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, 2021 and 2020

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

Index

Independent Auditor's Report

To the Board
Massachusetts State College Building Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Massachusetts State College Building Authority (the "Authority"), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, 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 17, and 60 to 66, 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 67 to 71 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 15, 2021, 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 15, 2021

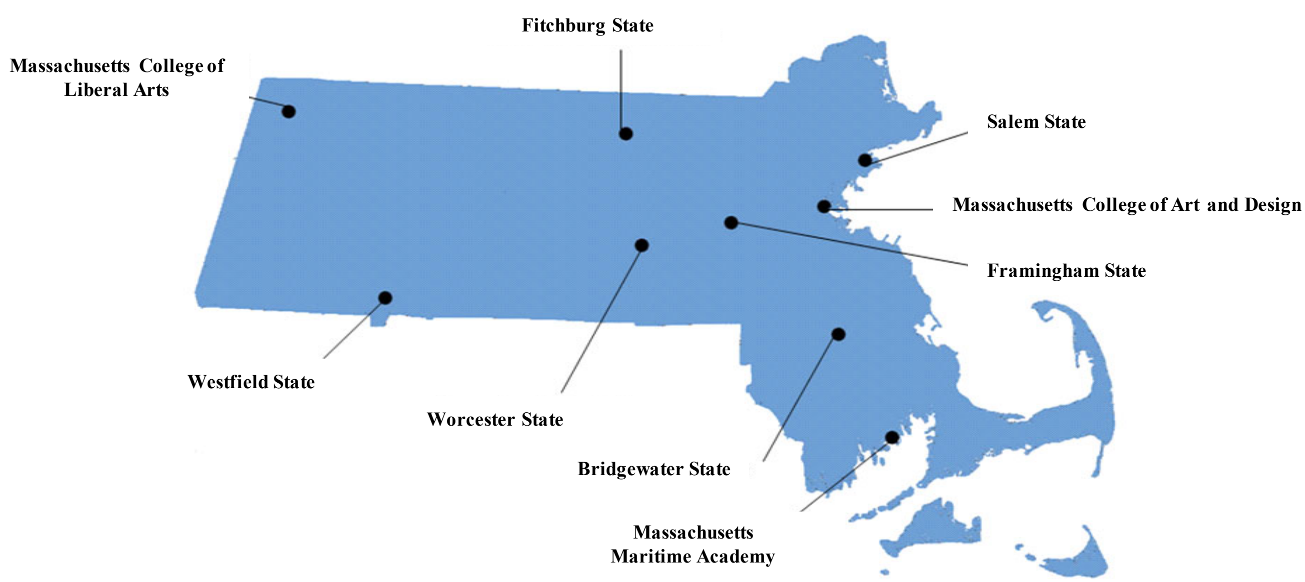
Management's Discussion and Analysis
For the Years Ended June 30, 2021 and 2020
Unaudited

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, 2021 and 2020, 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.

As further described below, fiscal year 2021 was unique for a number of reasons. The Authority issued the Series 2020A Bonds on July 1, 2020 in part to refund Bonds maturing in fiscal years 2021 and 2022 to provide fiscal relief to the State Universities as they faced the potential for lower occupancy and reduced revenues in those fiscal years due to the COVID-19 outbreak. As a result, the FY 2021 aggregate debt service assessment was reduced by $52.8 million (approximately 50%), and the FY 2022 aggregate debt service assessment was reduced by $28.2 million (approximately 25%). All nine State Universities reopened the residence halls for the fall 2020 and spring 2021 semesters with public health procedures in place for testing and quarantine. In addition to the debt service assessment, operating and reserve assessments to the Universities were reduced to more closely align expenses to the reduced revenue. The Authority released $15.8 million from the debt service reserve to fund a portion of the fall 2020 interest payment, and $400,000 to fund a portion of the spring 2021 interest payment, which further reduced the amount that needed to be assessed to the Universities. For the fall 2021 semester, all nine campuses required residential students to be vaccinated, subject to medical and religious exemptions.

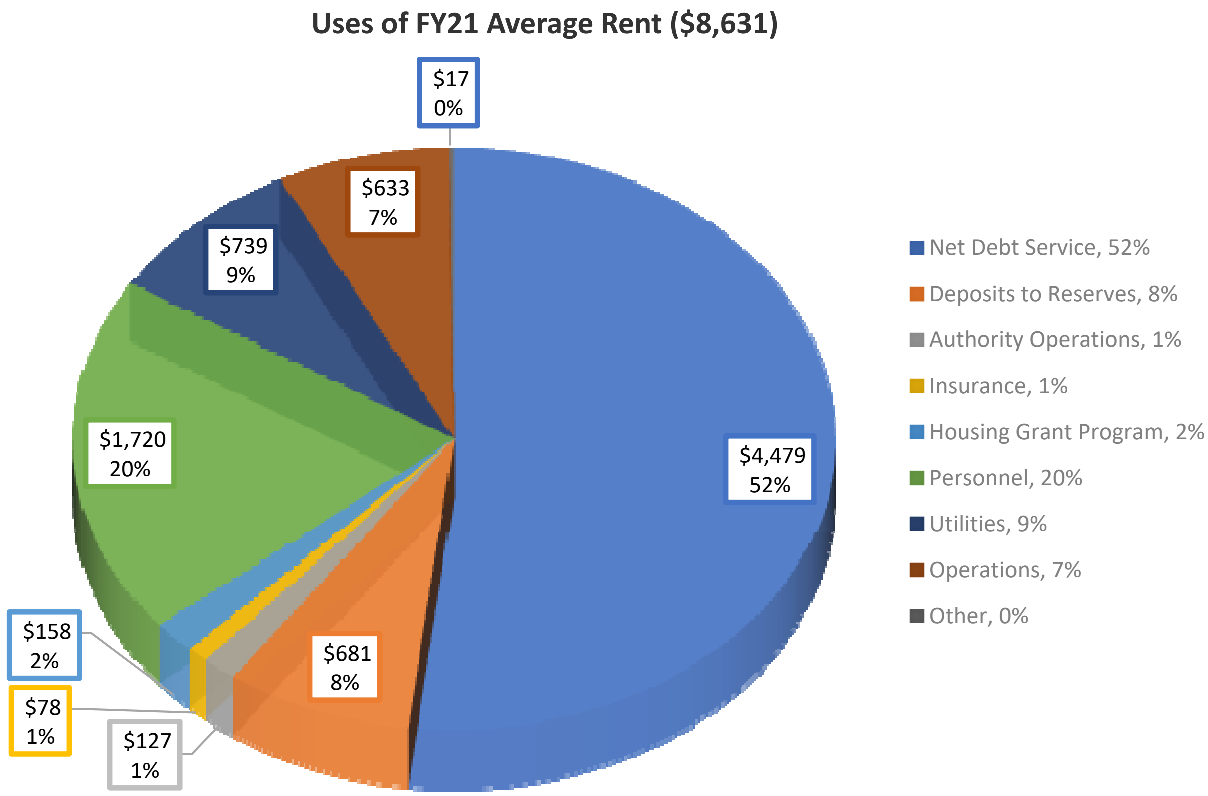
All of the State Universities have received or anticipate receiving direct federal aid in the aggregate amount of $18.0 million under the CARES Act (aka Higher Education Emergency Relief Funds (HEERF), which may be used to help address costs incurred by the State Universities as a result of the pandemic. Additional direct federal aid was designated for higher education institutions through the CRRSA Act (HEERF II) passed December 27, 2020, which allocated $41.3 million in institutional aid for the State Universities. On March 11, 2021, the American Rescue Plan Act of 2021 (ARP Act aka HEERF III) was signed into law, which included $51.9 million in institutional aid for the State Universities. All three Acts also included amounts that were required to be used for student grants. The aggregate amount of funding for student aid and institutional aid from the three Acts totals $199.9 million for the nine State Universities. The Universities are using the federal funds to support their operations.

The FY21 financial statements, and the related significant variances from prior years, reflect a deliberate, structured approach by the Authority to provide short term financial flexibility to the campuses, in order to allow them to concurrently prioritize the public health needs of their community while maintaining financial stability. The extent of the impact to the State Universities and the Authority is not yet fully known and is expected to vary greatly depending on the duration and breadth of the COVID-19 pandemic, which remain uncertain. Consequently, the following are some of the potential impacts that are not yet known: the extent to which the State Universities and the Authority will incur additional costs; the manner and extent to which student enrollment, on-campus activities and the use of the residential and other facilities financed by the Authority will be affected and any resulting revenue impacts; and the manner and extent to which the state budget and, consequently, state appropriations for the State Universities will be impacted. For these reasons, comparison of FY21 to prior years may not be indicative of results since the COVID-19 outbreak and for the foreseeable future.

<u>Revenue</u>

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 2020/21 was

$8,631 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 2020/21 and 2019/20, the number of students housed in on-campus housing owned by the Authority was 42.9% and 87.7% of design occupancy, respectively. This reduction reflects the impact of COVID-19, students choosing to learn remotely during the pandemic and the temporary conversion of some double rooms to single occupancy to improve social distancing.

At the beginning of the spring 2021 semester, approximately 6,594 students resided in the 55 residential complexes owned by the Authority. These facilities can house 47% of fall 2021 full-time undergraduate students and comprise about 4.5 million square feet of space on the nine State University campuses. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

The following table shows average annual residence hall occupancy from academic year 2011/12 through 2020/21. During this period, the authority increased design occupancy by 19%, or over 2,600 beds.

State University	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Bridgewater	100.0%	98.9%	94.6%	99.2%	96.7%	96.0%	95.0%	94.8%	95.8%	37.1%
Fitchburg	100.0%	100.8%	99.6%	103.1%	101.0%	96.4%	92.0%	84.8%	76.2%	50.3%
Framingham	100.0%	100.3%	100.3%	97.9%	97.9%	93.8%	93.0%	89.9%	87.9%	32.8%
Mass. College of Art and Design	100.0%	99.3%	99.2%	98.6%	98.2%	99.2%	99.0%	96.2%	100.0%	65.0%
Mass. College of Liberal Arts	94.0%	91.1%	85.8%	85.7%	78.6%	77.4%	74.0%	70.8%	73.5%	46.3%
Mass. Maritime Academy	106.0%	107.9%	111.2%	92.5%	100.5%	104.6%	102.0%	101.8%	101.3%	57.3%
Salem	102.0%	106.7%	105.9%	106.8%	99.7%	96.3%	96.0%	89.9%	79.0%	36.5%
Westfield	106.0%	101.1%	98.1%	98.3%	102.4%	99.2%	94.0%	86.0%	82.2%	37.5%
Worcester	103.0%	101.9%	101.1%	86.6%	94.0%	92.3%	96.0%	96.0%	95.7%	50.4%
Average Occupancy	**101.4%**	**101.0%**	**99.1%**	**97.5%**	**97.6%**	**95.8%**	**94.0%**	**90.5%**	**87.7%**	**42.9%**
Design Occupancy	14,344	15,290	15,717	16,458	17,289	16,857	16,957	16,922	16,939	17,001

Financial Statements

The Authority's financial statements (pages 18 to 23 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 total assets of the Authority declined from $1.21 billion at June 30, 2020 to $1.15 billion at June 30, 2021. This decline largely relates to depreciation exceeding investment in new capital assets on Authority-owned facilities by $34.9 million and the reduction in cash and investments related to the reduction in assessment revenue to the campuses. Details of capital assets are provided on pages 33 and 34.

- Total liabilities remained consistent at $1.27 billion. This stability reflects an increase in bonds payable of $4.4 million offset by a reduction in interagency payables of $4.7 million.

- FY21 operating revenues decreased $60.5 million from FY20. This decrease is due to a planned reduction to campus assessments of $60.3 million to provide cash flow stability and flexibility to the campuses to prioritize public health and long-term fiscal stability in the face of COVID-19.

Financial Analysis

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

Summary - Statements of Net Position at June 30, 2021, 2020, and 2019

	Fiscal year ended June 30, 2021	2020	2019
Current assets	$ 52,053,315	$ 72,453,924	$ 87,632,827
Capital assets, net	824,697,853	859,554,400	289,040,639
Other noncurrent assets	270,093,453	277,965,122	886,078,640
Total assets	1,146,844,621	1,209,973,446	1,262,752,106
Deferred outflows of resources	39,530,081	31,359,579	41,263,105
Current liabilities	45,453,331	68,131,342	81,737,089
Noncurrent liabilities	1,221,173,747	1,198,028,518	1,257,506,644
Total liabilities	1,266,627,078	1,266,159,860	1,339,243,733
Deferred inflows of resources	5,041,280	5,497,765	5,904,838
Net position:			
Net investment in capital assets	(93,658,605)	(52,345,420)	(44,021,651)
Restricted			
Unrestricted	8,364,949	22,020,820	2,888,291
Deficiency in net position	$ (85,293,656)	$ (30,324,600)	$ (41,133,360)

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, 2021, current assets decreased $20.4 million or 28.2% from the prior year. Unrestricted cash decreased by $3.6 million, reflecting a reduction in assessment for capital reserves while restricted cash and investments declined by $6.4 million driven by capital project spending of bond proceeds and campus funds at a greater rate than new bond proceeds and new campus funds were received and the use of debt service reserve funds to offset the temporary reduction to campus assessments. 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 $31.7 million at June 30, 2021.

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 $34.9 million, or 4.1% in FY21 and $26.5 million, or 3.0%, in FY20. 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.

- 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, 2021, total debt service reserve fund balances decreased by $13.3 million, or 16%. This decrease reflects the use of debt service reserve funds to offset the planned reduction in assessment revenue.

Net accounts receivable related to university-owned assets were reduced by $1.3 million from the year ended June 30, 2020 to June 30, 2021. This decrease is due to the 2020A restructuring, which minimized principal payments due in FY21. Other than the 2020A refunding, no new debt was issued in FY21 for campus owned assets.

Deferred outflow of resources includes deferred outflows for pensions and net other post-employment benefits (“OPEB”) liability ($1.2 million) and deferred losses on refunding of debt ($38.3 million). Total deferred outflows for resources was $39.5 for the year ended June 30, 2021, a decrease of $8.2 million or 26.0%. This decrease was driven by a reduction in the deferred losses of prior refundings mainly due to the 2020A 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, 2021, total liabilities increased $467 thousand, or .04%.

- 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 FY21 to be $4.3 million compared to $3.9 million in FY20. The Authority invests its retirement trust fund with the Commonwealth's Pension Reserve Investment Trust. This investment was valued at $6.6 million as of June 30, 2021, which is $2.3 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 OPEB liability, which is the difference between the total liability and the value of the assets available to pay other postemployment benefits. As of June 30, 2020, the liability is $1.6 million. As of June 30, 2021, the liability is $1.7 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 reflected as Interest income - interagency.

- Debt administration is discussed further on page 16.

- A deficiency in total net position exists primarily due to depreciation exceeding new capital asset investment by $35 million, an increase of deferred loss on refunding of $8.1 million, and the use of debt service reserve funds to fund interest payments. The deficiency in net position at June 30, 2021 increased by $55 million compared to the net position at June 30, 2020.

<u>Statements of Revenues, Expenses and Changes in Net Position</u>
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,		
	2021	2020	2019
Total operating revenues	$ 32,023,051	$ 92,496,233	$ 90,772,308
Total operating expenses	49,949,064	48,605,316	49,014,849
Operating income	(17,926,013)	43,890,917	41,757,459
Nonoperating expenses, net	(37,043,043)	(33,082,157)	(40,206,232)
Increase (decrease) in net position	(54,969,056)	10,808,760	1,551,227
Restatement			
Net position - beginning of the year	(30,324,600)	(41,133,360)	(42,684,587)
Net position - end of the year	$ (85,293,656)	$(34,124,600)	$ (41,133,360)

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

- For the year ended June 30, 2021, operating income (expense) decreased $61.8 million, or 141%. This reflects a planned decrease in campus assessments for both debt service and capital reserves to provide cash flow flexibility to manage the impact of COVID-19. This reduction was one-time for FY21 and offset by the use of debt service reserve funds to pay debt service.

- Miscellaneous revenue includes management fees on campus-owned projects, revenue from a laundry operation contract, and other one-time revenue. This decreased by $160 thousand from FY20 to FY21 due to a decrease in management fees.

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.

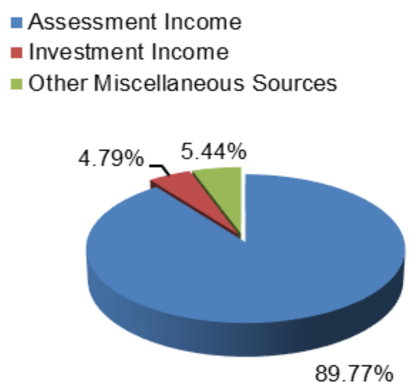
- For the year ended June 30, 2021, net investment income decreased $10.6 million, an 86% decrease. This reduction reflects a one-time $3.8 million gain in FY20, as well as a decrease in unrealized gains from FY20 to FY21 related to a decrease in total investable assets.

- The 2020A refunding is reflected in the decrease in interest expense of $9.4 million or 17.8%, the decrease of corresponding interest income - interagency of $1.9 million or 26%, the reduction in Build America Bonds subsidy of $686 thousand, and the increase in bond issuance costs of $843 thousand, or 59%.

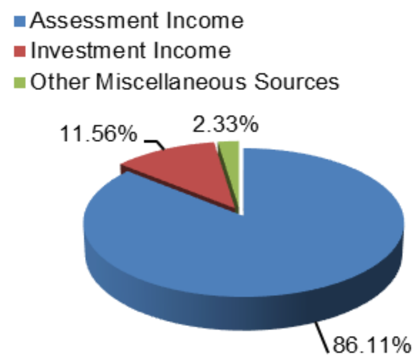
The charts below compare total revenue for FY21 with FY20:

Summary - Total Revenue Fiscal Years 2021 and 2020

2021



2020



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

- For the year ended June 30, 2021, the $1.3 million or 2.8% increase in operating expenses is driven by increases in depreciation of $956 thousand or 2.1%, and insurance costs by $257 thousand, or 20.4%, and authority operating expenses of $175 thousand, or 8%, due to the transition of capitalizable salaries to the operating budget. All other operating expenses were stable to the prior year.

- 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.

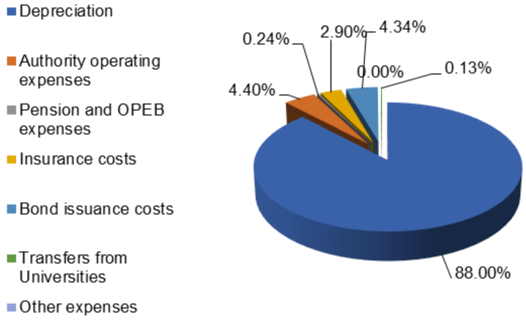
    - In the year ended June 30, 2021, the Authority had interest expense of $43.5 million, a 17.8% decrease from the prior year, due to savings on the 2020A refunding and no new debt issued.

    - In the year ended June 30, 2021, bond issuance costs were $2.3 million, related to the 2020A refunding.

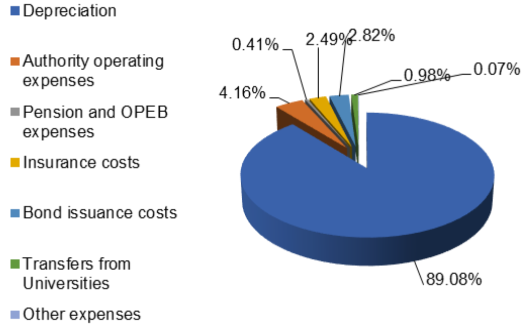
The charts below compare total expenses, excluding interest expense, for FY21 with FY20:

Summary - Total Expenses (excluding Interest Expense) Fiscal Years 2021 and 2020

2021



2020



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,		
	2021	2020	2019
Cash received from operations	$ 33,133,337	$ 92,517,691	$ 90,693,937
Cash expended for operations	(4,431,405)	(4,493,936)	(2,610,797)
Net cash provided by operations	28,701,932	88,023,755	88,083,140
Net cash provided by (used in) capital and related financing activities	(54,492,435)	(113,386,093)	(92,040,591)
Net cash provided by (used in) investing activities	27,915,507	11,434,722	(8,146,118)
Net increase (decrease) in cash and cash equivalents	2,125,004	(13,927,616)	(12,103,569)
Cash and cash equivalents, beginning of year	57,737,208	71,664,824	83,768,388
Cash and cash equivalents, end of year	$ 59,862,212	$ 57,737,208	$ 71,664,819

- Cash and cash equivalents were $59.9 million at June 30, 2021 compared to $57.7 million at June 30, 2020. This increase is due to increased debt service reserve funds held in cash equivalents instead of investments at June 30, 2021 offset by the spending of bond proceeds, and campus funds, combined with no new debt issued.

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

- Cash provided by operations decreased by $59.3 million, or 67% due to a reduction in assessment revenue.

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

- In FY21, net cash used in capital and related financing activities was $54.5 million compared to $113.4 million in FY20. This decrease is attributed to the impact of the 2020A refunding on FY21 relative to the impact of the 2019C refunding on FY20. In addition to the impact of proceeds from the bond issuance, the 2020A refunding resulted in a decrease of $32.4 million less cash flow from principal and interest on capital debt. In addition, a decrease in capital asset spending as well as proceeds from the sale of capital assets led to a net cash outflow for capital assets of $9.5 million, a decrease from $22.4 million in FY20.

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, 2021, net cash provided by investing activities increased by $16.5 million, reflecting the sale and use of debt service reserve investments to supplement the campus assessment revenues for debt service payments, and the increase of debt service reserve funds held in cash equivalent investment vehicles. Cash flows from interest on investing activities increased $3.8 million due to one-time investment earnings from FY20 received in FY21.

Capital Assets

The Authority's investment in capital assets as of June 30, 2021 was $824.7 million, net of accumulated depreciation, compared to $859.6 million as of June 30, 2020 and $886.1 million as of June 30, 2019. Capital assets include land, buildings and improvements thereon, furnishings and equipment. Capital assets comprised approximately 72% of total assets at June 30, 2021, 71% at June 30, 2020, and 71% at June 30, 2019. During the years ended June 30, 2021 and 2020, the Authority had additions to capital assets of $13.6 million and $18.4 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 $6.5 million at June 30, 2021 compared to $23.5 million at June 30, 2020.

- The buildings and improvements balance were $1.35 billion at June 30, 2021 compared to $1.32 billion at June 30, 2020.

- The furnishings and equipment balance was $64.0 million at June 30, 2021, compared to $62.3 million at June 30, 2020. The $1.71 million increase in furnishings and equipment in FY21 was attributable to purchases across the state colleges.

- The Authority entered into a real estate transaction to sell land to the Commonwealth's Division of Capital Asset Management. This transaction resulted in $2.2M reduction in land value and a related defeasance of $2.4 million of bonds payable.

- 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, 2021, such commitments were approximately $17.2 million. This increase in commitments reflects a temporary decline in construction activity in spring FY20 due to COVID-19 and increase in activity in spring FY21 and into FY22.

- 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, 2021, the Authority had $1.20 billion in principal amount of bonds outstanding compared to $1.15 billion and $1.18 billion at June 30, 2020 and 2019, respectively. The outstanding bond obligations carried unamortized premium balances of $36.6 million, $84.1 million, and $112.4 million respectfully, as of June 30, 2021, 2020 and 2019. The $51.8 million increase in bonds outstanding in fiscal year 2021 is attributable to the 2020A restructuring, and the elimination of most principal payments in FY21. 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, $100.9 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 2021, 2020 and 2019, a portion of the Authority's interest rate subsidy was reduced by approximately 5.7%, 5.9%, and 6.2%, 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, 2021. 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, 2021 and 2020

Assets

	2021	2020
Current assets		
Cash and cash equivalents	$ 36,231,028	$ 39,817,188
Restricted cash and cash equivalents	7,392,016	13,829,422
Accounts receivable, net	8,022,517	18,707,275
Prepaid expenses	407,754	100,039
Total current assets	52,053,315	72,453,924
Noncurrent assets		
Restricted cash and cash equivalents	16,239,168	4,090,598
Restricted investments, including amounts held by trustee	55,969,631	81,445,074
Restricted investments, retirement fund	6,625,831	5,334,437
Accounts receivable, net	191,258,823	187,095,013
Capital assets, net	824,697,853	859,554,400
Total noncurrent assets	1,094,791,306	1,137,519,522
Total assets	1,146,844,621	1,209,973,446
Deferred outflows of resources		
Deferred outflows for pensions	783,220	717,561
Deferred outflows for OPEB	424,244	429,320
Deferred losses on refunding of debt	38,322,617	30,212,698
Total deferred outflows of resources	39,530,081	31,359,579

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

Statements of Net Position (Deficiency in Net Position)
June 30, 2021 and 2020

Liabilities and Net Position (Deficiency in Net Position)

	2021	2020
Current liabilities		
Accounts payable and accrued liabilities	$ 11,671,791	$ 11,434,508
Accrued payroll	251,005	233,485
Interagency payables	762,581	3,071,216
Compensated absences	175,957	134,281
Current portion of bonds payable	32,591,997	53,257,852
Total current liabilities	45,453,331	68,131,342
Noncurrent liabilities		
Compensated absences	168,605	118,313
Interagency payables	6,905,713	9,294,150
Bonds payable, net of current portion	1,208,139,929	1,183,094,762
MSCBA portion of net pension liability	4,302,195	3,935,112
MSCBA portion of net OPEB liability	1,657,305	1,586,181
Total noncurrent liabilities	1,221,173,747	1,198,028,518
Total liabilities	1,266,627,078	1,266,159,860
Deferred inflows of resources		
Deferred inflows for pensions	564,028	595,589
Deferred inflows for OPEB	4,477,252	4,902,176
Total deferred inflows of resources	5,041,280	5,497,765
Net position (deficiency in net position)		
Net investment in capital assets	(93,658,605)	(52,345,420)
Unrestricted (deficit)	8,364,949	22,020,820
Total net position (deficiency in net position)	$ (85,293,656)	$ (30,324,600)

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, 2021 and 2020

	2021	2020
Operating revenues		
Income from contracts for financial assistance, management, and services	$ 31,838,236	$ 92,150,894
Other miscellaneous revenues	184,815	345,339
Total operating revenues	32,023,051	92,496,233
Operating expenses		
Insurance costs	1,512,604	1,255,933
Authority operating expenses	2,295,578	2,120,278
Depreciation	45,963,988	45,007,554
Pension and OPEB expenses	124,893	205,282
Other expenses	9,388	16,269
Amortization of deferred loss (gain) on receivables	42,613	-
Total operating expenses	49,949,064	48,605,316
Operating income (expense)	(17,926,013)	43,890,917
Nonoperating revenues (expenses)		
Net investment income	1,698,121	12,369,469
Interest income - interagency	5,398,318	7,291,176
Interest expense	(43,549,367)	(52,979,652)
Bond issuance costs	(2,268,147)	(1,424,327)
Net transfers to/from State Universities	(66,253)	(495,898)
Build America Bonds interest subsidy	1,461,384	2,147,963
Gain (loss) on sale of assets	213,031	-
Miscellaneous nonoperating revenue (expense)	69,870	9,112
Net nonoperating revenues (expenses)	(37,043,043)	(33,082,157)
Increase (decrease) in net position	(54,969,056)	10,808,760
Net position (deficiency in net position) Beginning of year	(30,324,600)	(41,133,360)
Net position (deficiency in net position) End of year	$ (85,293,656)	$ (30,324,600)

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, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	$ 31,838,236	$ 92,150,894
Other miscellaneous receipts (expenses)	1,295,101	(740,336)
Payments for insurance costs	(1,820,319)	(1,254,179)
Payments for operating expenses	(1,090,565)	(639,445)
Payments to employees	(1,264,766)	(1,244,704)
Payments for other expenses	(255,755)	(248,475)
Net cash provided by operating activities	28,701,932	88,023,755
Cash flows from capital and related financing activities		
Proceeds from bond issuance	395,735,000	233,620,000
Cash paid to bond trustee related to advanced refunding	(351,796,143)	(208,928,305)
Build America Bonds interest subsidy	1,495,730	2,156,194
Payments of bond issuance costs	(2,268,147)	(1,424,327)
Payments for capital assets	(12,237,771)	(22,441,978)
Proceeds from sale of capital assets	2,520,936	-
Proceeds from sale of assets	213,031	-
Miscellaneous receipts (expenditures)	69,862	9,112
Collections of debt service receivables	8,744,190	21,689,314
Transfer of funds from State Universities	(66,253)	(495,898)
Payments from funds held for others	(4,615,944)	(13,183,534)
Funds received and held for others	316,961	620,020
Principal paid on capital debt	(45,528,659)	(68,798,068)
Interest paid on capital debt	(47,075,228)	(56,208,623)
Net cash used in capital and related financing activities	(54,492,435)	(113,386,093)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	58,696,792	68,103,161
Purchases of investments	(36,134,474)	(58,235,162)
Interest on investments	5,353,189	1,566,723
Net cash provided by investing activities	27,915,507	11,434,722
Net increase (decrease) in cash and cash equivalents	2,125,004	(13,927,616)
Cash and cash equivalents, beginning of year	57,737,208	71,664,824
Cash and cash equivalents, end of year	$ 59,862,212	$ 57,737,208

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

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	$ (17,926,013)	$ 43,890,917
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	45,963,988	45,007,554
Change in net pension liability	269,863	344,496
Change in unfunded net OPEB liability	(348,724)	(354,402)
Changes in assets and liabilities		
Accounts receivable	1,110,286	(1,085,675)
Prepaid expenses	(307,715)	1,754
Accounts payable and accrued liabilities	(169,241)	229,887
Accrued payroll and compensated absences	109,488	(10,776)
Net cash provided by operating activities	$ 28,701,932	$ 88,023,755

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

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	2021
Acquisition of capital assets	$ 13,628,377
Accounts payable thereon	
Beginning of year	2,017,957
End of year	(3,131,368)
Net interest incurred and earned, capitalized in construction in progress	(277,195)
Payments for capital assets	$ 12,237,771
Contractor accounts payable related to State College capital projects on State College-owned property	$ 689,725
Unrealized gain (loss) on investment securities	$ (1,621,731)

	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

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, 2021 and 2020.

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, 2021 and 2020, 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 2021 and 2020, 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 2021 and 2020, the Authority incurred $2,268,147 and $1,424,327, 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 2021 and 2020, total interest costs were accounted for as follows:

	2021	2020
Total interest incurred	$ 45,970,252	$ 55,149,265
Amortization of bond premium	(5,642,023)	(5,040,655)
Amortization of deferred loss	3,501,226	3,149,244
Less: capitalized portion of interest incurred	(280,088)	(278,202)
Interest expense	$ 43,549,367	$ 52,979,652
Capitalized portion of interest incurred	$ 280,088	$ 278,202
Less interest income on unused funds from tax-exempt borrowings	(2,893)	(60,895)
Net capitalized interest	$ 277,195	$ 217,307

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 2020 financial statements to conform to the 2021 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's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. The Authority's deposit and investment policies are generally consistent with those of the State Statutes.

Custodial credit risk

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

The Authority has two primary commercial banking relationships: Citizens Bank, N.A. ("Citizens") is the Authority's primary depository bank, and U.S. Bank National Association ("U.S. Bank") is the Authority's trustee bank and holds all bond and related funds pursuant to the Trust Agreement. The Authority is party to a third party custodian agreement in which Citizens provides the Authority with collateral equal to the Authority's uninsured deposits and the custodian provides safekeeping services and holds the collateral on behalf of and for the benefit of the Authority. Pursuant to the agreement, eligible collateral is limited to only those obligations which are guaranteed as to the payment of principal and interest by the United States of America. All of the Authority's bank balances held by Citizens of $36,944,978 and $43,489,752 as of June 30, 2021 and 2020, 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, 2021 and 2020, the fair market value of the Authority's cash equivalent balances with U.S. Bank of $22,917,234 and $14,247,456, 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 ("Fund 57") as of June 30, 2021 and 2020. 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, 2021 and 2020.

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, 2021 and 2020: 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 $6,625,831 and $5,334,437 as of June 30, 2021 and 2020, 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, 2021 and 2020.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2021 and 2020:

	2021		2020	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	$ 14,967,758	$ 15,328,486	$ 27,796,587	$ 28,481,810
State taxable bonds	16,155,000	21,940,007	16,155,000	22,491,744
U.S. Treasuries	15,655,151	18,701,138	25,735,049	30,471,520
Mutual funds	5,607,773	6,625,831	5,264,277	5,334,437
	$ 52,385,682	$ 62,595,462	$ 74,950,913	$ 86,779,511

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, 2021, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

Investment Type	Fair market value	Investment maturities (in years): Less Than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	$ 7,598,480	$ 7,598,480	$ -	$ -	$ -	Aaa
Strip Coupon Bonds - U.S. Govt. Issues	-	-	-	-	-	Aaa
Federal Home Loan Mortgage Corp. MTN ("FHLMCMTN") U.S. Govt. Issues	7,064,975	7,064,975	-	-	-	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	665,031	-	665,031	-	-	Aaa
Various Massachusetts ST Bonds	21,940,007	-	-	3,943,934	17,996,073	Aa1
U.S. Government Securities - Treasury Notes	18,701,138	8,075	9,386,917	-	9,306,146	Aaa
Total	$ 55,969,631	$ 14,671,530	$ 10,051,948	$ 3,943,934	$ 27,302,219	

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 Type	Fair market value	Investment maturities (in years): Less Than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	$ 7,598,513	$ 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	

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, 2021 and 2020 are held by US Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2021	2020
U.S. Government Agencies	$ 15,328,486	$ 28,481,810
State taxable bonds	21,940,007	22,491,744
U.S. Treasuries	18,701,138	30,471,520
	55,969,631	81,445,074
Less insured amounts	(500,000)	(500,000)
	$ 55,469,631	$ 80,945,074

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, 2021:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	$ 15,328,486	$ -	$ -	$ 15,328,486
State taxable bonds	21,940,007	-	-	21,940,007
U.S. Treasuries	18,701,138	-	-	18,701,138
Mutual funds	-	6,625,831	-	6,625,831
Total investment assets	$ 55,969,631	$ 6,625,831	$ -	$ 62,595,462

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

Note 3 - Accounts receivable

Accounts receivable include the following at June 30, 2021 and 2020:

	2021	2020
Debt service receivables	$ 198,451,720	$ 199,742,426
Interest receivable on investments	422,950	485,073
Investment income receivable	-	3,800,000
Other miscellaneous receivables	92,443	1,426,216
Build America Bonds interest subsidy receivable	314,227	348,573
	$ 199,281,340	$ 205,802,288

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 both fiscal 2021 and 2020, no accounts receivable, net of unearned interest income, were added in connection with projects at the State Universities.

The components of the Authority's debt service receivables in these State College-owned projects as of June 30, 2021 and 2020 are as follows:

	2021	2020
Total payments to be received	$ 248,072,247	$ 252,792,950
Less: Unearned income	(49,620,527)	(53,050,524)
Net debt service receivables in State College-owned projects	$ 198,451,720	$ 199,742,426

The following table sets forth the total payments to be received under these agreements as of June 30, 2021:

Year ending June 30:	
2022	$ 12,750,901
2023	19,335,736
2024	19,947,267
2025	19,947,000
2026	18,546,536
2027 - 2031	84,610,613
2032 - 2036	48,731,592
2037 - 2041	16,104,969
2042 - 2046	6,989,146
2047 - 2051	1,108,487
Total	$ 248,072,247

Note 4 - Capital assets

Capital assets activity for the year ended June 30, 2021 is as follows:

	2021			
	Totals June 30, 2020	Additions	Reclassifications and reductions	Totals June 30, 2021
Land	$ 21,569,817	$ -	$ (2,171,671)	$ 19,398,146
Construction in progress	23,544,321	11,913,422	(28,999,805)	6,457,938
Total not being depreciated	45,114,138	11,913,422	(31,171,476)	25,856,084
Buildings and improvements	1,323,549,026	-	28,464,596	1,352,013,622
Furnishings and equipment	62,282,953	1,714,955	-	63,997,908
Total depreciable assets	1,385,831,979	1,714,955	28,464,596	1,416,011,530
Total capital assets	1,430,946,117	13,628,377	(2,706,880)	1,441,867,614
Less accumulated depreciation:				
Buildings and improvements	(531,566,158)	(43,074,915)	185,944	(574,455,129)
Furnishings and equipment	(39,825,559)	(2,889,073)	-	(42,714,632)
Total accumulated depreciation	(571,391,717)	(45,963,988)	185,944	(617,169,761)
Capital assets, net	$ 859,554,400	$ (32,335,611)	$ (2,520,936)	$ 824,697,853

Capital assets activity for the year ended June 30, 2020 is 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

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, 2021 and 2020.

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 $12,400,000 and $8,900,000, respectively, as of June 30, 2021 and 2020.

Note 5 - Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2021 and 2020:

	2021	2020
Capital assets and construction payables	$ 3,131,368	$ 2,017,957
Accrued bond interest payable	7,701,264	8,806,240
Construction reserve payable	100,001	265,189
Contractor payables for State College-owned assets	689,725	291,636
Authority operating expenses	49,433	53,486
	$ 11,671,791	$ 11,434,508

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, 2021 and 2020, the Authority has an aggregate liability for Interagency payables of $7,668,294 and $12,365,366, 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, 2021:

	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	$ 64,683,890	2.00 - 5.50	2003 - 2039	11.62%	$ 61,231,169	$ 3,573,928	$ 64,805,097
Series 2009C, Build America Bonds	12/22/2009	60,550,000	4.58 - 5.93	2018 - 2040	5.82%	60,550,000	-	60,550,000
Series 2010B, Build America Bonds	12/17/2010	40,390,000	4.89 - 6.54	2020 - 2040	6.28%	40,390,000	-	40,390,000
Refunding Series 2011A	06/08/2011	13,610,000	2.00 - 5.00	2012 - 2025	5.00%	13,610,000	1,174,486	14,784,486
Series 2012A	01/04/2012	1,085,000	3.00 - 5.00	2013 - 2022	5.08%	1,085,000	51,881	1,136,881
Refunding Series 2012B	03/01/2012	2,855,000	3.00 - 5.00	2018 - 2022	5.11%	2,855,000	193,540	3,048,540
Series 2012C	12/20/2012	115,265,000	2.00 - 5.00	2014 - 2042	2.91%	115,265,000	5,663,020	120,928,020
Series 2014A	01/07/2014	16,595,000	2.00 - 5.00	2015 - 2025	5.00%	16,595,000	992,846	17,587,846
Series 2014B	12/17/2014	18,060,000	3.00 - 5.00	2016 - 2028	5.00%	18,060,000	2,192,617	20,252,617
Series 2014C	12/17/2014	7,695,000	3.00 - 5.00	2016 - 2034	5.00%	7,695,000	1,042,737	8,737,737
Refunding Series 2014D	12/17/2014	-	1.00 - 5.00	2015 - 2021	0.00%	-	-	-
Series 2015A	12/17/2015	13,185,000	2.00 - 5.00	2017 - 2036	4.77%	10,760,000	1,501,934	12,261,934
Refunding Series 2016A	02/25/2016	68,835,000	4.00	2019 - 2030	3.91%	68,835,000	9,174,215	78,009,215
Series 2017A	01/25/2017	17,540,000	3.00 - 5.00	2018 - 2037	3.72%	17,540,000	896,137	18,436,137
Series 2017B	12/21/2017	9,535,000	4.00 - 5.00	2019 - 2038	4.68%	9,535,000	1,362,997	10,897,997
Series 2017C	12/21/2017	6,615,000	2.10 - 3.61	2019 - 2038	3.37%	6,615,000	-	6,615,000
Refunding Series 2017D	12/21/2017	61,605,000	4.00 - 5.00	2019 - 2040	4.41%	61,605,000	7,143,056	68,748,056
Series 2019A	01/15/2019	14,695,000	3.38 - 5.00	2020 - 2039	2.01%	14,695,000	945,648	15,640,648
Refunding Series 2019B	01/15/2019	47,595,000	4.00 - 4.10	2019 - 2041	4.02%	47,595,000	733,654	48,328,654
Refunding Series 2019C	11/19/2019	229,055,000	1.69 - 3.37	2022 - 2043	2.81%	229,055,000	-	229,055,000
Refunding Series 2020A	07/01/2020	395,735,000	1.04 - 3.07	2022 - 2049	4.94%	395,735,000	-	395,735,000
Total Project Revenue Bonds		1,205,183,890				1,199,306,169	36,642,696	1,235,948,865
Community College Program Bonds								
Series 1	03/06/2014	3,000,000	4.25	2015 - 2034	3.54%	2,234,152	-	2,234,152
Series 2	01/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	3.14%	2,548,909	-	2,548,909
Total Community College Program Bonds		6,055,000				4,783,061	-	4,783,061
Total Bonds		$ 1,211,238,890				$ 1,204,089,230	$ 36,642,696	$ 1,240,731,926

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

Year ending June 30:	Total principal	Total interest	Total debt service
2022	$ 26,938,668	$ 46,219,482	$ 73,158,150
2023	55,102,202	45,411,293	100,513,495
2024	55,632,907	43,410,065	99,042,972
2025	57,413,595	41,581,681	98,995,276
2026	58,717,666	39,691,901	98,409,567
2027-2031	316,242,554	151,628,692	467,871,246
2032-2036	303,665,152	85,191,588	388,856,740
2037-2041	224,661,486	35,473,210	260,134,696
2042-2046	89,020,000	8,897,019	97,917,019
2047-2050	16,695,000	923,136	17,618,136
Total	$ 1,204,089,230	$ 498,428,067	$ 1,702,517,297
Plus: Unamortized premiums	36,642,696		
	$ 1,240,731,926		

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 $8,131,211 and $9,458,789 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $435,701 were recognized as a result of the 2020A bond refunding. In November 2011 and May 2010, the Authority exercised call options to fully redeem the remaining unpaid principal of the Series 1999-1 and 2000-1 Bonds, respectively. As of June 30, 2021, the assets held in escrow for the repayment of the remaining Series 1999A Bonds have an aggregate market value of $62,861,788 with an unpaid principal balance, plus accreted interest, of $77,899,053.

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 $392,498 and $918,726 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $345,943 were recognized as a result of the 2020A bond refunding. During 2014, the Authority exercised the call option to fully redeem the related unpaid principal of these bonds.

The Refunding Series 2012B Bonds refunded portions of the Authority's Series 2003A, 2004A, 2005A, and 2006A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of $20,587,474 and a present value economic gain at issuance of $13,285,676. The refunding resulted in a deferred outflow of resources at issuance of $14,347,581, of which $86,185 and $675,971 were unamortized as of June 30, 2021 and 2020, respectively. During 2020, deferred losses of $7,675,715 were recognized as a result of the 2019C bond refunding. During 2021, deferred losses of $503,602 were recognized as a result of the 2020A bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the related unpaid principal of the 2006A bonds and 2005A bonds, respectively.

The 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 $0 and $178,677 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $178,677 were recognized as a result of the 2020A bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the remaining unpaid principal of the 2006A bonds and 2005A bonds, respectively.

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 $4,586,005 and $13,402,557 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $7,958,732 were recognized as a result of the 2020A bond refunding. During 2019, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009A bonds in the amount of $107,980,000. During 2018, the Authority exercised the call options to fully redeem the related unpaid principal of the 2008A bonds in the amount of $82,825,000. As of both the years ended June 30, 2021 and 2020, the assets held in escrow for the repayment of the remaining Series 2008A and 2009A Bonds have an aggregate market value of $1, 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 $2,010,520 and $2,292,518 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $99,667 were recognized as a result of the 2020A bond refunding. During 2020, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009B bonds in the amount of $70,275,000. As of June 30, 2020, the assets held in escrow were fully used for the repayment of the remaining Series 2009B Bonds.

The Refunding Series 2019B Bonds refunded portions of the Authority's Series 2012A Bonds. These bonds were refinanced to achieve a total increase of debt service at issuance of $2,891,916 and a net present value economic savings at issuance of $133,946. The refunding resulted in a deferred outflow of resources at issuance of $2,252,897, of which $1,793,910 and $2,037,974 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $94,723 were recognized as a result of the 2020A bond refunding. As of June 30, 2021 and 2020, the assets held in escrow for the repayment of the remaining Series 2012A Bonds have an aggregate market value of $46,685,687 and $48,994,046, respectively, with an unpaid principal balance of $45,275,000 and $46,535,000 at June 30, 2021 and 2020, 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 $1,140,740 and $1,247,485 were unamortized as of June 30, 2021 and 2020, respectively. During 2021, deferred losses of $17,797 were recognized as a result of the 2020A bond refunding. As of June 30, 2021 and 2020, the assets held in escrow for the repayment of the remaining Series 2012A and 2012B Bonds have an aggregate market value of $222,104,244 and $228,766,515, respectively, with an unpaid principal balance of $215,315,000 and $215,315,000, respectively.

The 2020A Refunding Bonds refunded portions of the Series 2003B, 2009C, 2010B, 2011A, 2012A, 2012B, 2012C, 2014A, 2014B, 2014C, 2015A, 2016A, 2017A, 2017B, 2017C, 2017D, 2019A, 2019B, 2019C Bonds. Additionally, the 2020A Refunding Bonds refunded the entire 2014D Refunding Bonds Series. These bonds were refinanced to achieve a total increase in debt service at issuance of $933,443 and a net present value economic savings at issuance of $26,782,222. The refunding resulted in a deferred outflow of resources at issuance of $21,245,986, of which $20,181,548 was unamortized as of June 30, 2021. As of June 30, 2021, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of $333,381,800, with an unpaid principal balance of $293,325,000.

On July 28, 2020, $2,425,000 of the Series 2015A Project Revenue Bonds were cash defeased due to a sale of property to the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2021 to May 1, 2036 maturities. The coupon rates ranged from 2.00% to 5.00%. The defeasance escrow is invested in SLGS to the call date of November 1, 2024. As of June 30, 2021, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of $2,918,175, with an unpaid principal balance of $2,320,000.

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 portions of the Series 2012A and 2012B Bonds. The 2020A Refunding Bonds refunded portions of the Series 2003B, 2009C, 2010B, 2011A, 2012A, 2012B, 2012C, 2014A, 2014B, 2014C, 2015A, 2016A, 2017A, 2017B, 2017C, 2017D, 2019A, 2019B, 2019C Bonds. Additionally, the 2020A Refunding Bonds refunded the entire 2014D Refunding Bonds Series.

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, 2021 and 2020:

	2021	2020
Unamortized balance, beginning	$ 84,103,328	$ 112,487,741
Current year additions	-	-
Unamortized premium on bonds refunded	(41,443,288)	(23,343,757)
Defeased premium refunded	(375,321)	-
Current year amortization	(5,642,023)	(5,040,656)
Unamortized balance, ending	$ 36,642,696	$ 84,103,328

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, 2021 and 2020:

	2021	2020
Balance, beginning	$ 30,212,698	$ 39,748,639
Current year additions	21,245,986	1,289,017
Current year refunded	(9,634,842)	(7,675,715)
Current year amortization	(3,501,225)	(3,149,243)
Balance, ending	$ 38,322,617	$ 30,212,698

Note 8 - Long-term liabilities

Long-term liabilities at June 30, 2021 consisted of the following:

	2021				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	$ 1,152,249,286	$ 395,735,000	$ (343,895,056)	$ 1,204,089,230	$ 26,938,668
Unamortized premiums	84,103,328	-	(47,460,632)	36,642,696	5,653,329
Total bonds payable	1,236,352,614	395,735,000	(391,355,688)	1,240,731,926	32,591,997
Interagency payables	12,365,366	608,596	(5,305,668)	7,668,294	762,581
Net pension liability	3,935,112	367,083	-	4,302,195	-
Net OPEB liability	1,586,181	71,124	-	1,657,305	-
Other liabilities					
Compensated absences	252,594	111,060	(19,092)	344,562	175,957
Total long-term liabilities	$ 1,254,491,867	$ 396,892,863	$ (396,680,448)	$ 1,254,704,282	$ 33,530,535

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

Note 9 - Net position

The net investment in capital assets of ($93,658,605) at June 30, 2021, includes the effect of deferring the recognition of the losses on bond refundings. The $38,222,617 balance of the deferred outflows of resources on refunding of debt at June 30, 2021 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, 2021, 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, 2021 and 2020, on a natural classification basis, are comprised of the following:

	2021	2020
Insurance	$ 1,512,604	$ 1,231,698
Compensation	1,374,254	1,233,928
Supplies and service	930,712	902,619
Pension and OPEB expenses	124,893	205,282
Maintenance	-	24,235
Depreciation	45,963,988	45,007,554
Amortization of deferred loss (gain) on receivables	42,613	-
	$ 49,949,064	$ 48,605,316

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 except for State Police which is 12% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

For active Authority employees covered by MSERS, the Authority is not required to make contributions to the Plan. For retired Authority employees, the Commonwealth computes the projected benefit obligation of the retired employee. The Authority is responsible to contribute any shortfall that exists as a result of this computation. The total amount paid by the Authority to the Massachusetts State Retirement Board amounted to $203,754, $215,188 and $134,295 for the years ended June 30, 2021, 2020 and 2019, respectively, which equaled the required contributions each year.

At June 30, 2021, the Authority reported a liability of $4,302,195 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. The 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, 2021, the Authority's proportion was 0.02507%.

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 June 30, 2019 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to June 30, 2019. 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%.

For the years ended June 30, 2021 and 2020, the Authority recognized pension expense of $473,617 and $559,684, respectively.

At June 30, 2021, 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	$ 243,928	$ -
Net difference between projected and actual earnings on pension plan investments	236,494	-
Differences between expected and actual experience	136,890	27,838
Changes in proportion	165,908	536,190
Total	$ 783,220	$ 564,028

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:	
2022	$ 33,997
2023	88,359
2024	95,635
2025	34,838
2026	(33,637)
Total	$ 219,192

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

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. 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. These valuations used the following assumptions each measurement date, unless otherwise noted:

1. (a) 7.15% and 7.25% investment rates of return for the June 30, 2020 and 2019 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, 2020 and 2019 are summarized in the following table:

		Long-term expected real rate of return	
Asset class	Target allocation	2020	2019
Global Equity	39.00%	4.80%	4.90%
Core Fixed Income	15.00%	0.70%	1.30%
Private Equity	13.00%	8.20%	8.20%
Portfolio Completion Strategies	11.00%	3.20%	3.90%
Real Estate	10.00%	3.50%	3.60%
Value Added Fixed Income	8.00%	4.20%	4.70%
Timberland/ Natural Resources	4.00%	4.10%	4.10%
Total	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2020 and 2019 was 7.15% and 7.25%, 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 7.15% and 7.25% for the measurement years ended June 30, 2020 and 2019, 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 (6.15% and 6.25%, respectively) or 1-percentage-point higher (8.15% and 8.25%, respectively) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2019	$ 5,237,762	$ 3,935,112	$ 2,822,060
June 30, 2020	5,668,408	4,302,195	3,179,275

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, 2021, 2020 and 2019, were $103,130, $90,731 and $153,937, 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, 2020, the Authority's plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	7
Active members	12
Inactive employees	1
Total plan members	20

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, 2021 and 2020, the Authority reported a net OPEB liability of $1,657,305 and $1,586,181, respectively. The components of the net OPEB liability were as follows:

	June 30, 2021	June 30, 2020
Total OPEB liability	$ 1,657,305	$ 1,586,181
Plan fiduciary net position	-	-
Net OPEB liability	$ 1,657,305	$ 1,586,181
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, 2020 and 2019, respectively, and the total OPEB liability used to calculated the net OPEB liability was measured by an actuarial valuation as of December 31, 2020 and December 31, 2018, respectively.

The changes in OPEB liability for the plan for the years ended June 30, 2021 and 2020 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	$ 1,586,181	$ -	$ 1,586,181
Changes for the year:			
Service cost	103,730	-	103,730
Interest	58,628	-	58,628
Differences between expected and actual experence	(249,271)	-	(249,271)
Changes of assumptions	187,964	-	187,964
Contributions - employer	-	29,927	(29,927)
Benefit payments	(29,927)	(29,927)	-
Net changes	71,124	-	71,124
Balance at June 30, 2021	$ 1,657,305	$ -	$ 1,657,305

	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

For the years ended June 30, 2021 and 2020, the Authority recognized OPEB expense of $(318,797) and $(354,402), respectively. The recognized OPEB expense for both the years ended June 30, 2021 and 2020 are negative due to deferred inflows and outflows resulting in a change in OPEB liability.

At June 30, 2021, 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	$ 250,584	$ 4,240,507
Net difference between projected and actual earnings on OPEB plan investments	-	4,243
Differences between expected and actual experience	173,660	232,502
Total	$ 424,244	$ 4,477,252

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:		
2022	$	(481,156)
2023		(443,364)
2024		(446,586)
2025		(446,586)
2026		(446,586)
Thereafter		(1,788,730)
Total	$	(4,053,008)

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

The total OPEB liability for the June 30, 2020 and 2019 measurement date was determined by an actuarial valuation as of December 31, 2020 and December 31, 2018 rolled backward and forwards, respectively, to June 30, 2020 and 2019. 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-2020, 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 rates used to measure the total OPEB liability for the measurement years ended June 30, 2020 and 2019 were 2.21% and 3.50%, 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 2.21% and 3.50% for the measurement years ended June 30, 2020 and 2019, 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, 2019	$ 1,885,598	$ 1,586,181	$ 1,349,711
June 30, 2020	1,971,050	1,657,305	1,408,052

(a) - The discount rates as of June 30, 2020 are as follows: 2.21% (current); 1.21% (1% decrease) and 3.21% (1% increase)

(b) - The discount rates as of June 30, 2019 are as follows: 3.50% (current); 2.50% (1% decrease) and 4.50% (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, 2020 and 2019, 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, 2019	$ 1,325,290	$ 1,586,181	$ 1,928,632
June 30, 2020	1,393,119	1,657,305	2,003,298

(a) - The healthcare cost trend rates as of June 30, 2020 are as follows: for GIC non-Medicare plans, 6.60% in 2021; decreasing to 6.50% in 2022, decreasing to 6.40% in 2023, decreasing to 6.20% in 2024,decreasing to 5.75% in 2025, then decreasing by 0.25% per year until reaching 4.50% in 2030. For Medicare plans, 4.80% in 2021; decreasing to 4.70% in 2022, decreasing to 4.60% in 2023, increasing to 4.70% in 2024, decreasing to 5.75% in 2025, then decreasing by 0.25% per year until reaching 4.50% in 2030

(b) - The healthcare cost trend rates as of June 30, 2019 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, 2021 and 2020, rent expense incurred, including additional costs for monthly storage and parking, which are not provided under the terms of the lease agreements, amounted to $288,897 and $231,433, 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
2022	$ 283,680
2023	288,999
2024	294,318
2025	299,637
2026	304,956
Thereafter	1,492,866
Total	$ 2,964,456

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 $29,919 and $29,189 during fiscal 2021 and 2020, 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 is $30,667 for the year ended June 30, 2022.

Note 15 - Subsequent bond issuances

On July 22, 2021, the MSCBA closed on $16,825,000 of Project Revenue Bonds Series 2021A (Green Bonds) for the purpose of providing funding for a new capacity project at the Massachusetts Maritime Academy. The first principal payment is due on May 1, 2023, and the final term bond maturity is on May 1, 2051. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 2% to 5%.

On July 22, 2021, the MSCBA closed on $2,265,000 Project Revenue Bonds Series 2021B for the purpose of providing funding for projects at the Massachusetts Maritime Academy and Massachusetts College of Liberal Arts. The first principal payment is due on May 1, 2023, and the final term bond maturity is on May 1, 2041. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 2% to 5%.

On September 10, 2021, $535,000 of the Series 2012C, 2014A, and 2020A related to FSU Mayhew St. Project Revenue Bonds were cash defeased due to a sale of property to a private party. The maturities defeased included portions of the May 1, 2022 to May 1, 2032 2012C maturities, May 1, 2022 to May 1, 2025 2014A maturities, and portions of the May 1, 2027 to May 1, 2039 2020A maturities. The coupon rates ranged from 1.512% to 5.00%. The defeasance escrow is invested in open market securities to the call date of each series.

Required Supplementary Information

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

Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability of the Commonwealth of Massachusetts
June 30, 2021

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

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

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

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, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 203,754	$ 215,188	$ 134,295	$ 115,941	$ 115,941	$ 115,955	$ 101,546
Contributions in relation to the contractually required contribution	(203,754)	(215,188)	(134,295)	(115,941)	(115,941)	(115,955)	(101,546)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,512,594	$ 1,537,249	$ 1,705,680	$ 1,787,296	$ 1,704,399	$ 1,459,312	$ 1,431,639
Contributions as a percentage of covered payroll	13.47%	14.00%	7.87%	6.49%	6.80%	7.95%	7.09%

* 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, 2021

	2021	2020	2019
Total OPEB liability:			
Service cost	$ 103,730	$ 94,823	$ 244,646
Interest	58,628	56,145	239,294
Changes of benefit terms	-	-	-
Differences between expected and actual experence	(249,271)	-	(5,391,656)
Changes of assumptions	187,964	93,930	-
Benefits payments, including refunds of employee contributions	(29,927)	(29,317)	(137,071)
Net change in total OPEB liability	71,124	215,581	(5,044,787)
Total OPEB liability - beginning	1,586,181	1,370,600	6,415,387
Total OPEB liability - end (a)	$ 1,657,305	$ 1,586,181	$ 1,370,600
Plan fiduciary net position:			
Contributions - employer	$ 29,927	$ 29,317	$ 137,071
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefits payments, including refunds of employee contributions	(29,927)	(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)	$ 1,657,305	$ 1,586,181	$ 1,370,600
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	0.00%	0.00%	0.00%
Covered employee payroll	$ 1,517,522	$ 1,537,249	$ 1,705,680
Plan Total OPEB Liability as a percentage of covered employee payroll	109.21%	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.

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

Supplementary Information

Schedule of Authority OPEB Contributions
June 30, 2021

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

FY2020 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

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

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

FY2020 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

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

FY2019 Changes in Actuarial Assumptions

<u>Changes in benefit terms</u>

None in 2019.

<u>Changes in assumptions</u>

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

FY2018 Changes in Actuarial Assumptions

<u>Changes in benefit terms</u>

None in 2018.

<u>Changes in assumptions</u>

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

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

The per-capita claim costs were updated.

The trend assumptions were revised.

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

The mortality assumption changed as follows:

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

The participation rate assumptions changed to the following:

- 80% of active employees are assumed to elect retiree medical and life insurance coverage. 100% of all retirees who currently have health care coverage will continue with the same coverage, except those with POS/PPO coverage, 85% are assumed to move into the indemnity plan and 15% are assumed to move into the HMO.
- All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 40% of future retirees are assumed to elect a GIC indemnity plan upon retirement, 50% are assumed to elect a POS/PPO plan upon retirement and 10% are assumed to elect a GIC HMO plan. 100% of future retirees are assumed to be eligible for Medicare, with 85% electing a GIC indemnity plan upon reaching age 65 and 15% electing a GIC HMO plan upon reaching age 65.

The participation rate assumptions were formerly:

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

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

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

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

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

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

	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020	2021
Net investment in capital assets	$ 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)	$ (93,658,605)
Restricted - expendable	2,415,383	2,231,469	905,631	905,721	-	-	-	-	-	-
Unrestricted	(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	8,364,949
Total Net Position (Deficiency)	**$ (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)**	**$ (85,293,656)**

See Independent Auditor's Report on Page 3.

Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Changes in Net Position

	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020	2021
Operating Revenue										
Income from assessments	$ 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	$ 31,838,236
Federal grants for debt service	211,886	58,414	-	-	-	-	-	-	-	-
Other miscellaneous revenue	499,035	548,131	426,352	598,515	943,094	549,270	452,204	158,783	345,339	184,815
Total operating revenue	**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**	**32,023,051**
Non-Operating Revenue										
Net investment income	12,643,482	3,045,359	10,763,298	10,702,249	15,374,812	7,981,303	10,053,652	14,950,924	12,369,469	1,698,121
Interest income - interagency	-	-	-	-	-	-	-	-	7,291,176	5,398,318
Transfers (to)/from State Universities	3,050,414	3,981,309	4,221,388	4,009,535	7,056,055	421,418	498,508	585,251	(495,898)	(66,253)
Transfers (to)/from DCAM	-	(497,294)	-	-	-	-	-	-	-	-
State capital appropriations	-	-	-	-	-	-	-	-	-	-
Build America Bonds interest subsidy	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	1,461,384
Gain (loss) on sale of assets	-	-	-	-	-	-	.	-	-	213,031
Miscellaneous nonoperating revenue	546,385	56,777	912,114	150,866	99,082	49,691	70,350	26,061	9,112	69,870
Capital grants	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue	**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**	**8,774,471**
Total Revenue	**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**	**40,797,522**
Operating Expenses										
Insurance costs	(740,425)	(735,970)	(892,842)	(939,566)	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)	(1,255,933)	(1,512,604)
Authority operating expenses	(1,481,186)	(1,621,486)	(1,660,589)	(2,208,557)	(2,312,194)	(2,338,033)	(2,490,233)	(2,713,867)	(2,120,278)	(2,295,578)
Depreciation	(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)	(45,963,988)
Amortization of deferred loss (gain) on receivables	-	-	-	-	-	-	-	-	-	(42,613)
Other expenses	(294,516)	(426,570)	(235,606)	(402,886)	(46,879)	-	(106,166)	(12,983)	(221,551)	(134,281)
Total operating expenses	**(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)**	**(49,949,064)**
Non-operating expenses										
Interest expense	(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)	(43,549,367)
Bond issuance costs	(2,150,595)	(1,175,271)	(564,385)	(761,121)	(1,058,566)	(655,786)	(655,786)	(864,282)	(1,424,327)	(2,268,147)
Total non-operating expenses	**(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)**	**(45,817,514)**
Total Expenses	**(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)**	**(95,766,578)**
Increase (decrease) in net position	**$ 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**	**$ (54,969,056)**

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

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

Supplementary Information

Statistical Information (Unaudited)

Schedule of Revenue

Institution	2012	2013	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020	2021
Bridgewater	$ 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	$ 5,851,215
Fitchburg	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	$2,947,005
Framingham	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	4,018,070
Mass. College of Art and Design	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	2,229,133
Mass. College of Liberal Arts	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	1,527,334
Mass. Maritime Academy	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	2,419,686
Salem	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	4,464,666
Westfield	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	4,387,392
Worcester	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	3,993,735
Mount Wachusett	-	-	-	-	215,295	223,575	-	-	-	-
Total	$ 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	$ 31,838,236

See Independent Auditor's Report on Page 3.

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

Supplementary Information

Statistical Information (Unaudited)

Room Rates of Residence Facilities

Institution	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bridgewater	$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	$8,099-10,024
Fitchburg	$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	$6,600-10,000
Framingham	$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	$8,040-13,640
Mass. College of Art and Design	$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	$8,944-13,860
Mass. College of Liberal Arts	$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	$6,900-7,196
Mass. Maritime Academy	$5,300	$5,470	$5,910	$6,440	$6,790	$7,130	$7,340	$7,560	$7,790	$8,004
Salem	$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	$8,680-12,530
Westfield	$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	$6,800-10,120
Worcester	$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	$7,878-9,278

See Independent Auditor's Report on Page 3.

Supplementary Information

Statistical Information (Unaudited)

Occupancy as a Percentage of Design Capacity at Residence Facilities

Institution	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bridgewater	100%	99%	95%	99%	97%	96%	95%	95%	96%	37%
Fitchburg	100%	101%	100%	103%	101%	96%	92%	85%	76%	50%
Framingham	100%	100%	100%	98%	98%	94%	93%	90%	88%	33%
Mass. College of Art and Design	100%	99%	99%	99%	98%	99%	99%	96%	100%	65%
Mass. College of Liberal Arts	94%	91%	86%	86%	79%	77%	74%	71%	73%	46%
Mass. Maritime Academy	106%	108%	111%	93%	101%	105%	102%	102%	10%	57%
Salem	102%	107%	106%	107%	100%	96%	96%	90%	79%	37%
Westfield	106%	101%	98%	98%	102%	99%	94%	86%	82%	38%
Worcester	103%	102%	101%	87%	94%	92%	96%	96%	96%	50%
State University Average	**101%**	**101%**	**99%**	**98%**	**98%**	**96%**	**94%**	**91%**	**88%**	**43%**

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, 2021 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 15, 2021.

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 15, 2021

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