

ANNUAL REPORT
FISCAL YEAR 2024



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FISCAL YEAR 2024

FOR THE PERIOD
JULY 1, 2023 THROUGH JUNE 30, 2024

**MASSACHUSETTS
STATE COLLEGE BUILDING AUTHORITY**

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DECEMBER 31, 2024

FISCAL YEAR 2024
ANNUAL REPORT
OF THE
MASSACHUSETTS
STATE COLLEGE BUILDING AUTHORITY

BACKGROUND

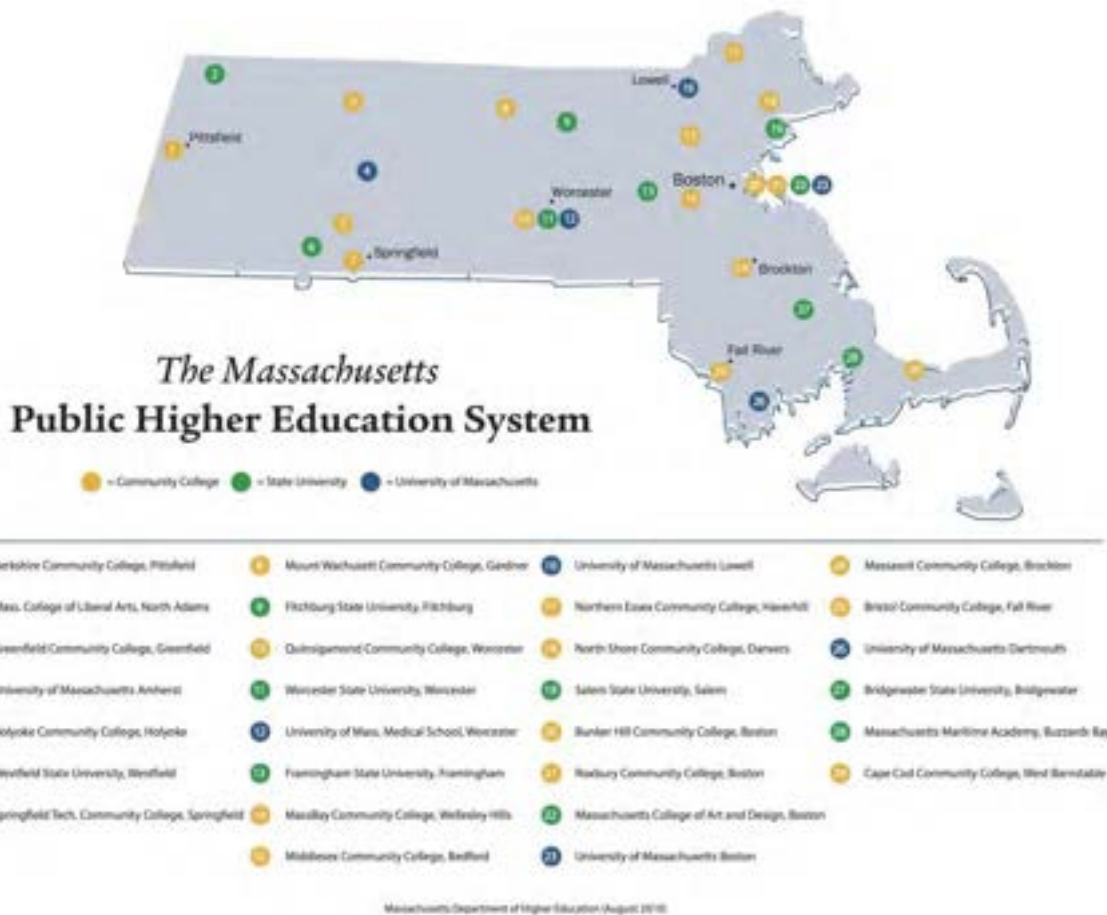
The Massachusetts State College Building Authority (the Authority) is a public instrumentality of the Commonwealth, established by the Legislature in 1963. The Authority is charged with financing, designing, constructing, and overseeing the management of housing, dining, athletic, parking, and other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

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

HISTORY AND PURPOSE

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

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



FUNDING

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

PROJECT DELIVERY

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



HOOSAC HALL UPPER ROOF REPLACEMENT
MASSACHUSETTS COLLEGE OF LIBERAL ARTS

MAJOR ACCOMPLISHMENTS

Significant Authority accomplishments in project delivery included the following:

Residence Halls

- Renovated all existing bathrooms on Levels 1-5 of Durgin Hall for Bridgewater State University.
- Completed heating system upgrades and access modifications at Great Hill Apartments for Bridgewater State University.
- Replaced the cooling tower at Stonehouse Hall for Bridgewater State University.
- Completed repairs to the water chiller system at Weygand Hall for Bridgewater State University.

- Installed new luxury vinyl plank on the remaining two floors in Peirce and all three floors in Mann Hall.
- Replaced all existing stairwell doors in Larned Hall at Framingham State University.
- Completed the consolidation of two generators, including the addition of a diesel particulate filter, which reduces emissions and provides grade-level sound attenuation for Corrine Hall at Framingham State University.
- Conducted a design study for the replacement of all lighting in Corinne Towers with LED lighting at Framingham State University
- Conducted a feasibility study for Peirce and Mann Hall for AC upgrades to 75 bedrooms to support summer conferencing activities at Framingham State University.
- Upgraded the remaining 50% of student-room furniture at the Artist's Residence at Massachusetts College of Art and Design.
- Replaced the domestic hot water tank at Berkshire Towers for Massachusetts College of Liberal Arts
- Completed the roof replacement at Hoosac Hall for Massachusetts College of Liberal Arts.
- Conducted a design study for corridor modifications at Hoosac Hall for Massachusetts College of Liberal Arts.
- Upgraded the cadet rooms and finished heat distribution in Company 3, the fourth of a phased renewal and adaptive renovations of the cadet housing at Massachusetts Maritime Academy.
- Upgraded kitchen appliances for 82-bedroom suites in Atlantic Hall for Salem State University.
- Replaced the roof system at Peabody Hall and upgraded the hot water system at Bowditch Hall with energy-efficient equipment
- Completed plumbing repairs at the Welch Apartments for Westfield State University.
- Created design plans for the roof replacement at Wasylean Hall for Worcester State University.

Student Activity Facilities

- Completed the design and installation of two new chillers serving Hammond Hall at Fitchburg State University.
- Managed the planning and design of a 150-seat black box theater for Fitchburg State University.
- Renovated the Christa McAuliffe Center for Integrated Science Learning at O'Connor Hall. Re-design and fit-out of the spaces included interior renovations, HVAC upgrades, bathroom reconfiguration, and ADA improvements. Programing upgrades included Planetarium technology upgrades and modernization of the Challenger Learning Center.
- Transformed the Warren Conference Center Northern Lodge into a new University Community Club branded as Henry's Place
- Upgraded the emergency generators and windows and completed roof repairs at the Inn and Main Lodge at the Warren Conference Center
- Completed the tenant fit out of a Starbucks inside the Kennedy Campus Center at Massachusetts College of Art and Design
- Replaced the soccer field's synthetic turf at Massachusetts College of Liberal Arts

- Created new cadet lounge space and renovated the Fantail Student Lounge, including 200 new dining seats at Massachusetts Maritime Academy.

The following table list projects that were substantially complete in fiscal year 2024:

PROJECTS COMPLETED – FY 2024

Campus	Building	Description	Total Project Cost
Bridgewater	Durgin Hall	Durgin Bathrooms Renovation	4,086,532
	Great Hill Apartments	Heating System Repairs	127,035
	Stonehouse Hall	Cooling Tower Replacement	1,100,000
	Weygand Hall	Multistack Repairs	69,287
Fitchburg	Hammond Hall	Southside Chiller Plant Expansion	1,019,105
	Main Street Theater	Black Box Theater Design	529,014
Framingham	O'Connor Hall	Christa McAuliffe Center	6,873,283
	Warren Conference Center	Northern Lodge Clubhouse	1,309,168
	Warren Conference Center	Roof, Generators and Windows	796,775
	Peirce & Mann Hall	Bedroom Flooring Replacement	246,257
	Larned Hall	Door Replacement	139,774
	Corinne Hall	Generator Replacement	199,741
	Corinne Hall	Corinne LED Study	24,392
	Peirce Hall	Peirce & Mann Load Study	3,957
MassArt	Kennedy Campus Center	Starbucks Fitout	1,431,895
	Artists' Residence	Student Room Furniture Phase II	454,616
MCLA	Berkshire Hall	Berkshire Towers Domestic Hot Water Repairs	504,312
	Athletics	Soccer Field Synthetic Turf Replacement	1,754,750
	Hoosac Hall	Hoosac Upper Roof Replacement	568,488
	Hoosac Hall	Hoosac Corridor Design	35,700
Maritime	Company 3	Company 3 Renovations	3,203,834
	Fantail Lounge	Fantail Lounge Renovations	9,193,376
Salem	Atlantic Hall	Appliance Replacement	149,089
	Bowditch & Peabody Hall	Bowditch Heater & Peabody Roof Replacement	2,391,345
Westfield	Welch Apartments	Welch Apartment Repairs	113,593
Worcester	Wasylean Hall	Wasylean Roof Design	71,901
			\$ 36,397,217

The following table list projects that are underway during fiscal year 2024:

PROJECTS UNDERWAY – FY 2024

Campus	Building	Description	Total Project Cost
Bridgewater	Crimson Hall	Fan Coil Unit Upgrades	435,000
	Miles DiNardo Hall	Miles DiNardo Door Repairs	75,000
	Shea Hall	Shea Bathrooms Renovation	5,118,510
	Weygand Hall	Multistack Repairs	50,000
	Woodward Hall	Woodward Basement Ceiling	255,000
Fitchburg	Main Street Theater	Main Street Theater Roof Replacement	7,726,716
	Townhouses	Residence Hall Renewal Studies	100,000
Framingham	Peirce Hall	Peirce Annex Roof	540,000
	Warren Conference Center	Main Lodge Ballroom Addition	6,591,116
	Warren Conference Center	Sewer System Upgrades	1,623,783
	Warren Conference Center	Cabins Fire Alarm	162,823
MassArt	Artists' Residence	Roof Repairs	115,000
	Smith Hall	Boiler Replacement	50,000
MCLA	Hoosac Hall	Elevator Replacement Design	47,500
	Flagg Townhouse	Lighting Upgrades	30,000
Maritime	Athletics	Athletic & Wellness Center Study	1,400,000
	Company 5	Company 5 Renovations	4,300,000
	Company 6	Company 6 Renovations Design	320,000
	Marine Wharf	Pier Upgrades	28,272,100
Salem	Marsh Hall	Marsh Boilers & Storefront Doors	1,500,000
	Atlantic Hall	Atlantic Boilers & Storefront Doors	1,435,000
Westfield	New Hall	New Hall Hot Water Replacement	771,692
	Apartments	Plumbing Stack Repairs	145,000
Worcester	Wasylean Hall	Wasylean Fire Pump Replacement	200,000
	Multiple Residence Halls	Residence Hall Repairs	190,000
			\$ 61,454,240



FANTAIL STUDENT LOUNGE
MASSACHUSETTS MARITIME ACADEMY

STATE OF THE SYSTEM

Overview

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

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



CHRISTA MCAULIFFE CENTER AT O'CONNOR HALL
FRAMINGHAM STATE UNIVERSITY

Financial Performance

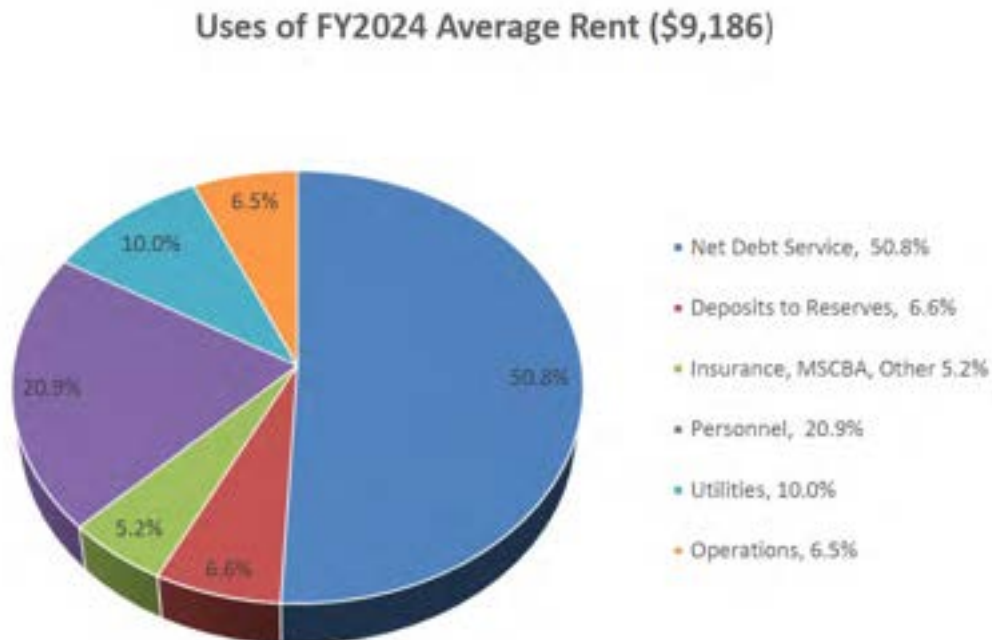
The financial condition of the Authority is stable and strong. For fiscal year 2024, Authority assessments, derived primarily from rents and fees, totaled \$91.2 million, of which \$76.9 million was used to pay debt service. To cover the Authority's assessments and the annual expense of operating the residence halls, the universities collect rents and fees from students in accordance with the annual rent schedule prepared by the Authority and approved by the Massachusetts Board of Higher Education. In addition, the Authority had debt service reserve funds with a market value of \$36.3 million as of June 30, 2024, that may be used to pay debt service and/or to fund capital projects. In November 2019 (as a result of the 2019C bond issue), bond holder consent was achieved to reduce the debt service reserve fund requirement to zero. In addition, the campuses pledge a total of \$23.6 million in pledged trust funds that are available to the Authority to pay debt service, if necessary. The Authority's audited financial statements for fiscal year 2024 will be included in Appendix B when complete.

The financial condition of the Authority is further strengthened by a series of capital reserves and trust funds. The campus assessments fund annual debt service obligations, Authority operating expenses, insurance premiums, and deposits to capital reserves. During fiscal year 2024, approximately \$8.7 million was deposited into the System and Campus Capital Improvement Reserves from rent revenues; these reserves are managed by the Authority and are used to fund the renewal requirements of the System and Campus projects; at the close of the fiscal year, the balance available was a combined \$38.6 million. In addition, Multipurpose and Supplemental Reserves totaled \$5.44 million as of the close of the fiscal year.

Rents and Fees

For the 2023/2024 academic year (fiscal 2024), the average approved on-campus room rent was \$9,186 per bed. To ensure affordability and full occupancy, Authority room rents are typically maintained at or below the off-campus market rental rates in the community in which the campus is located. Regular modest increases in room rents permit the Authority to fund increases in operating expenses (salaries and utilities), debt service expense, and a regular program of facility renewal and renovation.

The following chart illustrates the uses of the average rent per student for the 2023/2024 academic year:



Facility Renewal

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

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

FACILITY CONDITION INDEX (System Projects)

System Buildings	2000	2008	2012	2016	2019	2020	2021	2022	2023	2024
Deferred Maintenance (\$m)	61.1	15.2	10.6	10.2	19.1	24.5	29.0	43.9	42.7	41.6
Current Replacement Value (\$m)	274	416	484	534	551	589	592	1,054	1,248	1,293
Facility Condition Index	22.3%	3.7%	2.2%	1.9%	3.5%	4.2%	4.9%	4.17%	3.42%	3.22%

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

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

Campus Buildings	2023	2024
Deferred Maintenance (\$m)	12	9.4
Current Replacement Value (\$m)	1,037	1,106
Facility Condition Index	1.20%	0.08%

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

Debt Management

Authority debt is secured by the rents and fees pledged by the state colleges and paid by the students who benefit from the projects funded by the debt. Further security is provided by a campus pledge of twenty-five percent of the average annual debt service and by a debt service reserve fund. As of June 30, 2024, the Authority has issued bonds to finance projects totaling \$1.45 billion. As detailed in the following chart, \$302 million in bond proceeds have been used to fund repair and renewal of existing residence halls. Bond proceeds of \$745 million have been used to

fund the construction of new residence halls and the expansion of existing ones. The remaining bond proceeds of \$314 million have been used to fund new construction, repair, and renovation of student activity facilities, and \$93 million was used to provide supplemental financing for certain Commonwealth-managed projects.

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

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

Series	True Interest Cost	Original Average Life	Repair and Renovation Projects	New Residential Capacity Projects	Student Activity Projects	University / Commonwealth-Owned Projects	University / Commonwealth-Managed Projects	Total
1999-A	5.71	20.7	\$ 33.45	\$ -	\$ -			\$ 33.45
1999-1	5.59	24.3	-	26.81	11.62	1.80		40.23
2000-1	6.03	24.0	-	20.21	-			20.21
2003A; B	4.87	25.4	19.00	67.00	-	2.10		88.10
2004A	4.45	20.9	24.00	32.00	2.00			58.00
2005A	4.32	12.7	19.00	-	-	14.90		33.90
2006A	4.50	19.8	19.60	54.10	10.00	8.28		91.98
2008A	4.85	20.3	32.60	49.00	-	0.80		82.40
2009A	5.29	21.4	15.10	77.72	4.08	16.40		113.30
2009B; C (BABs)	4.57, 3.82	21.2, 21.0	16.00	105.00	-	6.60		127.60
2010A; B (BABs)	2.33, 4.08	4.5, 16.8	12.50	1.60	12.50	18.31	10.00	54.91
2012A	4.12	19.6	11.50	113.00	31.00		3.00	158.50
2012C	2.69	15.5	10.50	75.39	17.71	35.95	15.00	154.55
2014A	4.15	16.9	27.80	50.20	4.80	41.85	5.00	129.65
CC Series 1	4.25	11.9	-	-	-		3.00	3.00
2014B; C	3.67; 3.16	17.7; 12.0	10.00	44.00	22.50	12.90	17.70	107.10
2015A	3.14	12.5	11.00	-	6.20	1.22		18.42
CC Series 2	2.75	11.1	-	-	-	3.00		3.00
2017A	3.06	12.2	8.00	9.00	-	4.00		21.00
2017B; C	2.97; 3.46	12.6; 12.0	8.00	1.80	10.00	-		19.80
2019A	2.97	12.5	10.90	-	4.90	-		15.80
21A,B	2.01; 1.73	17.7; 11.8	1.50	17.00	-	-	1.00	19.50
22A	2.31	11.5	6.50	1.00		9.00	1.40	17.90
2023A (1)	3.40	11.7	3.00				1.60	4.60
CC Series 3 (1)	3.96	18.4					35.30	35.30
2024A	3.12	7.8	2.20					2.20
Project Fund Total			\$ 302.15	\$ 744.83	\$ 137.31	\$ 177.11	\$ 93.00	\$ 1,454.40

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

In addition to issuing bonds to fund new projects, the Authority strategically issues refunding bonds to take advantage of lower interest rates that produce lower debt service costs. Since 2011, the Authority has issued eleven refunding bonds that produced an aggregate of \$130 million of present value savings, including the first ever refunding of a community college series and the first ever tender offer in fiscal year 2024.

Enrollment

The following chart illustrates enrollment at each state university:

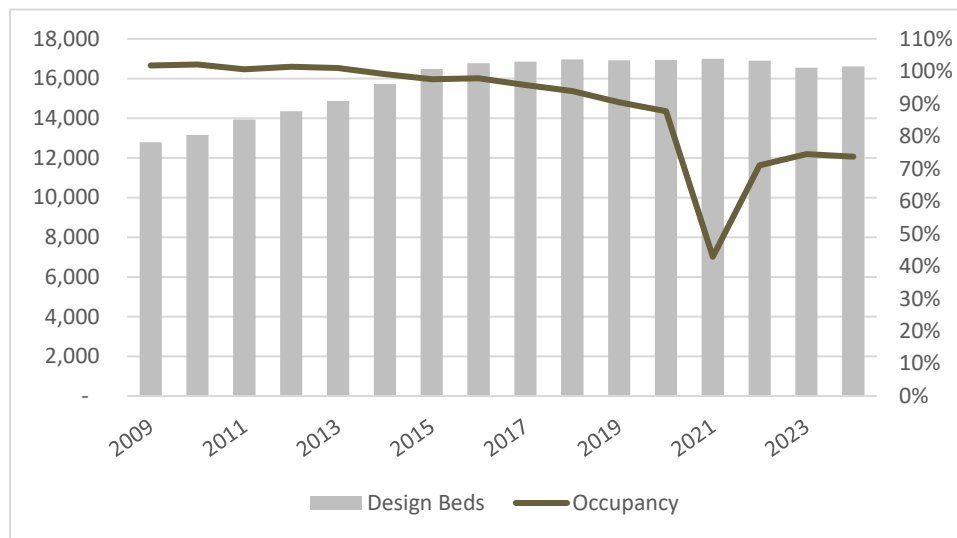
STATE UNIVERSITY ENROLLMENT (Fall Data)

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

Residence Hall Occupancy

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

RESIDENCE HALL OCCUPANCY (Annual Data)



Housing Financial Aid

By statute, the fees, rents, and charges assessed by the Authority must provide sufficient revenue to pay the cost of debt service, maintenance, repair, operations, and capital improvement reserves. There is a range of types and costs of Authority projects, to appeal to a range of student interests and resources. To further improve the affordability of its projects, the Authority established a housing financial aid program in 2005. In fiscal year 2024, this program provided \$5.4 million that was redistributed by the financial aid offices of the nine state universities to complement the financial aid package for residential students.

Economic Impact

The impact of the Authority and of its projects on the Massachusetts economy is substantial. The following table illustrates the dollar value of the direct expenditure of the Authority for personnel, purchasing, and construction for fiscal years 2014, 2016, 2018, 2020, 2022, and 2024:

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

Expense Type	FY2014	FY2016	FY2018	FY2020	FY2022	FY2024	FY2024 Employment
Authority Operations and Administration	\$1.70	\$2.88	\$2.70	\$2.38	\$2.89	\$3.25	14
Residence Hall Operations	\$43.40	\$48.90	\$46.20	\$46.00	\$42.89	\$50.12	198
Construction and Maintenance*	\$169.40	\$111.30	\$39.33	\$37.11	\$5.20	\$52.54	263
Total	\$214.50	\$163.08	\$88.23	\$85.49	\$50.98	\$105.91	475

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

Commitment to Diversity

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

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

Sustainability

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

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

Green Bonds

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

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

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

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

PROJECTS INCLUDED IN MSCBA GREEN BOND ISSUES

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

Strategic Planning

Every other year through 2020, the Authority has updated its Strategic Plan with demographic data to determine the long-term demand for student housing facilities at the nine state university campuses. The plan considered the latest available enrollment data and projections prepared by the Department of Higher Education. In the past, the goal was met with new housing to provide,

on average, capacity for fifty percent of the full-time undergraduate students in the state university system: this would provide capacity for two years of housing during a students' four-year undergraduate experience. The goal was modified in 2000 to identify specific housing targets to support the sustained enrollment for each campus. By 2017, the Authority had met each State University's anticipated targets except for Massachusetts Maritime Academy.

Due to the continued impacts of COVID and the decrease in demographics related to birth rates for traditional college-aged students, we recognize that a focus beyond data is necessary. In FY24, we engaged Demographic Perspectives in order to clarify the needs relating to continuing strategic planning. The identified need revolved around strategic direction for campuses where student occupancy did not meet available space in residential areas. We sought information through interviews and analysis in order to better understand campus needs and how we can more effectively support them.

Staffing Levels

The Authority's staffing level has remained stable in FY 24, after several promotions and new hires in FY 23. We have continued training of new staff members throughout the year. In FY 24, there were two promotions as well.

COMMONWEALTH OF MASSACHUSETTS

Maura Healey, Governor

AUTHORITY MEMBERS AND OFFICERS

Michael Fallon, Chair

James M. Karam, Vice Chair

John J. Burns, Treasurer

James H. Collins

Rosalind Gorin

Barbara Stern

Secretary, Patrick Tutwiler, PhD

Bill Walczak

Janet L. Chrisos, Executive Director

Assistant Treasurer/Secretary

AUTHORITY STAFF

Molly Bench, Controller

Janet Chrisos, Executive Director

Laura Croteau, Associate Director, Systems & Internal Controls

Amanda Forde, Director of Capital Projects

Paul Forgione, Senior Project Manager

Patrick Giard, Assistant Project Manager

Jennifer Gonzalez, Deputy Director, Administration & Finance

Kristin Murphy, Director of Administration and Budget

Jeremy Ponce, Staff Accountant

Stephen Rogan, Project Manager

Michael Rose, Contracts and Procurement Coordinator

Jadea Simmons, Administrative Assistant

Kiara Taylor, Project Coordinator

GENERAL COUNSEL

Bowditch & Dewey

CERTIFIED PUBLIC ACCOUNTANTS

CohnReznick

BOND COUNSEL

Hinckley Allen

As of June 30, 2024

APPENDIX A**Moody's Investors Services****Massachusetts College and University Ratings
as of December 6, 2024**

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

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

APPENDIX B

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

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

June 30, 2024 and 2023

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

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Independent Auditor's Report

To the Board
Massachusetts State College Building Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information. The other information comprises the statistical section contained on pages 74 to 77 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other

information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2025, 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.



Boston, Massachusetts
March 14, 2025

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

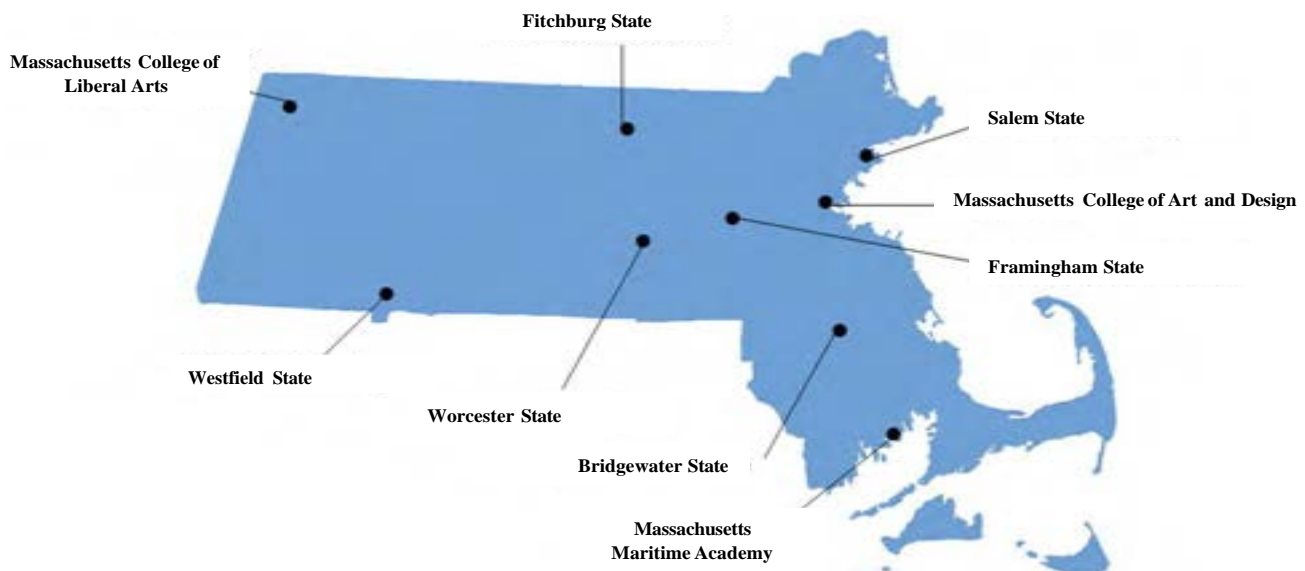
**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

The following discussion and analysis provide management's overview of the financial position of the Massachusetts State College Building Authority (the "Authority" or "MSCBA") as of June 30, 2024 and 2023, and the results of its operations and cash flows for the years then ended. This management's discussion and analysis is unaudited and should be read in conjunction with the Authority's audited financial statements and notes, which are attached hereto.

Introduction

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

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



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

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

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

Summary

The Authority's Fiscal Year 2024 (FY24) financial statements, and the related variances from prior years, reflect a deliberate, structured approach by the Authority to provide short term financial flexibility to the campuses, allowing them to concurrently prioritize the public health needs of their community while maintaining financial stability. The COVID-19 pandemic had a profound impact on college enrollments that is still being felt because of the rolling impact of small incoming classes in Fall 2020 and Fall 2021. For these reasons, comparison of FY24 to prior years is not an ideal benchmark of comparison.

As compared to Fiscal Year 2023 (FY23), which had no new financing activities, FY24 had multiple issuances including the \$4,375,000 Series 2023A Project Revenue Bonds, the \$36,165,000 Community College Series 3 Project and Refunding Revenue Bonds, and \$148,280,000 Series 2024A Project and Refunding Revenue Bonds, which released \$6.1 million of debt service reserve funds and unspent proceeds and issued \$2.2 million of new money. Although FY23 did not include any financing activity, the impact of FY22's financings were evident in FY23 as FY22's ending Cash, Cash Equivalent, and Investment balances were utilized in FY23 as planned.

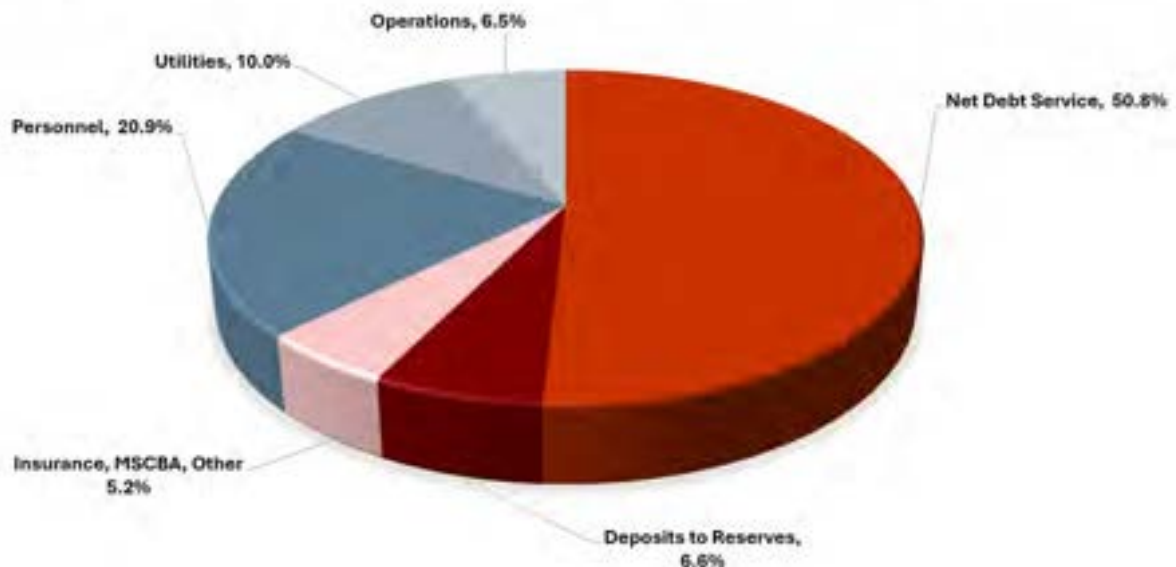
**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

Revenue

The Authority receives no appropriation from the Commonwealth; all revenues to support facility design, construction, and operation are derived from the rents and fees paid by students for the use of these facilities and services. Pursuant to the Act and a Contract for Financial Assistance, Management and Services between the Commonwealth acting by and through the Board of Higher Education ("BHE") (the "Contract"), the Authority annually sets and assesses rents and fees sufficient to provide for the payment of all costs of its facilities. The average budgeted rent in academic year 2023/24 was \$9,186 and covered expenses in the categories of maintenance, operations, administration, reserves, and related debt service on revenue bonds issued to finance its projects.

FY24 Use of Rent Revenue by Expense Category



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

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

Enrollment and Occupancy

The State Universities certify residence hall occupancy to the Authority and to the Commonwealth's Department of Higher Education on a semi-annual basis. For the academic years 2023/24, 2022/23, and 2021/22, the number of students housed in on-campus housing owned by the Authority was 74%, 74%, and 71% of design occupancy, respectively.

At the beginning of the spring 2024 semester, approximately 11,773 students resided in the 54 residential complexes owned by the Authority. These facilities can house 53% of the fall semester full-time undergraduate students and comprise about 4.5 million square feet of space on the nine State University campuses. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

The following table shows average annual residence hall occupancy from academic year 2014/15 through 2023/24. During FY24 as compared to FY23, the Authority increased design occupancy by 0.4%, or 72 beds.

<u>State University</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
Bridgewater	99%	97%	96%	95%	95%	96%	37%	81%	89%	91%
Fitchburg	103%	101%	96%	92%	85%	76%	50%	58%	52%	58%
Framingham	98%	98%	94%	93%	90%	88%	33%	64%	64%	63%
Mass. College of Art and Design	99%	98%	99%	99%	96%	100%	65%	98%	101%	100%
Mass. College of Liberal Arts	86%	79%	77%	74%	71%	73%	46%	43%	42%	43%
Mass. Maritime Academy	93%	101%	105%	102%	102%	10%	57%	95%	87%	79%
Salem	107%	100%	96%	96%	90%	79%	37%	63%	79%	76%
Westfield	98%	102%	99%	94%	86%	82%	38%	66%	66%	62%
Worcester	87%	94%	92%	96%	96%	96%	50%	78%	84%	84%
Average Occupancy	98%	98%	96%	94%	91%	88%	43%	71%	74%	74%
Design Occupancy	16,458	17,289	16,857	16,957	16,922	16,939	17,001	16,900	16,544	16,616

Financial Statements

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

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

The Statement of Revenues, Expenses, and Changes in Net Position (Deficiency in Net Position) presents information showing how the Authority's net position changed during the fiscal year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the payment for accrued compensated absences, or the receipt of amounts due from state colleges (includes State Universities and Community Colleges) and others for services rendered).

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

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

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

New or Recent Governmental Accounting Standards Board (GASB) Statements

- **GASB Statement 87, Leases:** In FY22, the Authority implemented GASB Statement No. 87, Leases, which establishes requirements for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority's lease receivables are largely attributable to the use of the residence halls that are owned by the Authority but utilized by the state universities. With the implementation of GASB 87, all the outstanding debt of the Authority falls into either the Accounts Receivable category for campus/Commonwealth-owned buildings or Lease Receivable for MSCBA-owned buildings. The implementation of this standard has had a significant impact (\$1.0 Billion) on both lease receivables and associated capital asset accounting and does make trend analysis difficult as prior years' statements (including FY20) do not account for this significant adjustment. This change is reflected in both the FY24 financial statements and the FY23 financial statements

Financial Highlights

- Total assets of the Authority declined from \$2.052 billion at June 30, 2023, to \$2.004 billion at June 30, 2024. This decline largely relates to the amortization of GASB 87 lease receivables, which decreased by \$55.1 million and depreciation exceeding investment in new capital assets on Authority-owned facilities by \$20.4 million; these decreases were offset by increases in both cash and non-retirement fund related-investments balances of \$2.0 million, and accounts receivables related to campus/Commonwealth-owned buildings of \$25.9 million. These increases in cash and investments and accounts receivable are primarily related to the current year's bond issues and campus funds received for projects. Details of capital assets are provided in Footnote #4.
- Total liabilities decreased from \$1.215 billion to \$1.202 billion. The decrease is primarily due to decreases of \$24.8 million in bond payables and lease payables of \$225 thousand, offset by increases in interagency payables of \$8.6 million, accounts payable and accrued liabilities of \$1.8 million and net pension liability of \$952 thousand. Interagency includes funds received from campuses or the Commonwealth for campus-owned projects and/or new money borrowing for campus-owned projects.
- FY24 operating revenues decreased to \$104.4 million from FY23's \$107.3 million. Operating revenues are a reflection of assessments to the campuses for debt service payments and declined consistent to the decline in debt service paid from FY23 to FY24.

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

- During FY22, the Authority established an Other Post Employment Benefits (OPEB) Trust, which is invested in the State Retirement Board Trust Fund (SRBTF). It is an irrevocable trust fund established for the purpose of accumulating assets to pay for future OPEB costs. The SRBTF is an investment vehicle established by Massachusetts law that enables government entities of the Commonwealth to invest funds set aside to fulfill OPEB for retirees such as healthcare or dental coverage in retirement. See Footnote #13 for additional information related to OPEB. During FY23, the Authority deposited an additional \$300,000 into the OPEB trust, bringing the trust to a fully funded position, based upon the current estimated Net OPEB liability (asset); no additional contribution was required in FY24.

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. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets in accordance with guidelines established by the Commonwealth.

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

Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited

The Authority's net position is as follows:

Summary - Statements of Net Position at June 30, 2024, 2023, and 2022

	2024	2023	2022
Current assets	\$ 144,090,852	\$ 132,906,622	\$ 152,129,966
Capital assets, net	758,201,844	778,618,852	794,289,957
Long-term leases receivable	863,798,571	917,192,070	958,477,483
Other noncurrent assets	237,668,463	222,999,178	247,576,664
Total assets	<u>2,003,759,730</u>	<u>2,051,716,722</u>	<u>2,152,474,070</u>
Deferred outflows of resources	<u>5,275,760</u>	<u>28,065,657</u>	<u>31,334,538</u>
Current liabilities	97,705,555	84,979,384	96,644,924
Bonds payable, net of current portion	1,094,655,146	1,119,903,105	1,178,390,239
Other noncurrent liabilities	9,770,849	10,823,190	11,363,526
Total liabilities	<u>1,202,131,550</u>	<u>1,215,705,679</u>	<u>1,286,398,689</u>
Deferred inflows of resources	<u>748,628,650</u>	<u>834,921,888</u>	<u>902,900,822</u>
Net position			
Net investment in capital assets	(133,097,606)	(131,117,106)	(142,427,617)
Unrestricted	<u>191,372,896</u>	<u>160,271,918</u>	<u>136,936,714</u>
Total net position (deficiency in net position)	<u>\$ 58,275,290</u>	<u>\$ 29,154,812</u>	<u>\$ (5,490,903)</u>

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, 2024, total current assets increased \$11.2 million or 8.4% from the prior year. Unrestricted cash increased by \$2.3 million while restricted cash, cash equivalents, and investments increased by \$8.5 million. These increases in cash and investments are primarily related to current year's bond issues and campus funds received for projects, which have not been completely disbursed. The current portion of accounts receivable and lease receivables increased by \$397 thousand, reflecting the payment of debt in FY24. 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 \$44.0 million at June 30, 2024.
- The current portion of net accounts receivable related to university-owned assets was increased by \$2.1 million from the year ended June 30, 2023 to June 30, 2024. This increase reflects the impact of the 2024A refunding on university-owned principal due in FY25.

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

Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited

Capital assets include land, buildings and furniture and equipment, net of depreciation. Due to the reduction in Authority capital spending on Authority-owned assets in recent years and the impact of current year depreciation, capital assets have decreased \$20.4 million, or 2.6% in FY24. Further detail of capital assets is discussed in Footnote #4.

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

- Non-current restricted cash, cash equivalents, and investments, excluding investments related to the retirement fund, decreased by \$8.8 million. These decreases in cash and investments are primarily related to campus funds received for projects in prior years, which had not been disbursed, releases of debt service reserve funds to pay debt service or fund project costs, and changes in market value of fixed income investments. Restricted investments relating to the retirement fund decreased slightly at June 30, 2024, to \$5.3 million as compared to \$5.6 million as of June 30, 2023.
- 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, 2024, total debt service reserve fund balances decreased by \$8.8 million, or 19.5%. This decrease reflects the use of debt service reserve funds of \$5.1 million as a part of the 24A Bond series “buy down” and \$4.1 million to pay campus assessments, offset by interest earnings.
- The non-current portion of net accounts receivable related to university-owned assets increased by \$23.8 million from the year ended June 30, 2024 versus June 30, 2023, which is primarily due to the addition of \$35.1 in Community College Series 3 Bonds issued during FY24.
- Deferred outflow of resources includes deferred outflows for pensions and net OPEB liability (asset) of \$1.3 million and deferred losses on refunding of debt of \$4.0 million. Total deferred outflows of resources was \$5.3 million for the year ended June 30, 2024, a decrease of \$22.8 million or 81.2%, which is primarily attributable to the impact of the 24A Bond Series refunding.
- 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, 2024, the value of assets available to pay the OPEB liability exceeded the net OPEB liability by \$86 thousand. This excess is considered a non-current asset. As of June 30, 2023, the balance was an asset of \$146 thousand. The overall swing between the prior year asset and current year asset was a reduction of \$60 thousand or 41.1%.

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, 2024, total liabilities decreased \$13.6 million, or 1.1%.
- 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 FY24 to be \$4.0 million compared to \$3.0 million in FY23. The Authority invests its retirement

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2024 and 2023
Unaudited**

trust fund with the Commonwealth's Pension Reserve Investment Trust. This investment was valued at \$5.3 million as of June 30, 2024, which is \$1.3 million greater than the liability assigned to the Authority by the Commonwealth.

- University-owned student activity facilities are not carried as capital assets of the Authority. Project funds associated with university-owned assets are carried as interagency payable liabilities of the Authority. Debt associated with university-owned facilities is carried as receivables due from the college. Interest payments received from the colleges are reflected as Interest income - interagency.
- Debt administration is discussed further on page 17.
- The total net position at June 20, 2024 improved by \$29.1 million as compared to June 30, 2023; major factors include:

Items decreasing the net position:

1. Depreciation exceeding new capital asset investment by \$20.2 million
2. Decrease in the overall lease receivables of \$55.1 million
3. Decrease in restricted cash and cash equivalents of \$15.2 million
4. Decrease in deferred losses on refunding of debt of \$23.5 million
5. Increase in interagency payables of \$8.6 million
6. Increase in accounts payable and accrued liabilities and payroll of \$1.9 million
7. Increase in MSCBA's portion of the net pension liability of \$1.0 million

Items increasing the net position:

1. Increase in accounts receivable of \$25.9 million
2. Decrease in deferred lease revenue related to GASB 87 of \$85.5 million
3. Decrease in bonds payable of \$24.8 million
4. Increase in cash and cash equivalents of \$2.3 million
5. Increase in restricted investments, excluding the retirement fund, of \$15.0 million

Statements of Revenues, Expenses and Changes in Net Position (Deficiency in Net Position)

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

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finance capital projects, capital improvement reserve deposits, insurance premiums, and Authority operating expenses.

The Authority's Operating and Non-Operating Revenues and Expenses are as follows:

Summary - Operating and Non-Operating Revenues and Expenses

	Fiscal year ended June 30,		
	2024	2023	2022
Total operating revenues	\$ 104,402,128	\$ 107,296,964	\$ 109,512,201
Total operating expenses	50,354,052	49,174,963	48,989,870
Operating income	<u>54,048,076</u>	<u>58,122,001</u>	<u>60,522,331</u>
Nonoperating expenses, net	<u>(24,927,598)</u>	<u>(23,476,286)</u>	<u>(37,640,393)</u>
Increase (decrease) in net position	29,120,478	34,645,715	22,881,938
Net position - beginning of the year	29,154,812	(5,490,903)	(28,372,841)
Net position - end of the year	<u>\$ 58,275,290</u>	<u>\$ 29,154,812</u>	<u>\$ (5,490,903)</u>

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

For the year ended June 30, 2024, total operating revenue decreased by \$2.9 million, or 2.7%. The decrease reflects the decrease in assessment revenue for Authority-owned debt service payments in FY24.

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

- The net change in expenses related to pension and OPEB-related liabilities decreased \$402 thousand as compared to FY23.
- Authority operating expenses and insurance costs increased by \$473 thousand from FY23 to FY24. The increased expenses were primarily due to insurance costs, up by \$176 thousand, as well as compensation and supplies and services, each of which increased by \$150 thousand.
- No amortization of deferred loss on receivables was required in FY24 or FY23 as compared to \$277 thousand in FY22.

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

- For the year ended June 30, 2024, net investment earnings on both cash and investments of \$5.0 million were recorded as compared to investment earnings of \$3.0 million for the year ended June 30, 2023.
- In the year ended June 30, 2024, the Authority had interest expense of \$42.8 million, a

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decrease of \$1.2 million or 2.8% from the prior year.

- Bond issuance costs increased by \$1.5 million in FY24 as compared to FY23 as new debt was issued during this fiscal year while no new financing occurred in FY23.
- Net transfers to the State Universities in FY24 were \$5.5 million as compared to net transfers of \$11.9 million in FY23.
- FY24 reports no losses on the sale of assets, similar to no losses in FY23 as no sale of assets occurred in either fiscal year.

Statements of Cash Flows

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

The Authority's Statements of Cash Flows are as follows:

Summary - Statements of Cash Flows

	Fiscal year ended June 30,		
	2024	2023	2022
Cash received from operations	\$ 74,669,218	\$ 83,043,014	\$ 63,767,151
Cash expended for operations	(5,571,534)	(4,428,204)	(4,656,262)
Net cash provided by operations	69,097,684	78,614,810	59,110,889
Net cash used in capital and related financing activities	(72,446,903)	(109,435,904)	(24,844,931)
Net cash (used in) provided by investing activities	(9,612,982)	25,640,715	(6,269,795)
Net decrease in cash and cash equivalents	(12,962,201)	(5,180,379)	27,996,163
Cash and cash equivalents, beginning of the year	82,677,996	87,858,375	59,862,212
Cash and cash equivalents, end of the year	\$ 69,715,795	\$ 82,677,996	\$ 87,858,375

- Cash and cash equivalents were \$69.7 million at June 30, 2024 compared to \$82.7 million at June 30, 2023. This decrease reflects the spend down of the 21AB and 22A bonds received in FY22 and portions of the 23A and the Community College Series 3 bonds received in FY24 as well as the continued spending of campus funds received for projects at campus/Commonwealth-owned buildings.

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

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- Cash provided by operations decreased by \$9.5 million, or 12.1%, which reflects the decrease in assessment revenue for decreased Authority-owned debt service payments, and an increase in cash used for insurance payments due to the timing of insurance payments in FY23 and FY24.

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 FY24, net cash used in capital and related financing activities was \$72.4 million compared to \$109.4 million in FY23.

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

- For the year ended June 30, 2024, net cash used in investing activities was \$9.6 million as compared to net cash provided of \$25.6 million in FY23. This reflects the investment of new bond proceeds in FY24, where no new debt was issued in FY23.

Capital Assets

The Authority's investment in capital assets as of June 30, 2024 was \$758.2 million, net of accumulated depreciation, compared to \$778.6 million as of June 30, 2023. Capital assets include land, buildings, building improvements, furnishings, and equipment. Capital assets comprised approximately 37.8% of total assets at June 30, 2024 and 37.9% at June 30, 2023. During the year ended June 30, 2024, the Authority had a net reduction of capital assets of \$20.4 million, inclusive of depreciation, vs. a reduction of \$15.7 million in FY23. During FY24, depreciation exceeded new capital asset additions causing the overall reduction. The major components of capital assets are presented below (see Footnote #4 for additional information):

- Construction in progress (CIP) represents the balance of additions to Authority assets for projects currently underway. The CIP balance was \$7.1 million at June 30, 2024 compared to \$34.7 million at June 30, 2023.
- The buildings and improvements balances were \$1.41 billion at June 30, 2024, compared to the balance at June 30, 2023 of \$1.36 billion; the primary increase was due to the completion of projects previously in the CIP category.
- The furnishings and equipment balance was \$59.1 million at June 30, 2024, compared to \$54.1 million at June 30, 2023; again the majority of this increase resulting from transfers from the CIP category.
- 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, 2024, such commitments were approximately \$33.1 million.

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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, 2024, the Authority had \$1.10 billion in principal amount of bonds outstanding compared to \$1.14 billion and \$1.19 billion at June 30, 2023 and 2022, respectively.

The outstanding bond obligations carried unamortized premium balances of \$54.1 million, \$42.5 million, and \$49.6 million, respectively, as of June 30, 2024, 2023, and 2022.

All the outstanding bonds carry fixed interest rates payable semi-annually on May and November 1st, except for the 2003B CABs which have annual payments on May 1st through May 1, 2028. For State University program bonds, principal is payable annually on May 1st and November 1st, with a final maturity of May 1, 2052. Principal is payable semi-annually on May 1st and November 1st for the Community College program bonds with a final maturity of May 1, 2053. Additional information regarding the Authority's Bonds Payable is available in Footnote #7.

The Authority's outstanding debt has no associated interest rate exchange agreements. The Authority has no Commonwealth-guaranteed debt outstanding and no authorization to issue any.

Of the amount outstanding, \$89.0 million are taxable Build America Bonds for which the Authority was to receive a 35% interest rate subsidy directly from the U.S. Treasury. In each of the federal fiscal years 2024, 2023, and 2022, a portion of the Authority's interest rate subsidy was reduced by approximately 5.7%, due to the federal government budgetary sequestration.

The Authority's State University program bonds were rated Aa2 by Moody's and AA by S&P Global as of June 30, 2024. The Community College Program, Series 1 and Series 2 bonds were not previously rated. In July 2023, the Authority issued the Series 3 bonds, and the Community College program has also been rated Aa2 by Moody's and AA by S&P Global.

Required Supplementary Information (RSI)

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

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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
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Statements of Net Position (Deficiency in Net Position)
June 30, 2024 and 2023

	<u>Assets</u>	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 48,419,781	\$ 46,139,695
Restricted cash and cash equivalents, current	19,530,393	26,927,485
Restricted investments, including amounts held by trustee, current	21,264,163	5,350,438
Current portion of accounts receivable, net	17,359,920	15,239,544
Current portion of leases receivables	37,466,678	39,190,416
Prepaid expenses	49,917	59,044
Total current assets	144,090,852	132,906,622
Noncurrent assets		
Restricted cash and cash equivalents	1,765,621	9,610,816
Restricted investments, including amounts held by trustee	34,531,138	35,494,702
Restricted investments, retirement fund	5,311,726	5,595,587
Accounts receivable, net	195,973,501	172,152,296
Capital assets, net	758,201,844	778,618,852
Net OPEB asset	86,477	145,777
Long-term lease receivable	863,798,571	917,192,070
Total noncurrent assets	1,859,668,878	1,918,810,100
Total assets	2,003,759,730	2,051,716,722
Deferred outflows of resources		
Deferred outflows for pensions	906,001	167,529
Deferred outflows for OPEB	363,584	365,790
Deferred losses on refunding of debt	4,006,175	27,532,338
Total deferred outflows of resources	5,275,760	28,065,657

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Statements of Net Position (Deficiency in Net Position)
June 30, 2024 and 2023

Liabilities and Net Position (Deficiency in Net Position)

	2024	2023
Current liabilities		
Accounts payable and accrued liabilities	\$ 14,871,786	\$ 13,047,067
Accrued payroll	61,594	12,379
Interagency payables, current portion	23,313,107	12,969,497
Current portion of lease payable	237,535	224,985
Current compensated absences	248,525	252,769
Current portion of bonds payable	58,973,008	58,472,687
	<hr/>	<hr/>
Total current liabilities	97,705,555	84,979,384
	<hr/>	<hr/>
Noncurrent liabilities		
Compensated absences	39,702	38,992
Interagency payables, long-term	4,031,169	5,798,827
Lease payable	1,712,560	1,950,095
Bonds payable, net of current portion	1,094,655,146	1,119,903,105
Net pension liability	3,987,418	3,035,276
	<hr/>	<hr/>
Total noncurrent liabilities	1,104,425,995	1,130,726,295
	<hr/>	<hr/>
Total liabilities	1,202,131,550	1,215,705,679
	<hr/>	<hr/>
Deferred inflows of resources		
Deferred inflows for pensions	443,099	720,687
Deferred inflows for OPEB	3,337,071	3,890,749
Deferred lease revenue	744,848,480	830,310,452
	<hr/>	<hr/>
Total deferred inflows of resources	748,628,650	834,921,888
	<hr/>	<hr/>
Net position (deficiency in net position)		
Net investment in capital assets	(133,097,606)	(131,117,106)
Unrestricted	191,372,896	160,271,918
	<hr/>	<hr/>
Total net position (deficiency in net position)	\$ 58,275,290	\$ 29,154,812
	<hr/>	<hr/>

See Notes to Financial Statements.

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

Statements of Revenues, Expenses and Changes in Net Position (Deficiency in Net Position)
Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Income from contracts for financial assistance, management, and services, net	\$ 103,434,808	\$ 107,168,319
Other miscellaneous revenues	967,320	128,645
Total operating revenues	104,402,128	107,296,964
Operating expenses		
Insurance costs	1,820,788	1,644,878
Authority operating expenses	2,666,897	2,369,421
Depreciation	46,048,579	45,744,654
Pension and OPEB expenses	(182,212)	(583,990)
Total operating expenses	50,354,052	49,174,963
Operating income	54,048,076	58,122,001
Nonoperating revenues (expenses)		
Net investment income (loss)	5,015,498	2,974,146
Interest income - interagency	6,814,784	4,143,735
Interest expense	(42,789,516)	(44,000,467)
Bond issuance costs, net	(1,514,445)	(12,544)
Net transfers to/from State Universities	5,527,766	11,946,358
Build America Bonds interest subsidy	2,018,315	1,472,486
Net nonoperating revenues (expenses)	(24,927,598)	(23,476,286)
Increase (decrease) in net position	29,120,478	34,645,715
Net position (deficiency in net position)		
Beginning of year	29,154,812	(5,490,903)
Net position (deficiency in net position)		
End of year	\$ 58,275,290	\$ 29,154,812

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	\$ 73,702,485	\$ 82,477,840
Other miscellaneous receipts	966,733	128,645
Proceeds from pension and salary reimbursements	-	436,529
Payments for insurance costs	(1,812,171)	(1,654,448)
Payments for operating expenses	(1,432,864)	(1,169,234)
Payments to employees	(1,564,967)	(1,604,522)
Payments for other expenses	(761,532)	-
	<u>69,097,684</u>	<u>78,614,810</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities		
Proceeds from bond issuance	43,425,960	-
Cash paid to bond trustee related to advanced refunding	(6,091,196)	-
Build America Bonds interest subsidy	2,130,482	1,970,806
Payments of bond issuance costs	(1,342,473)	(12,544)
Payments for capital assets	(24,596,508)	(29,576,029)
Collections of debt service receivables	17,530,619	18,106,502
Transfer of funds from State Universities	5,990,687	11,983,373
Deposits to funds held for others	(26,129,150)	(11,954,940)
Principal paid on capital debt	(37,302,907)	(51,352,201)
Interest paid on capital debt	(46,062,417)	(48,600,871)
	<u>(72,446,903)</u>	<u>(109,435,904)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Proceeds from sales and maturities of investments	42,550,204	81,291,553
Purchases of investments	(57,582,216)	(60,598,251)
Interest on investments	5,419,030	4,947,413
	<u>(9,612,982)</u>	<u>25,640,715</u>
Net cash (used in) provided by investing activities		
Net decrease in cash, restricted cash, and cash equivalents	(12,962,201)	(5,180,379)
Cash, restricted cash, and cash equivalents, beginning of year	<u>82,677,996</u>	<u>87,858,375</u>
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 69,715,795</u>	<u>\$ 82,677,996</u>

Massachusetts State College Building Authority
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Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 54,048,076	\$ 58,122,001
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	46,048,579	45,744,654
Amortization of deferred inflow of resources from campuses	(29,732,323)	(25,019,847)
Amortization of lease liability - office lease	(296,095)	2,114
Change in net pension liability	(1,053,084)	(238,356)
Changes in assets and liabilities		
Accounts receivable, net	(261,225)	9,027
Prepaid expenses	9,127	(9,570)
Accounts payable and accrued liabilities	293,215	48,049
Accrued payroll and compensated absences	41,414	(43,262)
	<u>\$ 69,097,684</u>	<u>\$ 78,614,810</u>
Net cash provided by operating activities		

Massachusetts State College Building Authority
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Statements of Cash Flows
Years Ended June 30, 2024 and 2023

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	<u>2024</u>	<u>2023</u>
Acquisition of capital assets	\$ 25,881,689	\$ 30,323,667
Accounts payable thereon:		
Beginning of year	3,953,398	3,205,760
End of year	<u>(5,238,579)</u>	<u>(3,953,398)</u>
Payments for capital assets	<u>\$ 24,596,508</u>	<u>\$ 29,576,029</u>
Contractor accounts payable related to State University capital projects on State University-owned property	<u>\$ 2,345,524</u>	<u>\$ 1,945,537</u>
Unrealized gain on investment securities	<u>\$ 657,522</u>	<u>\$ 1,746,546</u>
Additions of bonds payable and premiums, par	\$ 209,656,635	\$ -
Noncash issuance of bonds payable	<u>(166,230,675)</u>	<u>-</u>
Proceeds from bond issuance	<u>\$ 43,425,960</u>	<u>\$ -</u>
Reductions of bonds payable, par	\$ (225,232,907)	\$ -
Noncash repayments of bonds payable	<u>187,930,000</u>	<u>-</u>
Principal paid on capital debt	<u>\$ (37,302,907)</u>	<u>\$ -</u>
Noncash deferred gains on bond refundings and premiums refunded	<u>\$ (21,699,325)</u>	<u>\$ -</u>

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Statements of Fiduciary Net Position - Fiduciary Fund
June 30, 2024 and 2023

	<u>Assets</u>	
	<u>OPEB Trust Fund</u>	
	<u>2024</u>	<u>2023</u>
Investments		
Mutual Funds		
Restricted cash and cash equivalents, current		
PRIT Fund Core Asset Allocation	<u>\$ 1,104,518</u>	<u>\$ 1,036,791</u>
Total Assets	<u><u>\$ 1,104,518</u></u>	<u><u>\$ 1,036,791</u></u>
 <u>Net Position</u>		
Restricted for		
OPEB Benefits	<u>\$ 1,104,518</u>	<u>\$ 1,036,791</u>
Total Net Position	<u><u>\$ 1,104,518</u></u>	<u><u>\$ 1,036,791</u></u>

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Statements of Changes in Fiduciary Net Position - Fiduciary Fund
June 30, 2024 and 2023

		<u>Assets</u>	
		OPEB Trust Fund	
		<u>2024</u>	<u>2023</u>
Additions			
Contributions			
Employer		<u>\$ -</u>	<u>\$ 300,000</u>
Total contributions		<u>-</u>	<u>300,000</u>
Investment income (loss)			
Changes in fair value of investments		49,816	27,753
Realized gains (losses)		25,432	5,647
Interest and dividends		<u>28,681</u>	<u>21,886</u>
Total investment income (loss)		103,929	55,286
Less investment expenses		<u>(5,555)</u>	<u>(4,144)</u>
Net investment income (loss)		<u>98,374</u>	<u>51,142</u>
Total additions		<u>98,374</u>	<u>351,142</u>
Deductions			
Employer		<u>(30,647)</u>	<u>-</u>
Total deductions		<u>(30,647)</u>	<u>-</u>
Change in net position		67,727	351,142
Net position, beginning of the year		<u>1,036,791</u>	<u>685,649</u>
Net position, end of year		<u><u>\$ 1,104,518</u></u>	<u><u>\$ 1,036,791</u></u>

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Notes to Financial Statements
June 30, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies Organization

Massachusetts State College Building Authority ("MSCBA" or 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, adaptation, 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 operated as an independent organization. The Commonwealth's financial statements include the Authority's financial statements as a blended component unit.

Basis of presentation

The accompanying proprietary fund and fiduciary fund financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recognized 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 (deficiency in net position) are those that 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 revenues (expenses) in accordance with GASB Statement No. 35. These nonoperating activities include the Authority's net investment income and interest expense.

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

**Notes to Financial Statements
June 30, 2024 and 2023**

Net position

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

Net investment in capital assets:

Capital assets, which are net of accumulated depreciation and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction, repair, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted:

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

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

Unrestricted:

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

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

In accordance with the requirements of the Act, the Authority's operations are accounted for in several trust funds. 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, 2024 and 2023.

The Authority has no donor-restricted endowments.

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

Accounts receivable

Accounts receivable are stated at the total amount of the future minimum payments to be received less unearned interest income. Interest income is recognized using the effective interest method. No allowance for doubtful accounts has been made as of June 30, 2024 and 2023, as management considers all amounts fully collectible.

Capital assets

The accompanying financial statements include the transactions of all Authority-owned capital assets, which include residence halls for 16,616 students in 2024 and 16,544 in 2023, 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 persons with disabilities are examples of capital improvements to existing facilities undertaken by the Authority.

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

Bond issuance costs

Bond issuance costs are expensed as incurred. During fiscal 2024 and 2023, the Authority incurred \$1,514,445 and \$12,544, respectively, of bond issuance costs.

Fringe benefits

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

Deferred outflows/inflows of resources

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

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differences between projected and actual investment earnings, differences between expected and actual experience, changes in actuarial assumptions, and other pension and OPEB related changes.

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

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

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

Compensated absences

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

Income tax status

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

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation.

Note 2 - Cash, Restricted Cash, and Cash Equivalents and Investments

Credit risk

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

The Authority's Trust Agreement stipulates that only certain highly rated securities are eligible investments. The Authority has a formal investment policy consistent with the Trust Agreement in which permissible

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

Custodial credit risk

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

The Authority has two primary commercial banking relationships: Citizens Bank, N.A. ("Citizens") is the Authority's primary depository bank, and U.S. Bank National Association ("U.S. Bank") is the Authority's trustee bank and holds all bond and related funds pursuant to the Trust Agreement. The Authority is party to a third-party custodian agreement in which Citizens provides the Authority with collateral equal to the Authority's uninsured deposits and the custodian provides safekeeping services and holds the collateral on behalf of and for the benefit of the Authority. Pursuant to the agreement, eligible collateral is limited to only those obligations which are guaranteed as to the payment of principal and interest by the United States of America. As of June 30, 2024, \$250,000 of the Authority's bank balances held by Citizens were covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the remaining balance of \$58,707,562 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. As of June 30, 2023, \$250,000 of the Authority's bank balances held by Citizens were covered by FDIC insurance and the remaining balance of \$70,198,609 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. The Authority has also invested three savings accounts, including the addition of the system CIR in FY24, in the Cash Pool at Massachusetts Municipal Depository Trust ("MMDT"), an alternative investment vehicle for local governments established by the Commonwealth's Treasurer, which are uninsured and uncollateralized, and had \$9,625,697 and \$727,262, respectively, as of June 30, 2024 and 2023.

The Authority does not have a formal deposit policy for custodial credit risk with U.S. Bank. As of June 30, 2024 and 2023, the fair market value of the Authority's cash equivalent balances with U.S. Bank of \$4,050,004 and \$15,998,400, 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. Beginning in fiscal year 2024, the money market fund utilized at U.S. Bank will be categorized as an investment rather than a cash equivalent.

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, 2024 and 2023: General Allocation (holds units of other accounts), Domestic Equity, Core Fixed Income, Value- Added Fixed Income, International Equity,

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Emerging Markets, Real Estate, Timberland, Portfolio Completion Strategies, and Private Equity Investments. The funds held in the amount of \$6,416,244 and \$6,632,378 as of June 30, 2024 and 2023, respectively, with PRIT are intended to be used to fund the net pension and OPEB liability. These funds were not rated for average credit quality at June 30, 2024 and 2023.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2024 and 2023:

	2024		2023	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	\$ 7,507,727	\$ 7,547,538	\$ 7,507,727	\$ 7,544,446
State taxable bonds	16,155,000	16,347,901	16,155,000	16,935,598
U.S. Treasuries	10,896,724	10,635,699	11,897,858	11,014,658
Mutual funds	25,744,994	26,575,889	10,449,595	10,946,025
	<u>\$ 60,304,445</u>	<u>\$ 61,107,027</u>	<u>\$ 46,010,180</u>	<u>\$ 46,440,727</u>

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, 2024, 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)				Credit rating
		Less Than 1	1-5	6-10	Greater than 10	
Federal National Mtg Assn	\$ 6,957,691	\$ 6,957,691	\$ -	\$ -	\$ -	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	589,847	-	589,847	-	-	Aaa
Various Massachusetts ST Bonds	16,347,901	-	-	3,175,859	13,172,042	Aa1
U.S. Treasuries -						
Treasury Notes	3,593,228	3,593,228	-	-	-	Unrated
Treasury Strip	401,369	401,369	-	-	-	Unrated
Treasury Bonds	6,641,102	-	-	-	6,641,102	Aaa
Total	<u>\$ 34,531,138</u>	<u>\$ 10,952,288</u>	<u>\$ 589,847</u>	<u>\$ 3,175,859</u>	<u>\$ 19,813,144</u>	

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

Investment Type	Fair market value	Investment maturities (in years)				Credit rating
		Less Than 1	1-5	6-10	Greater than 10	
Federal Home Loan U.S. Govt. Issues	\$ 6,963,481	\$ 6,963,481	\$ -	\$ -	\$ -	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	580,965	-	580,965	-	-	Aaa
Various Massachusetts ST Bonds	16,935,598	-	-	3,227,323	13,708,275	Aa1
U.S. Treasuries - Treasury Notes	3,526,396	-	3,526,396	-	-	Unrated
Treasury Bonds	7,488,262	-	382,209	-	7,106,053	Aaa
Total	\$ 35,494,702	\$ 6,963,481	\$ 4,489,570	\$ 3,227,323	\$ 20,814,328	

The Securities Investor Protection Corporation ("SIPC") protects certain investments 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, 2024 and 2023 are held by U.S. Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2024	2023
U.S. Government Agencies	\$ 7,547,538	\$ 7,544,446
State taxable bonds	16,347,901	16,935,598
U.S. Treasuries	10,635,699	11,014,658
	<u>34,531,138</u>	<u>35,494,702</u>
Less insured amounts	<u>(500,000)</u>	<u>(500,000)</u>
	<u><u>\$ 34,031,138</u></u>	<u><u>\$ 34,994,702</u></u>

The Authority categorizes investments 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.

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The Authority's investments at fair value measurement are as follows at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	\$ 7,547,538	\$ -	\$ -	\$ 7,547,538
State taxable bonds	16,347,901	-	-	16,347,901
U.S. Treasuries	10,635,699	-	-	10,635,699
Mutual funds	-	26,575,889	-	26,575,889
	<u>\$ 34,531,138</u>	<u>\$ 26,575,889</u>	<u>\$ -</u>	<u>\$ 61,107,027</u>

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

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	\$ 7,544,446	\$ -	\$ -	\$ 7,544,446
State taxable bonds	16,935,598	-	-	16,935,598
U.S. Treasuries	11,014,658	-	-	11,014,658
Mutual funds	-	10,946,025	-	10,946,025
	<u>\$ 35,494,702</u>	<u>\$ 10,946,025</u>	<u>\$ -</u>	<u>\$ 46,440,727</u>

Note 3 - Accounts Receivable

Accounts receivable include the following at June 30, 2024 and 2023:

	2024	2023
Debt service receivables	\$ 212,222,886	\$ 186,801,844
Interest receivable on investments	511,884	257,894
Other miscellaneous receivables	284,274	23,049
Build America Bonds interest subsidy receivable	314,377	309,053
	<u>\$ 213,333,421</u>	<u>\$ 187,391,840</u>

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

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

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The components of the Authority's debt service receivables in these State College-owned projects as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Total payments to be received	\$ 269,659,785	\$ 229,508,443
Less: Unearned income	<u>(57,436,899)</u>	<u>(42,706,599)</u>
Net debt service receivables in State College-owned projects	<u><u>\$ 212,222,886</u></u>	<u><u>\$ 186,801,844</u></u>

The following table sets forth the total payments to be received under these agreements as of June 30, 2024:

<u>Year ending June 30:</u>	
2025	\$ 22,335,221
2026	21,077,287
2027	20,290,229
2028	20,468,065
2029	21,069,013
2030 - 2034	76,920,583
2035 - 2039	40,332,519
2040 - 2044	24,018,760
2045 - 2049	13,631,601
2050 - 2053	<u>9,516,507</u>
Total	<u><u>\$ 269,659,785</u></u>

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Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2024, is as follows:

	2024			
	Totals June 30, 2023	Additions	Reclassifications and reductions	Totals June 30, 2024
Capital Assets				
Land	\$ 19,103,918	\$ -	\$ -	\$ 19,103,918
Construction in progress	34,680,566	6,604,428	(34,220,585)	7,064,409
Total not being depreciated	53,784,484	6,604,428	(34,220,585)	26,168,327
Buildings and improvements	1,364,531,841	17,891,235	30,555,646	1,412,978,722
Furnishings and equipment	54,093,918	1,386,026	3,664,939	59,144,883
Total depreciable assets	1,418,625,759	19,277,261	34,220,585	1,472,123,605
Total capital assets	1,472,410,243	25,881,689	-	1,498,291,932
Less accumulated depreciation:				
Buildings and improvements	(647,674,770)	(43,630,494)	-	(691,305,264)
Furnishings and equipment	(48,117,564)	(2,418,085)	-	(50,535,649)
Total accumulated depreciation	(695,792,334)	(46,048,579)	-	(741,840,913)
Capital assets, net	776,617,909	(20,166,890)	-	756,451,019
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(750,354)	(250,118)	-	(1,000,472)
Total accumulated amortization	(750,354)	(250,118)	-	(1,000,472)
Total lease assets, net	2,000,943	(250,118)	-	1,750,825
Total capital assets, net	\$ 778,618,852	\$ (20,417,008)	\$ -	\$ 758,201,844

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

	2023			
	Totals June 30, 2022	Additions	Reclassifications and reductions	Totals June 30, 2023
Capital Assets				
Land	\$ 19,103,918	\$ -	\$ -	\$ 19,103,918
Construction in progress	14,585,604	25,576,124	(5,481,162)	34,680,566
Total not being depreciated	33,689,522	25,576,124	(5,481,162)	53,784,484
Buildings and improvements	1,346,768,501	4,481,734	13,281,606	1,364,531,841
Furnishings and equipment	61,262,315	174,914	(7,343,311)	54,093,918
Computer equipment	2,238	-	(2,238)	-
Total depreciable assets	1,408,033,054	4,656,648	5,936,057	1,418,625,759
Total capital assets	1,441,722,576	30,232,772	454,895	1,472,410,243
Less accumulated depreciation:				
Buildings and improvements	(604,726,082)	(42,948,688)	-	(647,674,770)
Furnishings and equipment	(45,321,598)	(2,795,966)	-	(48,117,564)
Total accumulated depreciation	(650,047,680)	(45,744,654)	-	(695,792,334)
Capital assets, net	791,674,896	(15,511,882)	454,895	776,617,909
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(500,236)	(250,118)	-	(750,354)
Total accumulated amortization	(500,236)	(250,118)	-	(750,354)
Total lease assets, net	2,251,061	(250,118)	-	2,000,943
Total capital assets, net	\$ 793,925,957	\$ (15,762,000)	\$ 454,895	\$ 778,618,852

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, 2024 and 2023.

The Authority entered into purchase commitments with contractors for the purchase of equipment, construction of certain facilities and other improvements. The amounts under commitment were approximately \$33,100,000 and \$23,200,000, respectively, as of June 30, 2024 and 2023.

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Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2024 and 2023:

	2024	2023
Capital assets and construction payables	\$ 4,987,999	\$ 2,704,871
Accrued bond interest payable	6,988,336	6,646,780
Accrued pension expense payable	-	495,220
Construction reserve payable	250,580	1,248,527
Contractor payables for State College-owned assets	2,345,524	1,945,537
Authority operating expenses	299,347	6,132
	<u>\$ 14,871,786</u>	<u>\$ 13,047,067</u>

Note 6 - Interagency Payables

Under the provisions of the Community College Program Series 1, Series 2, and Series 3, and the State University Program Series 2024A, 2023A, 2022A, 2021B, 2021A, 2019A, 2017C, 2017B, 2017A, 2015A, 2014C, 2014B, 2014A, 2012C, 2012A, 2010B, 2009C, 2009A, 2008A, 2006A, 2005A, 2003A and 1999A Trust Agreements (see Note 7), a portion of the bond proceeds, together with certain earnings thereon, are being or have been used to finance the costs of capital projects for certain of the State Colleges on State College-owned property. The State Colleges are required to pay to the Authority the amount necessary to pay the applicable portion of the bond issuance costs and bond principal and interest payments when they become due. The Authority has recorded accounts receivable from the State Colleges reflecting its net debt service receivables in these capital projects as discussed further in Note 3. The unspent bond proceeds for the costs of these projects and related bond amounts are included in the Authority's financial statements under restricted cash and cash equivalents, and restricted investments.

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

As of June 30, 2024 and 2023, the Authority has an aggregate liability for Interagency payables of \$27,344,276 and \$18,768,324, respectively.

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**Notes to Financial Statements
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Note 7 - Bonds Payable

The Authority issues debt to finance the design and construction of new facilities, major renovations, and capital repairs for its projects at State Colleges, pursuant to the Act. The Authority has created separate bond programs for the State Universities and the Community Colleges. The Authority's outstanding debt is secured by revenues received by the Authority from State Colleges relating to Authority projects and other pledged funds. Interest on the Authority's debt is payable on May 1 and November 1 and principal is due annually on May 1. The Authority's outstanding debt for the State University Program is rated Aa2 and AA by Moody's and S&P Global, respectively. The Authority's outstanding debt for the Community College Program is rated Aa2 and AA by Moody's and S&P Global, respectively.

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The following table summarizes the Authority's outstanding debt as of June 30, 2024:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	\$ 117,513,022	2.00 - 5.50	2003 - 2039	15.32%	\$ 46,631,217	\$ 2,296,570	\$ 48,927,787
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.84%	55,460,000	-	55,460,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.34%	33,490,000	-	33,490,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	1,775,000	70,358	1,845,358
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	2.86%	-	-	-
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	2.86%	-	-	-
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	2.86%	-	-	-
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.99%	9,395,000	938,035	10,333,035
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	3.99%	48,935,000	3,596,210	52,531,210
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.61%	15,410,000	550,709	15,960,709
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.66%	8,535,000	961,825	9,496,825
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.41%	5,820,000	-	5,820,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.37%	56,245,000	5,237,062	61,482,062
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.80%	13,210,000	665,495	13,875,495
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	3.75%	34,150,000	394,664	34,544,664
Refunding Series 2019C	11/19/2019	233,620,000	1.69 - 3.37	2020 - 2043	2.64%	146,055,000	-	146,055,000
Refunding Series 2020A	7/1/2020	395,735,000	1.04 - 3.07	2024 - 2049	2.39%	321,065,000	-	321,065,000
Series 2021A	7/22/2021	16,825,000	2.13 - 5.00	2022 - 2051	2.78%	16,135,000	865,022	17,000,022
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	3.32%	2,090,000	207,725	2,297,725
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 - 2052	4.63%	101,835,000	18,228,248	120,063,248
Refunding Series 2023A	7/13/2023	4,375,000	3.25 - 5.00	2023 - 2043	4.86%	4,215,000	357,763	4,572,763
Refunding Series 2024A	2/1/2024	148,280,000	5.00	2024 - 2038	5.14%	141,595,000	18,095,298	159,690,298
Total Project Revenue Bonds		1,789,998,022				1,062,046,217	52,464,984	1,114,511,201
Community College Program Bonds								
Series 1	3/6/2014	3,000,000	4.25	2015 - 2034	0.00%	-	-	-
Series 2	1/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.68%	2,119,236	-	2,119,236
Series 3 Refunding	7/20/2023	36,165,000	4.00 - 5.50	2024 - 2053	4.66%	35,320,000	1,677,717	36,997,717
Total Community College Program Bonds		42,220,000				37,439,236	1,677,717	39,116,953
Total Bonds		\$ 1,832,218,022				\$ 1,099,485,453	\$ 54,142,701	\$ 1,153,628,154

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

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

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	\$ 117,513,022	2.00 - 5.50	2003 - 2039	13.95%	\$ 51,754,402	\$ 2,725,514	\$ 54,479,916
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.83%	58,020,000	-	58,020,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.30%	36,480,000	-	36,480,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	3,460,000	207,507	3,667,507
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	5.00%	9,740,000	318,534	10,058,534
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	5.00%	14,400,000	1,229,332	15,629,332
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	5.00%	7,010,000	781,924	7,791,924
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	5.00%	9,960,000	1,176,689	11,136,689
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.00%	56,060,000	5,623,276	61,683,276
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.69%	16,295,000	693,644	16,988,644
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.68%	8,950,000	1,089,325	10,039,325
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.38%	6,145,000	-	6,145,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.40%	58,570,000	5,847,468	64,417,468
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.85%	13,825,000	754,756	14,579,756
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	4.02%	45,095,000	612,536	45,707,536
Refunding Series 2019C	11/19/2019	233,620,000	1.67 - 3.37	2020 - 2043	2.82%	217,390,000	-	217,390,000
Refunding Series 2020A	7/1/2020	395,735,000	1.04 - 3.07	2024 - 2049	2.47%	394,930,000	-	394,930,000
Series 2021A	7/22/2021	16,825,000	2.13 - 5.00	2022 - 2051	2.83%	16,490,000	933,753	17,423,753
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	3.39%	2,180,000	235,555	2,415,555
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 -2052	5.29%	104,910,000	20,247,619	125,157,619
Total Project Revenue Bonds		1,637,343,022				1,131,664,402	42,477,432	1,174,141,834
Community College Program Bonds								
Series 1	3/6/2014	3,000,000	4.25	2015 - 2034	4.18%	1,970,000	-	1,970,000
Series 2	1/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.63%	2,263,958	-	2,263,958
Total Community College Program Bonds		6,055,000				4,233,958	-	4,233,958
Total Bonds		\$ 1,643,398,022				\$ 1,135,898,360	\$ 42,477,432	\$ 1,178,375,792

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

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

Year ending June 30:	Total principal	Total premium	Total interest	Total debt service
2025	\$ 52,038,595	\$ 6,934,413	\$ 47,481,769	\$ 106,454,777
2026	54,362,666	6,342,443	45,461,601	106,166,710
2027	56,278,084	5,820,347	43,338,620	105,437,051
2028	57,067,135	5,493,440	44,037,491	106,598,066
2029	63,888,614	4,508,980	32,652,047	101,049,641
2030 - 2034	319,354,582	15,423,113	125,054,196	459,831,891
2035 - 2039	293,455,778	7,235,443	67,943,843	368,635,064
2040 - 2044	150,054,999	1,833,457	21,302,690	173,191,146
2045 - 2049	42,635,000	440,271	5,945,360	49,020,631
2050 - 2053	10,350,000	110,794	939,656	11,400,450
Total	1,099,485,453	\$ 54,142,701	\$ 434,157,273	\$ 1,587,785,427
Plus: Unamortized premiums	54,142,701			
	<u>\$ 1,153,628,154</u>			

Defeasance of debt

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

Refunding revenue bonds

The Refunding Series 2003B Bonds refunded the Authority's Series 1999A, 1999-1, and 2000-1 Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$1,769,263 and a present value economic gain at issuance of \$729,611. The refunding resulted in a deferred outflow of resources at issuance of \$21,535,590, of which \$5,139,222 and \$6,119,729 were unamortized as of June 30, 2024 and 2023, 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, 2024 and 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$35,188,324 and \$42,133,986, respectively, with an unpaid principal balance plus accreted interest of \$42,187,652 and \$47,850,000 respectively.

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 \$23,513 and \$69,346 were unamortized as of June 30, 2024 and 2023, 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.

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

The Refunding Series 2016A Bonds refunded portions of the Authority's Series 2008A and 2009A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$43,977,921 and a net present value economic savings at issuance of \$27,959,783. The refunding resulted in a deferred outflow of resources at issuance of \$18,147,495, of which \$1,797,457 and \$2,810,963 were unamortized as of June 30, 2024 and 2023, respectively. During 2024, deferred losses of \$12,230 were recognized as a result of the 2024A bond refunding. During 2022, deferred losses of \$159,723 were recognized as a result of a partial defeasance on June 16, 2022. During 2021, deferred losses of \$7,958,732 were recognized as a result of the 2020A bond refunding. During 2019, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009A bonds in the amount of \$107,980,000. During 2018, the Authority exercised the call options to fully redeem the related unpaid principal of the 2008A bonds in the amount of \$82,825,000. As of June 30, 2023, the assets held in escrow were fully used for the repayment of the remaining Series 2008A and 2009A Bonds. All remaining maturities were refunded by the 2020A Bonds and are being paid out of the refunding escrow until the call date on May 1, 2025.

The Refunding Series 2017D Bonds refunded portions of the Authority's Series 2009B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$19,934,951 and a net present value economic savings at issuance of \$12,745,369. The refunding resulted in a deferred outflow of resources at issuance of \$2,771,434, of which \$1,476,950 and \$1,649,096 were unamortized as of June 30, 2024 and 2023, 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 \$964,137 and \$1,497,755 were unamortized as of June 30, 2024 and 2023, respectively. During 2024, deferred losses of \$343,285 were recognized as a result of the 2024A bond refunding. During 2021, deferred losses of \$94,723 were recognized as a result of the 2020A bond refunding. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012A Bonds.

The Refunding Series 2019C Bonds refunded portions of the Authority's Series 2012A and 2012B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$29,159,706 and a net present value economic savings at issuance of \$22,116,569. The refunding resulted in a deferred outflow of resources at issuance of \$1,289,017, of which \$552,180 and \$963,130 were unamortized as of June 30, 2024 and 2023, respectively. During 2024, deferred losses of \$299,442 were recognized as a result of the 2024A bond refunding. During 2021, deferred losses of

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\$17,797 were recognized as a result of the 2020A bond refunding. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012A and 2012B Bonds.

The 2020A Refunding Bonds refunded portions of the Series 2003B, 2009C, 2010B, 2011A, 2012A, 2012B, 2012C, 2014A, 2014B, 2014C, 2015A, 2016A, 2017A, 2017B, 2017C, 2017D, 2019A, 2019B, and 2019C Bonds. Additionally, the 2020A Refunding Bonds refunded the entire 2014D Refunding Bonds Series. These bonds were refinanced to achieve a total increase in debt service at issuance of \$933,443 and a net present value economic savings at issuance of \$26,782,222. The refunding resulted in a deferred outflow of resources at issuance of \$21,245,986, of which \$12,732,413 and \$17,593,405 were unamortized as of June 30, 2024 and 2023, respectively. During 2024, deferred losses of \$3,074,511 were recognized as a result of the 2024A bond refunding. During 2022, deferred losses of \$15,299 and \$24,124 were recognized as a result of the partial defeasances in September 2021 and June 2022, respectively. As of June 30, 2024 and 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$123,861,800 and \$193,725,710, respectively, with an unpaid principal balance of \$118,350,000 and \$179,825,000 respectively.

On July 28, 2020, \$2,425,000 of the Series 2015A Project Revenue Bonds were cash defeased due to a sale of property to the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2021 to May 1, 2036 maturities. The coupon rates ranged from 2.00% to 5.00%. The defeasance escrow is invested in SLGS to the call date of November 1, 2024. As of June 30, 2024 and 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$2,043,295 and \$2,263,421, respectively, with an unpaid principal balance of \$1,975,000 and \$2,095,000, respectively.

On September 10, 2021, \$70,000 of the Series 2012C Project Revenue Bonds, \$165,000 of the 2014A Project Revenue Bonds, and \$295,000 of the 2020A Refunding Revenue Bonds were cash defeased due to a sale of property. The maturities defeased included portions of the May 1, 2022 to May 1, 2039 maturities. The coupon rates ranged from 1.51% to 5.00%. The defeasance escrow is invested in Treasury securities to the respective call dates or maturity dates. As of June 30, 2024 and 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$306,250 and \$309,684, respectively, with an unpaid principal balance of \$300,000 and \$300,000 respectively.

On June 16, 2022, \$2,810,000 of the Series 2016A Refunding Revenue Bonds and \$505,000 of the 2020A Refunding Revenue Bonds were cash defeased due to termination of the ground lease with the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2023 to May 1, 2049 maturities. The coupon rates ranged from 1.41% to 4.00%. The defeasance escrow is invested in SLGS to the call dates or maturity dates.

As of June 30, 2024 and 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$2,607,097 and \$3,010,758, respectively, with an unpaid principal balance of \$2,315,000 and \$2,775,000, respectively.

The Refunding Series 2022A Bonds refunded portions of the Authority's Series 2012C Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$7,731,903 and a net present value economic savings at issuance of \$6,072,107. The refunding resulted in a deferred inflow of resources at issuance of \$3,588,228, of which \$2,834,587 and \$3,171,085 were unamortized as of June 30, 2024 and 2023, respectively. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012C Bonds.

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On July 13, 2023, the MSCBA closed on \$4,375,000 of Project Revenue Bond Series 2023A.

On July 20, 2023, the Community College Series 3 Refunding Bonds refunded the entire Community College Series 1 Bond Series. These bonds were refinanced to achieve a total increase in debt service at issuance of \$130,584 and a net present value economic savings at issuance of \$133,414. The refunding resulted in a deferred outflow of resources at issuance of \$16,407, of which \$15,386 were unamortized as of June 30, 2024.

On February 1, 2024, the 2024A Refunding Bonds refunded portions of the Series 2015A, 2016A, 2017A, 2019B, 2019C, and 2020A Bonds. Additionally, the 2024A Refunding Bonds refunded the entire 2014A, 2014B, and 2014C Refunding Bonds Series. These bonds were refinanced to achieve a total reduction in debt service at issuance of \$22,528,370 and a net present value economic savings at issuance of \$14,728,679. The refunding resulted in a deferred inflow of resources at issuance of \$16,333,162, of which \$15,860,496 were unamortized as of June 30, 2024.

Debt service reserve fund investment agreements

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

Unamortized bond premiums are reflected as an addition to the outstanding principal balance of the bonds payable and consisted of the following at June 30, 2024 and 2023:

	2024	2023
Unamortized balance, beginning	\$ 42,477,432	\$ 49,582,912
Current year additions	20,836,635	-
Unamortized premium on bonds refunded	(2,076,970)	-
Current year amortization	(7,094,396)	(7,105,480)
Unamortized balance, ending	<u>\$ 54,142,701</u>	<u>\$ 42,477,432</u>

Deferred losses on bond refundings are reflected as deferred outflows of resources in the accompanying statements of new position (deficiency in net position) and consisted of the following at June 30, 2024 and 2023:

	2024	2023
Balance, beginning	\$ 27,532,338	\$ 30,724,358
Current year additions	(16,316,755)	-
Current year refunded	(3,729,468)	-
Current year amortization	(3,479,940)	(3,192,020)
Balance, ending	<u>\$ 4,006,175</u>	<u>\$ 27,532,338</u>

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Note 8 - Long-term Liabilities

Long-term liabilities at June 30, 2024 consisted of the following:

	2024				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	\$ 1,135,898,360	\$ 188,820,000	\$ (225,232,907)	\$ 1,099,485,453	\$ 52,038,595
Unamortized premiums	42,477,432	20,836,635	(9,171,366)	54,142,701	6,934,413
Total bonds payable	1,178,375,792	209,656,635	(234,404,273)	1,153,628,154	58,973,008
Interagency payables	18,768,324	49,637,736	(41,061,784)	27,344,276	23,313,107
Net pension liability	3,035,276	952,142	-	3,987,418	-
Office lease payable	2,175,080	-	(224,985)	1,950,095	237,535
Other liabilities					
Compensated absences	291,761	-	(3,534)	288,227	248,525
Total long-term liabilities	<u>\$ 1,202,646,233</u>	<u>\$ 260,246,513</u>	<u>\$ (275,694,576)</u>	<u>\$ 1,187,198,170</u>	<u>\$ 82,772,175</u>

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

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

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Note 9 - Net Position

The net investment in capital assets of \$(133,097,606) at June 30, 2024, includes the effect of deferring the recognition of the losses on bond refundings. The \$4,006,175 balance of the deferred outflows of resources on refunding of debt at June 30, 2024 will be amortized to interest expense over the terms of the old trust or new trust agreements, whichever is shorter, which will decrease the unrestricted net position and increase the net investment in capital assets over those periods (see Note 7).

Note 10 - Contingencies

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

Note 11 - Operating Expenses

The Authority's operating expenses for the years ended June 30, 2024 and 2023, on a natural classification basis, are comprised of the following:

	2024	2023
Insurance	\$ 1,820,788	\$ 1,644,878
Compensation	1,508,771	1,354,194
Supplies and service	1,158,126	1,015,227
Pension and OPEB expenses	(182,212)	(583,990)
Depreciation	46,048,579	45,744,654
	<u>\$ 50,354,052</u>	<u>\$ 49,174,963</u>

Note 12 - Retirement Plan

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

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

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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
July 1, 2001 to present	11% of regular compensation (for teacher hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000

For active Authority employees covered by MSERS, the Authority is not required to make contributions to the Plan. For retired Authority employees, the Commonwealth computes the projected benefit obligation of the retired employee. The Authority is responsible to contribute any shortfall that exists as a result of this computation. The total amount due to the Massachusetts State Retirement Board amounted to \$275,504, \$283,721, and \$211,499 for the years ended June 30, 2024, 2023, and 2022, respectively, which equaled the required contributions each year.

At June 30, 2024, the Authority reported a liability of \$3,987,418 for its proportionate share of the net pension liability. The State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. On June 30, 2024, the Authority's proportion was 0.02722%, which is an increase of 0.00540% from its proportion measured as of June 30, 2023.

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

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On June 30, 2023, the Authority's proportion was 0.02182%, which is a decrease of 0.00303% from its proportion measured as of June 30, 2022.

For the years ended June 30, 2024 and 2023, the Authority recognized pension expense of \$211,586 and \$(125,213), respectively.

At June 30, 2024, 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	\$ 67,015	\$ -
Net difference between projected and actual earnings on pension plan investment	107,313	-
Difference between expected and actual experience	141,645	98,529
Changes in proportion	<u>590,028</u>	<u>344,570</u>
Total	<u><u>\$ 906,001</u></u>	<u><u>\$ 443,099</u></u>

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:	
2025	\$ 80,557
2026	(38,452)
2027	337,899
2028	<u>82,898</u>
Total	<u><u>\$ 462,902</u></u>

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

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

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. These valuations used the following assumptions for both measurement dates, unless otherwise noted:

1. (a) 2.50% inflation rate, (b) 7.0% investment rate of return, (c) 3.5% interest rate credited to the annuity savings fund and (d) 3.0% cost of living increase per year on the first \$13,000 of allowance each year.
2. Salary increases are based on analyses of past experience but range from 4.0% to 9.0% depending on group and length of service.
3. Mortality rates were as follows:
 - (i) Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 for the June 30, 2023 measurement date and Scale MP-2020 for the June 30, 2022 measurement date, each set forward 1 year for females.
 - (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 for the June 30, 2023 measurement date and Scale MP-2020 for the June 30, 2022 measurement date, each set forward 1 year for females.
 - (iii) Disability - the mortality rate reflects the post-retirement mortality described above, set forward 1 year.

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4. Experience studies were performed as follows:

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

Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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, 2023 and 2022 are summarized in the following table:

Asset class	Target allocation	Long-term expected	
		2023	2022
Global Equity	37.00%	4.90%	4.20%
Core Fixed Income	15.00%	1.90%	0.50%
Private Equity	16.00%	7.40%	7.30%
Portfolio Completion Strategies	10.00%	3.80%	2.70%
Real Estate	10.00%	3.00%	3.30%
Value Added Fixed Income	8.00%	5.10%	3.70%
Timberland/ Natural Resources	4.00%	4.30%	3.90%
Total	100.00%		

The discount rate used to measure the total pension liability for both of the measurement years ended June 30, 2023 and 2022 was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Authority's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% for both of the measurement years ended June 30, 2023 and 2022, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2022	\$ 4,186,141	\$ 3,035,276	\$ 2,061,315
June 30, 2023	5,480,168	3,987,418	2,724,159

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

Note 13 - Retiree Health Plan

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

Under Chapter 32A, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all Commonwealth employees may become eligible for these benefits if they reach retirement age and vesting requirements 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.

The Authority's benefit payments for the years ended June 30, 2024, 2023, and 2022 were \$30,647, \$31,287, and \$106,288, respectively.

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

Retired members or beneficiaries currently receiving benefits	10
Active members	14
Inactive employees	<u>2</u>
Total plan members	<u><u>26</u></u>

The Authority established a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and fully funded the plan during fiscal year 2023. Employees are not required to make contributions to the plan. At June 30, 2024 and 2023, the Authority reported net OPEB assets of \$86,477 and \$145,777, respectively.

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The components of the net OPEB liability (asset) were as follows:

	2024	2023
Total OPEB liability	\$ 1,018,041	\$ 891,014
Plan fiduciary net position	(1,104,518)	(1,036,791)
Net OPEB asset	\$ (86,477)	\$ (145,777)
Plan fiduciary net position as a percentage of the total OPEB liability	108.49%	116.36%

The Authority's OPEB liability was measured at June 30, 2024 and the total OPEB liability used to calculated the net OPEB liability (asset) was measured by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. The Authority's OPEB liability was measured at June 30, 2023 and the total OPEB liability used to calculated the net OPEB liability was measured by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2023.

The changes in OPEB liability (assets) for the plan for the year ended June 30, 2024 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2023	\$ 891,014	\$ 1,036,791	\$ (145,777)
Changes for the year			
Service cost	27,629	-	27,629
Interest	62,934	-	62,934
Differences between expected and actual experience	(9,085)	-	(9,085)
Changes of assumptions	76,196	-	76,196
Change in measurement date	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income (loss)	-	98,374	(98,374)
Benefit payments, including refunds of member contributions	(30,647)	(30,647)	-
Net changes	127,027	67,727	59,300
Balance at June 30, 2024	\$ 1,018,041	\$ 1,104,518	\$ (86,477)

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

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

Employer contributions of \$300,000 into the OPEB Trust account at the SRBTF were made during the year ended June 30, 2023, attaining fully funded status. No additional employer contributions were necessary during fiscal year 2024. For the years ended June 30, 2024 and 2023, the Authority recognized OPEB expense of \$(393,798) and \$(458,777) respectively. The recognized OPEB expense for both the years ended June 30, 2024 and 2023 are negative due to deferred inflows and outflows resulting in a change in OPEB liability.

At June 30, 2024, 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	\$ 237,793	\$ 3,183,209
Net difference between projected and actual earnings on OPEB plan investments	11,521	-
Differences between expected and actual experience	114,270	153,862
Total	<u>\$ 363,584</u>	<u>\$ 3,337,071</u>

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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:	
2025	\$ (511,556)
2026	(511,556)
2027	(527,086)
2028	(527,825)
2029	(522,381)
Thereafter	<u>(373,083)</u>
Total	<u><u>\$ (2,973,487)</u></u>

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

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

The total OPEB liability for both of the June 30, 2024 and 2023 measurement dates was determined by an actuarial valuation as of December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

1. The following annual healthcare cost trend rates for the year ended June 30, 2024: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year to an ultimate rate of 4.5%.
2. The following annual healthcare cost trend rates for the year ended June 30, 2023: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year to an ultimate rate of 4.5%.
3. The post-retirement mortality rate for both FY24 and FY23 was in accordance with:
 - i. Healthy: PubG-2010 General Healthy Retiree Headcount-Weighted Tables, sex-distinct,

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projected generationally with Scale MP-2021 for the year ended June 30, 2024.

- ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2024.
 - iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
4. Wage inflation and salary increases of 3.25% and 3.25% for the years ended June 30, 2024 and 2023, respectively.
5. Discount rate of 7.00% as of June 30, 2024 and 2023 measurement dates.
6. Participation rates:
- i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.
 - ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.
 - iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.
7. Actuarial cost method - Entry Age Normal - Level percentage of payroll.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation as of June 30, 2024 and 2023 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return	
		2024	2023
Domestic equity	22.00%	6.29%	6.59%
International developed markets equity	9.50%	6.39%	6.87%
International emerging markets equity	4.50%	7.63%	8.30%
Core fixed income	15.00%	1.72%	1.53%
High-yield fixed income	9.00%	3.43%	3.54%
Real estate	10.00%	3.24%	3.44%
Timber	4.00%	3.72%	4.01%
Hedge fund, GTAA, Risk parity	10.00%	2.87%	3.06%
Private equity	16.00%	9.43%	9.49%
Total	100.00%		

The discount rates used to measure the total OPEB liability for both of the measurement years ended June 30, 2024 and 2023 was 7.00%. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investment was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the Authority's net OPEB liability (asset) calculated using the discount rate of 7.0% for both of the measurement years ended June 30, 2024 and 2023, respectively, as well as what the Authority's net OPEB liability (asset) 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, 2023	(19,137)	(145,777)	(249,115)
June 30, 2024	59,140	(86,477)	(205,273)

The discount rates as of both June 30, 2024 and 2023 are as follows: 7.00% (current); 6.00% (1% decrease) and 8.00% (1% increase).

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The following presents the Authority's net OPEB liability (asset) calculated using the healthcare cost trend rate of 8.77% for both of the measurement years ended June 30, 2024 and 2023 as well as what the Authority's net OPEB liability (asset) 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:

<u>Measurement year ended</u>	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
June 30, 2023	(260,292)	(145,777)	(1,316)
June 30, 2024	(226,961)	(86,477)	92,027

(a) The healthcare cost trend rates as of June 30, 2024 are as follows: for GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate.

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

Note 14 - Leases

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

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

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The following table summarizes the Authority's underlying bonds related to the outstanding significant leases receivable as of June 30, 2024 and 2023:

Bond Debt Series Description	Commencement Date	Lease Term at Commencement (Years)	Lease Amount	Rate Type	Interest Rate	Lease Receivable 6/30/2024	Lease Receivable 6/30/2023
2003B	7/1/2020 *	16.8	Varies	Implicit Rate	5.38% - 5.50%	\$ 46,041,825	\$ 51,066,735
2009C	7/1/2020 *	17.8	Varies	Implicit Rate	4.58% - 5.93%	53,009,823	55,209,159
2010B	7/1/2020 *	17.8	Varies	Implicit Rate	4.89% - 6.54%	15,496,697	16,787,757
2011A	7/1/2020 *	2.8	Varies	Implicit Rate	5.00%	1,692,543	3,299,574
2014A	7/1/2020 *	25.8	Varies	Implicit Rate	4.50% - 5.00%	-	5,100,000
2014B	7/1/2020 *	21.8	Varies	Implicit Rate	4.00% - 5.00%	-	8,532,406
2014C	7/1/2020 *	11.8	Varies	Implicit Rate	4.00% - 5.00%	-	6,535,000
2015A	7/1/2020 *	13.8	Varies	Implicit Rate	2.00% - 5.00%	8,645,000	9,165,000
2016A	7/1/2020 *	26.8	Varies	Implicit Rate	4.00% - 5.00%	42,667,456	48,671,708
2017A	7/1/2020 *	14.8	Varies	Implicit Rate	3.00% - 5.00%	12,475,000	13,191,000
2017B	7/1/2020 *	15.8	Varies	Implicit Rate	4.00% - 5.00%	8,535,000	8,950,000
2017D	7/1/2020 *	17.8	Varies	Implicit Rate	4.00% - 5.00%	56,245,000	58,570,000
2019A	7/1/2020 *	16.8	Varies	Implicit Rate	3.00% - 5.00%	9,375,000	9,815,000
2019B	7/1/2020 *	18.8	Varies	Implicit Rate	4.00% - 4.10%	34,150,000	45,095,000
2019C	7/1/2020 *	20.8	Varies	Implicit Rate	1.69% - 3.37%	132,023,064	191,510,153
2020A	7/1/2020 *	26.8	Varies	Implicit Rate	1.04% - 3.07%	275,282,641	336,411,433
2021A	7/1/2021 *	28.8	Varies	Implicit Rate	2.00% - 5.00%	16,135,000	16,490,000
2021B	7/1/2021 *	18.8	Varies	Implicit Rate	2.00% - 5.00%	1,250,000	1,305,000
2022A	7/1/2021 *	29.8	Varies	Implicit Rate	4.00% - 5.00%	69,115,936	70,677,561
2023A	7/1/2023	19.8	Varies	Implicit Rate	3.25% - 5.00%	2,750,000	-
2024A	7/1/2023	14.8	Varies	Implicit Rate	5.00%	116,375,264	-
						<u>\$ 901,265,249</u>	<u>\$ 956,382,486</u>

* These dates represent the date of implementation of GASB 87.

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For the year ended June 30, 2024, the Authority recognized \$70,708,552 in lease revenue and \$38,451,473 in lease interest revenue. For the year ended June 30, 2023, the Authority recognized \$64,331,908 in lease revenue and \$41,207,354 in lease interest revenue.

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 37,466,678	\$ 39,626,714	\$ 77,093,392
2026	40,527,086	38,219,894	78,746,980
2027	42,603,043	36,723,432	79,326,475
2028	42,629,095	38,007,466	80,636,561
2029	48,238,396	27,233,252	75,471,648
2030-2034	261,041,677	106,446,517	367,488,194
2035-2039	263,089,517	57,977,586	321,067,103
2040-2044	131,874,990	15,463,939	147,338,929
2045-2049	32,083,174	2,865,586	34,948,760
2050-2053	1,711,593	61,556	1,773,149
Total	<u>\$ 901,265,249</u>	<u>\$ 362,625,942</u>	<u>\$ 1,263,891,191</u>

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

During fiscal year 2022, the Authority adopted GASB 87 - *Leases*. Under the GASB standard, the Authority recognized the lease as a right of use asset and an operating lease liability on the statements of net position (deficiency in net position). The adoption required the lease liability to be measured at the present value of payments expected to be made during the lease term. The present value was calculated using an estimated incremental borrowing rate of 3.25%. Lease payments are allocated between interest expense and a reduction to the lease liability. As of June 30, 2024 and 2023, the lease liability balance was \$1,950,095 and \$2,175,080, respectively.

The right of use asset is measured as the initial amount of the lease liability, adjusted for certain lease allowances or other items. The lease asset was valued at \$2,751,297 at July 1, 2020. The lease asset is amortized on a straight-line basis, over the remaining useful life of the lease. As of June 30, 2024 and 2023, the lease asset, net of amortization, was \$1,750,825 and \$2,000,943, respectively. Amortization expenses for both of the years ended June 30, 2024 and 2023 were \$250,118. The reduction to lease liability was \$224,985 and \$212,829 for the years ended June 30, 2024 and 2023, respectively, along with lease interest expense of \$70,044 and \$76,880 for 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023, additional rent amounted to \$18,305 and \$11,600, respectively.

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Notes to Financial Statements
June 30, 2024 and 2023

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

<u>Year ending June 30</u>	<u>Lease Liability</u>	<u>Lease Interest</u>	<u>Total</u>
2025	\$ 237,535	\$ 62,813	\$ 300,348
2026	250,493	55,174	305,667
2027	263,872	47,114	310,986
2028	277,687	38,618	316,305
2029	291,950	29,674	321,624
2030-2031	628,558	30,648	659,206
	<u>\$ 1,950,095</u>	<u>\$ 264,041</u>	<u>\$ 2,214,136</u>

On June 30, 2023, the Authority entered into a lease agreement with Carbon Health Medical Group of Florida ("Carbon Health") to lease approximately 2,395 square feet of space at the Massachusetts College of Arts and Design ("MCAD") for the purpose of operating a student health services clinic. The lease is for an initial period conterminous with a three-year Student Health Service Agreement, with options to extend until 2037.

The Authority has entered into an agreement with MCAD, whereby the Massachusetts College of Pharmacy and Health Services ("MCPHS") and Carbon Health 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, Carbon Health paid MCAD \$33,530 and \$32,219 during fiscal years 2024 and 2023, respectively. The Authority assesses annual obligations to MCAD, which include the pro rata share of the building occupied by Carbon Health, on the same debt assessment basis the Authority uses for their other residence halls.

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**Notes to Financial Statements
June 30, 2024 and 2023**

Note 15 - Subsequent Events

Events that occur after the financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the financial position date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 14, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Required Supplementary Information

**Massachusetts State College Building Authority
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Supplementary Information

**Schedule of the Authority's Proportionate Share of the
Net Pension Liability of the Commonwealth of Massachusetts
June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the collective net pension liability	0.0272%	0.0218%	0.0249%	0.0251%	0.0269%	0.0312%	0.0299%	0.0262%	0.0289%	0.0253%
Authority's proportionate share of the collective net pension liability	\$ 3,987,418	\$ 3,035,276	\$ 2,593,803	\$ 4,302,195	\$ 3,935,112	\$ 4,121,111	\$ 3,828,162	\$ 3,612,661	\$ 3,286,731	\$ 1,878,277
Authority's covered-employee payroll	\$ 1,935,715	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680	\$ 1,787,296	\$ 1,704,399	\$ 1,459,312	\$ 1,431,639
Authority's proportionate share of the collective net pension liability as a percentage of its covered payroll	205.99%	169.71%	180.16%	171.48%	279.86%	241.61%	214.19%	211.96%	225.22%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

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

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

Massachusetts State College Building Authority
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Supplementary Information

Schedule of Authority Pension Contributions
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 275,504	\$ 283,721	\$ 211,499	\$ 203,754	\$ 215,188	\$ 134,295	\$ 115,941	\$ 115,941	\$ 115,955	\$ 101,546
Contributions in relation to the contractually required contribution	<u>(275,504)</u>	<u>(283,721)</u>	<u>(211,499)</u>	<u>(203,754)</u>	<u>(215,188)</u>	<u>(134,295)</u>	<u>(115,941)</u>	<u>(115,941)</u>	<u>(115,955)</u>	<u>(101,546)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,935,715	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680	\$ 1,787,296	\$ 1,704,399	\$ 1,459,312	\$ 1,431,639
Contributions as a percentage of covered payroll	14.23%	15.86%	12.55%	13.47%	14.00%	7.87%	6.49%	6.80%	7.95%	7.09%

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

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Supplementary Information

Schedule of Changes in the Authority's Net OPEB Liability (Asset) and Related Ratios
June 30, 2024

	2024	2023	2022	2021	2020	2019
Total OPEB Liability (Asset):						
Service cost	\$ 27,629	\$ 31,287	\$ 106,288	\$ 103,730	\$ 94,823	\$ 244,646
Interest	62,934	66,940	40,425	58,628	56,145	239,294
Differences between expected and actual experience	(9,085)	135,102	-	(249,271)	-	(5,391,656)
Changes of assumptions	76,196	(245,702)	(822,614)	187,964	93,930	-
Benefits payments, including refunds of employee contributions	(30,647)	(42,505)	(35,512)	(29,927)	(29,317)	(137,071)
Net change in total OPEB Liability (Asset)	127,027	(54,878)	(711,413)	71,124	215,581	(5,044,787)
Total OPEB Liability (Asset) - beginning	891,014	945,892	1,657,305	1,586,181	1,370,600	6,415,387
Total OPEB Liability (Asset) - end (a)	<u>\$ 1,018,041</u>	<u>\$ 891,014</u>	<u>\$ 945,892</u>	<u>\$ 1,657,305</u>	<u>\$ 1,586,181</u>	<u>\$ 1,370,600</u>
Plan fiduciary net position:						
Contributions - employer	\$ -	\$ 342,505	\$ 785,512	\$ 29,317	\$ 29,317	\$ 137,071
Net investment income	98,374	51,142	(64,351)	-	-	-
Benefits payments, including refunds of employee contributions	(30,647)	(42,505)	(35,512)	(29,317)	(29,317)	(137,071)
Net change in plan Fiduciary Net Position	67,727	351,142	685,649	-	-	-
Plan Fiduciary Net Position - beginning	1,036,791	685,649	-	-	-	-
Plan Fiduciary Net Position - end (b)	<u>\$ 1,104,518</u>	<u>\$ 1,036,791</u>	<u>\$ 685,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability (Asset) - end (a) - (b)	<u>\$ (86,477)</u>	<u>\$ (145,777)</u>	<u>\$ 260,243</u>	<u>\$ 1,657,305</u>	<u>\$ 1,586,181</u>	<u>\$ 1,370,600</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability (Asset)	108.49%	116.36%	72.49%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,935,715	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680
Plan Net OPEB Liability (Asset) as a percentage of covered employee payroll	-4.47%	-8.15%	15.45%	109.57%	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 2 and Notes to Required Supplementary Information.

**Massachusetts State College Building Authority
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Supplementary Information

**Schedule of Authority OPEB Contributions
June 30, 2024**

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

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**Notes to Required Supplementary Information
June 30, 2024**

Note 1 - Changes in net pension benefit terms and assumptions

FY2024 (Measurement Date of June 30, 2023) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2024.

Changes in assumptions

Pre and post-retirement mortality rates were set using the table projected generationally with Scale MP-2021, from MP-2020 in FY2023.

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

Changes in benefit terms

None in 2023.

Changes in assumptions

The inflation rate changed to 2.5% from 0%.

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

Changes in benefit terms

None in 2022.

Changes in assumptions

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

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

Changes in benefit terms

None in 2021.

Changes in assumptions

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

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

Changes in benefit terms

None in 2020.

Changes in assumptions

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

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**Notes to Required Supplementary Information
June 30, 2024**

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

Changes in benefit terms

None in 2019.

Changes in assumptions

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

The mortality assumption changed as follows:

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

Note 2 - Changes in net OPEB benefit terms and assumptions

FY2024 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2024.

Changes in assumptions

The year 2 rate of the health care trend rates under GIC Medicare plans increased from 6.79% to 17.22%.

FY2023 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

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

FY2022 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

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

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**Notes to Required Supplementary Information
June 30, 2024**

FY2021 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

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

FY2020 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

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

FY2019 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

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

FY2018 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2018.

Changes in assumptions

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

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

The per-capita claim costs were updated.

The trend assumptions were revised.

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

The mortality assumption changed as follows:

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

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Notes to Required Supplementary Information
June 30, 2024

The participation rate assumptions changed to the following:

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

The participation rate assumptions were formerly:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

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

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

The total OPEB liability (asset) for the June 30, 2024 and 2023 measurement date was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

1. The following annual healthcare cost trend rates for the year ended June 30, 2024: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year to an ultimate rate of 4.5%.
2. The following annual healthcare cost trend rates for the year ended June 30, 2023: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per

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Notes to Required Supplementary Information
June 30, 2024

year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year to an ultimate rate of 4.5%.

3. The post-retirement mortality for both FY24 and FY23 rate was in accordance with:
 - i. Healthy: PubG-2010 General Healthy Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2024.
 - ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2024.
 - iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
4. Wage inflation and salary increases of 3.25% and 3.25% for the years ended June 30, 2024 and 2023, respectively.
5. Discount rate of 7.00% for both of the years ended June 30, 2024 and 2023.
6. Participation rates:
 - i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.
 - ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.
 - iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.
7. Actuarial cost method – Entry Age Normal – Level percentage of payroll.

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Supplementary Information

Statistical Information (Unaudited)
June 30, 2024

Schedule of Net Position (Deficiency) by Category

	<u>2015</u>	<u>2016</u>	<u>2017</u> (as restated)	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u> (as restated)	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net investment in capital assets	\$ (12,717,572)	\$ (26,837,719)	\$ (23,187,500)	\$ (29,027,598)	\$ (44,021,651)	\$ (52,345,420)	\$ (93,721,552)	\$ (142,427,617)	\$ (131,117,106)	\$ (133,097,606)
Restricted - expendable	905,721	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(17,193,251)</u>	<u>(856,119)</u>	<u>(17,484,620)</u>	<u>(13,656,989)</u>	<u>2,888,291</u>	<u>22,020,820</u>	<u>65,348,711</u>	<u>136,936,714</u>	<u>160,271,918</u>	<u>191,372,896</u>
Total Net Position (Deficiency)	<u>\$ (29,005,102)</u>	<u>\$ (27,693,838)</u>	<u>\$ (40,672,120)</u>	<u>\$ (42,684,587)</u>	<u>\$ (41,133,360)</u>	<u>\$ (30,324,600)</u>	<u>\$ (28,372,841)</u>	<u>\$ (5,490,903)</u>	<u>\$ 29,154,812</u>	<u>\$ 58,275,290</u>

See Independent Auditor's Report on Page 2.

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Statistical Information (Unaudited)
June 30, 2024

Changes in Net Position

Changes in Net Position

	2015	2016	2017 (as restated)	2018	2019	2020	2021	2022	2023	2024
<u>Operating Revenue</u>										
Income from assessments	\$ 74,214,554	\$ 76,187,363	\$ 85,979,296	\$ 87,755,221	\$ 90,613,525	\$ 92,150,894	\$ 88,821,995	\$ 109,096,779	\$ 107,168,319	\$ 103,434,808
Other miscellaneous revenue	598,515	943,094	549,270	452,204	158,783	345,339	184,815	415,422	128,645	967,320
Total operating revenue	74,813,069	77,130,457	86,528,566	88,207,425	90,772,308	92,496,233	89,006,810	109,512,201	107,296,964	104,402,128
<u>Non-Operating Revenue</u>										
Net investment income (loss)	10,702,249	15,374,812	7,981,303	10,053,652	14,950,924	12,369,469	1,698,121	(4,406,631)	2,974,146	5,015,498
Interest income - interagency	-	-	-	-	-	7,291,176	5,398,320	5,746,687	4,143,735	6,814,784
Transfers (to)/from State Universities	4,009,535	7,056,055	421,418	498,508	585,251	(495,898)	(66,254)	4,011,129	11,946,358	5,527,766
Build America Bonds interest subsidy	2,189,322	2,200,443	2,201,230	2,198,010	2,181,789	2,147,963	1,461,387	1,482,780	1,472,486	2,018,315
Gain (loss) on sale of assets	-	-	-	-	-	-	213,031	(520,621)	-	-
Miscellaneous nonoperating revenue	150,866	99,082	49,691	70,350	26,061	9,112	69,870	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue	17,051,972	24,730,392	10,653,642	12,820,520	17,744,025	21,321,822	8,774,475	6,313,344	20,536,725	19,376,363
Total Revenue	91,865,041	101,860,849	97,182,208	101,027,945	108,516,333	113,818,055	97,781,285	115,825,545	127,833,689	123,778,491
<u>Operating Expenses</u>										
Insurance costs	(939,566)	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)	(1,255,933)	(1,512,604)	(1,530,011)	(1,644,878)	(1,820,788)
Authority operating expenses	(2,208,557)	(2,312,194)	(2,338,033)	(2,490,233)	(2,713,867)	(2,120,278)	(2,358,521)	(2,441,072)	(2,369,421)	(2,666,897)
Depreciation	(38,884,197)	(41,762,241)	(43,333,694)	(44,346,059)	(45,099,077)	(45,007,554)	(45,963,988)	(45,585,151)	(45,744,654)	(46,048,579)
Amortization of deferred loss (gain) on receivables	-	-	-	-	-	-	(42,612)	(277,471)	-	-
Other expenses	(402,886)	(46,879)	-	(106,166)	(12,983)	(221,551)	(134,281)	843,835	583,990	182,212
Total operating expenses	(42,435,206)	(45,145,972)	(46,758,490)	(48,102,769)	(49,014,849)	(48,605,316)	(50,012,006)	(48,989,870)	(49,174,963)	(50,354,052)
<u>Non-operating expenses</u>										
Interest expense	(53,529,051)	(54,345,047)	1,968,378	(54,281,857)	(57,085,975)	(52,979,652)	(43,549,368)	(42,817,906)	(44,000,467)	(42,789,516)
Bond issuance costs	(761,121)	(1,058,566)	(655,786)	(655,786)	(864,282)	(1,424,327)	(2,268,147)	(1,135,831)	(12,544)	(1,514,445)
Total non-operating expenses	(54,290,172)	(55,403,613)	1,312,592	(54,937,643)	(57,950,257)	(54,403,979)	(45,817,515)	(43,953,737)	(44,013,011)	(44,303,961)
Total Expenses	(96,725,378)	(100,549,585)	(45,445,898)	(103,040,412)	(106,965,106)	(103,009,295)	(95,829,521)	(92,943,607)	(93,187,974)	(94,658,013)
Increase (decrease) in net position	\$ (4,860,337)	\$ 1,311,264	\$ 51,736,310	\$ (2,012,467)	\$ 1,551,227	\$ 10,808,760	\$ 1,951,764	\$ 22,881,938	\$ 34,645,715	\$ 29,120,478

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

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**Statistical Information (Unaudited)
June 30, 2024**

Room Rates of Residence Facilities

<u>Institution</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bridgewater	\$6,740-7,840	\$6,940-8,080	\$7,220-\$8,400	\$7,510-8,862	\$7,698-9,128	\$7,948-9,425	\$8,099-10,024	\$8,100-10,220	\$8,140-10,480	\$8,301-10,691
Fitchburg	\$5,330-6,710	\$5,440-6,840	\$5,770-\$7,900	\$6,044-8,273	\$6,331-8,666	\$6,331-9,034	\$6,600-10,000	\$6,600-10,000	\$6,998-10,484	\$6,998-10,484
Framingham	\$6,380-9,060	\$6,680-9,280	\$6,980-\$9,580	\$7,280-9,880	\$7,560-10,160	\$7,840-10,440	\$8,040-13,640	\$8,040-13,640	\$8,040-13,640	\$8,280-13,880
Mass. College of Art	\$8,190-11,440	\$8,350-11,670	\$8,560-\$12,807	\$8,820-12,320	\$9,261-13,378	\$9,358-13,378	\$8,944-13,860	\$9,210-14,280	\$9,490-14,710	\$9,780-15,150
Mass. College of Liberal Arts	\$5,210-5,510	\$5,500-5,700	\$5,750-\$5,950	\$6,050-6,250	\$5,000-6,550	\$5,000-6,850	\$6,900-7,196	\$7,040-7,340	\$7,300-8,400	\$8,200-9,400
Mass. Maritime Academy	\$6,440	\$6,790	\$7,130	\$7,340	\$7,560	\$7,790	\$8,004	\$8,200	\$8,410	\$8,662
Salem	\$6,980-9,900	\$7,280-10,320	\$7,570-\$10,730	\$7,870-11,160	\$8,110-11,490	\$8,350-11,820	\$8,680-12,530	\$8,680-12,000	\$8,897-12,013	\$9,208-12,800
Westfield	\$5,510-8,350	\$5,730-8,680	\$5,940-\$9,000	\$6,110-9,260	\$4,380-9,540	\$4,510-9,830	\$6,800-10,120	\$7,700-9,700	\$8,300-10,300	\$8,550-10,550
Worcester	\$7,090-8,180	\$7,270-8,370	\$7,485-\$8,585	\$7,646-8,746	\$7,778-8,878	\$7,778-8,878	\$7,878-9,278	\$7,878-9,278	\$8,098-9,498	\$8,098-9,498

See Independent Auditor's Report on Page 2.

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

Supplementary Information

**Statistical Information (Unaudited)
June 30, 2024**

Occupancy as a Percentage of Design Capacity at Residence Facilities

<u>State University</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2023/2024</u>
Bridgewater	99%	97%	96%	95%	95%	96%	37%	81%	89%	91%
Fitchburg	103%	101%	96%	92%	85%	76%	50%	58%	52%	58%
Framingham	98%	98%	94%	93%	90%	88%	33%	64%	64%	63%
Mass. College of Art and Design	99%	98%	99%	99%	96%	100%	65%	98%	101%	100%
Mass. College of Liberal Arts	86%	79%	77%	74%	71%	73%	46%	43%	42%	43%
Mass. Maritime Academy	93%	101%	105%	102%	102%	101%	57%	95%	87%	79%
Salem	107%	100%	96%	96%	90%	79%	37%	63%	79%	76%
Westfield	98%	102%	99%	94%	86%	82%	38%	66%	66%	62%
Worcester	87%	94%	92%	96%	96%	96%	50%	78%	84%	84%
Average Occupancy	<u>98%</u>	<u>98%</u>	<u>96%</u>	<u>94%</u>	<u>91%</u>	<u>88%</u>	<u>43%</u>	<u>71%</u>	<u>74%</u>	<u>74%</u>

See Independent Auditor's Report on Page 2.

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

To the Board
Massachusetts State College Building Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary fund 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 14, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Boston, Massachusetts
March 14, 2025



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Appendix C

FY 2024 Senior Management Compensation

Title	Annual Salary FY 2024
Executive Director	281,848
Deputy Director, Administration and Finance	225,423

APPENDIX D

Certified Sustainable Projects as of June 30, 2024

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

APPENDIX E

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

Green Bond Guidelines

June 14, 2022

Background

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

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

Use of Proceeds

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

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

Process for Project Evaluation and Selection

Annually, the Authority reviews potential capital project requirements with the twenty-four-state university and community college campuses it serves. These projects principally include the construction and renovation of on-campus student housing facilities, but also include a

full range of student activity facilities (dining, parking, athletic, medical, and cultural) to support the campus community. Projects are funded from capital replacement reserves, current year revenues, campus contributions, and the proceeds of revenue bonds. The Authority will review each project proposed to be funded from the proceeds of revenue bonds to determine whether it is eligible for funding with Green Bonds. In essence, these criteria include:

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

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

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

Management of Proceeds

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

Reporting

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

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