absences	118,313	131,611
Interagency payables	9,294,150	9,294,150
Bonds payable, net of current portion	1,183,094,762	1,242,589,172
MSCBA portion of net pension liability	3,935,112	4,121,111
MSCBA portion of net OPEB liability	1,586,181	1,370,600
Total noncurrent liabilities	1,198,028,518	1,257,506,644
Total liabilities	1,266,159,860	1,339,243,733
Deferred inflows of resources		
Deferred inflows for pensions	595,589	349,235
Deferred inflows for OPEB	4,902,176	5,555,603
Total deferred inflows of resources	5,497,765	5,904,838
Net position (deficiency in net position)		
Net investment in capital assets	(52,345,420)	(44,021,651)
Unrestricted (deficit)	22,020,820	2,888,291
Total net position (deficiency in net position)	$ (30,324,600)	$ (41,133,360)

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, 2020 and 2019

	2020	2019
Operating revenues		
Income from contracts for financial assistance, management, and services	$ 92,150,894	$ 90,613,525
Other miscellaneous revenues	345,339	158,783
Total operating revenues	92,496,233	90,772,308
Operating expenses		
Insurance costs	1,255,933	1,188,922
Authority operating expenses	2,103,260	2,097,325
Depreciation	45,007,554	45,099,077
Pension and OPEB expenses	205,282	621,723
Other expenses	33,287	7,802
Total operating expenses	48,605,316	49,014,849
Operating income	43,890,917	41,757,459
Nonoperating revenues (expenses)		
Net investment income	19,660,645	14,950,924
Interest expense	(52,979,652)	(57,085,975)
Bond issuance costs	(1,424,327)	(864,282)
Net transfers to/from State Universities	(495,898)	585,251
Build America Bonds interest subsidy	2,147,963	2,181,789
Miscellaneous nonoperating revenue (expense)	9,112	26,061
Net nonoperating revenues (expenses)	(33,082,157)	(40,206,232)
Increase (decrease) in net position	10,808,760	1,551,227
Net position (deficiency in net position) Beginning of year	(41,133,360)	(42,684,587)
Net position (deficiency in net position) End of year	$ (30,324,600)	$ (41,133,360)

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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	$ 92,150,894	$ 90,613,525
Other miscellaneous receipts (expenses)	(740,336)	80,412
Payments for insurance costs	(1,254,179)	(420,105)
Payments for operating expenses	(639,445)	(812,097)
Payments to employees	(1,244,704)	(1,231,317)
Payments for other expenses	(248,475)	(147,278)
Net cash provided by operating activities	88,023,755	88,083,140
Cash flows from capital and related financing activities		
Proceeds from bond issuance	233,620,000	69,847,327
Cash paid to bond trustee related to advanced refunding	(208,928,305)	(50,919,164)
Build America Bonds interest subsidy	2,156,194	2,188,112
Payments of bond issuance costs	(1,424,327)	(864,282)
Payments for capital assets	(22,441,978)	(21,228,956)
Miscellaneous receipts (expenditures)	9,112	26,061
Collections of debt service receivables	21,689,314	18,784,822
Transfer of funds from State Universities	(495,898)	585,251
Payments from funds held for others	(13,183,534)	(26,657,503)
Funds received and held for others	620,020	18,664,103
Principal paid on capital debt	(68,798,068)	(43,410,197)
Interest paid on capital debt	(56,208,623)	(59,056,165)
Net cash used in capital and related financing activities	(113,386,093)	(92,040,591)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	68,103,161	65,016,485
Purchases of investments	(58,235,162)	(78,397,804)
Interest on investments	1,566,723	5,235,201
Net cash provided by (used in) investing activities	11,434,722	(8,146,118)
Net decrease in cash and cash equivalents	(13,927,616)	(12,103,569)
Cash and cash equivalents, beginning of year	71,664,824	83,768,393
Cash and cash equivalents, end of year	$ 57,737,208	$ 71,664,824

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

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 43,890,917	$ 41,757,459
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	45,007,554	45,099,077
Change in net pension liability	344,496	312,254
Change in unfunded net OPEB liability	(354,402)	175,174
Changes in assets and liabilities		
Accounts receivable	(1,085,675)	(78,371)
Prepaid expenses	1,754	768,817
Accounts payable and accrued liabilities	229,887	64,566
Accrued payroll and compensated absences	(10,776)	(15,836)
Net cash provided by operating activities	$ 88,023,755	$ 88,083,140

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	2020
Acquisition of capital assets	$ 18,483,314
Accounts payable thereon	
Beginning of year	6,193,928
End of year	(2,017,957)
Net interest incurred and earned, capitalized in construction in progress	(217,307)
Payments for capital assets	$ 22,441,978
Contractor accounts payable related to State College capital projects on State College-owned property	$ 291,636
Unrealized gain (loss) on investment securities	$ 8,035,853

	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 College capital projects on State College-owned property	$ 5,332,727
Unrealized gain (loss) on investment securities	$ 2,370,612

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, 2020 and 2019.

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, 2020 and 2019, 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 2020 and 2019, 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 2020 and 2019, the Authority incurred $1,424,327 and $864,282, 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, the information about the fiduciary net position reflects the entire OPEB liability. The Authority authorized the establishment of an OPEB trust to be funded in future years.

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 2020 and 2019, total interest costs were accounted for as follows:

	2020	2019
Total interest incurred	$ 55,149,265	$ 58,936,290
Amortization of bond premium	(5,040,655)	(4,841,603)
Amortization of deferred loss	3,149,244	3,112,194
Less: capitalized portion of interest incurred	$ (278,202)	$ (120,906)
Interest expense	$ 52,979,652	$ 57,085,975
Capitalized portion of interest incurred	$ 278,202	$ 120,906
Less interest income on unused funds from tax-exempt borrowings	(60,895)	(47,061)
Net capitalized interest	$ 217,307	$ 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 2019 financial statements to conform to the 2020 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 $43,489,752 and $49,801,275 as of June 30, 2020 and 2019, 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, 2020 and 2019, the fair market value of the Authority's cash equivalent balances with U.S. Bank of $14,247,456 and $21,726,216, 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, 2020 and 2019. 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, 2020 and 2019.

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, 2020 and 2019: 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 $5,334,437 and $5,230,241 as of June 30, 2020 and 2019, 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, 2020 and 2019.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2020 and 2019:

	2020		2019	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	$ 27,796,587	$ 28,481,810	$ 37,611,503	$ 38,186,433
State taxable bonds	16,155,000	22,491,744	16,155,000	20,430,714
U.S. Treasuries	25,735,049	30,471,520	20,487,450	22,942,485
Mutual funds	5,264,277	5,334,437	10,565,139	10,852,025
	$ 74,950,913	$ 86,779,511	$ 84,819,092	$ 92,411,657

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, 2020, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

		Investment maturities (in years)				
Investment Type	Fair market value	Less Than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	$ 7,598,513	$ 7,598,513	$ -	$ -	$ -	Aaa
Strip Coupon Bonds - U.S. Govt. Issues	3,029,410	3,029,410	-	-	-	Aaa
Federal Home Loan Mortgage Corp. MTN ("FHLMCMTN") U.S. Govt. Issues	7,062,962	7,062,962	-	-	-	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	10,790,925	10,103,249	-	687,676	-	Aaa
Various Massachusetts ST Bonds	22,491,744	-	-	4,043,221	18,448,523	Aa1
U.S. Government Securities - Treasury Notes	30,471,520	10,315,830	9,647,087	-	10,508,603	Aaa
Total	$ 81,445,074	$ 38,109,964	$ 9,647,087	$ 4,730,897	$ 28,957,126	

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 maturities (in years)				
Investment Type	Fair market value	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	Aa1
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	

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, 2020 and 2019 are held by US Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2020	2019
U.S. Government Agencies	$ 28,481,810	$ 38,186,433
State taxable bonds	22,491,744	20,430,714
U.S. Treasuries	30,471,520	22,942,485
	81,445,074	81,559,632
Less insured amounts	(500,000)	(500,000)
	$ 80,945,074	$ 81,059,632

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

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

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

Level 3: Unobservable inputs for an asset or liability.

The Authority's investments at fair value measurement are as follows at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	$ 28,481,810	$ -	$ -	$ 28,481,810
State taxable bonds	22,491,744	-	-	22,491,744
U.S. Treasuries	30,471,520	-	-	30,471,520
Mutual funds	-	5,334,437	-	5,334,437
Total investment assets	$ 81,445,074	$ 5,334,437	$ -	$ 86,779,511

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

Note 3 - Accounts receivable

Accounts receivable include the following at June 30, 2020 and 2019:

	2020	2019
Debt service receivables	$ 199,742,426	$ 211,512,332
Interest receivable on investments	485,073	543,753
Investment income receivable	3,800,000	-
Other miscellaneous receivables	1,426,216	82,303
Build America Bonds interest subsidy receivable	348,573	356,804
	$ 205,802,288	$ 212,495,192

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 2020, no accounts receivable, net of unearned interest income, were added in connection with projects at the state universities. During fiscal 2019, accounts receivable, net of unearned interest income, totaling $4,949,405 were added in connection with projects at three state universities. A corresponding Interagency payable was recorded by the Authority in 2019 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, 2020 and 2019 are as follows:

	2020	2019
Total payments to be received	$ 252,792,950	$ 274,740,502
Less: Unearned income	(53,050,524)	(63,228,170)
Net debt service receivables in State College-owned projects	$ 199,742,426	$ 211,512,332

The following table sets forth the total payments to be received under these agreements as of June 30, 2020:

Year ending June 30:	
2021	$ 18,932,428
2022	18,944,240
2023	19,401,273
2024	19,518,285
2025	19,554,045
2026 - 2030	90,573,940
2031 - 2035	48,299,310
2036 - 2040	12,765,364
2041 - 2045	4,582,425
2046 - 2050	221,640
Total	$ 252,792,950

Note 4 - Capital assets

Capital assets activity for the year ended June 30, 2020 are as follows:

	2020			
	Totals June 30, 2019	Additions	Reclassifications and reductions	Totals June 30, 2020
Land	$ 21,569,817	$ -	$ -	$ 21,569,817
Construction in progress	10,886,351	16,116,346	(3,458,376)	23,544,321
Total not being depreciated	32,456,168	16,116,346	(3,458,376)	45,114,138
Buildings and improvements	1,319,161,589	929,061	3,458,376	1,323,549,026
Furnishings and equipment	60,845,046	1,437,907	-	62,282,953
Total depreciable assets	1,380,006,635	2,366,968	3,458,376	1,385,831,979
Total capital assets	1,412,462,803	18,483,314	-	1,430,946,117
Less accumulated depreciation:				
Buildings and improvements	(489,649,056)	(41,917,102)	-	(531,566,158)
Furnishings and equipment	(36,735,107)	(3,090,452)	-	(39,825,559)
Total accumulated depreciation	(526,384,163)	(45,007,554)	-	(571,391,717)
Capital assets, net	$ 886,078,640	$ (26,524,240)	$ -	$ 859,554,400

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

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, 2020 and 2019.

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 $8,900,000 and $21,600,000, respectively, as of June 30, 2020 and 2019.

Note 5 - Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2020 and 2019:

	2020	2019
Capital assets and construction payables	$ 2,017,957	$ 6,193,928
Accrued bond interest payable	8,806,240	9,865,598
Construction reserve payable	265,189	-
Contractor payables for State College-owned assets	291,636	5,332,727
Authority operating expenses	53,486	88,788
	$ 11,434,508	$ 21,481,041

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, 2020 and 2019, the Authority has an aggregate liability for Interagency payables of $12,365,366 and $19,887,789, 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 Aa2 and AA- by Moody's and S&P Global, respectively. The Authority's outstanding debt for the Community College Program is not rated.

The following table summarizes the Authority's outstanding debt as of June 30, 2020:

	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	10.35	$ 67,618,890	$ 4,161,210	$ 71,780,100
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.79	62,450,000	-	62,450,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.19	43,710,000	-	43,710,000
Refunding Series 2011A	06/08/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00	21,830,000	2,749,143	24,579,143
Series 2012A	01/04/2012	154,345,000	3.00 - 5.00	2013 - 2041	2.09	4,255,000	406,913	4,661,913
Refunding Series 2012B	03/01/2012	149,275,000	3.00 - 5.00	2018 - 2043	2.24	11,220,000	1,521,205	12,741,205
Series 2012C	12/20/2012	153,840,000	2.00 - 5.00	2014 - 2042	3.08	123,645,000	6,650,306	130,295,306
Series 2014A	01/07/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.93	112,930,000	9,199,919	122,129,919
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	5.00	82,970,000	12,360,624	95,330,624
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	5.00	8,350,000	1,275,053	9,625,053
Refunding Series 2014D	12/17/2014	36,110,000	1.00 - 5.00	2015 - 2041	5.00	27,000,000	4,095,979	31,095,979
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.75	13,950,000	2,159,065	16,109,065
Refunding Series 2016A	02/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.52	169,470,000	26,811,556	196,281,556
Series 2017A	01/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.85	18,710,000	1,065,588	19,775,588
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.71	10,085,000	1,586,347	11,671,347
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.27	7,070,000	-	7,070,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.44	64,405,000	8,144,951	72,549,951
Series 2019A	01/15/2019	15,440,000	3.38 - 5.00	2020 - 2039	3.97	15,255,000	1,082,000	16,337,000
Refunding Series 2019B	01/15/2019	52,355,000	4.00	2019 - 2035	4.02	49,915,000	833,469	50,748,469
Refunding Series 2019C	11/19/2019	233,620,000	1.69 - 3.37	2021 - 2043	3.45	232,370,000	-	232,370,000
Total Project Revenue Bonds		1,608,933,022				1,147,208,890	84,103,328	1,231,312,218
Community College Program Bonds								
Series 1	03/06/2014	3,000,000	4.25	2015 - 2034	4.20	2,365,000	-	2,365,000
Series 2	01/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.53	2,675,396	-	2,675,396
Total Community College Program Bonds		6,055,000				5,040,396	-	5,040,396
Total Bonds		$ 1,614,988,022				$ 1,152,249,286	$ 84,103,328	$ 1,236,352,614

*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, 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 is the amortization schedule for the Authority's long-term debt:

Year ending June 30:	Total principal	Total interest	Total debt service
2021	$ 48,250,056	$ 52,835,000	$ 101,085,056
2022	50,533,668	51,039,932	101,573,600
2023	55,217,202	49,167,816	104,385,018
2024	52,877,907	47,161,339	100,039,246
2025	54,708,595	45,357,719	100,066,314
2026-2030	290,088,913	185,767,769	475,856,682
2031-2035	262,863,545	105,700,281	368,563,826
2036-2040	235,549,400	50,418,841	285,968,241
2041-2045	85,325,000	12,043,190	97,368,190
2046-2050	16,835,000	1,779,350	18,614,350
Total	1,152,249,286	$ 601,271,237	$ 1,753,520,523
Plus: Unamortized premiums	84,103,328		
	$ 1,236,352,614		

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 $9,458,789 and $10,264,156 were unamortized as of June 30, 2020 and 2019, 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, 2020, the assets held in escrow for the repayment of the remaining Series 1999A Bonds have an aggregate market value of $71,900,205 with an unpaid principal balance, plus accreted interest, of $74,549,846.

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 $918,726 and $1,108,294 were unamortized as of June 30, 2020 and 2019, 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 $675,971 and $8,959,196 were unamortized as of June 30, 2020 and 2019, respectively. During 2020, deferred losses of $7,675,715 were recognized as a result of the 2019C bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the related unpaid principal of the 2006A bonds and 2005A bonds, respectively.

The 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 $178,677 and $189,815 were unamortized as of June 30, 2020 and 2019, 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 $13,402,557 and $14,527,055 were unamortized as of June 30, 2020 and 2019, 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, 2020 and 2019, the assets held in escrow for the repayment of the remaining Series 2008A and 2009A Bonds have an aggregate market value of $1 and $7,200, respectively, with the principal balance paid as of 2019.

The Refunding Series 2017D Bonds refunded portions of the Authority's Series 2009B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $19,934,951 and a net present value economic savings at issuance of $12,745,369. The refunding resulted in a deferred outflow of resources at issuance of $2,771,434, of which $2,292,518 and $2,493,870 were unamortized as of June 30, 2020 and 2019, respectively. During 2020, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009B bonds in the amount of $70,275,000. As of June 30, 2020, the assets held in escrow were fully used for the repayment of the remaining Series 2009B Bonds.

The Refunding Series 2019B Bonds refunded portions of the Authority's Series 2012A Bonds. These bonds were refinanced to achieve a total increase of debt service at issuance of $2,891,916 and a net present value economic savings at issuance of $133,946. The refunding resulted in a deferred outflow of resources at issuance of $2,252,897, of which $2,037,974 and $2,206,253 were unamortized as of June 30, 2020 and June 30, 2019, respectively. As of June 30, 2020 and 2019, the assets held in escrow for the repayment of the remaining Series 2012A Bonds have an aggregate market value of $48,994,046 and $51,290,641, respectively, with an unpaid principal balance of $46,890,000 and $48,150,000 at June 30, 2020 and 2019, respectively.

The Refunding Series 2019C Bonds refunded portions of the Authority's Series 2012A and 2012B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $29,159,706 and a net present value economic savings at issuance of $22,116,569. The refunding resulted in a deferred outflow of resources at issuance of $1,289,017, of which $1,247,486 was unamortized as of June 30, 2020. As of June 30, 2020, the assets held in escrow for the repayment of the remaining Series 2012A and 2012B Bonds have an aggregate market value of $228,766,515 with an unpaid principal balance of $215,315,000.

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. On June 25, 2020, a forward delivery agreement termination letter was signed with SunTrust Bank for $3.8 million. These funds were deposited to the debt service fund on July 1, 2020. 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. The 2019C Refunding Bonds refunded a portion of the Series 2012A and 2012B 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, 2020 and 2019:

	2020	2019
Unamortized balance, beginning	$ 112,487,741	$ 116,976,723
Current year additions	-	2,052,328
Unamortized premium on bonds refunded	(23,343,757)	(1,699,706)
Current year amortization	(5,040,656)	(4,841,604)
Unamortized balance, ending	$ 84,103,328	$ 112,487,741

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, 2020 and 2019:

	2020	2019
Balance, beginning	$ 39,748,639	$ 40,607,936
Current year additions	1,289,017	2,252,897
Current year refunded	(7,675,715)	-
Current year amortization	(3,149,243)	(3,112,194)
Balance, ending	$ 30,212,698	$ 39,748,639

Note 8 - Long-term liabilities

Long-term liabilities at June 30, 2020 consisted of the following:

	2020				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	$ 1,179,398,596	$ 233,620,000	$ (260,769,310)	$ 1,152,249,286	$ 48,250,056
Unamortized premiums	112,487,741	-	(28,384,413)	84,103,328	5,007,796
Total bonds payable	1,291,886,337	233,620,000	(289,153,723)	1,236,352,614	53,257,852
Interagency payables	19,887,789	620,020	(8,142,443)	12,365,366	3,071,216
Net pension liability	4,121,111	-	(185,999)	3,935,112	-
Net OPEB liability	1,370,600	215,581	-	1,586,181	-
Other liabilities					
Compensated absences	234,218	53,245	(34,869)	252,594	134,281
Total long-term liabilities	$ 1,317,500,055	$ 234,508,846	$ (297,517,034)	$ 1,254,491,867	$ 56,463,349

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

Note 9 - Net position

The net investment in capital assets of ($52,345,520) at June 30, 2020, includes the effect of deferring the recognition of the losses on bond refundings. The $30,212,698 balance of the deferred outflows of resources on refunding of debt at June 30, 2020 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.

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As of June 30, 2020, there was no significant impact to the Authority's operations, however, the Authority is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Authority's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects on the Authority's financial position, results of operations and cash flows.

Note 11 - Operating expenses

The Authority's operating expenses for the years ended June 30, 2020 and 2019 on a natural classification basis, are comprised of the following:

	2020	2019
Insurance	$ 1,231,698	$ 1,188,922
Compensation	1,233,928	1,215,481
Supplies and service	902,619	889,646
Pension and OPEB expenses	205,282	621,723
Maintenance	24,235	-
Depreciation	45,007,554	45,099,077
	$ 48,605,316	$ 49,014,849

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 $215,188, $134,295 and $115,941 for the years ended June 30, 2020, 2019 and 2018, respectively, which equaled the required contributions each year.

At June 30, 2020, the Authority reported a liability of $3,935,112 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2019 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, 2020, the Authority's proportion was 0.02689%.

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%.

For the years ended June 30, 2020 and 2019, the Authority recognized pension expense of $559,684 and $446,549, respectively.

At June 30, 2020, 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	$ 291,688	$ -
Net difference between projected and actual earnings on pension plan investments	-	58,698
Differences between expected and actual experience	130,686	51,178
Changes in proportion	295,187	485,713
Total	$ 717,561	$ 595,589

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:	
2021	$ 117,974
2022	(35,618)
2023	22,679
2024	30,483
2025	(13,546)
Total	$ 121,972

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

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2019. 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. These valuations used the following assumptions each measurement date, unless otherwise noted:

1. (a) 7.25% and 7.35% investment rates of return for the June 30, 2019 and 2018 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 reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016, set forward 1 year.

4. Experience studies were performed as follows:

   (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

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

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2019 and 2018 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return 2019	Long-term expected real rate of return 2018
Global equity	39.00%	4.90%	5.00%
Core fixed income	15.00%	1.30%	0.90%
Private equity	13.00%	8.20%	6.60%
Portfolio completion strategies	11.00%	3.90%	3.70%
Real estate	10.00%	3.60%	3.80%
Value added fixed income	8.00%	4.70%	3.80%
Timberland/natural resources	4.00%	4.10%	3.40%
Total	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2019 and 2018 was 7.25% and 7.35%, 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 7.25% and 7.35% for the measurement years ended June 30, 2019 and 2018, 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 (6.25% and 6.35%, respectively) or 1-percentage-point higher (8.25% and 8.35%, respectively) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2018	$ 5,554,606	$ 4,121,111	$ 2,896,296
June 30, 2019	5,237,762	3,935,112	2,822,060

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, 2020, 2019, and 2018, were $90,731, $153,937 and $117,538, respectively, which equaled the required contributions each year. Required contributions include contributions for the total health plan costs for both active and retired employees.

At December 31, 2018, the Authority's plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	8
Active members	13
Inactive employees	1
Total plan members	22

The Authority has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and funds the plan on a pay-as-you-go basis. Employees are not required to make contributions to the plan. At June 30, 2020 and 2019, the Authority reported a net OPEB liability of $1,586,181 and $1,370,600, respectively. The components of the net OPEB liability were as follows:

	June 30, 2020	June 30, 2019
Total OPEB liability	$ 1,586,181	$ 1,370,600
Plan fiduciary net position	-	-
Net OPEB liability	$ 1,586,181	$ 1,370,600
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%

The Authority's OPEB liability was measured at June 30, 2019 and 2018, respectively, and the total OPEB liability used to calculated the net OPEB liability was measured by an actuarial valuation as of June 30, 2019 and June 30, 2018, respectively.

The changes in OPEB liability for the plan for the years ended June 30, 2020 and 2019 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ 1,370,600	$ -	$ 1,370,600
Changes for the year:			
Service cost	94,823	-	94,823
Interest	56,145	-	56,145
Changes of assumptions	93,930	-	93,930
Contributions - employer	-	29,317	(29,317)
Benefit payments	(29,317)	(29,317)	-
Net changes	215,581	-	215,581
Balance at June 30, 2020	$ 1,586,181	$ -	$ 1,586,181

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	$ 1,023,731	$ -	$ 1,023,731
Changes for the year:			
Service cost	244,646	-	244,646
Interest	239,294	-	239,294
Contributions - employer	-	137,071	(137,071)
Benefit payments	(137,071)	(137,071)	-
Net changes	346,869	-	346,869
Balance at June 30, 2019	$ 1,370,600	$ -	$ 1,370,600

For the years ended June 30, 2020 and 2019, the Authority recognized OPEB expense of $(354,402) and $175,174, respectively. The recognized OPEB expense for the year ended June 30, 2020 is negative due to deferred inflows and outflows resulting in a change in OPEB liability.

At June 30, 2020, 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	$ 86,108	$ 4,886,581
Net difference between projected and actual earnings on OPEB plan investments	-	7,598
Differences between expected and actual experience	-	7,997
Changes in proportion	343,212	-
Total	$ 429,320	$ 4,902,176

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:	
2021	$ (476,047)
2022	(476,047)
2023	(438,255)
2024	(441,477)
2025	(441,477)
Thereafter	(2,199,553)
Total	$ (4,472,856)

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

The total OPEB liability for the June 30, 2019 and 2018 measurement date was determined by an actuarial valuation as of December 31, 2018 rolled forward and backward, respectively, to June 30, 2019 and 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 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 discount rate used to measure the total OPEB liability for the measurement years ended June 30, 2019 and 2018 were 3.50% and 3.87%, respectively. These rates were 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 following presents the Authority's net OPEB liability calculated using the discount rates of 3.50% and 3.87% for the measurement years ended June 30, 2019 and 2018, respectively, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current discount	1% increase
June 30, 2018	$ 1,623,279	$ 1,370,660	$ 1,170,269
June 30, 2019	1,885,598	1,586,181	1,349,711

(a) - The discount rates as of June 30, 2019 are as follows: 3.50% (current); 2.50% (1% decrease) and 4.50% (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 net OPEB liability calculated using the healthcare cost trend rates of 7.5% for both the measurement years ended June 30, 2019 and 2018, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current rate	1% increase
June 30, 2018	$ 1,161,889	$ 1,370,600	$ 1,640,149
June 30, 2019	1,325,290	1,586,181	1,928,632

(a) - The healthcare cost trend rates as of June 30, 2019 and 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

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 provided for a minimum annual base rent of $115,885 for the initial year of the lease agreement and increased to $184,470 for year eight and each of the remaining two years thereafter in the lease term. The initial year base rent also reflected a two-month free rent period. The lease was for a term of 120 months and expired in February 2020. The Authority was 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.

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

For the years ended June 30, 2020 and 2019, rent expense incurred, including additional costs for monthly storage and parking, which are not provided under the terms of the lease agreements, amounted to $231,433 and $228,899, respectively.

Future minimum rental payments remaining under the new operating lease agreement through maturity in February 2031 are as follows:

Year ending June 30:	Amount
2021	$ 278,361
2022	283,680
2023	288,999
2024	294,318
2025	299,637
Thereafter	1,797,822
Total	$ 3,242,817

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 $29,189 and $28,477 during fiscal 2020 and 2019, respectively. The Authority assesses annual obligations to MCAD, which include the pro rata share of the building occupied by Plus One, on the same debt assessment basis the Authority uses for their other residence halls.

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

Year ending June 30:	Plus One Holdings
2021	$ 29,919
2022	30,667
2023	-
2024	-
	$ 60,586

Note 15 - Change in actuarial assumptions

During the years ended June 30, 2020 and 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.

Note 16 - Subsequent bond issuances

On July 1, 2020, the Authority closed on $395,735,000 of Refunding Revenue Bonds Series 2020A (Federally Taxable) for the purpose of providing budgetary relief to the nine State Universities in fiscal year 2021 and fiscal year 2022. These bonds were issued to refund/restructure approximately $338 million of debt outstanding from multiple series of bonds. Since the transaction included advance refunding for series of bonds which must be issued on a taxable basis, no premium was generated. In addition to the advance refunded series, the May 1, 2021 principal and a portion of the May 1, 2022 principal from sixteen other series of bonds were included in the refunding escrow to provide budgetary relief. The reduction of the fiscal year 2021 debt service assessment is approximately $52.8 million. The reduction of the fiscal year 2022 debt service assessment is approximately $28.2 million. The overall impact through 2049 was an increase in gross debt service costs of approximately $933 thousand. The refunding resulted in present value savings of approximately $26.8 million or 7.9% of the par amount of the refunded bonds. The first principal payment is due on May 1, 2024, and the final term bond maturity is on May 1, 2049, which matches the final maturity of the Authority's outstanding debt prior to the 2020A. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 1.044% in 2024 to 3.072% in 2049. The refunding escrow is invested in Treasuries and State and Local Government Series ("SLGS") to the various call dates or maturity dates for non-callable maturities. On August 18, 2020, the Authority's board approved the release of approximately $15.8 million currently held in the Debt Service Reserve Fund to pay the November 1, 2020 interest payment on behalf of the State Universities. This distribution combines with the 2020A refunding and other reductions in assessments as a multi-faceted plan to reduce expenses in response to the impact of COVID-19 on the nine State Universities. As a result of the 2020A refunding, on July 1, 2020, a forward delivery agreement termination payment from SunTrust for $3.8 million was deposited to the debt service fund. As part of the agreement, the Authority also retained the security held in the debt service reserve fund, which matures in October 2020.

On July 28, 2020, $2,425,000 of the Series 2015A Project Revenue Bonds were cash defeased due to a sale of property to the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2021 to May 1, 2039 maturities. The coupon rates ranged from 2.00% to 5.00%. The defeasance escrow is invested in SLGS to the call date of November 1, 2024.

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, 2020

	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset)	0.0269%	0.0312%	0.0299%	0.0262%	0.0289%	0.0253%	0.0264%
Authority's proportionate share of the net pension liability (asset)	$ 3,935,112	$ 4,121,111	$ 3,828,162	$ 3,612,661	$ 3,286,731	$ 1,878,277	$ 2,350,479
Authority's covered payroll	$ 1,537,249	$ 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	255.98%	241.61%	214.19%	211.96%	225.22%	131.20%	166.86%
Plan fiduciary net position as a percentage of the total pension liability	66.28%	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, 2020

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 215,188	$ 134,295	$ 115,941	$ 115,941	$ 115,955	$ 101,546	$ 97,745
Contributions in relation to the contractually required contribution	(215,188)	(134,295)	(115,941)	(115,941)	(115,955)	(101,546)	(97,745)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,537,249	$ 1,705,680	$ 1,787,296	$ 1,704,399	$ 1,459,312	$ 1,431,639	$ 1,408,627
Contributions as a percentage of covered payroll	14.00%	7.87%	6.49%	6.80%	7.95%	7.09%	6.94%

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

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

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

Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios
June 30, 2020

	2020	2019
Total OPEB liability:		
Service cost	$ 94,823	$ 244,646
Interest	56,145	239,294
Changes of benefit terms	-	-
Differences between expected and actual experence	-	-
Changes of assumptions	93,930	-
Benefits payments, including refunds of employee contributions	(29,317)	(137,071)
Net change in total OPEB liability	215,581	346,869
Total OPEB liability - beginning	1,370,600	1,023,731
Total OPEB liability - end (a)	$ 1,586,181	$ 1,370,600
Plan fiduciary net position:		
Contributions - employer	$ 29,317	$ 137,071
Contributions - employee	-	-
Net investment income	-	-
Benefits payments, including refunds of employee contributions	(29,317)	(137,071)
Change in accounting for assets	-	-
Administrative expense	-	-
Other	-	-
Net change in plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - beginning	-	-
Plan Fiduciary Net Position - end (b)	$ -	$ -
Net OPEB Liability - end (a) - (b)	$ 1,586,181	$ 1,370,600
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	0.00%	0.00%
Covered employee payroll	$ 1,537,249	$ 1,705,680
Plan Total OPEB Liability as a percentage of covered employee payroll	103.18%	80.36%

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

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

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

Supplementary Information

Schedule of Authority OPEB Contributions
June 30, 2020

A calculation of the actuarially determined contribution is not included as the Massachusetts State College Building Authority does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 at this time and funds the plan on a pay-as-you-go basis.

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

Note 1 - Changes in net pension benefit terms and assumptions

FY2019 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

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

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).

Note 2 - Changes in net OPEB benefit terms and assumptions

FY2019 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

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

FY2018 Changes in Actuarial Assumptions

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

	2011 (as restated)	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020
Net investment in capital assets	$ (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)	$ (52,345,420)
Restricted - expendable	1,897,286	2,415,383	2,231,469	905,631	905,721	-	-	-	-	-
Unrestricted	(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	22,020,820
Total Net Position (Deficiency)	**$ (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)**	**$ (30,324,600)**

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)

Changes in Net Position

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	(as restated)			(as restated)			(as restated)			
Operating Revenue										
Income from assessments	$ 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	$ 92,150,894
Federal grants for debt service	211,890	211,886	58,414	-	-	-	-	-	-	-
Other miscellaneous revenue	568,661	499,035	548,131	426,352	598,515	943,094	549,270	452,204	158,783	345,339
Total operating revenue	**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**	**92,496,233**
Non-Operating Revenue										
Net investment income	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	19,660,645
Transfers (to)/from State Universities	3,352,687	3,050,414	3,981,309	4,221,388	4,009,535	7,056,055	421,418	498,508	585,251	(495,898)
Transfers (to)/from DCAM	-	-	(497,294)	-	-	-	-	-	-	-
State capital appropriations	-	-	-	-	-	-	-	-	-	-
Build America Bonds interest subsidy	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	2,147,963
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	9,112
Capital grants	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue	**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**	**21,321,822**
Total Revenue	**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**	**113,818,055**
Operating Expenses										
Insurance costs	(668,168)	(740,425)	(735,970)	(892,842)	(939,566)	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)	(1,255,933)
Authority operating expenses	(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)	(2,308,542)
Depreciation	(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)	(45,007,554)
Other expenses	(162,258)	(294,516)	(426,570)	(235,606)	(402,886)	(46,879)	-	(106,166)	(12,983)	(33,287)
Total operating expenses	**(27,282,297)**	**(31,119,276)**	**(32,672,238)**	**(36,500,936)**	**(42,435,206)**	**(45,145,972)**	**(46,758,490)**	**(48,102,769)**	**(49,014,849)**	**(48,605,316)**
Non-operating expenses										
Interest expense	(34,798,750)	(37,776,890)	(41,151,521)	(48,795,255)	(53,529,051)	(54,345,047)	1,968,378	(54,281,857)	(57,085,975)	(52,979,652)
Bond issuance costs	(780,005)	(2,150,595)	(1,175,271)	(564,385)	(761,121)	(1,058,566)	(655,786)	(655,786)	(864,282)	(1,424,327)
Total non-operating expenses	**(35,578,755)**	**(39,927,485)**	**(42,326,792)**	**(49,359,640)**	**(54,290,172)**	**(55,403,613)**	**1,312,592**	**(54,937,643)**	**(57,950,257)**	**(54,403,979)**
Total Expenses	**(62,861,052)**	**(71,046,761)**	**(74,999,030)**	**(85,860,576)**	**(96,725,378)**	**(100,549,585)**	**(45,445,898)**	**(103,040,412)**	**(106,965,106)**	**(103,009,295)**
Increase (decrease) in net position	**$ (911,600)**	**$ 3,638,785**	**$ (6,421,758)**	**$ 449,812**	**$ (4,860,337)**	**$ 1,311,264**	**$ 51,736,310**	**$ (2,012,467)**	**$ 1,551,227**	**$ 10,808,760**

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)

Schedule of Revenue

Institution	2011 (as restated)	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020
Bridgewater	$ 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	$ 18,486,829
Fitchburg	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	$7,844,106
Framingham	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	11,612,076
Mass. College of Art and Design	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	7,132,503
Mass. College of Liberal Arts	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	3,185,145
Mass. Maritime Academy	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	7,709,485
Salem	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	14,523,562
Westfield	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	12,691,371
Worcester	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	8,965,817
Mount Wachusett	-	-	-	-	-	215,295	223,575	-	-	-
Total	$ 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	$ 92,150,894

See Independent Auditor's Report on page 3.

Supplementary Information

Statistical Information (Unaudited)

Room Rates of Residence Facilities

Institution	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bridgewater	$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	$7,948-9,425
Fitchburg	$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	$6,331-9,034
Framingham	$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	$7,840-10,440
Mass. College of Art and Design	$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	$9,358-13,378
Mass. College of Liberal Arts	$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	$5,000-6,850
Mass. Maritime Academy	$5,125	$5,300	$5,470	$5,910	$6,440	$6,790	$7,130	$7,340	$7,560	$7,790
Salem	$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	$8,350-11,820
Westfield	$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	$4,510-9,830
Worcester	$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	$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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bridgewater	100%	100%	99%	95%	99%	97%	96%	95%	95%	95.8%
Fitchburg	104%	100%	101%	100%	103%	101%	96%	92%	85%	76.2%
Framingham	104%	100%	100%	100%	98%	98%	94%	93%	90%	87.9%
Mass. College of Art and Design	99%	100%	99%	99%	99%	98%	99%	99%	96%	100.0%
Mass. College of Liberal Arts	99%	94%	91%	86%	86%	79%	77%	74%	71%	73.5%
Mass. Maritime Academy	103%	106%	108%	111%	93%	101%	105%	102%	102%	10.1%
Salem	94%	102%	107%	106%	107%	100%	96%	96%	90%	79.0%
Westfield	104%	106%	101%	98%	98%	102%	99%	94%	86%	82.2%
Worcester	100%	103%	102%	101%	87%	94%	92%	96%	96%	95.7%
State University Average	**101%**	**101%**	**101%**	**99%**	**98%**	**98%**	**96%**	**94%**	**91%**	**87.7%**

See Independent Auditor's Report on page 3.

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, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CohnReznick LLP

Boston, Massachusetts
December 7, 2020

CohnReznick

ADVISORY • ASSURANCE • TAX

FY 2021 Senior Management Compensation

Title	Annual Salary FY 2021
Executive Director	248,010
Deputy Director	204,047
Deputy Director, Administration and Finance	175,000

APPENDIX C

Certified Sustainable Projects
as of June 30, 2020

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

APPENDIX D

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

Green Bond Summary

October 8, 2014

The Massachusetts State College Building Authority (the Authority) anticipates issuing revenue bonds and investing the proceeds, in whole or in part, to fund environmentally sustainable capital projects. These bonds, hereinafter referred to as Green Bonds, will be managed in a manner that is generally consistent with the Green Bond Principles[1], voluntary guidelines developed by the investment banking community to increase the amount of capital targeted to address pressing environmental challenges by providing transparency to investors in the following key areas: Use of Proceeds; Project Evaluation and Selection; Management of Proceeds; and Reporting.

Use of Proceeds

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

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

Process for Project Evaluation and Selection

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

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

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

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

Management of Proceeds

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

Reporting

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