

**Massachusetts Development  
Finance Agency**  
(A Component Unit of the Commonwealth of  
Massachusetts)

**Financial Statements issued in accordance  
with *Government Auditing Standards***

**Fiscal Year ended June 30, 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**

**June 30, 2024**

---

	<b>Page(s)</b>
<b>Independent Auditor’s Report</b> .....	1-3
<b>Management’s Discussion and Analysis (unaudited)</b> .....	4-14
<b>Financial Statements</b>	
Statement of Net Position.....	15
Statement of Revenues, Expenses and Changes in Net Position.....	16
Statement of Cash Flows.....	17-18
Statement of Fiduciary Net Position.....	19
Statement of Changes in Fiduciary Net Position.....	20
Notes to the Financial Statements.....	21-64
<b>Required Supplementary Information</b>	
Schedule of Special Funding Amounts of the Net Pension Liability – Massachusetts State Employees’ Retirement System – Last Ten Fiscal years .....	65
<b>Other Information</b>	
Schedules of Departmental Net Position and Schedules of Departmental Revenues, Expenses and Changes in Net Position as of June 30, 2024.....	66



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Massachusetts Development Finance Agency  
Boston, Massachusetts

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Massachusetts Development Finance Agency (the Agency), a component unit of the Commonwealth of Massachusetts, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the Massachusetts Development Finance Agency's Short-Term Asset Reserve Fund (the STAR Fund), which represent 78 percent, 78 percent, and 89 percent, respectively, of the assets, net position, and revenues of the fiduciary activities as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the STAR Fund, are based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the STAR Fund were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Agency'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.

***Auditors' 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 auditors' 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 the Agency'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 the Agency'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 special funding pension information 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 GAAS, 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 included in the annual report. The other information comprises the Schedules of Departmental Net Position and Departmental Revenues, Expenses and Changes in Net Position but does not include the basic financial statements and our auditors' 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 December 19, 2024, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
December 19, 2024

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Management's Discussion and Analysis**  
**June 30, 2023**  
**(unaudited)**

As management of the Massachusetts Development Finance Agency (the Agency), we offer the readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2024. This discussion and analysis should be read in conjunction with the accompanying financial statements.

The Agency was created on September 30, 1998 pursuant to Chapter 23G of Massachusetts General Laws (MGL) (Chapter 289 of the Acts of 1998). The Agency is a body corporate and politic and a public instrumentality and was created from the statutory merger of, and is the legal successor in all respects to, two previous existing instrumentalities, the Massachusetts Government Land Bank (created in 1975 under Chapter 212 of the Acts of 1975) and the Massachusetts Industrial Finance Agency (created in 1978 pursuant to Chapter 23A of the MGL) and is the legal successor to the Massachusetts Health and Educational Facilities Authority (created pursuant to Chapter 614 of the Acts of 1968). Other powers of the Agency are also set forth in MGL Chapter 40D (with respect to the issuance of tax-exempt bonds) and Chapter 498 of the Acts of 1993, as amended (with respect to the redevelopment of the former Fort Devens (Devens), a former federal military base).

The purpose of the Agency is to stimulate economic growth, increase employment, eradicate blight, promote prosperity and help build communities throughout the Commonwealth of Massachusetts (Commonwealth). It does this through its powers to:

- Issue tax-exempt bonds for the benefit of certain industrial and commercial entities, educational, health care and housing facilities and public bodies;
- Make loans and provide credit to eligible borrowers in accordance with its public purpose;
- Aid public and private enterprises in the redevelopment of surplus federal and state property and other blighted, open, underdeveloped property and;
- Administer specific statutory programs directed at certain economic development needs in the Commonwealth, such as Emerging Technology Program, Cultural Facilities Program, Military Bond Bill Capital Projects Program, Site Readiness Program, redevelopment of the Belchertown State School, Transformative Development Initiative Program, Brownfield Redevelopment Program, Credit Enhancement of Charter School Facilities Program, Transportation Infrastructure Enhancement Trust Program, Innovation Voucher Program, Community Innovation Infrastructure Program, Underutilized Properties Program, State Small Business Credit Initiative Programs and the Massachusetts Export Finance Program.

The Agency is governed by an 11-member Board of Directors, nine of whom are appointed directly by the Governor and two of whom are public officials, or their designees, serving ex officio. The Agency is considered a component unit of the Commonwealth for financial statement reporting purposes.

## Using the Financial Statements

The Agency's annual report includes three basic financial statements: the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows. The basic financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The Agency's financial statements are reported as a special purpose business type entity.

The statement of net position reports assets, liabilities and deferred inflows of resources and the difference between them as net position. Net position represents the residual interest in the Agency's assets, plus deferred outflows of resources after liabilities, less deferred inflows of resources and consists of three sections: net investment in capital assets; restricted and unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction 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 included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation. The Agency's restricted net position is expendable. All other net position is unrestricted.

Revenues and expenses are categorized as either operating or non-operating based upon management's definition of the Agency's principal ongoing operations.

### Statements of Net Position

	June 30, 2024	June 30, 2023
<b>Assets</b>		
Current assets	\$ 351,588,807	\$ 315,606,900
Noncurrent assets	148,500,665	143,103,406
Assets held for sale	5,285,441	5,229,591
Capital assets (net of accumulated depreciation and amortization)	104,572,291	93,392,720
Total assets	<u>609,947,204</u>	<u>557,332,617</u>
<b>Liabilities</b>		
Current liabilities	52,072,158	69,347,359
Noncurrent liabilities	106,810,655	55,464,678
Total liabilities	<u>158,882,813</u>	<u>124,812,037</u>
<b>Deferred Inflows of Resources</b>	4,002,438	4,388,369
Total liabilities and deferred inflows of resources	<u>162,885,251</u>	<u>129,200,406</u>
<b>Net Position</b>		
Net investment in capital assets	61,300,750	65,851,071
Restricted	229,713,131	211,101,968
Unrestricted	156,048,072	151,179,172
Total net position	<u>447,061,953</u>	<u>428,132,211</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 609,947,204</u>	<u>\$ 557,332,617</u>

## Assets

The Agency's current assets consist of cash and cash equivalents, short-term investments, current portion of loans receivable, current portion of lease receivable, accounts receivable and other assets, due from the Commonwealth of Massachusetts and assets held for sale. The Agency's noncurrent assets consist of long-term cash and cash equivalents and investments, other investments, net loans receivable, lease receivable, assets held for sale, leased assets, net, subscription assets, net and capital assets, net.

Current assets increased by \$36.0 million from 2023 to 2024 mainly due to a combination of increases in cash and cash equivalents – restricted for use due to increased funding for restricted programs and short-term investments which shifted from longer term investments. The increase in cash is partially due to the receipt of bond proceeds for the construction of the Devens Public Safety Building, funds on hand for this project at June 30, 2024 was \$11.0 million.

Noncurrent assets increased by \$5.4 million from 2023 to 2024 mainly due to increases in capital upgrades to the Devens electrical substations, equipment needed to eliminate PFAS from Devens water sources, construction of the new Devens Public Safety building and a \$11.4 million (net) increase in loan disbursements to the State Small Business Credit Initiative Program, offset by decreases in investments.

The Agency's operating cash accounts are held with TD Bank, N.A. The majority of the Devens Electric System Utility bond proceeds are held with the trustee at U.S. Bank. The Agency's investments are held with PFM Asset Management LLC (PFM) as the Agency's investment advisor. The Agency's cash, cash equivalents and investments are recorded at fair value and consist of guaranteed investment contracts, certificates of deposit, demand deposits, mutual funds, Short-Term Asset Reserve Fund (STAR Fund), and corporate and government obligations.

Loans receivable consist of loans issued by the Agency (net of the allowance for loan loss) primarily for the following economic development program types:

- Business loans
- Construction loans
- Permanent real estate loans
- Equipment loans
- Development loans
- Emerging technology loans
- Brownfields redevelopment loans
- Export financing

As of June 30, 2024 and 2023, there were \$130.2 million and \$118.5 million, respectively, of net loans receivable.

Net loans receivable increased \$11.7 million from 2023 to 2024 mainly due to more loan disbursements compared to loan repayments during the fiscal year. The total loan disbursements were approximately \$29.2 million as compared to \$15.2 million of loan repayments, mainly within the General Operations Program, State Small Business Credit Initiative Program and the Emerging Technology Program.

Lease receivable consists of long-term leases in which the Agency is the lessor of buildings or land in Devens, Springfield and Greenfield, MA. In accordance with Leases (GASB No. 87), the lease receivable is measured at the present value of lease payments expected to be received during the lease terms. As of June 30, 2024 and 2023, there were \$4.3 million and \$4.6 million, respectively, of lease



receivable. The decrease from 2023 to 2024 was due lease modification and collections of scheduled lease payments. See Note 10 to the financial statements for more information on lease receivable.

Other investments include the Agency's equity investments in the Commonwealth Fund III LLC, Commonwealth Fund IV and five New Markets Tax Credit (NMTC) entities as of June 30, 2024.

Accounts receivable and other assets mainly include outstanding amounts at year-end related to utility usage at Devens, grants, NMTC management fees and reimbursement of expenses, Devens operating fees, prepaid insurance and other miscellaneous receivables. The increase from 2023 to 2024 was mainly related to outstanding grants for the Devens Public Safety Building and the Belchertown Project.

Due from the Commonwealth represents amounts owed to the Agency from the Commonwealth for grant reimbursements or capital activity at year-end.

Current assets held for sale of \$3.4 million as of both June 30, 2024 and 2023, relate to property that is actively being marketed for sale by the Agency and is expected to be sold during fiscal year 2025. As of June 30, 2024, this includes property in Greenfield and New Bedford, MA.

Noncurrent assets held for sale remained the same for fiscal years 2023 and 2024, at \$1.9 million, mainly relate to the Taunton Development Corporation (TDC) capital assets and property that is actively being marketed for sale by the Agency that is expected to be sold more than one year from the fiscal year-end. In January 2012, the Agency, in partnership with TDC, purchased from the Commonwealth the former Dever State School core campus in Taunton, Massachusetts. The property consisted of approximately 220 acres with approximately 40 dilapidated buildings and underground tunnels. A new nonprofit corporation, TDC, was formed to take title and redevelop the property. Redevelopment of the property includes expansion of the existing 150 acres of the Myles Standish Industrial Park and development of a life science park including a training/education center.

Right to use leased assets, net of amortization in the amounts of \$2.0 million and \$2.6 million as of June 30, 2024 and 2023, respectively, relate to office space and equipment in which the Agency has entered into long term leases. In accordance with GASB No. 87, the leased asset value is comprised of the lease liability, less any lease incentives received from the lessor, plus initial direct costs related to the leased asset. The decrease of \$0.6 million from 2023 to 2024 is mainly due to termination of leases and amortization expense during the fiscal year. See Note 10 to the financial statements for more information on leased assets.

Right to use subscription assets, net of amortization in the amounts of \$0.4 million and \$0.5 million as of June 30, 2024 and 2023, respectively, relate to subscription-based information technology arrangements in which the Agency is using a third party software in areas such as investment banking, accounting, and financial reporting. In accordance with GASB No. 96, the subscription asset value is comprised of the initial subscription liability amount, payments made before commencement of subscription term and capitalizable implementation costs, less any incentives received from the vendor. The decrease of \$1.0 million from 2023 to 2024 is mainly related to new subscription assets agreements during the fiscal year, offset by amortization expense during the fiscal year. See Note 11 to the financial statements for more information on subscription assets.

Capital assets mainly relate to land, infrastructure and improvements and equipment assets for Agency operations in Devens and Boston, MA. The increase of \$12.0 million from 2023 to 2024 was mainly due to increases in capital upgrades to the Devens electrical substations, equipment needed to eliminate PFAS from Devens water sources and construction of the new Devens Public Safety building. See Note 9 to the financial statements for more information on capital assets.

## Liabilities

The Agency's current liabilities consist of accounts payable and accrued expenses, current portions of bonds payable, advances from the Commonwealth, lease liability and subscription liability, accrued interest payable and other current liabilities. Noncurrent liabilities consist of long-term portion of bonds payable, advances from the Commonwealth, lease liability and subscription liability and other noncurrent liabilities.

Current liabilities decreased by \$17.3 million from 2023 to 2024 due to there being more long term deferred advances from the Commonwealth for future grant awards or capital projects than in prior years.

Noncurrent liabilities increased \$51.3 million from 2023 to 2024 mainly due to a combination of loan advances for the new water treatment plants at Devens, a new bond related to the Devens Public Safety building construction and advances received from the Commonwealth for future grant awards or capital projects.

## Debt

	2024	2023
Devens Electric System Utility Bonds	\$ 3,645,000	\$ 4,135,000
Bonds Payable-Devens Public Safety Building	14,360,000	-
Advances from Commonwealth	<u>30,174,053</u>	<u>25,411,679</u>
Total Debt	<u>\$ 48,179,053</u>	<u>\$ 29,546,679</u>

Debt increased by \$18.6 million from 2023 to 2024 due to a principal payment for the Devens Electric System Utility bonds during the fiscal year, issuance of Devens Public Safety Facility Bonds in the amount of \$15,000,000 and additional draws on the advances from commonwealth loans with the Massachusetts Clean Water Trust.

See Notes 14 and 15 to the financial statements for more information on debt.

## Lease Liability

Lease liability consists of leases in which the Agency is the lessee of office space or equipment. In accordance with GASB No. 87, the lease liability is measured at the present value of lease payments expected to be paid during the lease terms. As of June 30, 2024 and 2023, there was \$2.3 million and \$3.2 million, respectively, of lease liability. The decrease from 2023 to 2024 is mainly due to payments on leases, offset by additions for new leases during the fiscal year. See Note 10 to the financial statements for more information on lease liability.

## SBITA Liability

SBITA liability consists of subscription-based information technology arrangements in which the Agency is using third-party software in areas such as investment banking, accounting, and financial reporting. In accordance with GASB No. 96, the lease liability is measured at the present value of subscription payments expected to be paid during the subscription term. As of June 30, 2024 and 2023, there was \$0.2 million and \$0.4 million, respectively, of subscription liability. The decrease from 2023 to 2024 is mainly due to minimal IT subscription renewals during FY24. See Note 11 to the financial statements for more information on SBITA liability.

### Deferred Inflows of Resources

In accordance with GASB No. 87, the Agency reported \$4.0 million and \$4.4 million deferred inflows of resources as of June 30, 2024 and 2023, respectively. This represents the deferral of expected future receipts related to lease receivables. The decrease from 2023 to 2024 is related to the termination or collection of leases during the fiscal year.

### Net Position

Net position represents the residual interest in the Agency's assets plus deferred outflows of resources after all liabilities plus deferred inflows of resources are deducted. The Agency's net position was as follows at June 30:

	2024	2023
Net investment in capital assets	\$ 61,300,750	\$ 65,851,071
Restricted	229,713,131	211,101,968
Unrestricted	<u>156,048,072</u>	<u>151,179,172</u>
	<u>\$ 447,061,953</u>	<u>\$ 428,132,211</u>

Net position increased by \$18.9 million from 2023 to 2024 mainly due to a combination of a \$9.5 million operating loss and \$40.0 million of grant award disbursements, offset by a \$48.3 million contribution from the Commonwealth, \$6.2 million in capital grant revenue and \$14.6 million of investment income.

### Revenues and Expenses

	2024	2023
Operating revenues	\$ 81,856,820	\$ 74,836,018
Operating expenses	<u>(91,367,688)</u>	<u>(90,779,873)</u>
Operating loss	(9,510,868)	(15,943,855)
Nonoperating revenues (expenses), net	25,755,054	22,355,207
Capital contributions	<u>2,685,556</u>	<u>-</u>
Increase in net position	<u>\$ 18,929,742</u>	<u>\$ 6,411,352</u>

### Operating Revenues

	2024	2023
Devens operating revenue	\$ 57,377,584	\$ 54,232,541
Interest and other loan income	6,562,834	5,740,625
Interest income - leased assets	179,193	252,990
Bond issuance and New Markets Tax Credit fees	9,275,822	9,848,996
Lease income	806,004	1,629,242
Other	3,551,638	2,063,559
Gain on sale of real estate, net	<u>4,103,745</u>	<u>1,068,065</u>
	<u>\$ 81,856,820</u>	<u>\$ 74,836,018</u>

Operating revenues increased by \$7.0 million from 2023 to 2024 mainly due to increases of \$3.1 million in Devens operating revenue, \$3.0 million in gain on sale of real estate, net and \$1.5 million of other income.

Devens operating revenue, which includes utility income and real estate taxes, is an important component of the Agency's operating revenue. The Agency owns the utility systems at Devens and provides electricity, natural gas, water and sewer services to the Devens community. The utility staff works in conjunction with operations and maintenance contractors to maintain, upgrade and expand the utility systems. The current systems consist of five transmission substations, approximately 73 miles of distribution power lines, three miles of transmission power lines, three active drinking water wells and pumping stations, approximately 50 miles of water line, 32 miles of natural gas pipeline, a wastewater treatment facility, six sewer lift stations and 50 miles of sewer. Devens operating revenue increased by \$3.1 million from 2023 to 2024 mainly due to increased real estate tax revenue due to new growth and increased assessed values and increased electric income due to increased rates.

Interest and other loan income represents income related to outstanding loans issued by the Agency. The amount increased by \$0.8 million from 2023 to 2024.

Interest income-leased assets represents interest earned on outstanding lease receivable. In accordance with GASB No. 87, a portion of lease payment received is recognized as interest income as future lease payments to be received are discounted using an implicit borrowing rate. The slight decrease from 2023 to 2024 is due to the termination of leases at the Springfield, MA property due to the sale of the building during fiscal year 2023 and terminated leases at Devens in fiscal year 2024.

Bond issuance fees and NMTC fees represent revenue generated by the Agency as a conduit issuer of taxable and tax-exempt bonds or fees related to the allocation of federal NMTCs. The decrease of \$0.6 million from 2023 to 2024 mainly consists of conduit bond issuance fees offsetting each other during the fiscal year.

Lease income represents revenue generated by tenant leases in Devens, Greenfield, Village Hill and Springfield, MA. The decrease from 2023 to 2024 was mainly due to the end of lease revenue at the Springfield, MA property due to the sale of the building in fiscal year 2023 and expired leases at Devens.

Other operating income mainly consists of real estate development fees, advisory service fees and other miscellaneous operating revenues, increased from 2023 to 2024.

The gain on sale of real estate, net of \$4.1 million in fiscal year 2024, was due to the recognition of gains on sale of Devens properties sold in previous fiscal years for which the recognition of the sales had been deferred due to repurchase and future commitment agreements. Also included is the sale of a property in Grafton, MA.

## Operating Expenses

	2024	2023
Salaries and related employee expenses	\$ 25,738,890	\$ 24,888,946
Property, maintenance and utilities	37,696,520	37,543,050
General and administrative	3,700,541	4,092,293
Project and professional expenses	11,059,007	11,558,849
Provision for loan loss	2,676,006	3,839,165
Other	1,571,997	677,419
Depreciation and amortization	8,924,727	8,180,151
	<u>\$ 91,367,688</u>	<u>\$ 90,779,873</u>

Operating expenses increased by \$0.6 million from 2023 to 2024 mainly due to the combination of increased salary and related employee expenses, property, maintenance and utilities expenses, loss on share of joint ventures, and depreciation offset by decreases in provision for loan losses, general and administrative expenses and project and professional expenses.

Salaries and related employee expenses increased \$0.8 million from 2023 to 2024 due to cost-of-living adjustments and increased health insurance costs.

Property, maintenance and utilities expenses increased by a \$0.2 million from 2023 to 2024, which was due to lower utility purchase power and maintenance costs.

General and administrative expenses decreased \$0.4 million from 2023 to 2024 mainly due to a decrease in tax abatement reserves, bad debt expense, training, and sponsorships, partially offset by increased insurance costs.

Project and professional project expenses decreased by \$0.5 million from 2023 to 2024 mainly due to increased project expenses for site readiness, offset by lower project expenses for New Bedford State Pier and Belchertown, during the fiscal year.

Provision for loan loss represents the expense necessary to maintain an adequate allowance for loan losses. The provision decreased in fiscal year 2024 due to the Agency issuing fewer loan dollar amount than in the prior year.

Other expenses increase of \$0.9 million related to losses on the Commonwealth Fund III LLC and Commonwealth Fund IV LLC investments for the fiscal year. There was a loss on share of other investments in fiscal year 2023.

Depreciation and amortization increased \$0.8 from 2023 to 2024 mainly due to utility upgrade projects completed during the fiscal year and an increase in depreciation for office equipment.

## Non-operating Revenues (Expenses)

	2024	2023
Contributions from the Commonwealth of Massachusetts	\$ 48,297,475	\$ 49,489,911
Grant revenue	3,503,093	2,209,338
Investment income	14,580,782	10,624,390
Contract assistance	435,719	351,419
Grant awards	(40,002,270)	(39,767,367)
Interest expense	(770,082)	(364,085)
Interest expense - right to use leased assets	(115,764)	(142,334)
Interest expense - right to use subscription assets	(21,399)	(17,592)
Financing costs and amortization of bond discount, net	(152,500)	(28,473)
	<u>\$ 25,755,054</u>	<u>\$ 22,355,207</u>

Non-operating revenues (expenses) consist of contributions from the commonwealth, grant revenue investment income, contract assistance, gnt awards and interest expense, financing costs and other. The increase of \$3.4 million from 2023 to 2024 is mainly related to increased investment income.

Investment income increased \$4.0 million from 2023 to 2024, mainly due to increased average investment balances and increased interest rates for the fiscal year. There were also unrealized gains on investments during fiscal year 2024.

Contract assistance represents the debt service for the MCWT loan to build a wastewater treatment plant at Devens. The debt services payments are made by the Commonwealth directly and are recognized as non-operating income by the Agency.

Interest expense of \$0.8 million and \$0.4 million was recognized in 2024 and 2023, respectively. Interest expense includes interest for the Electric System Utility bonds issued for the acquisition of the electric transmission and distribution facility at Devens, the MCWT loan for the construction of the wastewater treatment facility at Devens and for the bond issued for the Public Safety building being built in Devens, MA.

Interest expense-leased assets of \$0.1 million and \$0.1 million were recognized in 2024 and 2023, respectively. Interest expense- leased assets include interest paid for leases in which the Agency is the lessee for office space or equipment.

Interest expenses-subscription assets include interest paid for subscription-based information technology agreements for which the Agency is using third-party software.

Financing costs represent financing costs related to the issuance of the bond for the Public Safety building at Devens, MA that was issued in Fiscal Year 2024. See Note 13 to the financial statements for more information on the bonds payable.

Contributions from commonwealth, grant revenue and awards changes are described below.

## Nonoperating Grant activities

	2024	2023
Contributions from the Commonwealth of Massachusetts	\$ 48,297,475	\$ 49,489,911
Grant revenue	3,503,093	2,209,338
Predevelopment and Brownfield awards	(6,994,722)	(3,267,265)
Cultural Facilities grant awards	(10,717,551)	(9,603,471)
Military Bond Bill grant awards	(1,303,930)	(301,000)
Underutilized Properties grant awards	(10,390,161)	(9,022,475)
Transformative Development Initiative grant awards	(5,750,592)	(5,223,657)
Transportation Infrastructure Enhancement Trust grant awards	(521,628)	(5,608,766)
Innovation Voucher grant awards	(2,127,077)	(2,025,150)
Community Innovation Infrastructure grant awards	(906,173)	(725,178)
Other grant awards	(1,290,436)	(3,990,405)
	<u>\$ 11,798,298</u>	<u>\$ 11,931,882</u>

Contributions from the Commonwealth of \$48.3 million and \$49.5 million, were recognized in fiscal years 2024 and 2023, respectively. The fiscal year 2024 amounts mainly include \$11.5 million for the Cultural Facilities Program, \$10.7 million for the Underutilized Properties Program, \$10.5 million for the State Small Business Credit Initiative Program, and \$3.7 million for the Site Readiness program. The fiscal year 2023 amounts mainly include \$10.3 million for the Cultural Facilities Program, \$9.4 million for Underutilized Properties Program, \$8.9 million for the State Small Business Credit Initiative Program, and \$5.4 million for the Transportation Infrastructure Enhancement Trust Program.

Grant revenue of approximately \$3.5 million and \$2.2 million was recognized in fiscal years 2024 and 2023, respectively. The fiscal year 2024 amount includes \$1.2 million of funding from the Commonwealth, \$0.9 million from the Barr Foundation, \$0.7 million for the Transformative Development Initiative program to assist with redevelopment of Gateway cities and \$0.3 million for the redevelopment of Belchertown.

The Agency disbursed \$10.7 million and \$9.6 million in fiscal years 2024 and 2023 respectively, to various recipients in support of acquisition, design, construction, repair, renovation, rehabilitation or capital improvements or deferred maintenance of a cultural facility.

The Agency disbursed \$1.3 million and \$0.3 million in fiscal years 2024 and 2023, respectively, to various recipients in support of military installation development projects across the Commonwealth.

The Agency disbursed \$10.4 million and \$9.0 million in fiscal years 2024 and 2023, respectively, to various recipients in support of projects that will improve, rehabilitate or redevelop blighted, abandoned, vacant or underutilized properties to achieve the public purposes of eliminating blight, increasing housing production, supporting economic development projects and increasing the number of commercial buildings accessible to people with disabilities.

The Agency disbursed \$5.8 million and \$5.2 million in fiscal years 2024 and 2023, respectively, to various recipients in support of the redevelopment of Gateway cities in the Commonwealth.

The Agency disbursed \$0.5 million and \$5.6 million in fiscal years 2024 and 2023 to various recipients in support of providing financial assistance to small businesses operating in the taxicab, livery or hackney industries to promote the adoption of new technologies and support workforce development.

The Agency disbursed \$2.1 million and \$2.0 million in fiscal years 2024 and 2023, respectively, to various recipients in support of providing a voucher program to small corporations and start-up companies for sharing the use of core facilities at the University of Massachusetts.

The Agency disbursed \$0.9 million and \$0.7 million in fiscal years 2024 and 2023, respectively, to various recipients in support of providing grants to businesses, to plan and study the feasibility of new collaborative workspaces, building improvements and equipment purchases.

The Agency disbursed \$1.3 million and \$4.0 million in fiscal years 2024 and 2023, respectively, to various recipients in support of various projects throughout the Commonwealth.

### **Capital Contributions**

Capital Contributions received during fiscal year 2024 were \$2.7 million for the construction of the Public Safety Building.

### **Requests for Information**

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Massachusetts Development Finance Agency, 99 High Street, 11<sup>th</sup> Floor, Boston, MA, 02110.



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Statement of Net Position**  
**June 30, 2024**

---

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 43,057,106
Cash and cash equivalents - restricted for use	196,794,590
Investments	3,753,630
Investments - restricted for use	75,775,163
Loans receivable, net	14,995,591
Lease receivable	205,645
Interest receivable	654,063
Accounts receivable and other assets (net of allowance of \$851,474 at June 30, 2024)	11,392,965
Due from the Commonwealth of Massachusetts	2,880,263
Project escrow deposits	2,079,791
Assets held for sale	3,394,011
Total current assets	<u>354,982,818</u>
<b>Noncurrent assets</b>	
Cash and cash equivalents - restricted for capital use	13,400,404
Cash and cash equivalents - restricted for use	2,189,542
Investments	3,818,143
Investments - restricted for use	3,099,679
Other investments	6,346,099
Loans receivable (net of allowance of \$18,681,056 at June 30, 2024)	115,192,488
Lease receivable	4,126,535
Predevelopment and Brownfield receivables (net of allowance of \$9,518,301 at June 30, 2024)	327,775
Assets held for sale	1,891,430
Capital assets, net	104,572,291
Total noncurrent assets	<u>254,964,386</u>
Total assets	<u>\$ 609,947,204</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 18,056,997
Current portion of bonds payable	1,230,000
Advances from the Commonwealth of Massachusetts	659,037
Lease liability	1,429,707
Subscription liability	115,428
Accrued interest payable	284,239
Project escrow payable	2,296,248
Unearned revenue and other liabilities	28,100,502
Total current liabilities	<u>52,172,158</u>
<b>Noncurrent liabilities</b>	
Bonds payable	16,775,000
Advances from the Commonwealth of Massachusetts	29,515,016
Lease liability	834,781
Subscription liability	110,372
Unearned revenue and other liabilities	59,475,486
Total noncurrent liabilities	<u>106,710,655</u>
Total liabilities	<u>158,882,813</u>
<b>Deferred inflows of resources</b>	
Leases	4,002,438
Total deferred inflows of resources	<u>4,002,438</u>
<b>Net position</b>	
Net investment in capital assets	61,300,750
Restricted due to statutory, contractual or bond covenants	229,713,131
Unrestricted	156,048,072
Total net position	<u>447,061,953</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 609,947,204</u>

The accompanying notes are an integral part of these financial statements.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2024**

---

<b>Revenues</b>	
Operating revenues	
Devens operating revenue	\$ 57,377,584
Interest and other loan income	6,562,834
Interest income - leased assets	179,193
Bond issuance and New Markets Tax Credit fees	9,275,822
Lease income	806,004
Other	3,551,638
Gain on sale of real estate, net	4,103,745
Total operating revenues	<u>81,856,820</u>
<b>Expenses</b>	
Operating expenses	
Salaries and benefits	25,738,890
Property, maintenance and utilities	37,696,520
General and administrative	3,700,541
Project and professional expenses	11,059,007
Provision for loan loss	2,676,006
Other	1,571,997
Depreciation and amortization	8,924,727
Total operating expenses	<u>91,367,688</u>
Operating loss	(9,510,868)
<b>Nonoperating revenues (expenses)</b>	
Contributions from the Commonwealth of Massachusetts	48,297,475
Grant revenue	3,503,093
Investment income	14,580,782
Contract assistance	435,719
Grant awards	(40,002,270)
Interest expense	(770,082)
Interest expense - right to use leased assets	(115,764)
Interest expense - right to use subscription assets	(21,399)
Financing costs and amortization of bond discount, net	(152,500)
Nonoperating revenues (expenses), net	<u>25,755,054</u>
Income before capital contributions	16,244,186
<b>Capital contributions</b>	<u>2,685,556</u>
Change in net position	18,929,742
<b>Net position</b>	
Net position - beginning of year	<u>428,132,211</u>
Net position - end of year	<u>\$ 447,061,953</u>

The accompanying notes are an integral part of these financial statements.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

---

<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 61,467,738
Receipts from sale of real estate	3,282,245
Receipts from other sources	12,808,361
Payments to vendors	(49,539,091)
Payments to employees	(26,120,746)
Net cash provided by operating activities	<u>1,898,507</u>
<b>Cash flows from capital, noncapital and related financing activities</b>	
Acquisition of capital assets	(18,756,624)
Receipts of contributions from the Commonwealth of Massachusetts	62,411,344
Receipts of grant and capital contributions	6,188,649
Payments for grant awards	(40,002,270)
Proceeds from bond and notes	20,401,853
Payments for financing costs	(152,500)
Principal payments on bonds and notes	(1,405,287)
Payments of interest on bonds and notes	(596,843)
Principal payments on leases	(1,503,186)
Interest payments on leases	(115,764)
Principal payments on SBITAs	(215,369)
Interest payments on SBITAs	(21,399)
Net cash used in capital, noncapital and related financing activities	<u>26,232,604</u>
<b>Cash flows from investing activities</b>	
Purchases of investments	(45,162,293)
Sales of investments	68,172,801
Contributions to other investments	(380,211)
Receipts from interest income	14,564,773
Disbursements of loans	(31,194,249)
Collections of loans	16,834,233
Acquisition of assets held for sale	(55,850)
Net cash provided by investing activities	<u>22,779,204</u>
Net increase in cash and cash equivalents	50,910,315
Cash and cash equivalents at beginning of year	<u>204,531,327</u>
Cash and cash equivalents at end of year	<u>\$ 255,441,642</u>
<b>Supplemental disclosure of noncash activity</b>	
MCWT Subsidy	\$ 435,719
Net change on capital additions included in accounts payable and accrued expenses	1,726,121

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Statement of Cash Flows**  
**Year Ended June 30, 2024**

---

<b>Reconciliation of cash flows from operating activities</b>	
Operating loss	\$ (9,510,868)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	8,924,727
Provision for loan loss	2,676,006
Loss on equity method investments	1,570,302
Loss on lease termination	(82,302)
Bad debt expense	145,637
Changes in assets and liabilities	
Accounts receivable and other assets	(2,741,837)
Accrued expenses	1,681,673
Project escrows	(8,229)
Unearned revenue	(756,602)
Total adjustments	<u>11,409,375</u>
Net cash provided by operating activities	<u>\$ 1,898,507</u>

The accompanying notes are an integral part of these financial statements.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Statement of Fiduciary Net Position**  
**June 30, 2024**

---

	<b>Investment Trust Fund *</b>	<b>Private Purpose Trust Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 71,009	\$ 106,259
Investments:		
Short-term investments	176,574	78,951
Mutual funds	-	3,552,166
Exchange traded funds	-	6,316,226
Certificates of deposit - negotiable	6,804,979	-
U.S. treasury notes	3,389,454	
Commercial paper	14,584,333	-
Repurchase agreements	9,623,292	-
Corporate notes	1,190,076	
Total investments	<u>35,768,708</u>	<u>9,947,343</u>
Interest receivable	633,375	-
Total assets	<u>36,473,092</u>	<u>10,053,602</u>
<b>Liabilities</b>		
Investment advisory fees	25,856	-
Administration fees	17,320	-
Professional fees	31,060	4,335
Other accrued expenses	8,908	-
Total liabilities	<u>83,144</u>	<u>4,335</u>
<b>Net position restricted for participants and organizations</b>	<u>\$ 36,389,948</u>	<u>\$ 10,049,267</u>

\* Investment Trust Fund stated as of December 31, 2023

The accompanying notes are an integral part of these financial statements.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2024**

---

	<b>Investment Trust Fund *</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Investment Income	\$ 10,465,808	\$ 1,201,087
Less: investment expenses	<u>(489,211)</u>	<u>-</u>
Net investment income	9,976,597	1,201,087
<b>Deductions</b>		
Salary and related employee expense	-	53,578
Professional fees	31,247	43,613
Grant expenses	-	349,214
Other expenses	<u>3,440</u>	<u>-</u>
Total	<u>34,687</u>	<u>446,405</u>
<b>Net increase before share transactions</b>	9,941,910	754,682
<b>Net share transactions</b>	<u>(29,076,227)</u>	<u>-</u>
Net increase (decrease) in net position	(19,134,317)	754,682
Net restricted position - beginning of year	<u>55,524,265</u>	<u>9,294,585</u>
Net restricted position - end of year	<u>\$ 36,389,948</u>	<u>\$ 10,049,267</u>

\* Investment Trust Fund stated as of December 31, 2023

The accompanying notes are an integral part of these financial statements.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**1. Reporting Entity**

Massachusetts Development Finance Agency (the Agency or MDFA) was created on September 30, 1998 pursuant to Chapter 23G of Massachusetts General Laws (MGL) (Chapter 289 of the Acts of 1998). The Agency is a body corporate and politic instrumentality and was created from the statutory merger of, and is the legal successor in all respects to two previous existing instrumentalities, the Massachusetts Government Land Bank (Land Bank) (created in 1975 under Chapter 212 of the Acts of 1975) and the Massachusetts Industrial Finance Agency (MIFA) (created 1978 pursuant to chapter 23A of the MGL) and is the legal successor to the Massachusetts Health and Educational Facilities Authority (HEFA) (created pursuant to Chapter 614 of the Acts of 1968). Other powers of the Agency are also set forth in MGL's Chapter 40D (with respect to the issuance of taxable and tax-exempt bonds) and chapter 498 of the Acts of 1993, as amended (with respect to the redevelopment of the former Fort Devens (Devens), a closed federal military base). The purpose of the Agency is to stimulate economic growth, increase employment, eradicate blight, promote prosperity and help build communities throughout the Commonwealth of Massachusetts (Commonwealth). It does this through its powers to issue taxable and tax-exempt bonds for the benefit of industrial and commercial entities, institutions, health care and housing facilities, public bodies and other non-profit organizations; making loans and providing credit to eligible borrowers in accordance with its public purposes; and aiding public and private enterprises in the redevelopment of surplus federal and state property and other blighted, open, underdeveloped property. It also administers specific statutory funds directed at certain economic development needs in the Commonwealth, such as, Brownfields Redevelopment Program (Brownfields), Emerging Technology Program (ETP), Cultural Facilities Program, Massachusetts Export Finance Program, Credit Enhancement of Charter School Facilities Program, Site Readiness Program, Military Bond Bill Capital Projects Program (MBB), Transformative Development Initiative Program (TDI), redevelopment of the Belchertown State School, Transportation Infrastructure Enhancement Trust Program, Innovation Voucher Program, Underutilized Properties Program, State Small Business Credit Initiative and Community Innovation Infrastructure Program. The Agency also has the power to issue debt for the redevelopment of Devens.

The Agency is governed by an 11-member Board of Directors (Board), nine of whom are appointed directly by the Governor and two of whom are public officials, or their designees, serving ex officio.

In accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units - an Amendment of GASB Statement 14*, GASB No. 61, *the Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* and GASB No. 84, *Fiduciary Activities*, the financial statements must present the Agency and its component units. The Agency, itself, is considered a component unit of the Commonwealth and, accordingly, its financial statements are incorporated into the financial statements of the Commonwealth.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Agency's financial statements include the following blended component unit:

**Taunton Development MassDevelopment Corporation**

In January 2012, the Agency, in partnership with Taunton Development Corporation, purchased from the Commonwealth the former Dever State School core campus in Taunton, MA. The property consists of approximately 220 acres with approximately 40 dilapidated buildings and underground tunnels. A new non-profit corporation called Taunton Development MassDevelopment Corporation (TDMDC) was formed to own and redevelop the property. Redevelopment of the property includes expansion of the existing 150 acres of the Myles Standish Industrial Park and development of a life science park including a training/education center. Grants have been provided by the Commonwealth through MassWorks and by the United States Department of Commerce Economic Development Administration. TDMDC is included in the financial statements of the Agency as the majority of the TDMDC board members are executives of the Agency. The Agency also provides consultant services related to the redevelopment of the property and financial services for TDMDC. The net position of TDMDC was approximately \$10.5 million as of June 30, 2024. TDMDC does not issue stand-alone financial statements.

**MassDevelopment New Markets LLC (MDNM)**

The Agency, via subsidiary entity, MDNM, was awarded, since inception of the federal New Markets Tax Credit Program, the right to allocate federal New Markets Tax Credit's against \$341.0 million of its investors' investments by the United States Department of the Treasury. The Agency has a 0.01% to 0.1% investment allocation in the related investments. See Note 5 for more information.

**STAR Fund**

The Massachusetts Development Finance Agency Short-Term Asset Reserve Fund (formerly known as HEFA Short-Term Asset Reserve Fund) (STAR Fund) was established on July 16, 1991 under the laws of the Commonwealth, Chapter 614, of the Acts of 1968, to make available comprehensive investment management of proceeds of bonds and other obligations issued by HEFA on behalf of its institutional borrowers. The STAR Fund is a short-term money market portfolio which seeks to preserve principal and maintain liquidity. Pursuant to Chapter 240 of the Acts of 2010 of the Commonwealth, HEFA was merged into the Agency effective October 1, 2010. All rights, powers, duties and properties of HEFA related to the STAR Fund transferred to the Agency as of this date and the name was changed. The Agency is the administrator of the STAR Fund. Pursuant to the provisions of GASB No. 84, *Fiduciary Activities*, the STAR Fund qualifies as a fiduciary component unit of the Agency. As a result, the assets and corresponding net position of the STAR Fund are accounted for as a fiduciary activity as of December 31, 2023 and included in the statement of fiduciary net position and statement of changes in fiduciary net position as of June 30, 2024. The STAR Fund reports on a December 31 year end. If the STAR Fund were to terminate, all remaining funds would be due back to the participants in the STAR Fund. A copy of the financial statements of the STAR Fund can be obtained from the Office of the Chief Financial Officer, Massachusetts Development Finance Agency, 99 High Street, 11<sup>th</sup> floor, Boston, MA 02110.



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**MassDevelopment/HEFA Trust (Trust)**

The Trust was established on July 8, 1997 as an irrevocable trust. The Trust's net position is subject to restrictions regarding its use. The Trust is authorized to make payments to charitable organizations or governmental entities, such as public colleges and universities, to assist in the form of gifts, grants and loans. The General Operations Program may be eligible to receive the income and up to 10.0% of the principal from the Trust at the trustees' direction. All payments to the General Operations Program shall be used by the Agency only to reduce charges it would otherwise have to impose upon institutions using the Agency's services, and all payments to charitable institutions or governmental entities must be for their charitable and governmental purposes, respectively. Pursuant to the provisions of GASB No. 84, *Fiduciary Activities*, the Trust qualifies as a fiduciary component unit of the Agency. As a result, the assets and corresponding net position of the Trust are accounted for as a fiduciary activity and included in the statement of fiduciary net position and statement of changes in fiduciary net position as of June 30, 2024.

**MassCare Capital, Inc. (MassCare)**

The entity was formed on December 23, 2004, by members of MassDevelopment Finance Agency. The sole purpose of this entity is to assist educational providers and institutions in supplying cultural and educational services in an economic fashion, including but not limited to operating facilities that provide cultural or educational services. This may involve purchasing, holding, leasing or other methods of acquisition, properties that may house student, faculty or staff. Such as the corporation aims to relief the institutions and educational providers from financial burdens that would have otherwise make the objectives of an institution/body more challenging to attain. While the Agency is exempt from the filing of taxes, MassCare Capital must file annually and pay any applicable taxes assessed on the Agency by the tax authorities.

**Income Taxes**

As noted, the Agency has been determined to be a component unit of the Commonwealth. Accordingly, income earned by the Agency is not included within the definition of income as defined in Section 61 of the Internal Revenue Code (IRC). Therefore, the Agency is not required to file federal and state income tax returns.

**2. Significant Accounting Policies**

**Accounting and Reporting Standards**

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the GASB, which establishes standards for defining and reporting on the financial reporting entity. As such, the financial statements were prepared using the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recognized when obligations are incurred or when benefits are received.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The GASB defines the basic financial statements of a business type activity as the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows. Management's discussion and analysis is required supplementary information. The statement of net position is presented to illustrate both the current and noncurrent balances of each asset and liability. All revenues and expenses are classified as either operating or non-operating activities in the statement of revenues, expenses and changes in net position.

Operating activities are those that support the mission and purpose of the Agency. Nonoperating activities represent transactions that are capital, investing, legislative or regulated in nature.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows of resources and disclosure of contingent assets, liabilities and deferred inflows of resources 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.

**Net Position**

Net position represents the residual interest in the Agency's assets plus deferred outflows of resources after liabilities plus deferred inflows of resources are deducted and consist of: net investment in capital assets, restricted, and unrestricted, as follows:

- **Net Investment in Capital Assets**  
The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets, capital related payables plus unspent bond proceeds.
- **Restricted**  
Net position is reported as restricted when there are third-party limitations (statutory, contractual or bond covenant) on its use. The STAR Fund's net position is restricted for pool participants.
- **Unrestricted**  
Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and highly liquid investments with maturities of three months or less at acquisition. Current cash and cash equivalents consist of unrestricted funds available for general operating purposes for the General Operations Program and TDMDC. Current cash and cash equivalents-restricted for use consist of available funds for current operations related to the Devens Electric Utility Division and available funds for loan, guarantee, grant or capital activity for restricted programs. Noncurrent cash and cash equivalents restricted for capital use consist of funds available for future capital improvements. Noncurrent cash and cash equivalents-restricted for use consist of funds available for future debt service payments, project reserves and future operations when there are not sufficient funds available from current operations. Cash and cash equivalents includes the Agency's investments in the STAR Fund. Pursuant to GASB No. 79, *Certain External Investment Pools and Pool Participants*, the STAR Fund is a qualifying external investment pool that measures for financial reporting purposes all of its short-term money market portfolio at amortized cost. See Note 4 for more information related to the STAR Fund.

**Investments**

The Agency's investments are generally reported at fair value using quoted market price as defined by GASB No. 72, *Fair Value Measurement and Application*, except for the guaranteed investment contract (GIC), which is reported at contract value. Contract value represents contributions made under the contract plus accrued interest. GASB No. 72 also establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumptions.

The Agency has loan agreements within the ETP, established under Sections 27 and 28 of MGL Chapter 23G. Certain loan agreements include separate warrants that qualify as reportable derivative instruments under GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The value of these warrants is ultimately dependent upon the fair value of the companies which have issued the warrants. The ETP is a loan program designed to promote economic development in the emerging technologies sector of the Massachusetts economy. These loans are generally issued to companies that are otherwise unable to obtain market-based financing. The majority of these companies are pre-revenue start-up operations funded in part through the ETP to promote economic development in the Commonwealth. The Agency has developed a reliable estimate of the fair value of the related warrants using a comparable company analysis and last round of financing approach. See Note 4 for more information related to these derivative instruments.

All investment income, including changes in the fair value of investments, is reported as nonoperating revenue in the accompanying statement of revenues, expenses and changes in net position.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The primary objectives of the Agency's investment policies are to ensure preservation of capital, to grow funds available to meet the expanding needs of lending capital in the Commonwealth, to ensure liquidity of investments to meet current and estimated cash flow needs by investing in instruments with structured maturities that are readily marketable and to provide maximum yield while maintaining safety and liquidity. The maturities of investments range from less than one year to greater than five years. Investments may include money market funds with maturities of three months or less. These money market funds are classified as investments since they are held for the primary purpose of meeting some of the Agency's investment objectives and are due to investment restrictions placed on the related programs.

**Loans Receivable and Predevelopment and Brownfield Receivables, net**

Loans receivable consist of loans issued by the Agency for various economic development programs. Predevelopment and Brownfield receivables consist of loans issued by the Agency to finance early-stage project costs (i.e., architectural and engineering costs) which are necessary to advance a project to the development stage.

These loans receivables are stated at principal amount outstanding, net of a provision for loan loss. Loans are charged against the provision for loan loss when the Agency believes the collectability of the principal is unlikely. The provision for loan loss is an amount that the Agency believes will be adequate to absorb possible loan losses of existing loans that may become uncollectible. The loans receivable allowance was \$19.7 million and the predevelopment and Brownfield Receivables allowance was \$9.5 million as of June 30, 2024.

**Leases (Lessor)**

The Agency, as a lessor, recognizes a lease receivable at the commencement of the lease term, with certain exceptions for short-term leases and leases that transfer ownership of the underlying assets. The Agency also uses a threshold for classification of a lease receivable of \$5,000. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

The Agency's policy is to use the Prime interest rate at lease commencement plus a bank spread of 25 basis points for leases with terms less than ten years and 75 basis points for leases with terms greater than ten years.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The lease term includes the non-cancellable period of the lease, plus any additional periods covered by the option to extend the lease for which it is reasonably certain to exercise. Periods for which both the Agency and the lessee have the option to terminate are excluded from the lease term.

Payments are evaluated by the Agency to determine if they should be included in the measurement of the lease receivable, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, lease incentives and other payments.

The Agency monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflow of resources.

**Other Investments**

The Agency accounts for its participating interest in its other investments using the equity method of accounting. Under the equity method, the investment is carried at cost and adjusted for the Agency's share of net income or loss, cash contributions or distributions to and from its other investments as well as impairment losses on the other investments. Any impairment loss represents a write down to the carrying value of the investment as projections related to the investment show that it is not probable that the investment balance will be recoverable from distributions generated by future sales. These investments are deemed operating in nature as they support the mission and purpose of the Agency.

**Impairment Loss on Other Investments**

Management analyzes its other investments to determine whether the amounts are considered to be permanently impaired based upon its best estimates of the cash flows from the investment. If a permanent impairment in carrying value exists, a provision to write down the investment to the estimated cash flows realizable from the investment will be recorded in the Agency's financial statements. There were no impairment losses recognized in fiscal year 2024.

**Accounts Receivable and Other Assets**

The Agency evaluates the collectability of leases, utility and other accounts receivable after considering payment history. Although collection efforts continue, the Agency charges off any receivable balance that is deemed unlikely to be collected. Other assets mainly represents prepaid expenses.

**Interest Receivable**

Interest receivable represents the amount of interest revenue that was earned, but not yet received by the end of the fiscal year in relation to loans receivable, investments and leases receivable.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

Interest income is recognized as earned. For loans receivable with interest payments in arrears, the Agency continues to accrue interest until such time as the loan agreement is restructured or the interest receivable is deemed to be uncollectible. When loans are restructured, interest payments in arrears, net of any amounts deemed uncollectible, are typically aggregated with the outstanding principal balance and interest is accrued on the new principal balance.

**Project Escrows**

The Agency holds funds consisting of cash and investments as collateral for mortgages receivable and as a source of payment for borrowers' obligations including tax and insurance payments. These amounts are recorded at market value and are held in separate bank accounts under the borrowers' tax identification numbers.

**Due From the Commonwealth**

Due from the Commonwealth represents amounts owed from the Commonwealth as of June 30, 2024, totaling \$2.9 million. The balance due from the Commonwealth mainly represents reimbursements due to the Agency for grant or project expenses incurred during the fiscal year.

**Leases (Lessee)**

The Agency is a lessee for various non-cancellable leases related to office space and equipment. For leases with a maximum possible term of 12 months or less at commencement, the Agency recognizes lease expense based on the provision of the lease. For all other leases (i.e. those that are not short-term), the Agency recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. The Agency also uses a threshold for classification of a lease asset of \$5,000.

At lease commencement, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

The Agency's policy is to use the Prime interest rate at lease commencement plus a bank spread of 25 basis points for leases with terms less than ten years and 75 basis points for leases with terms greater than ten years.

The lease term includes the non-cancellable period of the lease, plus any additional periods covered by the option to extend the lease for which it is reasonably certain to exercise. Periods for which both the Agency and the lessor have the option to terminate are excluded from the lease term.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

Payments are evaluated by the Agency to determine if they should be included in the measurement of the lease liability, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, lease incentives, purchase options, payments for termination penalties and other payments.

The Agency monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

**Subscription-Based Information Technology Arrangements**

The Agency has subscription-based information technology arrangements (SBITA) in which the Agency is using a third party software for such things as payroll processing and financial reporting. For SBITAs with a maximum possible term of 12 months or less at commencement, the Agency recognizes expense based on the subscription arrangement. For all other SBITAs (i.e. those that are not short-term), the Agency recognizes a subscription liability and an intangible right-to-use subscription asset in the financial statements. The Agency also uses a threshold for classification of a SBITA asset of \$5,000.

At subscription commencement, the Agency initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, plus payments made at or before commencement date, plus any implementation costs, less any incentives received at or before the commencement date. Subsequently, the subscription asset is amortized into depreciation expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to calculate the present value of the expected subscription payments, (2) subscription term, and (3) subscription payments.

The Agency's policy is to use the Prime interest rate at subscription commencement plus a bank spread of 25 basis points for subscriptions with terms less than ten years and 75 basis points for subscriptions with terms greater than ten years.

The subscription term includes the non-cancellable period of the subscription, plus any additional periods covered by the option to extend for which it is reasonably certain to exercise. Periods for which both the Agency and the vendor have the option to terminate are excluded from the subscription term.

Payments are evaluated by the Agency to determine if they should be included in the measurement of the subscription liability, including those payments that require a determination of whether they are reasonably certain of being made, such as incentives and payments for termination penalties and other payments.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Agency monitors changes in circumstances that may require remeasurement of a subscription. When certain changes occur that are expected to significantly affect the amount of the subscription liability, the liability is remeasured, and a corresponding adjustment is made to the subscription asset.

**Capital Assets, Net**

Capital assets are carried at cost less accumulated depreciation. The Agency's threshold for classification of a capital asset is \$5,000. Depreciation is recorded using the straight-line method over the estimated useful life of the asset ranging from 1 to 40 years as noted below:

	Depreciable <u>Years</u>
Land	N/A
Building	20-40
Buildings/land/tenant improvements	1-20
Infrastructure	5-20
Equipment	3-10
Office equipment	3-5
Construction in progress	N/A

Maintenance and repairs are charged to expenses when incurred while betterments and additions are capitalized. When assets are sold or retired, their cost and related accumulated depreciation are removed from the Agency's accounts and any gain or loss is recognized.

**Assets Held for Sale**

Certain properties are redeveloped with the intent to ultimately sell the asset to a third-party. When such assets are substantially complete and ready for sale, the capitalized investment is reclassified to assets held for sale. Assets held for sale are recorded at the lower of cost or donated fair value.

**Capital Asset Impairments**

The Agency assesses the carrying value of property whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable in accordance with GAAP. Impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used are measured using the method that best reflects the diminished service utility of the capital asset. Impairment of capital assets with physical damage are measured using a restoration cost approach, an approach that uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. The Agency did not record any impairment charges as of June 30, 2024 as there were no indicators of impairment.



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**Accounts Payable and Accrued Expenses**

The Agency accrues expenses on a monthly basis based on current contracts and invoices. The Agency accrues amounts for compensated absences as earned up to certain limitations which represent vacation amounts payable to employees upon termination of employment. The amount accrued for compensated absences as of June 30, 2024 was \$1.2 million.

**Other Liabilities**

Other liabilities consist of unearned revenues received from the Commonwealth for future grants or project expenses, deferred gains on property sales, unearned insurance premiums and miscellaneous liabilities.

**Bonds Payable and Advances From the Commonwealth of Massachusetts**

Bonds and advances are recorded at date of issuance, net of related premium or discount amounts. Premiums and discounts are amortized or accreted, respectively, over the term of the related bond or advance, and these amounts are recorded as a component of non-operating expense.

**Revenue Recognition**

Application and processing fees for both conduit tax-exempt and taxable bonds are recorded as bond issuance fee revenue on the date of closing on the bond. Debt servicing fees are recorded as revenue upon receipt. These are fees that are collected for Agency assistance in bond closings for conduit debt issued.

Management fee income for the New Markets Tax Credit (NMTC) programs is recorded as services related to managing the operations of the NMTC programs are performed.

Lease income and interest income on leased assets are recognized over the life of the respective lease.

Guarantee fees received for loans guaranteed by the Agency are reported as unearned and recognized ratably over the term of the guarantee agreement. Guarantee fees are included in the statements of revenues, expenses and changes in net position operating revenues as interest and other loan income.

Capital contributions is recognized depending on the terms of the related grant.

Grant revenue for charter schools is recognized as charter school loan guarantees are issued. All other grant revenue is recognized as funds are disbursed for the related project.

Contributions from the Commonwealth are recognized according to the terms of the related agreement. Most are reimbursement type grants and are recognized as qualifying expenses are incurred.

Devens operating revenue mainly consists of fees received for utilities and municipal services and are recognized as earned.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Agency accrues monthly principal and interest reimbursements due under its contract with the Commonwealth for debt service payments associated with the Department of Environmental Protection (DEP) loan and records these amounts as contract assistance which is included in non-operating revenue.

Generally, gains on sales of real estate are recognized as earned. Certain purchase and sale agreements include a repurchase clause; therefore, these gains on sales are not recognized until the conditions in the repurchase clauses are satisfied.

**Provision for Loan Loss**

Provision for loan loss represents the necessary expense to maintain an adequate allowance for estimated loan losses. In determining the provision, the Agency evaluates each loan and considers past performance history, collateral value, financial stability of the borrower and the likelihood for foreclosure and such other factors as deemed necessary. The loan portfolio and the Agency's loan loss rating system are evaluated annually by management and an independent consulting firm.

**Provision for Predevelopment and Brownfield Receivables, net**

Provision for Predevelopment and Brownfield receivables, net, represents the expense necessary to maintain an adequate allowance for estimated losses of receivables that may become uncollectible.

**New Accounting Pronouncements**

**Accounting Standards Effective in Current Year**

During 2024, the Agency adopted GASB No. 99, *Omnibus 2022*. The objective of this standard is to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature. There are varying effective dates, based on the applicable requirements in the related GASB. The adoption of this standard did not impact the Agency's financial statements.

During 2024, the Agency adopted GASB No. 100, *Accounting Changes and Error Corrections-an amendment of GASB No. 62*. The objective of this standard is to enhance accounting and financial reporting for accounting changes and error corrections. This standard is effective for reporting periods beginning after June 15, 2023. The adoption of this standard did not impact the Agency's financial statements.

**New Accounting Standards Not Yet Effective**

In June 2022, the GASB issued GASB No. 101, *Compensated Absences*. The objective of this standard is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This standard is effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged. The Agency is in the process of reviewing how the adoption of this standard will impact the Agency's financial statements.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

In December 2023, the GASB issued GASB No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Agency is in the process of reviewing how the adoption of this Statement will impact its financial statements.

In April 2024, the GASB issued GASB No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness as well as address certain application issues. This Statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Agency is in the process of reviewing how the adoption of this Statement will impact its financial statements.

In September 2024, the GASB issued GASB No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Agency is in the process of reviewing how the adoption of this Statement will impact its financial statements.

**Subsequent Events**

Management has evaluated subsequent events through December 19, 2024, the date the financial statements were available for issuance, noting no additional material events to disclose other than the items noted below.

On November 14, 2024, the Massachusetts Legislature passed a bill which will result in the merger of the Agency and Massachusetts Growth Capital Corporation which will become effective in fiscal year 2025.

**3. Programs of the Agency**

The following describes certain programs or divisions of the Agency. Please also refer to the Other Information on page 66.

**General Operations Program**

The General Operations Program supports five major programs of the Agency: direct lending, investment banking, development/redevelopment of properties, consulting/technical assistance to communities and support of the defense sector in the Commonwealth. The Agency's lending programs consist of business loans, real estate mortgages, equipment loans and development loans. Lending programs generate fee income at closings and interest income. Investment banking acts as a conduit issuer for tax-exempt and taxable bond financing for a variety of borrowers. Investment banking generates fee income from bond issuances.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Agency invests funds in real estate developments in support of the development/redevelopment of blighted and/or surplus public properties within the Commonwealth. The Agency is actively involved in the development and/or ongoing operations of such properties in Devens, Northampton, Belchertown and Taunton, Massachusetts, and certain Massachusetts state piers. The Agency provides technical assistance to communities through various programs, including loans and consulting services. The Agency also devotes staff time toward defense sector work. Current defense sector projects include economic analysis of the importance of the Commonwealth's military installations and work on the Commonwealth's Military Asset and Security Strategy Task Force. Total Agency assets at risk due to outstanding General Operations guarantees, including unfunded commitments, aggregated approximately \$2.9 million at June 30, 2024.

The net position of the General Operations Program was approximately \$156.6 million as of June 30, 2024

**Devens Operations Program**

The Devens Operations Program was established under Chapter 498 of the Acts of 1993, as amended (with respect to the redevelopment of Devens, a former federal military base). With financial support from the Commonwealth, the Agency purchased the property and has been redeveloping Devens, a 4,400-acre mixed-use community located in Devens, MA, by creating a sustainable and diverse residential and business community. The Agency currently provides municipal services, education, environmental protection, redevelopment and property leasing services at Devens. The net position of the Devens Operations Program was approximately \$65.2 million as of June 30, 2024

**Brownfield Redevelopment Program**

Brownfield was established in 1998 as part of the Commonwealth's Brownfield Act to encourage reuse of environmentally contaminated property in economically distressed areas of the Commonwealth. This program is administered by the Agency and all cash balances related to this program must be invested according to an established Agency investment policy related to restricted funds. All related interest income must be utilized for the administration of the program. The Agency had approximately \$1.0 million of gross Brownfield loans receivable with loan loss reserves of approximately \$0.1 million for net Brownfield loans receivable of approximately \$0.9 million outstanding as of June 30, 2024. The Agency also issued approximately \$7.0 million of grant awards during fiscal year 2024. As of June 30, 2024, approximately \$6.0 million was available for disbursement. The restricted and unrestricted net position of this program was approximately \$4.9 million and \$0.1M, respectively as of June 30, 2024.

**Emerging Technology Program**

The ETP was established under Sections 27 and 28 of MGL Chapter 23G. ETP leverages private financing to provide capital for businesses, which develop or commercialize emerging technologies. The Agency had approximately \$6.3 million of gross ETP loans receivable with loan loss reserves of approximately \$2.6 million for net ETP loans receivable of approximately \$3.7 million outstanding as of June 30, 2024.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

As of June 30, 2024, the Agency had approximately \$36.4 million available for disbursement. The restricted net position of this program was approximately \$49.4 million as of June 30, 2024.

The Agency has also committed an additional \$10.0 million to equity investments in the Commonwealth Fund III LLC (Fund III) and Commonwealth Fund IV LLC (Fund IV) from the ETP. As of June 30, 2024, a total of \$4.3 million had been contributed to Fund III and \$2.0 million to Fund IV.

**Cultural Facilities Program**

The Cultural Facilities Program was established under Section 42 of the MGL Chapter 23G, effective July 13, 2006. The purpose of the Cultural Facilities Program is to make grants or loans for the acquisition, design, construction, repair, renovation, rehabilitation or other capital improvement or deferred maintenance of a cultural facility. All related interest income must be utilized for the administration of the program. New funds are given to the Agency on a reimbursement basis as grants are awarded. The Agency awarded approximately \$10.7 million of grant awards during fiscal year 2024. As of June 30, 2024, approximately \$8.4 million is on hand and available for disbursement. The Agency has \$2.3 million due from the Commonwealth at June 30, 2024 for grant and administrative expense reimbursement for the fiscal year. The restricted net position of this program was approximately \$3.7 million as of June 30, 2024.

**Massachusetts Export Development Program**

This program serves as a guarantee to lending institutions for their working capital loans to Massachusetts exporters. These funds are administered by the Agency and must be invested in securities issued by the Treasury of the United States Government or the Commonwealth. All related investment income must be utilized for the administration of this program. The Agency had designated approximately \$3.4 million at June 30, 2024 for this program. Total Agency assets at risk due to Massachusetts Export Development Program guarantees outstanding, including commitments, aggregated approximately \$2.2 million at June 30, 2024. The restricted net position of this program was approximately \$2.8 million as of June 30, 2024. This program is included in the Other column in the other information on page 66.

**Mortgage Insurance Program**

The purpose of the MIP is to encourage private sector investment by guaranteeing a portion of bank loans or bond issues. Premium income received and other monies made available to the program are credited thereto. This premium income is amortized over the loan guarantee period. The approved leverage policy for this program is 1) for loans secured by first liens on real estate or equipment three times the cash balance in the program backing such guarantees and 2) for loans secured by second liens on capital assets or first liens on other business assets, no more than one and a half times the cash balance in the program backing such guarantees. The Agency had designated approximately \$13.7 million at June 30, 2024 for the MIP which are considered restricted funds.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

Total Agency assets at risk due to mortgage insurance in force, including commitments, under the Guaranteed Loan Program, aggregated approximately \$10.4 million at June 30, 2024. The restricted net position of this program was approximately \$12.9 million as of June 30, 2024. This program is included in the Other column in the other information on page 66.

**Credit Enhancement of Charter School Facilities Program (Charter School Facilities Fund)**

The Charter School Fund program has a total capitalization of \$75,025,000 derived from six grant awards from the U.S. Department of Education (U.S. DOE), matching private guarantees from Local Initiatives Support Corporation and matching guarantees from the Agency's General Fund Program.

During fiscal year 2005, the Agency was awarded \$10,025,000 from the U.S. DOE to enable the Agency to facilitate the financing of charter schools through the issuance of loan guarantees. The first tier of the 2005 funding includes the \$10,025,000 from the U.S. DOE and a \$500,000 matching guarantee provided by the Agency's General Fund Program. The second tier of the 2005 funding included a \$2,000,000 guarantee from Local Initiatives Support Corporation and a \$500,000 guarantee from the Agency's General Fund.

During fiscal year 2014, the Agency was awarded another \$5,000,000 towards this program by the U.S. DOE and the Agency's General Fund Program may provide up to \$5,000,000 of match funding for guarantees. During fiscal years 2015 and 2016, the Agency was awarded another \$3,900,000 and \$1,100,000, respectively, under one grant, and the Agency's General Fund Program may provide up to \$5,000,000 of match funding for guarantees.

During fiscal year 2018, the Agency was awarded another \$8,000,000 towards this program by the U.S. DOE and the Agency's General Fund Program may provide up to \$8,000,000 of match funding for guarantees. During fiscal year 2020, the Agency was awarded another \$5,000,000 towards this program by the U.S. DOE. Additionally, second tier support of \$5,000,000 was provided in fiscal 2021 and includes support from the Agency's General Fund Program providing up to \$2,500,000 of matching funds and Local Initiatives Support Corporation providing a \$2,500,000 guarantee. In fiscal year 2021, the Agency was awarded another \$8,000,000 towards this program by the U.S. DOE and the Agency's General Fund Program may provide up to \$8,000,000 of matching funds for guarantees.

As of June 30, 2024, approximately \$38.0 million are available for loan guarantees. Total Agency assets at risk due to outstanding guarantees, including commitments, aggregated approximately \$21.8 million at June 30, 2024. The restricted net position of this program was approximately \$37.5 million as of June 30, 2024.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**Devens Electric Utility Division**

In February 2001, the Agency issued Electrical System Revenue Bonds, Series 2001 (Series 2001 Bonds) for the purpose of financing the design, construction, installation and associated costs of the electrical system at Devens, as part of its Devens operations. As required by Section 609 of the Master Trust Indenture by and between the Agency and the Trustee, the Agency accounts for all related revenues and expenditures associated with the electric utilities at Devens as a separate division within the Agency. Net position of the Devens Electric Utility Division was approximately \$17.8 million as of June 30, 2024. See Note 19 Segment Reporting.

**Devens Gas, Water and Wastewater Utility Divisions**

Devens also provides natural gas, water and sewer services to the residents and businesses of Devens, MA, as part of its Devens operations. The utility divisions pursue programs aimed at increasing energy supply, reliability and efficiency while limiting costs. The Agency tracks each utility division as a separate and distinct program. The net position of these utility divisions was approximately \$34.4 million as of June 30, 2024.

**Military Bond Bill Capital Projects Program**

MBB was established pursuant to MGL Chapter 6, Section 216. The purpose of this program is to establish a military asset and security task force and provides that the Agency oversee and implement military installations mission improvement and expansion projects or base realignment preparation and mitigation projects, including the acquisition, management and disposition of all or any portion of military installations, buildings and utility systems, equipment and personal property, as well as, acquire title to land, buildings and improvements that comprise all or any portion of military installations upon the transfer or disposition of any portion of the military installations by the federal government. During fiscal year 2024, MBB awarded grants totaling \$1.3 million. The restricted net position of this program was \$92,635 as of June 30, 2024. The MBB is included in the Other column in the other information on page 66.

**Transformative Development Initiative Program**

TDI was established pursuant to MGL Chapter 287, acts of 2014. The purpose of this program is to redevelop Gateway cities to enhance local public-private engagement and community identity; stimulate an improved quality of life for residents and spur increased investment and economic activity. As of June 30, 2024, approximately \$20.9 million was available for disbursement. During fiscal year 2024, TDI awarded grants totaling \$5.8 million and had \$1.0 million worth of direct project expenses. The net position of this program was approximately \$15.3 million as of June 30, 2024.

**Transportation Infrastructure Enhancement Trust Program (TNC)**

TNC was established pursuant to MGL Chapter 187, acts of 2016. The purpose of this program is to provide financial assistance to small businesses operating in the taxicab, livery or hackney industries to promote the adoption of new technologies and support workforce development. As of June 30, 2024, approximately \$1.5 million was available for disbursement. During fiscal year 2024, TNC awarded grants totaling \$0.5 million and had \$0.0 million worth of direct project expenses. The net position of this program was approximately \$0.7 million as of June 30, 2024. TNC is included in the Other column in the other information on page 66.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**Innovation Voucher Program**

The Innovation Voucher Program was established pursuant to MGL Chapter 75, acts of 2017. The purpose of this program is to provide a voucher program to small corporations and start-up companies for sharing the use of core facilities at the University of Massachusetts. As of June 30, 2024, approximately \$1.8 million was available for disbursement. During fiscal year 2024, Innovation Voucher awarded grants totaling \$2.1 million. The net position of this program was approximately \$0.3 million as of June 30, 2024. Innovation Voucher is included in the other column in the other information on page 66.

**Community Innovation Infrastructure Program (CIIP)**

The CIIP was implemented through a collaboration between the Agency and the Executive Office of Housing and Economic Development to support the fit-out and feasibility work needed to grow collaborative workspaces. As of June 30, 2024, approximately \$0.6 million was available for disbursement. During fiscal year 2024, CIIP awarded grants totaling \$0.9 million. The net deficit of this program was approximately \$0.2 million as of June 30, 2024. CIIP is included in the Other column in the other information on page 66.

**Site Readiness Program**

The Site Readiness Program aims to increase the Commonwealth's inventory of large, well-located, project ready sites; to accelerate private-sector investment in industrial and commercial projects; and to support the conversion of abandoned sites and obsolete facilities into clean, actively used, tax-generating properties. As of June 30, 2024, approximately \$8.5 million was available for disbursement. During fiscal year 2024, the Site Readiness Program had \$3.6 million worth of direct project expenses. The net position of this program was approximately \$5.5 million as of June 30, 2024.

**Underutilized Properties Program (UPP)**

The 2021 Economic Development Bill authorized \$40.0 million for the UPP to be administered by the Agency for the purpose of funding projects that will improve, rehabilitate or redevelop blighted, abandoned, vacant or underutilized properties to achieve the public purposes of eliminating blight, increasing housing production, supporting economic development projects, increasing the number of commercial buildings accessible to people with disabilities. The program focuses on funding capital improvements and code compliance projects, along with the design of these improvements. As of June 30, 2024 approximately \$26.4 million was available for disbursement. During fiscal year 2024, the UPP awarded grants totaling \$10.4 million. The net position of this program was approximately \$1.6 million as of June 30, 2024. UPP is included in the Other column in the other information on page 66.



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**CARES Act Revolving Loan Program**

In 2021, the Agency was awarded \$3.0 million from the U.S. Department of Commerce's Economic Development Administration to help alleviate severe economic dislocation caused by the coronavirus pandemic. The program was capitalized with \$3.9 million and \$0.2 million to defray the cost of administering the program. As of June 30, 2024, approximately \$0.2 million was available for disbursement. The Agency had approximately \$2.8 million of gross loans receivable with loan loss reserves of approximately \$0.6 million for net loans receivable of approximately \$2.2 million outstanding as of June 30, 2024. The net position of this program was approximately \$2.4 million as of June 30, 2024.

**State Small Business Credit Initiative Program (SSBCIP)**

The SSBCIP was implemented through a collaboration between the Agency and the Executive Office of Housing and Economic Development to support business investment with a particular focus on socially or economically disadvantaged individuals. SSBCIP loans and guarantees can offer extremely flexible terms where necessary to make projects happen. All SSBCIP projects must also have a loan from a private lender with exposure equal to or greater than the amount provided by SSBCIP. During fiscal year 2023, the program was capitalized with \$14.3 million and \$0.8 million to defray the cost of administering the program. In October 2023, the Massachusetts Growth Capital Corporation transferred \$6.0 million to the Agency to further capitalize this program. As of June 30, 2024, approximately \$8.9 million was available for disbursement. The Agency had approximately \$13.1 million of gross loans receivable with loan loss reserves of \$1.6 million for net loans receivable of \$11.5 million outstanding as of June 30, 2024. Total Agency assets at risk due to SSBCIP guarantees outstanding, including commitments, aggregated approximately \$89,000 at June 30, 2024. The net position of this program was approximately \$18.8 million as of June 30, 2024.

**Bond Issuance Program**

The Bond Issuance Program allows the Agency to offer debt financing by acting as a conduit bond issuer, usually on a tax-exempt basis, for diverse types of borrowers including but not limited to colleges, hospitals and other non-profits, affordable rental housing developments, manufacturing companies, solid waste disposal facilities and public infrastructure. The Agency's conduit bonds are purchased by banks or other types of investors. Principal and interest on the conduit bonds are payable from funds received from the underlying borrowers. Bonds may or may not carry private credit enhancement and are not obligations of the Agency, although in some cases a separate loan guarantee may have been provided by the Agency to a bank purchaser from one of the Agency's Loan Guarantee programs. The Agency has no commitments related to the bond issuance program once the bonds close.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**4. Deposits and Investments**

**Agency:**

The following summarizes the cash and cash equivalents of the Agency and identifies certain types of investment risk as defined by GASB No. 40, *Deposit and Investment Risk Disclosures*, at June 30, 2024 (excluding fiduciary funds):

	<b>Carrying Amount</b>
Cash deposits	<u>\$ 255,441,642</u>

General Operations Program’s allowable investments include: U.S. Treasuries, U.S. government agency issues, bank certificates of deposit or time deposits, banker’s acceptance, short-term corporate obligations, repurchase agreements, asset backed securities, and money market funds. The maximum maturity of any investment is five years with the exception of floating rate notes, with 10.0% of the portfolio always being available in one day.

Restricted Operations Program’s allowable investments include: bonds, notes and similar debt instruments issued by corporations, trusts, partnerships and limited liability companies; commercial paper; U.S. time deposits, certificates of deposit and banker’s acceptances; fixed, variable and indexed rate notes; repurchase agreements and securities issued by companies, trusts and other entities registered under the 1940 Act or exempt from the 1940 Act under Section 3(c). The maximum allowable dollar-weighted average maturity is 90 days. The maximum maturity of any investment is 397 days, with 10.0% of the portfolio always being available in one day.

**Depository Accounts**

Insured	\$ 50,500,000
Uninsured	<u>28,999,282</u>
	<u>\$ 79,499,282</u>

At June 30, 2024 investments of approximately \$66.6 million were designated for purposes such as specific loan, guarantee or grant programs and are included in investments in the statement of net position.

At June 30, 2024, current investments included approximately \$75.8 million of restricted investments. Noncurrent restricted investments were approximately \$3.1 million as of June 30, 2024.

The Agency invests some of its funds in the STAR Fund. The STAR Fund is designed to comply with all Massachusetts statutes and regulations for the allowable investment of funds by the Agency. The Agency’s STAR Fund holdings as of June 30, 2024 were approximately \$176.0 million.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets,
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets that are not active; or using other inputs such as interest rate and yield curves at commonly quoted intervals, implied volatilities and credit spreads or market-corroborated inputs,
- Level 3 inputs are significant unobservable inputs.

As of June 30, 2024, the Agency's investments by maturity and fair value level are summarized as follows:

Investment Type	Level and Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5 *	More Than 5	Level Inputs (1, 2, 3)
U.S. Treasury notes	\$ 11,873,391	\$ 11,873,391	\$ -	\$ -	1
Corporate notes	1,025,583	1,025,583	-	-	2
Commercial paper	13,740,890	13,597,149	143,741	-	2
Certificates of deposit	1,850,108	1,850,108	-	-	2
Asset backed securities	3,674,399	-	3,674,399	-	2
U.S. Bank First American money market fund	51,182,567	51,182,567	-	-	2
Guaranteed investment contracts	360,055	-	-	360,055	N/A
Stock warrants	455,000	-	-	455,000	3
Common stock	2,284,622	-	-	2,284,622	3
	<u>\$ 86,446,615</u>	<u>\$ 79,528,798</u>	<u>\$ 3,818,140</u>	<u>\$ 3,099,677</u>	

\* This maturity category includes a structured investment vehicle in commercial paper. This investment has been adjusted to reflect fair market value.

The Devens Electric Utility Division's investments include GIC's with multiple providers who maintain the contributed investments. These GIC's are credited with earnings on the underlying investments and charged for withdrawals and expenses. The providers are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Devens Electric Utility Division. The contract value represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses. In accordance with GASB No. 72, *Fair Value Measurement and Application*, these investments are measured at contract value which falls outside of the fair value hierarchy.

As of June 30, 2024, the Agency's investments by quality rating (S&P or Moody's) are summarized as follows:

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

Investment Type	Quality Ratings				
	Fair Value	AAA	AA	A	Unrated *
U.S. Treasury notes	\$ 11,873,391	\$ -	\$ 11,873,391	\$ -	\$ -
Corporate notes	1,025,583	-	-	1,025,583	-
Commercial paper	13,740,890	-	-	13,597,149	143,741
Certificates of deposit	1,850,108	-	-	1,850,108	-
Asset backed securities	3,674,399	2,972,863	-	-	701,536
U.S. Bank First American money market fund	51,182,567	51,182,567	-	-	-
Guaranteed investment contracts	360,055	-	-	360,055	-
Stock warrants	455,000	-	-	-	455,000
Common stock	2,284,622	-	-	-	2,284,622
	<u>\$ 86,446,615</u>	<u>\$ 54,155,430</u>	<u>\$ 21,918,637</u>	<u>\$ 21,854,057</u>	<u>\$ 3,584,899</u>

\* This rating category includes a structured investment vehicle in commercial paper. This investment has been adjusted to reflect fair market value.

### Warrants

The Agency has loan agreements within the ETP. The ETP is a loan program designed to promote economic development in the emerging technologies sector of the Massachusetts economy. These loans are generally issued to companies that are otherwise unable to obtain market-based financing. The majority of these companies are pre-revenue start-up operations which are being incubated through the ETP to promote economic development in the Commonwealth. Certain loan agreements include warrants that qualify as reportable derivative instruments under GASB No. 53. The value of these warrants is ultimately dependent upon the fair value of the companies which have issued the warrants. The objective of including a warrant in the loan agreement is for the ETP to share in any success the company may achieve if there is an initial public offering or sale of the company. Any successful warrant exercised essentially serves as a yield enhancement to the ETP and any proceeds are deposited back into the ETP.

The Agency has developed a reliable estimate of the fair value of the related warrants using a comparable company analysis and last round of financing approach or Black-Scholes method. Privately held warrant and equity-related securities are valued based on an analysis of various factors including, but not limited to: 1) the related company's operating performance and financial condition, 2) general economic and industry trends, 3) the company's latest round of financing, 4) price to enterprise value or price to equity ratios, and discounted cash flow, and 5) valuation comparisons to comparable public companies or other industry benchmarks. When an external event occurs, such as a purchase transaction, public offering, or subsequent equity sale, the pricing indicated by that external event is utilized to corroborate the valuation of the warrant and equity-related securities. The Agency periodically reviews the valuation of its portfolio companies that have not been involved in a qualifying external event to determine if the value of the portfolio company may have increased or decreased since the last valuation measurement date.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

As of June 30, 2024, the Agency had the following derivative instruments outstanding which are included in noncurrent investments:

Type	Effective Date	Maturity Date	Terms	Valuation Technique	Fair Value
Series B Warrants	6/30/2017	6/30/2027	35,616 shares with exercise price of \$3.65	Market Comparable Method	\$ 56,000
Series Seed Warrants	6/30/2020	6/30/2030	391,461 shares with exercise price of \$0.374	Contingent Claims Analysis	-
Class D Warrants	4/8/2021	4/8/2031	10,227 shares with exercise price of \$11.00	Comparable Company Analysis	-
Series Seed Warrants	12/5/2019	12/5/2029	56,471 shares with exercise price of \$0.85	Comparable Company Analysis	3,000
Series Seed Warrants	3/2/2023	3/2/2033	1,283,333 shares with exercise price of \$0.068	Contingent Claims Analysis	16,000
Series B-1 Warrants	2/1/2019	2/1/2029	19,930 shares with exercise price of \$0.81	Contingent Claims Analysis	269,000
Series A-2 Warrants	5/31/2019	5/31/2029	681,368 shares with exercise price of \$0.30	Comparable Company Analysis & Last Round of Financing Analysis	-
Series AD-1 Warrants	3/18/2021	4/9/2031	85,607 shares with exercise price of \$0.8761	Market Comparable Method	-
Series A-1 Warrants	2/22/2017	2/22/2027	128,458 shares with exercise price of \$1.265	Comparable Company Analysis	-
Class A Warrants	8/30/2019	8/30/2029	106,250 shares with exercise price of \$0.80	Black-Scholes	44,000
Series A-2 Warrants	7/30/2019	7/30/2029	174,665 shares with exercise price of \$0.626	Black-Scholes	36,000
Series A3 Warrants	5/11/2018	5/11/2028	32,420 shares with exercise price of \$3.47	Comparable Company Analysis & Last Round of Financing Analysis	31,000
Class A Warrants	3/20/2020	3/20/2030	57,692 shares with exercise price of \$1.30	Black-Scholes	-
Series Seed Warrants	8/18/2014	8/18/2024	93,333 shares with exercise price of \$0.45	Market Comparable Method	-
Series B Warrants	7/1/2021	6/15/2026	240,000 shares with exercise price of \$0.70	Market Comparable Method	-
Total					\$ 455,000

**Custodial Credit Risk-Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. The Agency's policy is to only invest with reputable financial institutions.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency manages its exposure to interest rate risk by investing operating funds primarily in short-term investments.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

Additionally, the STAR Fund maintains a dollar-weighted average maturity of not greater than 90 days; requires that any investment securities purchased by the STAR Fund have remaining maturities of 397 days or less at the time of purchase (except for variable rate notes issued by the United States government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less); and limits the remaining maturity of any commercial paper purchased by the STAR Fund to 270 days or less.

**Credit Risk**

Credit risk is the risk that the Agency’s investments will be negatively impacted due to the default of the Agency’s investments. According to the Agency’s investment policy, investments must be prime quality and rated no less than A by either Moody’s, Standard & Poor’s, or Fitch.

**Concentration of Credit Risk**

Concentration of credit risk is assumed to arise when the amount of cash and investments that the Agency has with any one issuer exceeds 5.0% of the total value of the Agency’s investments. As of June 30, 2024, there are no investments held in any one issuer over 5.0% of the total value of the Agency’s investments.

**Foreign Currency Risk**

The investment policy of the Agency limits the Agency’s foreign currency risk by excluding foreign investments as an investment option.

**Fiduciary Funds:**

***Private Purpose Trust***

**Trust Investment Risks**

As outlined in the Trust’s investment policy, the main objective of the Trust is to achieve long-term growth of assets by maximizing the long-term rate of return on investments and minimizing risk of loss to fulfill the Trust’s current and long-term spending policies.

As of June 30, 2024, the Trust’s investments by maturity are summarized as follows:

Investment Type	Level and Investment Maturities (in years)				
	Fair Value	Less Than 1	1 to 5	More Than 5	Level Inputs (1, 2, 3)
Exchange traded fund-bond	\$ 922,452	\$ -	\$ -	\$ 922,452	1
Mutual fund-bond	2,958,338	-	-	2,958,338	1
U.S. Bank First American money market fund	78,951	-	-	78,951	1
	<u>\$ 3,959,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,959,741</u>	

In addition, the Trust's mutual fund equity investments totaling \$593,828 and exchange traded fund-equity investments totaling \$5,393,774 are level 1.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

As of June 30, 2024, the Agency's investments by quality rating are summarized as follows:

Investment Type	Quality Ratings		
	Fair Value	AAA	Unrated
Exchange traded fund-bond	\$ 922,452	\$ -	\$ 922,452
Exchange traded fund-equity	5,393,774	-	5,393,774
Mutual fund-bond	2,958,338	-	2,958,338
Mutual fund-equity	593,828	-	593,828
U.S. Bank First American money market fund	78,951	78,951	-
	<u>\$ 9,947,343</u>	<u>\$ 78,951</u>	<u>\$ 9,868,392</u>

**Custodial Credit Risk-Deposits**

The Trust's policy is to only invest with reputable financial institutions.

**Interest Rate and Credit Risk**

The Trust manages its exposure to interest rate and credit risk by diversifying investments in order to minimize the impact of large losses from individual investments. The portfolio is constructed and maintained to provide diversification with regard to the concentration of holding in individual issues, issuers, countries, governments or industries.

**Concentration of Credit Risk**

Concentration of credit risk is assumed to arise when the amount of cash and investments that the Trust has with any one issuer exceeds 5.0% of the total value of the Trust's investments. As of June 30, 2024 investments held in any one issuer over 5.0% of the total value of the Trust's investments included \$5.1 million (55.0%) and \$0.7 million (7.9%) invested in an exchange traded fund-equities and exchange traded fund-bonds.

***Investment Trust Fund***

**STAR Fund Investment Risks**

The following are risk disclosures of the STAR Fund as of December 31, 2023:

**Custodial Credit Risk-Deposits**

The STAR Fund's policy is to only invest with reputable financial institutions.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**Credit Risk**

The STAR Fund’s investment policies, as outlined in its Information Statement, limit the STAR Fund’s investments to those which investors in the STAR Fund can invest under the laws of the Commonwealth. As of December 31, 2023, the STAR Fund was comprised of investments which were, in aggregate, rated by Standard & Poor’s (S&P) as follows:

<b>S&amp;P Rating</b>	<b>%</b>
AAAm	0.5%
AA+	3.6%
AA-	1.6%
A-1+	19.6%
A-1	43.2%
A+	1.7%
Exempt <sup>(1)</sup>	29.8%

<sup>(1)</sup> Represents investments in U.S. Treasury obligations, or repurchase agreements collateralized by U.S. Treasury obligations, which are not considered to be subject to overall credit risk per GASB.

The ratings in the preceding chart include the ratings of collateral underlying repurchase agreements in effect as of December 31, 2023. Securities with a long-term rating of A or higher are equivalent to the highest short-term rating category based on S&P rating methodology.

**Concentration of Credit Risk**

As outlined in the STAR Fund’s Information Statement, the STAR Fund’s investment policy establishes certain restrictions on investments and limitations on portfolio composition. At December 31, 2023, the STAR Fund’s portfolio included the following issuers, aggregated by affiliated issuers where applicable, which individually represented greater than 5.0% of the STAR Fund’s total investment portfolio:

<b>Issuer</b>	<b>%</b>
BNP Paribas <sup>(1)</sup>	7.4%
BofA Securities Inc. <sup>(1)</sup>	10.6%
TD Securities LLC	7.4%
U. S Treasury Obligations	9.5%

<sup>(1)</sup> This issuer is also counterparty to a repurchase agreement entered into by the Fund. These repurchase agreements are collateralized by U.S. Government and Agency obligations.

**Interest Rate Risk**

The STAR Fund’s investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that: (1) it maintain a dollar-weighted average maturity of not greater than 60 days; (2) requiring that any investment securities purchased by the STAR Fund have remaining maturities of 397 days or less at the time of purchase (except for variable rate notes issued by the United States government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less) and (3) limiting the remaining maturity of any commercial paper purchased by the STAR Fund to 270 days or less. At December 31, 2023,



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

the weighted average maturity of the STAR Fund, including cash and cash equivalents and certificates of deposit, was 30 days.

The range of yields to maturity, actual maturity dates, principal values, fair values and weighted average maturities of these types of investments the STAR Fund held at December 31, 2023 are as follows:

<b>Type of Deposits and Investments</b>	<b>Yield-to Maturity Range</b>	<b>Maturity Range</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>
Asset-Backed Commercial Paper	5.48%-6.05%	1/29/24-8/2/24	\$ 3,724,833	92 Days
Certificates of Deposit-Negotiable	5.67%-6.00%	1/5/24-11/12/24	6,804,979	42 Days
Commercial Paper	5.47%-5.95%	1/5/24-8/21/24	10,859,500	81 Days
Corporate Notes	5.76%-6.20%	1/15/24-6/13/24	1,190,076	40 Days
Government Agency and Instrumentality Obligations:			-	
U.S. Treasury Notes	5.31%-5.56%	1/2/24-1/16/24	3,389,454	11 Days
Money Market Fund	5.25	n/a	176,574	7 Days
Repurchase Agreements	5.30%-5.46%	1/2/24-5/1/24	9,623,292	4 Days
			<u>\$ 35,768,708</u>	

The yields shown in the preceding table represent the yield-to-maturity at original cost except for adjustable rate instruments, for which the rate shown is the coupon rate in effect at December 31, 2023. The weighted average maturities shown in the preceding table are calculated based on the stated maturity dates with the following exceptions: (1) floating or variable rate securities are assumed to have an effective maturity of the date upon which the securities interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; (3) for instruments subject to demand features, the effective maturity is assumed to be the period remaining until the principal amount of the security may be recovered through the demand feature and (4) the effective maturity of money market instruments is assumed to be the date upon which the collection of redemption proceeds is due, typically seven days; and (5) the effective maturity of cash and cash equivalents is assumed to be one day.

**Foreign Currency Risk**

The investment policy of the STAR Fund limits the fund's foreign currency risk by excluding foreign investments as an investment option.

The STAR Fund amounts above do not include the Agencies portion of investments as those amounts are included in cash and cash equivalents in the statement of net position.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**5. Other Investments**

The Agency has a participating interest in seven other investments, which are accounted for on the equity method of accounting. With this method, the Agency reports its proportional share of revenue or expense on the statements of revenues, expenses and changes in net position. Upon dissolution of the respective other investment, proceeds will be distributed according to the terms of the related agreements of each respective member.

The following is a summary of the Agency's other investments balance:

	June 30, 2023	Capital Contributions	Distributions	Share of Operating Income	June 30, 2024
Investment in Commonwealth Fund III	\$ 6,105,213	\$ -	\$ -	\$ (1,413,905)	\$ 4,691,308
Investment in Commonwealth Fund IV	1,420,899	222,059	-	16,472	1,659,430
Investments in NMTC entities	10,078	-	(14,886)	168	(4,639)
	<u>\$ 7,536,190</u>	<u>\$ 222,059</u>	<u>\$ (14,886)</u>	<u>\$ (1,397,265)</u>	<u>\$ 6,346,099</u>

The Agency is a 98.0% member in the Fund III and Fund IV. The managing member is Massachusetts Technology Development Corporation. The primary purpose of the funds are to invest in entities broadly related to the technology industry, such as robotics, instrumentation, telecom, computers, software, healthcare information technology and mobile applications. The Agency has committed \$5.0 million to each fund investment from the ETP. As of June 30, 2024, \$4.7 million and \$1.7 million had been contributed to Fund III and Fund IV, respectively.

The Agency has a 0.01% to 0.1% investment allocation in the Investments in NMTC entities. The Agency, via subsidiary entity MDNM was awarded, since the inception of the program, the right to allocate federal NMTC's against \$341.0 million of its investors' investments by the United States Department of the Treasury.

NMTC's have been made available to banks, corporations, partnerships and funds that invest in MDNM. The proceeds of their investments will be reinvested in business and commercial development in low-income census tracts. As of June 30, 2024 the Agency had investments in five such entities. See Note 20.

**6. Loans Receivable**

The following is a summary of the Agency's loans receivable balance:

	June 30, 2023	Disbursements (Provisions, net)	(Collections)/ Write-offs	June 30, 2024
Loans receivable	\$ 135,037,375	\$ 30,194,248	\$ (16,296,125)	\$ 148,935,500
Less: allowance for loan loss	<u>(16,533,306)</u>	<u>(2,676,006)</u>	<u>461,891</u>	<u>(18,747,421)</u>
	<u>\$ 118,504,069</u>	<u>\$ 27,518,242</u>	<u>\$ (15,834,234)</u>	<u>\$ 130,188,079</u>

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

Most loans are collateralized by a first or shared first position in the underlying collateral. As of June 30, 2024, 10 loans totaling \$8.7 million was collateralized by a second position in the underlying property. Also, as of June 30, 2024, six loans totaling \$3.6 million are collateralized by third and fourth positions. As of June 30, 2024, one loan totaling \$1.0 million was unsecured.

There were approximately \$6.1 million net loans receivable that were considered nonaccrual loans as of June 30, 2024. All payments received from borrowers for nonaccrual loans are applied to the principal balance of the loan.

**7. Interest Receivable**

The following is a summary of the Agency's interest receivable balance at June 30, 2024:

Investment interest	\$	155,771
Loan interest		485,659
Lease interest		12,633
	\$	<u>654,063</u>

Interest receivable includes amounts earned but not received on both investments, loans and leases, net of an allowance for doubtful accounts. When the Agency believes the collectability of the interest is unlikely, a reserve against interest is charged as a component of the allowance for doubtful accounts. As of June 30, 2024 no allowance was deemed necessary.

**8. Predevelopment and Brownfield Receivables**

The following is a summary of the Agency's Predevelopment and Brownfield receivables as of June 30, 2024:

	June 30, 2023	Disbursements (Provision, net)	(Collections)/ Write-offs	June 30, 2024
Predevelopment and Brownfield receivables	\$ 9,846,076	\$ -	\$ -	\$ 9,846,076
Less: accumulated provision	(9,518,301)	-	-	(9,518,301)
	<u>\$ 327,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,775</u>

Predevelopment and Brownfield receivables represent amounts advanced to organizations for the purpose of conducting market analysis and feasibility studies for expansion of operations.

Advanced funds are recovered in accordance with individual terms as stated in the memoranda of agreement and evaluation of collectability.

In addition to the advances noted above, the Agency awarded approximately \$7.0 million of Predevelopment and Brownfield grant awards during fiscal year 2024 which are included in the statement of revenues, expenses and changes in net position.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

**9. Capital Assets**

A summary of changes in capital assets for the year ending June 30 is as follows:

	June 30, 2023*	Additions/ Transfers	Disposals/ Transfers	June 30, 2024
Capital Assets :				
Capital assets, not being depreciated:				
Land	\$ 6,410,206	\$ -	\$ (45,876)	\$ 6,364,330
Construction in progress	31,286,303	14,482,086	(34,057,560)	11,710,829
Total capital assets, not being depreciated	37,696,509	14,482,086	(34,103,436)	18,075,159
Capital assets, being depreciated:				
Building	31,570,808	515,290	(232,321)	31,853,777
Buildings/land/tenant improvements	4,968,269	1,509,911	(6,500)	6,471,680
Infrastructure	146,047,607	36,351,022	(936,668)	181,461,961
Equipment	7,909,701	1,383,017	(342,088)	8,950,630
Office equipment	5,198,934	298,979	-	5,497,913
Total capital assets, being depreciated	195,695,319	40,058,219	(1,517,577)	234,235,961
Less: accumulated depreciation				
Building	(26,500,163)	(577,024)	237,882	(26,839,305)
Buildings/land/tenant improvements	(4,297,279)	(359,680)	-	(4,656,959)
Infrastructure	(100,947,684)	(5,836,161)	119,574	(106,664,271)
Equipment	(6,567,902)	(436,834)	201,326	(6,803,410)
Office equipment	(4,868,688)	(225,484)	-	(5,094,172)
Total accumulated depreciation	(143,181,716)	(7,435,183)	558,782	(150,058,117)
Total capital assets, being depreciated, net	52,513,603	32,623,036	(958,795)	84,177,844
Right to use lease assets, being amortized :				
Building	6,168,219	557,810	-	6,726,029
Equipment	133,607	23,414	-	157,021
Total right to use lease assets, being amortized	6,301,826	581,224	-	6,883,050
Less: accumulated amortization				
Building	(3,583,543)	(1,221,849)	-	(4,805,392)
Equipment	(79,943)	(38,247)	-	(118,190)
Total accumulated amortization	(3,663,486)	(1,260,096)	-	(4,923,582)
Total right to use lease assets, being amortized, net	2,638,340	(678,872)	-	1,959,468
SBITAs, being amortized :				
SBITA	889,537	45,000	-	934,537
Total SBITAs, being amortized	889,537	45,000	-	934,537
Less: accumulated amortization				
SBITA	(345,269)	(229,448)	-	(574,717)
Total accumulated amortization	(345,269)	(229,448)	-	(574,717)
Total SBITA, being amortized, net	544,268	(184,448)	-	359,820
Total capital assets, net	\$ 93,392,720	\$ 46,241,802	\$ (35,062,231)	\$ 104,572,291

\*Certain amounts have been reclassified from prior year to reflect current year presentation.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**10. Leases**

**The Agency as a Lessor:**

In accordance with GASB No. 87, the Agency recognized a lease receivable and a deferred inflows of resources for leases the Agency deems applicable to GASB No. 87. As a lessor, the Agency leases office, commercial and retail space in Devens, Massachusetts under long-term agreements at market rates with terms ranging from 1 to 40 years. Some leases are short-term leases or some leases include provisions for rent changes based on the consumer price index, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. The lease receivable is measured at incremental borrowing rates ranging from 3.5% to 7.3%.

A summary of changes in lease receivable for the year ended June 30 is as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Termination/ Modification Reductions</u>	<u>Lease Revenue Reductions</u>	<u>June 30, 2024</u>
Devens building	\$ 363,594	\$ 40,140	\$ -	\$ (182,009)	\$ 221,725
Greenfield building	63,758	-	(36,070)	(26,425)	1,263
Devens land	4,206,762	-	-	(97,570)	4,109,192
	<u>\$ 4,634,114</u>	<u>\$ 40,140</u>	<u>\$ (36,070)</u>	<u>\$ (306,004)</u>	<u>\$ 4,332,180</u>

Minimum future lease receipts from long-term leases are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending June 30:		
2025	\$ 205,645	\$ 169,764
2026	193,990	161,326
2027	147,983	154,401
2028	127,175	149,524
2029	135,607	143,854
2030-2034	805,238	630,039
2035-2039	678,438	459,995
2040-2044	289,236	380,600
2045-2049	353,444	316,392
2050-2054	431,590	238,246
2055-2059	527,019	142,817
2060-2062	436,815	32,075
	<u>\$ 4,332,180</u>	<u>\$ 2,979,033</u>

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**The Agency as a Lessee:**

Also in accordance with GASB No. 87, the Agency recognized a lease liability and right to use lease assets, net of amortization, for leases in which the Agency is a lessee and leases equipment or office space under long-term agreements at market rates with terms ranging from 1 to 3 years. Some leases are short-term leases or some leases include provisions for rent changes based on the consumer price index, resulting in additional variable lease revenues that are not included in the measurement of the lease liability. The lease liability is measured at incremental borrowing rates ranging from 3.5% to 8.5%.

A summary of changes in lease liability for the year ended June 30 is as follows:

	<u>June 30, 2023</u>	<u>Modifications/ Renewals Additions</u>	<u>Payments/ Modifications/ Terminations Reductions</u>	<u>June 30, 2024</u>
Building	\$ 3,100,035	\$ 557,810	\$ (1,465,490)	\$ 2,192,355
Equipment	84,720	23,414	(36,001)	72,133
	<u>\$ 3,184,755</u>	<u>\$ 581,224</u>	<u>\$ (1,501,491)</u>	<u>\$ 2,264,488</u>

Minimum future lease payments from long-term leases are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending June 30:		
2025	\$ 1,429,707	\$ 90,614
2026	210,113	54,503
2027	212,896	40,528
2028	130,101	28,124
2029	121,581	19,082
2030	160,090	11,945
	<u>\$ 2,264,488</u>	<u>\$ 244,796</u>

A summary of right to use lease assets for the year ended June 30 is disclosed in Note 9.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

**11. Subscription-Based Information Technology Arrangements (SBITA)**

In accordance with GASB No. 96, the Agency recognized a subscription liability and a subscription asset, net, for SBITAs in which the Agency is using a third-party software for such things as investment banking, accounting, and financial reporting, under long-term agreements at market rates with terms ranging from 1 to 6 years. Some agreements are short-term agreements that are not included in the measurement of the lease liability. The subscription liability is measured at incremental borrowing rates ranging from 5.0% to 8.5%.

A summary of changes in subscription liability for the year ended June 30 is as follows:

	<u>June 30, 2023</u>	<u>Modifications/ Renewals Additions</u>	<u>Payments/ Modifications/ Terminations Reductions</u>	<u>June 30, 2024</u>
SBITAs	\$ 396,169	\$ 45,000	\$ (215,369)	\$ 225,800

Minimum future subscription payments from long-term agreements are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending June 30:		
2025	\$ 115,428	\$ 11,727
2026	110,372	2,664
	<u>\$ 225,800</u>	<u>\$ 14,391</u>

A summary of subscription assets for the year ended June 30 is disclosed in Note 9.

**12. Long-term obligations**

The following is a summary of the changes in long-term obligations reported for the year ended June 30:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Payments/ Amortization</u>	<u>June 30, 2024</u>	<u>Current Portion</u>
Bonds payable	\$ 4,135,000	\$ 15,000,000	\$ (1,130,000)	\$ 18,005,000	\$ 1,230,000
Advances from commonwealth	25,411,679	5,401,853	(639,479)	30,174,053	659,037
Compensated absences	1,314,329	-	(159,361)	1,154,968	1,154,968
Lease liability	3,184,755	581,223	(1,501,490)	2,264,488	1,429,707
Subscription liability	396,169	45,000	(215,369)	225,800	115,428
Total long-term obligations	<u>\$ 34,441,932</u>	<u>\$ 21,028,076</u>	<u>\$ (3,645,699)</u>	<u>\$ 51,824,309</u>	<u>\$ 4,589,140</u>

**13. Loan Program, Bond Issuance and Other Commitments**

**Loans**

The Agency issued loans aggregating \$29.2 million during fiscal year 2024. The Agency has committed to issuing an additional \$1.2 million of loans as of June 30, 2024.

**Bond Issuance Program**

The Agency's Bond Issuance Program assisted in the issuance of taxable and tax-exempt bonds and lease transactions on behalf of client institutions through its bond financing program on 46 projects aggregating approximately \$3.5 billion during fiscal year 2024. These debt obligations are conduit transactions and do not constitute a debt or liability of the Agency, therefore, these financing transactions are not included in the accompanying financial statements. The Agency earned bond issuance fee revenues related to these financings of approximately \$8.4 million in fiscal year 2024 and are included as a component of bond issuance and New Markets Tax Credit fees in the statement of revenues, expenses and changes in net position.

Pursuant to GASB 91, disclosure on conduit debt obligation, the Agency, including its predecessors, through its conduit bond program, has assisted in the issuance of taxable and tax-exempt bonds. At June 30, 2024 approximately \$25.8 billion of that debt remains outstanding, with limited commitments and does not constitute a debt or liability of the Agency.

**Commitments**

The Devens Electric Utility Division uses Master Power Supply Agreements to procure necessary power supply requirements from time to time as market and load growth conditions dictate. The Devens Electric Utility Division secured 56% of its 2024 power supply requirements using confirmations in place with NextEra, Shell Energy, and BP Energy. 25% was provided by wind, solar, and hydro renewables with the balance of 19% being secured through the ISO-NE Day Ahead and Real Time energy market.

Additional confirmation transactions and long term PPA contracts are in place with a blend of different providers in varying quantities to secure between 42% - 60% of the load requirements from 2025 through 2029.

Planning for the future in meeting the Commonwealths goal of carbon free power by 2050, by 2030 ~50% of its future power supply needs qualify as carbon free through long-term contracts in place or being negotiated including solar power, a wind powered turbine facility, several hydroelectric providers, and one nuclear power provider. The energy supply portfolio is reviewed every quarter with our power supply consultant, Energy New England, to review positions and make additional procurement transactions as needed.

The current renewable power supply portfolio mentioned above consists of a blend of 10 MW's of 3rd party owned solar projects at Devens, and several regional sources of wind turbine generated power, hydroelectric power, and solar power. This represents ~ 25% of the total current power supply needs of the Devens electric utility supplied from renewable resources.



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Devens Electric Utility Division has also entered into an Operation and Maintenance Agreement with the Town of Wellesley, MA for the management and operation of the Electric System. The current contract expires June 30, 2025. At that time, the contract may be extended for a 4-year term expiring in 2029 and one final 4-year term expiring in 2033.

**14. Bonds Payable**

**Electric System Utility Bond**

During fiscal 2001, the Agency issued the Series 2001 Bonds for the Electric System at Devens which totaled approximately \$10.6 million. The Series 2001 Bonds were used to finance the design, construction, installation and associated costs of certain capital improvements to the Electric System at Devens and to fund reserves for future capital upgrades.

In an effort to lower the weighted average interest rate on the bonds, the Agency refunded the bonds in December 2011 and issued Devens Electric System Refunding Revenue Bonds, Series 2011 (Series 2011 Bonds). Principal of \$8,775,000 was repaid in relation to the Series 2001 Bonds and new principal of \$8,145,000 was issued.

In another effort to lower the interest rate on the bonds, the Agency refunded the bonds in September 2021 and issued Devens Electric System Refunding Revenue Bonds, Series 2021 (Series 2021 Bonds). Principal of \$4,855,000 was repaid in relation to the Series 2011 Bonds and new principal of \$4,755,000 was issued.

The following is a summary of the Devens Electric System bonds payable activity for the year ended June 30:

	Interest Rate at June 30, 2024	June 30, 2023	Additions	Principal Payments/ Amortization	June 30, 2024	Current Portion
Devens Electric System Utility Bond	1.6%	\$ 4,135,000	\$ -	\$ (490,000)	\$ 3,645,000	\$ 500,000

Devens Electric Utility Division has pledged all monies, securities, and reserve deposits in all funds and accounts except the Operating Fund, the Capital Reserve Fund, the Rate Stabilization Fund, and, if established, the Rebate Fund. The bonds were originally issued to provide financing for the design, construction, installation and associated costs of certain capital improvements to the Electric System at Devens and fund the reserves for future capital upgrades. The bonds are payable through 2031 from the pledged revenues. Annual principal and interest payments on the bond is expected to require approximately 1.2% to 1.7% of pledged revenues.

The remaining principal balance to repay the bonds amounts to \$3.6 million. The remaining principal and interest to be paid on the bonds is \$3.9 million. Principal and interest paid and pledged revenue received for the year ended June 30, 2024 were \$0.5 million and \$29.1 million respectively.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

The Devens Electric System Utility Bond agreement requires the maintenance of a minimum debt service coverage ratio. Failure to comply with the minimum debt service covenant does not constitute a default as long as the Agency complies with specific requirements included in the agreement. As of June 30, 2024 the debt service coverage was met.

The bond documents require the maintenance of certain funds. Below are certain funds balances as of June 30, 2024 which are included in restricted cash and cash equivalents on the statements of net position.

- The Revenue Fund had a balance of \$5.0 million which was included in the current cash and cash equivalents-restricted for use on the statement of net position. All revenues generated by the Electric System, exclusive of interest income, are deposited into the Revenue Fund. Funds are transferred from the Revenue Fund to other funds of the Electric System according to the bond resolution agreement. The Devens Electric Revenue fund had excess funds, therefore, \$2.9 million was transferred to the Wastewater division during fiscal year 2024, comprised of \$2.6 million to the repair and replacement reserve and \$0.2 million to the wastewater operating reserve account.
- The Capital Upgrade Reserve Fund had balances of \$4.8 million. The Capital Upgrade Reserve Fund may be used to fund capital improvements to the Electric System. If excess funds exist in the Capital Upgrade Reserve Fund, then these excess funds may be used to cover any operating shortfalls. Excess funds from the Revenue fund of \$4.5 million were transferred to the Electric Capital Upgrade Reserve Fund during fiscal year 2024 to fund future capital improvements.
- The Operating/Rate Stabilization Reserve Fund had balances of \$1.1 million, which are included in the noncurrent cash and cash equivalents-restricted for use, as shown on the statements of net position. The Operating/Rate Stabilization Reserve Fund may be used to fund operating expenses of the Electric System when there are not sufficient funds available from operations. No funds were transferred in fiscal year 2024.

Excess balances in the Revenue Fund may be transferred to other utilities, free and clear of the lien of the bond resolution, if all funding requirements are met and a debt service coverage ratio of at least 150% has been met, cumulatively, during the 12 consecutive months prior to the transfer date.

Principal payments are due annually through 2031. Total interest expense related to the bonds was \$63,130 for the year ended June 30, 2024.

Scheduled principal and interest payments on all the bonds payable are shown below.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2025	\$ 500,000	\$ 59,098	\$ 559,098
2026	505,000	50,891	555,891
2027	515,000	42,595	557,595
2028	520,000	34,141	554,141
2029	525,000	25,606	550,606
2030-2031	1,080,000	25,175	1,105,175
	<u>\$ 3,645,000</u>	<u>\$ 237,506</u>	<u>\$ 3,882,506</u>

**Devens Public Safety Facility Bond**

On October 3, 2023, the Agency issued the Devens Public Safety Facility Bond totaling \$15,000,000. The bond proceeds are being used to finance the construction of a new public safety facility on Agency owned land off Barnum Road, in Devens, MA. The building will house the Devens Fire department, Massachusetts State police, and Nashoba Valley Regional Dispatch District office. The interest rate on the bond is 5.0% and the maturity date is May 1, 2031. In addition to the bond, the Agency received a \$4.6 million federal grant from the U.S. Department of Commerce, Economic Development Administration to assist with the construction.

Bond payable consist of the following at the year ended June 30:

	<b>Interest Rate at June 30, 2024</b>	<b>Interest Rate at June 30, 2024</b>		<b>Principal Payments/ Amortization</b>	<b>June 30, 2024</b>	<b>Current Portion</b>
		<b>June 30, 2023</b>	<b>Additions</b>			
Devens Public Safety Building Bond	5.0%	\$ -	\$ 15,000,000	\$ (640,000)	\$ 14,360,000	\$ 730,000

Principal payments are due annually through 2031. Total interest expense related to the bonds was \$0.4 million for the year ended June 30, 2024.

Scheduled principal and interest payments on the bond payable is shown below:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2025	\$ 730,000	\$ 733,796	\$ 1,463,796
2026	770,000	696,493	1,466,493
2027	805,000	657,146	1,462,146
2028	845,000	617,698	1,462,698
2029	890,000	572,831	1,462,831
2030-2031	10,320,000	1,006,926	11,326,926
	<u>\$ 14,360,000</u>	<u>\$ 4,284,890</u>	<u>\$ 18,644,890</u>

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**15. Advances from the Commonwealth**

The following is a summary of the Agency's Advances from the Commonwealth as of June 30:

	<u>2023</u>	<u>Additions</u>	<u>Payments/ Amortization</u>	<u>2024</u>	<u>Current Portion</u>
DEP-wastewater	\$ 5,580,528	\$ -	\$ (638,289)	\$ 4,942,239	\$ 659,037
Premium	1,388	-	(1,190)	198	
DEP-water	19,829,763	5,401,853	-	25,231,616	
	<u>\$ 25,411,679</u>	<u>\$ 5,401,853</u>	<u>\$ (639,479)</u>	<u>\$ 30,174,053</u>	

In 2001 and 2004, the DEP approved loans to the Agency. In addition, The Massachusetts Clean Water Trust (MCWT), formerly known as the Massachusetts Water Abatement Trust, issued loans to the Agency. Collectively, these loans were advanced to construct a wastewater treatment facility at Devens. These loans are being paid back to MCWT through revenues generated from the processing of wastewater at Devens and surrounding communities. These loans are part of a pooled loan program bond within the MCWT. The Agency and the Commonwealth have entered into a contract providing that the Commonwealth shall pay contract assistance on behalf of the Agency with respect to partial debt service on these loans. Repayment of the loans began on February 1, 2002.

The loans mature in August 2024 and February 2031. Principal and interest expense related to these loans was \$638,289 and \$140,951 for the year ended June 30, 2024, respectively. During fiscal year 2024, the Commonwealth paid \$364,192 in principal payments and \$71,527 in interest expense, respectively, which is included in totals above.

The MCWT loan agreement requires the maintenance of an adequate annual debt service coverage ratio. As of June 30, 2024, the necessary debt service coverage was met.

The scheduled principal and interest payments on the MCWT loan at June 30, 2024 are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2025	\$ 659,037	\$ 112,164	\$ 771,201
2026	663,935	198,187	862,122
2027	684,683	172,951	857,634
2028	709,580	137,330	846,910
2029-2031	2,225,004	185,766	2,410,770
	<u>\$ 4,942,239</u>	<u>\$ 806,398</u>	<u>\$ 5,748,637</u>

In 2022, the DEP approved a zero-interest loan to the Agency with a maximum obligation amount of \$27,300,000 to construct two water treatment plants at Devens for iron and manganese removal and PFAS treatment for existing Devens wells. The MCWT issued another loan to the Agency. The loan will be paid back to the trust through revenues generated from the

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

sale of water in Devens and to surrounding communities. Repayment of this loan has not been finalized as the project was still ongoing, but near completion at fiscal year-end. However, as it stands, the scheduled principal payments on this loan are not due to start until late fiscal year 2025 and will be determined at the end of the drawdown period based on the total amount drawn down on the loan. The amount of loan drawdowns as of June 30, 2024, was \$25,231,616, however, the amount will be less, as a portion of the loan will be forgiven by MCWT in 2025.

**16. Tax Incremental Financing Agreements/Special Tax Assessments**

The Agency is committed to providing a supportive environment for business and economic development in the Devens Regional Enterprise Zone established by Chapter 498 of the Massachusetts Acts of 1993, as amended. The Agency may agree to temporary exemptions of incremental property taxes Tax Incremental Financing (TIF) or special tax assessments (STA) with businesses which agree to locate or expand in Devens.

The Agency had four TIF agreements outstanding as of June 30, 2024:

Purpose	Percentage of Tax Reduction	Value
<b>Tax Incremental Financing:</b>		
Biopharmaceutical company to construct and operate large scale cell culture facility	25%	\$ 691,651
Manufacturing, research and development facility	75% *	36,850
Manufacturing, clean room, warehouse and office facility	100%	320,344
Manufacturing, research and office facility	100%	192,217
		<u>\$ 1,241,062</u>

\* TIF percentage is based on qualifying project incremental value for the fiscal year (change in value each fiscal year only)

Each TIF agreement was negotiated under provisions of MGL Chapter 59, Section 5, clause 51 and MGL Chapter 40, Section 59 allowing the Agency to grant temporary incremental property tax exemptions. The STA was granted in accordance with Chapter 23A, Section 3E of the MGL, allowing the Agency to grant special tax assessments.

The Agency uses the TIF and STA agreements as an economic development incentive at Devens. The execution of such agreements is intended to promote the creation or retention of full-time jobs in Devens, increase the Devens tax and revenue base and enhance the overall quality of life in Devens. All agreements contain annual reporting requirements to the Agency on employment levels. If a business fails to comply with its obligations under an agreement, the Agency will give written notice of such failure and provide an opportunity to meet with the Agency to discuss such failure. Continued failure to comply with obligations could result in the revocation of the related agreement.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**17. Other Related Party Transactions**

The following related party transactions are not reflective of consideration of what these arrangements might have been if they occurred in an arms-length transaction.

The Agency oversees the management and development of the Jodrey State Fish Pier (Pier) facilities, which are leased to the Agency by the Department of Conservation and Recreation (representing the Commonwealth). The Pier reimburses the Agency for the Pier's direct salary costs paid by the Agency, which amounted to \$0.3 million for the year ended June 30, 2024. The Pier also reimburses the Agency for Agency staff time and operating expenses paid by the Agency, which amounted to \$0.3 million for the year ended June 30, 2024.

The Agency also oversees management services for Cape Ann Fisheries Development Corporation (Cape Ann), a non-profit corporation formed for construction and management of a multi-tenant seafood processing facility at the State Fish Pier in Gloucester. In fiscal year 2001, the Agency provided two loans to Cape Ann in the amounts of \$2.3 million and \$0.5 million for construction expenses and remediation of environmental conditions at the seafood processing facility. In fiscal year 2013, these loans were refinanced into four separate notes (Notes A and B for each loan). The balance on the Notes A loans receivable, net of allowance for loan loss, as of June 30, 2024, was \$361,869 and \$100,445. The Agency wrote off both Notes B during fiscal year 2013 as they were deemed uncollectible. These loans are included in loans receivable on the statement of net position.

In September 2009, the Agency refinanced another Cape Ann loan in the amount of \$2.7 million. In fiscal year 2013, this loan was refinanced into two separate notes (Notes A and B). The balance on the Note A loan receivable, net of allowance for loan loss, was \$577,491 as of June 30, 2024. The Agency wrote off Note B during fiscal year 2013 as it was deemed uncollectible.

The Agency donated \$0.2 million of Agency staff time to Cape Ann during fiscal year 2024 for the coverage of management services provided to Cape Ann during the fiscal year.

The Agency is eligible to receive an administrative fee of up to 0.09% of the average daily assets of the STAR Fund. In May 2022, the Agency started to receive an additional 0.01% administrative fee to recoup fees lost when the STAR Fund interest rate was zero. The Agency's STAR Fund holdings held on its own account as of June 30, 2024, were \$176.0 million and are included in cash and cash equivalents in the statement of net position. During the year ended June 30, 2024, the Agency received administrative fees of \$0.2 million from the STAR Fund. The administrative fees are reported in bond issuance and new markets tax credit fees in the statement of revenues, expenses and changes in net position.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**18. Benefit Plans**

The Agency contributed approximately \$2.2 million to employee benefit plans described below during the year ended June 30, 2024.

**Deferred Compensation Plan**

The Agency offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees of the Agency, permits employees to defer a portion of their salaries. The Agency matches employees' deferrals up to 5.0% of the participants' salary, which are contributed to the 401(a) defined contribution plan. The participants' rights to the Agency contributions vest immediately. Employees may borrow up to 50.0% of their vested accrued balance in the account. Otherwise, the vested balance is not available to employees until termination, retirement, permanent disability, or death.

All contributions made under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

Effective December 31, 1997, Section 401(a) of the IRC was amended by Section 1448 of the Small Business Job Protection Act of 1996 which provides that governmental deferred compensation plans must hold all assets and income of the plan in trust for the exclusive benefit of participants and their beneficiaries. In accordance with the legislation described above, the vested assets and associated liability of the deferred compensation plan assets are not included in the statement of net position.

**401(a) Defined Contribution Plan**

The Agency provides for retirement through a contribution to a 401(a) plan for eligible employees. The contribution is equal to a percentage of the employee's gross compensation earned each pay period. Currently, the Agency's contribution is 7.5% of the employee's gross compensation. Employees who began employment with the Agency on or after January 1, 1999 are subject to a three-year vesting schedule.

Employees may borrow up to 50.0% of their vested accrued balance in the 401(a) account. Otherwise, the vested balance is not available to employees until termination, retirement, permanent disability, or death.

The unvested portion of the 401(a) plan is recorded as an asset on the statement of net position. The total unvested portion of the 401(a) plan as of June 30, 2024 was approximately \$0.7 million.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**Pension Plan**

Certain employees of the Agency are eligible to participate in the Commonwealth's State Employees Retirement Systems (the State Plan) under a special funding situation where the Commonwealth is the non-employer sole contributor under GASB No. 68, Accounting and Financial Reporting for Pensions (GASB 68). An Actuarial valuation has been performed for the State Plan. These employees were included in the actuarial analysis with a net pension liability of \$4,237,102 as of June 30, 2024 which is owed by the Commonwealth and noted as part of the total State Plan's net pension liability totaling \$14,647,490,000. The State Plan's net pension liability and the State Plan's net position are disclosed in the footnotes and required supplementary information of the Annual Comprehensive Financial Report of the Commonwealth as there are no liabilities to be recorded in the Agency's financial statements. Employees participating in the State Plan are not eligible for the contribution to the 401(a) plan.

As discussed in Note 1, in 1998, the Land Bank and MIFA merged to create the Agency. Prior to this merger, all Land Bank employees were participants in the State Plan; MIFA employees were not. All former Land Bank employees were given the option to stay in the State Plan or take part in the retirement plans being offered by the Agency. Any new employees hired after the merger were not eligible to participate in the State Plan, except for the union firefighters at Devens. The State Plan provides benefits including retiree health benefits to qualifying retirees. The programs are carried out by the Commonwealth. There are currently 26 employees in the State Plan. Neither the Land Bank nor the Agency have ever been charged for post-retirement benefits for its current employees or its retirees from the Commonwealth Group Insurance Commission (CGIC). The Agency's management has reviewed the requirements of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, and believes the Agency is not liable for OPEB costs for current active or retired employees due to the following: there is no statutory requirement holding the Agency liable for OPEB costs; the Agency has never been billed by the CGIC for any OPEB costs and it is the legal opinion of the Agency's outside attorney that no evidence exists that indicates that the Agency is liable for these costs.

**19. Segment Reporting**

**Devens Electric Utility Division**

A separate financial statement for the Devens Electric Utility Division is published and is available upon request.



**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

Summary financial information for the Devens Electric Utility Division is presented below:

**Statement of Net Position as of June 30, 2024:**

<b>Assets</b>	
Current assets	\$ 9,107,260
Due from Massachusetts Development Finance Agency	364,695
Noncurrent assets	6,192,590
Capital assets, net	<u>9,331,853</u>
Total assets	<u>\$ 24,996,398</u>
<b>Liabilities and Net Position</b>	
Current liabilities	\$ 4,033,941
Noncurrent liabilities	<u>3,145,000</u>
Total liabilities	<u>7,178,941</u>
<b>Net position</b>	
Net investment in capital assets	5,686,853
Restricted	<u>12,130,604</u>
Total net position	<u>17,817,457</u>
Total liabilities and net position	<u>\$ 24,996,398</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2024:**

Operating revenues	\$ 28,352,533
Operating expenses	(22,331,635)
Depreciation	<u>(1,027,722)</u>
Operating income	4,993,176
Nonoperating revenues, net	<u>(2,847,290)</u>
Increase in net position	2,145,886
Net position at beginning of year	<u>15,671,571</u>
Net position at end of year	<u>\$ 17,817,457</u>

**Condensed Statement of Cash Flows for the year ended June 30, 2024:**

Net cash provided by operating activities	\$ 7,567,553
Net cash used in capital and related financing activities	(6,997,223)
Net cash provided by investing activities	<u>556,817</u>
Net increase in cash and cash equivalents	1,127,147
Cash and cash equivalents at beginning of year	<u>10,084,927</u>
Cash and cash equivalents at end of year	<u>\$ 11,212,074</u>

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Notes to Financial Statements**  
**June 30, 2024**

---

**20. New Markets Tax Credit Program (NMTC)**

The Agency receives an annual management fee for services related to managing the operations of the NMTC entities, including accounting, legal, management, technical and other services, as needed by the NMTC entities. Total management fees earned for fiscal year 2024 were \$0.4 million. As of June 30, 2024, management fees of \$0.2 million remain unpaid to the Agency, and are included in accounts receivable and other assets on the statement of net position.

**21. Assets Held for Sale**

**Devens**

The Agency had two lot sales at Devens during fiscal year 2024. The sales were deferred and the gain on sale was reported as other liabilities at June 30, 2024 as the conditions in the repurchase clause had not been satisfied by year end. The sale resulted in gross sales proceeds of \$3.4 million and net gains of \$2.3 million.

**Taunton**

In January 2012, the Agency, in partnership with TDMDC, purchased from the Commonwealth the former Dever State School core campus in Taunton. The Agency has cumulative net redevelopment capital on the property of approximately \$1.9 million as of June 30, 2024 which is included in assets held for sale.

There were no lot sales at Taunton during fiscal year 2024.

**22. Legal Matters**

The Agency is subject to various legal proceedings and claims that arise in the ordinary course of business. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Agency.

**23. Risk Management**

The Agency is exposed to various risks of loss related to general property and casualty losses. Accordingly, the Agency carries general liability and property insurance policies. The Agency also carries insurance coverage for business automobile, workers compensation, director and officer liability, professional liability, cyber liability, crime and special excess liability. There were no changes in coverage since last year and no settlements that exceeded insurance coverage for the past three fiscal year.

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Required Supplementary Information**  
**Schedule of Special Funding Amounts of the Net Pension Liability – Massachusetts State Employees’ Retirement System**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<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>
MDFAs Proportion of the net pension liability	0.0289%	0.0271%	0.0278%	0.0277%	0.0277%	0.0287%	0.0308%	0.0304%	0.0299%	0.0292%
MDFAs Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the MDFAs Net Pension Liability	<u>4,237,102</u>	<u>3,774,359</u>	<u>2,902,705</u>	<u>4,757,981</u>	<u>4,054,705</u>	<u>3,796,735</u>	<u>3,945,023</u>	<u>4,189,308</u>	<u>3,400,569</u>	<u>2,959,253</u>
Total	<u>\$ 4,237,102</u>	<u>\$ 3,774,359</u>	<u>\$ 2,902,705</u>	<u>\$ 4,757,981</u>	<u>\$ 4,054,705</u>	<u>\$ 3,796,735</u>	<u>\$ 3,945,023</u>	<u>\$ 4,189,308</u>	<u>\$ 3,400,569</u>	<u>\$ 2,959,253</u>
MDFAs covered-employee payroll	\$ 2,121,240	\$ 1,816,815	\$ 1,705,867	\$ 1,692,730	\$ 1,699,280	\$ 1,650,861	\$ 1,649,729	\$ 1,756,429	\$ 1,703,736	\$ 1,652,624
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	70.71%	71.05%	77.54%	62.48%	66.28%	67.97%	67.21%	63.50%	67.90%	67.90%

Notes:  
Amounts presented were determined as of June 30 of the prior year

**Massachusetts Development Finance Agency**  
**(A Component Unit of the Commonwealth of Massachusetts)**  
**Other Information**  
**June 30, 2024**  
**(Unaudited)**

Schedules of Departmental Net Position

	General Operations	Brownfield Redevelopment	Emerging Technology	Cultural Facilities	Charter School Facilities	Site Readiness	Transformative Development Initiative	CARES Act	SSBCI Loans & Guarantees	Devens	Devens Electric Utility Division	Devens Gas, Water, Wastewater Utility Divisions	Other	Taunton Corp.	Eliminations	Total
<b>Assets</b>																
Current assets	\$ 47,833,823	\$ 6,288,828	\$ 40,079,853	\$ 11,589,321	\$ 38,075,685	\$ 7,849,392	\$ 22,099,417	\$ 248,200	\$ 10,137,955	\$ 48,614,690	\$ 9,107,260	\$ 15,361,407	\$ 85,650,552	\$ 8,652,424		\$ 351,588,807
Noncurrent assets	112,500,421	747,691	9,276,468	(885,479)	(514,028)	616,084	(1,156,294)	2,187,168	10,332,339	4,725,645	6,557,286	9,751,556	2,290,569	1,891,430	(7,928,761)	150,392,095
Capital assets, net	5,516,223	-	-	-	-	-	41,489	-	-	43,627,074	9,331,853	49,449,663	-	-	-	107,966,302
Total assets	\$ 165,850,467	\$ 7,036,519	\$ 49,356,321	\$ 10,703,842	\$ 37,561,657	\$ 8,465,476	\$ 20,984,612	\$ 2,435,368	\$ 20,470,294	\$ 96,967,409	\$ 24,996,399	\$ 74,562,626	\$ 87,941,121	\$ 10,543,854	\$ (7,928,761)	\$ 609,947,204
<b>Liabilities</b>																
Current liabilities	\$ 8,377,812	\$ 1,942,543	\$ 966	\$ 7,053,217		\$ 2,978,127	\$ 5,686,524		\$ 1,658,077	\$ 8,592,671	\$ 3,782,947	\$ 2,412,335	\$ 29,669,175	\$ 17,764		\$ 72,172,158
Noncurrent liabilities	915,568	-	-	-	60,286	-	-	-	19,204,454	3,395,994	-	37,707,668	33,355,446	-	(7,928,761)	86,710,655
Total liabilities	9,293,380	1,942,543	966	7,053,217	60,286	2,978,127	5,686,524	-	1,658,077	27,797,125	7,178,941	40,120,003	63,024,621	17,764	(7,928,761)	158,882,813
<b>Deferred inflows of resources</b>																
Leases deferred inflows of resources	1,184	-	-	-	-	-	-	-	-	4,001,254	-	-	-	-	-	4,002,438
<b>Net position</b>																
Net investment in capital assets	47,781	-	-	-	-	-	-	-	-	30,830,307	5,686,853	16,807,048	-	-	7,928,761	61,300,750
Restricted	630,199	4,923,827	49,355,355	3,650,625	37,501,371	5,487,349	15,298,088	2,435,368	18,812,217	34,338,723	12,130,605	17,635,575	24,916,500	10,526,090	(7,928,761)	229,713,131
Unrestricted	155,877,923	170,149	-	-	-	-	-	-	-	-	-	-	-	-	-	156,048,072
Total net position	156,555,903	5,093,976	49,355,355	3,650,625	37,501,371	5,487,349	15,298,088	2,435,368	18,812,217	65,169,030	17,817,458	34,442,623	24,916,500	10,526,090	-	447,061,953
Total liabilities, deferred inflows of resources and net position	\$ 165,850,467	\$ 7,036,519	\$ 49,356,321	\$ 10,703,842	\$ 37,561,657	\$ 8,465,476	\$ 20,984,612	\$ 2,435,368	\$ 20,470,294	\$ 96,967,409	\$ 24,996,399	\$ 74,562,626	\$ 87,941,121	\$ 10,543,854	\$ (7,928,761)	\$ 609,947,204

Schedules of Departmental Revenues, Expenses and Changes in Net Position

	General Operations	Brownfield Redevelopment	Emerging Technology	Cultural Facilities	Charter School Facilities	Site Readiness	Transformative Development Initiative	CARES Act	SSBCI Loans & Guarantees	Devens	Devens Electric Utility Division	Devens Gas, Water, Wastewater Utility Divisions	Other	Taunton Corp.	Eliminations	Total
<b>Operating revenues</b>	\$ 17,079,459	\$ 67,375	\$ 384,914	\$ 7,365	\$ 119,114	\$ 320	\$ 40,172	\$ 66,110	\$ 284,472	\$ 22,441,991	\$ 32,852,533	\$ 10,050,718	\$ 466,891	\$ 1,085,944	\$ (3,090,558)	\$ 81,856,820
<b>Operating expenses</b>	(18,146,952)	(91,706)	(1,517,030)	(774,382)	(71,332)	(3,716,839)	(4,634,561)	(245,895)	(1,682,264)	(21,068,244)	(23,859,356)	(13,189,800)	(2,889,829)	(93,400)	613,902	(91,367,688)
Operating income (loss)	(1,067,493)	(24,331)	(1,132,116)	(767,017)	47,782	(3,716,519)	(4,594,389)	(179,785)	(1,397,792)	1,373,747	8,993,177	(3,139,082)	(2,422,938)	992,544	(2,476,656)	(9,510,868)
<b>Nonoperating revenues (expenses)</b>	2,405,344	(3,735,854)	1,202,272	1,174,267	1,919,882	4,163,625	(394,878)	17,497	11,124,474	1,351,858	(6,847,290)	6,171,341	4,725,860	-	2,476,656	25,755,054
<b>Capital contributions</b>	-	-	-	-	-	-	-	-	-	2,685,556	-	-	-	-	-	2,685,556
Increase (decrease) in net position	1,337,851	(3,760,185)	70,156	407,250	1,967,664	447,106	(4,989,267)	(162,288)	9,726,682	5,411,161	2,145,887	3,032,259	2,302,922	992,544	-	18,929,742
Net position-beginning of year	155,218,052	8,854,161	49,285,199	3,243,375	35,533,707	5,040,243	20,287,355	2,597,656	9,085,535	59,757,869	15,671,571	31,410,364	22,613,578	9,533,546	-	428,132,211
Net position-end of year	\$ 156,555,903	\$ 5,093,976	\$ 49,355,355	\$ 3,650,625	\$ 37,501,371	\$ 5,487,349	\$ 15,298,088	\$ 2,435,368	\$ 18,812,217	\$ 65,169,030	\$ 17,817,458	\$ 34,442,623	\$ 24,916,500	\$ 10,526,090	\$ -	\$ 447,061,953



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.