



UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Auditors' Reports as Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Government Auditing Standards* and Related Information

Year ended June 30, 2020

(With Independent Auditors' Report Thereon)

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Auditors' Reports as Required by Uniform Guidance and *Government Auditing Standards*
and Related Information

Year ended June 30, 2020

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Independent Auditors' Report

The Honorable Douglas Hoffer,
Auditor of Accounts, State of Vermont
and
The Board of Trustees of the University of Vermont and State Agricultural College:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the University of Vermont and State Agricultural College (collectively, the University), a component unit of the State of Vermont, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the 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 opinions on these financial statements based on our audits. We did not audit the financial statements of University Medical Education Associates, Inc., a discretely presented component unit of the University. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar, as it relates to the amounts included for University Medical Education Association, Inc., is based solely on the report of the other auditors. 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 opinions.



Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5–12 and the required supplementary information – post employment benefits on page 34 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 such 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 November 9, 2020 on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

KPMG LLP

Colchester, Vermont
November 9, 2020

The University of Vermont

Management's Discussion and Analysis (Unaudited)

June 30, 2020 and 2019

Introduction

The Management's Discussion and Analysis (MD&A) provides a broad overview of the University of Vermont's financial condition as of June 30, 2020 and 2019, the results of its operations for the years then ended, significant changes from the previous years, and outlook for the future where appropriate and relevant. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related notes.

The University of Vermont ("the University") is a public, non-profit, comprehensive research institution of higher education established in 1791 as the fifth college in New England. The University consists of seven undergraduate schools and colleges, including the Colleges of Agriculture and Life Sciences, Arts and Sciences, Education and Social Services, Engineering and Mathematical Sciences, Nursing and Health Sciences, the Grossman School of Business, and the Rubenstein School of Environment and Natural Resources. The University also includes an Honors College, the Robert Larner, M.D. College of Medicine, the Division of Continuing and Distance Education, Extension and the Graduate College. The University is the only comprehensive research

university in Vermont. The University has 10,585 undergraduate students and 2,125 graduate and medical students. It is located in Burlington, Vermont with satellite instructional and research sites throughout Vermont. It is a component unit of the State of Vermont as it receives an annual appropriation from the State. For financial reporting purposes, the University's reporting entity consists of all sectors of the University and includes discretely presented financial information for University Medical Education Associates, Inc. (UMEA) and the University of Vermont and State Agricultural College Foundation, Inc. (UVMF). UMEA is a legally separate tax-exempt component unit of the University whose purpose is to support the operations, activities and objectives of the Robert Larner, M.D. College of Medicine of the University. UVMF is a legally separate tax-exempt component unit of the University whose purpose is to secure and manage private gifts for the sole benefit of the University. The MD&A discusses the University's financial statements only and not those of its component units.

The focus of the MD&A is on the University's financial information contained in the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

Strategic Direction and Economic Outlook

On July 1, 2019 Dr. Suresh Garimella became the 27th president. President Garimella believes the University is poised and ready to build upon its reputation as a premier research institution focused on sustainable solutions with local, national, and global applications and impacts. The University's distinctive strengths align with the most pressing needs of our time: the health of our societies and the health of our environment and the University will pursue these interconnected issues through cross-disciplinary research and collaboration that comes more easily to a public research university of UVM's size and scale.

To fully realize the University's significant potential, President Garimella presented his strategic vision to the Board of Trustees on May 15, 2020, which enthusiastically endorsed it. The University's strategic vision involves a three-pronged approach which includes ensuring student success, investing in distinctive research strengths, and fulfilling the land grant mission.

Ensuring Student Success – The University has a culture of strong faculty mentorship and staff dedicated to student growth. The connection between health and well-being and academic achievement is promoted holistically. The University will continue to build on that legacy by making the success of its students and alumni a core measure in everything it does. To ensure that the University offers a vibrant educational experience, that it remains affordable and accessible to a broad and diverse population, and that it provides support and meaningful opportunity well beyond graduation it will focus on the following:

- Continually enhancing course offerings through rigorous evaluation and evolution, and alignment with a liberal arts foundation and societal demands.
- Carefully evaluate expenses to minimize costs and make education more affordable and accessible.

- Grow corporate, foundation, federal and philanthropic partnerships to develop new internship, research, study-abroad and service-learning opportunities, while enhancing existing programs.
- Enhance online offerings and programs that promote efficient course and degree completion with targeted support for first-generation and non-traditional learners.
- Attract a larger cohort of graduate students by enhancing their academic experience and research opportunities.
- Accelerate our success in recruiting students from areas beyond the Northeast, as well as internationally.
- Provide an environment that fosters diversity of all kinds, including diversity of thought.
- Envision programming that leverages campus assets on a year-round basis to increase and strengthen connections to UVM while building financial resources.
- Welcome nontraditional students to new professional, certificate, and online programs.

Investing in Distinctive Research Strengths - UVM has built distinctive research strengths that align with the urgent—and interdependent—need to support the health of our environment and our societies. Strategic investment of available resources will accelerate and enhance these distinctive strengths, positioning the University as the preeminent institution for innovative and sustainability-focused solutions. Articulation of distinctive strengths will also grow corporate, philanthropic, foundation, and federal partnerships to enhance UVM's research portfolio, impact and recognition, and make enriching new opportunities available to faculty and students.

Fulfilling the Land Grant Mission - As one of the nation's first land grant institutions, the University's alignment with the state is fitting. The University is nationally acclaimed for helping Vermonters tackle

everything from farm viability to complex environmental issues to business growth. The University supports commercialization and job creation initiatives in the state, and partnerships with large corporations enable the possibility of attracting satellite operations, jobs, and a talented workforce to the state. The University intends to create a more streamlined gateway for Vermonters to learn about and access the many resources the University offers. Efforts to set up that front door, inviting the community to engage more fully with the University, are underway.

Financial Highlights

A. Revenues

In the fall of 2020, the University enrolled 10,585 students in more than 100 undergraduate majors, 1,641 students in graduate and post-baccalaureate programs, and 484 students at the Larner College of Medicine. The University attracts undergraduates from over 40 states and many foreign countries. The University is primarily a regional institution, however, drawing 86% of the undergraduates enrolled in the fall of 2020 from New England and the Middle Atlantic States, including 23% of its undergraduate students from Vermont. Graduate and Certificate student enrollment from Vermont represented 43.7%. The following charts present applications, admissions, and enrollments for in-state and out-of-state students.

Final numbers for the fall 2020 show that total applications have decreased 16.9% since 2011, with in-state applications decreasing 5.3% and out-of-state applications decreasing 18.1%. Total admissions decreased for that period by 21.4%, with in-state admissions decreasing 7.6% and out-of-state admissions decreasing 22.8%. From fall 2010 through fall 2019, total first-time, first year enrollments have increased by 2.6%, with in-state enrollments decreasing by 9.7% and out-of-state enrollments increasing by 7.1%. Trends in applications, admits, and enrollments for that period can be seen on Charts 2A and 2B.

The University and its Board of Trustees continues to contain increases in tuition and fees with the average annual increases for in-state and out-of-state held to 3.3% and 3.2%, respectively, from 2012 through 2019. Table 1 presents tuition and fees, as well as room and board for that period.

Table 1: In-State and Out-of-State Fees

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Average Annual % Increase
Student Tuition & Fees									
In-State Tuition & Fees	\$15,284	\$15,718	\$16,226	\$16,768	\$17,300	\$17,740	\$18,276	\$18,802	3.05%
Out-of-State Tuition & Fees	\$35,612	\$36,646	\$37,874	\$39,160	\$40,364	\$41,356	\$42,516	\$43,690	3.02%
Room & Board									
Room (Double)	\$6,650	\$6,844	\$7,116	\$7,376	\$7,634	\$7,900	\$8,196	\$8,502	3.56%
Board (Average Meal Plan)	\$3,414	\$3,558	\$3,664	\$3,774	\$3,944	\$4,122	\$4,266	\$4,414	3.78%
Total, In-State Cost	\$25,348	\$26,120	\$27,006	\$27,918	\$28,878	\$29,762	\$30,738	\$31,718	
Increase Over Previous Year	3.50%	3.05%	3.39%	3.38%	3.44%	3.06%	3.28%	3.19%	3.28%
Total, Out-of-State Cost	\$45,676	\$47,048	\$48,654	\$50,310	\$51,942	\$53,378	\$54,978	\$56,606	
Increase Over Previous Year	3.50%	3.00%	3.41%	3.40%	3.24%	2.76%	3.00%	2.96%	3.16%

During fiscal 2020, President Garimella announced that tuition for fiscal 2021 would not increase over fiscal 2020 levels. This is part of the University's effort to enhance the value of a UVM education. The University will focus on enhancing other revenues including private philanthropy, improved retention of current students, increased graduate and summer enrollments, expansion of flexible and online course offerings geared to adults and non-traditional learners, enhancing graduate, post-doc and undergraduate research support through grants from the federal government and other sources and through partnerships with private industry; and supporting more students transferring to UVM from other colleges.

In line with this vision the University increased grant and contract revenues \$18.0 million or 9.4% from \$192.2 million in fiscal 2019 to \$210.2 million in fiscal 2020. Included in the \$210.2 million is facility and administrative cost recoveries of \$31.6 million and additional commitment funds from University of Vermont Medical Center, Inc. of \$16.1 million. During fiscal 2020, the University was awarded over \$181.7 million in sponsored funds, 81.4% of which were for research activities. Approximately 71.4% of sponsored funds awarded during fiscal 2020 were from federal sources. The University's leading areas of externally sponsored programs are the biomedical sciences, agriculture, the environment, and education.

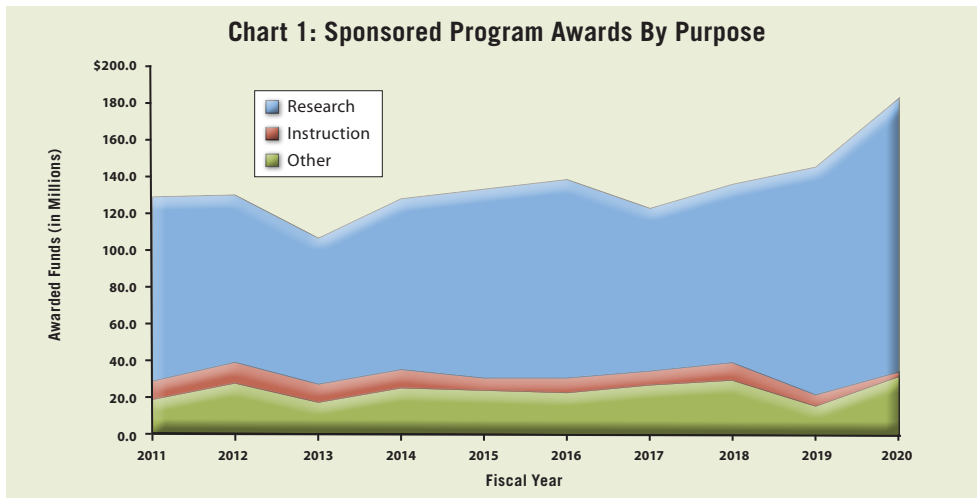


Chart 1 presents the activity of sponsored programs over the past decade.

State appropriations in fiscal 2020 increased \$8.7 million or 20.2% compared to fiscal 2019. There was no increase from fiscal 2018 to 2019. The base state appropriation has remained unchanged for many years.

The increase in fiscal 2020 is entirely due to an additional appropriation from the state of Vermont to assist the University in covering expenses related to COVID-19.

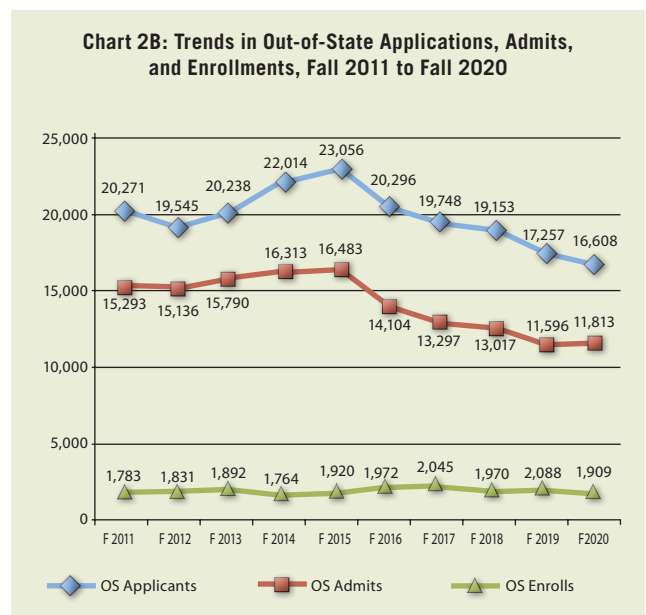
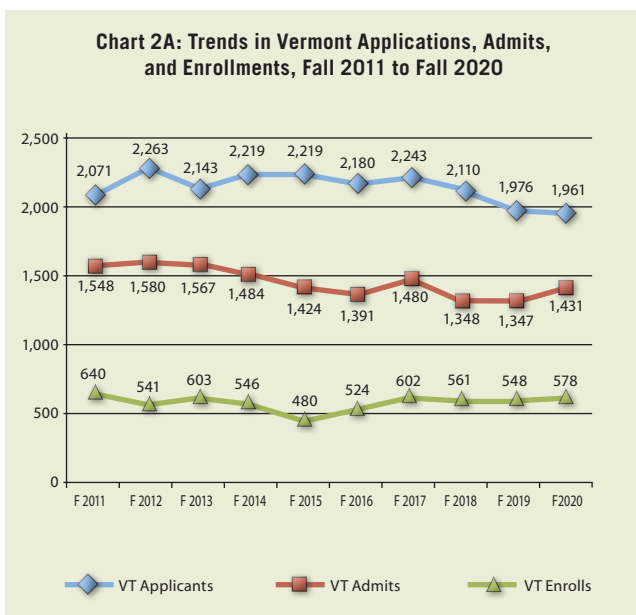


Chart 3: Fiscal 2020 Total Revenues

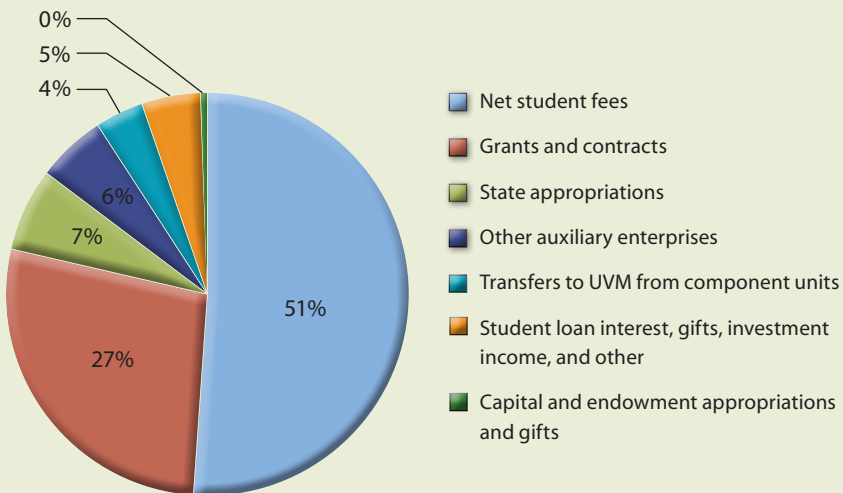


Chart 3 shows the University's fiscal 2020 revenue streams. Given the University's mission of instruction, research, and public service, the vast majority of the University's revenues are generated by net student fees (51%) and grants and contracts (27%).

Chart 4: Three-Year Revenue Stream Trends

(\$ in thousands)

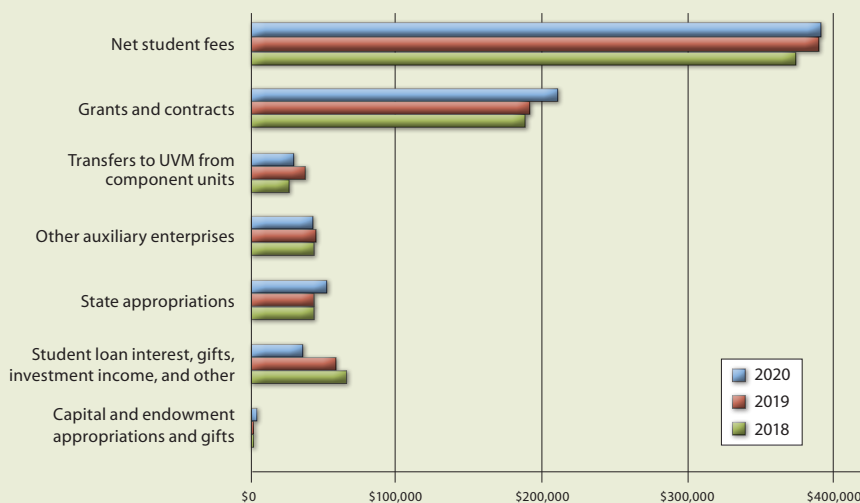


Chart 4 shows the three-year trend for revenue streams. State appropriations increased \$8.7 million in 2020 due to an additional appropriation from the State of Vermont to assist the University in covering expenses related to COVID-19. Net student fees is comprised of tuition and fees, residential life fees, and scholarship allowances.

B. Operating and Capital Expenditures

The University's operating expenses increased \$15.2 million or 2.2% over the 2019 level; and 2019 expenses increased \$13.0 million or 1.9% over 2018. Due to COVID-19 the University put in measures to reduce costs during the spring semester. The result was a decrease in supplies and services expenses of \$18.7 million or 9.8% from fiscal 2019. Fiscal 2019 had a slight increase of \$1.8 million or 0.9% from fiscal 2018. The savings in supplies and services in fiscal 2020 were offset by increases in compensation and benefits of \$26.5 million or 6.1%. This is, in part, due to an increase in the University's liability for other post-employment benefits of \$14.7 million. Compensation and benefits expense increased \$5.7 million or 1.3% in fiscal 2019. Depreciation remained relatively steady increasing \$0.8 million in fiscal 2020 and \$1.5 million in fiscal 2019.

In an effort to keep tuition affordable the University has increased scholarship and fellowship expenses \$6.6 million or 31.7% in fiscal 2020 and \$3.9 million or 23.5% in fiscal 2019.

During fiscal 2020, construction began on the Athletic Multipurpose Center Complex. This project was temporarily placed on hiatus during the spring semester due to COVID-19.

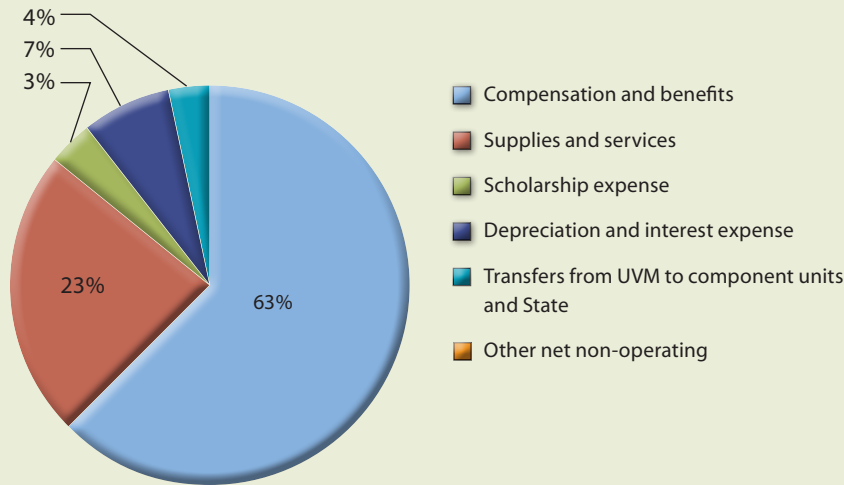
Chart 5: Fiscal 2020 Total Expenses

Chart 5 displays the University's fiscal 2020 expenses. The University's largest expense is compensation and benefits followed by supplies and services.

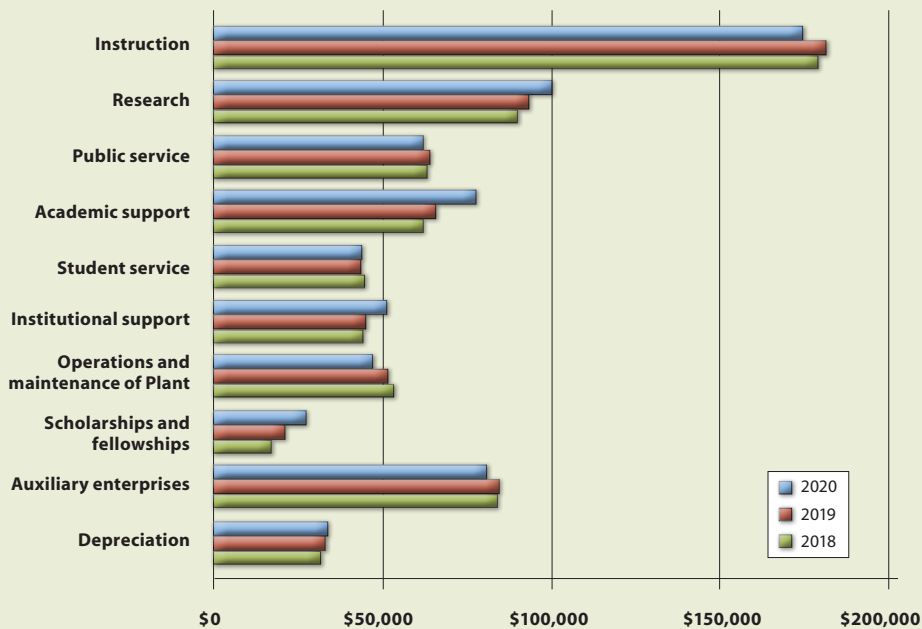
Chart 6: Operating Expenses by Functional Classifications
(\$ in thousands)

Chart 6 displays the University's operating expenses for the past three years by functional, rather than natural, classification. In fiscal 2020 the University went through an exercise to compare all faculty functional salary distributions and to better align those salary distributions with the faculty's effort and workload. The result was a refinement of distributed salary which increased research and academic support expenses and decreased instruction expenses.

Overview of the Financial Statements

The financial statements of the University of Vermont and State Agricultural College (the "University") have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation consists of comparable Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows and accompanying notes for the June 30, 2020 and 2019 fiscal years. These statements provide information on the financial position of the University and the financial activity and results of its operations during the years presented. The financial statements focus on the University as a whole, rather than upon individual funds or activities.

University Medical Associates, Inc. (UMEA) and University of Vermont Foundation, Inc. (UVMF) are legally separate tax-exempt, discretely presented component units of the University of Vermont and issue separate audited financial statements. UMEA and UVMF are presented as separate columns on the University's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position.

A. Statements of Net Position

The Statements of Net Position on the following page depicts all of the University's assets, liabilities, and deferred inflows/outflows of resources on June 30th each year, along with the resulting net financial position. An increase in net position over time is a primary indicator of an institution's financial health. Factors contributing to future financial health as reported on the Statements of Net Position include the value and liquidity of financial and capital investments, and balances of related obligations.

As shown in Table 2, cash and short-term investments have increased steadily over the last three fiscal years including 13.1% in fiscal 2020 and 9.5% in fiscal 2019. Included in cash and short-term investments are operating investments totaling \$154.7

Table 2: Condensed information from Statements of Net Position

at June 30, 2020, 2019 and 2018
(\$ in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets and deferred outflows of resources			
Cash and short-term investments	\$ 341,790	\$ 302,253	\$ 276,145
Endowment, capital, and similar investments	574,290	549,297	540,116
Capital assets, net	703,342	683,445	672,951
Other assets and deferred outflows of resources	155,801	107,902	110,739
Total assets and deferred outflows of resources	<u>1,775,223</u>	<u>1,642,897</u>	<u>1,599,951</u>
Liabilities and deferred inflows of resources			
Postemployment benefits	555,882	497,472	492,575
Long-term debt	586,262	545,392	556,556
Unearned revenue, deposits, and funds held for others	110,199	100,430	98,668
Other liabilities and deferred inflows of resources	109,147	109,843	102,087
Total liabilities and deferred inflows of resources	<u>1,361,490</u>	<u>1,253,137</u>	<u>1,249,886</u>
Net investment in capital assets	136,506	138,070	116,345
Restricted:			
Non-expendable	119,711	116,469	115,918
Expendable	336,050	335,965	342,741
Unrestricted	(178,534)	(200,744)	(224,939)
Total net position	<u>\$ 413,733</u>	<u>\$ 389,760</u>	<u>\$ 350,065</u>

Table 2 shows condensed information from the Statements of Net Position at June 30 for the past three years.

million, \$139.1 million, and \$122.7 million in fiscal 2020, 2019, and 2018, respectively. These operating investments are primarily invested in fixed income but also include equity and shares of the University's long-term endowment pool.

Endowment, capital, and similar investments have remained steady, despite a volatile investment market, decreasing 0.3% in fiscal 2020 and increasing 1.3% in fiscal 2019. Included in this balance are deposits held by bond trustees of \$27.9 million, \$8 thousand, and \$542 thousand in fiscal 2020, 2019, and 2018, respectively. The fiscal 2020 balance of \$27.9 million is due unspent proceeds from the issuance of the Series 2019A and Series 2019B general obligation bonds.

Capital assets, net saw increases of \$19.9 million or 2.9% in fiscal 2020 and \$10.5 million or 1.6% in fiscal 2019. Fiscal 2020 saw net additions of \$53.3 million in capital assets of which the largest was the Athletic Multipurpose Center Complex which added \$26.0 million to work in process. These additions were offset by net depreciation expense of \$33.4 million.

Other assets and deferred outflows of resources includes accounts, loans, notes, and pledges receivable, inventories and prepaid expenses, and deferred outflows due to loss on refunding of debt and post-employment benefits. Fiscal 2020 saw an increase from fiscal 2019 of \$47.9 million

or 44.4% compared to a decrease in fiscal 2019 from fiscal 2018 of \$2.8 million or 2.6%. The increase in fiscal 2020 is mostly due to an increase in post-employment benefits deferred outflows of \$43.6 million stemming from differences between expected and actual and changes in actuary assumptions.

Postemployment benefits liability, which represents the current and future liability the University has to retirees and their dependents for medical, dental, life insurance, and tuition remission benefits, increased \$58.4 million or 11.7% in fiscal 2020 and \$4.9 million or 1.0% in fiscal 2019. The increase in fiscal 2020 is largely the result of a change in the discount rate from 4.10% in fiscal 2019 to 2.74% in fiscal 2020.

Long-term debt liability increased \$40.9 million or 7.5% from fiscal 2019. On August 21, 2019 the University issued two bonds: General Obligation Bonds, Series 2019A par amount of \$38,200 and General Obligation Bonds, Series 2019B par amount of \$59,875. The 2019A Bonds were issued to finance a portion of the costs of constructing an on-campus Multipurpose Center. The 2019B Bonds were issued for the purpose of providing funds that were used, together with available moneys of the University, to refund all the University's outstanding General Obligation Bonds, Series 2009 maturing after October 1, 2019 and to reimburse the University for the costs of certain deferred maintenance on the campus of the University. The University incurred a

Table 3: Condensed information from Statements of Revenues, Expenses, and Changes in Net Position
for the years ended June 30, 2020, 2019 and 2018
(\$ in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tuition and fees	\$ 515,725	\$ 513,511	\$ 494,720
Less student financial aid	<u>(124,283)</u>	<u>(123,248)</u>	<u>(120,657)</u>
Net student fees	<u>391,442</u>	<u>390,263</u>	<u>374,063</u>
Grants and contracts	210,213	192,189	188,385
State appropriations	51,710	43,011	43,010
Transfers to UVM from component units	28,900	37,676	26,145
Other auxiliary enterprises	42,309	44,614	43,611
Student loan interest, gifts, investment income, and other	<u>35,789</u>	<u>58,077</u>	<u>65,903</u>
Total operating and non-operating revenues	<u>760,363</u>	<u>765,830</u>	<u>741,117</u>
Compensation and benefits	(464,156)	(437,635)	(431,919)
Supplies and services	(171,354)	(190,036)	(188,285)
Scholarship expense	(27,329)	(20,747)	(16,799)
Depreciation and interest expense	(54,310)	(55,437)	(48,646)
Transfers from UVM to component units and State	<u>(22,598)</u>	<u>(23,933)</u>	<u>(20,978)</u>
Total operating and non-operating expenses	<u>(739,747)</u>	<u>(727,788)</u>	<u>(706,627)</u>
Increase in net position from recurring activities	<u>20,616</u>	<u>38,042</u>	<u>34,490</u>
Capital and endowment appropriations and gifts	3,689	2,069	1,795
Other net non-operating	<u>(332)</u>	<u>(416)</u>	<u>(8,627)</u>
Total other changes in net position	<u>3,357</u>	<u>1,653</u>	<u>(6,832)</u>
Total increase in net position	<u>\$ 23,973</u>	<u>\$ 39,695</u>	<u>\$ 27,658</u>

Table 3 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the three years ended June 30. State appropriations increased \$8.7 million in 2020 due to an additional appropriation from the State of Vermont to assist the University in covering expenses related to COVID-19.

deferred loss of \$1,207 on the refunding of the 2009 General Obligation Bonds. From fiscal 2018 to 2019 long-term debt decreased \$11.1 million or 2.0%. No new bonds were issued in fiscal 2019. The decrease is due to payments made on existing bonds.

Unearned revenue, deposits, and funds held for others increased \$9.8 million or 9.7% in fiscal 2020 from \$100.4 million in fiscal 2019 to \$110.2 million. The increase in fiscal 2019 was \$1.8 million or 1.8% from fiscal 2018. Most of this balance is the University of Vermont Foundation's funds held by the University in the endowment. The University of Vermont Foundation utilizes the University's endowment as an investment vehicle and own shares in the pool. As of June 30, 2020 and 2019, respectively, the University of Vermont Foundation's market value in the University's endowment pool was \$98.2 million and \$89.0 million.

Other liabilities and deferred inflows of resources remained stable from fiscal 2019 to fiscal 2020 decreasing only \$700 thousand or 0.6%

from \$109.8 million to \$109.1 million. There was an increase from fiscal 2018 to fiscal 2019 of \$7.8 million or 7.6%. These balances consist of the University's accounts payable and current and non-current accrued liabilities including insurance reserves, compensated absences, obligations under deferred giving arrangements, and pledges payable. The increase from fiscal 2018 to fiscal 2019 is mostly due to a new pledge payable of \$5.8 million.

Net position is reported in four categories. The net investment in capital assets amount represents the historical cost of property and equipment reduced by total accumulated depreciation and the balance of related debt outstanding. Restricted expendable resources include balances of current and prior year gifts for specified purposes such as scholarships or academic programs, as well as spendable endowment proceeds. Restricted non-expendable resources are endowment balances which are required to be invested in perpetuity by the original donors. Unrestricted financial resources represent net positions that are available for any future use without legal restriction.

B. Statements of Revenues, Expenses, and Changes in Net Position

Operating revenues are generally earned through the sale of goods and services. However, GASB reporting standards require that certain University recurring revenues be shown as nonoperating. This includes state appropriations, federal Pell grants, private gifts, net investment income, and transfers from University component units. These revenue streams are important sources of funds used to supplement tuition and fees revenue. Accordingly, we have grouped the operating and nonoperating revenues together in the condensed statements to allow readers to better understand which revenues support University operating expense streams.

Net student fees grew 0.3% from \$390.3 million in fiscal 2019 to \$391.4 million in fiscal 2020. Embedded in the net student fees amount are three components including gross tuition and fees, gross residential life fees, and scholarship allowances. Gross tuition and fees increased \$10.5 million or 2.4% from fiscal 2019 to fiscal 2020 while gross residential life fees decreased \$8.2 million or 11.9%. The decrease in gross residential life fees is the result of room and meal refunds given to students that were forced to leave campus early due to COVID-19. Scholarship allowances remained relatively steady from fiscal 2019 to fiscal 2020 increasing \$1.0 or 0.8%. An increase in net student tuition and fees in fiscal 2019 of 4.3% included a 3.7% increase in gross tuition and fees, a 4.2% increase in gross residential life fees, and a 2.1% increase in scholarship allowances from fiscal 2018.

State appropriations remained stable in fiscal 2019 and 2018 at \$43.0 million. In fiscal 2020 the University received an increase in state appropriations of \$8.7 million to help offset the costs of COVID-19. Total state appropriation revenue in fiscal 2020 was \$51.7 million.

Transfers to UVM from component units includes transfers from the University of Vermont Foundation and University Medical Education Associates. These transfers include reimbursement of expenses on gifts received by the University of Vermont Foundation on behalf of the University. There was a decrease of \$8.8 million from \$37.7 million in fiscal 2019 to \$28.9 million in fiscal 2020. This is, in part, due to the reduction in University spending in the 4th quarter of fiscal 2020 due to procedures put in place by University management as a result of COVID-19.

Other auxiliary enterprises revenues remained stable at \$42.3 million, \$44.6 million, and \$43.6 million in fiscal 2020, 2019, and 2018, respectively. The decrease in revenue in fiscal 2020 of 5.2% is due to reduced activity due to COVID-19.

Student loan interest, gifts, investment income, and other can be volatile due to the investment markets. There was a decrease of \$22.3 million or 38.4% in fiscal 2020 from fiscal 2019. Most of the decrease can be attributed to a decrease in net investment income of \$15.1 million from \$25.2 million in fiscal 2019 to \$10.1 million in fiscal 2020. There was a similar, though not as severe, drop in fiscal 2019 of \$8.0 million compared to fiscal 2018. Other decreases in fiscal 2020 are due to reduced activity due to COVID-19 including sales and services of educational activities.

Compensation and benefits increased \$26.5 million or 6.1% from \$437.6 million in fiscal 2019 to \$464.2 million in fiscal 2020 due to budgeted increases for faculty and staff and additional \$10.4 million of expense to increase the other post-employment liability amount on the Statement of Net Position. The increase of \$5.7 million or 1.3% from \$431.9 million in fiscal 2018 to \$437.6 million in fiscal 2019 is due to budgeted increases for faculty and staff.

Supplies and services expenses decreased significantly in fiscal 2020 from fiscal 2019 dropping \$18.7 million or 9.8% from \$190.0 million to \$171.3 million. This is due to remote instruction and teleworking for the fourth quarter of fiscal 2020 and spending restrictions put in place by University management. Supplies and services expense was stable from fiscal 2018 to 2019 increasing only \$1.8 million or 0.9%.

Scholarship expense increased \$6.6 million, or 31.7%, in fiscal 2020 and \$3.9 million, or 23.5%, in fiscal 2019.

Depreciation and interest expense were \$54.3 million, \$55.4 million, and \$48.6 million in fiscal 2020, 2019, and 2018, respectively. The increase in depreciation in fiscal 2020 of \$0.8 million was offset by a decrease in interest expense of \$1.9 million. The increase of \$6.8 million in fiscal 2019 is due to an increase in depreciation expense of \$1.5 million and an increase in interest expense of \$5.2 million.

Transfers from UVM to component units and State of \$22.6 million, \$23.9 million, and \$21.0 million in fiscal 2020, 2019, and 2018, respectively, represents transfers to the University of Vermont Foundation to assist in its operations and contributions to the State of Vermont to support the Graduate Medical Education program.

Capital and endowment appropriations and gifts represent capital gifts, capital appropriations, and gifts to the University endowment. Fiscal 2020 had an increase of \$1.6 million or 78.3% from \$2.1 million in fiscal 2019 to \$3.7 million in fiscal 2020 due to endowment gifts of \$2.2 million in fiscal 2020 compared to \$200 thousand in fiscal 2019.

Statements of Net Position

as of June 30, 2020 and 2019

(dollars in thousands)

	2020	2019	UMEA 2020	UMEA 2019	UVMF 2020	UVMF 2019
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 187,052	\$ 163,121	\$ 99	\$ 122	\$ 37,858	\$ 35,867
Operating investments	154,738	139,132	60,409	62,100	9,507	9,979
Accounts, loans, notes and pledges receivable, net	40,964	40,583	968	585	8,378	11,437
Inventories and prepaid expenses	17,034	12,863	7	9	415	384
Total current assets	399,788	355,699	61,483	62,816	56,158	57,667
Non-current assets:						
Endowment cash, cash equivalents and investments	490,897	494,724	-	-	121,442	115,213
Student loans, notes, and pledges receivable, net	34,898	36,336	-	-	11,190	14,295
Investments for capital activities	46,778	44,420	-	-	-	-
Deposits with trustees	36,615	10,153	-	-	1,325	1,316
Prepaid expenses and other assets	201	-	-	-	-	-
Capital assets, net	703,342	683,445	-	-	8,161	8,502
Total non-current assets	1,312,731	1,269,078	-	-	142,118	139,326
Total Assets	1,712,519	1,624,777	61,483	62,816	198,276	196,993
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of debt	5,925	4,985	-	-	-	-
Postemployment benefits	56,779	13,135	-	-	-	-
Total Deferred Outflows of Resources	62,704	18,120	-	-	-	-
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	82,867	79,679	325	682	6,346	8,306
Unearned revenue, deposits, and funds held for others	110,199	100,430	41,956	42,409	78	514
Bonds and leases payable	15,268	14,420	-	-	-	-
Total current liabilities	208,334	194,529	42,281	43,091	6,424	8,820
Non-current liabilities:						
Accrued liabilities	21,718	22,981	-	-	-	-
Postemployment benefits	530,031	460,332	-	-	-	-
Bonds and leases payable	570,994	530,972	-	-	4,888	5,138
Total non-current liabilities	1,122,743	1,014,285	-	-	4,888	5,138
Total Liabilities	1,331,077	1,208,814	42,281	43,091	11,312	13,958
DEFERRED INFLOWS OF RESOURCE						
Service concession arrangement	1,312	1,562	-	-	-	-
Split-interest arrangements	3,250	5,621	-	-	-	-
Postemployment benefits	25,851	37,140	-	-	-	-
Total Deferred Inflows of Resources	30,413	44,323	-	-	-	-
NET POSITION						
Net investment in capital assets	136,506	138,070	-	-	3,273	3,363
Restricted:						
Non-Expendable	119,711	116,469	-	-	117,637	106,400
Expendable	336,050	335,965	14,407	14,467	57,813	65,298
Unrestricted	(178,534)	(200,744)	4,795	5,258	8,241	7,974
Total Net Position	\$ 413,733	\$ 389,760	\$ 19,202	\$ 19,725	\$ 186,964	\$ 183,035

The accompanying notes are an integral part of the financial statements

Statements of Revenues, Expenses and Changes in Net Position

for the years ended June 30, 2020 and 2019

(dollars in thousands)

	2020	2019	UMEA 2020	UMEA 2019	UVMF 2020	UVMF 2019
Operating revenues						
Tuition and fees	\$ 454,442	\$ 443,983	\$ -	\$ -	\$ -	\$ -
Residential life	61,283	69,528	-	-	-	-
Less scholarship allowances	(124,283)	(123,248)	-	-	-	-
Net student fees	391,442	390,263	-	-	-	-
Federal, state, and private grants and contracts	202,666	184,293	-	-	886	1,003
Sales and services of educational activities	7,479	8,574	-	-	-	-
Other auxiliary enterprises	42,309	44,614	-	-	-	-
Student loan interest and other operating revenues	17,864	22,326	169	158	593	646
Total operating revenues	661,760	650,070	169	158	1,479	1,649
Operating expenses						
Compensation and benefits	(464,156)	(437,635)	(229)	(234)	(8,828)	(8,987)
Supplies and services	(171,354)	(190,036)	-	-	(2,112)	(2,778)
Depreciation	(33,691)	(32,902)	-	-	(341)	(350)
Scholarships and fellowships	(27,329)	(20,747)	-	-	-	-
Total operating expenses	(696,530)	(681,320)	(229)	(234)	(11,281)	(12,115)
Operating loss	(34,770)	(31,250)	(60)	(76)	(9,802)	(10,466)
Non-operating revenues (expenses)						
State appropriations	51,710	43,011	-	-	-	-
Federal Pell grants	7,547	7,896	-	-	-	-
Private gifts	361	1,994	368	313	20,746	30,253
Net investment income	10,085	25,183	292	1,052	154	5,091
Interest on indebtedness	(20,619)	(22,535)	-	-	(73)	(104)
Gain/(Loss) on disposal of capital assets	36	(20)	-	-	-	-
Net other non-operating expense	(368)	(396)	-	-	(528)	(526)
Intergovernmental transfers	(13,840)	(13,865)	-	-	-	-
Transfers from UVM to component units	(8,758)	(10,068)	-	-	8,429	9,059
Transfers to UVM from component units	28,900	37,676	(1,123)	(1,076)	(26,083)	(34,088)
Net non-operating revenues	55,054	68,876	(463)	289	2,645	9,685
Revenue (loss) before capital and endowment additions	20,284	37,626	(523)	213	(7,157)	(781)
State capital appropriations	1,300	1,650	-	-	-	-
Capital gifts and grants	190	190	-	-	-	-
Gifts for endowment purposes	2,199	229	-	-	11,086	10,356
Total capital and endowment additions	3,689	2,069	-	-	11,086	10,356
Increase (decrease) in net position	23,973	39,695	(523)	213	3,929	9,575
Net position, beginning of year adjusted	389,760	350,065	19,725	19,512	183,035	173,460
Net position, end of year	\$ 413,733	\$ 389,760	\$ 19,202	\$ 19,725	\$ 186,964	\$ 183,035

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

Statements of Cash Flows
for the years ended June 30, 2020 and 2019
(dollars in thousands)

	2020	2019
Cash Flows From Operating Activities		
Tuition and fees (net of applicable scholarship allowances)	\$346,112	\$333,379
Grants and contracts	202,253	185,549
Sales and services of educational activities	7,479	8,574
Sales and services of auxiliary enterprises:		
Residential Life fees, net of scholarship allowances	46,515	52,840
Other	42,309	44,614
Payments to employees and benefit providers	(451,320)	(429,371)
Payments to vendors	(169,807)	(186,626)
Payments for scholarships and fellowships	(27,329)	(20,747)
Student loans issued	(3,673)	(3,977)
Student loans collected, interest and other revenue	1,379	3,372
Other receipts, net	17,074	21,872
Net cash provided by operating activities	10,992	9,479
Cash Flows From Non-Capital Financing Activities		
State general appropriation	51,710	43,011
Federal Pell grants	7,547	7,896
Private gifts for other than capital purposes	747	4,460
Intergovernmental transfers	(13,840)	(13,865)
Transfers from UVM to component units	(8,758)	(10,068)
Transfers to UVM from component units	29,010	37,683
Deposits of affiliates and life income payments, net	12,939	10,376
Net cash provided by non-capital financing activities	79,355	79,493
Cash Flows From Capital Financing Activities		
Proceeds from issuance of capital debt	120,627	-
State capital appropriation	1,300	1,650
Capital grants, gifts and other income	190	190
Purchases and construction of capital assets	(50,789)	(45,792)
Proceeds from disposal of capital assets	36	65
Principal paid on capital debt	(79,757)	(11,164)
Interest paid on capital debt	(23,542)	(22,639)
Changes in deposits with trustees, net	8	534
Net cash used in capital financing activities	(31,927)	(77,156)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	249,905	157,543
Purchase of investments	(296,957)	(157,802)
Interest and dividends on investments, net	5,579	5,466
Net cash provided by (used in) investing activities	(41,473)	5,207
Net increase in cash and cash equivalents	16,947	17,023
Cash and cash equivalents - beginning of year	176,386	159,363
Cash and cash equivalents - end of year *	\$193,333	\$176,386
Reconciliation of Operating Loss To Cash Provided by Operating Activities		
Operating loss	\$(34,770)	\$(31,250)
Adjustments to reconcile operating loss to net cash provided by Operating Activities:		
Depreciation expense	33,691	32,902
Changes in assets and liabilities:		
Accounts receivable and loans receivables, net	758	4,172
Inventories and prepaid expenses	(4,372)	(901)
Accounts payable	(6,775)	8,946
Unearned revenue, deposits and accrued liabilities	22,460	(4,390)
Net cash provided by operating activities	\$10,992	\$9,479

* of total cash and cash equivalents for 2020, \$187,052 is current and \$6,281 is non-current endowment and for 2019, \$163,121 is current and \$13,265 is non-current endowment.

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

Notes to Financial Statements

For the Years Ended June 30, 2020 and 2019

(dollars in thousands)

A. Summary of Significant Accounting Policies and Presentation

The University of Vermont and State Agricultural College is a public, non-profit, comprehensive research institution of higher education with an enrollment of approximately 13,290 undergraduate, graduate, medical, and non-degree students. It is located in Burlington, Vermont with satellite instructional and research buildings throughout the State.

The University of Vermont and State Agricultural College is a land-grant institution and a component unit of the State of Vermont. The University receives an annual appropriation from the State. The Board of Trustees has 25 members including 9 legislative, 9 self-perpetuating, 3 gubernatorial, and 2 students; the Governor and President of the University serve as ex-officio members during their terms in office.

The University has received a letter from the Internal Revenue Service recognizing the University as an organization that is described in Internal Revenue Code Section 501(c)(3) and generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code.

1. Affiliated Organizations

University Medical Education Associates, Inc. (UMEA) is a legally separate component unit of the University of Vermont. UMEA is an organization described in Internal Revenue Code Section 501(c)(3) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. UMEA is governed by a minimum nine-member board; five members are named as a result of their positions at the University of Vermont and the remaining are elected by the other members. UMEA's purpose is to support the operations, activities and objectives of the Robert Larner, M.D. College of Medicine of the University of Vermont. UMEA is a public non-profit organization that reports under Financial Accounting Standards Board (FASB) standards. UMEA's fiscal year ends on June 30. UMEA issues separate audited financial statements, which may be obtained by contacting the Dean's Office, Robert Larner, M.D. College of Medicine. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB 14 and 34)*, UMEA is discretely presented on the University's Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position.

The University of Vermont and State Agricultural College Foundation, Inc. (UVMF) was incorporated as a Vermont nonprofit corporation on March 14, 2011 and is a legally separate entity from the University of Vermont. On January 1, 2012, UVMF officially assumed all fundraising responsibilities of the Office of Development and Alumni Relations at the University. UVMF is an organization described in Internal Revenue Code Section 501(c)(3) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. UVMF exists to secure and manage private gifts for the sole benefit of the University and has been recognized by

the University as the primary and preferred recipient for charitable gifts to or for the benefit of the University. UVMF is governed by a board of directors composed of not less than 15 or more than 29 members, including ex officio directors. The President of the University, the Chair of the Board of Trustees of the University, the President of the UVM Alumni Association, the Chair of the UVM Medical Center Foundation, and the UVMF President/CEO are ex officio directors of UVMF. UVMF reports under FASB standards, has a fiscal year end date of June 30, and issues separate audited financial statements, which may be obtained at the UVMF's website www.uvmfoundation.org. In accordance with Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB 14 and 34)*, UVMF is discretely presented on the University's Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position.

The University has an affiliation with the University of Vermont Medical Center, Inc., University of Vermont Medical Group, Inc., and the University of Vermont Health Network, Inc. through an updated Affiliation Agreement signed in June 2014. The Affiliation Agreement is for a period of five years and has been extended an additional two years. The Agreement is to guide and govern the parties in the achievement of their common goals, including, but not limited to, providing high-quality clinical education for undergraduate and graduate students enrolled in UVM medical and health care related academic programs and health care professionals enrolled in continuing education programs. The Agreement sets forth principles and protocols designed to assist the University and the University of Vermont Medical Center (UVMHC) in coordinating efforts and allocating their resources. UVMHC agrees to pay a portion of salary, benefits, and related expenses incurred by the University to physician-faculty and staff who are also employed by UVMHC. In addition, UVMHC agrees to pay base payments that help maintain medical facilities owned and managed by the University and the Dana Medical Library. UVMHC agrees to pay a portion of the UVM Medical Group Net Patient Revenues, referred to as the Dean's Tax, to the Robert Larner, M.D. College of Medicine for purposes that promote and are consistent with the common goals of both parties.

2. Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as defined for public colleges and universities by the GASB.

Net position is categorized as follows:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Such assets include the University's physical plant.
- **Restricted:**
 - Non-Expendable** - Net position subject to externally imposed stipulations that they be maintained permanently by the University. This category includes the corpus of the University's true endowment funds.

(dollars in thousands)

Expendable - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University to meet those stipulations or that expire through the passage of time. This category includes restricted gifts, grants, contracts and endowment appreciation.

- **Unrestricted:** Net position not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management, the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

The University's policy for defining operating activities as reported on the Statements of Revenues, Expenses, and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Non-exchange transactions such as gifts, investment income, state appropriations and interest on indebtedness are reported as non-operating revenues and expenses.

When both restricted and unrestricted net position are available and appropriate to fund an expense, the University's practice is to allow the budget manager to determine which to use in each instance.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. The most significant areas that require management estimates relate to valuation of certain investments, the valuation of the postemployment benefit obligation, allowances on accounts and loans receivable, depreciation, and certain accruals.

3. Fair Value Measurement

GASB statement 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 for measuring 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 described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active or inactive markets that the University has the ability to access.

Level 2 – Inputs to valuation methodology include:

- Quoted prices for similar assets or liabilities in inactive 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 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption of risk). Unobservable inputs are developed based on the best information available in circumstances and may include the University's own data.

In addition to the three levels described above, certain investments are measured at net asset value (NAV) without further adjustment if NAV is calculated consistent with guidance in Accounting Standards Codification 946, *Financial Services – Investment Companies*. The University utilizes NAV as its estimate of fair value for those funds whose value is determined as described above. Investments reported at NAV consist of shares or units in funds as opposed to direct interests in the funds' underlying securities, which may be readily marketable and not difficult to value. NAV measured investments are not categorized in the fair value hierarchy table.

Investments in certain funds contain lock-up provisions. Under such provisions, share classes of the investment are available for redemption at various times in accordance with the management agreement of the fund.

4. Government Appropriations and Grants

Revenues associated with grants and contracts are generally recognized when related costs are incurred or when milestones are achieved. Federal, state and private grants and contracts revenue for 2020 and 2019 consists of:

Grants and Contracts	FY20	FY19
Federal appropriations, grants and contracts	\$ 131,349	\$ 117,393
State grants and contracts	6,249	4,953
Other governmental and private grants and contracts	65,068	61,947
TOTAL	\$ 202,666	\$ 184,293

State appropriations (general fund and capital) are reported as non-operating revenue.

The University has recorded reimbursement of indirect costs relating to government contracts and grants at a predetermined rate. The reimbursement of indirect costs included in grant revenue is \$31.6 million in 2020 and \$30.4 million in 2019.

Private grants and contracts include funding of \$16.1 million in 2020 and \$16.0 million in 2019 to the Robert Larner, M.D. College of Medicine from the University of Vermont Medical Center, Inc. to offset facilities and operation costs.

(dollars in thousands)

5. Gifts

Gifts are recorded at their fair value and reported as non-operating revenue.

Promises to donate to the University are recorded as receivables and revenues when the University has met all applicable eligibility and time requirements. Since the University cannot fulfill the requirement to invest in perpetuity for gifts to endowments until the gift is received, pledges to endowments are not recognized until received.

6. Deposits and Unearned Revenue

Deposits and advance payments for the following academic year are unearned and recorded as revenues when earned. Summer session revenues are unearned to the extent that they relate to courses scheduled in July and August. Deposits and advance payments unearned revenue at June 30, 2020, and 2019, is \$6,178 and \$5,270, respectively.

The University records unearned revenue for cash received in excess of expenditures on grants and contracts. Grants and contracts unearned revenue at June 30, 2020, and 2019, is \$3,870 and \$3,580, respectively.

7. Employee Benefits

The University provides health and dental insurance to retired employees, hired prior to 2012, and their families during their lives and life insurance until age 70. Employees hired on or after January 1, 2012 will continue to receive dental insurance and life insurance upon retirement. The health insurance benefit for these employees hired after January 1, 2012 has been replaced with a defined contribution Retiree Health Savings Plan (RHSP). UVM makes regular tax-free contributions to the RHSP for benefits-eligible faculty and staff. Earnings that accumulate in the RHSP grow tax free. Retirees will be able to access the savings in the RHSP to pay for eligible healthcare expenses upon retirement.

Health, dental and life insurance are paid by the University on a premium basis at the same rate as active employees for retirees under the age of 65 and at a slightly lower rate for retirees over the age of 65. The total cost for active and retired employees for health, dental and life insurance, net of employee contributions, was \$69,295 in 2020 and \$64,855 in 2019. The total cost for contributions to the RHSP was \$1,256 in 2020 and \$1,026 in 2019. See note L for further information about postemployment benefits.

8. Compensated Absences

The University accrues amounts for compensated absences (principally vacation allowances) as earned. They are included in the current portion of accrued liabilities.

As of June 30, 2020, \$23,110 (\$21,778 in 2019) was accrued for vacation pay of which \$17,060 (\$16,085 in 2019) was charged to unrestricted net position and \$6,050 (\$5,693 in 2019) was included in deferred charges to be recovered from restricted expendable net position when paid.

9. Collections and Works of Art

The University maintains collections of inexhaustible assets, including works of art; historical artifacts; biological, geological, archaeological and ethnographic materials; and literature. While management believes the collections are quite valuable and irreplaceable, the University has not placed a dollar value on these assets. It is the University's policy to hold these assets for public exhibit, education and research rather than for financial gain and to protect, care for and maintain such assets in perpetuity. Accordingly, the collections are not capitalized for financial statement purposes.

B. Accounts, Loans, Notes, and Pledges Receivable

Accounts, loans, notes and pledges receivable at June 30, 2020 and 2019 are summarized as follows:

Accounts, Loans, Notes and Pledges Receivable, Net	June 30, 2020	June 30, 2019
Current		
Federal, state, and private grants receivable	\$ 16,926	\$ 16,934
Student and trade accounts receivable, net	11,701	10,584
Other accounts receivable	9,862	10,525
Student loans receivable, net	1,927	1,982
Pledges receivable, net	548	558
Total Current	\$ 40,964	\$ 40,583
Non-Current		
Student loans receivable, net	\$ 20,471	\$ 20,164
Other notes receivable	9,497	10,695
Pledges receivable, net	4,930	5,477
Total Non-Current	\$ 34,898	\$ 36,336

The student accounts receivable are carried net of an allowance for doubtful accounts of \$389 in 2020 and \$290 in 2019.

Student loans receivable are carried net of an allowance for uncollectible UVM loans of \$32 current and \$315 non-current at June 30, 2020. At June 30, 2019, student loans receivable are carried net of an allowance for uncollectible UVM loans of \$38 current and \$374 non-current. The University does not record an allowance for uncollectible federal student loans since they can be assigned to the government if certain conditions stipulated by the federal government are met.

The University's liability for the federal capital contribution to the Perkins, Health Professions, Primary Care, and Nursing Student loan programs is \$5,039 for 2020 and \$6,890 for 2019. These amounts are included in non-current accrued liabilities.

(dollars in thousands)

Collections and disbursements of pass through student loans such as Federal Direct Loans, Federal Plus Loans, and Vermont Student Assistance Corporation's Green Mountain Loans are reported on a net basis in the Statements of Cash Flows.

Other notes receivable, non-current, includes the present value of expected future cash flows as a result of an agreement with Sodexo Management, Inc. (Note J) entered into in 2016. The non-current receivable balance is \$4,666 and the current receivable balance is \$1,336 in 2020. The non-current receivable balance is \$5,864 and the current receivable balance is \$1,325 in 2019.

Accounts receivable from the UVMF and UMEA are \$5,730 in 2020 and \$7,610 in 2019 and presented in accounts, loans, notes and pledges receivable, net on the Statements of Net Position.

C. Accounts Payable and Current Accrued Liabilities

Accounts payable and current accrued liabilities of \$82,867 in 2020 and \$79,679 in 2019 are composed of accounts payable of \$17,954 in 2020 and \$24,730 in 2019 and accrued liabilities of \$64,527 in 2020 and \$54,563 in 2019. Also included in this total are pledges payable of \$386 in 2020 and \$386 in 2019, included in the chart of Note E. Accounts payable is mostly comprised of supplies and services payables, including construction, renovation and equipment of \$13,612 in 2020 and \$17,072 in 2019.

Accounts payable and current accrued liabilities at June 30, 2020 and 2019 are summarized below:

Accounts Payable and Current Accrued Liabilities	June 30, 2020	June 30, 2019
Interest expense	\$ 6,105	\$ 5,863
Construction retainage	1,490	915
Compensated absences	23,110	21,778
Insurance reserves	17,317	10,283
Compensation and benefits	7,229	6,917
Payment to annuitants	370	396
Service concession arrangement	938	938
Other	7,968	7,473
Accounts and pledges payable	18,340	25,116
TOTAL	\$ 82,867	\$ 79,679

D. Capital Assets

Capital assets are stated at acquisition cost or, in the case of gifts, at the fair value at the date of donation.

Interest expense, net of interest earnings on unspent bond proceeds, is capitalized for debt funded construction projects. In 2020, \$3,164 (\$0 in 2019) was capitalized for projects that were funded by general obligation bonds.

Depreciation is calculated using the straight-line method over the estimated economic useful lives of the related assets. Certain research buildings are classified into the following components: 1) building (basic construction components/shell) with an estimated useful life of 40 years; 2) building service systems (plumbing, electrical, etc.) with an estimated useful life of 25 years; 3) interiors/renovations with an estimated useful life of 20 years and 4) fixed equipment with an estimated useful life of 15 years.

Other buildings are depreciated over a useful life of 40 years, land improvements are depreciated over a useful life of 20 years, fixed equipment is depreciated over a useful life of 15 years, and movable equipment is depreciated over a useful life of 5 years. Software systems are depreciated over a useful life of 7 years. Major construction projects are capitalized but are not depreciated until they are put into service.

Depreciation expense for buildings and components including fixed equipment for fiscal year 2020 is \$29,963 (\$30,076 in 2019). Moveable equipment, software systems, and land improvements depreciation expense is \$3,728 for 2020 (\$2,826 in 2019).

Land and construction in progress are the only non-depreciable capital assets.

(dollars in thousands)

Capital assets activity for the years ended June 30, 2020 and 2019 is summarized as follows:

Fiscal Year 2020					
Asset	Balance as of June 30, 2019	Additions	Retirements	Reclass/ Changes	Balance as of June 30, 2020
Land	\$ 29,044	\$ -	\$ -	\$ -	\$ 29,044
Land Improvements	7,235	1,895	-	1,954	11,084
Buildings	758,591	6,491	-	3,017	768,099
Building Service Systems	155,660	2,572	-	2,746	160,978
Building Interiors	84,332	-	-	1,399	85,731
Fixed Equipment	117,137	445	-	-	117,582
Movable Equipment	33,875	3,291	(276)	2,189	39,079
Software Systems	30,783	877	-	-	31,660
Construction in Progress	16,705	38,249	(232)	(11,305)	43,417
Total property and equipment	1,233,362	53,820	(508)	-	1,286,674
Less: accumulated depreciation	(549,917)	(33,691)	276	-	(583,332)
Property, plant and equipment, net	\$ 683,445	\$ 20,129	\$ (232)	\$ -	\$ 703,342

Fiscal Year 2019					
Asset	Balance as of June 30, 2018	Additions	Retirements	Reclass/ Changes	Balance as of June 30, 2019
Land	\$ 28,039	\$ 1,090	\$ (85)	\$ -	\$ 29,044
Land Improvements	6,062	740	-	433	7,235
Buildings	712,347	5,748	-	40,496	758,591
Building Service Systems	142,321	3,085	-	10,254	155,660
Building Interiors	74,265	254	-	9,813	84,332
Fixed Equipment	116,176	637	-	324	117,137
Movable Equipment	31,623	1,287	-	965	33,875
Software Systems	30,067	-	-	716	30,783
Construction in Progress	49,066	30,640	-	(63,001)	16,705
Total property and equipment	1,189,966	43,481	(85)	-	1,233,362
Less: accumulated depreciation	(517,015)	(32,902)	-	-	(549,917)
Property, plant and equipment, net	\$ 672,951	\$ 10,579	\$ (85)	\$ -	\$ 683,445

E. Bonds and Leases Payable and Other Long-Term Liabilities

Debt obligations are generally callable by the University and bear interest at fixed rates ranging from 2.00% to 6.43%. The debt obligations mature at various dates through 2050.

On August 21, 2019 the University issued two bonds: General Obligation Bonds, Series 2019A (Green Bonds) par amount of \$38,200 and General Obligation Bonds, Series 2019B par amount of \$59,875. The 2019A Bonds were issued to finance a portion of the costs of constructing an on-campus Multipurpose Center and to finance capitalized interest on

the 2019A Bonds through April 1, 2020. The 2019B Bonds were issued for the purpose of providing funds that will be used, together with available moneys of the University, to refund all the University's outstanding General Obligation Bonds, Series 2009 maturing after October 1, 2019 and to reimburse the University for the costs of certain deferred maintenance on the campus of the University. Proceeds of the 2019 Bonds will also be used to finance certain costs of issuance of the 2019 Bonds. The University incurred a deferred loss of \$1,207 on the refunding of the 2009 General Obligation Bonds.

Long term debt activity for the years ended June 30, 2020 and 2019 is summarized as follows:

(dollars in thousands)

Fiscal Year 2020						
Long Term Liability	Beginning Balance	New Debt	Payments	Ending Balance		
				Current	Non-Current	
General Obligation Bonds						
Series 2009	\$ 67,235	\$ -	\$ 67,235	\$ -	\$ -	
Series 2010A	9,000	-	-	-	9,000	
Series 2010B (1)	16,476	-	1,334	1,395	13,747	
Series 2012A (2)	46,612	-	(13)	(13)	46,638	
Series 2014A (3)	69,605	-	1,911	2,087	65,607	
Series 2015 (4)	193,275	-	2,639	2,758	187,878	
Series 2016 (5)	76,543	-	3,259	3,254	70,030	
Series 2017 (6)	66,312	-	3,198	3,208	59,906	
Series 2019A (7)	-	46,187	-	282	45,905	
Series 2019B (8)	-	74,440	-	2,201	72,239	
Capital Leases	334	-	194	96	44	
TOTAL	\$ 545,392	\$ 120,627	\$ 79,757	\$ 15,268	\$ 570,994	

(1) This balance shown includes bond premium of \$327.

(2) This balance shown is net of bond discount of \$236.

(3) This balance shown includes bond premium of \$5,296.

(4) This balance shown is net of bond premium of \$8,217.

(5) This balance shown includes bond premium of \$9,964.

(6) This balance shown includes bond premium of \$8,909.

(7) This balance shown includes bond premium of \$7,986.

(8) This balance shown includes bond premium of \$14,565.

Fiscal Year 2019						
Long Term Liability	Beginning Balance	New Debt	Payments	Ending Balance		
				Current	Non-Current	
General Obligation Bonds						
Series 2009 (1)	\$ 69,063	\$ -	\$ 1,828	\$ 1,898	\$ 65,337	
Series 2010A	9,000	-	-	-	9,000	
Series 2010B (2)	17,756	-	1,280	1,334	15,142	
Series 2012A (3)	46,599	-	(13)	(13)	46,625	
Series 2014A (4)	71,431	-	1,826	1,911	67,694	
Series 2015 (5)	195,804	-	2,529	2,639	190,636	
Series 2016 (6)	79,692	-	3,149	3,259	73,284	
Series 2017 (7)	66,695	-	383	3,198	63,114	
Capital Leases	516	-	182	194	140	
TOTAL	\$ 556,556	\$ -	\$ 11,164	\$ 14,420	\$ 530,972	

(1) This balance shown includes bond discount of \$841.

(2) This balance shown is net of bond premium of \$367.

(3) This balance shown includes bond discount of \$249.

(4) This balance shown is net of bond premium of \$5,607.

(5) This balance shown includes bond premium of \$8,546.

(6) This balance shown includes bond premium of \$10,393.

(7) This balance shown includes bond premium of \$9,292.

(dollars in thousands)

In compliance with the University's various bond indentures, at June 30, 2020 the University has deposits with trustees of \$27,966 (\$8 in 2019) for debt service reserves, sinking funds, and other requirements. Deposits with trustees are invested in obligations of the U.S. Government as

required by the University's bond indentures.

The principal and interest due on bonds over the next five years and in subsequent five-year periods are presented in the table below:

For the Fiscal Year Ending June 30	Principal Due	Interest Due	Total Due
2021	\$ 13,557	\$ 24,101	\$ 37,658
2022	12,638	23,460	36,098
2023	13,245	22,813	36,058
2024	13,920	22,134	36,054
2025	14,640	21,428	36,068
2026-2030	85,395	95,266	180,661
2031-2035	107,310	73,376	180,686
2036-2040	136,605	47,158	183,763
2041-2045	113,675	17,133	130,808
2046-2050	20,250	1,777	22,027
TOTAL	\$ 531,235	\$ 348,646	\$ 879,881

Other long-term liabilities at June 30, 2020 and 2019 are summarized below:

Fiscal Year 2020					
Other Long Term Liabilities	Beginning Balance	Increases	Decreases	Ending Balance	
				Current	Non-Current
Federal Student Loan Capital Contribution	\$ 6,890	\$ -	\$ 1,851	\$ -	\$ 5,039
Green Mountain Loan Guarantee	569	-	184	-	385
Obligations under deferred giving arrangements	6,179	1,130	452	370	6,487
Postemployment Benefits	460,332	87,552	17,853	-	530,031
Service Concession Arrangement	5,627	-	938	938	3,751
Pledges Payable and Other Accrued Liabilities	5,436	1,392	386	386	6,056
TOTAL	\$ 485,033	\$ 90,074	\$ 21,664	\$ 1,694	\$ 551,749
Fiscal Year 2019					
Other Long Term Liabilities	Beginning Balance	Increases	Decreases	Ending Balance	
				Current	Non-Current
Federal Student Loan Capital Contribution	\$ 6,947	\$ -	\$ 57	\$ -	\$ 6,890
Green Mountain Loan Guarantee	795	-	226	-	569
Obligations under deferred giving arrangements	5,393	1,342	556	396	5,783
Postemployment Benefits	492,575	-	32,243	-	460,332
Service Concession Arrangement	6,565	-	938	938	4,689
Pledges Payable and Other Accrued Liabilities	5,675	-	239	386	5,050
TOTAL	\$ 517,950	\$ 1,342	\$ 34,259	\$ 1,720	\$ 483,313

(dollars in thousands)

F. Cash and Cash Equivalents and Operating Investments

The University's cash management policy provides parameters for investment of the University's pooled cash. The University classifies resources invested in money market funds and short-term investments with maturities at date of purchase of 90 days or less as cash equivalents. Operating funds invested in instruments with maturities beyond 90 days are classified as operating investments. The cash management policy establishes three pools for investment: short, intermediate and long term. Allowable investments in the short-term pool and intermediate term pool are restricted to U.S. Treasury and government agency securities, money markets, high quality corporate and asset-backed securities, and commercial and bank paper, whereas the intermediate term pool may have maturities up to six years. Investments shall be in marketable securities of the following types and with the noted credit ratings:

1. Debt securities rated Aaa, Aa, A or Baa by Moody's Investor's Service, Inc. or AAA, AA, A or BBB by Standard & Poor's Corporation.
2. Obligations of, or guaranteed by, the United States of America, its agencies or instrumentalities.
3. Obligations of, or guaranteed by, national or state banks or bank holding companies rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in debt obligations of institutions within any single holding company.

4. Asset-backed securities rated Aaa by Moody's Investor's Service, Inc. or AAA by Standard & Poor's Corporation.
5. Commercial paper rated A-1 or higher by Standard and Poor's or Prime-1 (P1) by Moody's Investor's Service, Inc.
6. Bankers' acceptances or negotiable certificates of deposit issued by banks rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in certificates of deposit, bankers' acceptances or floating rate notes of the institutions within any single holding company.
7. Repurchase agreements of banks having Fitch ratings no lower than BB secured by the U.S. government and federal agency obligations with market values of at least 100% of the amount of the repurchase agreement.
8. Commingled funds may be used if they are in compliance with the above guidelines.

Investment of the long-term pool shall be restricted to those that are allowable under the University's Statement of Objectives and Policies for the Endowment Fund and that meet the overall objective of achieving consistent long-term growth of the pool with limited exposure to risk.

Current and non-current cash and cash equivalents are comprised of the following:

Cash and Cash Equivalents	June 30, 2020	June 30, 2019
Cash	\$ 92,396	\$ 76,691
Money Markets	100,937	99,695
TOTAL	\$ 193,333	\$ 176,386

Of total cash and cash equivalents above, \$6,281 in 2020 and \$13,265 in 2019 are included in non-current endowment cash and cash equivalents.

(dollars in thousands)

The balance of cash held in bank deposit accounts was \$192,714 at June 30, 2020 and \$176,386 at June 30, 2019. Of these bank balances, \$1,264 in 2020 and \$1,509 in 2019 were covered by the Federal Depository Insurance Corporation. The University had a third-party custodian agreement with Bank of New York Mellon, through People's United, of \$62,530. The University also has an irrevocable standby letter of credit up to \$150,000 at June 30, 2020 and \$127,000 at June 30, 2019 through the Federal Home Loan Bank of Pittsburgh as collateral for the University's

primary depository account. The University has not drawn on the letter of credit during the years ended June 30, 2020 and 2019.

Total operating investments were \$154,738 at June 30, 2020 and \$139,132 at June 30, 2019. Operating investments invested in the long-term pool were \$10,620 at June 30, 2020 and \$11,091 at June 30, 2019 (see note G). Short and intermediate term operating investments at June 30, 2020 and 2019 were primarily made through commingled funds with the following investment strategies:

			Credit Quality %					
	UVM	Average	Govt/	AAA	AA	A	BBB	Other
2020	Amount	Maturity/ Effective Duration	Agency					
Fixed Income/Debt	\$ 132,833	2.7 yrs/ 2.5 yrs	21	10	24	40	5	-
Multi Strategy Equity Fund	10,429							
Other	856							
TOTAL	\$ 144,118							

			Credit Quality %					
	UVM	Average	Govt/	AAA	AA	A	BBB	Other
2019	Amount	Maturity/ Effective Duration	Agency					
Fixed Income/Debt	\$ 116,783	2.7 yrs/ 2.5 yrs	28	4	33	28	7	-
Multi Strategy Equity Fund	10,774							
Other	484							
TOTAL	\$ 128,041							

G. Investments

Investments are reported in three categories in the Statements of Net Position. Investments reported as non-current assets include endowment, annuity, and life income funds. Investments for capital activities reported as current assets are replacement reserves designated for capital renovations. All other investments are reported as operating investments.

Deposits with trustees include \$7,462 in 2020 and \$9,022 in 2019 of assets held under deferred giving arrangements, \$1,187 in 2020 and \$1,123 in 2019 of investments in the waste disposal fund required by the EPA, and \$27,966 in 2020 and \$8 in 2019 of investments held by bond trustees.

Investment income is recorded as revenue when earned. Net investment income is reported as non-operating revenue and includes income net of investment fees and the change in the fair value of investments as well as losses on impaired investments. The calculation of realized gains (losses)

is independent of the calculation of the net increase in the fair value of marketable investments. Net investment income consists of:

Net Investment Income	FY20	FY19
Net interest, dividend, and other income	\$ 6,917	\$ 6,820
Realized gains	4,738	17,440
Unrealized gains	233	2,643
Investment management fees	(1,803)	(1,720)
TOTAL	\$ 10,085	\$ 25,183

(dollars in thousands)

The University records its purchases and sales of investments on a trade date basis.

The assets or liabilities level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgement by the University's management. University management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to University management's perceived

risk of that investment.

These valuations may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Because of the inherent uncertainty of valuations, the estimated values as determined by the appropriate manager or general partners may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Investments measured at fair value for the years ended June 30, 2020 and 2019 is summarized as follows:

Fiscal Year 2020	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Public Global Equity	\$ 276,325	\$ -	\$ -	\$ 8,539	\$ 284,864
Marketable Alternatives	-	-	-	82,210	82,210
Private Investments	-	-	4	97,658	97,662
Public Real Assets	-	-	-	18,487	18,487
Fixed Income/Debt	47,655	153,678	-	-	201,333
Other	606	-	970	-	1,576
Cash and Cash Equivalents	6,281	-	-	-	6,281
Total Investments	\$ 330,867	\$ 153,678	\$ 974	\$ 206,894	\$ 692,413
Deposits With Trustees at Fair Value:					
Beneficial Interests in Trusts	\$ -	\$ -	\$ 3,454	\$ -	\$ 3,454
Public Global Equity	400	-	-	-	400
Fixed Income/Debt	289	4,211	-	-	4,500
Cash and Cash Equivalents	28,261	-	-	-	28,261
Total Deposits With Trustees	\$ 28,950	\$ 4,211	\$ 3,454	\$ -	\$ 36,615

(dollars in thousands)

Fiscal Year 2019					
	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Public Global Equity	\$ 227,085	\$ -	\$ -	\$ 12,600	\$ 239,685
Marketable Alternatives	-	-	-	81,742	81,742
Private Investments	-	-	333	91,301	91,634
Public Real Assets	12,028	-	-	26,964	38,992
Fixed Income/Debt	74,668	137,427	-	-	212,095
Other	412	-	451	-	863
Cash and Cash Equivalents	13,265	-	-	-	13,265
Total Investments	\$ 327,458	\$ 137,427	\$ 784	\$ 212,607	\$ 678,276
Deposits With Trustees at Fair Value:					
Beneficial Interests in Trusts	\$ -	\$ -	\$ 4,765	\$ -	\$ 4,765
Public Global Equity	205	-	-	-	205
Fixed Income/Debt	229	4,363	-	-	4,592
Cash and Cash Equivalents	591	-	-	-	591
Total Deposits With Trustees	\$ 1,025	\$ 4,363	\$ 4,765	\$ -	\$ 10,153

Investment liquidity for the years ended June 30, 2020 and 2019 is summarized as follows:

Fiscal Year 2020								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Public Global Equity	\$ 247,257	\$ 29,067	\$ 8,540	\$ -	\$ -	\$ -	\$ 284,864	1-90 days
Marketable Alternatives	10,429	8,728	37,813	11,524	13,694	22	82,210	1-90 days
Private Investments	-	-	-	-	-	97,662	97,662	Illiquid
Public Real Assets	-	-	-	-	-	18,487	18,487	Illiquid
Fixed Income/Debt	184,191	17,142	-	-	-	-	201,333	1-30 days
Other	606	-	-	-	-	970	1,576	Same day, Illiquid
Cash and Cash Equivalents	6,281	-	-	-	-	-	6,281	Same day
Total Investments	\$ 448,764	\$ 54,937	\$ 46,353	\$ 11,524	\$ 13,694	\$ 117,141	\$ 692,413	

Fiscal Year 2019								
	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Public Global Equity	\$ 220,047	\$ 7,038	\$ 12,600	\$ -	\$ -	\$ -	\$ 239,685	1-30 days
Marketable Alternatives	10,774	-	37,663	14,367	18,935	3	81,742	1-90 days, Illiquid
Private Investments	-	-	-	-	-	91,634	91,634	Illiquid
Public Real Assets	12,028	-	-	-	-	26,964	38,992	Same day, Illiquid
Fixed Income/Debt	195,089	17,006	-	-	-	-	212,095	1-30 days
Other	412	-	-	-	-	451	863	Same day, Illiquid
Cash and Cash Equivalents	13,265	-	-	-	-	-	13,265	Same day
Total Investments	\$ 451,615	\$ 24,044	\$ 50,263	\$ 14,367	\$ 18,935	\$ 119,052	\$ 678,276	

(dollars in thousands)

The following is a description of the investment categories:

Public Global Equity – Investments are with managers who have a geographic focus, either the U.S., Developed ex U.S. Markets, or Emerging Markets. The program provides the portfolio exposure to common equities across the globe. The University has investments in commingled vehicles, mutual funds, and separate accounts.

Marketable Alternatives – This asset class includes hedge fund managers with the intention of reducing total portfolio volatility and providing diversification. The investments are in the following categories: multi-strategy, distressed securities, global macro, open mandate, and long/short equity in global markets.

Private Investments – This asset class includes investments focusing on interests in private companies including buyout funds, secondary markets, and distressed debt as well as investments focusing on non-publicly traded interests in start-up entities.

Public Real Assets – This asset class includes investments focusing on publicly traded securities of natural resources affiliated companies and private real estate funds invested in various segments of the real estate market, including office, industrial, multi-family, and retail. The allocation also includes partnerships targeting natural resources. Many of the private real asset investments are made via lock-up funds and are thus illiquid.

Fixed Income/Debt – Investments consisting of U.S. Treasuries, corporate, and high yield bonds. The allocation is liquid and designed to protect the portfolio in deflationary periods.

Other Investments – This asset class includes insurance policies where the University is named as the beneficiary.

H. Endowment and Other Long-Term Funds

The University's investment policies are governed and authorized by the University Board of Trustees. The Board of Trustees Investment Subcommittee has established a formal policy for investment of the endowment and other long term funds with an objective to provide a stable and consistent level of ongoing support for the University's programs through a reasoned spending policy that is also consistent with preserving and enhancing the real purchasing power of the fund over time. The primary long-term investment goal is to attain a real total return that exceeds the amount being distributed for spending and administration, currently set at 4.75%. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended benchmark, measured over a full market cycle; and to outperform the median return of a pool of endowment funds of similar size with broadly similar investment objectives and policies.

The endowment in aggregate (which comprises the consolidated endowment and other separately invested assets), long term capital and operating reserves, and UVM Foundation assets are invested in a balanced portfolio consisting of traditional equities (domestic and international) and fixed income/debt; marketable alternatives (hedge funds); private investments (venture capital and private equity); and a diversified portfolio of public real assets (real estate and commodities). The consolidated endowment's asset allocation target and actual percentages at June 30 are presented in the following tables:

Unaudited	June 30, 2020	
	Target %	Actual %
Public Global Equity	45.0	51.9
Marketable Alternatives	15.0	13.3
Private Investments	25.0	18.2
Public Real Assets	5.0	3.5
Fixed Income/Debt	10.0	12.0
Cash & Cash Equivalents	0.0	1.1
June 30, 2019		
	Target %	Actual %
Public Global Equity	43.0	43.2
Marketable Alternatives	13.0	13.2
Private Investments	25.0	16.9
Public Real Assets	5.0	7.3
Fixed Income/Debt	14.0	17.0
Cash and Cash Equivalents	0.0	2.4

Endowment and separately invested funds including \$10,620 and \$11,091 of operating investments and \$46,778 and \$44,420 of capital investments at June 30, 2020 and 2019, respectively, are composed of the following:

	June 30, 2020	June 30, 2019
Public Global Equity	\$ 284,864	\$ 239,685
Marketable Alternatives	71,781	70,966
Private Investments	97,658	91,626
Public Real Assets	18,487	38,992
Fixed Income/Debt	68,501	95,312
Other	723	389
Cash and Cash Equivalents	6,281	13,265
TOTAL	\$ 548,295	\$ 550,235

(dollars in thousands)

The fixed income/debt portfolio is composed of two passive and one active bond fund in 2020 and three passive and one active bond fund in 2019. The following shows the risk profiles at June 30, 2020 and 2019:

				Credit Quality %				
2020	Amount	Average Duration Yrs.	Govt/ Agency	AAA	AA	A	BBB	<BBB
Fixed Income/Debt	\$68,501	3.3	46	4	4	12	33	1
				Credit Quality %				
2019	Amount	Average Duration Yrs.	Govt/ Agency	AAA	AA	A	BBB	<BBB
Fixed Income/Debt	\$95,301	3.6	49	3	4	12	31	1

The majority of endowment fund assets are pooled for investment purposes. Each individual fund subscribes to or disposes of units on the basis of the value per unit at fair value at the beginning of the month within which the transaction takes place. Income is distributed on a per unit basis. Of the total units (each having a fair value of \$60.64), 4,825.0890 units were owned by endowment funds and 4,049.7457 units by quasi endowment funds at June 30, 2020 (\$63.32, 4,753.2684 and 3,757.1292 respectively, at June 30, 2019).

The University of Vermont Foundation (UVMF) participates in the UVM pooled endowment. The UVMF owned 1,619.0022 units with a market value of \$98,172 as of June 30, 2020 and 1,404.8586 units with a market value of \$88,960 as of June 30, 2019. The market value of UVMF's units is reported on the Statements of Net Position as investments as well as within unearned revenue, deposits, and funds held for others to reflect the fact that these assets are not owned by the University.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was passed by the State of Vermont effective May 5, 2009. UPMIFA broadens and clarifies the latitude of institutions to manage overall endowment returns, without specifically isolating those particular endowments, because of timing of receipt of the gift and market conditions, are deemed underwater. Rather, the institution is expected to define an overall prudent approach both to distribution of funds for spending and long-term preservation and growth of capital. The University will continue with its uniform endowment distribution practice, including distributions from endowments that are temporarily underwater in accordance with the statute. The Investment Subcommittee of the Board of Trustees reviews the income distribution rate annually.

The table below summarizes changes in relationships between cost and fair values of the pooled endowment:

	Fair Value	Cost	Net Change
June 30, 2020	\$ 538,147	\$ 425,817	\$ 112,330
June 30, 2019	538,906	419,585	119,321
Unrealized Net Loss			(6,991)
New Gifts and Transfers			17,086
Realized Net Gain			3,611
Net Income			2,512
Withdrawn for Spending			(16,977)
Total Net Change			\$ (759)
	Fair Value	Cost	Net Change
June 30, 2019	\$ 538,906	\$ 419,585	\$ 119,321
June 30, 2018	532,658	411,178	121,480
Unrealized Net Loss			(2,159)
New Gifts and Transfers			8,679
Realized Net Gain			15,964
Net Income			195
Withdrawn for Spending			(16,431)
Total Net Change			\$ 6,248

(dollars in thousands)

I. Commitments

Major plant projects include commitments as follows:

Unaudited Project	Estimated Project Cost	Project-to-Date Expenditures 2020	Project-to-Date Expenditures 2019
Firestone Medical Research Building	\$ 49,000	\$ 3,842	\$ 2,323
Multipurpose Center	95,000	32,373	7,911

The University has entered into operating leases for space, which expire at various dates through fiscal 2025. Outstanding commitments for these leases are expected to be paid in the following years ending June 30:

For the Fiscal Year Ending June 30	Rental Payments Due
2021	\$ 1,795
2022	1,418
2023	1,272
2024	1,174
2025	394
TOTAL	\$ 6,053

Operating lease expenses totaled \$4,310 and \$4,587 in 2020 and 2019, respectively.

The University is obligated under certain of its investments to make future capital contributions in the amount of \$74,781 as of June 30, 2020.

The University entered into agreements with the State of Vermont Department of Vermont Health Access in both 2020 and 2019, to make payments to support the Graduate Medical Education (GME) program. The GME program helps ensure access to quality and essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals. The University uses general fund state appropriation dollars to fund the GME payments through an inter-governmental transfer to the State. GME payments totaling \$13,840 and \$13,865 were made in 2020 and 2019, respectively, and are recorded on the Statements of Revenues, Expenses, and Changes in Net Position under Intergovernmental transfers in the Non-operating revenues and expenses section. For 2021, based on the four-year agreement entered into on August 30, 2017, the University will make quarterly payments to the State of Vermont Department of Vermont Health Access totaling \$13,682.

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters and business interruption. The University manages these risks through a combination of self-insurance and commercial insurance purchased in the name of the University.

The University's annual self-insured obligation for general liability is \$500 per occurrence and \$25 per occurrence for automobile liability. Its assumption of risk for property losses is \$250 per occurrence. Educator's legal liability risks are subject to a \$300 per loss retention. Worker's compensation is subject to a \$650 per occurrence retention. None of these lines of coverage have an annual self-insured aggregate or stop-gap. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The University is a member of a Vermont captive, Pinnacle Consortium of Higher Education. The captive covers two insurance lines, general liability and automobile liability. All members are required to participate in the captive general liability program which provides \$2,000 excess limit and the group purchase liability program that provides a \$23,000 excess limit. The University has purchased an additional \$75,000 from the commercial liability insurance market to bring the total excess limit to \$100,000.

The University follows the policy of self-insuring risks up to certain limits. At year end, the University had open claims valued at \$2,593 in 2020 and \$5,155 in 2019; \$0 and \$1,963 of this is covered by excess insurance in 2020 and 2019, respectively. The University paid claims of \$1,894 in 2020 and \$1,914 in 2019. Reserves for property and casualty liabilities are included in accrued liabilities (including incurred but not reported) in the amount of \$17,317 at June 30, 2020 and \$10,283 at June 30, 2019.

In conducting its activities, the University from time to time is the subject of various claims and has claims against others. The ultimate resolution of such claims is not expected to have a material adverse or favorable effect on the financial position, operating performance or cash flows of the University.

Four groups of University employees are represented by collective bargaining units. The University participates in contract negotiations with these groups periodically.

The University receives significant financial assistance from federal and state agencies in the form of grants and contracts. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management such adjustments, if any, are not expected to materially affect the financial condition, operating performance or cash flows of the University.

J. Service Concession Arrangements

On July 1, 2015, the University entered into an agreement (the "Agreement") with a third party under which the third party would operate the University's Food Services and collect revenues generated from resident and non-resident meal plans, as well as sales of food, beverages, goods, merchandise and services. The contract term is five years with an option to extend for an additional five years if mutually agreed. The third party will use University facilities to provide this service and will pay the University a guaranteed minimum annual commission; the present value of these guaranteed amounts is estimated to be \$6,002.

(dollars in thousands)

The third party will also pay UVM a percentage of net sales. The third party is required to operate the University's Food Service and facilities in accordance with the Agreement. The third party has also agreed to fund capital improvements to the University's premises, valued at \$4,690 in FY20. The University is reporting the facilities used to provide the food service as a capital asset at book value. The University is reporting a receivable, liability and deferred inflow of resources at year-end pursuant to the service concession arrangement in the amounts of \$6,002, (\$4,690), and (\$1,312), respectively. The deferred inflow will be recognized as revenue ratably over the term of the Agreement.

K. Retirement Plans

Faculty and staff at the University of Vermont may participate in the University's 403(b) defined contribution plan and a 457(b) deferred compensation plan provided the following criteria are met:

- faculty and staff must have a full-time equivalency of .75 or greater;
- staff must be employed three years before they qualify for University contributions to their retirement plan, or, to waive this waiting period, they must have a vested interest in the retirement plan of their previous nonprofit employer;
- non tenure-track faculty and faculty under the rank of assistant professor must wait two years to qualify for University contributions to their retirement plan, or, to waive this waiting period, they must have a vested interest in the retirement plan of their previous nonprofit employer;
- officers of administration or tenure track faculty at the level of assistant professor or above receive University contributions to their retirement plan immediately upon enrolling in the plan.

To obtain University contributions, faculty members and officers of administration must contribute 3% of their salary, and staff must contribute 2%. The University's contribution to the retirement fund of qualified faculty and staff is 10% of salary and this amount is immediately vested.

The University also offers a 457(b) deferred compensation plan. Faculty and staff can participate provided they are participating in the 403(b) plan. The University makes no contributions to this plan.

The University's 403(b) and 457(b) contributory retirement plans are administered by the Teachers Insurance Annuity Association of America (TIAA), the College Retirement Equities Fund (CREF), and Fidelity Investments.

Since both faculty and staff are immediately vested in all retirement contributions made on their behalf, the University has no control of, responsibility for, or ownership of retirement funds, except that employees may not withdraw employer funds contributed to either their 403(b) or 457(b) plan while employed at the University. Retirement funds may be transferred among the investment alternatives at the discretion of the employee.

Upon leaving the University, employees may remain in the UVM plan but may no longer make contributions, withdraw funds from their accounts, or transfer the funds to other investment alternatives subject to the limitations of 403(b) and/or 457(b) regulations and the contractual provisions of their investment alternative.

For the years ended June 30, 2020 and 2019, the University had total payroll expense of \$315,089 and \$305,694, respectively, of which \$229,564 in 2020 and \$215,013 in 2019 was covered by the University's 403(b) retirement plan. Total employee and employer contributions for 403(b) pension benefits for the year were \$19,191 and \$22,956, respectively, for 2020 and \$18,089 and \$21,501, respectively, for 2019. The University's contribution for 403(b) pension benefits is 10% of the covered payroll. Total employee contributions to the 457(b) retirement plan were \$5,578 in fiscal year 2020 and \$4,687 in fiscal year 2019.

L. Postemployment Benefits Other Than Pensions (OPEB)

The University accounts for its postemployment benefit plan in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement 75 prescribes a methodology which requires the employer to recognize a total OPEB liability on the Statements of Net Position. Changes in the total OPEB liability will immediately be recognized as OPEB expense on the Statements of Revenues, Expenses, and Changes in Net Position or reported as deferred outflows or deferred inflows of resources depending on the nature of the changes.

1. Plan Description

The University's OPEB plan covers medical, (base) dental, life insurance, and tuition remission benefits provided to eligible University retirees and their dependents. The plan was established under the authority of and may be amended by the University. It is a single employer defined benefit OPEB plan administered by the University. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Plan provisions include two levels of eligibility based on whether the employee was at least 65 years of age at June 30, 2014:

1) Pre-65 retirees that met the retirement benefit eligibility criteria that were in place at the time of his or her hire date, and retired on or before June 30, 2014, will receive the post-retirement medical benefit and premium contributions will remain unchanged. For employees hired before January 1, 2012, if the employee met the retirement eligibility criteria that were in place at the time of his or her hire date, and did not retire on or before June 30, 2014, then he or she is eligible for the benefit but his or her share of the premium contribution will change based on the employee's salary at the date of retirement. If, by June 30, 2014, the employee has not met the eligibility criteria that were in place at the time of his or her hire date, then he or she will be eligible to enroll in the pre-65 post-retirement medical benefit plan, but will be responsible for 100% of the premium unless the employee has at least fifteen years of service in which case, at the age of 62, the employee will be eligible for the pre-retirement medical benefit and will pay 50% of the premium for

(dollars in thousands)

Non-United Academic employees, and 60% of the premium for United Academic employees. Employees hired on or after January 1, 2012 will be able to participate in the post-retirement medical plan, but they will be responsible for 100% of the premium.

2) Post-65 retirees that met the retirement benefit eligibility criteria that were in place at the time of his or her hire date, and retired on or before June 30, 2014, will receive the post-retirement medical benefit and premium contributions will remain unchanged. Employees hired before January 1, 2012 who do not retire by June 30, 2014 will be eligible for the post-65 benefit when they reach the age of 65 and have 15 years of service, but the premium will change based on the employee's salary at the date of retirement. Employees hired on or after January 1, 2012 will be able to participate in the post-retirement medical plan, but they will be responsible for 100% of the premium.

Employees who retired under the Voluntary Separation Plan of 1992 or before are not required to contribute to the plan, however, a surviving spouse receives two (2) years of medical and base dental coverage without charge, after which dental terminates (the surviving spouse would be eligible for 36 months of COBRA) and medical coverage is available at 50% of the cost of providing coverage. Retirees under the Voluntary Separation Plan of 2000 pay for their medical benefits based on the contribution system in effect prior to June 30, 2000 (based on 0.5% times 75% of the average final three years' base salary). Retirees hired after June 30, 1992 have the same salary band contribution percentages as active employees, which is based on 75% of their average final three years' base salary. Retirees hired after June 30, 1992 and before July 1, 1997 are required to contribute as above plus a percentage based on the sum of their age at retirement and their years of continuous full-time service. This surcharge is based on a scale that ranges from 65 to 75 and over. A retirement benefit structure was announced in December 2011, affecting employees retiring on or after June 30, 2015. Consideration is given to age and years of service, with employee participation in medical benefit coverage and the costs associated with that coverage.

At the valuation date of January 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	1,769
Active employees	3,982
TOTAL	5,751

2. Total OPEB Liability

The University's total OPEB liability of \$530,031 in 2020 and \$460,332 in 2019 was determined by an actuarial valuation as of January 1, 2019 and January 1, 2017, and then projected forward to the measurement date of December 31, 2019 and December 31, 2018, respectively.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs,

applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	3.00%
Discount Rate	2.74%

The following percentages have been assumed for election of coverage by future eligible retirees:

Medical and Rx	95%
Dental	95%
Life Insurance	95%
	20% for disabled retirees

Assumed health care cost trend rates vary by benefit type as follows:

Benefit	Initial Rate	Ultimate Rate	Year Ultimate Rate is Reached
VHP Pre-Medicare	6.5%	3.7%	2074
J Carve-Out Medicare	6.6%	3.7%	2074
MediComp III Medicare	6.6%	3.7%	2074
Dental	5.0%	3.7%	2074
Tuition Remission	2.3%	2.2%	2019

The discount rate was based on Bond Buyer GO 20-Bond Municipal Bond Index. The discount rate is as of the measurement date.

The mortality rates for 2020 were based on the Pri-2012 Retiree/Employee Mortality Table projected with Projection Scale MP-2019 for healthy participants, Pri-2012 Contingent Survivor Table with Scale MP-2019 for current surviving spouses, and Pri-2012 Disabled Mortality Table projected with Projection Scale MP-2019 for disabled participants. The mortality rates for 2019 were based on the Sex-distinct RP-2006 Base Healthy Annuitant /Employee Mortality Tables with projection Scale MP-2018 for healthy participants and Sex-distinct RP-2006 Base Disabled Mortality Tables with projection Scale MP-2018 for disabled participants.

The University's OPEB plan is not large enough to develop credible mortality table based exclusively on plan experience. Therefore, the University has relied on the previously mentioned published mortality table in which credible mortality experience was analyzed.

(dollars in thousands)

3. Changes in Total OPEB Liability

The following table represents changes in Total OPEB Liability for the year ended June 30, 2020 and 2019:

Total OPEB Liability	Fiscal Year 2020	Fiscal Year 2019
Balance at the beginning of year	\$ 460,332	\$ 492,575
Changes for the year:		
Service cost	13,452	15,645
Interest on total OPEB liability	19,063	17,175
Effect of plan changes	-	-
Effect of economic/demographic gains or losses	9,862	1,395
Effect of assumption changes or inputs	45,175	(48,429)
Benefit payments	(17,853)	(18,029)
Net changes	69,699	(32,243)
Balance at end of the year	\$ 530,031	\$ 460,332

Changes of assumptions and other inputs reflect a change in the discount rate to 2.74% in FY20 from 4.10% in FY19.

The following tables present the total OPEB liability of the University, calculated using the discount rates of 2.74% in FY20 and 4.10% in FY19, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

Fiscal Year 2020	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ 616,236	\$ 530,031	\$ 460,591
Fiscal Year 2019	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 532,203	\$ 460,332	\$ 402,338

The following tables present the FY20 and FY19 total OPEB liability for the University, calculated using the current healthcare cost trend rates as well as what the University's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

Fiscal Year 2020	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 451,159	\$ 530,031	\$ 629,873
Fiscal Year 2019	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 390,911	\$ 460,332	\$ 547,983

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

OPEB expense for the fiscal year ended June 30, 2020 and 2019 is summarized as follows:

OPEB Expense	FY20	FY19
Service cost	\$ 13,452	\$ 15,645
Interest on total OPEB liability	19,063	17,175
Effect of plan changes	-	-
Recognition of deferred outflows/inflows of resources		
Recognition of economic/demographic gains or losses	2,353	485
Recognition of assumption changes or inputs	(1,961)	(10,517)
OPEB expense	\$ 32,907	\$ 22,788

Deferred outflows and inflows of resources as of June 30, 2020 and 2019 are summarized as follows:

Fiscal Year 2020	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 9,106
Changes of assumptions	(25,851)	38,386
Contributions after measurement period	-	9,287
TOTAL	\$ (25,851)	\$ 56,779
Fiscal Year 2019	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,597
Changes of assumptions	(37,140)	2,540
Contributions after measurement period	-	8,998
TOTAL	\$ (37,140)	\$ 13,135

Deferred outflows of resources resulting from contributions after the measurement period totaling \$9,287 and \$8,998 will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021 and June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

For the Fiscal Year Ending June 30	OPEB Expense
2021	\$ 392
2022	392
2023	7,514
2024	10,424
2025	2,919
Thereafter*	-

* Note that additional future inflows and outflows of resources may impact these numbers.

(dollars in thousands)

M. Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2020 and 2019 are summarized as follows:

Year ended June 30, 2020						
Function	Compensation And Benefits	Supplies And Services	Scholarships And Fellowships	Depreciation	Total	
Instruction	\$ 154,999	\$ 19,222	\$ -	\$ -	\$	174,221
Research	65,011	34,893	-	-		99,904
Public service	47,772	14,270	-	-		62,042
Academic support	61,697	15,835	-	-		77,532
Student services	31,202	12,877	-	-		44,079
Institutional support	38,906	11,839	-	-		50,745
Operations and maintenance of plant	31,631	15,103	-	-		46,734
Scholarships and fellowships	-	-	27,329	-		27,329
Auxiliary enterprises	32,938	47,315	-	-		80,253
Depreciation	-	-	-	33,691		33,691
TOTAL	\$ 464,156	\$ 171,354	\$ 27,329	\$ 33,691	\$	696,530

Year ended June 30, 2019						
Function	Compensation And Benefits	Supplies And Services	Scholarships And Fellowships	Depreciation	Total	
Instruction	\$ 159,826	\$ 21,328	\$ -	\$ -	\$	181,154
Research	60,444	32,626	-	-		93,070
Public service	48,167	16,011	-	-		64,178
Academic support	46,333	19,450	-	-		65,783
Student services	28,151	15,606	-	-		43,757
Institutional support	32,843	11,687	-	-		44,530
Operations and maintenance of plant	30,219	20,924	-	-		51,143
Scholarships and fellowships	-	-	20,747	-		20,747
Auxiliary enterprises	31,652	52,404	-	-		84,056
Depreciation	-	-	-	32,902		32,902
TOTAL	\$ 437,635	\$ 190,036	\$ 20,747	\$ 32,902	\$	681,320

N. Pollution Remediation Obligations

The University is required to account for its pollution remediation activities in accordance with GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 requires the University to accrue estimated costs to conduct pollution remediation activities if certain obligating events have occurred. It also requires the University to expense pollution remediation costs which cannot be capitalized. The University incurred and expensed pollution remediation costs of \$348 and \$300 in fiscal 2020 and fiscal 2019, respectively.

Also, in fiscal 2020, the University commenced certain renovation projects that included the need for asbestos and lead paint removal. These projects are not expected to be completed until after fiscal 2020 and therefore fiscal 2020 supplies and services expense and current accrued liabilities include \$1,345 (\$1,388 in fiscal 2019) for the expected remediation portion of these projects. The accrual is based on management's estimate of expected outlays. There are no recoveries associated with these projects.

(dollars in thousands)

Required Supplementary Information - Postemployment Benefits Schedule of Changes in the University's Total OPEB Liability and Related Ratios			
Total OPEB Liability	FY20	FY19	FY18
Service cost	\$ 13,452	\$ 15,645	\$ 14,434
Interest on total OPEB liability	19,063	17,175	18,066
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or (losses)	9,862	1,395	847
Effect of assumption changes or inputs	45,175	(48,429)	4,085
Benefit payments	(17,853)	(18,029)	(16,058)
Net change in total OPEB liability	69,699	(32,243)	21,374
Total OPEB liability, beginning	460,332	492,575	471,201
Total OPEB liability, ending	\$ 530,031	\$ 460,332	\$ 492,575
Covered-employee payroll	\$ 258,395	\$ 241,981	\$ 241,981
Total OPEB liability as a % of covered-employee payroll	205.12%	190.23%	203.56%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.74%
2019	4.10%
2018	3.44%

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Research and Development Cluster:				
Department of Defense:				
Department of The Army	Direct	12.RD	\$ —	(301)
Department of the Navy	Direct	12.RD	—	110,493
Office of the Secretary of Defense	Direct	12.RD	58,726	487,848
Air Force Ofc Scientific Research	Direct	12.RD	—	117,723
Navy Medical Research Center	Direct	12.RD	—	246
US Army Research Laboratory	Direct	12.RD	—	(241)
Department of Defense Direct Subtotal			58,726	715,768
White River Technologies	Subcontract 1710-UVM	12.000	—	128,289
White River Technologies	W909MY-17-C-0020/1708-UVM	12.000	—	31,797
White River Technologies	DP-GIMA	12.000	—	5,944
Sim*Vivo, LLC	SIM VIVO LLC	12.000	—	5,480
Deep Analytics LLC	Subcontract # DA2	12.000	—	70,548
University of Calgary	UCalgary	12.000	—	2,958
Metro Laser, Inc.	UVM01WP34	12.000	—	19,443
Rochester Institute of Technology	REAP at UVM 2019	12.000	—	1,873
Subtotal			—	266,332
University of Michigan	SUBK00008687	12.300	—	54,615
University of Colorado, Boulder	1001343891	12.300	—	77,950
Triton Systems, Inc.	TSI-2648-20-2020994	12.300	—	12,362
Subtotal			—	144,927
University of Alabama at Birmingham	000507860 – 021	12.420	—	46,232
University of Missouri	C00062987-1	12.750	—	347,009
The Regents of the Univ of California	00009929	12.910	—	61,189
Lockheed Martin Corporation	4103369510	12.910	—	719
Tufts University	DOD060	12.910	—	11,213
University of Wyoming	1003825-UV	12.910	—	381,725
University of Pittsburgh	AWD00001593 (416052-1)	12.910	—	189,011
Stealth Software Technologies	207414609	12.910	—	98,663
Subtotal			—	742,520
Department of Defense Pass Through Subtotal			—	1,547,020
Department of Defense Total			58,726	2,262,788
Department of Health and Human Services:				
National Institutes of Health	Direct	93.RD	6,354,453	53,302,143
Substance Abuse and Mental Health Services Administration	Direct	93.243	—	533,803
Health Resources and Services Administration	Direct	93.912	125,242	1,099,477
Department of Health and Human Services Direct Subtotal			6,479,695	54,935,423
University of Washington	UWSC11635	93.000	—	50,987
Lovelace Respiratory Research Institute	3010255_HHS_FY19_UOVermnt	93.000	—	246,238
Social & Scientific Systems, Inc.	CRB-SSS-S-16-004931	93.000	—	18,773
University of North Carolina	5107238	93.000	—	117,222
Albany College Pharmacy Health Sciences	2019-689-01	93.000	—	86,928
The Regents of the Univ of California	A14-0105-S004	93.000	—	51,511
Johns Hopkins University	2000694042 Task Y	93.000	—	87,905
Johns Hopkins University	2000694042 Task Z	93.000	—	154,343
University of Colorado Denver	FY18.622.005	93.000	—	48,224
Duke University	235432	93.000	—	(117)
University of Mississippi Medical Center	66111350819-08	93.000	—	41,549
Johns Hopkins University	2000694042 TASK S	93.000	78,269	93,342
Johns Hopkins University	2000694042 TASKW	93.000	—	44,084
Johns Hopkins University	2000694042 TASK V	93.000	—	(18,082)
Johns Hopkins University	2000694042 TASK T	93.000	—	89,189
University of Washington	UWSC11315	93.000	—	46,340
University of Washington	UWSC8699 PO# 33397	93.000	—	19,375
Subtotal			78,269	1,177,811
Georgetown University	GR413776_GR412964-UV	93.077	—	25,494
Ohio State University	60074534	93.077	—	33,130
Subtotal			—	58,624
Duke University	234691/240919	93.103	—	2,793
Vermont Agency of Agric Food & Markets	02200-FSMA-2018-01	93.103	—	5,605
Vermont Agency of Agric Food & Markets	02200-FSMA-19-01	93.103	—	78,570
Vermont Agency of Agric Food & Markets	02200-FSMA-19-02	93.103	—	29,166
Subtotal			—	116,134
Vermont AHS Department of Health	03420-07778	93.110	—	134,444
University of California, San Francisco	10897sc	93.110	—	199,781
Subtotal			—	334,225
Vermont AHS Department of Health	03420-08158	93.136	—	76,281
Vermont AHS Department of Health	03420-08039	93.165	—	152,500
University of California, San Francisco	9729sc	93.226	—	85,851
Albert Einstein College of Medicine	311587, PO # 769652	93.226	—	101,383
Subtotal			—	187,234

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Boston College	5103391-2	93.242	\$ —	17,713
University of Massachusetts	WA00482518/OSP2017066	93.242	—	30,194
Medical University of South Carolina	A00-3215-S001	93.242	—	37,078
University of North Carolina	5105359	93.242	—	13,030
Subtotal			—	98,015
Vermont AHS Department of Health	36603	93.243	—	171,512
Spectrum Youth & Family Services	SVFS1112018	93.243	—	20,353
Subtotal			—	191,865
Yale University	GR106384/CON-800001853	93.273	—	49,533
University of California, San Diego	67526960	93.279	—	95,425
Saint Michael's College	SUB01182018	93.279	—	30,233
University of North Carolina	5112084	93.279	—	65,198
University of California, San Diego	97374137	93.279	—	138,307
Dartmouth-Hitchcock Clinic	GC10043-00-01	93.279	—	153,984
Oregon Health Sciences University	1007356_UVT	93.279	—	989,615
Baystate Medical Center	19166	93.279	—	37,583
Subtotal			—	1,510,345
University of North Carolina	5111579	93.307	—	75,019
University of Florida	SUB00001768	93.310	—	467,598
University of Florida	SUB00002212	93.310	—	486,886
Subtotal			—	954,484
Vanderbilt University Medical Center	VUMC78926	93.393	—	54,159
University of California, Davis	201603696-09	93.393	—	344,296
University of California, Los Angeles	1557 G WA331	93.393	—	35,786
University of California, San Francisco	10905sc	93.393	—	110,952
Georgetown University	7R01CA207361-02	93.393	—	13,113
Subtotal			—	558,306
NSABP Foundation Inc.	NSABP B-32 & BP-59	93.395	—	22,034
National Childhood Cancer Foundation	COG Master Agreement	93.395	—	18,662
Memorial Sloan-Kettering Cancer Center	226691/229411	93.395	—	25,693
Children's Hospital of Philadelphia	ALTE11C2 Study	93.395	—	260
Children's Hospital of Philadelphia	FP000269529_SUB343_01	93.395	—	2,250
Mayo Clinic	UOV-194321-02	93.395	—	2,685
Mayo Clinic	UOV-259713	93.395	—	33,385
Dartmouth College	R312	93.395	—	(279)
Subtotal			—	104,690
Yale University	GK000048 (A09776)	93.396	—	10,424
Beth Israel Deaconess Medical Center	01060186	93.398	—	8,287
Beth Israel Deaconess Medical Center	01061818	93.398	—	41,959
Subtotal			—	50,246
Vermont AHS Department of Health	03420-07736	93.426	—	34,245
Vermont AHS Department of Health	03420-08232	93.426	—	25,001
Subtotal			—	59,246
Spaulding for Children	SUB – 90CO1122	93.652	—	29,248
Iowa State University	SCN-1009573	93.788	—	17,238
Vermont AHS Department of Health	03420-7208S	93.788	—	73,457
Subtotal			—	90,695
University of Washington	UWSC9054	93.837	—	18,344
University of Washington	UWSC7627	93.837	—	24,998
Duke University	6731 HFN INDIE	93.837	—	6,276
University of California, San Francisco	8695sc	93.837	—	20,175
Duke University	Site HV800, 6911	93.837	—	12,698
University of Washington	UWSC10598	93.837	—	553,761
Vanderbilt University Medical Center	VUMC 59441	93.837	—	43,515
University of Minnesota	P005875702	93.837	—	30,463
University of Washington	UWSC11251 BPO 41455	93.837	—	35,480
Oregon Health Sciences University	1011359_UVT	93.837	—	43,495
University of Texas	0014319A	93.837	—	103,387
Duke University	203-7605	93.837	—	76,356
Boston University	450003023	93.837	—	76,429
University of Mississippi Medical Center	SP11207-SB3	93.837	—	72,486
Wake Forest University	100720-114489	93.837	1,053	34,255
Subtotal			1,053	1,152,118
University of North Carolina	5108822	93.838	—	20,044
Boston University	4500003109	93.838	—	275,541
Brigham and Women's Hospital	121004	93.838	—	79,206
National Jewish Health	National Jewish Health	93.838	—	182,224
Children's Hospital of Philadelphia	3201160619	93.838	—	1,331
Subtotal			—	558,346

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Minneapolis Medical Research Foundation	7327-2 / 07416-2 / 15024	93.839	\$ —	16,710
University of Minnesota	P005639701	93.839	—	79,004
University of Washington	UWSC9761	93.839	—	231,840
Rutgers University	SUB0157 – PO# 814216	93.839	—	2,626
Haematologic Technologies Inc.	Haematologic Tech	93.839	—	22,776
University of Michigan	SUBK00011495	93.839	—	323,486
University of Michigan	SUBK00009069	93.839	—	40,099
University of Michigan	SUBK00009064	93.839	—	(136)
Rutgers University	SUB0973	93.839	—	13,962
Rutgers University	Sub 0465	93.839	—	8,091
Subtotal			—	738,458
University of Utah	10034011-01	93.846	—	(295)
University of Massachusetts	RFS2016040	93.846	—	196,961
Subtotal			—	196,666
University of Tennessee	19-4434 VT, (DK104872VT)	93.847	—	6,518
Mitotherapeutix, LLC	R41DK112429 sub001	93.847	—	(566)
Dartmouth College	0R1073	93.847	—	29,195
Michigan State University	RC110044UVSAC	93.847	—	119,561
Yale University	GR102643	93.847	—	17,553
Mitotherapeutix, LLC	STTR Mitotherapeutix	93.847	—	2,437
Ohio State University	60069624	93.847	—	160,560
Duke University	A031900	93.847	—	176,054
Subtotal			—	511,312
Massachusetts General Hospital	1U01NS090259-01A1	93.853	—	11,489
University of Alabama at Birmingham	000513792-001	93.853	—	485,820
Virginia Polytec Inst & State University	432083-19D19	93.853	—	34,703
University Texas Hlth Sci Ctr San Anton	164690/164682	93.853	—	46,742
University of Wisconsin	0000000111	93.853	—	1,791
Harvard University	153366.5114453.0004	93.853	—	25,555
University Texas Hlth Sci Ctr San Anton	166224 / 165999	93.853	—	212,625
Subtotal			—	818,725
Celdara Medical, LLC	Celdara Medical	93.855	—	16,115
University of California, San Francisco	10797sc	93.855	—	110,211
University of North Carolina	5112871	93.855	—	75,283
University of North Carolina	5116806	93.855	—	2,320
University of Florida	SUB00001749	93.855	—	64,091
Celdara Medical, LLC	Celdara Medical	93.855	—	79,579
Celdara Medical, LLC	Celdara Medical	93.855	—	35,788
Subtotal			—	383,387
Tufts University	101334-00001	93.859	—	44,490
Maine Medical Center	112366-ROSEN-CTR-1	93.859	—	1,674,339
American Society for Cell Biology (ASCB)	UVM2R25GM116707-03	93.859	—	26,874
Maine Medical Center	1123666-ROSEN-CTR-3	93.859	—	5,756
Maine Medical Center	1123666-ROSEN-CTR-9	93.859	—	6,754
Maine Medical Center	1123666ROSENCTR-Pi-10	93.859	—	1,746
Celdara Medical, LLC	UVM Agreement #32992	93.859	—	57,049
Mayo Clinic Jacksonville	UNI-251795	93.859	—	125,741
Maine Medical Center	112366-ROSEN-CTR-PILOT-5	93.859	—	6,395
Maine Medical Center	112366-ROSEN-CTR-PILOT-6	93.859	—	12,173
Maine Medical Center	111277-ROSEN-CTR-SUP	93.859	—	65,688
Dartmouth College	R1304	93.859	—	126,823
Maine Medical Center	112366-ROSEN-CTR-PILOT-14	93.859	—	5,424
Ohio State University	60069438-UVM	93.859	—	22,604
Maine Medical Center	112366-ROSEN-CTR-PILOT-13	93.859	—	24,706
Maine Medical Center	112366-ROSEN-CTR-PILOT-18	93.859	—	35,066
Subtotal			—	2,241,628
University of North Carolina	UNC 5050056	93.865	—	466,416
Stanford University	61158846-116231	93.865	—	92,915
Stanford University	61277517-117723	93.865	—	4,673
University of North Carolina	5105862	93.865	—	12,644
University of Arkansas	51460	93.865	—	12,141
University of Arkansas	51460	93.865	—	62,585
Research Foundation of SUNY	R1173728	93.865	—	76,063
University of Arkansas	51460 – VDORA	93.865	—	41,451
University of Arkansas	51460-ESC	93.865	—	72,844
Duke University	A03-2100	93.865	—	52,869
University of Arkansas	51460-ESC training	93.865	—	27,179
Subtotal			—	921,780
Johns Hopkins University	2003070380	93.866	—	54,466
California Pacific Medical Center	280201009-S199	93.866	—	162,553
Brigham and Women's Hospital	115640	93.866	—	127,011
University of Massachusetts Amherst	18-010150 A04	93.866	—	34,397
Vanderbilt University Medical Center	VUMC56806	93.866	—	26,155
Duke University	A03-9121	93.866	—	69,691
University of California, Los Angeles	1558GWA292	93.866	—	215,170
University of Colorado	FY19.875.003	93.866	—	22,356

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Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Healthy Design Ltd. Co.	Healthy Design Ltd.	93.866	\$ 94,409	199,462
California Pacific Medical Center	280201020-S230	93.866	—	15,179
Wake Forest University	101720-551083	93.866	—	62,295
Mount Sinai School of Medicine	0255-B741-4609	93.866	—	12,860
Subtotal			94,409	1,001,595
Jackson Laboratory	210292-0519-02	93.879	—	51,750
Emory University	A132491	93.879	—	46,626
Subtotal			—	98,376
Vermont AHS Department of Health	03420-08113	93.898	—	41,340
Vermont AHS Department of Health	03420-07960	93.994	—	13,946
Department of Health and Human Services Pass Through Subtotal			173,731	14,562,602
Department of Health and Human Services Total			6,653,426	69,498,025
Environmental Protection Agency:				
Environmental Protection Agency	Direct	66.RD	7,957	228,089
New England Interstate Water Pollution	NEIJob Code:0994-002	66.481	—	2
New England Interstate Water Pollution	LS-2018-004 UVM	66.481	—	8,856
New England Interstate Water Pollution	LC00A00394	66.481	—	46,537
New England Interstate Water Pollution	LS-2019-008	66.481	—	18,950
Subtotal			—	74,345
eXtension	SA-2019-08	66.716	—	10,259
Environmental Protection Agency Pass Through Subtotal			—	84,604
Environmental Protection Agency Total			7,957	312,693
National Aeronautics & Space Admin:				
National Aeronautics & Space Admin:	Direct	43.RD	81,303	1,143,866
University of Maryland	55310-Z6060201	43.001	—	78,221
National Aeronautics and Space Administration Total			81,303	1,222,087
National Science Foundation:				
National Science Foundation	Direct	47.RD	1,553,387	10,369,840
South Dakota State University	3TB329	47.041	—	24,199
Yale University	GR104715 (CON-80001519)	47.041	—	83,488
Subtotal			—	107,687
CUNY Advanced Science Research Center	40F93-E	47.050	—	(93)
Mass Green High Performance Computer Ctr	1659377-UJVM	47.070	—	44,364
Rensselaer Polytech Institute	A12980/A19-0075-S001	47.070	—	147,676
Subtotal			—	192,040
Virginia Polytec Inst & State University	480146-19D19	47.074	—	63,755
Middlebury College	2019-0137UVM	47.074	—	751
Marine Biological Laboratory	52818	47.074	—	192,994
Subtotal			—	257,500
Regents of the University of Idaho	SH2106-SB2-772972	47.083	—	117,612
University of Maine	UMS1229	47.083	—	207,510
Subtotal			—	325,122
National Science Foundation Pass Through Subtotal			—	882,256
National Science Foundation Total			1,553,387	11,252,096
Department of Agriculture:				
Agriculture Research Service	Direct	10.RD	—	255,768
Animal and Plant Health Inspection Service	Direct	10.RD	—	15,689
Agricultural Marketing Service	Direct	10.RD	3,048	390,094
Foreign Agriculture Service	Direct	10.RD	93,720	152,084
Forest Service	Direct	10.RD	51,267	507,829
National Institute of Food and Agriculture	Direct	10.RD	4,708,871	14,342,276
Natural Resources Conservation Service	Direct	10.RD	—	357,913
Department of Agriculture Direct Subtotal			4,856,906	16,021,653
Geisinger Clinic	7021325	10.001	—	1,618
Geisinger Clinic	646515UV01	10.001	—	17,371
Vermont Law School	USDA-NAL-58-8250-8-0	10.001	—	50,912
Subtotal			—	69,901
Vermont Agency of Agric Food & Markets	02200-FPOP-2017	10.025	—	(854)
Vermont Agency of Agric Food & Markets	02200-FPOP-2018	10.025	—	14,776
Subtotal			—	13,922
Vermont Agency of Agric Food & Markets	02200-SCBGP-12-6	10.170	—	758
Vermont Agency of Agric Food & Markets	02200-SCBGP-12-3	10.170	—	3,317
Vermont Agency of Agric Food & Markets	02200-SCBGP-12-4	10.170	—	1,913
Vermont Agency of Agric Food & Markets	02200-SCBGP-13-4	10.170	—	14,214
Vermont Agency of Agric Food & Markets	02200-SCBGP-13-2	10.170	—	9,965
Vermont Agency of Agric Food & Markets	02200-SCBGP-13-1	10.170	—	17,401
Vermont Agency of Agric Food & Markets	02200-SCBGP-14-3	10.170	—	15,728

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Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Vermont Agency of Agric Food &Markets	02200-SCBGP-14-4	10.170	\$ —	15,532
Vermont Agency of Agric Food &Markets	02200-SCBGP-15-2	10.170	—	4,978
Vermont Agency of Agric Food &Markets	02200-SCBGP-15-3	10.170	—	10,994
Vermont Agency of Agric Food &Markets	02200-SCBGP-15-4	10.170	—	9,146
Vermont Agency of Agric Food &Markets	02200-SCBGP-15-5	10.170	—	11,135
Subtotal			—	115,081
Colorado State University	CSU 531459	10.200	—	2,890
Cooperative Extension Assn Albany County	UVM32806	10.215	—	4,743
Cornell University	88502-11225	10.215	—	13,651
Subtotal			—	18,394
Duke University	343-0735	10.253	—	1,500
University of Illinois	2015-06318-01	10.303	—	59,082
University of New Hampshire	16-058	10.303	—	2,803
University of New Hampshire	17-051	10.303	—	48,784
Subtotal			—	110,669
Cornell University	80289-10776	10.304	—	7,239
University of Maine	UM-S1028	10.307	—	28,416
Cornell University	79536-10806	10.307	—	69,875
Subtotal			—	98,291
Michigan State University	RC104622F	10.309	—	11,615
North Carolina State University	2019-1507-06	10.310	—	17,798
Cornell University	73934-10512	10.310	—	61,511
Stockholm Environment Institute US	Stockholm Environment	10.310	—	(80)
Sam Houston State University	22120B	10.310	—	21,505
Washington State University	132484-G003898	10.310	—	19,622
University of Maryland	60997-Z5065203	10.310	—	7,380
The Regents of the Univ of California	A18-0267-S001	10.310	—	19,578
Subtotal			—	147,314
University of California, Santa Cruz	A19-0272S003P0692772	10.311	—	1,695
University of New Hampshire	19-025	10.319	—	32,794
Cornell University	86935-11355	10.329	—	633
University of Delaware	49400	10.500	—	7,815
University of Delaware	49401	10.500	—	11,263
University of Delaware	49376	10.500	—	3,137
University of Delaware	56961	10.500	—	11
Kansas State University	S19152	10.500	—	187
Subtotal			—	22,413
Vermont AHS Department of Health	03420-08176	10.561	—	27,681
Vermont Dept of Forests Parks Recreation	06130-FEMC-UVM-18	10.664	24,253	51,485
Vermont Dept of Forests Parks Recreation	06130-FRAGLSR-03	10.664	—	4,834
Vermont Dept of Forests Parks Recreation	06130-UVM-FEMC-FFY18	10.664	7,555	226,811
Vermont Dept of Forests Parks Recreation	06130-UVM-FEMC-FFY19	10.664	—	199,323
Subtotal			31,808	482,453
Vermont Dept of Forests Parks Recreation	06130-UVM-FEMC-FFY18	10.699	—	2,281
University of Massachusetts Amherst	20 015182 A 00	10.903	—	2,547
Cornell University	80055-10825	10.912	—	8,028
Connecticut Council on Soil and Water	01-UVM-SH	10.932	—	166,077
Department of Agriculture Pass Through Subtotal			31,808	1,343,418
Department of Agriculture Total			4,888,714	17,365,071
Department of Commerce:				
International Joint Commission	Direct	11.RD	26,880	258,021
National Inst Standards Technology	Direct	11.RD	—	25,340
National Oceanic Atmospheric Admin	Direct	11.RD	173,848	927,336
US Census Bureau	Direct	11.RD	—	9,661
Department of Commerce Direct Subtotal			200,728	1,220,358
Department of Commerce Total			200,728	1,220,358
Department of Education:				
Department of Education	Direct	84.RD	217,502	503,374
Vermont Agency of Education	4253R2192001	84.011	—	451,220
Vermont Agency of Education	4256R2192001	84.144	—	15,442
Texas A&M University	M1903542	84.324	—	21,660
Department of Education Pass Through Subtotal			—	488,322
Department of Education Total			217,502	991,696

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Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Department of Energy:				
Department of Energy	Direct	81.RD	\$ 418,848	1,099,963
Rensselaer Polytech Institute	A18-0067-S001	81.049	—	47,499
University of New Hampshire	19-024	81.049	—	27,482
Department of Energy Pass Through Subtotal			—	74,981
Department of Energy Total			418,848	1,174,944
Department of Transportation :				
Federal Highway Administration	Direct	20.RD	—	4,990
Minnesota Department of Transportation	1034820	20.200	—	26,114
Vermont Agency of Transportation	VTRC017-002	20.205	—	23,763
Vermont Agency of Transportation	VTRC017-000	20.205	—	8,337
Vermont Agency of Transportation	VTRC017-001	20.205	—	3,292
Vermont Agency of Transportation	ChSPR0001055-302-005	20.205	—	(1,790)
Vermont Agency of Transportation	STP PDWP(23)-303	20.205	—	85,420
Vermont Agency of Transportation	VTRC018-001	20.205	—	24,537
Vermont Agency of Transportation	012 – VTRC018-003	20.205	—	16,730
Vermont Agency of Transportation	011 – VTRC018-002	20.205	—	16,099
Vermont Agency of Transportation	CA0500EA 0001057-332	20.205	—	23,659
Vermont Agency of Transportation	CA0500 014 00001056-302	20.205	—	15,897
Vermont Agency of Transportation	VTRC019-001	20.205	—	59,196
Vermont Agency of Transportation	VTRC019-002	20.205	—	43,670
Vermont Agency of Transportation	VTRC019-003	20.205	—	17,787
Vermont Agency of Transportation	CA0500,EA 0001057-302	20.205	—	39,442
Subtotal			—	376,039
The Regents of the Univ of California	201603605-03	20.701	—	238,621
University of Maine	UMS-1186	20.701	—	205,925
Vermont Agency of Transportation	CA0500 VTRC016-0,3,5	20.701	—	30,299
Vermont Agency of Transportation	CA0228 RSCH020-703	20.701	—	(33,229)
Subtotal			—	441,616
Department of Transportation Pass Through Subtotal			—	843,769
Department of Transportation Total			—	848,759
Department of the Interior:				
US Geological Survey	Direct	15.RD	14,000	239,538
National Park Service	Direct	15.RD	—	85,689
Department of the Interior Direct Subtotal			14,000	325,227
Vermont Department of Fish/Wildlife	06120FY18501	15.611	—	37,670
Vermont Department of Fish/Wildlife	06120FY17382	15.634	—	85,599
Tropical Agri Research Higher Ed Ctr	CATIE	15.640	—	13,513
AmericaView	AV18-VT-01	15.815	—	23,988
University of Massachusetts Amherst	20 015184 D 00	15.820	—	29,699
Department of the Interior Pass Through Subtotal			—	190,469
Department of the Interior Total			14,000	515,696
Department of Justice:				
Vermont Agency of Human Services (AHS)	03440-28388-JJDP-FY20	16.540	—	7,437
Department of Justice Pass Through Subtotal			—	7,437
Department of Justice Total			—	7,437
Department of Homeland Security:				
Vermont Department of Public Safety	02410-78152-NS05	97.008	—	75,000
Department of Homeland Security Pass Through Subtotal			—	75,000
Department of Homeland Security Total			—	75,000
Total Research and Development Cluster Total			14,094,591	106,746,650
Student Financial Assistance Cluster:				
Federal Perkins Loan Program (note 2)	Direct	84.038	—	3,850,172
Federal Direct Loan Program	Direct	84.268	—	88,897,014
Health Professions Student Loan program (note 2)	Direct	93.342	—	67,116
Nursing Student Loans (note 2)	Direct	93.364	—	786,428
Federal Work Study Program	Direct	84.033	—	1,461,673
Federal Supplemental Education Opportunity Grant	Direct	84.007	—	1,583,416
Federal Pell Grant Program	Direct	84.063	—	7,700,894
Student Financial Assistance Cluster Total			—	104,346,713
Medicaid Cluster:				
Vermont AHS Dept Vermont Health Access	03410-1110-15	93.778	—	(5,354)
Vermont AHS Dept Vermont Health Access	Contract 34113	93.778	—	214,602
Vermont AHS Department of Health	03420-7137S	93.778	—	(3)
Vermont AHS Department of Health	03420-7158S	93.778	—	165
Vermont AHS Department of Health	03420-7228S	93.778	—	(163,170)
Vermont AHS Department of Health	03420-07917	93.778	—	161,043
Vermont AHS Department of Health	03420-07963	93.778	—	22,785
Vermont AHS Department of Health	03420-08037	93.778	—	4,107,857
Vermont AHS Department of Health	03420-07998	93.778	—	27,442

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Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Vermont AHS Department of Health	03420-07997	93.778	\$ 179,567	269,642
Vermont AHS Department of Health	03420-08040	93.778	—	229,318
Vermont AHS Department of Health	03420-7208S	93.778	—	1,472
Global Commitment	State of Vermont	93.778	—	1,088,465
Medicaid Cluster Total			179,567	5,954,264
Other Programs:				
Department of Defense:				
Department of the Army – Military Medical Research	Direct	12.420	—	36,264
Other Department of Defense Direct Subtotal			—	36,264
National Guard Military Operations and Maintenance Projects	RTI Stormwater Pond	12.401	—	1,748
National Guard Military Operations and Maintenance Projects	Ph I & II – Feigel Hill	12.401	—	4,507
National Guard Military Operations and Maintenance Projects	Two Unknown Sites	12.401	—	3,500
National Guard Military Operations and Maintenance Projects	Castle Bypass Trail	12.401	—	1,081
Subtotal			—	10,836
Military Medical Research – Dana Farber Cancer Institute	3086101	12.42	—	22,848
Other Department of Defense Pass Through Subtotal			—	33,684
Other Department of Defense Total			—	69,948
Department of Health and Human Services:				
Food & Drug Administration	Direct	93.103	14,109	134,384
Health Resources & Services Admin	Direct	93.107	308,288	375,249
Health Resources & Services Admin	Direct	93.110	17,154	587,978
Substance Abuse Mental Health/SAMHSA	Direct	93.243	—	53,925
Administration for Community Living	Direct	93.632	—	537,602
Administration for Children & Families	Direct	93.652	49,030	132,435
Other Department of Health and Human Services Direct Subtotal			388,581	1,821,573
Association of Africans Living in Vermont	MOU AALV	93.000	—	10,143
Association of Maternal & Child Health Programs	10899sc	93.000	—	5,000
Subtotal			—	15,143
Maternal and Child Health Federal Consolidated Program	SPC-001156/000855/000517	93.110	—	5,443
Cooperative Agreements to States for the Coordination and Development of Primary Care Offices	03420-7137S	93.130	—	(2)
Cooperative Agreements to States for the Coordination and Development of Primary Care Offices	03420-07998	93.130	—	12,224
Subtotal			—	12,222
Injury Prevention and Control Research and State and Community Based Programs	03420-A18130S	93.136	—	24,464
Injury Prevention and Control Research and State and Community Based Programs	03420-07789	93.136	—	15,069
Injury Prevention and Control Research and State and Community Based Programs	03420-08157	93.136	—	29,844
Subtotal			—	69,377
Grants to States – Vermont AHS Dept of Health	03420-07918	93.165	—	70,000
Telehealth Programs	9769-001	93.211	—	59,112
Substance Abuse and Mental Health Service Projects	SYFS1112018	93.243	—	33,818
ACL Assistive Technology	33578	93.464	—	256,345
Adoption Opportunities	UTA18-000428	93.652	—	13,391
Foster Care	35958	93.658	—	15,345
Foster Care	38084	93.658	—	1,859,866
Subtotal			—	1,875,211
Adoption Assistance	38084	93.659	—	48,546
Adoption Assistance	35958	93.659	—	(4,427)
Subtotal			—	44,119
Child Abuse and Neglect State Grants	38084	93.669	—	12,559
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	6NH23IP000950-05-00	93.733	—	113,550
Opioid STR	03420-07982	93.788	—	105,971
Maternal, Infant and Early Childhood Home Visiting Grant	03420 -07959	93.870	—	66,039
Rural Health Care Services Outreach	FTLF 7-2018 HF19-HF21	93.912	—	123,762
Rural Health Care Services Outreach	Project ECHO: NNE	93.912	—	5,000
Subtotal			—	128,762
Block Grants for Prevention and Treatment of Substance Abuse	03420-08078	93.959	—	86,087
Block Grants for Prevention and Treatment of Substance Abuse	03420-LG6916	93.994	—	15
Other Department of Health and Human Services Pass Through Subtotal			—	2,967,164
Other Department of Health and Human Services Total			388,581	4,788,737
Department of Veterans Affairs:				
Department of Veterans Affairs	Direct	64.000	—	255,323
Department of Veterans Affairs	Direct	64.033	659,290	1,608,159
Other Department of Veterans Affairs Direct Subtotal			659,290	1,863,482
Other Department of Veterans Affairs Total			659,290	1,863,482
Department of Justice:				
Vermont Children's Trust Foundation	004-18/20-CTF	16.540	—	15,274
Other Department of Justice Pass Through Subtotal			—	15,274
Other Department of Justice Total			—	15,274

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Department of State:				
Peace Corps (PC)	Direct	19.000	\$ —	26,254
Other Department of State Direct Subtotal			—	26,254
Western Hemisphere Affairs Grant Programs	A4FEH	19.750	—	1,884
Other Department of State Pass Through Subtotal			—	1,884
Other Department of State Total			—	28,138
National Endowment for the Humanities:				
Promotion of the Humanities Challenge	Direct	45.130	—	15,751
Museums for America	Direct	45.301	—	56,574
Other National Endowment for the Humanities Direct Subtotal			—	72,325
Other National Endowment for the Humanities Total			—	72,325
Department of Agriculture (USDA):				
Conservation Reserve Program	Direct	10.069	—	2,134
Higher Education Multicultural Scholars Grant Program	Direct	10.220	—	30,840
Beginning Farmers and Rancher Development Program	Direct	10.311	30,890	92,733
National Food Safety Training, Education, Extension, Outreach and Technical Assistance Program	Direct	10.328	—	8,503
Crop Insurance Education in Targeted States	Direct	10.458	14,000	135,533
Risk Management Education Partnerships	Direct	10.460	14,487	66,920
Smith Lever Funding	Direct	10.511	—	3,994
Expanded Food and Nutrition Education Program	Direct	10.514	—	340,129
Renewable Resources Act	Direct	10.515	—	11,871
Soil and Water Conservation	Direct	10.902	—	74,866
Other Department of Agriculture Direct Subtotal			59,377	767,523
Plant and Animal Disease, Pest Control, and Animal Care	02200-APPLE-2018	10.025	—	134
Plant and Animal Disease, Pest Control, and Animal Care	02200-TreeFruit-2019	10.025	—	13,519
Plant and Animal Disease, Pest Control, and Animal Care	02200-Solanaceous-19	10.025	—	13,705
Plant and Animal Disease, Pest Control, and Animal Care	02200-Corn-2019	10.025	—	9,874
Plant and Animal Disease, Pest Control, and Animal Care	02200-FPOP-2019	10.025	—	37,736
Subtotal			—	74,968
National Food Safety Trainin, Education, Extension, Outreach and Technical Assistance	NOFA of NY, Inc.	10.328	—	22,409
Crop Protection and Pest Management Competitie Grant Program	86935-11205	10.329	1,655	4,177
Cooperative Forestry Assistance	06130-UVM-UCF-FFY18	10.664	—	(5,904)
Cooperative Forestry Assistance	06130-UVM-UCF-FFY19	10.664	—	131,281
Subtotal			—	125,377
Forest Health Protection	06130-UVM-UCF-FFY18	10.680	—	1,359
Environmental Quality Incentives	GSR Solutions LLC	10.912	—	6,935
Iowa State University	412-30-46D	10.000	10,182	30,904
Other Department of Agriculture Pass Through Subtotal			11,837	266,129
Other Department of Agriculture Total			71,214	1,033,652
Department of Education:				
TRIO Cluster:				
TRIO Student Support Services	Direct	84.042	—	346,002
TRIO Upward Bound	Direct	84.047	—	256,897
Total TRIO Cluster			—	602,899
Special Education – Personnel Development to Improve Services and Results	Direct	84.325	—	7,683
COVID-19 – Education Stabilization Fund:				
COVID-19 Higher Education Emergency Relief Fund – Student Portion	Direct	84.425E	—	1,547,434
Subtotal -Education Stabilization Fund			—	1,547,434
Other Department of Education Direct Subtotal			—	2,158,016
Vermont Agency of Education	4253R2191901	84.011	—	17,593
EDCO Collaborative	New England HEP	84.141	—	82,059
Vermont Student Assistance Corporation	VSAC GEAR UP 2018-19	84.334	—	49,505
Vermont Student Assistance Corporation	CREST 2.0	84.334	—	73,187
Subtotal			—	122,692
Other Department of Education Pass Through Subtotal			—	222,344
Other Department of Education Total			—	2,380,360
Department of Transportation :				
Federal Highway Administration	Direct	20.200	716	59,551
Other Department of Transportation Direct Subtotal			716	59,551
California State University, Long Beach	SG199416100	20.200	—	(19)

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Vermont Agency of Transportation	EA#0001055-332/WA008	20.205	\$ 15,875	16,060
Vermont Agency of Transportation	WAN 013, EA 0001055-332	20.205	—	8,158
Vermont Agency of Transportation	PS0696-WA00001	20.205	—	66,577
Vermont Agency of Transportation	PS0696-WA00003	20.205	—	342
Vermont Agency of Transportation	PS0696-WA00002	20.205	—	185,091
Vermont Agency of Transportation	PS0696-WA00005	20.205	—	2,158
Chittenden County Regional Planning	PL 2020-07	20.205	—	7,999
Subtotal			15,875	286,385
Other Department of Transportation Pass Through Subtotal			15,875	286,366
Other Department of Transportation Total			16,591	345,917
Department of Energy:				
Department of Energy	Direct	81.RD	—	61,206
Other Department of Energy Direct Subtotal			—	61,206
Other Department of Energy Total			—	61,206
Environmental Protection Agency:				
Otter Creek Engineering Inc.	Otter Creek	66.468	—	723
Vermont Dept Environmental Conservation	35384	66.468	—	12,950
Subtotal			—	13,673
Extension	SA-2020-33	66.716	—	4,627
Other Environmental Protection Agency Pass Through Subtotal			—	18,300
Other Environmental Protection Agency Total			—	18,300
Department of Homeland Security:				
Town of Weybridge, Vermont	Gooseneck Bend	97.036	—	10,199
Other Department of Homeland Security Pass Through Subtotal			—	10,199
Other Department of Homeland Security Total			—	10,199
Department of the Interior:				
National Park Service	Direct	15.945	—	54,503
Other Department of the Interior Direct Subtotal			—	54,503
Vermont Dept of Fish & Wildlife (ANR)	36611-Dead Creek WMA	15.605	—	1,930
Research Foundation of SUNY	81578	15.808	—	3,796
Town of Williston, Vermont	Allen Brook Trail Ph I&II	15.904	—	1,655
Fort Ticonderoga Association	UVM-CAP / GA P19AP0047	15.926	—	14,455
Other Department of the Interior Pass Through Subtotal			—	21,836
Other Department of the Interior Total			—	76,339
Department of Treasury:				
BAB Subsidy	Direct	21.000	—	190,232
Other Department of the Treasury Direct Subtotal			—	190,232
COVID-19 – Coronavirus Relief Fund	State of Vermont	21.019	—	8,691,500
Other Department of the Treasury Total			—	8,881,732
Total other programs			1,135,676	19,645,609
Total expenditures of federal awards			\$ 15,409,834	236,693,236

See accompanying independent auditors' report and notes to supplementary schedule of expenditures of federal awards.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

(1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of University of Vermont and State Agricultural College (the University) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2020, the University's discretely presented components units did not administer any federal awards.

For purposes of the Schedule, and except as noted below, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements. Grants made from the University to other organizations are shown separately on the Schedule as passed through to subrecipients.

(2) Loan Activity

Loan activity under federal programs was as follows:

	<u>CFDA number</u>	<u>Outstanding balances at June 30, 2019</u>	<u>Disbursements in fiscal 2020</u>	<u>Outstanding balances at June 30, 2020</u>
Federal Perkins Loan Program	84.038	\$ 3,660,299	—	2,732,210
Health Professions Student Loans Program	93.342	67,116	—	18,764
Nursing Student Loans	93.364	632,417	154,011	622,040
Total federal loan programs		\$ <u>4,359,832</u>	<u>154,011</u>	<u>3,373,014</u>

The University received an allowance for administrative costs for the Federal Perkins Loan Program of \$189,873. Expenditures reported on the Schedule represent the outstanding balance at June 30, 2019 and the allowance for administrative costs. There were no disbursements of Federal Perkins Loans during the year ended June 30, 2020.

With respect to the Federal Direct Loan Program, the University is responsible only for the performance of certain administrative duties and, accordingly, these loans are not included in the University's financial statements. It is not practical to determine the balances of loans outstanding under this program at June 30, 2020.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

(3) Direct and Indirect Federal Award Expenditures

Federal award expenditures consist of direct and indirect costs, which are commonly referred to as facilities and administrative costs (F&A). Direct costs are those that can be readily identified with an individual federally sponsored project. The salary of a principal investigator of a sponsored research project and the materials consumed by the project are examples of direct costs.

Unlike direct costs, indirect costs cannot be readily identified with an individual federally sponsored project. Indirect costs are the costs of services and resources that benefit both sponsored and nonsponsored project and activities. Indirect costs consist of expenses incurred for administration, library, plant maintenance, and building and equipment depreciation.

The University and federal agencies use an indirect cost rate to charge indirect costs to individual federally sponsored projects. The rate is a result of a number of complex cost allocation procedures that the University uses to allocate its indirect cost to both sponsored and nonsponsored activities. Rates are negotiated with and approved by the University's cognizant audit agency, the U.S. Department of Health and Human Services.

(4) Indirect Cost Rate

The University has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



KPMG LLP
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Colchester, VT 05446-9909

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*

The Honorable Douglas Hoffer,
Auditor of Accounts, State of Vermont
and

The Board of Trustees of the University of Vermont and State Agricultural College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Vermont and State Agricultural College (collectively, the University), a component unit of the State of Vermont, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 9, 2020. Our report includes a reference to other auditors who audited the financial statements of University Medical Education Associates, Inc., a discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

KPMG LLP

Colchester, Vermont
November 9, 2020



KPMG LLP
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Colchester, VT 05446-9909

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Supplementary Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Douglas Hoffer,
Auditor of Accounts, State of Vermont
and
The Board of Trustees of University of Vermont and State Agricultural College:

Report on Compliance for Each Major Federal Program

We have audited University of Vermont and State Agricultural College's (the University's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Supplementary Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and aggregate discretely presented components the University, a component unit of the State of Vermont as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 9, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

May 24, 2021

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with U.S. generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? _____ yes x no
- Significant deficiency (ies) identified that are not considered to be material weakness (es)? _____ yes x none reported

Noncompliance material to the financial statements noted?

_____ yes x no

Federal Awards

Internal control deficiencies over major programs:

- Material weakness (es) identified? _____ yes x no
- Significant deficiency (ies) identified that are not considered to be material weakness (es)? _____ yes x none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Audit findings disclosed that are required to be reported in accordance with 2 CFR?

_____ yes x no

The University's major programs were as follows:

Name of federal program or cluster	CFDA numbers
Research and Development Cluster	Various
Coronavirus Relief Fund	21.019
Medicaid Cluster	93.778

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

 x yes _____ no

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.