

ANNUAL REPORT  
of  
WORCESTER CITY CAMPUS CORPORATION  
and  
UNIVERSITY OF MASSACHUSETTS  
for the  
FISCAL YEAR ENDED JUNE 30, 2020

This report (this “Annual Report”) is being filed by the Worcester City Campus Corporation (the “Institution”) and the University of Massachusetts (the “University”) pursuant to the Continuing Disclosure Agreement, dated April 14, 2005, by the Institution, the University, and J.P. Morgan Trust Company, as trustee, under and in accordance with the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission, in connection with the Massachusetts Health and Educational Facilities Authority Revenue Bonds, Worcester City Campus Corporation Issue (University of Massachusetts Project), Series D (2005) (the “Covered Bonds”). This Annual Report is being filed with the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system (“EMMA”). The information contained in this Annual Report is subject to change without notice and delivery of this information shall not, under any circumstances, create any implication that there has been no change in the affairs of the Institution or the University since the date hereof. Reference should be made to the official statement and the operative documents for the Covered Bonds for a full and complete statement of the terms of the Covered Bonds.

The information in this Annual Report relates to bonds issued by the Massachusetts Health and Educational Facilities Authority (the “Authority”) that have been sold and distributed in an underwritten public offering described in the related official statement. Each reader of the following information acknowledges that (i) neither the Authority, nor its successor by statutory merger, Massachusetts Development Finance Agency (together with the Authority, the “Issuer”) is now by this document offering any bonds or other securities, nor soliciting an offer to buy any securities, (ii) this information is not to be construed as any description of the Institution or the University in conjunction with any offering of bonds or securities of the Issuer – such offerings are only made pursuant to the appropriate official statements of the Issuer – nor shall anyone assume from the availability of the following information that the affairs of the Institution or the University have not changed since the date of this information, (iii) no representation is made as to the propriety or legality of any secondary market trading of the Covered Bonds or other securities of the Issuer by anyone in any jurisdiction, and (iv) neither the Institution nor the University hereby obligates itself in any manner to periodically or otherwise update this information.

This Annual Report hereby incorporates by reference the following information (the “Incorporated Information”) contained in the University of Massachusetts Building Authority’s (“UMBA’s”) Official Statement, dated October 7, 2020 (the “October 2020 Official Statement”) relating to UMBA’s Refunding Revenue Bonds, Senior Series 2020-4 (Federally Taxable): the information in Appendix A, which contains information with respect to the University (“Appendix A”). The October 2020 Official Statement was filed with EMMA on October 15, 2020 and can be found at <https://emma.msrb.org/P11426819-P11107501-P11517112.pdf>. The financial statements of the University for the fiscal year ended June 30, 2020 are being filed with EMMA herewith.

Terms used in this Annual Report and not defined herein have the same meanings assigned to them in the October 2020 Official Statement.

This Annual Report supplements the Incorporated Information as follows:

(a) the information in Appendix A under the heading “UNIVERSITY CAMPUSES” is updated as follows:

**Amherst Campus**

The Amherst Campus had a student body of 29,693 full-time equivalent (“FTE”) students enrolled for Fall 2020. During the 2019-2020 academic year, the Amherst Campus conferred 39 associate’s, 6,259

bachelor's, and 2,080 advanced degrees (including 364 doctorate degrees), as well as 450 undergraduate certificates and 115 graduate certificates.

### **Boston Campus**

The Boston Campus had a student body of 13,571 FTE students enrolled for Fall 2020. During the 2019-2020 academic year, the Boston Campus conferred 2,489 bachelor's degrees and 941 advanced degrees (including 89 doctorate degrees), as well as 3 undergraduate certificates and 188 graduate certificates.

### **Dartmouth Campus**

The Dartmouth Campus had a student body of 6,709 FTE students enrolled for Fall 2020. During the 2019-2020 academic year, the Dartmouth Campus conferred 1,419 bachelor's degrees and 494 advanced degrees (including 96 doctorate degrees), as well as 39 undergraduate certificates and 54 graduate certificates.

### **Lowell Campus**

The Lowell Campus had a student body of 14,855 FTE students enrolled for Fall 2020. During the 2019-2020 academic year, the Lowell Campus conferred 41 associate's degrees, 2,934 bachelor's degrees, and 1,320 advanced degrees (including 172 doctorate degrees), as well as 112 undergraduate certificates and 319 graduate certificates.

### **Worcester Campus**

For Fall 2020, the UMass Medical School has approximately 1,242 FTE medical, nursing and biomedical science students enrolled.

### **UMassOnline**

In fiscal year 2020, UMassOnline and the Continuing Education units at the five campuses collaboratively generated tuition revenue of \$120.5 million and supported over 83,000 course enrollments.

(b) the information in Appendix A under the heading "GOVERNANCE – Faculty and Staff" is updated as follows:

The University had 5,624 faculty members for Fall 2020, including 4,187 full-time faculty. Of the total faculty), 31.6% were tenured, 12.7% were on a tenure track, and the remaining 55.7% were not on a tenure track. In addition, the University had 10,565 staff members for Fall 2020, of which 94.4% were full-time. The University student FTE to faculty FTE ratios, excluding continuing education, range from 15:1 to 18:1 across the campuses (excluding the Worcester Campus).

(c) the information in Appendix A under the heading "UNIVERSITY REVENUES AND BUDGETING" is updated as follows:

In fiscal year 2020, Commonwealth appropriations provided approximately 23.4% of all operating and non-operating revenues of the University (not including University Related Organizations), tuition and fees accounted for approximately 26.5% of all operating and non-operating revenues, and other non-appropriated funds (including grants and contracts, auxiliary enterprises and other operating revenues) provided the remaining 50.1%.

**TABLE B**

**Total Commonwealth Support**  
(\$ thousands)

Fiscal Year	Fiscal Year					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Gross Commonwealth Appropriations	\$516,794	\$546,953	\$512,900	\$528,868	\$548,879	\$569,209
Plus: Fringe Benefits	159,403	178,032	207,917	223,026	231,342	241,309
Less: Tuition Remitted	(31,055)	(30,583)	0	0	0	0
Less: Mandatory Waivers	<u>(23,942)</u>	<u>(24,653)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Commonwealth Appropriations	<u>\$621,200</u>	<u>\$669,74</u>	<u>\$720,817</u>	<u>\$751,894</u>	<u>\$780,221</u>	<u>\$810,518</u>

**Management of Non-Appropriated Funds**

Approximately 76.6% of the University's operating and non-operating revenues for fiscal year 2020 were non-appropriated.

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**SUMMARY OF OPERATIONS**  
**University**  
**Combined and Condensed Statement of Net Position**  
**As of June 30 (\$ thousands)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>ASSETS</b>					
Current Assets	\$ 677,927	\$ 742,482	\$918,685	\$921,582	\$1,156,836
Noncurrent Assets					
Capital Assets, Net	4,615,776	4,854,110	5,075,476	5,164,200	5,206,569
All Other Noncurrent Assets	1,294,028	1,404,203	1,291,309	1,281,662	1,225,544
<b>Total Assets</b>	<b>\$6,587,731</b>	<b>\$7,000,795</b>	<b>\$7,285,470</b>	<b>\$7,367,444</b>	<b>\$7,588,949</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<b>\$293,432</b>	<b>\$275,725</b>	<b>\$341,335</b>	<b>\$357,541</b>	<b>\$531,271</b>
<b>LIABILITIES</b>					
Current Liabilities	\$ 774,837	\$ 622,084	\$ 934,525	\$799,310	\$680,069
Noncurrent Liabilities	3,294,183	3,562,485	4,161,911	4,237,383	4,750,458
<b>Total Liabilities</b>	<b>\$4,069,020</b>	<b>\$4,184,569</b>	<b>\$5,096,436</b>	<b>\$5,036,693</b>	<b>\$5,430,527</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<b>\$12,050</b>	<b>\$37,671</b>	<b>\$141,485</b>	<b>\$215,910</b>	<b>\$256,926</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$2,013,966	\$2,208,370	\$2,288,599	\$2,343,872	\$2,376,333
Restricted					
Nonexpendable	18,384	27,443	28,022	28,617	22,252
Expendable	218,272	201,710	222,343	206,023	223,803
Unrestricted	549,471	616,757	(150,080)	(106,130)	(189,621)
<b>Total Net Position</b>	<b>\$2,800,093</b>	<b>\$3,054,280</b>	<b>\$2,388,884</b>	<b>\$2,472,382</b>	<b>\$2,432,767</b>

\* Derived from the University's Annual Audited Financial Reports for Fiscal Years 2016 through 2020. The University's financial statements include prior year comparative information. Certain prior year amounts have been reclassified to conform with the current year presentation.

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**University**  
**Combined Statement of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30 (\$ thousands)**

<b>REVENUES</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b><i>Operating Revenues</i></b>					
Tuition and Fees <sup>†</sup>	\$ 826,815	\$ 847,832	\$874,826	\$894,904	\$917,876
Grants and Contracts	528,352	560,081	560,990	593,086	581,850
Sales & Service, Educational Activities	27,500	28,910	30,591	34,984	31,248
Auxiliary Enterprises	383,281	400,822	416,733	441,795	378,314
<b><i>Other Operating Revenues</i></b>					
Sales & Service, Independent Operations	47,613	79,261	68,497	59,893	62,829
Sales & Service, Public Service Activities	476,831	418,726	381,018	291,085	337,709
Other	113,104	104,957	136,159	137,607	116,204
<b><i>Total Operating Revenues</i></b>	<b><u>\$2,403,496</u></b>	<b><u>\$2,440,589</u></b>	<b><u>\$2,468,814</u></b>	<b><u>\$2,453,354</u></b>	<b><u>\$2,426,030</u></b>
<b>EXPENSES</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b><i>Operating Expenses</i></b>					
<b><i>Educational and General</i></b>					
Instruction	\$ 794,691	\$ 824,042	\$876,235	\$912,415	\$960,548
Research	434,213	447,370	471,135	490,887	485,759
Public Service	71,457	68,083	78,238	86,251	84,248
Academic Support	181,057	177,173	187,495	186,502	200,928
Student Services	141,915	151,033	156,934	160,751	157,842
Institutional Support	248,379	247,740	271,535	274,326	303,100
Operation and Maintenance of Capital Assets	228,406	240,501	255,825	248,581	241,880
Depreciation and Amortization	240,865	245,300	261,417	276,638	288,667
Scholarships and Fellowships	44,645	47,710	50,410	49,511	65,469
Auxiliary Enterprises	297,089	306,850	313,741	340,346	336,497
<b><i>Other Expenditures</i></b>					
Independent Operations	47,930	57,276	52,211	48,282	56,256
Public Service Activities	410,106	345,875	325,216	226,821	256,248
<b><i>Total Operating Expenses</i></b> <sup>‡</sup>	<b><u>\$3,140,753</u></b>	<b><u>\$3,158,953</u></b>	<b><u>\$3,300,392</u></b>	<b><u>3,301,311</u></b>	<b><u>3,437,442</u></b>
<b><i>Operating Loss</i></b>	<b><u>(\$737,257)</u></b>	<b><u>(\$718,364)</u></b>	<b><u>(\$831,578)</u></b>	<b><u>(\$847,957)</u></b>	<b><u>(\$1,011,412)</u></b>

† Net of scholarship allowances of \$343,031,000 at June 30, 2020, \$328,845,000 at June 30, 2019, \$310,106,000 at June 30, 2018, \$288,708,000 at June 30, 2017, and \$244,025,000 at June 30, 2016.

‡ Included in total operating expenses are impacts of GASB Pronouncements 68 and 75, which require adjustments for large employee postemployment benefits (health and pension). Total expenses related to these pronouncements totaled \$122,012,000, \$68,574,000, and \$78,732,000 in fiscal years 2020, 2019, and 2018, respectively.

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<b>NONOPERATING REVENUES/(EXPENSES)</b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Federal Appropriations	\$6,827	\$6,602	\$6,688	\$7,004	\$6,774
State Appropriations	669,748	720,817	751,894	780,221	810,518
Gifts	42,415	26,253	39,022	43,705	41,996
Investment Income	29,381	31,567	37,622	48,943	32,762
Unrealized Gain (Loss) on Investments	(7,633)	15,466	5,558	18,082	(3,414)
Endowment Income					
Endowment Income Distributed for Operations	24,740	26,877	26,742	27,741	28,113
Interest on Indebtedness	(105,276)	(110,069)	(115,851)	(116,217)	(109,186)
Non-operating Federal Grants	75,743	74,050	81,590	84,454	115,601
Other Non-operating Income	1,540	17,085	1,118	1,576	296
<b><i>Net Non-operating Revenues</i></b>	<b><u>\$737,485</u></b>	<b><u>\$808,648</u></b>	<b><u>\$834,383</u></b>	<b><u>\$895,509</u></b>	<b><u>\$923,460</u></b>
<b><i>Income/(Loss) Before Other Revenues, Expenses, Gains and Losses</i></b>	<b><u>\$228</u></b>	<b><u>\$90,284</u></b>	<b><u>\$2,805</u></b>	<b><u>\$47,552</u></b>	<b><u>(\$87,952)</u></b>
Capital Appropriations	\$121,298	\$121,380	\$67,437	\$25,500	\$51,525
Capital Grants, Contracts and Gifts	54,244	29,080	8,732	13,165	7,516
Endowment Return, Net of Amount Used for Operations	(28,958)	21,278	8,166	13,467	(2,917)
Disposal of Plant Facilities	(10,462)	(4,274)	(6,695)	(11,381)	
Additions to permanent endowment					
Other Deductions	(3,605)	(3,561)	(2,859)	(4,805)	(7,787)
<b><i>Total Other Revenues, Expenses, Gains and Losses</i></b>	<b><u>\$132,517</u></b>	<b><u>\$163,903</u></b>	<b><u>\$74,781</u></b>	<b><u>\$35,946</u></b>	<b><u>48,337</u></b>
<b><i>Total Increase in Net Position</i></b>	<b><u>\$132,745</u></b>	<b><u>\$254,187</u></b>	<b><u>\$77,586</u></b>	<b><u>\$83,498</u></b>	<b><u>(\$39,615)</u></b>
<b>NET POSITION</b>					
Net Position at Beginning of Year	<u>\$2,667,348</u>	<u>\$2,800,093</u>	<u>\$3,054,280</u>	<u>\$2,388,884</u>	<u>\$2,472,382<sup>†</sup></u>
Cumulative effect of adoption of GASB 68					
Cumulative effect of adoption of GASB 75			(742,982)		
Net Position at Beginning of Year, Adjusted	<u>\$2,667,348</u>	<u>\$2,800,093</u>	<u>\$2,311,298</u>	<u>\$2,388,884</u>	<u>\$2,472,382</u>
<b><i>Net Position at End of Year</i></b>	<b><u>\$2,800,093</u></b>	<b><u>\$3,054,280</u></b>	<b><u>\$2,388,884</u></b>	<b><u>\$2,472,382</u></b>	<b><u>\$2,432,767</u></b>

<sup>†</sup> Reflects restatement of fiscal year 2019 GASB Pronouncement 75 reporting.

(d) the information in Appendix A under the heading: "SUMMARY OF FINANCIAL RESULTS, FISCAL YEARS 2018, 2019 AND 2020 - Endowment and Fundraising" is updated as follows:

<b>University Endowment Assets<sup>†</sup></b>				
<b>(\$ thousands)</b>				
<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
\$707,246	\$792,278	\$842,858	\$948,195	\$1,013,070

<sup>†</sup> Approximately 64% of the endowment is restricted by donors.

DATED: February 25, 2020

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