Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Financial, Required Supplementary Information
and Other Supplementary Information

For the Fiscal Year Ended June 30, 2024

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board Members
Massachusetts Convention Center Authority
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 Convention Center Authority (the Authority), 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 Authority'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 Authority, 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.

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. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Board Members
Massachusetts Convention Center Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Pension Plan – Schedule of the Authority's Proportionate Shares of the Net Pension Liability, the Pension Plan – Schedule of the Authority's Contributions, the OPEB Plan – Schedule of Changes in the Authority's Net OPEB Liability, and Related Ratios, the OPEB Plan – Notes to the OPEB Schedules, the OPEB Plan – Schedule of the Authority's Contributions, the OPEB Plan – Schedule of Investment Returns 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 Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Budgetary Basis, the Reconciliation of GAAP Operating Loss to Statutory Net Costs of Operations and Operating Reimbursement Requests from the Convention Center Fund, the Schedule of Consolidated Financial Statements by Operating Segment, and the Schedule of Salary and Other Compensation of Highly Compensated Employees (other supplementary information) 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 October 29, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
October 29, 2024

Massachusetts Convention Center Authority
(A Component Unit of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis (MD&A) provides a narrative overview of the activities of the Massachusetts Convention Center Authority's (the MCCA or the Authority) and the financial condition for the fiscal year ended June 30, 2024 (FY 24). The information should be considered in conjunction with the Authority's financial statements, which follow. This MD&A is required by the Governmental Accounting Standards Board (GASB), which provides guidelines on what information is to be included and excluded in this analysis.

The MD&A is presented in four sections:

Background describes the Authority's legislative history and enabling authority.

About our Business describes the Authority's mission, business, objectives, and strategies for success.

Summary of Financial Performance reviews the key measures used to assess the Authority's performance and how those results in FY 24 compare to the Fiscal Year 2023 (FY 23) results. It also provides detailed information and analysis about our performance for these two fiscal years. It focuses on our operating results and provides financial information for each of our facilities.

Risk Assessment provides an overview of the key risks that could affect our business.

About the Financial Statements

The Authority maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), as set forth by the GASB. The financial statements of the Authority are maintained on the full accrual basis of accounting and report both business-type activities and fiduciary activities. The Authority's financial statements include: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Net Position, and the Statement of Changes in Fiduciary Net Position.

While the financial statements provided herein conform to GAAP, a separate schedule is provided as other supplementary information to provide the reader with a reconciliation between the annual GAAP basis operating gain or loss and the Authority's Net Cost of Operations (NCO) as it is defined under Massachusetts General Laws (MGL) and is used to support the annual operating funding draws from the Massachusetts Convention and Exhibition Center Fund (CCF), which is reported on the books of the Commonwealth of Massachusetts (Commonwealth). The NCO is commonly used by the Commonwealth and the Authority to report on the Authority's annual financial operating performance against its annually adopted budget.

BACKGROUND

The Authority is an independent public authority of the Commonwealth that owns and operates public assembly facilities primarily for the convention, trade show, and meetings industry. It was established by Chapter 190 of the Acts of 1982 (Chapter 190), which was subsequently amended by Chapter 629 of the Acts of 1982; Chapter 400 of the Acts of 1983; Chapter 637 of the Acts of 1983; Chapter 78 of the Acts of 1988; Chapter 138 of the Acts of 1991; Chapter 307 of the Acts of 1991; Chapter 110 of the Acts of 1993; Chapter 152 of the Acts of 1997 (Chapter 152); Chapter 23 of the Acts of 1998; Chapter 45 and Chapter 256 of the Acts of 2001; Chapter 139, section 211 of the Acts of 2012; and Chapter 195 of the Acts of 2014 (Chapter 195).

Under Chapter 190, the Commonwealth acquired the John B. Hynes Veterans Memorial Auditorium (the Auditorium) and the Boston Common Garage (the BCG or Garage) from the City of Boston. To manage these newly acquired assets, the legislation created the Authority, which was governed by a seven-member Board of Directors (Board) chaired by the Treasurer of the Commonwealth. The MCCA remodeled and expanded the auditorium building, creating the John B. Hynes Veterans Memorial Convention Center (the Hynes), which was opened in 1988.

In 1997, the Commonwealth passed Chapter 152, which authorized the Authority to construct and manage a new convention facility on the South Boston waterfront, the Boston Convention & Exhibition Center (the BCEC) and provided the MCCA with control over and responsibility for the Springfield Civic Center, its renovation and expansion. Chapter 152 also expanded the Authority's board membership from seven to thirteen, to be chaired by an appointee of the Governor (approved by the mayor) with a six-year term.

In the Commonwealth's fiscal year 2003 budget, several provisions were enacted affecting the operations, marketing, and financial activities of the MCCA. Most significantly, it suspended the Authority's funding for its net operating costs from the State Tourism Fund. This funding mechanism was replaced in fiscal year 2004 by disbursements from the CCF, created by the 1997 Convention Center Act, which authorized the Commonwealth to provide the Authority with up to $17 million from the CCF to defray the Authority's net cost of annual operations as defined in Chapter 190. This use requires that the State Treasurer and Secretary of Administration and Finance (the Secretary) annually certify the availability of funds within the $17 million cap after payment of debt service which is required to be made first. The funding cap was increased to $23 million in fiscal year 2005. Chapter 195 increased funding caps for fiscal years 2016, 2017, and 2018 (and subsequent years thereafter, subject to future legislation) to $25 million, $26 million, and $28 million, respectively. Finally, in fiscal year 2010 the Authority and the Secretary agreed that the annual funding cap for the formers net operating costs will be reduced by an equal amount to the annual interest and principal payments made to the Authority related to the $18 million loan for the construction of the Boston Tea Party Ships and Museums (see discussion in Note 1).

In July 2014, Chapter 195 was adopted, authorizing the Commonwealth to issue an additional $1 billion in special obligation bonds to finance an expansion of the BCEC. The new law authorized a 1.3 million square foot expansion of the BCEC, including substantial additions to the exhibit and meeting space, and a second, larger ballroom. Under Chapter 195, funding for the $1 billion expansion would be supported by the existing CCF, which was created in 1997 to pay for the development and construction of the BCEC, the MassMutual Center (MMC) in Springfield, and the Worcester Convention Center as well as to fund the operations and capital improvements of the MCCA. No bonds authorized under Chapter 195 have been issued as of fiscal year 2024.

On November 15, 2017, the Authority's Irrevocable Retiree Pension Trust (Pension Trust) was established for the advance accumulation of funding for future pension contributions. The Pension Trust is presented using the accrual basis of accounting and is reported as a blended component unit in the Authority's financial statements.

On November 15, 2017, the Authority's Irrevocable Other Post-Employment Benefit (OPEB) Trust (OPEB Trust) was established to administer the single-employer defined benefit OPEB plan that is used to provide post-employment benefits to the Authority's retirees. The OPEB Trust is presented using the accrual basis of accounting and is reported as an OPEB trust fund in the fiduciary funds financial statements.

The Pension Trust and OPEB Trust and corresponding policies were adopted by the Authority to accumulate resources, for the first time, to fund the Authority's long-term retiree liabilities. Until fiscal year 2017 no funds had been set aside by the Authority for this purpose despite the large and growing measured liabilities.

On November 23, 2020, the Authority purchased the Springfield Civic Center Garage (SCCG) from the Springfield Parking Authority (SPA). The SCCG, which is adjacent to the Authority's MMC facility, is deemed essential by the Authority's Board and management for the marketing and operation of the MMC. The Authority has demolished the old garage structure, and work has begun to construct a new garage in its place. The new parking structure will offer modern parking amenities and other features while supporting the business of the MMC and its customers.

The Authority is considered a discretely presented component unit of the Commonwealth for financial statement reporting purposes and these annual financial statements are included by the Massachusetts State Comptroller's Office within its Annual Comprehensive Financial Report (ACFR) for the Commonwealth.

ABOUT OUR BUSINESS

WHAT WE DO

The Authority operates three world-class public assembly facilities that generate significant regional economic activity by attracting conventions, trade shows, and other events to the Commonwealth. Two of these facilities, the BCEC and the Hynes, generate event-related revenue primarily from the sale and use of meeting and exhibition space, the sale of services that support the use of that space, such as electricity, internet, security, rigging and audio/visual services (together such services are referred to herein as Support Services), and income from food and beverage sales at the facilities. The third facility, the MMC, generates both arena event revenue, from hosting full seasons of minor league and college hockey games and other arena events, and convention event revenue from the attached convention center, which opened in October 2005. Through these facilities, the MCCA attracts hundreds of thousands of people to the Commonwealth annually, enriching the local economy with hotel and retail spending, and other direct spending on goods and services.

In late summer of 2014, the MCCA opened an outdoor venue named "The Lawn on D," (the Lawn) consisting of 2.7 acres of flexible public and event space immediately adjacent to the BCEC. The Lawn was operated during 2014 and 2015 as an "experimental" project, in which various sales and operating models were evaluated for consideration for a more permanent outdoor venue in the future. The pilot phase's expenses of the Lawn were funded from the Authority's annual capital projects budget. Following deliberations in the fall and winter of 2015 and 2016, the Authority elected to re-open the Lawn in 2016 as a full business segment.

The MCCA also operates a 1,367 space underground public parking space, the BCG, located in the Back Bay/Beacon Hill neighborhood of Boston. The BCG is a top-tier parking facility in the heart of Boston, providing secure and accessible parking for commuters, nearby residents, and tourists alike. The garage generates revenue almost exclusively as a result of parking fees. Currently, the BCG is managed by agreement with a garage management company that also manages a number of other parking facilities in the Greater Boston area.

Effective December 1, 2020, the Authority assumed operations of the existing Springfield Civic Center Garage (SCCG). The SCCG appears as a separate full business segment, as reported in the Other Supplementary Information section of these financial statements.

MANAGEMENT'S OBJECTIVES AND STRATEGY

The Authority's mission is to generate significant regional economic activity by attracting conventions, tradeshows, and other events to its world-class facilities while maximizing the investment return for the residents and businesses in the Commonwealth. To accomplish this, the Authority's management operates the business consistent with strategic business principles for success in both the short and long-term. Unifying the management team and the Authority's dedicated employees and contractors in achieving its priorities is part of the Authority’s over-arching goal, and management believes it is critical to Boston, Springfield and the Commonwealth of Massachusetts remaining competitive in the meetings industry.

SUMMARY OF FINANCIAL PERFORMANCE

Condensed Financial Information

Statements of Net Position

	2024	2023
Current assets	$ 114,899,502	$ 109,528,580
Non-capital non-current assets	31,299,906	34,217,660
Capital assets	596,822,806	581,465,730
Total assets	743,022,214	725,211,970
Deferred outflow of resources	11,026,816	9,047,827
Total assets and deferred outflows of resources	754,049,030	734,259,797
Current liabilities	39,439,549	23,749,979
Noncurrent liabilities	43,324,193	41,195,129
Total liabilities	82,763,742	64,945,108
Deferred inflows of resources	25,579,378	27,958,676
Total liabilities and deferred inflows of resources	108,343,120	92,903,784
Net position	$ 645,705,910	$ 641,356,013

The Authority's net position increased by $4.350 million, or 0.68%, from $641.356 million in FY23 to $645.706 million in FY24. Total current assets grew to $114.900 million from the prior year amount of $109.529 million, primarily driven by an increase of $4.246 million in the Authority's restricted investments for retiree pension liabilities.

Total noncurrent assets increased by $12.439 million, as a result of a $15.357 million increase in the Authority's net capital and right to use assets. Deferred outflows increased modestly in FY24, from $9.048 million in FY23 to $11.027 million in FY24. Total assets and deferred outflows grew by $19.789 million or 2.70%, from $734.260 million in FY23 to $754.049 million in FY24.

Total liabilities in FY24 grew by $17.819 million, or 27.44%, from $64.945 million in FY23 to $82.764 million. This change was primarily driven by a $14.802 million increase in accounts payable and accrued expenses. Deferred inflows of resources decreased by $2.379 million in FY24, from $27.959 million in FY23 to $25.579 million. Combined, total liabilities and deferred outflows increased by $15.439 million, or 16.62%, to $108.343 million in fiscal year 2024.

During FY24 total operating revenues were approximately $81.827 million, which represented a 1.20% decrease from the prior year. Total operating expenses for FY24 were $155.280 million an increase of $27.751 million or 21.76% from the FY23 amount of $127.529 million. During FY24, the Authority's staffing levels rose along with cost of living increases and expenses that are closely linked to event activities, such as energy expenses and contracted services, increased. In FY24 total operating expenses were approximately $155.280 million including depreciation, and approximately $117.964 million without depreciation. For comparison, during FY23 the same amounts were approximately $127.529 million and $89.580 million, respectively.

Overall, the result of the Authority's operations was a total operating reimbursement request from Convention Center Fund of $13.431 million, which compares to the statutory limit of $28 million and an operating budgeted request of $19.178 million. The Authority reported a coverage ratio of 0.80 in FY24 compared to 0.91 in FY23. More discussion on this metric is provided later in this section, including the historical comparison for the Authority's annual financial performance.

RESULTS OF OPERATIONS

Condensed Financial Information

Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating revenues	$ 81,827,122	$ 82,824,733
Operating expenses	155,279,796	127,528,651
Operating income/(loss)	(73,452,674)	(44,703,918)
Nonoperating revenues/(expenses), net	23,057,356	20,883,047
Income/(loss) before capital contributions	(50,395,318)	(23,820,871)
Capital contributions:		
Massachusetts CCF - capital contributions	50,437,495	26,573,388
Capital contributions from other entities	4,307,720	615,191
Change in net position	4,349,897	3,367,708
Net position, beginning of year	641,356,013	637,988,305
Net position, end of year	$ 645,705,910	$ 641,356,013

Operating Revenues

During FY24 operating revenues were approximately $81.827 million, which represented a minimal decrease of approximately $998 thousand or 1.20% from FY23. Convention rental revenues totaled $18.768 million, representing a decrease of $333 thousand or 1.74% from the prior year amount of $19.102 million.

Convention services, which consist of sources such as event security, electrical, internet and rigging services, increased moderately in FY24. Total convention service revenues were approximately $26.860 million, representing an increase of $945 thousand or 3.65% from the FY23 amount of approximately $25.916 million.

In FY24 total food and beverage revenues were $12.475 million, an 17.89% decrease from the prior year. These represent the earnings by the Authority's food and beverage operators at its BCEC, Hynes and MMC facilities after the latter's cost of operations and other related charges. While the number of events increased from FY23 to FY24, the change in the mix of the type and size of events resulted in a decrease in this revenue, mainly at the Hynes.

Parking fees, earned primarily at the BCG, totaled $13.358 million in FY24. This result corresponds to a 0.33% increase year over year from FY23. The BCG’s daily and monthly parkers continue to grow in numbers with commuter traffic and entertainment and recreational demand increasing.

Commercial revenues, which are generated from lease payments by hotels (BCEC) and restaurant (Hynes) tenants, totaled approximately $3.871 million in FY24. This represents a 3.30% increase from the prior year’s revenue of approximately $3.747 million. A key driver of this year-over-year growth has been the increase in demand for hotel rooms at tenant properties, from which the Authority generates a portion of its annual ground lease rent.

Other revenues, which can include a variety of sources, most notably waterfront transportation services, but also one-time insurance claims and proceeds from short-term leases, increased during FY24 by $941 thousand from $5.553 million in FY23 to $6.495 million in fiscal year 2024. This increase was largely attributed to an approximately $1.380 million increase in show cancellation fees in FY24, pursuant to signed Event License Agreements.

Operating Expenses

During FY24, the Authority’s total operating expenses grew by $27.751 million, or 21.76%, from approximately $127.529 million in FY23 to approximately $155.280 million in FY24. After adjusting to exclude depreciation expense, these amounts were approximately $117.964 million and $89.580 million, respectively, for FY23.

Total salaries and benefits expenses in FY24 totaled approximately $55.930 million, which compares to approximately $29.711 million in the prior year, or a 88.25% annual increase. During fiscal year 2024, the Authority utilized approximately $13.609 million to fund the Authority’s pension trust. In addition, cost of living increases along with increased staffing, promotions and overtime accounted for the rest of the salary increases during FY24.

Other operating expenses totaled approximately $25.058 million in FY24. This expense category includes a range of cost items such as supplies and equipment, software licenses, sales and marketing activities, legal services and credit card and other fiscal fees. FY24 corresponds to a 12.19% increase from the prior year total of approximately $22.336 million. During the year, the Authority witnessed increases in its legal services, fiscal fees and and insurance coverage accounts. Finally, the Authority continued to increase its annual spending levels for sales and marketing activities.

The Authority’s contracted services expenses totaled approximately $26.692 million in FY24, or a 9.27% increase from the prior year’s level of approximately $24.426 million. Many of the expenses under this category are incurred in direct support of event activities at the Authority’s venues, such as contracted event security, parking and cleaning and house labor services. Additionally, building system maintenance contract expenses increased to maintain the operations of the facilities as they continue to age. Key services that support both front of house and back offices activities, including computer support services, trash removal, and professional services, increased substantially as well.

Utility expenses at the Authority’s venues totaled approximately $10.285 million in FY24, which reflects a 21.53% decrease from the FY23 amount of approximately $13.107 million. During the year, there were decreases in supplier and delivery charges. Also, the Authority enters into agreements with utility providers in an effort to stabilize costs throughout the year. The Authority continues to implement measures to reduce energy demand, helping to limit the total year over year increases in these costs.

Non-operating Revenues/(Expenses), Net

Total FY24 net non-operating revenues were approximately $23.057 million, comprised of: $13.431 million in operating subsidies from the Commonwealth representing reimbursement for the Authority's NCO; $56 thousand in federal grants; $687 thousand in interest payments received on the Boston Tea Party Ships and Museum outstanding loan; approximately $2.539 million in nonemployer contributions to the pension plan and an approximately $5.811 million gain in earnings on the Authority's pension trust investments along with other minor revenues.

Interest on Loans

The Authority recognized $687 thousand in interest earnings related to its $18 million loan to the Boston Tea Party Ships and Museums. In fiscal year 2021, the Authority agreed to allow the borrower to discontinue monthly repayments for the bulk of fiscal year. All unpaid interest was ultimately recognized and added to the balance of the outstanding loan principal and cash payments for interest began in June 2021 and principal in December 2021. See Note 1 to the basic financial statements for further discussion on this transaction and loan.

COMPARISON TO BUDGET

Operating Revenues

Operating revenues in fiscal year 2024 were approximately $7.852 million more than the Authority's adopted budget, or 10.45% above budget. The Authority's adopted FY24 budget represented a significant increase over the FY23 revenue budget as the prior year actual revenues far exceeded the budget. FY24's budget was developed assuming, revenue growth however at a smaller rate than in prior years. During FY24, the actual attendance and consumption by show planners and exhibitors for event services proved to be much stronger than what the Authority originally budgeted for the year. This resulted in greater demand for event services and meeting space, including at the Boston Convention & Exhibition Center (BCEC), the Hynes and the MassMutual Center. For the BCEC alone, actual FY24 revenues were $5.499 million greater than projected, totaling $47.598 million compared to a budget of approximately $42.099 million.

Parking revenues, most notably at the Boston Common Garage (BCG), grew on pace with budget. At the close of the year, total BCG revenues were $11.671 million, which was slightly below the Authority's FY24 budget. The BCG has benefited from greater commuter demands as well as a continued bounce back in nightlife and weekend attractions in Boston.

Operating Expenses

After excluding depreciation and other related items not typically included in the Authority's calculation of its net cost of operations, total budgeted expenses in FY24 were approximately $94.830 million. Actual expenses in fiscal year 2024 were approximately $97.142 million, or 2.44% above budget. With the strong demand from events, the Authority spent more on cleaning, security and key maintenance contracts compared to originally-budgeted levels.

Non-operating Revenues/(Expenses), Net

In FY24, net non-operating expenses totaled approximately $1.921 million, compared to the original budget of net non-operating expenses of approximately $807 thousand from interest earnings. The budget to actual variance of approximately $2.728 million resulted mainly from expenses funded from the capital budget that were not capitalizable. Historically, the Authority has only budgeted for interest earnings annually in its adopted budget.

Key Performance Metrics

		2024		2023
Operating Coverage Ratio Calculation:				
Operating revenue (including investment income and interest on loans)	$	83,029,860	$	83,902,408
Operating expense (excluding depreciation, certain amounts paid for restricted net position and amounts paid from the capital budget)		103,859,246		92,544,872
MCCA operating coverage ratio		0.80		0.91
Revenue per gross square foot (BCEC)	$	66.88	$	62.55
Revenue per gross square foot (Hynes), excluding commercial space	$	44.64	$	57.62
Revenue per gross square foot (MMC)	$	28.80	$	28.88
Revenue per attendee (MMC) - Arena	$	30.91	$	26.26
Average revenue per space per day (BCG)	$	23.39	$	23.21

The MCCA's management believes one important measure of the Authority 's financial performance is its operating coverage ratio, which reveals the degree to which gross revenues from operations (including investment income and interest on loans) cover gross operating expenses (excluding depreciation, amounts paid from restricted net position and the capital budget). Use of this ratio reveals, in part, the degree to which the Authority must rely on non-operating revenue (largely the annual subsidy from the CCF) to offset its net cost of operations. The greater the ratio, the more successful the Authority is in generating resources independently and in meeting its goal to increase its financial self-sufficiency.

Historically, management believes during a typical business year this ratio will fluctuate between 0.65 and 0.75 (or +/- 7% from the 0.70 mid-point) depending on event activities in any specific year. However, with is implementation of plans for diversification of revenue streams and efforts to minimize expense increases, management continues to work to sustain the annual coverage ratio to well above the historical target.

In FY24 and FY23, the Authority's operating coverage ratios (defined above) were 0.80 and 0.91, respectively. The FY24 result marks a drop from the prior year, but still reflects a relatively high amount for this benchmark and indicates the continuing strength of the recovery by the Authority in its core event business activities over the course of the year.

The convention centers' revenue-generating performance can also be measured by their Revenue Per Gross Square Feet (Rev. PGSF), which is the total event related revenue achieved in the fiscal year divided by the facility's gross square feet available for rental. This measures the amount of revenue the Authority was able to generate from the facility, assuming that all salable square feet are equally capable of generating revenue from customers. Management believes this metric is a good reflection of both the number and quality of events leasing convention center space. It is also a helpful -albeit not perfect- measure with which to compare the Authority's performance to other large venues in the U.S. with whom the Authority competes. Generally, but not in all cases, as Rev. PGSF increases so does the venue's profitability since incremental revenues typically more than cover variable expenses.

In FY24, the BCEC's Rev. PGSF increased from $62.55/sq. ft in FY23 to $66.88/sq. ft. in FY24 as the BCEC continued its strong event performance. The Hynes experienced revenue of $44.64/sq. ft., a decrease from the $57.62/sq. ft. that was generated at the Hynes during FY23.

During FY24, the MMC's arena top-line performance, as measured by revenue per attendee, was $30.91, up from $26.26 generated in FY23. Using revenue per gross square foot, PGSF, as the measurement, performance of the convention center decreased modestly from $28.88/PGSF in FY23 to $28.80/PGSF in FY24.

The BCG performance is measured by its Revenue per Space per Day, which is the total parking revenue achieved in the fiscal year divided by the facility's total number of available spaces per year (1,367 spaces times 365 days). Management believes this metric is a good reflection of our ability to "turn" the space during the day to maximize daily occupancy. In FY24, BCG Revenue per Space was $23.39, increasing from prior year amount of $23.21. In FY24 the BCG witnessed a modest increase in demand in daily and monthly parkers corresponding to increased demand for commuter parking and entertainment and recreational destinations adjacent to the BCG.

CAPITAL ASSETS AND CONSTRUCTION ACTIVITIES

The Authority's capital projects planning program provides the Authority with the projected future capital requirements necessary to keep the Authority's assets in excellent working condition. During FY24, the Authority placed approximately $11.139 million of assets in service (approximately $10.251 million transferred from construction in progress and approximately $888 thousand in equipment and right to use asset purchases) and had capital asset disposals of approximately $279 thousand. The net construction in progress balance as of June 30, 2024 was approximately $83.571 million. Total net capital assets totaled approximately $596.823 million. In addition, the Authority has a number of on-going capital projects representing approximately $323.820 million in restricted projects of which approximately $56.943 million has been spent to date (see Note 14, page 49).

The following table details the capital assets for the Authority.

Capital Assets, Net of Depreciation

	2024	2023
Land	$ 173,908,023	$ 173,908,023
Construction in progress	83,570,929	42,035,990
Intangible assets	8,608,359	8,608,359
Land improvements	594,267	990,433
Buildings and improvements:		
Boston Convention and Exhibition Center	258,287,979	276,971,286
Hynes Convention Center	20,941,469	23,210,354
MassMutual Center	32,910,392	36,012,075
Boston Common Garage	12,556,025	14,792,676
Equipment and fixtures	4,509,737	4,358,367
Leased equipment (intangible asset)	64,060	119,314
Right-to-use software (intangible asset)	871,566	458,853
Total capital assets	$ 596,822,806	$ 581,465,730

Additional detail on the Authority's capital asset activities can be found in Note 5 to the basic financial statements on page 36.

RISK ASSESSMENT

The Authority's financial performance and the value of its facilities are subject to a variety of risks normally associated with governmental authorities, and with the ownership and operation of real estate properties including, but not limited to, overall economic conditions as well as conditions specific to the convention and trade show industry. Operating risk, development risk, and environmental risk are among the general risks the Authority faces, and the Authority is also subject to fluctuations in the travel and tourism industry and the exhibit and trade show industry.

The Authority has hands-on management teams for each of the facilities it operates. Although the Authority believes that its real estate portfolio and revenue sources are significantly diversified, a material reduction in demand for space at any of its facilities or a material decrease in the support and food and beverage consumption by show customers could have a material impact on its annual operating revenues which would consequently impact its cash flows and operating results adversely.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 415 Summer Street, Boston, Massachusetts 02210.

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Net Position

As of June 30, 2024

		Business Type Activities
Assets		
Current assets:		
Cash and cash equivalents	$	28,971,927
Restricted cash and cash equivalents		718,569
Restricted investments		59,183,022
Receivables, net of allowance for uncollectible amounts:		
Grants from the Commonwealth		10,727,165
Convention		6,422,755
Loans		542,257
Leases		1,352,256
Public-private partnership		2,017,851
Other		1,699,898
Prepaid expenses		3,070,826
Other current assets		192,976
Total current assets		114,899,502
Noncurrent assets:		
Restricted cash and cash equivalents		1,589,042
Receivables, net of allowance for uncollectible amounts:		
Convention		221,395
Loans		14,446,593
Leases		10,915,918
Public-private partnership		4,126,958
Capital assets not being depreciated		266,087,311
Capital assets, net of accumulated depreciation		329,799,869
Right-to-use assets, net of accumulated amortization		64,060
Right-to-use software, net of accumulated amortization		871,566
Total noncurrent assets		628,122,712
Total assets		743,022,214
Deferred outflows of resources:		
Pension related		6,828,122
OPEB related		4,198,694
Total deferred outflows of resources		11,026,816
Total assets and deferred outflows of resources		754,049,030

(Continued)

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Net Position

As of June 30, 2024

	Business Type Activities
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	23,801,493
Unearned revenue	13,929,704
Compensated absences	1,362,352
Leases	53,310
Software subscription	292,690
Total current liabilities	39,439,549
Noncurrent liabilities:	
Unearned revenue	834,688
Compensated absences	662,904
Leases	11,834
Software subscription	311,875
Net pension liability	40,644,509
Net OPEB liability	858,383
Total noncurrent liabilities	43,324,193
Total liabilities	82,763,742
Deferred inflows of resources:	
Pension related	3,603,201
OPEB related	4,204,422
Lease related	11,626,946
Public-private partnership related	6,144,809
Total deferred inflows of resources	25,579,378
Total liabilities and deferred of inflows of resources	108,343,120
Net position:	
Net investment in capital assets	594,705,927
Restricted for:	
Future pension contributions	59,159,232
Transportation planning/roadway improvements	2,307,611
Unrestricted	(10,466,860)
Total net position	$ 645,705,910

See notes to financial statements

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Revenues, Expenses and Changes in Net Position

June 30, 2024

	Business Type Activities
Operating revenues:	
Convention services income	$ 26,860,311
Convention rental income	18,768,367
Food and beverage	12,474,879
Parking fees	13,357,807
Commercial revenue	3,870,856
Other	6,494,902
Total operating revenues	81,827,122
Operating expenses:	
Salaries and benefits - operating	29,408,106
Salaries and benefits - administrative	26,522,085
Other operating expenses	25,057,664
Contracted services	26,691,548
Utilities	10,284,908
Depreciation and amortization	37,315,485
Total operating expenses	155,279,796
Operating loss	(73,452,674)
Nonoperating revenues/(expenses):	
Massachusetts Convention Center Fund - operating subsidy	13,431,284
Federal grants	55,959
Nonemployer contribution to pension plan	2,538,791
Interest received on lease receivable	244,539
Interest received on loans receivable	687,222
Investment income	270,977
Investment income, net - pension trust (restricted)	5,810,953
Gain on lease termination	17,631
Total nonoperating revenues, net	23,057,356
Loss before capital contributions	(50,395,318)
Capital contributions:	
Massachusetts Convention Center Fund - capital contributions	50,437,495
Other capital contributions	4,307,720
Total capital contributions	54,745,215
Change in net position	4,349,897
Net position - beginning of year	641,356,013
Net position - end of year	$ 645,705,910

See notes to financial statements

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Cash Flows

June 30, 2024

	Business Type Activities
Cash flows from operating activities:	
Receipts from customers and users	$ 84,571,313
Payments to vendors	(47,856,535)
Payments to employees	(52,376,739)
Net cash used in operating activities	(15,661,961)
Cash flows from noncapital financing activities:	
Massachusetts Convention Center Fund - operating subsidy	12,778,983
Federal grants	55,959
Net cash provided by noncapital financing activities	12,834,942
Cash flows from capital and related financings activities:	
Massachusetts Convention Center Fund - capital contributions	47,452,421
Acquisition and construction of capital assets	(52,672,561)
Interest received on lease receivable	244,539
Capital contributions from other entities	4,307,720
Gain on lease termination	17,631
Net cash used in capital and related financing activities	(650,250)
Cash flows from investing activities:	
Purchases of investments	(546,051)
Sale of investments	1,642,848
Loan repayment receipts	518,440
Interest received on loans receivable	687,222
Investment income	739,521
Net cash provided by investing activities	3,041,980
Net change in cash and cash equivalents	(435,289)
Cash and cash equivalents - beginning of year (includes $1,050,099 as restricted cash)	31,714,827
Cash and cash equivalents - end of year (includes $2,307,611 as restricted cash)	$ 31,279,538

(Continued)

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Cash Flows

June 30, 2024

		Business Type Activities
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(73,452,674)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Cash from operating activities:		
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources not requiring current cash flows:		
Depreciation and amortization		37,315,485
Change in net pension liability		7,198,449
Change in deferred outflows - pension		(3,210,041)
Change in deferred inflows - pension		(1,731,775)
Change in net OPEB liability		(3,191,453)
Change in deferred outflows - OPEB		1,231,052
Change in deferred inflows - OPEB		3,020,574
Change in deferred inflows - leases		(1,680,067)
Change in deferred inflows - public-private partnerships		(1,988,030)
Effect of changes in operating assets and liabilities:		
Convention receivables, net		2,358,240
Lease receivables, net		1,518,989
Public-private partnership receivables, net		1,988,030
Other receivables, net		(1,377,875)
Prepaid expenses		19,328
Other current assets		(30,620)
Accounts payable and accrued expenses		14,801,793
Unearned revenue		1,924,904
Compensated absences		236,647
Environmental remediation		(827,150)
Leases		(54,537)
Software subscription		268,770
Total adjustments		57,790,713
Net cash used in operating activities	$	(15,661,961)

See notes to financial statements

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Fiduciary Net Position

As of June 30, 2024

	OPEB Trust Fund	Custodial Funds
Assets		
Cash and cash equivalents	$ —	$ 229,621
Investments:		
Common collective trusts	17,838,362	—
Fixed income mutual funds	719,099	—
Equity mutual funds	1,177,581	—
Total investments	19,735,042	—
Receivables, net of allowance for uncollectible amounts:		
Accounts receivable	—	106,857
Total assets	19,735,042	336,478
Liabilities		
Accrued expenses	9,394	—
Net position		
Restricted for:		
Postemployment benefits other than pensions	19,725,648	—
Individuals, organizations and other governments	—	336,478
Total net position	$ 19,725,648	$ 336,478

See notes to financial statements

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Statement of Changes in Fiduciary Net Position

June 30, 2024

	OPEB Trust Fund	Custodial Funds
Additions		
Contributions:		
Other additions	$ —	$ 106,857
Total contributions	—	106,857
Investment income:		
Net appreciation of investments	1,799,416	—
Interest and dividends	185,794	—
Less investment expenses	(13,306)	—
Net investment gain	1,971,904	—
Total additions	1,971,904	106,857
Deductions		
Benefit payments	658,419	—
Administrative expenses	30,749	—
Total deductions	689,168	—
Change in net position	1,282,736	106,857
Restricted net position - beginning of year	18,442,912	229,621
Restricted net position - end of year	$ 19,725,648	$ 336,478

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

Reporting entity

Establishment and Background
The Massachusetts Convention Center Authority (the Authority or MCCA) is a public authority created by act of the Legislature of the Commonwealth with the original purpose of acquiring and operating a portfolio of assets, specifically, the John B. Hynes Veterans Memorial Convention Center (the Hynes or the Hynes Convention Center) and the Boston Common Garage (BCG). The Authority's purpose is to generate significant regional economic activity by attracting conventions, trade shows, and other events to its facilities while maximizing investment return for the Commonwealth of Massachusetts (Commonwealth).

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity,* GASB Statement No. 30, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14, and GASB Statement No. 61, the Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34,* the financial statements must present the Authority and its component units. The Authority, itself, is considered a component unit of the Commonwealth and, accordingly, its financial statements are incorporated into the Annual Comprehensive Financial Report (ACFR) of the Commonwealth.

Pursuant to Chapter 152 of the Acts of 1997, effective November 17, 1997 (the Act), the Authority was empowered to expand its portfolio of assets as follows:

- Design, construct, and operate a new Boston Convention & Exhibition Center (the BCEC) subject to appropriation of funds and financing by the Commonwealth.

- Receive, transfer, ownership, and control of the Springfield Civic Center, and subsequently expand and renovate the facility subject to appropriation of funds and financing by the Commonwealth.

In addition to these provisions, the Act also enlarged the Authority's Board of Directors (Board) from 7 to 13 members. The BCEC officially opened for business in the summer of 2004, and the Springfield Civic Center project was completed in the fall of 2005 (see Note 5, now designated as the MassMutual Center (MMC)).

As part of the BCEC project, the Authority also ground leased a portion of the project site to the Boston Convention Center Hotel, LLC (the Hotel) for the purpose of the design, construction, ownership, and operation of a 790-room hotel adjacent and connected to the BCEC. The Authority was responsible for site preparations and construction of infrastructure associated with the Hotel construction. The Hotel officially opened for business in June of 2006. Subsequent acquisitions by the Authority of property adjacent to the BCEC have occurred since 2006, most notably the acquisition of properties on D and E street in South Boston. Such acquisitions have allowed the Authority to spur the design and construction of two additional hotels for a total of 510 rooms, which are subject to the terms of a ground lease between the Authority and the hotel developer.

In late summer of 2014, the MCCA opened an outdoor venue named "The Lawn on D," (the Lawn) consisting of 2.7 acres of flexible public and event space immediately adjacent to the BCEC. The Lawn was operated during 2014 and 2015 as an "experimental" project, in which various sales and operating models were evaluated for consideration for a more permanent outdoor venue in the future. The pilot phase's expenses of the Lawn were funded from the Authority's annual capital projects budget. Following deliberations in the fall and winter of 2015 and 2016, the Authority elected to re-open the Lawn in 2016 as a full business segment. The Lawn is open each year from May to October.

On November 23, 2020, the Authority purchased the Springfield Civic Center Garage (SCCG), adjacent to the Authority's MMC, from the City of Springfield Parking Authority. The Authority purchased the garage with the intent of demolishing the existing structure and replacing it with a new state of the art garage, which will be owned and operated by the Authority.

<u>Funding</u>
The Act, as amended by Section 439 of Chapter 26 of the Acts of 2003, created the Convention Center Fund (CCF or the Fund). The purpose of the Fund is to provide funding for the activities of the Authority. Section 439 amended Section 10(c) of the Act, which authorized up to $23 million annually to defray the Authority's net cost of operations from its activities as well as providing for reserves for capital and current expenses of the Authority as defined on page 63. Chapter 195 of Acts of 2014 increased the fiscal years 2016, 2017, 2018 (and on) caps to $25 million, $26 million, and $28 million, respectively. During fiscal year 2024, the Authority requested reimbursements from the Fund totaling $62,242,055 for the net cost of operations ($13,431,284) and the pay-go capital program ($48,810,771).

<u>Blended Component Unit</u>
On November 15, 2017, the Massachusetts Convention Center Authority Irrevocable Retiree Pension Trust (Pension Trust) was established for the advance accumulation of future pension contributions. The Pension Trust is governed by six trustees, which are to be comprised of individuals holding selected positions of the Authority. The Pension Trust is presented using the accrual basis of accounting and is reported as a blended component unit in the Authority's business-type activities financial statement. The Authority has determined that the Pension Trust should be reported as a blended component unit because the Pension Trust does not accumulate funds to pay benefits to Authority retirees. Rather, the purpose of the Pension Trust is to accumulate resources to stabilize the amount of future operating funds that the Authority will need to use to meet its contribution requirements under the Massachusetts State Employees' Retirement System (MSERS). The balances and activities of the Pension Trust are not part of the MSERS. Additionally, the purpose of the Pension Trust is to defray the Authority's future costs of the payments associated with the Authority's retiree pension benefits. The Pension Trust does not issue a separate audited financial statement.

<u>Fiduciary Funds</u>

- <u>OPEB Trust Fund</u>
  On November 15, 2017, the Massachusetts Convention Center Authority Irrevocable OPEB Trust (OPEB Trust) was established to administer the single-employer defined benefit other post-employment benefit (OPEB) plan that is used to provide postemployment benefits to the Authority's retirees. The OPEB Trust assets are solely dedicated for the purpose of providing OPEB to retirees in accordance with the OPEB Plan's benefit terms. The OPEB Trust is governed by six trustees, which are to be comprised of individuals holding selected positions of the Authority. In accordance with the requirements of GASB Statement No. 84, *Fiduciary Activities,* the OPEB Trust is presented using the accrual basis of accounting and is reported as an OPEB Trust Fund in the fiduciary funds financial statement. The OPEB Trust did not issue a separate audited financial statement.

- Custodial Fund
  On February 22, 2011, the Authority entered into a loan agreement with the Boston Tea Party Ship, Inc. (BTPS) for a loan in the amount of $18 million to be used for approved expenses related to the Boston Tea Party Ship and Museum (BTPSM). As part of the agreement, the BTPS is to fund a reserve to be held pending satisfactory repayment of the loan principle, at which time the reserves are to be returned to the BTPS.

Measurement focus, basis of accounting, and basis of presentation

The Authority's financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Operating revenues and expenses are segregated from non-operating items. Operating revenues and expenses consist of those revenues and expenses that result from the principal operations of the Authority. Operating revenues consist primarily of convention center services and rental revenues and parking fees charged to users of the BCG. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from non-exchange transactions or ancillary activities.

Cash and cash equivalents and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are measured at fair value, with the exception of money market mutual funds (presented as cash and cash equivalents) which are held at amortized cost, which approximates fair value.

Pension and OPEB Trust investments are reported at fair value using quoted market prices or the best available estimate thereof. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value GAAP hierarchy. The hierarchy is based on the valuation inputs 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; Level 3 inputs are significant unobservable inputs.

Restricted assets

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, agreements with or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted cash was received from the prior sale of air rights and has been restricted for transportation planning/roadway improvements pursuant to an agreement with the City of Boston. Restricted investments have been restricted for future pension contributions, in accordance with the purpose of the Pension Trust.

Accounts receivable

Grants from the Commonwealth
The Authority is reimbursed by the Commonwealth to defray its net cost of operations from activities as well as providing reserves for capital, pension, and OPEB trusts, and current expenses of the Authority. These amounts are considered 100% collectible.

Convention
Convention receivables are stated net of an allowance for doubtful accounts. The allowance is established by management to provide for potential bad debts based on current information available and past experience. At June 30, 2024, the allowance for doubtful accounts amounted to $131,139.

Loans
During FY2011, the Authority authorized an $18 million loan to the BTPSM for the construction of the Boston Tea Party Museum and historical replica ships. Loan amounts were distributed based on reimbursement requests submitted during the period of construction. On April 1, 2020, the Authority and the BTPSM entered into a Deferment Agreement and Amendment to the Loan Agreement (the Deferment). The Deferment granted relief and postponement of loan repayments from April 1, 2020 through June 30, 2020 (the Deferment Period) and extended the maturity date to October 1, 2042. In connection with the Deferment, the Authority capitalized accrued interest amounts of $173,334 as principal during FY2020 over the deferment period. The post deferment period monthly payments increased to $92,261 from $91,238.

On January 12, 2021, the Authority and the BTPSM entered into a Second Deferment Agreement and Amendment to Loan Agreement (the Second Deferment). Among other things, the Second Deferment granted relief and postponed loan repayments from July 1, 2020 to June 30, 2021 (the Second Deferment Period). As a result of the Second Deferment, the Authority capitalized additional accrued interest amounts of $701,138 as principal over the Second Deferment Period. The new repayment amount as of July 1, 2021 was $61,057 a month until January 1, 2022 at which time the monthly payment increases to $100,472 until final maturity.

The outstanding loan principal at June 30, 2024 totaled $14,988,850 and no allowance for doubtful accounts on outstanding loans was deemed necessary.

Lease receivable

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 lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

Public-private partnership receivable

The Agency recognizes a public-private partnership receivable at the commencement of an agreement with a private company to operate water ferries. This receivable is measured as the total value of the future installment payments expected to be received under the terms of the public-private partnership agreement.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital assets

The Authority's capital assets consist of land, construction in progress, intangible assets, land improvements, buildings and improvements, and equipment and fixtures.

Capital assets are recorded at cost. Donated capital assets are recorded at the acquisition value at the date of donation.

All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land, intangible assets, and construction in progress) are depreciated on a straight-line basis. Depreciation expense is charged to the function of the capital asset being depreciated, as an operating expense. The estimated useful lives and capitalization thresholds are as follows:

Capital Asset Type	Estimated Useful Life (in years)	Capitalization Threshold
Land improvements	10	$ 50,000
Buildings and improvements	5-30	50,000
Equipment and fixtures	3-5	5,000

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

The Authority assesses the carrying value of capital assets 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 by the Authority are reported using GASB Statement No 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The Authority did not record any impairment charges related to its property as of June 30, 2024 as there were no indicators of impairment.

Intangible right-to-use assets and software

Right-to-use (RTU) assets and RTU software are recognized at the lease commencement date and represents the Authority’s right-to-use an underlying asset or software for the lease term. RTU assets and RTU software are measured at the initial value of the lease liability plus and payments made to the lessor before commencement and initial direct costs. Options to renew or terminate the lease are recognized as part of the RTU assets, RTU software and lease liabilities when it is reasonably certain the options will be exercised.

Revenue recognition

Revenues are recognized on the accrual basis of accounting. The BCEC, Lawn on D, Hynes Convention Center, and MMC revenues consist primarily of rental income and income for services such as electricity, commercial revenue, air, water, telephone, cleaning, rigging, security, internet access, equipment, and food and beverage revenues. These revenues are recognized upon the completion of the event. BCG revenue consists of parking fees and are recognized at the time of sale for transient parkers and each monthly when earned for monthly parkers. Proceeds from insurance claims awarded to the Authority are recognized as current revenues when there is a high degree of certainty of each individual claim's eligibility for insurance reimbursement and the corresponding award amount.

Grants from the Commonwealth reflect revenues and receivables due from the Commonwealth (from the CCF) to offset the Authority's net cost of operations, pay-as-you-go capital programming, and set funding aside to defray the costs of its retiree pension and OPEB liabilities. Funds are disbursed by the Commonwealth to the Authority in accordance with an annual funding agreement executed between the Executive Office for Administration and Finance and the Authority.

Amounts received in advance of services rendered or revenue earned are recorded as unearned revenue.

Nonemployer contributions from the Commonwealth are contributions made to pension plan on the Authority's behalf by the Commonwealth. MSERS developed an effective contribution methodology, which allocates total actual contributions amongst participating employers. The nonemployer contributions result from differences between the effective contribution of the Authority and the Authority's actual contributions to the plan during the fiscal year.

Pension benefits

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

Other post employment benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust and additions to/deductions from the OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust. For this purpose, OPEB Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

Compensated absences (vacation pay and sick leave benefits)

All union employees are contractually entitled to receive vacation pay benefits and, upon retirement, sick leave benefits which are capped at varying amounts based upon the applicable contract. In addition, the Authority has extended a similar, but more limited, benefit to all other eligible employees. Vacation and sick leave benefits accrued for employees at June 30, 2024 totaled $2,025,256 and is reflected in the accompanying statement of net position as accrued compensated absences.

Deferred inflows/outflows of resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and as such will not be recognized as an outflow of resources (expenses) until that time. These items are reported as a category below the assets on the statement of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and as such will not be recognized as on inflow of resources (revenue) until that time. These items are reported as a category below the liabilities on the statement of net position.

The Authority has reported the following deferred outflows of resources and deferred inflows of resources in these financial statements:

- Deferred outflows of resources or deferred inflows of resources for amounts not recognized in pension or OPEB expense due to the difference between the measurement date and the fiscal year end date and are noted as deferred inflows and/or deferred outflows from pensions and OPEB.

- The Authority, as a lessor, recognizes a deferred inflow of resources at the commencement of the lease term, with certain exceptions for short-term leases and leases that transfer ownership of the underlying assets. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

- The Authority recognizes a deferred inflow of resources upon the inception of a public-private partnership. The deferred inflow of resources is measured as the value of the receivable for installment payments in addition to any payments received from the operator at or before the commencement of the public-private partnership term.

Net position

Net position represents the residual difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported in the following categories:

- *Net investment in capital assets* represents capital assets, including right-to-use assets and software, net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to asset acquisitions, construction, and improvements.

- *Restricted net position* is reported when amounts are restricted by outside parties for a specific future use. Net position has been restricted for future pension contributions, which represents the net position of the Pension Trust, transportation planning, which represents amounts related to the previous sale of air rights pursuant to an agreement with the City of Boston and amounts reserved for capital and marketing purposes pursuant to a contract with Levy Fine Dining.

- *Unrestricted net position* represents the remaining net position not considered invested in capital assets, or restricted.

Use of estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 2 - DEPOSITS AND INVESTMENTS

Authority (Excluding the Pension and OPEB Trusts)

Deposits – custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. The Authority's custodial bank has collateralized all deposits over $250,000 by establishing a restricted pool of investments separate from the bank's other assets in amounts sufficient to cover the Authority's deposits. At June 30, 2024, bank deposits totaling $32,857,446 were not exposed to custodial credit risk. The carrying amounts of deposits totaled $31,279,538 at June 30, 2024.

Custodial Funds

Deposits – custodial credit risk

Deposits held in a custodial nature for the benefit of others not included in the Authority are held in the same depository as all Authority accounts and are collateralized accordingly. At June 30, 2024, custodial bank deposits totaled $229,621 and were not exposed to custodial credit risk. The carrying amount of the custodial deposits totaled $229,621 at June 30, 2024.

Pension Trust (Blended Component Unit)

Deposits – custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pension Trust's deposits may not be recovered. The Pension Trust does not have a policy for custodial credit risk of deposits. At June 30, 2024, there were no bank deposits on hand and no exposure to custodial credit risk.

The Trustees have adopted a formal investment policy. It is the policy of the Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Investment Summary

The Pension Trust's investments at June 30, 2024 are presented below. All investments are presented by investment type.

Investment Type	Fair Value
Fixed income mutual funds	$ 2,247,937
Equity mutual funds	4,185,614
Common collective trusts	52,749,471
Total investments	$ 59,183,022

Investments – custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Pension Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Trust does not have a policy for custodial credit risk of investments. As of June 30, 2024, the Pension Trust's investments were held in the name of the Authority by the custodian and were not exposed to custodial credit risk.

Investments – credit risk of debt securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Pension Trust does not have a policy for credit risk of debt securities. As of June 30, 2024, the Pension Trust's debt securities were unrated.

Investments – concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Trust's investment in a single issuer. The Pension Trust does not have a policy for concentration of credit risk. As of June 30, 2024, the Pension Trust’s investments were exclusively in mutual funds and common/collective trusts and therefore were not exposed to concentration risk.

Investments – interest rate risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The Pension Trust manages its exposure to interest rate risk by investing in fixed income mutual funds.

Investments – foreign currency risk

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

Investments – fair value measurements

The Pension Trust and the OPEB Trust categorize their fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs other than quoted market prices; Level 3 inputs are significant unobservable inputs.

GAAP provides for the Authority to utilize a practical expedient to estimate fair value for certain investments funds that are not publicly traded. The Authority uses the net asset value (NAV) per share of the investment (or its equivalent) without further adjustment, if the NAV of the investment is determined in accordance with the specializing accounting guidance of investment companies, as of the measurement date and the Authority has no plan to sell the investment at a different value.

The Pension Trust categorization of recurring fair value measurements at June 30, 2024 was as follows:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income mutual funds	$ 2,247,937	$ 2,247,937	$ —	$ —
Equity mutual funds	4,185,614	4,185,614	—	—
Total investments by fair value level	6,433,551	$ 6,433,551	$ —	$ —
Investments measured at the net asset value (NAV):				
Common collective trust funds	52,749,471			
Total investments	$ 59,183,022			

The valuation method for investments measured at the NAV per share (or its equivalent) is presented for the year-end June 30, 2024 was as follows:

Investment Measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common collective trust funds [1]	$ 52,749,471	N/A	Daily	N/A

(1) - Common collective trust funds investments are stated at NAV based on the fair value of its underlying assets. The estimated fair value is based on information provided by the fund managers and included in the fund's audited financial statements.

OPEB Trust Fund (OPEB Trust)

Deposits – custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pension Trust's deposits may not be recovered. The OPEB Trust does not have a policy for custodial credit risk of deposits. At June 30, 2024, there were no bank deposits on hand and therefore no exposure to custodial credit risk.

The Trustees have adopted a formal investment policy. It is the policy of the Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Investment summary

The OPEB Trust's investments at June 30, 2024 are presented below. All investments are presented by investment type.

Investment Type	Fair Value
Fixed income mutual funds	$ 719,099
Equity mutual funds	1,177,581
Common collective trusts	17,838,362
Total investments	$ 19,735,042

Investments – custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the OPEB Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The OPEB Trust does not have a policy for custodial credit risk of investments. As of June 30, 2024, the OPEB Trust's investments were held in the name of the Authority by the custodian and were not exposed to custodial credit risk.

Investments – credit risk of debt securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The OPEB Trust does not have a policy for credit risk of debt securities. As of June 30, 2024, the OPEB Trust's debt securities were unrated.

Investments – concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Pension Trust's investment in a single issuer. The OPEB Trust does not have a policy for concentration of credit risk. As of June 30, 2024, the OPEB Trust’s investments were exclusively in mutual funds and common/collective trusts and therefore were not exposed to concentration risk.

Investments – interest rate risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment’s fair value. The OPEB Trust manages its exposure to interest rate risk by investing in fixed income mutual funds.

Investments – foreign currency risk

The investment policy of the Authority limits the OPEB Trust's foreign currency risk by excluding foreign investments as an investment option.

Investments – fair value measurements

The OPEB Trust categorization of recurring fair value measurements at June 30, 2024 was as follows:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income mutual funds	$ 719,099	$ 719,099	$ —	$ —
Equity mutual funds	1,177,581	1,177,581	—	—
Total investments by fair value level	1,896,680	$ 1,896,680	$ —	$ —
Investments measured at the net asset value (NAV):				
Common collective trust funds	17,838,362			
Total investments	$ 19,735,042			

The valuation method for investments measured at the NAV per share (or its equivalent) is presented for the year-end June 30, 2024 was as follows:

Investment Measured at the NAV	Fair Value	Unfunded Commitment	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Common collective trust funds (1)	$ 17,838,362	N/A	Daily	N/A

(1) - Common collective trust funds investments are stated at NAV based on the fair value of its underlying assets. The estimated fair value is based on information provided by the fund managers and included in the fund's audited financial statements.

NOTE 3 - ACCOUNTS RECEIVABLE

At June 30, 2024, receivables consist of the following:

Receivable Type	Gross Receivables	Allowance for Uncollectibles	Net Receivable
Grant receivable from the Commonwealth	$ 10,727,165	$ —	$ 10,727,165
Convention receivables	6,775,289	(131,139)	6,644,150
Loan receivables	14,988,850	—	14,988,850
Lease receivables	12,268,174	—	12,268,174
Public-private partnership receivable	6,144,809	—	6,144,809
Other receivables	1,699,898	—	1,699,898
Total receivables	$ 52,604,185	$ (131,139)	$ 52,473,046

NOTE 4 - PUBLIC-PRIVATE PARTNERSHIP ARRANGEMENT

The Authority has an arrangement with a private company (the operator) to provide water ferry service for employees of contracted companies (the licensees) as well as members of the general public. The contract runs through FY2024 with options to extend for three, one year periods ending in FY2027. The licensees annually fund this route through agreed upon amounts per licensee. The Authority retains ownership of three ferries throughout the term on the contract and reports them as capital assets with a carrying amount of $878,025 at year-end and reports a public-private partnership receivable and offsetting deferred inflow of resources in the amount of $6,144,809 as of June 30, 2024 pursuant to the public-private partnership arrangement.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 173,908,023	$ —	$ —	$ —	$ 173,908,023
Construction in progress	42,035,990	51,928,581	(144,431)	(10,249,211)	83,570,929
Intangible assets	8,608,359	—	—	—	8,608,359
Total capital assets not being depreciated	224,552,372	51,928,581	(144,431)	(10,249,211)	266,087,311
Capital assets being depreciated and amortized:					
Land improvements	3,961,663	—	—	—	3,961,663
Building and improvements					
Boston Convention and Exhibition Center	732,231,884	—	—	6,735,670	738,967,554
Hynes Convention Center	257,563,888	—	—	806,837	258,370,725
MassMutual Center	81,199,530	—	—	—	81,199,530
Boston Common Garage	53,101,279	—	—	—	53,101,279
Equipment and fixtures	89,199,610	1,500	(10,460)	2,706,704	91,897,354
Leased equipment (intangible asset)	169,653	—	(12,056)	—	157,597
Right to use software (intangible asset)	907,115	886,911	(256,701)	—	1,537,325
Total capital assets being depreciated and amortized	1,218,334,622	888,411	(279,217)	10,249,211	1,229,193,027
Less accumulated depreciation:					
Land improvements	(2,971,230)	(396,166)	—	—	(3,367,396)
Building and improvements					
Boston Convention and Exhibition Center	(455,260,598)	(25,418,977)	—	—	(480,679,575)
Hynes Convention Center	(234,353,534)	(3,075,722)	—	—	(237,429,256)
MassMutual Center	(45,187,455)	(3,101,683)	—	—	(48,289,138)
Boston Common Garage	(38,308,603)	(2,236,651)	—	—	(40,545,254)
Equipment and fixtures	(84,841,243)	(2,556,834)	10,460	—	(87,387,617)
Less accumulated amortization:					
Leased equipment (intangible asset)	(50,339)	(55,254)	12,056	—	(93,537)
Right to use software (intangible asset)	(448,262)	(474,198)	256,701	—	(665,759)
Total accumulated depreciation and amortization	(861,421,264)	(37,315,485)	279,217	—	(898,457,532)
Total capital assets being depreciated and amortized, net	356,913,358	(36,427,074)	—	10,249,211	330,735,495
Total capital assets, net	$ 581,465,730	$ 15,501,507	$ (144,431)	$ —	$ 596,822,806

NOTE 6 - NAMING RIGHTS

In September 2003, the Authority entered into an agreement by and between the Massachusetts Mutual Life Insurance Company (MassMutual) for provision of naming rights at the new Springfield Civic Center. In consideration for $5,000,000, the Springfield Civic Center was designated as the MassMutual Center. MassMutual in turn granted the Authority a license to use the intellectual property for limited use. Upon termination of the agreement, the name of the facility shall revert to the Springfield Civic Center. The term of the agreement commenced on September 29, 2005 (the opening date of the new center) and will end on the 15th year anniversary unless terminated earlier.

This agreement expired on June 30, 2021 and as of these financial statements a new agreement has not been entered into and the name of the center will remain as the MMC until either a new naming rights agreement is entered into or until the Authority is notified and the name revoked.

NOTE 7 - LEASES

The Authority as Lessee

The MCCA leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through FY2026 and may provide for renewal options.

Principal and interest requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 53,310	$ 690	$ 54,000
2026	11,834	16	11,850
Total	$ 65,144	$ 706	$ 65,850

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Leased assets being amortized:	
Leased equipment	$ 157,597
Less: accumulated amortization	
Leased equipment	(93,537)
Leased assets, net of accumulated amortization	$ 64,060

The Authority as Lessor

Additionally, the MCCA, acting as lessor, leases certain grounds and space in and around MCCA buildings under long-term, non-cancelable lease agreements. The leases expire at various dates through 2043 and provide for renewal options ranging from 1 to 5 years. During the year ended June 30, 2024, the MCCA recognized $1,550,975 and $244,539 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Principal and interest requirements to maturity under lease agreements are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 1,352,256	$ 218,872	$ 1,571,128
2026	508,146	201,482	709,628
2027	435,151	192,977	628,128
2028	496,300	184,178	680,478
2029	516,475	174,474	690,949
2030 - 2034	2,863,779	717,702	3,581,481
2035 - 2039	3,524,576	415,084	3,939,660
2040 - 2044	2,571,491	75,978	2,647,469
Total	$ 12,268,174	$ 2,180,747	$ 14,448,921

NOTE 8 - SOFTWARE SUBSCRIPTION ARRANGEMENTS

The MCCA leases software for various terms under long-term, non-cancelable subscription based information technology arrangements (SBITA), which expire at various dates through FY2026 and may provide for renewal options.

Subscription payments under agreements are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 292,690	$ 21,395	$ 314,085
2026	311,875	9,936	321,811
Total	$ 604,565	$ 31,331	$ 635,896

Right-to-use software assets acquired through SBITAs for the year ended June 30, 2024 are shown below:

Right-to-use software being amortized:	
Software	$ 1,537,325
Less: accumulated amortization	
Software	(665,759)
Right-to-use software, net of accumulated amortization	$ 871,566

NOTE 9 - LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance July 1, 2023	Additions	Deletions	Ending Balance June 30, 2024	Current Portion
Compensated absences	$ 1,788,609	$ 480,322	$ (243,675)	$ 2,025,256	$ 1,362,352
Environmental remediation	827,150	—	(827,150)	—	—
Leases	119,681	53,317	(107,854)	65,144	53,310
Software subscription arrangements	335,795	1,204,411	(935,641)	604,565	292,690
Total long-term liabilities	$ 3,071,235	$ 1,738,050	$ (2,114,320)	$ 2,694,965	$ 1,708,352

NOTE 10 - ENVIRONMENTAL REMEDIATION

The Massachusetts Department of Environmental Protection (MassDEP) issued a policy in February 2016 entitled "Light Nonaqueous Phase Liquid (LNAPL) and the Massachusetts Contingency Plan (MCP): Guidance for Site Assessment and Closure." This policy indicates that total petroleum hydrocarbon (TPH) data greater than 1,000 mg/kg should be considered for evaluation of the potential presence of mobile LNAPL (separate phase petroleum product that is lighter than water). Based on its review of the MassDEP Guidance, the Authority's contracted licensed site professional (LSP) recommended further evaluation of elevated concentrations of TPH located at discrete areas of the Authority's property south of the BCEC. A subsurface exploration program to evaluate the potential presence of LNAPL (if any) was conducted from late September through November of 2016. Based on a review of test boring logs, it appears that the majority of the petroleum impacts on the Authority’s property are localized to the areas towards the Authority’s property line with an adjacent property owner. During fiscal year 2020 the Authority’s LSP developed a plan for additional assessments to evaluate the extent of remediation that will be required on the Authority’s property. The explorations were conducted in the 2nd quarter of FY2022, and the results of the assessments were presented to the Authority for its consideration for future remediation steps, which were completed during FY24.

The Authority has received a permanent solution status designation from MassDEP for certain properties it owns on D Street. Testing to support this application was conducted through fiscal year 2020 and was concluded in early 2021. Remediation is not required, and a Permanent Solution Statement and Notice of Activity and Use Limitation was prepared and submitted to MassDEP on November 28,2022.

NOTE 11 - PENSION PLAN

General Information about the Pension Plan

Plan Description – Pensions are provided to eligible Authority employees through the MSERS, a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 67, *Financial Reporting for Pension Plans*. The MSERS is governed by the Massachusetts State Retirement Board (MSRB), which consists of five members-two elected by current and active MSERS members, one by the remaining members of the MSRB, one who is appointed by the State Treasurer and the State Treasurer, who serves as ex-officio and is the Chair of the MSRB. Membership in the MSERS is mandatory immediately upon the commencement of employment for all permanent employees working a minimum of 18.5 hours per week. MSERS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

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

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the Massachusetts General Laws (MGL). The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Contributions – Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Active plan members contribute between 5% and 11% of their gross regular compensation. The contribution rate is based on the date plan membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of $30,000.

The MGLs governing employer contribution requirements to MSERS vary among employers to such an extent that there is no uniform contribution method. Consequently, MSERS developed an effective contribution methodology, which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). Any differences between the effective contribution and an employer's actual contributions are considered a non-employer contribution from the Commonwealth. The Authority's contributions to the pension plan for the year ended June 30, 2024 totaled $1,525,520. Non-employer contributions from the Commonwealth for the year ended June 30, 2024, measurement date one year prior, totaled $2,538,791.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2024, the Authority reported a liability of $40,644,509 for its proportionate share of the net pension liability. The June 30, 2024 net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 for which update procedures were used to roll-forward the total pension liability to the measurement date (June 30, 2023). The Authority's proportion of the net pension liability is based on actual contributions adjusted for non-employer contributions (as described previously). At June 30, 2024, the Authority's proportion was 0.27748%, which compared to a proportion of 0.25870% at June 30, 2023.

For the year ended June 30, 2024, the Authority recognized pension expense of $3,782,147, and reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 1,093,865	$ —
Differences between expected and actual experience	1,443,813	1,004,322
Changes in assumptions	683,099	—
Changes in proportion	2,081,825	2,598,879
Contributions made after the measurement date	1,525,520	—
Totals	$ 6,828,122	$ 3,603,201

The $1,525,520 reported as deferred outflows of resources related to pension resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability during fiscal year 2024. All other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2024 will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	$ (1,449)
2026	(1,214,527)
2027	2,621,687
2028	379,868
2029	(86,178)
Total	$ 1,699,401

Actuarial Assumptions – The June 30, 2024 total pension liability was based on an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023, using the following actuarial assumptions:

1. (a) 2.50% inflation rate, (b) 7.00% investment rate of return, (c) 3.50% interest rate credited to the annuity savings fund, and (d) 3.00% cost of living increase on the first $13,000 of allowance each year.

2. Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.

3. Mortality rates were as follows:

   - Pre-retirement mortality reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2021, set forward 1 year for females.

   - Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021, set forward 1 year for females.

   - For disabled retirees, the mortality rate reflects the post-retirement mortality described above, set forward 1 year.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study dated February 27, 2014 for the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the target asset allocation are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Global equity	37.00 %	4.90 %
Private equity	16.00 %	7.40 %
Core fixed income	15.00 %	1.90 %
Portfolio completion strategies	10.00 %	3.80 %
Real estate	10.00 %	3.00 %
Value added fixed income	8.00 %	5.10 %
Timber/natural resources	4.00 %	4.30 %
Totals	100.00 %	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that contributions from employers will be made at rates equal to difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 55,859,499	$ 40,644,509	$ 27,767,424

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's ACFR.

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

Plan description

On November 15, 2017, the OPEB Trust was established to administer the single-employer defined benefit OPEB plan that is used to provide postemployment benefits. The Authority's net OPEB liability was measured as of June 30, 2024 and the total OPEB Liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Plan membership – At June 30, 2024 membership consisted of the following:

Actives	235
Retirees	97
Totals	332

Benefits provided – The Authority provides health and life insurance coverage for its retirees and their survivors as a single-employer defined benefit OPEB plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process (for union employees) or Board of Trustees (the Trustees) policy decisions (for nonunion employees).

Contributions – The contribution requirements of plan members and the Authority are established and may be amended by the Authority. The required contribution rates of firemen and oilers union employees hired on or before December 1, 2010 and after December 1, 2010 are 20% and 25%, respectively. For all other employees hired after June 30, 2008, the required contribution rate is 25%. For nonunion employees hired between July 1, 2003 and July 31, 2008, the required contribution rate is 25%. All other employees hired before July 1, 2003, the required contribution rate is 20%. The Authority pays the remaining required contribution for each type of employee. The Authority also reimburses firemen and oilers, and local three union retired employees for the employee portion (10% for retirees who retired on or before July 1, 1994; 15% for retirees who retired after July 1, 1994; 20% for retirees who retired after October 1, 2009; and 100% for additional catastrophic illness coverage) of the insurance benefits if they have five years of continuous service with the Authority at the time of retirement. Those employees who have less than five years of continuous service do not receive this benefit. There are currently 13 union retired employees who receive this benefit. In addition, the Authority used to cover these costs for nonunion retirees but has discontinued that practice. There are currently eight nonunion retired employees who were grandfathered in under the old policy. The funding policy established by the OPEB Trust is to fund annually, at a minimum, the projected annual cost of the plan. In addition, the Authority may contribute up to 50% of any operating surpluses to the trust.

For the fiscal year ended June 30, 2024, the employer contributions totaled $107,496. The Trust did not receive contributions from any other sources.

Net OPEB Liability (Plan Reporting) – GASB Statement No. 75

Investment Policy – The OPEB Trust's policy in regard to the allocation of invested assets is established and may be amended by the Trustees by a majority vote. It is the policy of the Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Trustees' adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Domestic equity - small/mid cap	32.50 %
Domestic fixed income	28.00 %
International equity - developed markets	16.25 %
Domestic equity - large cap	14.25 %
Cash and cash equivalents	6.00 %
International equity - emerging markets	3.00 %
Totals	100.00 %

Rate of Return – For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 10.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Authority at June 30, 2024, were as follows:

Total OPEB liability	$	20,584,031
Plan fiduciary net position		19,725,648
Authority's net OPEB liability	$	858,383
Plan fiduciary net position as a percentage of the total OPEB liability		95.83%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Assumptions – The total OPEB liability was determined by performing update procedures to roll the liability forward from the actuarial valuation as of July 1, 2022 to the June 30, 2024 measurement date. The following actuarial assumptions were applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method:	Individual entry age normal
Investment rate of return:	6.36%, net of OPEB plan investment expense, including inflation
Healthcare/medical cost trend rate:	5.00% in FY2024 and changing by varying amounts until an ultimate rate of 3.63% in FY2060
Inflationary rate:	2.50% as of June 30, 2024 and for future periods
Pre-retirement mortality:	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 for females
Post-retirement mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females

Disability mortality:	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Alternatives	6.35 %
Real estate	6.25 %
International equity - emerging markets	6.13 %
International equity - developed markets	5.32 %
Domestic equity - small/mid cap	5.29 %
Domestic equity - large cap	4.91 %
Domestic fixed income	2.30 %
International fixed income	2.02 %

Discount Rate – The discount rate used to measure the total OPEB liability was 6.36% at June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Authority's funding policy. Based on these assumptions, the OPEB Plan's Fiduciary net position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefit payments.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.36%)	Current Discount Rate (6.36%)	1% Increase (7.36%)
Net OPEB liability	$ 4,183,526	$ 858,383	$ (1,791,683)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability	$ (2,095,835)	$ 858,383	$ 4,623,008

<u>Net OPEB Liability (Employer Reporting) – GASB Statement No. 75</u>

The Authority's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022, which through update procedures was rolled forward to the June 30, 2024 measurement date.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2023	$ 22,492,749	$ 18,442,913	$ 4,049,836
Changes for the fiscal year:			
Service cost	867,807	—	867,807
Interest on total OPEB liability	1,204,282	—	1,204,282
Changes in assumptions	(3,214,892)	—	(3,214,892)
Contributions - employer	—	107,496	(107,496)
Net investment income	—	1,971,903	(1,971,903)
Benefit payments, including implicit costs	(765,915)	(765,915)	—
Administrative expenses	—	(30,749)	30,749
Net changes	(1,908,718)	1,282,735	(3,191,453)
Balance at June 30, 2024	$ 20,584,031	$ 19,725,648	$ 858,383

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Authority recognized OPEB expense of $1,165,790. At June 30, 2024, the Authority reported deferred outflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ —	$ 658,027
Differences between expected and actual experience	616,396	578,746
Changes in assumptions	3,582,298	2,967,649
Totals	$ 4,198,694	$ 4,204,422

Amounts reported as deferred outflows and inflows of resources related to OPEB at June 30, 2024 will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2025	$ (193,970)
2026	774,693
2027	108,572
2028	(141,387)
2029	(94,364)
Thereafter	(459,272)
Total	$ (5,728)

NOTE 13 - RISK FINANCING

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance.

The Group Insurance Commission administers health care and other insurance for the Authority's employees and retirees.

The Authority participates in a premium based workers' compensation plan. Claims have not exceeded insurance coverage for the past three years.

NOTE 14 - COMMITMENTS

The following represents the Authority's ongoing projects at June 30, 2024:

Project	Total Committed Amount	Spent Through June 30, 2024	FY25 Commitment	Future Year Commitments
BCEC AHU replacement-assessment	$ 74,000,000	$ 46,083	$ 28,079	$ 73,925,838
BCEC CUP pump drives	980,000	521,550	398,321	60,129
BCEC Cypher Street beautification	9,715,869	72,764	9,643,105	—
BCEC escalator modernization	1,950,000	5,040	201,225	1,743,735
BCEC house sound study & assessment	5,150,000	18,026	703,143	4,428,831
BCEC IT fiber assessment/improvements	9,200,000	124,493	2,002,047	7,073,460
BCEC kitchen cooler/freezer condenser and evaporator replacement	1,221,780	17,448	1,204,332	—
BCEC low mechanical roof membrane replacement	42,530,000	284,880	13,012,750	29,232,370
BCEC marquee update	2,400,000	197,877	1,815,371	386,752
BCEC master plan	76,174	36,174	40,000	—
BCEC Nor Eastern Exchange	2,550,000	37,295	2,505,642	7,063
BCEC North Lobby Coffee	4,550,000	2,455,631	1,028,857	1,065,512
BCEC north lobby doors	658,774	332,381	326,393	—
BCEC physical security gates	2,500,000	253,564	1,868,065	378,371
BCEC sidewalk improvement	5,000,000	1,291,706	792,167	2,916,127
BCEC South Lot booths	55,583	10,583	45,000	—
BCEC The Fort Point Market	3,085,743	2,225,444	860,299	—
BCG public safety command center upgrade	301,543	12,984	288,559	—
BCG sprinkler system upgrades	565,000	16,375	542,963	5,662
BCG storm drain pump	480,000	15,513	454,478	10,009
CCTV surveillance assessment and adds	1,530,000	86,324	653,201	790,475
Hynes carpet replacement	850,000	68,593	780,654	753
Hynes facility assessment	17,300,000	290,501	5,962,301	11,047,198
Hynes Mass Pike tunnel ceiling repair	172,988	82,118	90,870	—
Hynes Mass Pike tunnel ceiling utility enclosures monitoring	230,064	159,764	70,300	—
Hynes MEP phase II air handling units	20,100,000	3,646,399	4,936,808	11,516,793
Hynes MEP phase II switchgear	20,500,000	3,343,275	3,358,300	13,798,425
MMC arena PA system	1,200,000	2,929	368,065	829,006
MMC Cimco chiller replacement	2,200,000	1,202	172,700	2,026,098
MMC convention center carpet replacement	919,381	903,997	15,384	—
MMC digital displays	3,669,359	3,617,359	52,000	—
MMC garage	62,500,000	34,201,648	25,974,271	2,324,081
MMC ice plant replacement	2,500,000	1,133	169,400	2,329,467
MMC locker room upgrades	2,300,000	23,713	190,506	2,085,781
MMC Lutron lighting upgrade	1,300,000	1,091	49,000	1,249,909
MMC marketplace upgrade	190,599	53,140	137,459	—
MMC Old ADA Restroom Renovation	245,000	1,117	232,484	11,399
MMC phase 5 lighting fixtures	234,518	141,370	93,148	—
MMC radio upgrades	727,440	132,813	594,627	—
MMC stair 7	17,700,000	2,056,131	5,559,264	10,084,605

MMC stand 9 upgrade	198,666	69,235	129,431	—
MMC State Street Tap upgrade	281,975	82,897	199,078	—
Total commitments	$ 323,820,456	$ 56,942,560	$ 87,550,047	$ 179,327,849

* - The Future Year Commitments amounts reflect the Authority's best estimates developed along with its FY2025 capital projects budget. Being estimates, they may be subject to changes, including material differences, as each project moves forward and additional detail regarding project scope or cost becomes available.

NOTE 15 - CONTINGENCIES

Various legal actions and claims are pending against the Authority. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Authority at June 30, 2024.

NOTE 16 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

GASB has issued the following pronouncements that may affect future financial presentation or fiscal practices of the Authority upon implementation:

GASB Statement No.	GASB Statement	Fiscal Year of Implementation
101	*Compensated Absences*	2025
102	*Certain Risk Disclosures*	2025
103	*Financial Reporting Model Improvements*	2026

The Authority is currently evaluating the applicability and impact of GASB Statements which have required adoption periods during fiscal year 2025 and after.

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information (Unaudited)
Pension Plan - Schedule of the Authority's Proportionate Shares of the Net Pension Liability
Last Ten Fiscal Years

Fiscal Year Ended	Authority's proportion of the net pension liability	Authority's proportionate share of the net pension liability	Authority's covered payroll	Authority's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2024	0.27748%	$ 40,644,509	$ 21,667,971	187.58%	70.71%
June 30, 2023	0.25870%	35,984,851	17,427,847	206.48%	71.05%
June 30, 2022	0.28336%	29,572,816	16,263,803	181.83%	77.54%
June 30, 2021	0.29167%	50,043,618	17,245,575	290.18%	62.48%
June 30, 2020	0.29272%	42,836,764	17,872,718	239.68%	66.28%
June 30, 2019	0.28634%	37,882,242	17,440,857	217.20%	67.91%
June 30, 2018	0.30959%	39,703,950	16,460,292	241.21%	67.21%
June 30, 2017	0.32771%	45,107,233	17,677,269	255.17%	63.48%
June 30, 2016	0.33074%	37,647,760	18,217,216	205.50%	67.87%
June 30, 2015	0.33437%	24,824,160	18,319,823	140.14%	76.32%

Massachusetts Convention Center Authority

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Required Supplementary Information (Unaudited)
Pension Plan - Schedule of the Authority's Contributions
Last Ten Fiscal Years

Fiscal Year Ended	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Authority's covered payroll	Contributions as a percentage of covered payroll
June 30, 2024	$ 1,525,520	$ 1,525,520	$ —	$ 21,667,971	7.04%
June 30, 2023	1,552,603	1,552,603	—	17,427,847	8.91%
June 30, 2022	1,331,604	1,331,604	—	16,263,803	8.19%
June 30, 2021	1,187,874	1,187,874	—	17,245,575	6.89%
June 30, 2020	1,119,571	1,119,571	—	17,872,718	6.26%
June 30, 2019	875,322	875,322	—	17,440,857	5.02%
June 30, 2018	788,925	788,925	—	16,460,292	4.79%
June 30, 2017	754,322	754,322	—	17,677,269	4.27%
June 30, 2016	596,735	596,735	—	18,217,216	3.28%
June 30, 2015	540,096	540,096	—	18,319,823	2.95%

Massachusetts Convention Center Authority

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Required Supplementary Information (Unaudited)

OPEB Plan - Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

Last Ten Fiscal Years

	2024	2023	2022	2021
Total OPEB Liability				
Total OPEB liability, July 1	$ 22,492,749	$ 18,825,360	$ 16,768,154	$ 13,022,744
Service cost	867,807	689,615	594,718	583,721
Interest on total OPEB liability, service cost and benefit payments	1,204,282	1,128,951	1,083,352	867,618
Benefit payments	(765,915)	(705,531)	(722,696)	(483,468)
Difference between expected and actual plan experience	—	(690,854)	—	1,438,256
Change in assumptions	(3,214,892)	3,245,208	1,101,832	1,339,283
Net change in OPEB liability	(1,908,718)	3,667,389	2,057,206	3,745,410
Total OPEB liability, June 30	$ 20,584,031	$ 22,492,749	$ 18,825,360	$ 16,768,154
Plan Fiduciary Net Position				
Plan fiduciary net position, July 1	$ 18,442,913	$ 14,007,061	$ 16,320,052	$ 12,096,439
Net investment gain/(loss)	1,971,904	1,641,446	(2,350,043)	4,158,566
Employer contributions to Trust	107,496	3,528,435	600,000	600,000
Benefit payments	(765,915)	(705,531)	(553,635)	(497,014)
Administrative expenses	(30,750)	(28,498)	(9,313)	(37,939)
Net change in plan fiduciary net position	1,282,735	4,435,852	(2,312,991)	4,223,613
Plan fiduciary net position, June 30	$ 19,725,648	$ 18,442,913	$ 14,007,061	$ 16,320,052
Net OPEB liability	$ 858,383	$ 4,049,836	$ 4,818,299	$ 448,102
Plan fiduciary net position as a percentage of total OPEB liability	95.83%	81.99%	74.41%	97.33%
Covered-employee payroll	$ 17,950,682	$ 17,427,847	$ 17,762,942	$ 17,245,575
Net OPEB liability as a percentage of covered employee payroll	4.78%	23.24%	27.13%	2.60%

(1) Data is being accumulated annually to present 10 years of the reported information.

See notes to the schedule.

Required Supplementary Information (Unaudited)

OPEB Plan - Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

Last Ten Fiscal Years

2020	2019	2018
$ 11,895,777	$ 12,972,576	$ 11,700,165
570,143	541,348	733,395
809,306	832,004	769,989
(444,460)	(409,920)	(230,973)
(20,445)	(556,060)	—
212,423	(1,484,171)	—
1,126,967	(1,076,799)	1,272,411
$ 13,022,744	$ 11,895,777	$ 12,972,576
$ 6,530,551	$ 4,447,104	$ —
(427,504)	250,742	100,622
6,445,316	2,258,881	4,594,569
(426,633)	(409,920)	(230,973)
(25,291)	(16,256)	(17,114)
5,565,888	2,083,447	4,447,104
$ 12,096,439	$ 6,530,551	$ 4,447,104
$ 926,305	$ 5,365,226	$ 8,525,472
92.89%	54.90%	34.28%
$ 18,103,966	$ 17,576,666	$ 21,608,853
5.12%	30.52%	39.45%

FY2024 Changes in actuarial assumptions

Change in discount rate

The Authority revised its interest rate to 6.36% from 5.89%. This change resulted in a decrease in the total OPEB liability of approximately $3,200,000.

FY2023 Changes in actuarial assumptions

Change in discount rate

The Authority revised its interest rate to 5.89% from 5.24%. This change resulted in an increase in the total OPEB liability of approximately $2,000,000.

Change in expected claims costs

Due to recent actuarial research, the Getzen model for future projected healthcare costs was adopted. This change resulted in an increase in the total OPEB liability of approximately $1,200,000.

FY2022 Changes in actuarial assumptions

Change in discount rate

The Authority revised its interest rate to 5.89% from 6.37%. This change resulted in an increase in the total OPEB liability of approximately $1,102,000.

FY2021 Changes in actuarial assumptions

Change in discount rate

The Authority revised its interest rate to 6.37% from 6.49%. This change resulted in an increase in the total OPEB liability of approximately $280,000.

Change in expected claims costs

Due to updated guidance related to the implementation of Actuarial Standard of Practice 6, the methodology used for calculating expected claims was updated. This change resulted in an increase in the total OPEB liability of approximately $1,100,000.

Change in projected healthcare costs

The projected healthcare costs were updated based on the Getzen model for future projected health care costs. This changed did not have a material change on the total OPEB liability.

FY2020 Changes in actuarial assumptions

Change in discount rate

The Authority revised its interest rate to 6.49% from 6.61%. This change resulted in an increase in the total OPEB liability of approximately $210,000.

Other

Other immaterial assumption changes resulted in an increase in the total OPEB liability of approximately $2,000.

FY2019 Changes in actuarial assumptions

Change in discount rate

The Authority revised its interest rate to 6.61% from 6.25%. This change resulted in a decrease in the total OPEB liability of approximately $590,000.

Change in medical trend rate

The expected long-term medical trend has been updated to 4.5% decreasing the total OPEB liability by approximately $1,100,000.

Change in mortality

The mortality tables have been updated from the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 to RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females. This change resulted in an increase in the total OPEB liability of approximately $210,000.

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Required Supplementary Information (Unaudited)

OPEB Plan - Schedule of the Authority's Contributions (1)

Fiscal year ended	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Authority's covered-employee payroll	Contributions as a percent of covered-employee payroll
June 30, 2024	$ 911,187	$ 107,496	803,691	$ 17,950,682	0.60%
June 30, 2023	870,872	3,528,435	(2,657,563)	17,427,847	20.25%
June 30, 2022	827,872	600,000	227,872	17,762,942	3.38%
June 30, 2021	606,643	600,000	6,643	17,245,575	3.48%
June 30, 2020	636,685	6,445,316	(5,808,631)	18,103,966	35.60%
June 30, 2019	931,064	2,258,881	(1,327,817)	17,576,666	12.85%
June 30, 2018	1,332,006	4,594,569	(3,262,563)	21,608,853	21.26%

(1) Data is being accumulated annually to present 10 years of the reported information.

Massachusetts Convention Center Authority

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Required Supplementary Information (Unaudited)
OPEB Plan - Schedule of Investment Returns (1)
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018
Money-weighted rate of return, net of investment expense	10.89 %	10.23 %	(14.33)%	34.09%	(4.54)%	4.80%	5.65%

(1) Data is being accumulated annually to present 10 years of the reported information.

Massachusetts Convention Center Authority

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Other Supplementary Information (Unaudited)
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual - Budgetary Basis
Year Ended June 30, 2024

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
BCEC	$ 42,099,368	$ 47,598,271	$ 5,498,903
Lawn on D	1,857,900	1,067,324	(790,576)
Hynes	12,033,871	12,736,928	703,057
BCG	12,070,964	11,671,419	(399,545)
MMC	6,264,701	8,997,494	2,732,793
SCCG	—	225	225
Other income	—	106,857	106,857
Total revenues	74,326,804	82,178,518	7,851,714
Expenses:			
BCEC	41,861,138	44,217,833	(2,356,695)
Lawn on D	1,127,813	657,698	470,115
Hynes	15,687,698	14,014,160	1,673,538
BCG	2,765,263	2,548,656	216,607
MMC	11,768,903	14,212,138	(2,443,235)
SCCG	32,083	(47)	32,130
Central administrative	13,489,691	13,708,190	(218,499)
Marketing and sales	8,097,762	7,783,771	313,991
Total expenses	94,830,351	97,142,399	(2,312,048)
Excess/(deficiency) of revenues over expenses	(20,503,547)	(14,963,881)	4,732,444
Nonoperating revenues/(expenses):			
Federal grants	—	55,959	55,959
Investment and loan income	807,222	958,198	150,976
Expenses funded from the capital budget but not capitalizable	—	(2,934,693)	(2,934,693)
Total nonoperating revenues/(expenses)	807,222	(1,920,536)	(2,727,758)
Change in net position	$ (19,696,325)	$ (16,884,417)	$ 2,004,686

Massachusetts Convention Center Authority

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Other Supplementary Information (Unaudited)
Reconciliation of GAAP Operating Gain/(Loss) to Statutory Net Cost of Operations and Operating Reimbursement Requests from the Convention Center Fund
Year Ended June 30, 2024

GAAP operating loss as presented in the statement of revenues, expenses and changes in net position (page 18)	$ (73,452,674)
Adjustments to reconcile to the statutory net cost of operations as defined within Chapter 190 of the Acts of 1982:	
Depreciation expense	36,786,033
Amortization expense	529,452
Expenses funded from the capital budget but not capitalizable	2,934,693
Annual net pension cost calculated in accordance with GAAP	3,782,154
Annual net OPEB cost calculated in accordance with GAAP	1,060,173
Pension funding costs	13,608,793
Tea party revenues reclassified to custodial funds	106,857
Interest received on loans receivables and investment income	958,199
Interest received on lease receivables	244,539
Other expenses	(563,902)
Total adjustments	59,446,991
Statutory net cost of operations (A)	(14,005,683)
Adjustments/additions to reconcile to operating reimbursement requests from the Convention Center Fund:	
Boston Tea Party Principal Repayment	518,440
Federal grant revenue	55,959
Total adjustments	574,399
Total operating reimbursement requests from the Convention Center Fund	$ (13,431,284)

(A) - Chapter 90 of the Acts of 1982 defines the net cost of operations as all current expenses incurred by the Authority less income received by the Authority in its ordinary course of business. Under provisions outlined within Chapter 152 of 1997 (and subsequent amendments), the Authority is eligible to received up to $28 million annually form the Massachusetts Convention and Exhibition Center Fund to defray its net cost of operations

Summarized financial information for the fiscal year ended June 30, 2024 is presented as follows:

	BCEC	Lawn on D	Hynes	MMC	BCG	SCCG	Central Administration	Sales and Marketing	Pension Trust	Total
Assets:										
Current assets	$ (8,651,899)	$ (61,225)	$ (4,553,889)	$ (3,082,465)	(1,158,817)	$ (18,854)	$ 73,742,590	$ (1,217,530)	$ —	$ 54,997,911
Restricted assets	491,111	—	245,957	—	(711)	—	1,571,254	—	59,183,022	61,490,633
Noncurrent assets (excluding capital assets)	221,394	—	—	—	—	—	29,489,470	—	—	29,710,864
Capital assets	414,769,068	614,619	84,279,960	45,005,067	13,297,975	37,818,684	1,037,433	—	—	596,822,806
Total assets	406,829,674	553,394	79,972,028	41,922,602	12,138,447	37,799,830	105,840,747	(1,217,530)	59,183,022	743,022,214
Deferred outflows of resources	—	—	—	—	—	—	11,026,816	—	—	11,026,816
Total assets and deferred outflows of resources	406,829,674	553,394	79,972,028	41,922,602	12,138,447	37,799,830	116,867,563	(1,217,530)	59,183,022	754,049,030
Liabilities:										
Current liabilities	17,914,642	283,583	4,348,086	3,570,181	1,157,818	4,800,852	4,642,094	2,698,502	23,791	39,439,549
Noncurrent liabilities	453,870	—	380,818	—	—	—	42,489,505	—	—	43,324,193
Total liabilities	18,368,512	283,583	4,728,904	3,570,181	1,157,818	4,800,852	47,131,599	2,698,502	23,791	82,763,742
Deferred inflows of resources	—	—	—	—	—	—	25,579,378	—	—	25,579,378
Total liabilities and deferred inflows of resources	$ 18,368,512	$ 283,583	$ 4,728,904	$ 3,570,181	$ 1,157,818	$ 4,800,852	$ 72,710,977	$ 2,698,502	$ 23,791	108,343,120

Net investment in capital assets	594,705,927
Restricted:	
Future pension contributions	59,159,232
Other	2,307,611
Unrestricted	(10,466,860)
Total net position	$ 645,705,910

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Other Supplementary Information (Unaudited)

Schedule of Consolidated Financial Statements by Operating Segment

Year Ended June 30, 2024

	BCEC	Lawn on D	Hynes	MMC	BCG	SCCG	Central Administration	Sales and Marketing	Pension Trust	Total
Operating revenues	$ 47,353,732	$ 1,067,324	$ 12,729,610	$ 8,997,494	$ 11,678,737	$ 225	$ —	$ —	$ —	$ 81,827,122
Operating expenses	(72,736,261)	(693,709)	(18,168,839)	(18,613,343)	(5,112,620)	47	(30,595,659)	(7,783,771)	(1,575,641)	(155,279,796)
Operating income/(loss)	(25,382,529)	373,615	(5,439,229)	(9,615,849)	6,566,117	272	(30,595,659)	(7,783,771)	(1,575,641)	(73,452,674)
Nonoperating revenues/(expenses):										
Convention Center Fund - operating subsidy	—	—	—	—	—	—	13,431,284	—	—	13,431,284
Federal grants	—	—	—	—	—	—	55,959	—	—	55,959
Nonemployer contribution	—	—	—	—	—	—	2,538,791	—	—	2,538,791
Interest on loans receivable	—	—	—	—	—	—	687,222	—	—	687,222
Interest on lease receivable	244,539	—	—	—	—	—	—	—	—	244,539
Investment income	—	—	—	—	—	—	270,977	—	5,810,953	6,081,930
Gain on lease termination	—	—	—	—	—	—	17,631	—	—	17,631
Gain on disposal of capital assets	—	—	—	—	—	—	—	—	—	—
Income/(loss) before capital contributions	244,539	—	—	—	—	—	17,001,864	—	5,810,953	23,057,356
Capital contributions:										
Convention Center Fund - capital contributions	—	—	—	—	—	—	50,437,495	—	—	50,437,495
Cash capital contribution	4,126,973	—	—	180,747	—	—	—	—	—	4,307,720
Total capital contributions	4,126,973	—	—	180,747	—	—	50,437,495	—	—	54,745,215
Change in net position	$ (21,011,017)	$ 373,615	$ (5,439,229)	$ (9,435,102)	$ 6,566,117	$ 272	$ 36,843,700	$ (7,783,771)	$ 4,235,312	$ 4,349,897
Net position - beginning of year										641,356,013
Net position - end of year										$ 645,705,910

Massachusetts Convention Center Authority

(A Component Unit of the Commonwealth of Massachusetts)

Other Supplementary Information (Unaudited)
Schedule of Salary and Other Compensation of Highly Compensated Employees
Year Ended June 30, 2024

	Amounts Reported in FY24 Financial Statements*			
	Base Salary	Other Compensation	Total Compensation	Base Compensation at June 30, 2024
David Gibbons, Former Executive Director	$ 229,837	$ —	$ 229,837	$ 229,837
Robert Noonan, Chief Information Security Officer	189,735	—	189,735	189,735
Diane DiAntonio, General Manager	188,987	—	188,987	188,987
John Donahue, Chief of Operations and Capital Projects	176,944	—	176,944	176,944
Christine Pulgini, Associate General Counsel	174,768	—	174,768	174,768
Christopher Donato, Former General Counsel	168,214	—	168,214	168,214
Nathan Little, Director of Event Communications	163,812	—	163,812	163,812
Michael Rodino, Controller/Interim Chief Financial Officer	156,525	—	156,525	156,525
Herschel Herndon, Chief Diversity Officer	152,139	—	152,139	152,139
Michael Esmond, Former Chief Financial Officer	151,361	—	151,361	151,361
Total FY24 compensation	$ 1,752,322	$ —	$ 1,752,322	$ 1,752,322

* Amounts reported on a cash basis.

(1) - For purposes of this schedule, highly compensated employees are defined as those whose base salary exceeds $150,000 per year.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board Members
Massachusetts Convention Center Authority
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of the Massachusetts Convention Center Authority (the Authority), 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 Authority's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Massachusetts Convention Center Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
October 29, 2024

2024 – 001

Type of Finding:

- Significant Deficiency in Internal Control Over Financial Reporting

Condition: Our audit revealed weaknesses in internal controls related to the timely review and reconciliation of various balance sheet financial statement items. Each of the various balance sheet financial statement line items either have aged unreconciled balances at year end, or were incorrectly stated resulting in late client entries provided.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: Inadequate internal controls policies and procedures surrounding the reconciliation process.

Repeat finding: No

Recommendation: We recommend that the Authority review their controls, policies, and procedures over their general ledger review and maintenance to ensure account balances at year-end are reconciled timely.

Views of responsible officials and planned corrective actions: The MCCA agrees with this comment and will review our internal controls to ensure that accounts are properly accounted for and reconciled correctly.