UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY

(A Component Unit of the University of Massachusetts)

Financial Statements (with Independent Auditors’ Report Thereon)

June 30, 2021 and 2020

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
TABLE OF CONTENTS

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

Members of the Board
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, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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 entity'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 entity'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 financial position of the Authority, as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3–9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021 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.

KPMG LLP

Boston, Massachusetts
December 10, 2021

Management's Discussion and Analysis (unaudited)

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, 2021 and 2020. This discussion and analysis has been prepared by management and should be read in conjunction with the Authority's financial statements and related note disclosures, which follow.

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 is \$1.20 billion in fiscal year 2021 compared to \$1.25 billion in fiscal year 2020. The decrease in net position is due to a reduction in net operating income of \$92 million due to a bond refunding in October 2020 which restructured the November 1 bond payment, and therefore deferring the billing to the campuses. This is offset by an increase of \$22 million in capital contributions.

- Taking advantage of a continuing environment of historically low interest rates, in October of 2020, the Authority issued \$329.9 million of federally taxable refunding project revenue bonds, Series 2020-4. The bonds issued refunded \$200.1 million in Authority debt and restructured \$93.9 million, achieving future savings of \$21.4 million for the University. The net present value savings represent \$17.9 million or 8.9% of the par value of the refunded bonds. The new borrowings were issued with a true interest cost of 2.78%. These savings will be recognized in future debt service payments for each campus from 2021 through 2043. In March of 2021, the Authority issued \$312.3 million of refunding bonds, and \$46.6 million of federally taxable refunding revenue bonds, Series 2021-1 and 2021-2, respectively. In connection with the March 2021 refunding, the Authority terminated all swaps. The bonds issued refunded \$385.2 million in existing Authority debt, achieving future savings of \$23.8 million for the University. The net present value savings represent \$9.9 million or 2.56% of the par value of the refunded bonds. The new borrowings were issued with a true interest cost of 1.35%. These savings will be recognized in future debt service payments for each campus from 2021 through 2037. The rates secured during these refundings reflect the high regard of the University's credit among investors and the reaffirmation of our credit rating by the three major bond ratings agencies.

- Capital spending and contributed construction assets totaled $236.5 million in fiscal year 2021, representing a $28.9 million increase compared to fiscal year 2020. A majority of the capital spending in fiscal year 2021 relates to continued investments in new buildings and renovation projects, which include: Football training facility locker room repairs, expanded capacity of the Central Heating Plant (CHP), Fine Arts Center Bridge renovations, Student Union renovation, Central Campus core utility and landscaping, McGuirk Stadium upgrades, Whitmore mechanical improvements, and the Worcester Commons at the Amherst campus; renovations to existing academic buildings, and the Substructure Demolition & Quadrangle Development (SDQD) at the Boston campus; the Science & Engineering Building renovation, and the New Dining facility at the Dartmouth campus; the Olsen Hall renovations at the Lowell campus; and the VA Outpatient Center and New Education and Research Building (NERB) at the Worcester campus.

USING THE ANNUAL FINANCIAL REPORT

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.

Financial statements and notes

The University's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"), which establishes financial reporting standards for governmental entities. The Authority's financial statements report its activities as business-type 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. Further information on the operations of the Authority and significant accounting policies are summarized in Notes 1 and 2 of the accompanying 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, deferred outflows, and liabilities, 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, if any, and investing activities. The financial statements can be found on pages 10 to 12 of this report.

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 13 to 33 of this report.

NET POSITION

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 $1.20 billion 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.

The Authority's net position (in thousands) is as follows:

Condensed Schedules of Net Position As of June 30, 2021, 2020, 2019 ($ in thousands)	**2021**	**2020**	**2019**
ASSETS			
Current assets	$ 113,477	$ 101,937	$ 98,931
Noncurrent assets	4,314,559	4,371,392	4,196,850
Total assets	**4,428,036**	**4,473,329**	**4,295,782**
DEFERRED OUTFLOWS OF RESOURCES	**119,261**	**125,965**	**95,954**
LIABILITIES			
Current liabilities	208,639	255,104	393,113
Noncurrent liabilities	3,142,847	3,091,710	2,764,157
Total liabilities	**3,351,486**	**3,346,814**	**3,157,270**
NET POSITION			
Net investment in capital assets	1,171,926	1,210,312	1,193,581
Restricted	-	22,060	18,923
Unrestricted	23,885	20,108	21,961
Total net position	**$ 1,195,811**	**$ 1,252,480**	**$ 1,234,465**

Non-current assets decreased by $56.8 million in fiscal year 2021 compared to fiscal year 2020 due to a decrease in restricted cash of $125.3 million, noncurrent receivables of $9.3 million offset by an increase in net capital assets $77.8 million. Non-current assets increased by $174.5 million in fiscal year 2020 compared to fiscal year 2019 due an increase in restricted cash of $124.0 million related to the issuance of new bonds and an increase in net capital assets of $50.1 million.

Deferred outflows of resources totaled $119.3 million and $126 million at the end of fiscal year 2021 and 2020, respectively. The 2021 decrease relates to the termination of the swap agreement in March 2021, offset by an increase in loss on bond refundings. The increase in 2020 was due to the Authority's effective hedging relationship related to its outstanding interest rate swap agreements and for the recording of deferred accounting loss on bond refundings.

Current liabilities decreased in fiscal year 2021 compared to 2020 by $46.5 million primarily due to a $93.3 million decrease of the current portion of bonds payable decreases in other current liabilities of $2 million, offset by an increase of $18.2 million of accounts payable and increase of $31 million of commercial paper. Current liabilities decreased in fiscal year 2020 compared to 2019 by $138 million primarily due to a decrease of $132 million of commercial paper notes payable, a $3.6 million decrease in accounts payable, and a $2.8 million decrease of the current portion of bonds payable.

Non-current liabilities increased in fiscal year 2021 compared to 2020 by $51.1 million primarily due to an increase in long term bonds payable of $127.4 million. This increase is offset by the termination of interest rate swap instruments of 73.0 million, a decrease of $2.3 million in unearned interest income and a decrease of $1.0 million in other noncurrent liabilities. During fiscal year 2021, the Authority issued $688.8 million in new bonds with $71.8 million of new bond premiums and refunded $585.3 million of existing Authority debt, including $13.0 million of bond premiums, This increase in long term debt includes principal payments of $107 million and bond premium amortization of $21.3 million and a reduction in reclass to current bonds payable of $93.3 million. Non-current liabilities increased in fiscal year 2020 compared to 2019 by $327.6 million primarily due to an increase in long term bonds payable of $317.3 million and an increase in the fair value of the interest rate swap agreements of $17.4 million. This increase is offset by a decrease of $5.0 million in unearned interest income and a decrease of $2.0 million in other noncurrent liabilities. During fiscal year 2020, the Authority issued $330.6 million in new money bonds with $57.1 million of new bond premiums and refunded $254.2 million of existing Authority debt, including $16.2 million of bond premiums, with $319.3 million of new debt. This increase in long term debt includes principal payments of $101.8 million and bond premium amortization of $20.1 million.

Net investment in capital assets represents capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt, as well as deferred outflows of resources and deferred inflows of resources, if any, that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Restricted net position represents funds primarily restricted for debt service. The debt service restricted component of net position represents the funds primarily provided as additional collateral to the bond holders (e.g. debt service reserve funds). The 2020 restricted net position consisted of restricted Section 10 funds supported by Bonds 2008-A and 2011-2. These bonds were refunded in March 2021, resulting in a net change in restricted net position of $22.1 million.

Unrestricted net position represents those funds that are not subject to restrictions, or for which restrictions have expired. In 2021, the Authority reported a $23.9 million surplus in the unrestricted component of net position, a $1.1 million decrease from fiscal year 2020, primarily due to the bond refundings as well as the increase in other current liabilities. In 2020, the Authority reported a $25.4 million surplus in the unrestricted component of net position, a $3.4 million increase from fiscal year 2019, primarily due to an increase of $13.2 million in loan receivables offset by a decrease of $7.9 million in lease receivables and a decrease of $1.4 million in unrestricted cash.

The Authority's changes in net position (in thousands) are presented in the table below for the years ended June 30:

Condensed Schedules of Revenues, Expenses, and Changes in Net Position As of June 30, 2021, 2020, 2019 ($ in thousands)	2021	2020	2019
OPERATING REVENUES			
Income from contracts for financial assistance, management, and services	$ 131,447	$ 219,984	$ 214,309
Total operating revenues	**131,447**	**219,984**	**214,309**
OPERATING EXPENSES			
Facility operating costs	6,964	9,470	8,600
Depreciation and amortization	156,373	150,808	140,603
General and administrative expenses	7,318	6,609	4,043
Total operating expenses	**170,655**	**166,887**	**153,246**
Net operating gain / (loss)	**(39,208)**	**53,097**	**61,063**
NON-OPERATING INCOME / (EXPENSES)			
Other non-operating income / (expense)	9,010	15,923	22,500
Interest expense	(108,800)	(110,990)	(118,214)
Total non-operating expenses	**(99,790)**	**(95,067)**	**(95,714)**
CAPITAL CONTRIBUTIONS	**82,329**	**59,985**	**44,502**
TOTAL INCREASE / (DECREASE) IN NET POSITION	**(56,669)**	**18,015**	**9,851**
Net position at the beginning of the year	1,252,480	1,234,465	1,224,614
Net position at the end of the year	**$ 1,195,811**	**$ 1,252,480**	**$ 1,234,465**

Income from contracts for financial assistance, management, and 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 decreased by $88.5 million in fiscal year 2021 compared to fiscal year 2020 primarily as a result of decreases in annual debt service due to bond refunding and deferred debt payments.

Facility operating costs include 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 decreased in fiscal year 2021 compared to fiscal year 2020 due to a decrease in Authority operating costs and utilities.

Depreciation and amortization increased by $5.6 million in fiscal year 2021 compared to fiscal year 2020 and $10.2 million in fiscal year 2020 versus fiscal year 2019 as additional new capital assets were placed into service during those years.

Interest expense represents interest paid to the holders of Authority issued debt. In fiscal year 2021 interest expense decreased by $2.2 million over fiscal year 2020 primarily due to bond refundings resulting in lower interest payments. In fiscal year 2020 interest expense decreased by $7.2 million over fiscal year 2019 primarily due to bond refundings resulting in lower interest payments.

Capital contributions represent certain grants and gifts provided to the Authority for capital construction at the five campuses. During fiscal year 2021, the Authority received contributions totaling $82.3 million. The University contributed $39.4 million to fund various projects including, the Newman Center, Worcester Dining Commons renovation at the Amherst campus as well as the Mt. Ida project, Clark Athletics offices and Training relocation and the SDQD project at Boston. The Authority also received grants totaling $42.9 million from the Commonwealth's DCAMM to fund projects at the Amherst, Boston, Dartmouth, and Lowell campuses.

During fiscal year 2020, the Authority received contributions totaling $60 million. The University contributed $22.4 million to fund the LSL Lab renovation, Worcester Dining Commons renovation, McGuirk Stadium upgrades, Central Campus Core utility project, and various other projects at the Amherst campus, as well as Perry Hall and Pasteur Hall projects at the Lowell campus. The Authority also received grants totaling $37.6 million from the Commonwealth's DCAMM to fund projects at the Amherst, Boston, Dartmouth, and Lowell campuses.

CAPITAL ASSETS OF THE AUTHORITY

The Authority's investment in capital assets as of June 30, 2021 and 2020 amounted to $3.8 billion and $3.7 billion, net of accumulated depreciation. This investment in capital assets included land, buildings, improvements, furnishings, equipment and construction in progress.

Net capital assets increased by $77.8 million or 2.1% in fiscal year 2021 as capital improvements and construction in progress outpaced depreciation expenses:

- Buildings and building components increased by $70.8 million, net of accumulated depreciation, in fiscal year 2021, primarily due to the increase in improvements by $61.3 million, net of accumulated depreciation, and the purchase of the Newman Center building and two other properties in Amherst for $9.5 million. The increase was also due to placing in service renovations of existing buildings on the campuses.
- Construction In Progress ("CIP") decreased $10.2 million in fiscal year 2021 as several major projects were completed and transferred to depreciable property. Projects with significant progress, some of which were completed during fiscal year 2021 include: McGuirk Stadium upgrades, Whitmore mechanical improvements, the Worcester Commons, Fine Arts Center bridge renovations, CHP study and expanded capacity, Student union study, Central Campus Core utility project, at the Amherst campus; renovations to existing academic buildings, and the Substructure Demolition & Quadrangle Development (SDQD) at the Boston campus; the new dining facility at the Dartmouth campus.
- Significant projects that remain in progress either in the design or construction phase at the end of fiscal year 2021 included: Goessmann Hall School of Health Sciences renovation, Whitmore mechanical improvements, ATC renovation at Mt. Ida, and Fine Arts Center Bridge renovation at the Amherst campus; the Substructure Demolition & Quadrangle Development (SDQD) at the Boston campus; Olsen Hall critical infrastructure capital repairs at the Lowell campus; the Science & Engineering Building renovation and the 1st Year Residence Hall demolition at the Dartmouth campus; and the New Education and Research Building (NERB) and VA Outpatient Center at the Worcester campus.

DEBT OF THE AUTHORITY

The Authority carries debt in the form of bond obligations. This debt was $3.2 billion at June 30, 2021 and 2020. The increase of $34.1 million in fiscal year 2021 is primarily attributable to the issuance of $688.8 million of new bonds and $585.3 million of bonds refunded, as further described below, as well as $71.8 million in new premiums, $13.0 million of premiums refunded, $106.8 million of principal payments and the amortization of $21.3 million of bond premiums.

During fiscal year 2021, the Authority issued $31 million in commercial paper to finance the New Education and Research Building at the Worcester campus with an interest rate from .16% to .22%.

On October 28, 2020, the Authority issued $329.9 million of federally taxable Project Revenue Bonds, Series 2020-4. On March 25, 2021, the Authority issued $312.3 million of Project Revenue Bonds, Series 2021-1 and $46.6 million of federally taxable Project Revenue Bonds, Series 2021-2. The 2021-1 bonds included a premium of $71.8 million.

The amount of bond obligation guaranteed by the Commonwealth on bonds outstanding Series 2008-A and 2011-2 was $0 million and $108.9 million at June 30, 2021 and June 30, 2020, respectively. Refer to Note 9 of the financial statements for more information. These bonds were refunded with bond series 2021-1 in March 2021.

As of June 30, 2021, the ratings assigned to the Authority's bonds are as follows: Aa3 by Moody's Investor Service, AA by Fitch Ratings, and AA- by Standard and Poor's Global Rating.

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 32nd floor of One Street Beacon in Boston, Massachusetts.

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, One Beacon Street, 31st Floor, Boston, Massachusetts 02108. Additional information on the Authority can be found on its web site, www.umassba.net

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Net Position
June 30, 2021 and 2020
($ in thousands)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 22,700	$ 20,665
Restricted investments	-	5,318
Accounts receivable (net of allowances of $399 at June 30, 2021 and $3 at June 30, 2020)	2,135	1,670
Intergovernmental receivables		
Commonwealth of Massachusetts	15,301	4,660
U.S. government	5,047	1,261
University of Massachusetts	625	625
Loans receivable, current portion	11,868	11,230
EMKI lease receivable, current portion	5,072	5,066
Prepaids and other current assets	2,491	2,443
Restricted receivables - University of Massachusetts	48,238	48,999
Total current assets	**113,477**	**101,937**
Noncurrent assets		
Restricted cash and cash equivalents	194,710	320,044
Loans receivable, non-current portion	222,928	227,173
EMKI lease receivable, non-current portion	96,623	101,694
Capital assets, net	3,798,946	3,721,176
Other assets	1,352	1,305
Total noncurrent assets	**4,314,559**	**4,371,392**
Total assets	**4,428,036**	**4,473,329**
DEFERRED OUTFLOWS OF RESOURCES		
Debt refundings	119,261	72,987
Change in fair value of interest rate swap agreements	-	52,978
Total deferred outflows of resources	**119,261**	**125,965**
Total assets and deferred outflows of resources	**4,547,297**	**4,599,294**
LIABILITIES		
Current liabilities		
Accounts payable	31,513	13,290
Retainage payable to contractors	8,210	7,738
Bonds payable, current portion	98,895	192,210
Commercial paper notes	31,000	-
Accrued bond interest payable	21,094	21,832
Unearned interest income	2,330	2,414
Other current liabilities	15,597	17,620
Total current liabilities	**208,639**	**255,104**
Noncurrent liabilities		
Bonds payable, net of current portion and unamortized bond premium	3,106,570	2,979,124
Derivative instruments, interest rate swaps	-	72,981
Unearned interest income	25,926	28,257
Other noncurrent liabilities	10,351	11,348
Total noncurrent liabilities	**3,142,847**	**3,091,710**
Total liabilities	**3,351,486**	**3,346,814**
NET POSITION		
Net investment in capital assets	1,171,926	1,210,312
Restricted for:		
Debt service	-	22,060
Unrestricted	23,885	20,108
Total net position	**$ 1,195,811**	**$ 1,252,480**

See accompanying notes to the financial statements.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2021 and 2020
($ in thousands)

	2021	2020
REVENUES		
Operating Revenues		
Income from contracts for financial assistance, management, and services	$ 131,447	$ 219,984
Total operating revenues	**131,447**	**219,984**
OPERATING EXPENSES		
Facility operating costs	6,964	9,470
Depreciation	156,373	150,808
Insurance	2,535	2,195
Professional fees	4,739	4,325
General and administrative expenses	44	89
Total operating expenses	**170,655**	**166,887**
Operating income/ (loss)	**(39,208)**	**53,097**
NONOPERATING REVENUES (EXPENSES)		
Interest subsidy - U.S. government	7,578	7,560
Interest income	4,177	8,470
Interest expense	(108,800)	(110,990)
Other revenues (expenses)	(2,745)	(107)
Total nonoperating revenues (expenses)	**(99,790)**	**(95,067)**
CAPITAL CONTRIBUTIONS		
University of Massachusetts	39,394	22,399
Commonwealth of Massachusetts	42,935	37,586
Total capital contributions	**82,329**	**59,985**
Total increase (decrease) in net position	**(56,669)**	**18,015**
NET POSITION		
Net position at beginning of year	1,252,480	1,234,465
Net position at end of year	**$ 1,195,811**	**$ 1,252,480**

See accompanying notes to the financial statements.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020
($ in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from income from contracts for financial assistance	$ 131,343	$ 217,297
Payments to vendors and suppliers	(10,205)	(12,088)
Payments of salaries and benefits	(3,173)	(4,604)
Net cash provided by operating activities	**117,965**	**200,605**
CASH FLOWS FROM CAPITAL AND OTHER FINANCING ACTIVITIES		
Capital asset expenditures	(221,815)	(207,663)
Repayment of bond principal	(692,105)	(356,472)
Interest payments to bondholders	(159,288)	(158,602)
Swap termination payments	(50,938)	-
Repayment of commercial paper obligations	-	(142,447)
Build America Bonds interest subsidy	3,792	7,555
Capital lease receipts	5,066	7,875
Loans receivable receipts (advances)	3,607	(14,692)
Commercial paper advances	31,000	10,500
Capital contribution receipts	71,689	65,649
Proceeds from bond obligations	688,845	650,015
Proceeds from premiums	71,803	57,127
Net cash used in capital financing activities	**(248,344)**	**(81,155)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	5,472	-
Interest income	1,608	3,126
Net cash provided by investing activities	**7,080**	**3,126**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(123,299)**	**122,576**
Cash and cash equivalents - beginning of the year	**340,709**	**218,133**
Cash and cash equivalents - end of the year	**217,410**	**340,709**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	(39,208)	53,097
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	156,373	150,808
Loss on disposal of capital assets	(2,358)	-
Changes in assets and liabilities:		
Accounts receivable, net	(104)	(2,686)
Prepaids and other current assets	(721)	(319)
Accounts payable - non-construction related	3,983	(295)
Net cash provided by operating activities	**117,965**	**200,605**
SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets acquired and included in accounts and retainage payable and other liabilities	$ 52,345	$ 40,654

See accompanying notes to the financial statements.

Notes to Financial Statements

1) 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"). The Authority 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. Two of the other members must be graduates of the University. 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 exempt from federal and state income tax under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. The Authority qualifies as a public charity under Section 170(b)(1)(A)(iv) 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.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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 income from contracts for financial assistance, which represents amounts needed for debt service and related expenses received from the University, and fees charged to the University for services. Operating expenses for the Authority include 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.

b) Use of Estimates

The preparation of financial statements in conformity with US GAAP 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.

c) 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 accompanying Statements of Net Position because their use is limited by bond trust agreements.

The following sets forth the restricted cash and cash equivalent and investment balances as of June 30 ($ in thousands):

	2021	2020
Restricted cash and cash equivalents:		
Capital projects fund	$ 194,710	$ 303,302
Debt service fund	-	16,742
Total restricted cash and cash equivalents	$ 194,710	$ 320,044
Restricted investments:		
Debt service fund	$ -	$ 5,318

d) Capital Assets and Depreciation

Property, plant and equipment are stated at cost on the date of acquisition, or at fair market value 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	12 to 50 years
Building, leasehold and land improvements	3 to 20 years
Equipment	3 to 10 years
Furnishings	3 to 10 years

e) Capitalized Interest

The Authority capitalizes interest costs incurred during the construction period of qualifying property assets. The amount of capitalized interest costs consists of all interest costs of the borrowing relating to the qualifying assets less any related interest earned from the date of the borrowing until the assets are ready for their intended use. Interest capitalized during the years ended June 30, 2021 and 2020, totaled $7.6 million and $5.9 million, respectively, net of interest income of $0.21 million and $1.3 million, respectively.

f) 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. The Authority is authorized to invest in the Massachusetts Municipal Depository Trust ("MMDT"), a pooled money market-like fund, established under General Laws, Chapter 29, Section 38A. MMDT is an external investment pool that meets the criteria established by GASB 79 to report its holdings at amortized cost. As such, the Authority reports its position in MMDT at amortized cost which approximates the net asset value of $1.00 (one dollar) per share. MMDT has a maturity of less than one year and is not rated.

g) Investments

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, if any, include the net changes in the fair value of investments.

h) Net Position

Net position is reported in three categories:

Net investment in capital assets - this category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt, as well as deferred outflows of resources that are attributed to the acquisition, construction or improvement of those assets.

Restricted component of net position - this category consists of 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. Debt service restricted assets are funds primarily provided as additional collateral to the bond holders (e.g. debt service reserve funds).

Unrestricted component of 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.

For purposes of net position classification, when both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources.

i) Capital Contributions

Capital contributions are for capital asset acquisition, facility development and long-term planning studies, and are reported in the accompanying Statements of Revenues, Expenses, and Changes in Net Position after non-operating revenues and expenses as capital contributions when the associated capitalized expenditures are incurred.

j) Insurance

The Authority carries a full complement of third-party insurance, including workers compensation, property, general liability, hire and non-owned auto coverage, an umbrella policy complemented with an excess policy, director & officers (D&O) complemented with an excess policy, crime coverage and social engineering coverage.

In addition, the Owner-controlled Consolidated Insurance Program ("OCIP") was established 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 stop-loss insurance.

This exposure is partially secured by and paid out of an escrow trust fund set up for this purpose as a requirement of the stop-loss insurer. The total deductible exposure, plus unpaid OCIP-related insurance premiums and expenses committed to the OCIP, is addressed by the Authority with an OCIP reserve of $3.8 million and $4.0 million as of June 30, 2021 and June 30, 2020, respectively, which is presented as Other Liabilities in the accompanying Statements of Net Position.

k) Revenue Recognition

The Authority's major revenue source is the financing income and fees for services that are primarily related to 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 contracts generally call for the University 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. Revenue is recognized when earned consistent with the accrual basis of accounting and is included in financing income and fees for services line item on the Statement of Revenues, Expenses and Changes in Net Position.

The Authority records 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. During fiscal year 2013, the federal government implemented automatic budget cuts imposed through sequestration required pursuant to the Budget Control Act of 2011. In fiscal year 2021, the Authority's November 1, 2020 and May 1, 2021 original 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 5.9% and 5.7%, respectively. In fiscal year 2020, the Authority's November 1, 2019 and May 1, 2020 original 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 6.2% and 5.9%, respectively. This reduction was $0.5 million in fiscal year 2021 and $0.49 million in fiscal year 2020. As of June 30, 2021, the November 1, 2020 payment had not been received and a receivable was recorded in the amount of $3.8 million.

l) Lease Accounting

For operating leases, the Authority recognizes rental income and expenses using a systematic and rational approach over the lease term. For capital leases, unearned interest is amortized to revenue over the lease term.

m) Derivative Instruments

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

3) 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 held on deposit consisted of the following as of June 30 ($ in thousands):

	2021		2020	
Cash	$	7,903	$	5,506
MMDT		206,695		330,712
Permitted money market accounts		2,812		4,491
Total cash and cash equivalents	$	217,410	$	340,709

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, 2021 and 2020, the bank balances of uninsured deposits totaled $7.7 million and $5.5 million, respectively.

Investments
The Authority had debt securities with maturities of less than one year of $5,318 as of June 30, 2020. The Authority had no investments as of June 30, 2021.

Interest Rate Risk
The Authority has a formal investment policy that establishes minimum credit quality of certain instruments, outlines investment procedures, and provides for periodic reporting. 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 MMDT. Additionally, in accordance with the Authority investment policy, the Authority's Bond Trustee may invest some of the Authority's funds in money market accounts, permitted and collateralized by Treasuries.

The Authority's investments in repurchase agreements are not rated but are fully collateralized by Treasuries and Agencies.

Investments - 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 the 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.

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.

Fair Value Measurements

GASB No. 72, "Fair Value Measurements and Application" sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, and include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement. Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority's own data.

All the Authority's investments at June 30, 2020 consist of repurchase agreements, which were measured at amortized cost.

4) CAPITAL ASSETS

A summary of changes in capital assets follows ($ in thousands):

	Balance June 30, 2019	Additions	Retirements/ Adjustments	Balance June 30, 2020	Additions	Retirements/ Adjustments	Balance June 30, 2021
Land	$ 117,801	$ -	$ -	$ 117,801	$ 4,016	$ -	$ 121,817
Buildings	3,614,542	54,080	-	$ 3,668,622	177,526	(2,042)	3,844,106
Building and land improvements	765,158	96,946	(2,349)	$ 859,755	64,755	(6,553)	917,957
Equipment and furnishings	82,820	21	-	$ 82,841	401	(270)	82,972
Construction in progress	151,498	191,181	(141,142)	$ 201,537	230,245	(240,443)	191,339
Subtotal	4,731,819	342,228	(143,491)	4,930,556	476,943	(249,308)	5,158,191
Less: accumulated depreciation							
Buildings	(732,928)	(103,824)		(836,752)	(106,657)	2,042	(941,367)
Building and land improvements	(283,101)	(40,846)	2,242	(321,705)	(44,117)	4,195	(361,627)
Equipment and furnishings	(44,785)	(6,138)		(50,923)	(5,599)	271	(56,251)
Subtotal	(1,060,814)	(150,808)	2,242	(1,209,380)	(156,373)	6,508	(1,359,245)
Total capital assets, net	**$ 3,671,005**	**$ 191,420**	**$ (141,249)**	**$ 3,721,176**	**$ 320,570**	**$ (242,800)**	**$ 3,798,946**

5) BONDS PAYABLE

The following is a summary of bonds outstanding for the year ended June 30, 2021 and the related activity during the fiscal year ($ in thousands):

Bond Description	Original borrowing	Maturity Year	Interest Rate	Outstanding June 30, 2020	Additions	Reductions	Outstanding June 30, 2021	Insured	Commonwealth Guaranteed (Note 9)	Callable	Call Date Month/Year
Project Revenue Bonds, Senior Series 2008-1	$ 232,545	2038	Variable	$ 145,515	$ -	$ (145,515)	$ -	No	No	At Par	Anytime
Facility Revenue Bonds, Senior Series 2008-A	26,580	2038	Variable	16,050	-	(16,050)	-	No	Yes	At Par	Anytime
Project Revenue Bonds, Senior Series 2009-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	271,855	2039	6.42% to 6.57%	16,945	-	-	16,945	No	No	At Par	Anytime
Project Revenue Bonds, Senior Series 2009-3 (Federally Taxable)	28,570	2039	5.82% to 6.17%	23,825	-	(690)	23,135	No	No	*	Anytime
Project Revenue Bonds, Senior Series 2010-1	118,985	2020	5.00%	15,900	-	(15,900)	-	No	No	No	-
Project Revenue Bonds, Senior Series 2010-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	430,320	2040	3.80% to 5.45%	430,320	-	-	430,320	No	No	*	Anytime
Project Revenue Bonds, Senior Series 2010-3 (Federally Taxable)	3,005	2040	5.75%	2,555	-	(65)	2,490	No	No	*	Anytime
Refunding Revenue Bonds, Senior Series 2011-1	135,040	2034	Variable	122,010	-	(122,010)	-	No	No	At Par	Anytime
Refunding Revenue Bonds, Senior Series 2011-2	101,700	2034	Variable	92,800	-	(92,800)	-	No	Yes	At Par	Anytime
Project Revenue Bonds, Senior Series 2013-1	212,585	2043	2.00% to 5.00%	95,170	-	(81,435)	13,735	No	No	At Par	Nov-22
Project Revenue Bonds, Senior Series 2013-2 (Federally Taxable)	71,970	2043	0.43% to 4.26%	58,200	-	(26,190)	32,010	No	No	At Par	Nov-23
Project and Refunding Revenue Bonds, Senior Series 2013-3	24,640	2043	4.00% to 5.00%	1,380	-	(435)	945	No	No	At Par	May-23

Bond Description	Original borrowing	Maturity Year	Interest Rate	Outstanding June 30, 2020	Additions	Reductions	Outstanding June 30, 2021	Insured	Commonwealth Guaranteed (Note 9)	Callable	Call Date Month/Year
Project Revenue Bonds, Senior Series 2014-1	293,890	2044	3.00% to 5.00%	147,675	-	(80,850)	66,825	No	No	At Par	Nov-24
Refunding Revenue Bonds, Senior Series 2014-3	67,635	2029	2.00% to 5.00%	50,680	-	(22,045)	28,635	No	No	At Par	Nov-24
Refunding Revenue Bonds, Senior Series 2014-4	157,855	2025	0.20% to 3.38%	30,540	-	(16,675)	13,865	No	No	*	Anytime
Project Revenue Bonds, Senior Series 2015-1	298,795	2045	4.00% to 5.00%	298,795	-	(31,915)	266,880	No	No	At Par	Nov-25
Refunding Revenue Bonds, Senior Series 2015-2	191,825	2036	3.00% to 5.00%	179,805	-	(22,040)	157,765	No	No	At Par	Nov-25
Refunding Revenue Bonds, Senior Series 2017-1	165,130	2047	4.00% to 5.25%	165,130	-	-	165,130	No	No	At Par	Nov-27
Refunding Revenue Bonds, Senior Series 2017-2	19,510	2027	1.58% to 3.37%	16,595	-	(1,495)	15,100	No	No	No	-
Refunding Revenue Bonds, Senior Series 2017-3	187,680	2038	3.00% to 5.00%	160,015	-	(4,385)	155,630	No	No	At Par	Nov-27
Direct Placement Project Revenue Bonds, Senior Series 2018-1	37,650	2043	2.00% to 2.93%	37,650	-	-	37,650	No	No	At Par	Anytime
Refunding Revenue Bonds, Senior Series 2019-1	208,725	2039	5.00%	208,725	-	-	208,725	No	No	At Par	May-29
Project Revenue Bonds, Senior Series 2020-1	200,840	2050	5.00%	200,840	-	-	200,840	No	No	At Par	Nov-29
Project Revenue Bonds, Senior Series 2020-2 (Federally Taxable)	129,830	2050	1.76-3.54%	129,830	-	-	129,830	No	No	At Par	Nov-29

Bond Description	Original borrowing	Maturity Year	Interest Rate	Outstanding June 30, 2020	Additions	Reductions	Outstanding June 30, 2021	Insured	Commonwealth Guaranteed (Note 9)	Callable	Call Date Month/Year
Refunding Revenue Bonds, Senior Series 2020-3 (Federally Taxable)	319,345	2044	1.71-3.50%	319,345	-	(1,550)	317,795	No	No	At Par	Nov-29
RefundingRevenue Bonds, Senior Series 2020-4 (Federally Taxable)	329,930	2043	.43%-3.013%	-	329,930	-	329,930	No	No	*	Anytime
Refunding Revenue Bonds, Senior Series 2021-1	312,330	2037	5.00%	-	312,330	(10,060)	302,270	No	No	At Par	May-31
Refunding Revenue Bonds, Senior Series 2021-2 (Federally Taxable)	46,585	2036	0.15%	-	46,585	-	46,585	No	No	At Par	May-31
Unamortized bond premium				205,039	71,803	(34,412)	242,430				
Total				**$ 3,171,334**	**$ 760,648**	**$ (726,517)**	**$ 3,205,465**				

*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).

The following is a summary of bonds outstanding for the year ended June 30, 2020 and the related activity during the fiscal year ($ in thousands):

Bond Description	Outstanding June 30, 2019	Additions	Reductions	Outstanding June 30, 2020
Project Revenue Bonds, Senior Series 2008-1	$ 154,480	$ -	$ (8,965)	$ 145,515
Facility Revenue Bonds, Senior Series 2008-A	17,120	-	(1,070)	16,050
Project Revenue Bonds, Senior Series 2009-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	16,945	-	-	16,945
Project Revenue Bonds, Senior Series 2009-3 (Federally Taxable)	24,480	-	(655)	23,825
Project Revenue Bonds, Senior Series 2010-1	31,055	-	(15,155)	15,900
Project Revenue Bonds, Senior Series 2010-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	430,320	-	-	430,320
Project Revenue Bonds, Senior Series 2010-3 (Federally Taxable)	2,615	-	(60)	2,555
Refunding Revenue Bonds, Senior Series 2011-1	123,540	-	(1,530)	122,010
Refunding Revenue Bonds, Senior Series 2011-2	93,955	-	(1,155)	92,800
Project Revenue Bonds, Senior Series 2013-1	188,675	-	(93,505)	95,170
Project Revenue Bonds, Senior Series 2013-2 (Federally Taxable)	60,530	-	(2,330)	58,200
Project and Refunding Revenue Bonds, Senior Series 2013-3	24,240	-	(22,860)	1,380
Project Revenue Bonds, Senior Series 2014-1	291,890	-	(144,215)	147,675
Project Revenue Bonds, Senior Series 2014-2	2,905	-	(2,905)	-
Refunding Revenue Bonds, Senior Series 2014-3	54,555	-	(3,875)	50,680
Refunding Revenue Bonds, Senior Series 2014-4	61,600	-	(31,060)	30,540

Bond Description	Outstanding June 30, 2019	Additions	Reductions	Outstanding June 30, 2020
Project Revenue Bonds, Senior Series 2015-1	298,795	-	-	298,795
Refunding Revenue Bonds, Senior Series 2015-2	186,075	-	(6,270)	179,805
Refunding Revenue Bonds, Senior Series 2017-1	165,130	-	-	165,130
Refunding Revenue Bonds, Senior Series 2017-2	18,065	-	(1,470)	16,595
Refunding Revenue Bonds, Senior Series 2017-3	178,945	-	(18,930)	160,015
Direct Placement Project Revenue Bonds, Senior Series 2018-1	37,650	-	-	37,650
Refunding Revenue Bonds, Senior Series 2019-1	208,725	-	-	208,725
Project Revenue Bonds, Senior Series 2020-1	-	200,840	-	200,840
Project Revenue Bonds, Senior Series 2020-2 (Federally Taxable)	-	129,830	-	129,830
Refunding Revenue Bonds, Senior Series 2020-3 (Federally Taxable)	-	319,345	-	319,345
Unamortized bond premium	184,173	57,147	(36,281)	205,039
Total	**$ 2,856,463**	**$ 707,162**	**$ (392,291)**	**$ 3,171,334**

Aggregate annual maturities of principal and interest on bonds outstanding as of June 30, 2021 are as follows ($ in thousands):

	Bonds			Direct Placement Bonds		Total
	Principal	Interest	Interest Subsidy*	Principal	Interest	
Fiscal year end						
2022	$ 98,895	$ 124,050	$ (7,439)	$ -	$ 763	$ 216,269
2023	112,085	119,994	(7,224)	-	763	225,618
2024	115,705	115,547	(6,993)	1,655	754	226,668
2025	113,310	111,099	(6,729)	1,690	718	220,088
2026	109,110	106,356	(6,445)	1,725	684	211,430
2027-2031	596,010	454,618	(27,651)	8,410	3,640	1,035,027
2032-2036	603,615	319,769	(18,200)	9,045	2,982	917,211
2037-2041	635,355	178,164	(6,393)	10,480	1,539	819,145
2042-2046	407,290	64,476	-	4,645	164	476,575
2047-2051	134,010	12,802	-	-	-	146,812
	$ 2,925,385	$ 1,606,875	$ (87,074)	$ 37,650	$ 12,007	$ 4,494,843

*These interest rate subsidies are provided by the United States Government related to the Authority's issuance of bonds under the Build America Bond ("BAB") program. Under the BAB program, the Government provides a direct subsidy of the interest rate paid to bondholders up to 35%. The Authority's November 1, 2020, and May 1, 2021 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 32.94% and 33.00%, respectively. For Fiscal Year 2022 through Fiscal Year 2042, the estimated subsidy reflected in the table above is 33.00%.

The Authority classified variable rate bonds subject to remarketing as current, unless supported by liquidity arrangements such as lines of credit or standby bond purchase agreements that extend beyond the following fiscal year. As of June 30, 2021, the Authority has no variable rate debt outstanding. For fiscal 2020, the 2008-1 and 2008-A variable rate bonds, and the 2011-1 variable rate bonds were classified as a non-current debt obligation due to the supporting liquidity facilities expiring in July 2022 and June 2022, respectively. The 2011-2 window bonds had no supporting liquidity facility and therefore were classified as a current debt obligation in 2020.

Variable Rate Bonds
The 2008-1 bond bonds were supported by a standby purchase agreement with Barclays Bank PLC ("Barclays") which required Barclays to purchase bonds that were tendered and not remarketed. Under the terms of the Barclays standby bond purchase agreement, the Authority was required to pay Barclays in quarterly installments a facility fee in the amount of 29 basis points (or higher, under certain circumstances) of the commitment amount. In fiscal years 2021 and 2020, the Authority incurred fees in connection with the Barclays agreement in the amount of $283,981 and $478,784, respectively. The bonds were refunded in March 2021 and the standby purchase agreement was terminated.

The 2008-A bonds were supported by a standby bond purchase agreement with Barclays which required Barclays to purchase bonds that were tendered and not remarketed. Under the terms of the Barclays standby bond purchase agreement, the Authority was required to pay Barclays in quarterly installments a facility fee in the amount of in the amount of 29 basis points (or higher, under certain circumstances) of the initial commitment. Fees incurred by the Authority in connection with the Barclays agreement totaled $31,326 and $53,021 for the years ended June 30, 2021 and June 30, 2020, respectively. The bonds were refunded in March 2021 and the standby purchase agreement was terminated.

The 2011-1 bonds were supported by a standby bond purchase agreement with Wells Fargo Bank, N.A. (“Wells”) which required 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 the agreement, the Authority was required to pay Wells in quarterly installments a facility fee in the amount of 32 basis points (or higher, under certain circumstances) of the initial commitment. Fees incurred by the Authority in connection with the Wells agreement totaled $266,871 and $421,706 for the years ended June 30, 2021 and 2020, respectively. The bonds were refunded in March 2021 and the standby purchase agreement was terminated.

Window Bonds
In fiscal year 2011, the Authority issued the 2011-2 bond in a variable rate window bond mode. As with the Authority’s other variable rate bonds, the window bondholders could tender the bonds at any time. However, 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 was 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 was not required to obtain any type of liquidity support for the 2011-2 bonds. Window bondholders received an interest rate on the window bonds at a fixed spread over the Securities Industry and Financial Markets Association Municipal Swap IndexTM (“SIFMA”). The initial spread to the SIFMA index was 9 basis points. The bonds were refunded in March 2021.

Bond Refundings
In fiscal year 2021, the Authority issued $312.3 million of Refunding Revenue Bonds, Series 2021-1 and $376.5 million of federally taxable Refunding Revenue Bonds, Series 2020-4 and 2021-2. The refunding bonds, refunded the 2008-1, 2008-A, 2011-1 and the 2011-2 bonds in the amount of $358.4 million, the 2013-2 and 2014-1 bonds in the amount of $26.8 million, and the 2013-1, 2013-2, 2014-1, 2014-3 and 2015-1 bonds in the amount of $200.1 million.

In fiscal year 2020, the Authority issued $319.35 million of Senior Series 2020-3 bonds, which advance refunded $22.68 million of Boston bonds issued under the Massachusetts Health and Academic Facilities Authority (MHEFA) Series 2011 and $4.09 million of the WCCC Series 2011 bonds. The Series 2020-3 bonds also refunded $88.25 million of the Authority’s 2013-1 bonds, $22.44 million of the Authority’s 2013-3 bonds, and $143.54 million of the Authority’s 2014-1 bonds. The Authority escrowed funds sufficient to provide for all future debt service payments on the refunded bonds until the bonds are called. 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.

At June 30, 2021 and 2020, approximately $619 and $281 million of bonds outstanding from refunding activities is considered defeased, respectively.

Bond Premium and Issuance Expenses
In fiscal year 2021, the Authority received premiums at issuance totaling $71.8 million. The Authority amortizes the premiums received as a reduction of interest expense over the life of the respective bond issue. In fiscal year 2020, the Authority received premiums at issuance totaling $57.1 million.

In connection with the Authority’s bond issues, the Authority incurred certain issuance costs associated with the bond offerings. In fiscal year 2021 issuance costs were $3.99 million and in fiscal year 2020, these costs amounted to $3.60 million and were expensed in accordance with the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

Interest Rate Swaps
During fiscal year 2021, the Authority refunded all of its variable rate debt and terminated the associated interest rate swaps. In accordance with GASB 53, any previously recorded deferred outflows related to the terminated interest rate swaps have been reclassified as deferred outflows related to debt refundings and are being amortized as a component of interest expense over the life of the old debt or the life of the new debt, whichever is shorter.

The Authority's hedging derivative instruments at June 30, 2020 were as follows ($ in thousands):

	Derivative Instruments - Liability June 30, 2020	Type of Hedge	Financial Statement Classification for Changes in Liability
Series 2008-1 Swap	$ (32,068)	Cash Flow	Non-current liability
Series 2008-A Swap	(3,795)	Cash Flow	Non-current liability
Series 2006-1 Swap	(37,118)	Cash Flow	Non-current liability
Total	$ (72,981)		

There was no significant credit, basis, termination risk nor were there any significant contingencies associated with the interest rate swaps outstanding as of June 30, 2020.

The fair value of the interest rate swaps outstanding as of June 30, 2020 were categorized as Level 2 in accordance with GASB 72.

The credit ratings for the Authority's counterparties at June 30, 2020 are as follows:

	Credit Ratings		
	Moody's	**S&P**	**Fitch**
UBS AG	Aa3	A+	AA-
Deutsche Bank AG	A3	BBB+	BBB
Citibank NA	Aa3	A+	A+

6) COMMERCIAL PAPER

The maximum aggregate principal amount of commercial paper which may be outstanding at one time is $200,000,000. The Series 2013-A2 are secured by a standby liquidity facility agreement that expires on August 12, 2022. As of June 30, 2021, the outstanding commercial paper had a term of 91 days.

The following is a summary of commercial paper issues for the year ended June 30, 2021 ($ in thousands):

	Balance June 30, 2020	Issues	Repayments	Balance June 30, 2021
CP series 2013-A2 taxable	$ -	$ 31,000	$ -	$ 31,000
	$ -	**$ 31,000**	**$ -**	**$ 31,000**

	Balance June 30, 2019	Issues	Repayments	Balance June 30, 2020
CP series 2013-A tax exempt	$ 111,947	$ 500	$ 112,447	$ -
CP series 2013-B tax exempt	20,000	10,000	30,000	-
	$ 131,947	**$ 10,500**	**$ 142,447**	**$ -**

The Authority incurred fees of $676,185 and $692,184 for fiscal years 2021 and 2020, respectively, associated with its commercial paper credit facility.

7) PLEDGED REVENUES

The Authority has pledged as security for its revenue bonds payments made by the University to the Authority to pay the debt service on its outstanding revenue bonds. The general purpose of such revenue bonds issued by the Authority is to finance the University's capital projects, and are payable through fiscal year 2051. Such pledges remain in place until the revenue bonds outstanding are defeased or paid. The total amount of pledged revenues and interest rate subsidies received in fiscal year 2021 was $130.7 million. Total debt service (principal and interest) paid during fiscal year 2021 on outstanding revenue bonds was $121.7 million, representing 93% of pledged revenues.

8) CONTRIBUTIONS FROM THE UNIVERSITY OF MASSACHUSETTS AND THE COMMONWEALTH OF MASSACHUSETTS

During fiscal year 2021, the Authority received capital contributions from the University in the amount of $39.4 million to fund the New Education and Research Building at Worcester, the Newman Center purchase, Worcester Dining Commons renovation and various other projects at the Amherst campus, as well as the Mt. Ida project and the SDQD project at Boston. During fiscal year 2020, the Authority received capital contributions from the University in the amount of $22.4 million to fund the LSL Lab renovation, Worcester Dining Commons renovation, McGuirk Stadium upgrades, Central Campus Core utility project and various other projects at the Amherst campus, as well as Perry Hall and Pasteur Hall projects at the Lowell campus.

During fiscal years 2021 and 2020, the Authority received grants totaling $42.9 million and $37.6 million from the Commonwealth, respectively. These grants were from DCAMM to fund projects at the Amherst, Boston, Dartmouth and Lowell campuses.

As per the Authority's policy, these grants are shown in the Statements of Revenues, Expenses and Changes in Net Position as a capital contribution.

9) 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. The amount of bond obligation guaranteed by the Commonwealth was $0 million and $108.9 million at June 30, 2021 and June 30, 2020, respectively.

10) PUBLIC PRIVATE PARTNERSHIPS AND LEASES

a) Public Private Partnerships

On November 8, 2016, the Authority entered into an agreement whereby the Authority sub-leased land on the Boston campus to Provident Commonwealth Educational Resources, Inc. (PCER), a Massachusetts not-for-profit corporation, for a term of 40 years (2056). The land is ground-leased to the Authority by the Commonwealth. PCER engaged a contractor to construct a 1,082-bed student housing facility on the site (the "Boston Project"). The Boston Project reverts to the Authority when the lease terminates. Commencing January 1, 2019, the annual rental amount payable to the Authority under the ground lease is $1.025 million.

The Boston Project was financed with $130.08 million of revenue bonds issued on October 26, 2016 (Series 2016 Bonds) by the Massachusetts Development Finance Agency ("MassDevelopment") pursuant to a Loan and Trust Agreement between MassDevelopment and PCER. Neither the Authority, University nor Boston campus have pledged revenues to secure the payment of the Series 2016 bonds or have any obligation with respect to payment of the Series 2016 bonds.

Pursuant to the Dining Facility Sublease dated November 8, 2016 between PCER, as sub-lessor and the Authority, as sub-lessee, PCER leased the dining facility, located within the Boston Project, to the Authority and the Authority shall operate or cause to be operated the dining facility. The University funded the construction costs of the dining facility through debt issued by the Authority. This lease only relates to the operations and maintenance of the dining facility. The annual rent payable is $1.00.

On November 14, 2018, the Authority entered into an agreement whereby the Authority sub-leased land on the University of Massachusetts Dartmouth campus to Provident Commonwealth Educational Resources II, Inc. (PCER II), a Massachusetts not-for-profit corporation, for a term of 45 years (2064). The land is ground-leased to the Authority by the Commonwealth. PCER II engaged a contractor to construct a 1,210-bed student housing facility on the site (the "Dartmouth Project"). The Dartmouth Project reverts to the Authority when the lease terminates. Commencing on January 1, 2021, the annual rental amount payable to the Authority under the ground lease will be $625,000, increasing by 3% every five years.

The Dartmouth Project was financed with $132.19 million of revenue bonds issued on November 14, 2018 (Series 2018 Bonds) by the Massachusetts Development Finance Agency ("MassDevelopment") pursuant to a Loan and Trust Agreement between MassDevelopment and PCER II. The Authority, University nor Dartmouth campus have pledged revenues to secure the payment of the Series 2018 bonds or have any obligation with respect to payment of the Series 2018 bonds.

Pursuant to the Dining Facility sublease dated November 13, 2018 between PCER II, as sub-lessor and the Authority, as sub-lessee, PCER II leased the dining facility, located within the Dartmouth Project, to the Authority and the Authority shall operate or cause to be operated the dining facility. The University funded the construction costs of the dining facility through debt issued by the Authority. This lease only relates to the operations and maintenance of the dining facility. The annual rent payable is $1.00.

At June 30, 2021 and 2020, the Authority recorded a net receivable of $1.45 million and $1.03 million, respectively, related to its Boston and Dartmouth ground leases.

Management evaluated the applicability of relevant GASB guidance (including GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Statement No. 60, *Accounting for Financial Reporting for Service Concession Arrangements*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*) against the underlying Boston and Dartmouth Project agreements and indentures and has concluded that the associated debt should not be recognized on the financial statements of the Authority.

b) Capital Leases

On October 27, 2009, the Authority entered into an agreement to lease its facility located on Morrissey Boulevard in Dorchester, Massachusetts to the Edward M. Kennedy Institute for the United States Senate (“EMKI”), a charitable corporation registered in the District of Columbia. The lease agreement provides for an initial term of ninety-nine years commencing in October 2009, and thereafter, at the option of EMKI, may be extended for two additional, ninety-nine periods.

The project was financed with $74.38 million of revenue bonds. Rent is equal to the debt service on the outstanding bonds and payable semi-annually through fiscal year 2043.

On October 27, 2009, the Authority also entered into an agreement whereby the Authority sub-leased land, ground-leased to the Authority by the Commonwealth, to EMKI. The sublease agreement provides for an initial term of ninety-nine years commencing in October 2009, and thereafter, at the option of EMKI, may be extended for two additional, ninety-nine periods. At the time of signing, the Authority received payment of $10,000 in full payment of rent due for the initial term of the sublease.

c) Other Leases

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, 2021, 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.

On April 1, 2014, the Authority entered into a lease, as lessee, with Massachusetts Mutual Life Insurance Company, as lessor, for space at Tower Square, 1500 Main Street, Springfield, Massachusetts. The initial lease began August 1, 2014 and ended July 31, 2019. In fiscal 2019, the Authority exercised its option to extend the lease for a period of five years. The lease ends on July 31, 2024. Annual rent payments range from $297 thousand to $320 thousand. The Authority subleases the space to the University to be used as classroom space for its Springfield satellite campus.

On July 17, 2014, the Authority entered into a lease, as lessee, with One Beacon Street Limited Partnership, as lessor, for space at One Beacon Street, Boston, Massachusetts. The lease ends December 31, 2030. Annual rent payments range from $2.10 million to $2.55 million. The Authority subleases office space at One Beacon Street to the University.

Future minimum lease receivables and payments for all leasing activity are as follows ($ in thousands):

	Lessor (minimum lease payments to receive)					**Lessee** (minimum lease payments to pay)		
	Direct Financing Lease	Operating Leases				Operating Leases		
Fiscal Year Ended	EMKI	Boston PPP	Dartmouth PPP	Other	Totals	Mass Mutual	One Beacon	Totals
2022	$ 5,072	$ 1,025	$ 625	$ 901	$ 7,623	$ 321	$ 1,878	$ 2,199
2023	5,073	1,025	625	912	7,635	321	2,581	2,902
2024	2,665	1,025	625	872	5,187	321	2,623	2,944
2025	5,002	1,025	625	641	7,293	27	2,611	2,638
2026	5,160	1,025	634	624	7,443	-	2,388	2,388
2027-2031	25,412	5,125	3,228	3,012	36,777	-	11,267	11,267
2032-2036	25,918	5,125	3,325	-	34,368	-	-	-
2037-2041	21,470	5,125	3,425	-	30,020	-	-	-
2042-2046	5,923	5,125	3,528	-	14,576	-	-	-
2047-2051	-	5,125	3,634	-	8,759	-	-	-
2052-2056	-	5,125	3,743	-	8,868	-	-	-
2057-2061	-	342	3,855	-	4,197	-	-	-
2062-2066	-	-	1,848	-	1,848	-	-	-
	101,695	$ 36,217	$ 29,720	$ 6,962	$ 174,594	$ 990	$ 23,348	$ 24,338
Less amounts representing interest:	(28,256)							
Net Investment in Direct Financing Lease	$ 73,439							

For the years ended June 30, 2021 and 2020, the Authority recognized $2.4 million and $2.5 million, respectively, of interest income related to its EMKI direct financing lease.

For the years ended June 30, 2021 and 2020, the Authority recognized $2.98 million and $2.40 million, respectively, of rental income related to its lessor operating leases, which is included in income from contracts for financial assistance, management and services in the accompanying financial statements.

For the years ended June 30, 2021 and 2020, the Authority recognized $2.70 million and $2.35 million, respectively, of rental expense related to its lessee operating leases, which is included in facility and operating costs in the accompanying financial statements.

COMMITMENTS AND CONTINGENCIES

On June 28, 2019, the Authority entered into an agreement to lease property located at 200 Mount Vernon Street in Dorchester, Massachusetts to Bayside Property Owner, LLC ("Bayside"), a Delaware limited liability company. The developer plans to develop a mixed-use (office, residential, retail space, and academic/lab) opportunity at the site. Bayside deposited $7.0 million into an escrow account on July 2, 2019. In June 2020, Bayside deposited an additional $1.0 million into an escrow account in order to extend the agreement. In December of 2020, Bayside deposited an additional $ 1.0 million to extend the agreement. In June of 2021 Bayside deposited an additional $1.0 million to extend the agreement. There is $10 million in escrow at this time. These funds will be applied to the initial fixed rent payment at closing. Under the terms of the agreement, the developer, subject to certain contingencies, may enter into a 99-year ground lease for an upfront payment of up to $235 million, with a minimum lease price of $192 million. The developer can extend the term of the agreement up to five consecutive periods of six months each. Additionally, the Authority has the ability to terminate the agreement at any time subject to the terms of the Agreement to Lease.

The Authority has outstanding purchase commitments with contractors for the construction of certain facilities as of June 30, 2021 and 2020 of $162.8 million and $100.0 million, respectively.

As of June 30, 2021 and 2020, the Authority had a working capital deficiency of $95.2 million and $153.2 million, 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, 2021 and beyond.

From time to time, the Authority is involved in routine litigation that arises in the ordinary course of business. There are no significant legal proceedings to which the Authority is a party for which management believes the ultimate outcome would have a material adverse effect on the Authority's financial position.

11) RELATED PARTY TRANSACTIONS

Related party transactions not previously disclosed are:

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 ($ in thousands):

	2021	2020
Campus		
Amherst Campus	$ 142	$ 456
Dartmouth Campus	58	194
Lowell Campus	-	317
Worcester Campus	15,380	3,596
Total	**$ 15,580**	**$ 4,563**

The Authority has issued debt, the proceeds of which were loaned to the Worcester City Campus Corporation ("WCCC") for the purpose of University capital improvements. The current and non-current balance of the outstanding WCCC loan receivable amounted to $11.9 million and $199.2 million as of June 30, 2021 and $11.2 million and $203.5 million as of June 30, 2020. In fiscal year 2020, the Authority has issued debt, the proceeds of which were loaned to the University for the purpose of University capital improvements. The current and non-current balance of the outstanding University loan receivable amounted to $0 and $23.7 million as of June 30, 2021 and 2020.

In May 2016, the Authority entered into an agreement with the University to loan $3.7 million to the Authority for a term of fourteen years for the purposes of lease improvements. The current and non-current balance of the outstanding loan payable amounted to $0.4 million and $3.3 million as of June 30, 2021 and $0.06 million and $3.6 million as of June 30, 2020.

12) SUBSEQUENT EVENT

Subsequent to the year ended June 30, 2021 and through December 1, 2021, the Authority borrowed $36.0 million of taxable and $30.7 million of tax-exempt commercial paper with the interest rates ranging from .07% to .13% and maturity between January and March 2022, to fund construction projects at the Boston, Dartmouth, and Worcester campuses.

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2021 and through December 10, 2021, the date on which the financial statements were available to be issued.

KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

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*

Members of the Board
University of Massachusetts Building Authority:

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 University of Massachusetts Building Authority (the Authority), a component unit of the University of Massachusetts, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2021.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
December 10, 2021