

2018-2019

Annual Report



Massachusetts School Building Authority

MSBA Mission

The Massachusetts School Building Authority partners with Massachusetts communities to support the design and construction of educationally-appropriate, flexible, sustainable, and cost-effective public school facilities.

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My Ideal School Contest

Open to all first-grade students currently attending Massachusetts public schools, the My Ideal School Contest gets students and teachers talking about how thoughtful design and construction of local schools supports student engagement and 21st-century learning.

Students are asked to create images of what their ideal school would look like and describe three things they love about their school. Regional and grand-prize winners are honored at a special ceremony at the Massachusetts State House.

On the Cover



Contest winner
Helen Porter

Helen Porter of Mullen Hall School, Falmouth, was the 2018 winner of the My Ideal School Contest. In her essay, she said, “My ideal school would be made of plants and vines. We always took field trips. Birds flew around my head. We learn about birds and plants if we were lucky we would see a unicorn or a snake! There is a hole in the tree that leads to inside the school. We have a chameleon as a class pet. If we are lucky a unicorn might come in to teach and the unicorn has a friend that is an angel kitten!”

On the Back Cover



Contest winner Joshua Liu

2019’s My Ideal School Contest winner, Joshua Liu from the East Somerville Community School in Somerville, said, “This is my beach school. It has hammock, a rainbow, and a pool. Sea animals go there. There is a bus too. There is a lot to do and it is so much fun! Have a great day!”



Letter from the Chair

Dear Friends,

I am honored to present to you the Massachusetts School Building Authority's (MSBA) 2018-2019 Annual Report. This publication showcases the prior two years' accomplishments in developing sustainable, efficient, and affordable educational facilities.

At the MSBA, we are committed to investment in the classrooms and work spaces that provide the 21st-century environments so necessary for teachers to be able to provide a top-notch education for all our children.

Over the 2018-2019 period, the MSBA invited 23 new districts into our Core Programs for future projects and 76 districts into our Accelerated Repair Program. We have continued in our commitment to working with communities across Massachusetts to ensure that they have the financial tools and resources to create outstanding learning opportunities. These investments can be seen at school facilities in every corner of the Commonwealth.

I am proud of the Massachusetts School Building Authority's accomplishments and I appreciate the time, dedication, and perseverance of all the communities with which we collaborate on these very worthy endeavors. I look forward to continuing to work with our partners at the local level to maintain and improve one of the highest standards of education in the country.

Sincerely,

Deborah B. Goldberg

Treasurer and Receiver General of the Commonwealth
Chair, Massachusetts School Building Authority

Board of Directors

Deborah B. Goldberg

Chair, Treasurer and Receiver General

Anne Brockelman

Senior Associate, Perry Dean Rogers
Partners Architects

Sean R. Cronin

Designee of the Secretary of Administration
and Finance, Director of Finance

Matt Deninger

Designee of the Commissioner of Education

Terry Kwan

Former Teacher and Brookline School
Committee Member

Greg Sullivan

Former Massachusetts Inspector General

Sheila Vanderhoef

Former Town Administrator for Eastham





Letter from the Executive Director

Dear Readers,

Since 2004, the Massachusetts School Building Authority has partnered with communities across the Commonwealth to support the design and construction of educationally appropriate, flexible, sustainable, and cost-effective public school facilities. Together with the leadership of Treasurer Goldberg and the MSBA Board of Directors, we continue to provide access to first class learning environments, while maximizing the value of every dollar invested.

Our program is designed to examine the demonstrated needs of school districts and collaboratively find solutions to provide our students with facilities which allow them to compete in the global economy.

The MSBA has been extremely active during the past two years. Some of the highlights include:

- The MSBA sent payments of \$409 million in 2018 and \$424 million in 2019 to cities and towns.
- 2018-2019 saw a combined total of 22 Core projects achieve Substantial Completion.
- A combined total of 57 Repair Program projects were completed in 2018-2019.

It is with great pride that I present to you this report detailing our past two years of accomplishments. I look forward to continuing to work with our municipal partners to ensure we not only meet, but exceed, our past successes.

Sincerely,

Jack McCarthy

Executive Director Massachusetts School Building Authority



SUPPORTING COMMUNITIES



Minuteman Regional Vocational Technical High School

Opened in Fall 2019, Minuteman Regional Vocational Technical High School provides over 600 students from 10 member communities with facilities designed to increase collaboration and communication between academic and vocational classes.

Sunita Williams Elementary School

The new Sunita Williams Elementary School in Needham was designed specifically with STEM education in mind. The structure offers 90,000 square feet of learning space, for over 400 students in grades K-5. The Sunita Williams Elementary School opened in Fall 2019.



Somerville High School

The Massachusetts School Building Authority joined the City of Somerville for a Groundbreaking Ceremony in the Spring of 2018 for an addition/renovation project at the current high school site. The new/renovated school will provide learning space for over 1,500 students in grades 9-12. Somerville High School has a targeted completion date of Summer 2021.



SUPPORTING COMMUNITIES



Cabot Elementary School

September 2019 marked the start of a new school year for Newton students in a newly renovated and expanded Cabot Elementary School. Newton chose to preserve and integrate the original structure in its new design, offering its students flexible learning spaces and access to updated technologies, while preserving the school's rich foundation.

Mount Greylock Regional School

Mount Greylock Regional School District partnered with the MSBA to accomplish an over \$64 million addition/renovation project that serves more than 500 students from four member communities. The school opened its doors in Fall 2019.



Cape Cod Technical High School

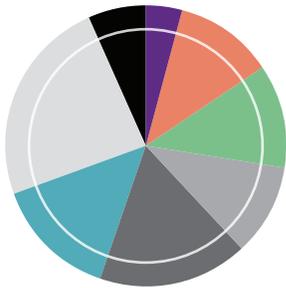
Spring 2019 served as another milestone in the construction taking place at Cape Cod Technical High School. The school's Topping Off ceremony recognized the placing of the final structural steel beam on top of the new structure. More than 600 students will attend the school when construction is completed in Winter 2020.



PROJECT STATUS

Capital Pipeline Overview

2018



- Eligibility Period **13**
- Consultant Selection **36**
- Feasibility Study & Schematic Design **37**
- Design Development **33**
- Construction **53**
- Building Complete **44**
- Closeout **75**
- Final Audit **20**

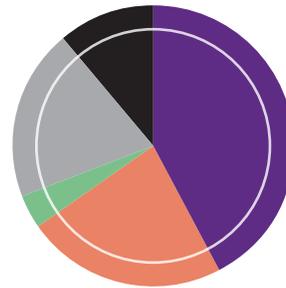
2019



- Eligibility Period **51**
- Consultant Selection **10**
- Feasibility Study & Schematic Design **32**
- Design Development **31**
- Construction **59**
- Building Complete **36**
- Closeout **71**
- Final Audit **22**

Statements of Interest

2018



- SOIs Submitted **130**
- Core Program SOIs Submitted **70**
- Core Program Invitations **12**
- Accelerated Repair SOIs Submitted **60**
- Accelerated Repair Invitations **34**

2019



- SOIs Submitted **144**
- Core Program SOIs Submitted **61**
- Core Program Invitations **11**
- Accelerated Repair SOIs Submitted **83**
- Accelerated Repair Invitations **42**

Financial Overview 2018

For fiscal year 2018, the Authority's primary funding sources are the portion of the Commonwealth's state-wide sales tax revenue dedicated to the MSBA, interest and grant income.

The primary component of the Authority's expenditures for fiscal year 2018 was grant payments to cities, towns and regional school districts. On a cash basis, these grant payments totaled approximately \$557 million. The other major component of the Authority's expenditures resulted from the approximately \$1.1 billion expended, on a cash basis, on debt service and related costs from debt obligations issued by the Authority. At the end of fiscal year 2004, according to data maintained under the former program and furnished to the Authority, the Commonwealth was reimbursing cities, towns and regional school districts for 728 previously approved projects, with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.1 billion. In addition, according to data compiled under the former program and furnished to the Authority, approximately 428 school projects were maintained on a waiting list for funding ("Waiting List projects"), with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.5 billion. The amounts the Authority will ultimately fund for approved eligible project costs will be determined through an audit of the completed project conducted by the Authority. These audits may increase or decrease the project cost estimates and will determine the actual amount to be reimbursed.

At the end of fiscal year 2018, the Authority's estimated remaining liabilities and commitments totaled approximately \$75 million for Waiting List projects, and approximately \$277 million for Prior Grant projects. The Authority expects to fund its remaining share of approved eligible project costs for Annual Waiting List projects as scheduled through fiscal year 2024. The Authority expects to fund its remaining share of approved eligible project costs for Prior Grant projects according to the schedule that was established by the Department of Education which continues through fiscal year 2023.

With the creation of the MSBA, new grant programs for school construction, renovation and repairs were established through which communities submit monthly requests for reimbursement in order to receive grants for approved projects. These "New Program" projects are funded via a progress payment method, and a liability is generally recognized once a grantee requests reimbursement from the MSBA. Outstanding grants for projects that have approved funding agreements with the MSBA, but for which eligible project costs have not been submitted, are considered commitments of the MSBA. As of June 30, 2018, MSBA had an outstanding liability of \$130 million, and \$1.5 billion commitments outstanding, for the New Program projects. The Commonwealth dedicates a 1% statewide sales tax (drawn from the existing statewide 6.25% sales tax), excluding sales tax revenues on meals and from certain additional statutorily exempted revenues from sales, to the School Modernization and Reconstruction Trust Fund (the "SMART Fund"), in support of these grant programs and for all other operations of the MSBA, including debt service.

*** The information above was derived from the Authority's audited financial statements for the fiscal year ending June 30, 2018. This information is provided for general information purposes only and is not intended to be the basis of, and should not be relied upon in making, an investment in the Authority's Bonds. The information set forth above is dated as of a certain date and has not been updated since that date, and the Authority disclaims any duty to provide an update of any information contained in this section.*



Financials 2018

Revenues	Dollars in Thousands
Dedicated sales tax	850,569
Other income	41,219
Total Revenues	891,788
Expenditures	
Grant payments to cities, towns and regional school districts*	359,477
Administration	12,111
Debt service, refunding and issuance related costs	265,991
Pension Expense	1,602
Total Expenditures	639,181
Change in Fund Balance/Net Position	252,607
Assets and Deferred Outflows of Resources	
Cash and cash equivalents	230,380
Restricted funds and funds held by bond trustee	968,324
Sales tax due from the Commonwealth	143,943
Interest receivable	8,715
Grant receivable	3,475
Loan receivable	86,403
Other assets	87,721
Loss on bond refunding	156,594
Total Assets and Deferred Outflows**	1,685,555
Liabilities and Fund Balance/Net Position	
Accounts payable	1,481
Grants payable to cities, towns and regional school districts	481,656
Outstanding Authority debt and accrued interest	6,076,722
Bond premium	612,731
OPEB	706
Other liabilities	3,061
Total Liabilities & Deferred Inflows	7,176,357
Fund Balance/Net Position	(5,490,802)
Total Liabilities and Fund Balance/Net Position	1,685,555
Waiting List and Prior Grants Project Summary	
Value of outstanding estimated Waiting List grants as of July 1, 2017	(91,281)
Value of outstanding estimated Prior Grants as of July 1, 2017	(407,788)
Total Amount of Estimated Outstanding Waiting List and Prior Grants	(499,069)
Waiting List Grant Payments/Audit Adjustments	16,702
Prior Grants Payments/Audit Adjustments	131,155
Total Amount of Grant Payments/Audit Adjustments During FY 2018	147,857
Estimated Value of Remaining Waiting List Grants as of June 30, 2018	(74,579)
Estimated Value of Remaining Prior Grants as of June 30, 2018	(276,633)
Total Amount of Estimated Remaining Grant Payments	(351,212)

The MSBA utilizes the full accrual basis of accounting, which focuses on changes in total economic resources, in the preparation of government-wide financial statements. Under the full accrual basis of accounting, changes in long-term assets and liabilities are incorporated into the financial statements.

* On a full accrual basis these grant expenditures do not include approximately \$97.6 million of payments made during FY 2018.

** Does not include \$3.89 million held in a separate irrevocable OPEB Trust as of June 30, 2018.

Financial Overview 2019

For fiscal year 2019, the Authority's primary funding sources are the portion of the Commonwealth's state-wide sales tax revenue dedicated to the MSBA, interest and grant income.

The primary component of the Authority's expenditures for fiscal year 2019 was grant payments to cities, towns and regional school districts. On a cash basis, these grant payments totaled approximately \$553 million. The other major component of the Authority's expenditures resulted from the approximately \$430 million expended, on a cash basis, on debt service and related costs from debt obligations issued by the Authority. At the end of fiscal year 2004, according to data maintained under the former program and furnished to the Authority, the Commonwealth was reimbursing cities, towns and regional school districts for 728 previously approved projects, with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.1 billion. In addition, according to data compiled under the former program and furnished to the Authority, approximately 428 school projects were maintained on a waiting list for funding ("Waiting List projects"), with the Commonwealth's estimated share of the borrowing and construction costs for these projects totaling approximately \$5.5 billion. The amounts the Authority will ultimately fund for approved eligible project costs were determined through an audit of the completed project conducted by the Authority.

At the end of fiscal year 2019, the Authority's estimated remaining liabilities and commitments totaled approximately \$59 million for Waiting List projects, and approximately \$163 million for Prior Grant projects. The Authority expects to fund its remaining share of approved eligible project costs for Annual Waiting List projects as scheduled through fiscal year 2024. The Authority expects to fund its remaining share of approved eligible project costs for Prior Grant projects according to the schedule that was established by the Department of Education which continues through fiscal year 2023.

With the creation of the MSBA, new grant programs for school construction, renovation and repairs were established through which communities submit monthly requests for reimbursement in order to receive grants for approved projects. These "New Program" projects are funded via a progress payment method, and a liability is generally recognized once a grantee requests reimbursement from the MSBA. Outstanding grants for projects that have approved funding agreements with the MSBA, but for which eligible project costs have not been submitted, are considered commitments of the MSBA. As of June 30, 2019, MSBA had an outstanding liability of \$163 million, and \$1.7 billion commitments outstanding, for the New Program projects. The Commonwealth dedicates a 1% statewide sales tax (drawn from the existing statewide 6.25% sales tax), excluding sales tax revenues on meals and from certain additional statutorily exempted revenues from sales, to the School Modernization and Reconstruction Trust Fund (the "SMART Fund"), in support of these grant programs and for all other operations of the MSBA, including debt service.



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Financials 2019

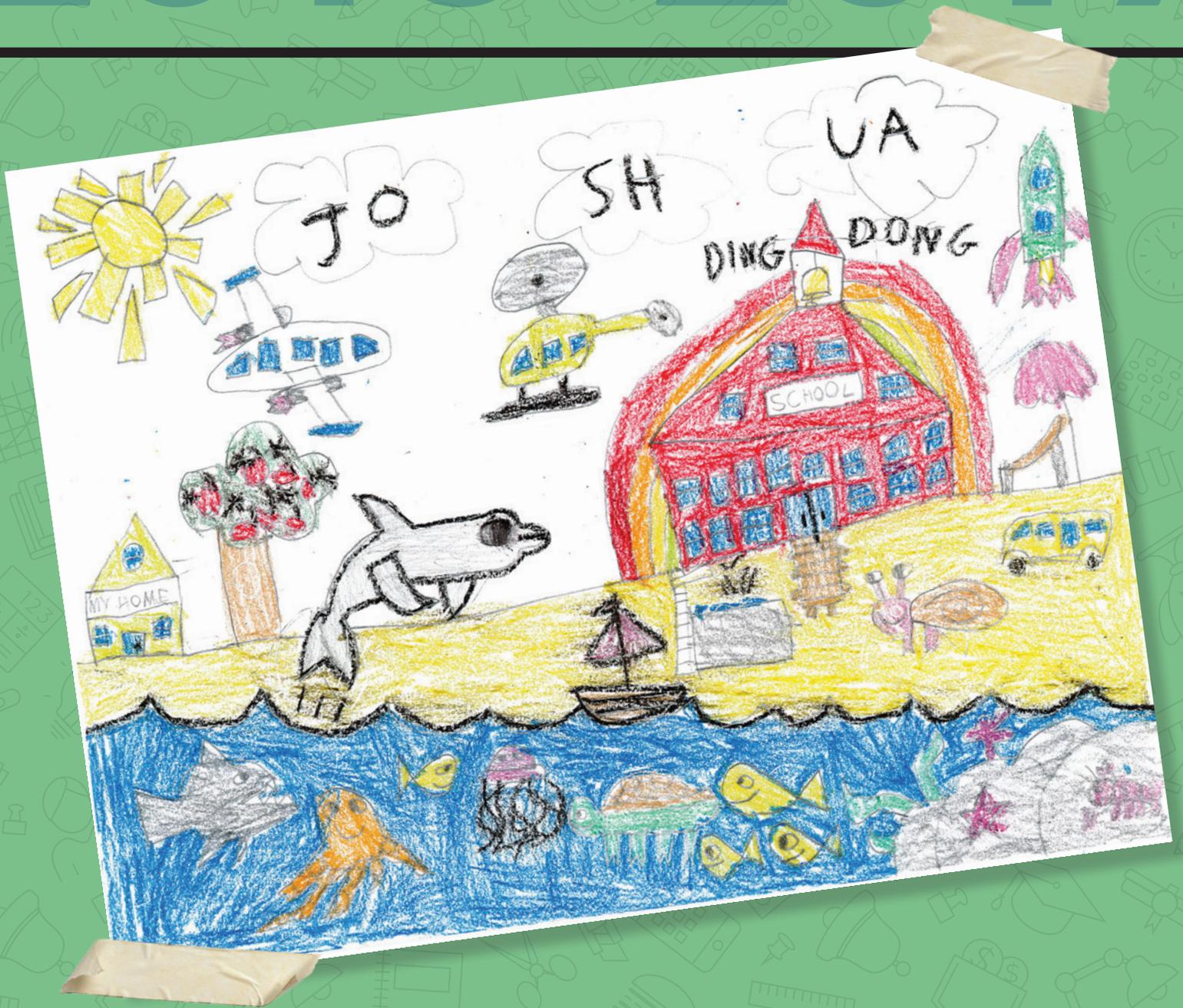
Revenues	Dollars in Thousands
Dedicated sales tax	\$896,828
Other income	\$102,120
Total Revenues	\$998,948
Expenditures	
Grant payments to cities, towns and regional school districts*	\$456,492
Administration	\$11,791
Debt service, refunding and issuance related costs	\$258,801
Pension Expense	\$1,860
Total Expenditures	\$728,944
Change in Fund Balance/Net Position	\$270,004
Assets and Deferred Outflows of Resources	
Cash and cash equivalents	\$469,327
Restricted funds and funds held by bond trustee	\$950,629
Sales tax due from the Commonwealth	\$150,019
Interest receivable	\$8,528
Grant receivable	\$6,498
Loan receivable	\$80,655
Other assets	\$87,577
Loss on bond refunding	\$144,951
Total Assets and Deferred Outflows**	\$1,898,184
Liabilities and Fund Balance/Net Position	
Accounts payable	\$1,704
Grants payable to cities, towns and regional school districts	\$384,994
Outstanding Authority debt and accrued interest	\$6,142,791
Bond premium	\$586,526
OPEB	\$572
Other liabilities	\$2,395
Total Liabilities & Deferred Inflows	\$7,118,982
Fund Balance/Net Position	(\$5,220,798)
Total Liabilities and Fund Balance/Net Position	\$1,898,184
Waiting List and Prior Grants Project Summary	
Value of outstanding estimated Waiting List grants as of July 1, 2018	(\$74,579)
Value of outstanding estimated Prior Grants as of July 1, 2018	(\$276,633)
Total Amount of Estimated Outstanding Waiting List and Prior Grants	(\$351,212)
Waiting List Grant Payments/Audit Adjustments	\$15,220
Prior Grants Payments/Audit Adjustments	\$114,087
Total Amount of Grant Payments/Audit Adjustments During FY 2019	\$129,307
Estimated Value of Remaining Waiting List Grants as of June 30, 2019	(\$59,359)
Estimated Value of Remaining Prior Grants as of June 30, 2019	(\$162,546)
Total Amount of Estimated Remaining Grant Payments	(\$221,905)

The MSBA utilizes the full accrual basis of accounting, which focuses on changes in total economic resources, in the preparation of government-wide financial statements. Under the full accrual basis of accounting, changes in long-term assets and liabilities are incorporated into the financial statements.

* On a full accrual basis these grant expenditures do not include approximately \$112 million of payments made during FY 2019.

** Does not include \$4.21 million held in a separate irrevocable OPEB Trust as of June 30, 2019.

2018-2019



Massachusetts School Building Authority

Funding Affordable, Sustainable, and Efficient Schools in Partnership with Local Communities

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www.MassSchoolBuildings.org