Financial Statements and Report of Independent Certified Public Accountants

University of Massachusetts Building Authority (A Component Unit of the University of Massachusetts)

June 30, 2013 and 2012

Contents

Grant Thornton

Report of Independent Certified Public Accountants

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Board of Trustees of the
University of Massachusetts Building Authority

Report on the financial statements

We have audited the accompanying financial statements of the University of Massachusetts Building Authority (the "Authority"), a component unit of the University of Massachusetts, June 30, 2013 and 2012, as listed in the accompanying table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures 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 MD&A information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

Boston, Massachusetts
December 20, 2013

This section of the annual financial statements of the University of Massachusetts Building Authority (the "Authority") presents a discussion and analysis of the Authority's financial activity for the fiscal years ended June 30, 2013 and 2012. This discussion and analysis has been prepared by management and should be read in conjunction with, and is qualified in its entirety by, the Authority's financial statements and related note disclosures.

INTRODUCTION

The Authority is an independent body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"), which was created by Chapter 773 of the Acts of 1960 of the Commonwealth, as amended (the "Enabling Act"). The Authority was created with the general purposes of providing dormitories, dining commons and other buildings and structures for use by the University of Massachusetts (the "University"), its students, staff and their dependents and other entities associated with the University as specified in the Enabling Act, as requested by authority of the Trustees of the University (the "Trustees").

The Authority is empowered to acquire, construct, remove, demolish, add to, alter, enlarge, reconstruct, remodel and do other work upon any building or structure and to provide and install furnishings, furniture, machinery, equipment, approaches, driveways, walkways, parking areas, planting, landscaping and other facilities therein. The Enabling Act authorizes the Authority to acquire property from the Commonwealth or others (but the Authority has no eminent domain power), to rent or lease as lessor or lessee any portion of a project, to operate projects, to employ experts and other persons, to enter into contracts, to borrow money to finance and refinance projects it undertakes, and to issue and sell its revenue bonds and notes which are payable solely from its revenues. The Authority's assets and projects are located on all five campuses of the University. The 11 members of the Authority are appointed by the Governor. Five of the members must be Trustees. Two of the other members must be graduates of the University. Non-trustee members serve terms of approximately six years. Trustee members serve as long as they are Trustees. Members whose terms expire continue as members until they are reappointed or replaced.

FINANCIAL HIGHLIGHTS

- The net position of the Authority continued to grow, reaching $572.5 million in fiscal year 2013 compared to $502.5 million in fiscal year 2012.
- Capital spending totaled $556.0 million in fiscal year 2013 which represents a $86.7 million increase over fiscal year 2012. A majority of the capital spending in fiscal year 2013 relates to investments in new buildings, which include a new dormitory for Amherst's Commonwealth Honors College, the Worcester Campus's Albie Sherman Center, Lowell's University Crossing Campus Center, a new Science Facility at the Boston Campus and Dartmouth's Bioprocessing Facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements comprise two primary components: 1) the financial statements and 2) the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

The Financial Statements

The accompanying financial statements are designed to provide readers with a broad overview of the Authority's finances and are comprised of three basic statements.

The *statements of net position* present information on all of the Authority's assets, liabilities, and deferred outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statements of revenues, expenses and changes in net position* present information that shows how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the payments to vendors after year-end for services prior to year-end).

The *statements of cash flows* are reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., income from contracts) and disbursements (e.g., cash paid to vendors for services), as well as capital and related financing and noncapital financing activities.

The financial statements can be found on pages 11 to 14 of this report.

The Authority's financial statements report its activities as business-type, in accordance with generally accepted accounting principles in the United States for government entities, using the economic resources measurement focus, and the full accrual basis of accounting.

The Authority is a blended component unit of the University. Therefore, the results of the Authority's operations, its net position, and its cash flows are included in the University's financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide information regarding the accounting policies the Authority has adopted as well as additional details of certain amounts contained in the financial statements.

The notes to the financial statements can be found on pages 15 to 37 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Financial Analysis

As noted earlier, over time the Authority's net position may serve as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities by $572.5 million at the close of the most recent fiscal year.

A portion of the Authority's net position reflects its investment in capital assets (e.g. buildings, equipment and furnishings) less any related debt used to acquire those assets that is still outstanding for the most recent fiscal year. The Authority uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Authority's primary sources of funds used to repay the debt are receipts related to the Authority's financial contracts with the University. These contracts generally call for the Authority to bill and collect all revenue from the projects and remit to the Trustee under the Authority's trust agreements (the "Bond Trustee") funds sufficient to cover debt service on its bonds, its costs of operations, and its financial obligations with respect to the projects.

University of Massachusetts Building Authority's net position (in thousands):

	June 30, 2013	June 30, 2012	June 30, 2011
Current assets	$ 40,957	$ 31,134	$ 40,375
Non-current assets	2,778,978	2,479,738	2,398,936
Total assets	2,819,935	2,510,872	2,439,311
Deferred outflows of resources	40,207	75,634	19,510
Current liabilities	389,404	479,064	222,617
Non-current liabilities	1,898,268	1,604,946	1,839,990
Total liabilities	2,287,672	2,084,010	2,062,607
Net position:			
Invested in capital assets, net of related debt	535,355	470,821	341,579
Restricted	15,056	13,049	36,984
Unrestricted	22,059	18,627	17,651
Total net position	$ 572,470	$ 502,497	$ 396,214

Current assets increased in the fiscal year 2013 compared to 2012 primarily due to increases in cash of approximately $5.7 million and increases in receivables of $4.3 million. Current assets decreased at fiscal year 2012 versus year 2011 primarily due to payments related to the timing of accounts receivable, interest receivable, and prepaid expenses, as well as, a $3.2 million decrease in current investments.

Non-current assets continued to increase in fiscal year 2013 due to work on existing projects as capital assets, net of depreciation, totaled over $2.2 billion.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Deferred outflows of resources totaled $40.2 million and $75.6 million at the end of fiscal year 2013 and 2012, respectively. These amounts relate to the Authority's effective hedging relationship related to its outstanding interest rate swap agreements ("swaps"). In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53"), the Authority is able to defer the related changes in fair value as a deferred outflow at year-end.

Current liabilities decreased in fiscal year 2013 compared to 2012 by $89.6 million primarily due to a decrease of $87.6 million in current portion of bonds payable. In fiscal year 2012, 2008-1 and 2008-A variable rate bonds were classified as current because the liquidity facilities supporting the 2008-1 and 2008-A variable rate bonds expired in April 2013 (in the event that they could not be remarketed). On April 23, 2013, the Authority entered into a standby bond purchase agreement with J.P. Morgan Chase Bank, N.A. ("J.P. Morgan") to support the 2008-1 and 2008-A variable rate bonds. This agreement expires in April 2016 and, as a result of the new agreement, the Authority classified these bonds as long-term debt in fiscal year 2013. This decrease was offset by the fact that in fiscal year 2013, the 2011-1 variable rate bonds are classified as current liabilities because the liquidity facility supporting these bonds expires on June 9, 2014. The Authority expects to redeem the 2011-1 variable rate bond on its original principal amortization schedule. Current liabilities increased from fiscal year 2011 to fiscal year 2012 as the Authority classified the 2008-A and 2008-1 bonds as current as discussed above. Also, in fiscal 2013, 2012 and 2011, the Authority classified its 2011-2 window bonds as current. The 2011-2 window bonds have no supporting liquidity facility. Consistent with prior years, the Authority expects to redeem this bond based on its original amortization schedule which calls for principal reductions each year through 2034.

Non-current liabilities increased in fiscal year 2013 compared to 2012 by $293.3 million primarily due to an increase in long-term debt of $330.1 million. During 2013, the Authority issued $284.4 million of new debt, and classified the 2008-1 and 2008-A debt as long-term, which was partially offset by the classification of the 2011-1 window bonds as current. These increases in long-term debt were offset by a $36.8 million decrease in the liability associated with the Authority's interest rate swap agreements. In fiscal year 2012 compared to fiscal year 2011, non-current liabilities decreased $235.0 million due primarily to the reclassification of the 2008-A and 2008-1 long-term callable debt discussed above.

Invested in capital assets, net of related debt represents capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt, that are attributed to the acquisition, construction or improvement of those assets.

During fiscal year 2013, 2012, and 2011, the Authority was involved in several large construction projects for the University. As funds were spent on the projects, the nature of the net asset related to these funds changed from restricted to invested in capital assets. This is shown in the substantial increase in that category of net position in those years.

Restricted net position represents funds primarily for restricted for capital projects and debt service. Capital project restricted net assets are funds primarily provided by debt financing for the completion of University projects. Debt service restricted net assets are funds primarily provided as additional collateral to the bond holders (e.g. debt service reserve funds).

Unrestricted net assets are those that are not subject to restrictions, or for which restrictions have expired.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

University of Massachusetts Building Authority's changes in net position (in thousands):

	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011
Operating revenues:			
Financing income and fees for services	$ 142,040	$ 128,825	$ 103,053
Interest income and interest subsidies, net	16,737	19,795	19,434
Grants from HUD and other income	-	15	76
Total operating revenues	158,777	148,635	122,563
Operating expenses:			
Facility operating costs	5,176	4,508	4,215
Interest expense	70,105	48,028	46,435
Depreciation and amortization	54,723	45,210	41,007
General and administrative expenses	1,961	1,759	1,627
Total operating expenses	131,965	99,505	93,284
Net operating income	26,812	49,130	29,279
Total non-operating income (expenses)	2,850	19,000	(4,256)
Total capital contributions	40,311	38,152	38,636
Change in net position	69,973	106,282	63,659
Net position at the beginning of the year	502,496	396,214	332,555
Net position at the end of the year	$ 572,469	$ 502,496	$ 396,214

Financing income and fees for services are primarily related to contracts the Authority has with the University. The Authority has entered into various contracts with the University, acting by and through the Trustees, related to the management of certain Authority projects and the payment to the Authority of certain fees and operating costs. The Authority fixes fees, rents, rates and other charges for the use of its projects in amounts sufficient to provide for the debt service and other payments related to the Authority's obligations and for the Authority's operating expenses. These contracts generally call for the Trustees to bill and collect all revenue derived from the projects and remit to the Authority or to the trustee under the Authority's trust agreements funds sufficient to cover debt service on its bonds, its costs of operations, and its financial obligations with respect to the projects. The amounts fluctuate based on the debt service requirements of the Authority bonds in any particular year. Revenue increased by $13.2 million in fiscal year 2013 compared to fiscal year 2012 primarily because the Authority charged the campuses more in debt service than the prior year. Overall debt service did not significantly increase but capitalized interest (debt service paid from bond proceeds) decreased by $21.0 million. Revenue increased by $25.8 million in fiscal year 2012 compared to fiscal year 2011 to cover a full year of interest costs on the issues that originated in fiscal year 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Interest income and interest subsidies, net decreased by 8.0%, or $376,000, in fiscal year 2013 compared to fiscal year 2012 due to lower cash, cash equivalents and investments compared to the prior year. Cash and cash equivalents and investments decreased by $51.4 million and $145.0 million, respectively, in fiscal year 2013 compared to fiscal year 2012. Interest income decreased slightly in fiscal year 2012 compared to fiscal year 2011 due to lower investment balances. A $418 million reduction in the balance of investments at June 30, 2012 compared to the prior year was primarily driven by increased construction at the Worcester, Amherst and Lowell Campuses for the Sherman Center, Commonwealth Honors, and ETIC Projects. Investment returns remain nominally low given the low market interest rates earned on the fixed income securities in which the Authority invests.

In fiscal year 2013, 2012 and 2011, the Authority recorded revenue associated with the interest rate subsidy provided by the United States Government related to the Authority's issuance of bonds under the Build America Bond ("BAB") program. Under the program, the Government provides a direct 35% subsidy of the interest rate paid to bondholders. The interest paid to bondholders is based on the taxable, rather than the tax-exempt, debt market and the interest received by the bondholders is fully taxable to them. During fiscal year 2013, the federal government implemented automatic budget cuts imposed through sequestration required pursuant to the Budget Control Act of 2011. As a result, the Authority's May 1, 2013 subsidy payments related to the Senior Series 2009-2 Project Revenue Build America Bonds and the Senior Series 2010-2 Project Revenue Build America Bonds were reduced by 8.7% due to sequestration. This reduction accounts for the $602,000 decrease in Interest Subsidy Revenue in fiscal year 2013 compared to fiscal year 2012. In fiscal year 2012, interest subsidy revenue increased by $2.9 million compared to fiscal year 2011 because the Authority received a full year of subsidy on the 2010 BAB (which was issued in fiscal year 2011).

Facility operating costs primarily reflect the operating costs of the UMass Club, certain operating costs of the Authority, rental expenses and expenses paid by the Authority out of reserves for maintenance of Authority-owned buildings. Facility operating costs increased in fiscal year 2013 compared to fiscal year 2012 due to an increase in Authority operating costs and an increase in rental agreements. In fiscal year 2012, costs increased compared to the prior year with increases in capital projects related to the club as well as escalating rental costs.

Interest expense represents interest paid to the holders of Authority issued debt. In fiscal year 2013, interest expense increased by $22.1 million compared to the prior year. This increase is primarily due to a $14.0 million decrease in capitalized interest in the current year, an increase in accrued interest of $3.0 million due to the new 2013-1 and 2013-2 debt issuances and a $6.8 million decrease in bond premium amortization expense in the current year. In fiscal year 2012, expenses increased compared to fiscal year 2011 as a full year of expense was recorded on the fiscal year 2011 issues. (See page 24 to page 26 for more information on fiscal year 2011 and 2013 issues)

Depreciation and amortization in both fiscal year 2013 and 2012, depreciation expense and amortization increased as additional new capital assets were placed into service during those years.

Non-operating income includes $2.9 million and $22.9 million in fiscal year 2013 and fiscal year 2012, respectively related to an appropriation from the Commonwealth to fund the construction of the ETIC project at the Lowell campus – the Commonwealth has agreed to cover $35 million for the construction and maintenance of the facility. Furthermore, in fiscal year 2012, $3.9 million for the construction of a high speed computing center in Holyoke was transferred from the Authority to the University.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Capital contributions represent certain grants and gifts provided to the Authority for capital construction at the five campuses. During fiscal year 2010, the Authority began receiving payments under a $90 million funding agreement with the Massachusetts Life Sciences Center ("MLSC") for the Sherman Center Project on the Worcester campus. The amount of this grant recorded as revenue in 2013 and 2012 was $16.7 million and $35.0 million, respectively. The Authority received the final payment of the $90 million grant during fiscal year 2013. In 2013, the Authority also recorded MLSC grant revenue of $13.8 million related to the Bioprocessing Center at the Dartmouth campus and $4.3 million related to the ETIC. In 2013, the Authority received $3.0 million from the University to fund the construction of Fox Hill Dining in Lowell. In 2013, Amherst contributed $1.9 million to the Authority to fund the Life Sciences Laboratory at the Amherst campus; in fiscal year 2012 the University gave the Authority $2.7 million primarily for the building of projects funded by the Edward M. Kennedy (EMK) Institute at the Boston campus. Furthermore, in fiscal year 2012, the Authority received a grant from the Commonwealth of Massachusetts of $420,000.

CAPITAL ASSETS OF THE AUTHORITY

The Authority's investment in capital assets as of June 30, 2013 amounts to $2.2 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, furnishings and equipment. Net capital assets increased by $502.1 million or 30% in fiscal year 2013. This increase was primarily due to capital improvements and construction in progress outpacing depreciation expenses as follows:

- Improvements increased by $39 million, net of accumulated depreciation, in fiscal year 2013. The increases were primarily due to renovations of existing buildings on the Amherst and Lowell campuses.

- Construction in progress decreased $33.2 million in fiscal year 2013 as the Authority transferred a number of significant projects from CIP to depreciable property. The Albie Sherman Center and Garage, and the Power Plant at the Worcester campus as well as the ETIC, North Campus Garage, and Power Plant Project at the Lowell campus were transferred from CIP to depreciable property. These transfers offset new additions to CIP which included the Commonwealth Honors College at the Amherst campus, the Utility and Roadway Corridor and General Academic Building at the Boston campus and the Bioprocessing Plant at the Dartmouth campus.

The Authority's investment in capital assets as of June 30, 2012 amounts to $1.7 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, furnishings and equipment. Net capital assets increased by $425 million or 34% in fiscal year 2012. This increase was primarily due to capital improvements and construction in progress outpacing depreciation expenses as follows:

- Improvements increased by $47 million, net of accumulated depreciation, in fiscal year 2012. The increases were primarily due to renovations of existing buildings on the Amherst, Boston and Lowell campuses.

- Construction in progress increased $398 million in fiscal year 2012 as the Authority continued to invest in new construction on the campuses of the University.

- Buildings decreased by $12 million in fiscal year 2012 as depreciation expense offset new investments.

DEBT OF THE AUTHORITY

The Authority carries debt in the form of bond obligations. This debt was approximately $2.1 billion and $1.9 billion at June 30, 2013 and 2012, respectively. The increase of $242.5 million in fiscal year 2013 is primarily attributable to the Authority's issuance of new debt totaling $284.4 million (with an associated premium of $19.4 million) during fiscal year 2013 offset by $60.8 million of bond payments and premium/discount amortization. On March 8, 2013, the Building Authority issued $212.6 million of Senior Series 2013-1 Project Revenue Bonds (the "2013-1 Bonds") and $71.8 million of Senior Series 2013-2 Project Revenue Bonds (the "2013-2 Bonds"). The 2013-1 Bonds included a premium of $19.4 million. The 2013-1 Bonds are tax-exempt and mature at various dates through 2043. The interest on these bonds is payable semi-annually each November 1st and May 1st and the interest rates on the bonds range from 2.00% to 5.00%. The 2013-2 bonds are taxable, mature at various dates through 2043 and the interest on the bonds is payable semi-annually each November 1st and May 1st. The interest rates on these bonds range from 0.430% to 2.686%. The 2013-1 Bonds and 2013-2 Bonds will be used to finance capital projects in the University's capital plan.

The amount of bond obligation guaranteed by the Commonwealth was $129.5 million and $136.9 million at June 30, 2013 and June 30, 2012 respectively.

As of June 30, 2013, the ratings assigned to the Authority's bonds are as follows: AA by Fitch Ratings, AA- by Moody's Investor Services and Aa2 by Standard and Poor's Investor Services.

THE UNIVERSITY OF MASSACHUSETTS CLUB

The Authority operates the University of Massachusetts Club (the "Club"). The Club is a private club open to membership for alumni, faculty, staff and friends of the University and is located on the 33rd floor of 225 Franklin Street in downtown Boston, Massachusetts. The Club is managed by UMass Club Management, LLC, a wholly owned subsidiary of ClubCorp USA, a nationally known business club management company. More information can be found on the Club's web site, www.umassclub.com.

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 them. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, University of Massachusetts Building Authority, 225 Franklin Street, 12th Floor, Boston, Massachusetts 02110. Additional information on the Authority can be found on its web site, www.umassba.net.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component of the University of Massachusetts)
Statements of Net Position
June 30, 2013 and 2012

Assets	2013	2012
Current assets		
Cash and cash equivalents (Notes B and C)	$ 18,565,616	$ 12,843,014
Accounts receivable, net of allowance of $7,900 and $8,300, respectively	218,557	126,398
Intergovernmental receivables:		
Massachusetts Life Sciences Center	16,860,547	13,335,256
United States Government	2,308,971	2,308,972
University of Massachusetts	1,374,830	624,830
Interest receivable	301,777	401,237
Prepaid expenses and other current assets	1,326,799	1,494,763
Total current assets	40,957,097	31,134,470
Non-current assets		
Restricted		
Cash and cash equivalents (Notes B and C)	505,303,700	562,416,042
Investments (Notes B and C)	85,103,420	230,065,046
Capital assets, net of accumulated depreciation (Note D)	2,169,472,569	1,667,355,953
Bond issuance costs, net of amortization of $2,527,288 and $1,681,744, respectively	18,968,909	19,762,206
Other assets	129,374	138,513
Total non-current assets	2,778,977,972	2,479,737,760
Total assets	$ 2,819,935,069	$ 2,510,872,230
Deferred Outflows of Resources		
Change in fair value of interest rate swap agreements	40,206,773	75,634,211
Liabilities		
Current liabilities		
Accounts payable	$ 46,223,227	$ 58,327,690
Retainage payable to contractors	19,481,032	18,570,686
Bonds payable, current portion (Note E)	297,599,998	385,244,999
Accrued bond interest payable	18,453,957	15,493,534
Other liabilities	7,645,370	1,427,107
Total current liabilities	389,403,584	479,064,016
Non-current liabilities		
Bonds payable, net of current portion, unamortized bond premium and deferred amount from refundings (Note E)	1,828,942,705	1,498,835,669
Derivative instruments - interest rate swap agreements (Note E)	69,325,882	106,110,053
Total non-current liabilities	1,898,268,587	1,604,945,722
Total liabilities	2,287,672,171	2,084,009,738
Net Position		
Invested in capital assets, net of related debt	535,355,372	470,821,068
Restricted for:		
Capital projects	1,958,830	1,345,703
Debt service	13,096,355	11,702,461
Unrestricted	22,059,114	18,627,472
Total net position	**$** 572,469,671	**$** 502,496,704

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

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component of the University of Massachusetts)
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenue:		
Financing income and fees for services	$ 142,039,839	$ 128,824,864
Interest income	4,213,757	4,589,816
Interest subsidy -United States Government	13,251,186	13,853,829
Realized and unrealized (losses) gains on investments, net	(727,859)	1,350,655
HUD grant and other income	-	14,842
Total operating revenues	158,776,923	148,634,006
Operating expenses:		
Facility operating costs	5,175,549	4,507,970
Interest expense	70,105,170	48,027,683
Depreciation and amortization	54,722,951	45,209,647
Insurance	1,166,619	805,397
Professional fees	633,809	885,762
Office, administration and miscellaneous	160,338	67,782
Total operating expenses	131,964,436	99,504,241
Net operating income	26,812,487	49,129,765
Non-operating revenues (expenses):		
State appropriations	2,850,000	22,882,750
Grant to University of Massachusetts	-	(3,880,000)
U.S. Treasury rebate	-	(2,269)
Total non-operating income (expenses)	2,850,000	19,000,481
Capital contributions:		
University of Massachusetts (Note G)	4,944,000	2,700,331
Massachusetts Life Sciences Center	35,366,481	35,032,405
Commonwealth of Massachusetts	-	419,488
Total capital contributions	40,310,481	38,152,224
Change in net position	69,972,968	106,282,470
Net position at beginning of year	502,496,703	396,214,233
Net position at end of year	$ 572,469,671	$ 502,496,703

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

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component of the University of Massachusetts)
Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Cash received from financing income, fees for services and other income	$ 142,124,783	$ 128,930,263
Cash from U.S. Government for BABs interest subsidy	13,251,186	13,904,285
Cash from investments	2,956,485	4,792,513
Payments to bondholders for interest	(92,970,340)	(93,516,200)
Payments to vendors and suppliers	(4,881,577)	(5,106,959)
Payments of salaries and benefits	(2,246,972)	(1,723,239)
Net cash provided by operating activities	58,233,565	47,280,663
Cash flows from capital and related financing activities		
Capital asset expenditures	(533,567,577)	(397,245,652)
Repayment of bond principal	(60,775,000)	(58,190,000)
Bond issuance expenses paid	(2,151,423)	(23,508)
Proceeds from state appropriation	2,850,000	22,882,750
Proceeds from capital contributions	36,035,189	37,714,555
Proceeds from bond obligations	284,375,000	-
Proceeds from bond premium	19,376,741	-
Net cash used in capital and related financing activities	(253,857,070)	(394,861,855)
Cash flows from non-capital financing activities		
Grant payments to University of Massachusetts	-	(3,880,000)
Net cash flows used in non-capital financing activities	-	(3,880,000)
Cash flows from investing activities		
Purchase of investments	-	(269,525,435)
Proceeds from sale of investments	144,233,765	690,117,501
Payment of U.S. Treasury rebate	-	(15,948)
Net cash provided by investing activities	144,233,765	420,576,118
Net (decrease) increase in cash and cash equivalents	(51,389,740)	69,114,926
Cash and cash equivalents - beginning of year	575,259,056	506,144,130
Cash and cash equivalents - end of year	$ 523,869,316	$ 575,259,056

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

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component of the University of Massachusetts)
Statements of Cash Flows - Continued
For the Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	$ 26,812,487	$ 49,129,765
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Capitalized interest	(27,410,615)	(41,433,700)
Depreciation and amortization	56,285,568	39,753,806
Unrealized (gain) loss from investments	(607,132)	(2,562,055)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Interest receivable	99,460	1,559,429
Prepaid expenses and other current assets	167,964	1,400,098
Accounts receivable	(92,159)	105,799
Intergovernmental receivable - US Government	-	50,456
Other assets	9,139	81,313
Increase (decrease) in:		
Accounts payable - non-construction related	8,431	(252,408)
Accrued bond interest payable	2,960,423	(149,172)
Other liabilities	-	(402,668)
Net cash provided by operating activities	$ 58,233,566	$ 47,280,663

Supplemental disclosure of cash flow information

	2013	2012
Non-cash capital and related financing activities:		
Capital assets acquired and included in accounts and retainage payable and other liabilities	$ 71,946,091	$ 78,803,749

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

NOTE A – OPERATIONS OF THE AUTHORITY

The University of Massachusetts Building Authority (the "Authority" or "UMBA") is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth") and was created by Chapter 773 of the Acts of 1960 of the Commonwealth, as amended (the "Enabling Act"). The purposes of the Authority are to provide dormitories, dining commons and other buildings and structures for use by the University of Massachusetts (the "University"), its students, staff and their dependents and other entities associated with the University as requested by authority of the Trustees of the University (the "Trustees").

The Enabling Act provides that the Authority shall have eleven members, five of whom shall also be trustees of the University. Members of the Authority are appointed by the Governor of the Commonwealth. Non-trustee members serve terms of approximately six years while trustee members serve until they are no longer trustees of the University. Members whose terms have expired continue to be members until reappointed or replaced.

The major functions of the Authority include the issuance of bonds to finance projects requested by the Trustees; the planning and construction or renovations related to those projects; the setting and collection of fees, rents, rates and other charges related to such projects; debt service administration; and maintenance and repair of its projects. In conjunction with its financings, the Authority has entered into contracts with the Commonwealth, acting by and through the Trustees, with respect to its projects that provide for payments for debt service and other costs of the financings as well as the operating costs of the Authority and its projects.

As stated in the Enabling Act, the Authority may sell bonds and notes, in either a public or private sale, at a price and with such terms as it may determine are in the best interest of the Authority, provided that the bonds of each issue mature no later than fifty years from their date and the sale and terms thereof have been approved by the Treasurer and Receiver-General and the Secretary of Administration and Finance of the Commonwealth or their designees.

The Authority is an agency of the Commonwealth and is exempt from Federal income tax under Section 115(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Authority's financial statements are included in the University's financial statements as a blended component unit.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority's significant accounting policies are described below.

Basis of Accounting

The Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the economic resources measurement focus, the Authority distinguishes operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses result primarily from providing, operating and maintaining Authority facilities for use by the University. The principal sources of operating revenues include financing income, which represents amounts needed for debt service and related expenses received from the University, income on investments held for capital construction and debt service requirements, and fees charged to the University for services. Operating expenses for the Authority include the interest expense on bonds, facility operating costs, depreciation of capital assets, professional fees and other administrative costs. All revenues and expenses not categorized as operating revenues and expenses are reported as non-operating.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of when the related cash flow takes place.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets in the statement of net position because their use is limited by bond trust agreements.

The following sets forth the cash and cash equivalent and investment balances in restricted funds as of June 30, 2013 and 2012:

	2013	2012
Cash and cash equivalents		
Capital projects fund	$ 497,525,400	$ 556,031,659
Debt service fund	7,778,300	6,384,383
Total restricted cash and cash equivalents	$ 505,303,700	$ 562,416,042
Investments		
Capital projects fund	$ 79,785,364	$ 224,746,990
Debt service fund	5,318,056	5,318,056
Total restricted investments	$ 85,103,420	$ 230,065,046

Capital Assets and Depreciation

Property, Plant and Equipment are stated at cost on the date of acquisition, or at the fair market if contributed. Construction in progress is included as a capital asset. Construction in progress is stated at cost, which includes direct construction costs and other expenditures related to construction including capitalized interest, if any. All construction costs related to projects which are not yet completed are charged to construction in progress until such time as the projects are completed and placed in operation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets from the date the property is placed in operation. Land is not depreciated. The useful lives applicable to the Authority are as follows:

Buildings	20 to 50 years
Building and leasehold improvements	3 to 20 years
Equipment	4 to 10 years
Furnishings	3 to 10 years

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capitalized Interest

The Authority capitalizes interest costs incurred during the construction period of qualifying property assets. The amount of interest costs capitalized on qualifying assets acquired with proceeds of tax-exempt borrowings consists of all interest costs of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use. Interest capitalized during the years ended June 30, 2013 and 2012 totaled approximately $27,410,600 and $41,433,700, respectively, net of interest income of $1,821,300 and $1,778,600, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances maintained in checking accounts, overnight repurchase agreements and amounts held in permitted money market mutual funds with an original maturity date of three months or less.

Contracts with the University

The Authority has entered into various contracts with the University, acting by and through the Trustees, related to the management of certain Authority projects and the payment to the Authority of certain fees and operating costs. The Authority fixes fees, rents, rates and other charges for the use of its projects in amounts sufficient to provide for the debt service and other payments related to the Authority's obligations and for the Authority's operating expenses. These investments in contracts generally call for the Trustees to bill and collect all revenue derived from the projects and remit to the Authority or to the trustee under the Authority's trust agreements (the "Bond Trustee") funds sufficient to cover debt service on its bonds, its costs of operations, and its financial obligations with respect to the projects.

Investments

Investments in marketable securities are stated at fair value.

Investments in repurchase agreements are non-participating interest earning investment contracts and are recorded at cost. These repurchase agreements are secured by cash or investments with a fair market value between 100% and 105% of the repurchase price, depending on the type of asset used as security and the specific repurchase agreement. These repurchase agreements can be redeemed at any time for the repurchase price provided the redemption proceeds are used for a purpose permitted by the respective repurchase agreement.

Realized and unrealized gains (losses) on investments include the net changes in the fair value of investments.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Position

Net position is reported in three categories:

Invested in capital assets, net of related debt – This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt, that are attributed to the acquisition, construction or improvement of those assets.

Restricted net position – This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. Capital project restricted net assets are funds primarily provided by debt financing for the completion of University projects. Debt service restricted net assets are funds primarily provided as additional collateral to the bond holders (e.g. debt service reserve funds).

Unrestricted net position – This category consists of net assets which do not meet the definition of the two preceding categories, and are available to support the Authority's operations.

Grants and Capital Contributions

Capital contributions are generally grants for capital asset acquisition, facility development and long-term planning studies, and are reported in the statements of revenues, expenses and changes in net position after non-operating revenues and expenses as capital contributions when such items are capitalized. Non-capital grants are recognized as non-operating revenue. Revenue from these grants and similar items are recognized when all eligibility requirements imposed by the grantor have been met.

Insurance

The Owner-controlled Consolidated Insurance Program (OCIP) was established in March, 2010 to provide insurance coverage for contractors on selected Authority capital projects. This program provides workers' compensation and general liability insurance coverage for most contractors working on projects in the program. The program has a deductible component that is funded by the Authority. The deductible component is limited on both a per-occurrence basis and an aggregate basis for all OCIP-covered projects by so-called stop-loss insurance. The deductible exposure of the Authority is secured by and paid out of an escrow trust fund set up for this purpose. As of June 30, 2013 and June 30, 2012, the balance in the escrow trust fund was $1,700,000 and $3,400,000, respectively. The balance in the escrow fund covers claim reserves and incurred but not reported (IBNR) deductible exposures for construction through that June 30, 2013.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Reclassifications

Certain prior year amounts have been reclassified in the accompanying financial statement to conform to the current year presentation. In addition, during fiscal year 2013, management identified certain errors in prior period classifications within net position. The errors were corrected in the current year financial statements as follows:

	As Reported	Reclassifications	As Reclassified
Invested in capital assets, net of related debt	$ 472,753,052	$ (1,931,984)	$ 470,821,068
Restricted for:			
Capital projects	40,271,874	(38,926,171)	1,345,703
Debt service	(1,482,101)	13,184,562	11,702,461
Unrestricted	(9,046,122)	27,673,593	18,627,472
Total net position	$ 502,496,703	$ -	$ 502,496,704

These reclassifications were the result of a more in depth review of related assets and liabilities in the appropriate categories. In the opinion of management, these errors do not have a material impact on previously issued financial statement.

Adoption of New Accounting Standards

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB No. 63). GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. GASB No. 63 amends the net asset reporting requirements in GASB No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The adoption of GASB No. 63 in 2013 required the Authority to change the reference of net assets to net position and present deferred outflows separate from total assets.

NOTE C – CASH DEPOSITS AND INVESTMENTS

Cash Deposits – Custodial Credit Risk

The Authority holds a majority of its cash and cash equivalents in high quality money market mutual funds that invest in securities that are permitted investments under the Authority's Enabling Act or in money market mutual funds that have been specifically permitted by state legislation. The Authority's cash and cash equivalents consisted of the following as of June 30, 2013 and 2012:

	2013	2012
Cash	$ 5,130,189	$ 56,075
Permitted money market accounts ("MMA")	518,739,127	575,202,981
Total cash and cash equivalents	$ 523,869,316	$ 575,259,056

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2013, the bank balances of uninsured deposits totaled $4,880,189. As of June 30, 2012, the Authority's cash deposits of $56,075 were not subject to custodial credit risk as they were under federally insured limits. For purposes of disclosure under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, money market accounts investing in debt securities are considered investments and therefore, are included in the investment disclosures that follow.

Investments

As of June 30, 2013, the Authority's investments consisted of the following:

	Investment Maturities (in Years)			
	Total	Less than 1	1 to 5	6 to 10
Investment type				
Debt Securities				
US Treasuries	$ 10,324,219	$ 10,324,219	$ -	$ -
US Agencies	69,461,145	50,383,163	19,077,982	-
Repurchase Agreements	5,318,056	-	-	5,318,056
MMA	518,739,127	518,739,127	-	-
Total	$ 603,842,547	$ 579,446,509	$ 19,077,982	$ 5,318,056

NOTE C – CASH DEPOSITS AND INVESTMENTS - Continued

As of June 30, 2012, the Authority's investments consisted of the following:

	Investment Maturities (in Years)			
	Total	Less than 1	1 to 5	6 to 10
Investment type				
Debt Securities				
US Treasuries	$ 10,246,900	$ -	$ 10,246,900	$ -
US Agencies	214,500,089	30,495,174	184,004,915	-
Repurchase Agreements	5,318,057	-	-	5,318,057
MMA	575,202,981	575,202,981	-	-
Total	$ 805,268,027	$ 605,698,155	$ 194,251,815	$ 5,318,057

Because money market funds are highly liquid, they are presented as investments with maturities of less than one year.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the Authority holds its investments until maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Enabling Act specifies the permitted investments of the Authority. These permitted investments include direct obligations of or obligations which are unconditionally guaranteed by the United States of America ("Treasuries"), obligations of an agency or organization created pursuant to an act of Congress of the United States as an agency or instrumentality thereof ("Agencies"), time deposits or certificates of deposits fully secured by Treasuries or Agencies, and Treasuries and Agencies subject to repurchase agreements. Other legislation allows the Authority to invest in the Massachusetts Municipal Depository Trust (the "MMDT"), a money market account sponsored by the Treasurer of the Commonwealth and managed by Federated Investors, Inc. Additionally, the Authority's Bond Trustee invests some of the Authority's funds in money market accounts that are permitted and collateralized by Treasuries.

NOTE C – CASH DEPOSITS AND INVESTMENTS - Continued

Credit Risk - Continued

No credit risk disclosures are required under GASB No. 40 relating to the Authority's investment in Treasuries. The Authority's investments in Agencies are highly rated by Standard & Poor's Rating Services and Moody's Investors Service, Inc. The Authority's investments in repurchase agreements are not rated but are fully collateralized by Treasuries and Agencies. MMDT is unrated.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority's Enabling Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk, except that interest-bearing time deposits or certificates of deposit of banking institutions or trust companies must be continuously and fully secured by Treasuries or Agencies.

Custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds or government investment pools, such as MMDT. Direct investments in marketable securities are held by the Authority's Bond Trustee as the Authority's agent. In accordance with the Authority's repurchase agreements, collateral for the agreements is held in segregated accounts with market values between 100% and 105% of the repurchase price, depending on the type of asset used as security and the specific repurchase agreement.

Concentrations of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. As of June 30, 2013, the Authority had 5.9% of its investments with the Federal Home Loan Bank and 85.1% in MMDT. As of June 30, 2012, the Authority had 10.1% of its investments with the Federal Home Loan Mortgage Corporation and 71.1% in MMDT.

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance June 30, 2011	Additions/ (Transfers)	Balance June 30, 2012	Additions/ (Transfers)	Balance June 30, 2013
Land	$ 21,785,000	$ -	$ 21,785,000	$ -	$ 21,785,000
Buildings	935,941,952	6,327,847	942,269,799	529,531,800	1,471,801,599
Building improvements	328,101,784	64,705,980	392,807,764	58,656,575	451,464,339
Equipment and furnishings	31,775,736	424,599	32,200,335	998,792	33,199,127
Construction in progress	264,064,795	397,787,715	661,852,510	(33,214,935)	628,637,575
Subtotal	1,581,669,267	469,246,141	2,050,915,408	555,972,232	2,606,887,640
Less: accumulated depreciation					
Buildings	(235,136,935)	(22,359,020)	(257,495,955)	(31,972,696)	(289,468,651)
Building improvements	(79,502,824)	(18,248,865)	(97,751,689)	(19,628,601)	(117,380,290)
Equipment and furnishings	(24,627,755)	(3,684,056)	(28,311,811)	(2,254,319)	(30,566,130)
Subtotal	(339,267,514)	(44,291,941)	(383,559,455)	(53,855,616)	(437,415,071)
Total capital assets, net	$ 1,920,936,781	$ 513,538,082	$ 1,667,355,953	$ 609,827,848	$ 2,169,472,569

There were no retirements or disposals of fixed assets in fiscal year 2013 or fiscal year 2012.

The Authority has outstanding purchase commitments with contractors for the construction of certain facilities as of June 30, 2013 and 2012 of approximately $171,138,200 and $306,800,700, respectively.

NOTE E – BONDS PAYABLE

The following is a summary of bond transactions for the years ended June 30, 2013 and 2012:

	Bonds payable	Unamortized original issue premiums	Unamortized deferred loss on refundings	Total
Beginning balance - July 1, 2011	$ 1,976,045,000	$ 44,031,377	$ (72,377,067)	$ 1,947,699,310
Issuances	-	-	-	-
Payments/amortization	(58,190,000)	(8,085,358)	2,656,716	(63,618,642)
Ending balance - June 30, 2012	$ 1,917,855,000	$ 35,946,019	$ (69,720,351)	1,884,080,668
Less: Due within one year				(385,244,999)
Non-current balance				$ 1,498,835,669
Beginning balance - July 1, 2012	$ 1,917,855,000	$ 35,946,019	$ (69,720,351)	$ 1,884,080,668
Issuances	284,375,000	19,376,741	-	303,751,741
Payments/amortization	(60,775,000)	(1,289,937)	775,231	(61,289,706)
Ending balance - June 30, 2013	$ 2,141,455,000	$ 54,032,823	$ (68,945,120)	2,126,542,703
Less: Due within one year				(297,599,998)
Non-current balance				$ 1,828,942,705

NOTE E – BONDS PAYABLE - Continued

Aggregate annual maturities of principal and interest on long-term debt as of June 30, 2013 are as follows:

Year ending June 30,	Principal	Interest	Total
2014	$ 67,375,000	$ 88,332,403	$ 155,707,403
2015	73,605,000	83,930,393	157,535,393
2016	75,215,000	80,673,256	155,888,256
2017	77,775,000	77,295,976	155,070,976
2018	78,835,000	73,800,393	152,635,393
2019-2023	425,385,000	313,397,916	738,782,916
2024-2028	395,200,000	233,038,304	628,238,304
2029-2033	346,710,000	162,743,502	509,453,502
2034-2038	355,155,000	93,215,326	448,370,326
2039-2043	221,550,000	22,611,132	244,161,132
2044-2048	24,650,000	500,598	25,150,598
Total	$ 2,141,455,000	$ 1,229,539,199	**$** 3,370,994,199

The 2011-1 variable rate bond with a principal outstanding balance of $132,450,000, is classified as a current debt obligation as a result of the liquidity facility expiring on June 9, 2014. The Authority expects to redeem the variable rate bond on its original principal amortization schedule. In addition, the 2011-2 window bonds have no supporting liquidity facility and are also classified as a current debt obligation. Consistent with prior years, the Authority expects to redeem this bond based on its original amortization schedule.

NOTE E – BONDS PAYABLE - Continued

The following is a summary of bonds outstanding for the years ended June 30, 2013 and 2012 (bond amounts in thousands):

Bond Description	Outstanding June 30, 2013	Outstanding June 30, 2012	Interest Rate	Maturity Year	Amount Issued	Insured	Commonwealth Guaranteed (Note H)	Callable	Call Date Beginning
Project Revenue Bonds, Senior Series 2003-1	$ 12,035	$ 17,665	3.875% to 5.25%	2014	$ 137,970	AMBAC	No	At Par	Nov-13
Project Refunding Bonds, Senior Series 2004-1	24,500	32,195	5.250%	2016	183,965	AMBAC	No	At Par	Nov-14
Project Revenue Bonds, Senior Series 2004-A	6,715	8,765	4.20% to 4.50%	2015	96,025	MBIA	Yes	At Par	Nov-14
Refunding Revenue Bonds, Senior Series 2005-1	8,020	10,440	5.00%	2016	25,595	AMBAC	No	At Par	May-15
Refunding Revenue Bonds, Senior Series 2005-2	180,195	189,645	5.000%	2025	212,550	AMBAC	No	At Par	Nov-15
Taxable Refunding Revenue Bonds, Senior Series 2006-2	2,760	5,375	5.47% to 5.49%	2014	21,240	AMBAC	No	No	-
Project Revenue Bonds, Senior Series 2008-1	201,655	208,515	Variable	2038	232,545	No	No	At Par	Anytime
Project Revenue Bonds, Senior Series 2008-2	108,300	110,750	4.00% to 5.00%	2038	120,560	FSA (Partial)	No	At Par	May-18

NOTE E – BONDS PAYABLE – Continued

Bond Description	Outstanding June 30, 2013	2012	Interest Rate	Maturity Year	Amount Issued	Insured	Commonwealth Guaranteed (Note H)	Callable	Call Date Beginning
Project Revenue Bonds, Senior Series 2008-A	$ 22,795	$ 23,630	Variable	2038	$ 26,580	No	Yes	At Par	Anytime
Project Revenue Bonds, Senior Series 2009-1	216,870	228,665	3.00% to 5.00%	2039	247,810	No	No	At Par	May-19
Project Revenue Bonds, Senior Series 2009-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	271,855	271,855	6.423% to 6.573%	2039	271,855	No	No	At Par	May-18
Project Revenue Bonds, Senior Series 2009-3 (Federally Taxable)	27,715	28,155	5.823% to 6.173%	2039	28,570	No	No	*	Anytime
Project Revenue Bonds, Senior Series 2010-1	107,950	114,275	5.000%	2020	118,985	No	No	No	-
Project Revenue Bonds, Senior Series 2010-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	430,320	430,320	3.80% to 5.45%	2040	430,320	No	No	*	Anytime

* = These series of bonds are callable at the Make-Whole Redemption Price which equals the greater of the outstanding principal balance or the present value of the scheduled future principal and interest payments, which payments are discounted at the Treasury Rate plus 25 basis points (2009 Series Bonds) or 30 basis points (2010 Series Bonds).

NOTE E – BONDS PAYABLE - Continued

Bond Description	Outstanding June 30, 2013	Outstanding June 30, 2012	Interest Rate	Maturity Year	Amount Issued	Insured	Commonwealth Guaranteed (Note H)	Callable	Call Date Beginning
Project Revenue Bonds, Senior Series 2010-3 (Federally Taxable)	$ 2,925	$ 2,965	5.75%	2040	$ 3,005	No	No	*	Anytime
Refunding Revenue Bonds, Senior Series 2011-1	132,450	133,765	Variable	2034	135,040	No	No	At Par	Anytime
Refunding Revenue Bonds, Senior Series 2011-2	100,020	100,875	Variable	2034	101,700	No	Yes	At Par	Anytime
Project Revenue Bonds, Senior Series 2013-1	212,585	-	2.00% to 5.00%	2043	212,585	No	No	At Par	Nov-22
Project Revenue bonds, Senior Series 2013-2 (Federally Taxable)	71,790	-	0.43% to 2.686%	2043	71,790	No	No	At Par	Nov-23
Total	$ 2,141,455	$ 1,917,855							

* = These series of bonds are callable at the Make-Whole Redemption Price which equals the greater of the outstanding principal balance or the present value of the scheduled future principal and interest payments, which payments are discounted at the Treasury Rate plus 25 basis points (2009 Series Bonds) or 30 basis points (2010 Series Bonds).

NOTE E – BONDS PAYABLE - Continued

Variable Rate Bonds

The 2008-1 bonds were supported with an irrevocable direct pay letter of credit (the “Lloyds LOC”) issued by Lloyds TSB Bank PLC (“Lloyds”). Upon presentation of required documentation, the Lloyds LOC would be required to pay the Bond Trustee the amount necessary to pay the principal and accrued interest on the bonds. The Lloyds LOC expired in April 2013. Under the terms of the Lloyds LOC, the Authority was required to pay Lloyds in quarterly installments a facility fee in the amount of 26.5 basis points (or higher, under certain circumstances) of the commitment amount. Fees accrued by the Authority in connection with the Lloyds LOC totaled $492,500 and $570,000 for the years ended June 30, 2013 and 2012, respectively. On April 23, 2013, the Authority entered into a standby bond purchase agreement with J.P. Morgan Chase Bank, N.A. (“J.P. Morgan”) which requires J.P. Morgan to purchase bonds that are tendered and not remarketed. Under the terms of the J.P. Morgan standby bond purchase agreement, the Authority is required to pay J.P. Morgan in quarterly installments a facility fee in the amount of 25 basis points (or higher, under certain circumstances) of the commitment amount. Fees accrued by the Authority in connection with the J.P. Morgan agreement totaled $106,100 for the year ended June 30, 2013. The agreement expires in April 2016 and may be extended if a mutual interest exists between both the Authority and J.P. Morgan.

The 2008-A bonds were supported by a standby bond purchase agreement with Bank of America, N.A. (“BofA”) which required BofA to purchase bonds tendered, and not remarketed, in an amount not to exceed the principal on the bonds plus accrued interest up to 184 days at an annual interest rate not to exceed 12 percent. Under this agreement, the Authority was required to pay BofA in quarterly installments a facility fee in the amount of 12 basis points of the initial commitment. The initial commitment under the agreement was set at $28,000,000 and is subject to adjustment from time to time in accordance with the provisions of the agreement. The agreement expired in April 2013. Fees accrued by the Authority in connection with the standby bond purchase agreement totaled $24,800 and $43,600 for the years ended June 30, 2013 and 2012, respectively. On April 16, 2013, the Authority entered into a standby bond purchase agreement with Barclays Bank PLC (“Barclays”) which requires Barclays to purchase bonds that are tendered and not remarketed. Under the terms of the Barclays standby bond purchase agreement, the Authority is required to pay Barclays in quarterly installments a facility fee in the amount of 32.5 basis points (or higher, under certain circumstances) of the commitment amount. The agreement expires in April 2016 and may be extended if a mutual interest exists between both the Authority and Barclays. Fees accrued by the Authority in connection with the Barclays agreement totaled $132,500 for the year ended June 30, 2013.

NOTE E – BONDS PAYABLE - Continued

The 2011-1 bonds are supported by a standby bond purchase agreement with Wells Fargo Bank, N.A. ("Wells") which requires Wells to purchase bonds tendered and not remarketed in an amount not to exceed the principal on the bonds plus accrued interest up to 185 days at an annual interest rate not to exceed 12 percent. Under this agreement, the Authority is required to pay Wells in quarterly installments a facility fee in the amount of 40 basis points (or higher, under certain circumstances) of the initial commitment. The initial commitment under the agreement was set at $135,040,000 and is subject to adjustment from time to time in accordance with the provisions of the agreement. The agreement expires on June 9, 2014 and may be extended at the option of Wells. Fees accrued by the Authority in connection with Wells totaled $665,500 and $674,600 for the years ended June 30, 2013 and 2012, respectively.

Window Bonds

In fiscal year 2011, the Authority issued its 2011-2 bonds in a variable rate Window Bond mode. As with the Authority's other variable rate bonds, the Window Bondholders can tender the bonds at any time. But unlike the Authority's other variable rate bonds, where the bondholders will receive payment on any tendered bonds 7 days from the tender, Window Bondholders are not required to receive funds for the tender until after a 30 day remarketing period and an additional 180 day funding window period. Due to this 210 day funding period, the Authority is not required to obtain any type of liquidity support for the 2011-2 bonds and the bonds are considered supported with self-liquidity. Window Bondholders receive an interest rate on the Window Bonds at a fixed spread over the Securities Industry and Financial Markets Association Municipal Swap Index™ ("SIFMA"). The initial spread to the SIFMA index is 9 basis points (.09%).

Bond Refundings

There were no advanced refundings in fiscal year 2013. In previous fiscal years, the Authority has advanced refunded various bonds by depositing into various trust accounts funds sufficient to provide for all future debt service payments on the refunded bonds until the bonds could be called. Assets held in the trust accounts for this purpose had aggregate market values of approximately of $298,031,100 and $311,733,800 as of June 30, 2013 and 2012, respectively. The unpaid principal amount of the refunded bonds totaled $289,585,000 and $292,010,000 as of June 30, 2013 and 2012, respectively.

These advanced refunded bonds are considered defeased and, accordingly, the liability for the bonds payable and the assets held to repay the debt are not recorded in the Authority's financial statements.

In connection with the Authority's prior advanced refundings, the Authority recorded a difference between the reacquisition price and the net carrying amount of the refunded debt of approximately $45,462,000. This difference is being reported as a reduction of bonds payable and will be amortized as an increase in interest expense over remaining term of the original life of the refunded bonds. The refundings reduced the Authority's debt service payments in future years by approximately $26,206,000 and resulted in an economic gain (the present value of the savings) of approximately $16,021,100.

NOTE E – BONDS PAYABLE - Continued

Bond Premium and Issuance Expenses

In connection with the Authority's bond issues, the Authority received premiums at issuance totaling approximately $86,705,141. The Authority will amortize the premiums received as a reduction in interest expense over the life of the respective bond issue.

In connection with the Authority's bonds issues, the Authority incurred certain issuance costs associated with the bond offerings. As of June 30, 2013 and June 30, 2012, bond issuance costs were $18,968,909 and $19,762,206, net of accumulated amortization of $2,527,288 and $1,681,744, respectively. These issuance costs have been capitalized by the Authority and will be amortized over the life of the respective bond issue.

Interest Rate Swaps

The Authority uses derivative instruments to attempt to manage the impact of interest rate changes on its cash flows and net position. The Authority utilizes these instruments in an attempt to mitigate its exposure to certain market risks associated with operations, and does not use derivative instruments for trading or speculative purposes.

The Authority's contracts are evaluated pursuant to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53") to determine whether they meet the definition of derivative instruments, and if so, whether they effectively hedge the expected cash flows associated with interest rate risk exposures. The Authority applies hedge accounting for derivative instruments that are deemed effective hedges and under GASB No. 53 are referred to as hedging derivative instruments. Under hedge accounting, changes in the fair value of a hedging derivative instrument are reported as a deferred inflow or deferred outflow in the statement of net position until the contract is settled or terminated.

All settlement payments or receipts for hedging derivative instruments are recorded as interest expense in the period settled.

The Authority's hedging derivative instruments at June 30, 2013 and 2012 were as follows:

	Fair Value June 30, 2012	Net Change in Fair Value	Fair Value June 30, 2013	Type of Hedge	Financial Statement Classification for Changes in Fair Value
Series 2008-1 Swap	$ (44,721,136)	$ 16,596,610	$ (28,124,526)	Cash Flow	Deferred outflow
Series 2008-A Swap	(5,126,392)	1,893,923	(3,232,469)	Cash Flow	Deferred outflow
Series 2006-1 Swap	(56,262,525)	18,293,638	(37,968,887)	Cash Flow	Deferred outflow
Total	$ (106,110,053)	$ 36,784,171	$ (69,325,882)		

NOTE E – BONDS PAYABLE - Continued

The terms of the Authority's financial derivative instruments that were outstanding at June 30, 2013 are summarized in the table below:

	Type	Effective Date	Termination Date	Rate Authority Pays	Authority Receives	Original Notional Value
Series 2008-1 Swap	Synthetic Fixed	May 1, 2008	May 1, 2038	3.388%	70% of 1-Month LIBOR	$ 232,545,000
Series 2008-A Swap	Synthetic Fixed	Nov 13, 2008	May 1, 2038	3.378%	70% of 1-Month LIBOR	$ 26,580,000
Series 2006-1 Swap	Synthetic Fixed	Apr. 20, 2006	Nov. 1, 2034	3.482%	60% of 3-Month LIBOR + .18%	$ 243,830,000

Fair Values. The fair values of the swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the agreements, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the agreements. As of June 30, 2013 and 2012, the Authority's swaps had a negative fair value of $69,300,000 and $106,100,000, respectively.

Credit risk. As of June 30, 2013, the Authority was not exposed to credit risk on the swaps as the fair value was negative. Since changes in interest rates affect the fair values of swap agreements, it is possible that the swap agreements with negative fair values become positive which would expose the Authority to credit risk. To mitigate the potential for credit risk, when a counterparty has a positive fair value and if the counterparty's credit quality falls below A3/A/A, the fair value of the swap will be fully collateralized by the counterparty with U.S. Government Securities or U. S. Government Agency Securities. Collateral posted by the counterparty will be held by a third-party custodian.

The credit ratings for the Authority's counterparties at June 30, 2013 are as follows:

	Credit Ratings		
	Moody's	S & P	Fitch
UBS AG	A2	A	A
Deutsche Bank AG	A2	A+	A+
Citi Bank NA	A3	A	A

Basis risk. The Authority is exposed to basis risk on its pay-fixed interest rate swaps because the variable-rate payment received by the Authority (a percent of LIBOR) on these hedging derivative instruments is based on indexes other than the actual interest rates the Authority pays on its hedged variable rate debt. Should the relationship between LIBOR and the actual variable rate interest payments on the bonds converge, the expected cost savings may not materialize. The terms of the related hedging fixed rate swap transactions are summarized in the chart above.

NOTE E – BONDS PAYABLE - Continued

Termination risk. The Authority's swaps are governed under the International Swap Dealers Association Master Agreement (the "Master Agreement"), which includes standard termination events, such as failure to pay and bankruptcy. Additionally, the Master Agreement was amended so that the swap may be terminated by the Authority if the counterparty's credit quality rating falls below certain levels or the counterparty fails to have a rating. Further, the swap may be terminated by the counterparties if the long-term, unsecured, unenhanced senior debt rating of any bonds issued by the Authority is withdrawn, suspended or falls below certain levels or the Authority fails to have a rating. The Authority or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The Authority may also terminate the swaps at its option. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate and the Authority's interest payment will be based solely upon the rate required by the related bonds as issued. When a termination event occurs, a mark-to-market (or "fair market value") calculation is performed to determine whether the Authority is owed or must pay cash to close out the swap position. A negative fair value means the Authority would incur a loss and need to make a termination payment to settle the swap position. A positive fair value means the Authority would realize a gain and receive a termination payment in settlement of the swap position.

Contingencies. All of the Authority's swaps include provisions that require the Authority to post collateral in the event its credit rating falls below certain levels. In the event the Authority is rated A2 by Moody's Investors Service or A by Standard & Poor's, the Authority would need to post collateral equal to amounts above the fair value of its swaps in liability positions above $10,000,000. In the event the Authority is not rated or rated below A3 by Moody's Investors Service or below A- by Standard & Poor's, the Authority must post collateral in the amount of the fair value of the swaps in liability positions. The collateral posted is to be in the form of cash obligations guaranteed by the U.S. Treasury, or negotiable debt obligations issued by the Federal Home Loan Mortgage Association or the Federal National Mortgage Association. If the Authority does not post collateral, the derivative instrument may be terminated by the counterparty. The Authority's credit rating is Aa2 from Moody's Investors Service, AA from Fitch Ratings, and AA- from Standard and Poor's at June 30, 2013; therefore, no collateral has been posted.

Termination of Hedge Accounting. In June of 2011, the Authority undertook an advance refunding of the 2008-3 and 2008-4 variable rate bonds hedged by the Series 2006-1 Swap. As part of the refunding, the Series 2006-1 swap was re-assigned to a new underlying notional (the 2011-1 and 2011-2 Bonds) with identical terms. This refunding and reassignment effectively terminated the original hedge. At June 30, 2011, the Series 2006-1 Swap was considered a hedging derivative instrument. In accordance with GASB No. 53, at the time of a termination event related to an advance refunding of the hedged debt, the balance of the amounts in deferred outflows is to be included in the net carrying amount of the refunded debt for the purposes of calculating the deferred loss on refunding. The balance of the deferred outflows that was included in the net carrying amount of the refunded debt at the time of the refunding was $22,200,000. The change in fair value of the Series 2006-1 Swap from the refunding date to June 30, 2013 is reported as a deferred outflow as the swap was determined to be effective at June 30, 2013.

NOTE E – BONDS PAYABLE - Continued

Swap payments and associated debt. Using rates as of June 30, 2013, the debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Interest Rate Swaps, Net	Total
2014	$ 10,050,000	$ 388,284	$ 14,577,503	$ 25,015,787
2015	10,430,000	381,187	14,251,251	25,062,438
2016	10,845,000	374,329	13,931,574	25,150,903
2017	11,625,000	365,448	13,535,733	25,526,181
2018	11,770,000	357,759	13,181,926	25,309,685
2019-2023	116,785,000	1,578,380	57,620,020	175,983,400
2024-2028	155,640,000	904,184	33,964,696	190,508,880
2029-2033	112,390,000	298,029	11,768,484	124,456,513
2034-2038	16,495,000	21,186	787,371	17,303,557
Total	$ 456,030,000	$ 4,668,786	$ 173,618,558	$ 634,317,344

As actual rates vary, variable-rate bond interest payments and net swap payments will vary.

NOTE F – DUE TO BANK OF AMERICA

The Authority maintained a Revolving Line of Credit (the "Line") with Bank of America, N.A (the "BoFA") until January 2012 when the Authority allowed its contract with the Bank to expire. There were no draws or outstanding balances on the line in fiscal year 2012.

NOTE G – GRANTS FROM THE UNIVERSITY OF MASSACHUSETTS

During the year ended June 30, 2013, the Authority received grants from the University in the amount of $4,944,000 to fund projects on the Amherst and Lowell Campuses. In fiscal year 2012, the Authority received $2,700,331, primarily to partially fund projects including the Edward M. Kennedy Institute for the United States Senate at the Boston campus. The Authority expended funds in the respective fiscal years for these purposes.

As per the Authority's policy, these grants are shown in the statements of revenues, expenses and changes in met position as a capital contribution.

NOTE H – GUARANTY OF THE COMMONWEALTH OF MASSACHUSETTS

Section 10 of the Enabling Act authorizes the Commonwealth, acting by and through the Trustees, to enter into contracts with the Authority for state financial assistance in the form of a guaranty by the Commonwealth of the payment of the principal and interest as they become due and payable up to a maximum of $200,000,000 principal amount of outstanding bonds and notes of the Authority. The full faith and credit of the Commonwealth are pledged for the payment of the guaranty. As is generally the case with other full faith and credit obligations of the Commonwealth, funds with which to honor such guaranty would be provided by appropriation.

NOTE I – COMMITMENTS AND CONTINGENCIES

The Authority has executed long-term leases with the Commonwealth, acting by and through the Trustees, covering the land on which facilities owned by the Authority are located on the University's campuses. These leases call for nominal annual payments to the Commonwealth. Certain of these leases renew automatically for subsequent five or ten year periods unless the Authority notifies the University that it does not wish to renew. Other leases require the Authority to notify the University of its desire to renew. As of June 30, 2013, all leases with the Commonwealth were in good standing and any leases requiring action by the Authority during the year to facilitate their renewals were properly renewed.

As provided in the Enabling Act, each of the above-referenced leases also terminates when the Authority no longer has any bonds outstanding, at which time all Authority property becomes the property of the Commonwealth.

The Authority entered into a sublease agreement, as lessee, dated December 14, 2004 with SSB Realty, LLC, as lessor (the "Lessor"), for space at 225 Franklin Street, Boston, Massachusetts to be used primarily by the University, the Authority, The University of Massachusetts Foundation, Inc. and The University of Massachusetts Club. The agreement requires the Authority to pay a base rent plus a proportionate share of any increase over the base year of the Lessor's costs and taxes. The lease began April 1, 2005 and ends December 15, 2015 and includes an initial three month period of no rental payments. In July 2007, SSB Realty, LLC notified the Authority that the lease with the Authority had been assigned to Equity Office Management, LLC ("Equity") and that Equity had assumed all rights under the lease.

For the years ended June 30, 2013 and 2012, lease operating costs were approximately $1,757,100 and $1,730,900, respectively, which are included in facility operating costs in the accompanying statements of revenues, expenses and changes in net position.

Approximate future payments (excluding Lessor's costs and taxes) under the lease agreements are as follows:

Year Ending June 30,		
2014	$	1,654,000
2015		1,654,000
2016		758,000
Total	$	4,066,000

The Authority is a defendant in various lawsuits and is subject to various contractual matters; however, Authority management is of the opinion that the ultimate outcome of all litigation or potential contractual obligations will not have a material effect on the financial position, financial results or cash flows of the Authority.

NOTE J – THE UNIVERSITY OF MASSACHUSETTS CLUB

In August 2005, the Authority executed a contract with UMass Club Management, LLC (the "Manager"), a wholly owned subsidiary of ClubCorp USA, Inc., to provide management services for the University of Massachusetts Club (the "Club"), a private social club for alumni and friends of the University. The Club, located on the 33rd floor of 225 Franklin Street in Boston Massachusetts, was opened on October 31, 2005.

Under the terms of the contract, the Authority, acting as owner of the Club, is responsible for approving the budgets and operating plans of the Club as presented by the Manager. The Authority is responsible for any operating shortfall and will benefit from any operating profits. The contract calls for a minimum annual management fee payable to the Manager of $150,000 or four percent of the operating revenues, as defined by the contract, whichever is greater. Additionally, the Manager receives a percentage of the Club's initiation fees and 25% of the operating profits, as defined by the contract. The contract term is 10 years and can be terminated by the Authority after 3 years if the Authority decides to close the Club for a minimum of 18 months. As tenant on the sublease for the 33rd floor, the Authority would be responsible for the rental charges should it decide to close the Club.

As of June 30, 2013 and 2012 the Authority had provided operating support for the Club of approximately $196,200 and $218,000, respectively.

NOTE K – RELATED PARTY TRANSACTIONS

The following table details the amounts due to the various campuses of the University at June 30, which were recorded as part of accounts payable and other liabilities in the statements of net position:

Campus	2013	2012
Amherst Campus	$ 6,152,944	$ 3,487,830
Boston Campus	1,456,045	385
Dartmouth Campus	434,256	1,029,887
Lowell Campus	4,687,945	8,212,695
Worcester Campus	-	1,794,049
Total	$ 12,731,190	$ 14,524,846

NOTE L – WORKING CAPITAL OF THE AUTHORITY

As of June 30, 2013 and 2012, the Authority had a working capital deficiency of $348,446,487 and $447,929,546, respectively. However, as stated in the various contracts between the Authority and the University, the University is required to provide necessary funding to the Authority to meet its obligations through June 30, 2014 and beyond.

NOTE M – SUBSEQUENT EVENT

On August 8, 2013, the Authority issued its $24,600,000 Project and Refunding Revenue Bonds, Senior Series 2013-3 (the "2013-3 bonds"). The 2013-3 bonds were issued to finance and refinance a project set forth in the University's capital plan, the Edward M. Kennedy Institute for the United States Senate on the Boston campus of the University (the "EMK Project"). The proceeds of the 2013-3 bonds were used to finance the costs of such project, to fund capitalized interest on a portion of the 2013-3 bonds, to refund a portion of the Authority's Project Revenue Bonds, Senior Series 2009-1 allocable to the construction of the EMK Project, and to pay costs of issuing the 2013-3 bonds. The 2013-3 bonds are due (serially) through 2043 with fixed interest rates ranging from 4.0 to 5.0%.

On August 13, 2013, the Authority issued Commercial Paper Notes, Series 2013 A and 2013 B in the amount of $50,000,000. The maximum aggregate principal amount of commercial paper which may be outstanding at one time is $200,000,000. A portion of these notes is secured by an Irrevocable Letter of Credit ("LOC") provided by State Street Bank and Trust Company ("State Street") with respect to the $125,000,000 Commercial Paper Notes, Series 2013 A, which expires in August 2016. The remaining $75,000,000 Commercial Paper Notes, Series 2013 B are secured by a Standby Liquidity Facility Agreement provided by U.S. Bank National Association, which also expires in August 2016.

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2013 and through December 20, 2013, the date on which the financial statements were available to be issued.