



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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Government Auditing Standards* and Related Information

Year ended June 30, 2018

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, 2018

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KPMG LLP
One Park Place
463 Mountain View Drive, Suite 400
Colchester, VT 05446-9909

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, 2018 and 2017, 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 audit. 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 the discretely presented component unit 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 business-type activities and the aggregate discretely presented component units, of the University as of June 30, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018 the University adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 – 12 and the required supplementary information on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2018 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

November 5, 2018

The University of Vermont

Management's Discussion and Analysis (Unaudited)

June 30, 2018 and 2017

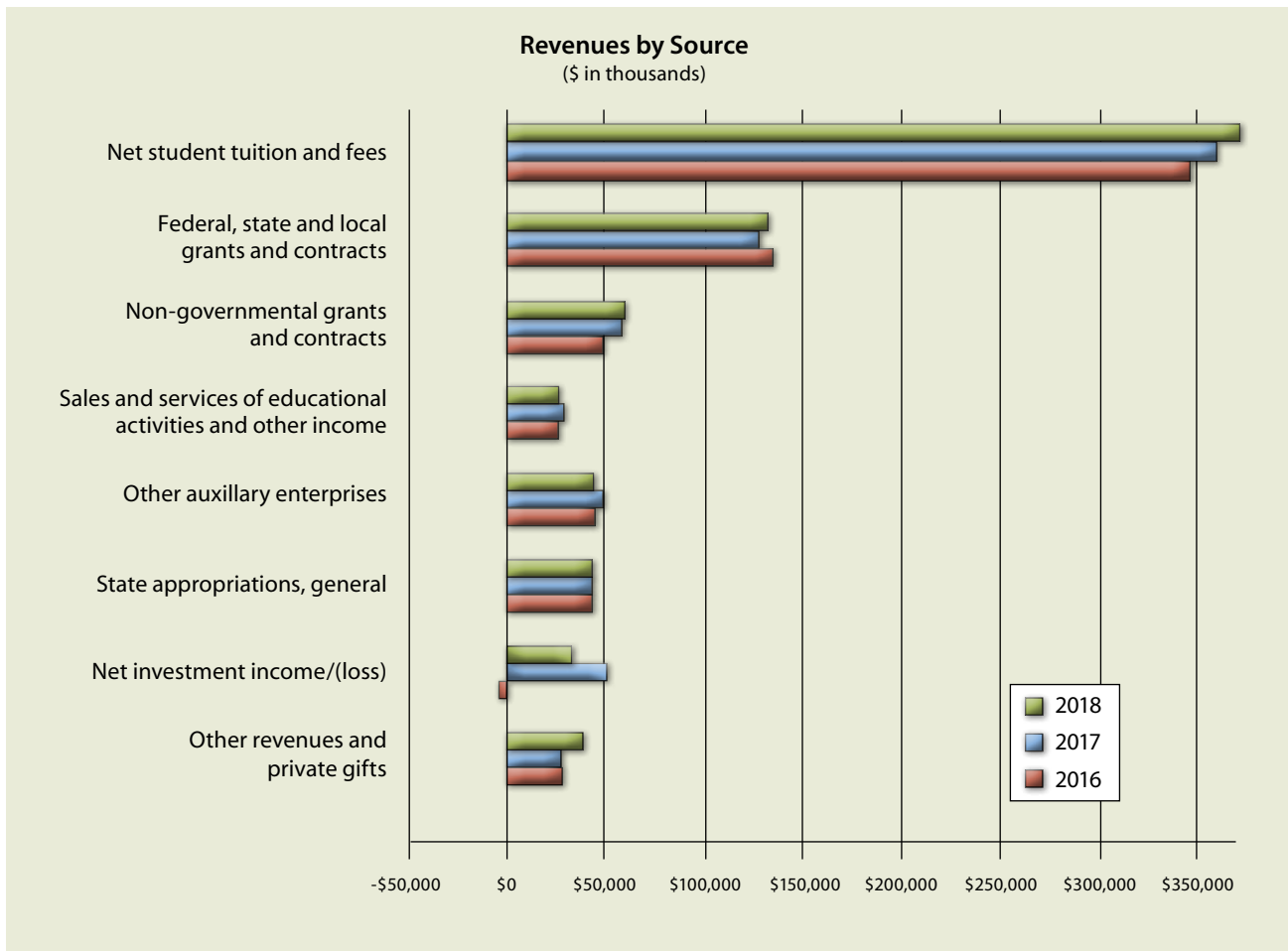
Introduction

The Management's Discussion and Analysis (MD&A) provides a broad overview of the University of Vermont's financial condition as of June 30, 2018 and 2017, 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 10,612 undergraduate students and 2,067 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 also 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.



Financial Highlights and Economic Outlook

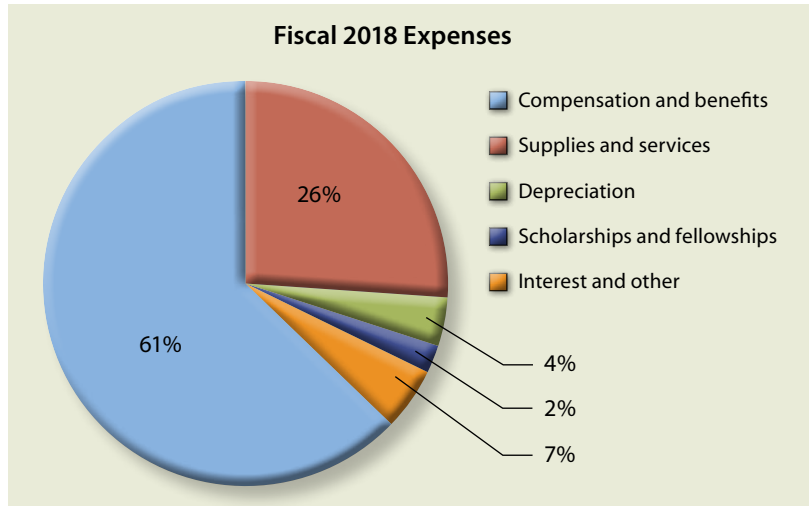
The President’s strategic action plan titled “Enhancing Quality and Affordability” outlines four major initiatives which are the cornerstone for all University decisions; 1) Access to success: promoting affordability, financial access and academic support, 2) Promoting a culture of advancing academic excellence and cultivating talent, 3) Identifying necessary investments to ensure a bright future, 4) Instilling an institutional commitment to efficiency and effectiveness that optimizes the use of facilities, technology, assets, and shared services. Much has been done to implement this vision and the University anticipates continued discussion and implementation of this strategic action plan during fiscal year 2019.

In fiscal 2018, a restatement of net position as of July 1, 2017 for the other postemployment benefit (OPEB) liability was required due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This resulted

in a decrease to unrestricted net position of \$230.3 million. Excluding the effects of this adoption, the University’s net position increased by \$27.7 million in fiscal 2018, compared to an increase of \$36.1 million in fiscal 2017. The increase in fiscal 2018 was largely due to favorable performance in the financial markets; with a net gain in the investment portfolio of \$33.2 million. The fiscal 2018 net gain in the investment portfolio was down \$19.9 million from the net gain of \$53.1 million in fiscal 2017. The fiscal 2017 gain increased \$60.0 million from the loss in fiscal 2016 of \$(6.9) million.

Total operating revenues increased in fiscal 2018 by \$11.9 million, or 1.9%. This included an increase in net student tuition and fees of \$22.8 million, or 5.6%. Other critical revenues include state appropriations and state capital appropriations. State appropriations increased slightly to \$43.0 million in fiscal 2018 from \$42.9 million in fiscal 2017 while state capital appropriations decreased to \$1.4 million in fiscal 2018 compared to \$1.9 million in fiscal 2017.

The University experienced an increase in operating costs of \$7.2 million, or 1.1%, in fiscal 2018. Compensation and benefits represents the most significant operating cost, comprising 64.6% and 65.4% of operating costs in 2018 and 2017, respectively. Compensation and benefit expenses decreased by \$0.5 million which was primarily due to a lower annual accrual for other postemployment benefits offset by salary and wage increases in 2018 of 1.5-2.5% for faculty and between 1.5-2.0% for staff. Supplies and service expenses increased by \$6.7 million. Other significant non-operating expenses include interest on indebtedness which was \$17.3 million in 2018 compared to \$16.7 million in 2017 and transfers to other governmental entities and the UVM Foundation which, combined, were \$21.0 million in 2018 and \$28.4 million in 2017.



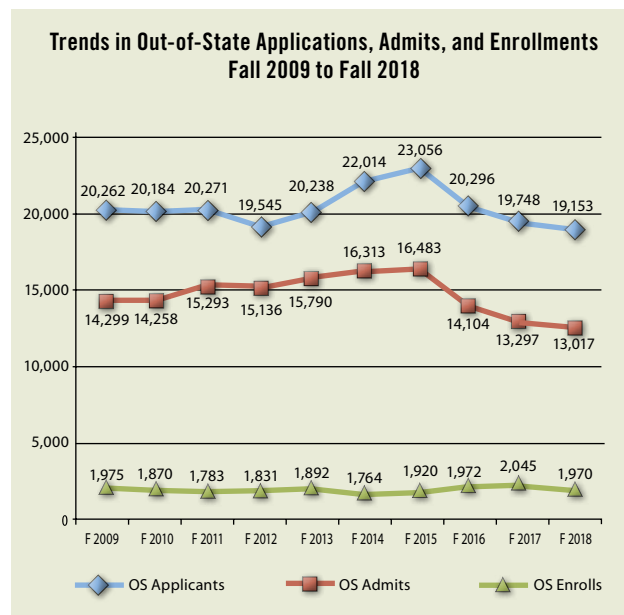
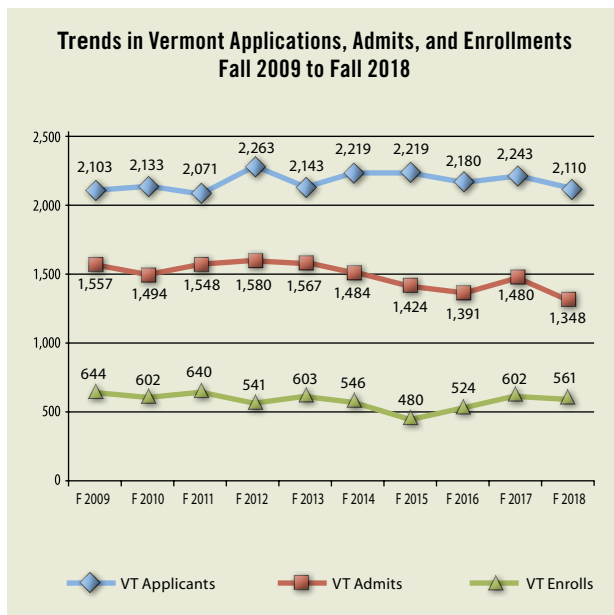
The chart to the right displays operating, interest, and other expenses for fiscal 2018:

During fiscal year 2018, construction continued on the Sciences, Technology, Engineering and Mathematics (STEM) complex which will provide innovative research and classroom spaces for those disciplines, as well as the renovation of the Billings Library, and the Kalkin Building Expansion.

In the fall of fiscal 2019, the University enrolled 10,612 students in more than 100 undergraduate majors, 1,601 students in graduate and post-baccalaureate programs, and 466 students at the College of Medicine. The University attracts undergraduates from over 40 states and many foreign countries. The University is primarily a regional institution however, drawing 87% of the undergraduates enrolled in the fall of fiscal year 2019 from New England and the Middle Atlantic States, including

22% of its undergraduate students from Vermont. Graduate and Certificate student enrollment from Vermont represented 44.9%.

The following tables present applications, admissions, and enrollments for in-state and out-of-state students. Final numbers for the fall of fiscal year 2019 show that total applications have decreased 4.9% since 2009, with in-state applications increasing 0.3% and out-of-state applications decreasing 5.5%. Total admissions have decreased for that period by 9.4%, with in-state admissions decreasing 13.4% and out-of-state admissions decreasing 9.0%. Since 2009, total first-time, first year enrollments have decreased 3.4%, with in-state enrollments decreasing by 12.9% and out-of-state enrollments increasing by 0.3%.



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 3.4% and 3.5%, respectively, since 2010. The table to the right presents tuition and fees, as well as room and board for that period.

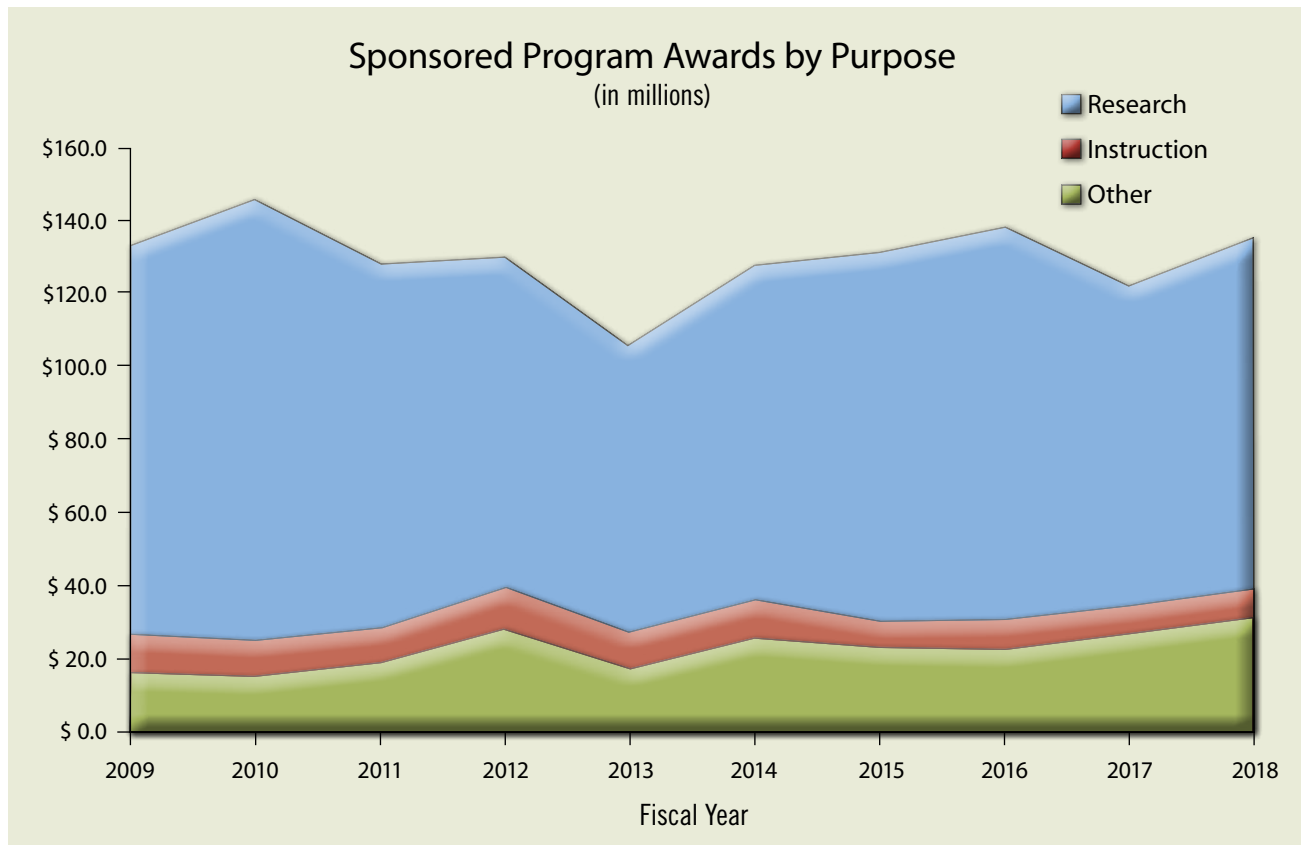
The State of Vermont (“the State”) general appropriations represented 5.8% of the University’s total revenues for fiscal year 2018. The University received a State capital appropriation of \$1.4 million in fiscal year 2018 and \$1.9 million in fiscal year 2017.

Grant and contract revenues of \$180.5 million represented 24.4% of total revenues for fiscal 2018 which included facility and administrative cost recoveries of \$27.6 million and additional commitment funds from University of Vermont Medical Center, Inc. of \$15.7 million. During fiscal 2018, the University was awarded over \$135.9 million in sponsored funds, 71.2% of which were for research activities. Approximately 59.7% of sponsored funds

awarded during fiscal 2018 were from federal sources. The University’s leading areas of externally sponsored programs are the biomedical sciences, agriculture, the environment, and education.

The following chart presents the activity of sponsored programs over the past decade:

In-State and Out-of-State Tuition & Fees									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Average Annual % Increase
Student Tuition & Fees									
In-State Tuition & Fees	\$14,066	\$14,784	\$15,284	\$15,718	\$16,226	\$16,768	\$17,300	\$17,740	3.42%
Out-of-State Tuition & Fees	\$32,630	\$34,424	\$35,612	\$36,646	\$37,874	\$39,160	\$40,364	\$41,356	3.50%
Room (Double) Board (Average Meal Plan)									
Room (Double)	\$6,196	\$6,426	\$6,650	\$6,844	\$7,116	\$7,376	\$7,634	\$7,900	3.58%
Board (Average Meal Plan)	\$3,156	\$3,282	\$3,414	\$3,558	\$3,664	\$3,774	\$3,944	\$4,122	3.92%
Total, In-State Cost	\$23,418	\$24,492	\$25,348	\$26,120	\$27,006	\$27,918	\$28,878	\$29,762	
Increase Over Previous Year	3.85%	4.59%	3.50%	3.05%	3.39%	3.38%	3.44%	3.06%	3.53%
Total, Out-of-State Cost	\$41,982	\$44,132	\$45,676	\$47,048	\$48,654	\$50,310	\$51,942	\$53,378	
Increase Over Previous Year	3.90%	5.12%	3.50%	3.00%	3.41%	3.40%	3.24%	2.76%	3.54%



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 Agreement is for a period of five (5) years with provisions for an automatic renewal in the absence of a party's written notice. The provisions of that contract are reflected in the financial statements. 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, conducting high-quality research leading to advances in health care and in the bio-medical and life sciences to improve the quality of life of the citizens of Vermont and the broader society.

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, 2018 and 2017 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.

	2018	<i>(In thousands)</i> *Restated 2017	*Restated 2016
Assets			
Current assets	\$ 332,061	\$ 327,154	\$ 299,791
Non-current assets	1,250,058	1,193,419	1,149,669
Total assets	<u>1,582,119</u>	<u>1,520,573</u>	<u>1,449,460</u>
Deferred outflows of resources			
Loss on refunding of debt	5,215	5,936	3,524
Postemployment benefits	12,617	-	-
Total deferred outflows of resources	<u>17,832</u>	<u>5,936</u>	<u>3,524</u>
Liabilities			
Current liabilities	183,025	158,452	139,270
Non-current liabilities	1,061,628	811,563	785,253
Total liabilities	<u>1,244,653</u>	<u>970,015</u>	<u>924,523</u>
Deferred inflows of resources			
Service concession arrangement	1,826	2,104	9,012
Split interest	3,407	1,640	2,815
Total deferred inflows of resources	<u>5,233</u>	<u>3,744</u>	<u>11,827</u>
Net position			
Net investment in capital assets	116,345	95,797	80,234
Restricted:			
Non-expendable	115,918	115,035	111,533
Expendable	342,741	329,753	297,691
Unrestricted	(224,939)	12,165	27,176
Total net position	<u>\$ 350,065</u>	<u>\$ 552,750</u>	<u>\$ 516,634</u>

***Refer to footnote A2 of the audited financial statements for a discussion of the restatement.*

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.

Statements of Net Position

Net position, or the sum of total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources is considered an indicator of the current financial condition of the University. The Statements of Net Position presents all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the University as of June 30. Assets and liabilities are classified as current or non-current. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the Statements of Net Position. Condensed information for net position at June 30, 2018, with comparative information for 2017 and 2016 are contained on the page 9 chart.

Net position totaled \$350.1 million, \$552.8 million, and \$516.6 million at June 30, 2018, 2017, and 2016, respectively, decreasing by \$202.7 million in 2018 and increasing by \$36.1 million in 2017. The primary contributors to the significant decrease in net position in 2018 was the change of accounting principle for the other postemployment benefit (OPEB) liability. Both 2018 and 2017 were significantly impacted by the investment market.

Current assets of \$332.1 million, \$327.2 million, and \$299.8 million at June 30, 2018, 2017, and 2016, respectively, consist primarily of cash and cash equivalents, and operating investments, which totaled \$276.1 million at June 30, 2018, \$273.3 million at June 30, 2017, and \$239.7 million at June 30, 2016. Cash and cash equivalents and operating investments represents approximately 5.2, 5.2, and 5.4 months of total operating expenses, excluding depreciation, for 2018, 2017, and 2016, respectively. The net increase to current assets in 2018 of \$4.9 million was driven by a \$2.8 million increase in cash, cash equivalents and operating investments, a \$1.4 million increase in accounts, loans, notes and pledges receivable and a \$0.7 increase in inventories, prepaid expenses and deferred charges. The net increase to current assets in 2017 of \$27.4 million was driven by a \$33.6 million increase in cash, cash equivalents and operating investments offset by a \$4.9 million decrease in accounts, loans, notes and pledges receivable and a \$1.3 million decrease in inventories, prepaid expenses and deferred charges.

Non-current assets of \$1.3 billion, \$1.2 billion, and \$1.1 billion at June 30, 2018, 2017, and 2016, respectively, consist primarily of the following:

- *Capital assets, net of accumulated depreciation*, totaled \$673.0 million, \$641.9 million and \$574.8 million at June 30, 2018, 2017 and 2016, respectively, representing an increase of \$31.1 million, or 4.8%, in 2018 and an increase of \$67.1 million, or 11.7%, in 2017. Gross capital additions totaled \$65.0 million in 2018 and \$101.8 million in 2017. Capital additions in 2018 included land improvements of \$1.3 million, renovations to residence and dining halls, research laboratories, and other buildings of \$5.2 million, building components and equipment and building interiors of \$2.3 million, fixed equipment of \$1.5 million, moveable equipment of \$1.6 million and construction in progress

of \$53.1 million. These additions in 2018 were offset by disposals of \$12.2 million and an increase to accumulated depreciation of \$21.8 million. Capital additions in 2017 included land acquisitions and land improvements of \$1.5 million, renovations to residence and dining halls, research laboratories, and other buildings of \$4.6 million, building components and equipment and building interiors of \$3.4 million, fixed equipment of \$0.9 million, moveable equipment of \$1.1 million, software systems of \$0.5 million and construction in progress of \$89.8 million. These additions in 2017 were offset by disposals of \$9.2 million and an increase to accumulated depreciation of \$25.4 million.

- *Endowment cash, cash equivalents and investments* totaling \$490.8 million, \$453.3 million and \$408.9 million at June 30, 2018, 2017, and 2016, respectively. In fiscal 2018, there was an increase of \$37.5 million, or 8.3%, and an increase of \$44.4 million, or 10.9% in 2017. The University's long-term investment pool consists of permanent endowments, term endowments, and funds functioning as endowments, commonly referred to as quasi-endowments.

Permanent endowments are those funds received from donors with the stipulation that the principal be invested in perpetuity to produce income to be expended for the purposes specified by the donor. Term endowments are those funds received from donors that function as endowments for a period of time or until a specific event occurs, such as reaching a certain balance. Funds functioning as endowments consist of restricted gifts and unrestricted funds that have been designated by the University for long-term investment purposes. These funds are not subject to donor restrictions requiring the University to preserve the principal in perpetuity. Programs supported by the endowment include scholarships, fellowships, professorships, research efforts and other programs and activities related to the University's mission. 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.

The University's 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% of the previous 13 quarters' average market value. 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 with broadly similar investment objectives and policies. The spending distributions from the total endowment were \$21.6 million, \$20.3 million, and \$18.6 million in fiscal years ended June 30, 2018, 2017, and 2016, respectively. These distributions were 4.4%, 4.6%, and 4.3% of the beginning market value of the endowment for fiscal years 2018, 2017, and 2016, respectively.

- The decrease to *Deposits with Trustees* of \$21.6 million in 2018 and the decrease of \$72.5 million in 2017 was primarily due to the use of proceeds from issuance of 2015 general obligation bond held by a third party trustee for the STEM complex and First Year Student Housing projects.

Deferred outflows of resources were \$17.8 million and \$5.9 million at June 30, 2018 and 2017, respectively. In fiscal 2018, deferred outflows represent the deferred loss on refunding of general obligation bonds totaling \$5.2 million and valuation of certain other postemployment benefit costs totaling \$12.6 million.

Current liabilities increased \$24.6 million in 2018 and \$19.2 million in 2017. In both 2018 and 2017, current liabilities increased due to the University accepting UVVMF funds which were then invested in the University's pooled endowment. These funds generate income which is distributed to the UVVMF. The funds held in the University's pooled endowment represent a liability to the University as they are UVVMF assets and will be returned to the UVVMF in the future. At June 30, 2018 the amount of UVVMF assets held in the University's pooled endowment was \$81.0 million. At June 30, 2017 the amount of UVVMF assets held in the University's pooled endowment was \$55.4 million.

Non-current liabilities increased \$250.1 million in 2018 compared to \$26.3 million in 2017. The increase in 2018 is mostly due to the result of \$260.0 million in additional liability for postemployment benefits. This was offset by a decrease in the non-current portion of bonds and leases payable of \$11.2 million. The increase in 2017 is mostly due to the result of \$30.2 million in additional liability for postemployment benefits as well as \$4.9 million of additional accrued liabilities under the Service Concession Arrangement with Sodexo Management offset by a decrease in the non-current portion of bonds and leases payable of \$8.1 million.

Deferred inflows of resources totaled \$5.2 million in fiscal year 2018 and \$3.7 million in fiscal year 2017. In 2018, these inflows included \$1.8 million in future guaranteed payments due from Sodexo Management, Inc., under the Food Service Program agreement as well as the present value of

anticipated future gifts from split interest agreements valued at \$3.4 million.

Net investment in capital assets of \$116.3 million, \$95.8 million, and \$80.2 million, at June 30, 2018, 2017, and 2016, respectively, represent the University's capital assets of land, buildings and equipment net of accumulated depreciation and net of outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The increase of \$20.5 million in 2018 was primarily the result of the net effect of additions and disposals to capital assets of \$52.8 million the increase in bonds payable related to capitalized assets of \$10.5 million and an increase of accumulated depreciation of \$21.8 million. The increase of \$15.6 million in 2017 was primarily the result of the net effect of additions and disposals to capital assets of \$92.6 million, the increase in bonds payable related to capitalized assets of \$51.6 million, and an increase of accumulated depreciation of \$25.4 million.

Restricted non-expendable net position totaling \$115.9 million, \$115.0 million, and \$111.5 million at June 30, 2018, 2017, and 2016, respectively, consist entirely of the University's permanent endowment funds. The corpus of restricted nonexpendable resources is only available for investment purposes. The increase of \$0.9 million, or 0.8%, in 2018, and \$3.5 million, or 3.1%, in 2017, resulted from new gifts.

Restricted expendable net position is subject to externally imposed restrictions governing their use. Restricted expendable net position totaled \$342.7 million, \$329.8 million, and \$297.7 million, as of June 30, 2018, 2017, and 2016, respectively. The increase of \$12.9 million in 2018 and the increase of \$30.5 million in 2017 were primarily due to changes in net investment income. In 2018 and 2017 there was a net investment gain of \$33.2 million and \$53.1 million, respectively.

	<i>(In thousands)</i>		
	2018	*Restated 2017	*Restated 2016
Operating revenues	\$ 625,541	\$ 613,600	\$ 589,346
Operating expenses	(668,359)	(661,202)	(633,941)
Operating loss	(42,818)	(47,602)	(44,595)
Net non-operating revenues	68,681	79,864	32,131
Revenue (loss) before capital and endowment additions	25,863	32,262	(12,464)
State capital appropriations	1,400	1,900	1,400
Capital gifts and grants	304	444	180
Gifts for endowment purposes	91	1,510	1,646
Total capital and endowment additions	1,795	3,854	3,226
Increase (decrease) in net position	27,658	36,116	(9,238)
Cumulative effect of change in accounting principle	(230,343)	-	-
Net position, beginning of year	552,750	516,634	525,872
Net position, end of year	\$ 350,065	\$ 552,750	\$ 516,634

***Refer to footnote A2 of the audited financial statements for a discussion of the restatement.*

Unrestricted net position is not subject to externally imposed stipulations. However, substantially all of the University's unrestricted net position has been designated for various academic and research programs and initiatives, as well as capital projects. Unrestricted net position totaled \$(224.9) million, \$12.2 million, and \$27.2 million for June 30, 2018, 2017, and 2016, respectively. Unrestricted net position was adjusted in fiscal 2018 by \$(230.3) million for a change in accounting principle for other postemployment benefits (OPEB). The additional \$6.8 million decrease in 2018 was primarily due to increases in net tuition and fees of \$13.4 million and facilities & administration recovery from sponsored agreements of \$1.9 million offset by a decrease of other auxiliary enterprise revenue of \$6.2 million and a decrease of student loan interest and other operating revenues of \$1.0 million. Operating expenses increased in fiscal 2018 by \$13.9 million including a decrease of \$6.3 million in compensation and benefits, an increase of \$4.9 million in supplies and services and an increase of \$15.4 million in scholarships and fellowships. The decrease of \$15.0 million in 2017 was primarily due to increases in net tuition and fees of \$16.2 million, other auxiliary enterprise revenue of \$5.2 million and net investment income of \$3.5 million offset by an increase in operating expenses of \$29.6 million including increases of \$10.1 million in compensation and benefits, an increase of \$10.2 million in supplies and services and an increase of \$9.3 million in scholarships and fellowships.

Statements of Revenues, Expenses and Changes in Net Position

The components of the change in net position are presented in the Statements of Revenues, Expenses and Changes in Net Position. This statement displays the revenues earned by the University, the expenses incurred by the University and the resulting increase or decrease in net position. Revenues and expenses are categorized as either operating or non-operating, and net operating income or loss is displayed. Operating revenues generally are those earned through providing services or goods to the University's customers. Operating expenses are incurred in providing those services and goods. Significant recurring sources of the University's revenues, including state appropriations, gifts, and investment income or loss are considered non-operating.

Condensed information for the year ended June 30, 2018, with comparative totals for the years ended June 30, 2017 and June 30, 2016, can be found on page 11.

Net position decreased by \$202.7 million in 2018 and increased by \$36.1 million in 2017. Contributors to the decrease in 2018 include a change of accounting principle for other postemployment benefits of \$(230.3) million, a decrease in net investment income of \$19.9 million and an increase of operating expenses of \$7.2 million partially offset by an increase in net student fees of \$13.4 million, an increase in federal, state, and private grants and contracts of \$7.3 million and gifts of \$13.7 million. Contributors to the increase in 2017 include an increase in net investment income of \$60.0 million, an increase in net tuition and fee revenue of \$16.2 million, offset by an increase in operating expenses of \$27.3 million.

Significant operating revenues include the following:

- *Student Tuition and Residential Life Fees, net of scholarship allowance*, are the largest component of operating revenues and the primary source of

funding for the University's academic programs. Net student fees increased by \$13.4 million in 2018, comprised of an increase to tuition and fees of \$22.8 million, or 5.6%, an increase to residential life revenues of \$5.8 million, or 9.5%, and by an increase in scholarship allowances of \$15.2 million, or 14.4%. Net student fees increased by \$16.2 million in 2017, comprised of an increase to tuition and fees of \$23.1 million, or 6.0%, an increase to residential life revenues of \$1.2 million, or 1.9%, and by an increase in scholarship allowances of \$8.0 million, or 8.2%. Scholarship and fellowship awards applied to student accounts are presented as a reduction of student tuition and fee and residential life revenues, while payments directly made to students are presented as scholarship and fellowship expenses. Total scholarships and fellowships of \$137.5 million, \$122.7 million, and \$113.5 million, were awarded to students in 2018, 2017, and 2016, respectively. This represents a total increase of \$14.8 million, or 12.1%, for 2018 as compared to a \$9.2 million increase, or 8.1%, for 2017.

- *Revenues for sponsored programs* of \$180.5 million in 2018, \$173.2 million in 2017, and \$173.7 million in 2016, include federal appropriations, grants and contracts, as well as state and non-governmental grants and contracts that normally provide for the recovery of direct and indirect costs or expenses. The change in fiscal 2018 is due to additional University of Vermont Medical Center Commitment and Dean's Tax funds, as well as increased federal funding for the College of Medicine. The minimal change in fiscal 2017 is due to steady funding. Revenues for sponsored programs are generally recognized when expenses are incurred or when significant milestones have been met under the terms of the award. The revenues for sponsored programs include recovery of indirect costs, referred to as facilities and administrative costs, of \$27.6 million, \$25.6 million, and \$25.5 million, in 2018, 2017, and 2016, respectively.
- *Auxiliary enterprise and educational activities revenues* totaled \$51.3 million, \$58.2 million, and \$52.1 million, in 2018, 2017, and 2016, respectively. Auxiliary enterprises include business type enterprises such as the bookstore, printing, mail services and conferences and events that provide support to the University's primary missions of education, research and public service. Fiscal 2018 had steady revenue streams while fiscal 2017 had a \$6.1 million increase primarily due to one-time payments under the dining contract.
- *Student loan interest and other operating revenues* were \$19.6 million, \$21.5 million, and \$19.1 million in 2018, 2017, and 2017, respectively.

Significant components of operating expenses include the following:

- *Compensation and benefits* of \$431.9 million, \$432.5 million, and \$419.8 million in 2018, 2017, and 2016, respectively, comprise the most significant portion of total expenses. Compensation and benefits decreased by \$0.6 million, or 0.1% in 2018 due to lower annual expenses related to other postemployment benefits offset by budgeted increases for faculty and staff. The increase of \$12.7 million, or 3.0%, in fiscal 2017 was due to budgeted increases of 4.0% for faculty and between 1.00-1.50% for staff. There was also an increase to the Medical Group benefit rate. In addition, health plan benefit costs increased by \$3.6 million, or 6.7%, in 2018 and by \$2.3 million, or 4.5%, in 2017.

- *Supplies and services expenses* increased by \$6.7 million, or 3.7% in 2018, and increased by \$9.9, or 5.8%, in 2017. This classification encompasses the many and varied non-compensation expenses that are required for the operation of the University, including utilities, professional services, non-capitalized equipment, and minor renovations.
- *Depreciation expense* increased by \$1.4 million, or 4.8%, in 2018 and increased by \$3.5 million, or 13.3%, in 2017.
- *Scholarships and fellowships* of \$16.8 million in 2018, \$17.2 million in 2017, and \$16.0 million in 2016 are comprised of direct payments to students. As noted earlier, in addition to the amounts reflected in scholarships and fellowships expense, financial aid is applied to tuition and residential life fees and amounts applied to each are reflected in the financial statements as a reduction of those revenues.

Significant components of non-operating revenues and expenses include the following:

- *State appropriations*, which represent funding provided by the State of Vermont, were \$43.0 million in 2018, \$42.9 million in 2017 and \$43.0 million in 2016, increasing by 0.3% in 2018 and decreasing by 0.3% in 2017.
- *Federal Pell grants*, which represents funds received from the federal government to help low-income undergraduate students were \$7.8 million, \$6.9 million, and \$7.2 million in 2018, 2017, and 2016, respectively.
- *Intergovernmental Transfers* totaled \$13.6 million, \$13.7 million, and \$13.5 million in 2018, 2017 and 2016, respectively. This represents contributions to the State of Vermont to support the Graduate Medical Education program.
- *Private gifts and Transfers to UVM from Component Units* totaled \$31.5 million, \$17.8 million, and \$19.1 million, in 2018, 2017, and 2016, respectively.
- *Gain (loss) on disposal of capital assets* totaled \$(2.6) million, \$4.8 million and \$9.7 million in 2018, 2017 and 2016, respectively. In fiscal 2018, the University demolished the Cook Physical Science complex to complete construction of Discovery Hall. In fiscal 2017, the University sold apartment buildings and related fixed assets resulting in the gain.

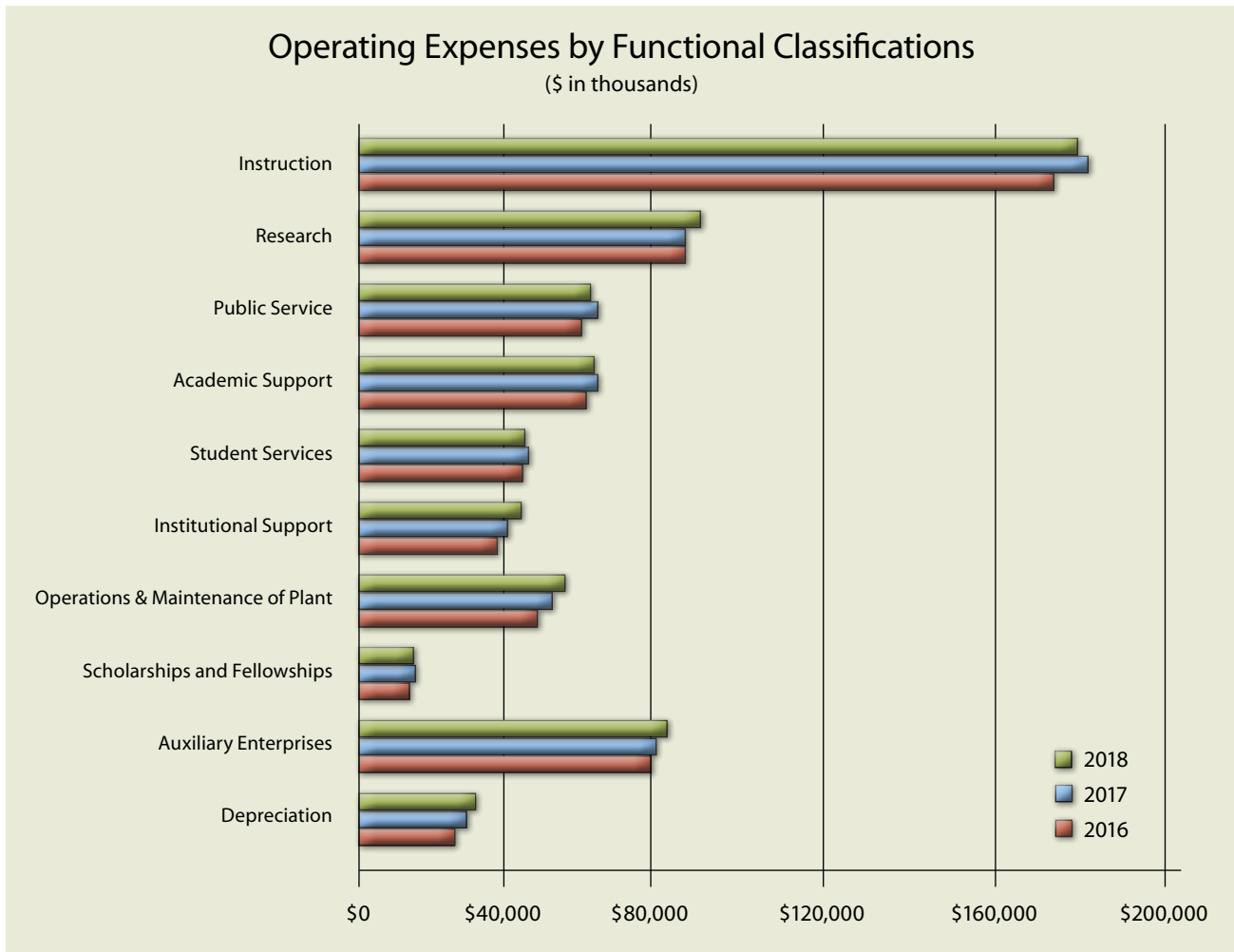
- *Net other non-operating expense* totaled \$6.0 million in fiscal 2018 and \$0.4 in fiscal 2017. Included in fiscal 2018 expense were UVM funds pledged to the City of Burlington to improve downtown over the next 20 years. Also included in this expense are life income payments totaling \$0.4 million in both 2018 and 2017, respectively.
- *Transfers to Component Units from UVM* totaled \$7.3 million and \$14.7 million in 2018 and 2017, respectively. These transfers were to the UVM Foundation, Inc. from the University to assist the Foundation in its operations.
- *Net investment income/(loss)* was \$33.2 million, \$53.1 million, and \$(6.9) million in 2018, 2017, and 2016, respectively. Net investment income includes realized investment income and the change in the unrealized appreciation or depreciation of investments. Net investment income in fiscal 2018 and 2017 were affected greatly by volatility in the financial markets. The change in unrealized appreciation/(depreciation) included in net investment income was \$16.1 million in 2018, \$32.4 million in 2017, and \$(19.8) million in 2016. Realized gains and other income included in net investment income totaled \$17.1 million, \$20.7 million, and \$12.9 million in 2018, 2017, and 2016, respectively.
- *Interest on indebtedness* totaled \$17.3 million in 2018, \$16.7 million in 2017, and \$17.2 million in 2016. Interest on indebtedness represents interest on notes and bonds net of capitalized interest.

Other financial resources presented after *Revenue (Loss) before capital and endowment additions* include the following:

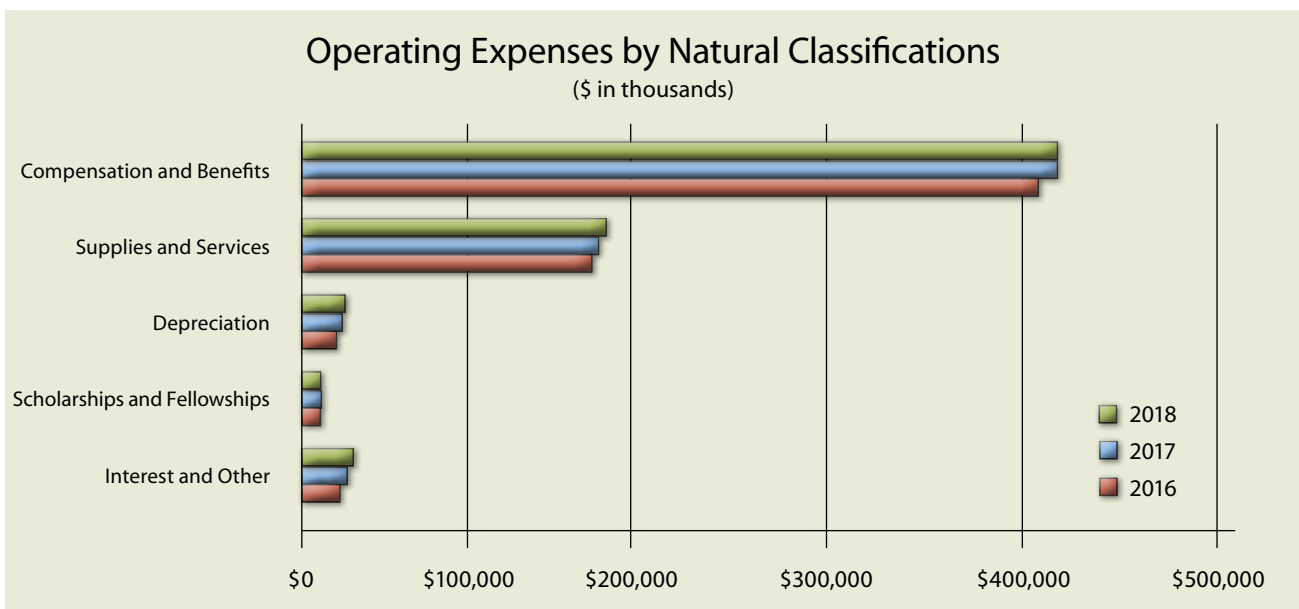
- *State capital appropriations* were \$1.4 million, \$1.9 million, and \$1.4 million in 2018, 2017 and 2016, respectively.
- *Capital and endowment gifts and grants* were \$0.4 million, \$2.0 million, and \$1.8 million, in 2018, 2017, and 2016, respectively.

Expenses are presented in the financial statements by natural classification, according to the type of expense, such as compensation and benefits. In addition, expenses may be aggregated by the functions that they support. Total expenses increased by \$13.2 million, or 1.9%, in 2018 and \$37.7 million, or 5.7%, in 2017. With the exception of scholarships and fellowships, depreciation, and interest expense, the changes in each of the functional categories reflect the changes in compensation and benefits and supplies and services.

The following chart presents total expenses by function for 2018, 2017, and 2016:



The following chart presents total expenses by natural classification for 2018, 2017, and 2016:



Statements of Net Position

as of June 30, 2018 and 2017

(dollars in thousands)

	2018	*Restated 2017	UMEA 2018	UMEA 2017	UVMF 2018	UVMF 2017
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 153,491	\$ 151,514	\$ 555	\$ 572	\$ 33,255	\$ 27,285
Operating investments	122,654	121,826	61,914	60,110	17,070	22,605
Accounts, loans, notes and pledges receivable, net	43,953	42,521	765	583	14,004	8,062
Inventories and prepaid expenses	11,963	11,293	8	8	361	321
Total current assets	332,061	327,154	63,242	61,273	64,690	58,273
Non-current assets:						
Endowment cash, cash equivalents and investments	490,792	453,323	-	-	101,164	83,129
Student loans, notes, and pledges receivable, net	36,991	33,132	-	-	13,605	8,003
Investments for capital activities	41,247	35,128	-	-	10	-
Deposits with trustees	8,077	29,674	-	-	1,261	1,221
Prepaid expenses and other assets	-	222	-	-	-	-
Capital assets, net	672,951	641,940	-	-	8,852	8,950
Total non-current assets	1,250,058	1,193,419	-	-	124,892	101,303
Total Assets	1,582,119	1,520,573	63,242	61,273	189,582	159,576
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of debt	5,215	5,936	-	-	-	-
Postemployment benefits	12,617	-	-	-	-	-
Total Deferred Outflows of Resources	17,832	5,936	-	-	-	-
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	73,192	73,360	421	230	10,613	8,760
Unearned revenue, deposits, and funds held for others	98,668	74,314	43,025	41,278	121	104
Bonds and leases payable	11,165	10,778	-	-	-	-
Total current liabilities	183,025	158,452	43,446	41,508	10,734	8,864
Non-current liabilities:						
Accrued liabilities	23,662	22,370	-	-	-	-
Postemployment benefits	492,575	232,590	-	-	-	-
Bonds and leases payable	545,391	556,603	-	-	5,388	5,658
Total non-current liabilities	1,061,628	811,563	-	-	5,388	5,658
Total Liabilities	1,244,653	970,015	43,446	41,508	16,122	14,522
DEFERRED INFLOWS OF RESOURCES						
Service concession arrangement	1,826	2,104	-	-	-	-
Split-interest arrangements	3,407	1,640	-	-	-	-
Total Deferred Inflows of Resources	5,233	3,744	-	-	-	-
NET POSITION						
Net investment in capital assets	116,345	95,797	-	-	3,464	3,292
Restricted:						
Non-Expendable	115,918	115,035	-	-	95,989	78,159
Expendable	342,741	329,753	14,392	14,040	66,491	57,136
Unrestricted	(224,939)	12,165	5,404	5,725	7,516	6,467
Total Net Position	\$ 350,065	\$ 552,750	\$ 19,796	\$ 19,765	\$ 173,460	\$ 145,054

*The accompanying notes are an integral part of the financial statements
Refer to footnote A2 of audited financial statements for a discussion of the restatement.

Statements of Revenues, Expenses and Changes in Net Position

for the years ended June 30, 2018 and 2017

(dollars in thousands)

	2018	*Restated 2017	UMEA 2018	UMEA 2017	UVMF 2018	UVMF 2017
Operating revenues						
Tuition and fees	\$ 427,998	\$ 405,242	\$ -	\$ -	\$ -	\$ -
Residential life	66,722	60,907	-	-	-	-
Less scholarship allowances	(120,657)	(105,477)	-	-	-	-
Net student fees	374,063	360,672	-	-	-	-
Federal, state, and private grants and contracts	180,541	173,209	-	-	1,067	986
Sales and services of educational activities	7,706	8,369	-	-	-	-
Other auxiliary enterprises	43,611	49,852	-	-	-	-
Student loan interest and other operating revenues	19,620	21,498	147	104	496	504
Total operating revenues	625,541	613,600	147	104	1,563	1,490
Operating expenses						
Compensation and benefits	(431,919)	(432,458)	(314)	(229)	(8,277)	(8,177)
Supplies and services	(188,285)	(181,615)	-	-	(2,447)	(2,880)
Depreciation	(31,356)	(29,931)	-	-	(341)	(257)
Scholarships and fellowships	(16,799)	(17,198)	-	-	-	-
Total operating expenses	(668,359)	(661,202)	(314)	(229)	(11,065)	(11,314)
Operating income (loss)	(42,818)	(47,602)	(167)	(125)	(9,502)	(9,824)
Non-operating revenues (expenses)						
State appropriations	43,010	42,894	-	-	-	-
Federal Pell grants	7,844	6,874	-	-	-	-
Private gifts	5,375	503	431	396	32,282	33,286
Net investment income	33,202	53,086	1,186	1,946	7,818	6,549
Interest on indebtedness	(17,290)	(16,741)	-	-	(89)	(72)
Gain/(loss) on disposal of capital assets	(2,609)	4,754	-	-	-	-
Net other non-operating expense	(6,018)	(380)	-	-	(583)	(515)
Intergovernmental transfers	(13,644)	(13,704)	-	-	-	-
Transfers from UVM to component units	(7,334)	(14,711)	-	-	6,709	14,193
Transfers to UVM from component units	26,145	17,289	(1,419)	(741)	(22,006)	(15,429)
Net non-operating revenues	68,681	79,864	198	1,601	24,131	38,012
Revenue before capital and endowment additions	25,863	32,262	31	1,476	14,629	28,188
State capital appropriations	1,400	1,900	-	-	-	-
Capital gifts and grants	304	444	-	-	-	-
Gifts for endowment purposes	91	1,510	-	-	13,777	11,754
Total capital and endowment additions	1,795	3,854	-	-	13,777	11,754
Increase in net position	27,658	36,116	31	1,476	28,406	39,942
Restatement of net position as of July 1, 2017*	(230,343)	-	-	700	-	-
Net position, beginning of year adjusted	552,750	516,634	19,765	17,589	145,054	105,112
Net Position, End of Year	\$ 350,065	\$ 552,750	\$ 19,796	\$ 19,765	\$ 173,460	\$ 145,054

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

**Refer to footnote A2 of audited financial statements for a discussion of restatement*

Statements of Cash Flows
for the years ended June 30, 2018 and 2017
(dollars in thousands)

	2018	2017
Cash Flows From Operating Activities		
Tuition and fees (net of applicable discounts)	\$ 327,322	\$ 309,371
Grants and contracts	174,031	181,115
Sales and services of educational activities	7,706	8,369
Sales and services of auxiliary enterprises:		
Residential life fees, net of scholarship allowances	50,449	47,126
Other	43,611	49,852
Payments to employees and benefit providers	(413,906)	(396,677)
Payments to vendors	(184,999)	(180,275)
Payments for scholarships and fellowships	(16,799)	(17,198)
Student loans issued	(5,628)	(3,766)
Student loans collected, interest and other revenue	2,675	2,295
Other receipts, net	19,135	20,994
Net cash provided by operating activities	3,597	21,206
Cash Flows From Non-Capital Financing Activities		
State general appropriation	43,010	42,894
Federal Pell grants	7,844	6,874
Private gifts for other than capital purposes	1,229	4,568
Intergovernmental transfers	(13,644)	(13,704)
Transfers from UVM to component units	(7,334)	(14,711)
Transfers to UVM from component units	26,029	17,289
Deposits of affiliates and life income payments, net	20,759	13,564
Net cash provided by non-capital financing activities	77,893	56,774
Cash Flows From Capital Financing Activities		
Proceeds from issuance of capital debt	67,068	80,341
State capital appropriation	1,400	1,900
Capital grants, gifts and other income	1,085	(3,970)
Purchases and construction of capital assets	(60,148)	(96,054)
Proceeds from disposal of capital assets	-	9,471
Principal paid on capital debt	(78,553)	(87,775)
Interest paid on capital debt	(22,126)	(24,974)
Changes in deposits with trustees, net	21,135	71,770
Net cash used in capital financing activities	(70,139)	(49,291)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	106,983	126,657
Purchase of investments	(126,324)	(127,212)
Interest and dividends on investments, net	4,443	3,387
Net cash (used in) provided by investing activities	(14,898)	2,832
Net increase (decrease) in cash and cash equivalents	(3,547)	31,521
Cash and cash equivalents - beginning of year	162,910	131,389
Cash and cash equivalents - end of year *	\$159,363	\$162,910
Reconciliation of Operating Loss To Cash Provided by Operating Activities		
Operating loss	\$ (42,818)	\$ (47,602)
Adjustments to reconcile operating loss to net cash provided by Operating Activities:		
Depreciation expense	31,356	29,931
Changes in assets and liabilities:		
Accounts receivable and loan receivables, net	313	7,802
Inventories and prepaid expense	(683)	1,314
Accounts payable	(4,574)	(587)
Unearned revenue, deposits and accrued liabilities	20,003	30,348
Net cash provided by operating activities	\$ 3,597	\$ 21,206

**of total cash and cash equivalents for 2018, \$153,491 is current and \$5,872 is non-current endowment and for 2017, \$151,514 is current and \$11,396 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, 2018 and 2017

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 12,679 undergraduate, graduate, and medical 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. (formally named Fletcher Allen Health Care, Inc.), University of Vermont Medical Group, Inc., and the University of Vermont Health Network, Inc. (formerly named Fletcher Allen Partner, Inc.) through an updated Affiliation Agreement signed in June, 2014. The Affiliation Agreement is for a period of five 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 (UVMC) in coordinating efforts and allocating their resources. UVMC 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 UVMC. In addition, UVMC agrees to pay base payments that help maintain medical facilities owned and managed by the University and the Dana Medical Library. UVMC 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 investment balances, the valuation of the postemployment benefit obligation, allowances on accounts and loans receivable, depreciation, and certain accruals.

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaced Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, and became effective for all fiscal years beginning after June 15, 2017. Under GASB 45, employers were required to calculate the unfunded actuarial accrued liability (UAAL) for other postemployment benefits (OPEB) whereas under GASB 75 employers are required to calculate the net OPEB liability (NOL). There are some technical differences between the two calculations but the most significant impact of GASB 75 is the change in reporting. GASB 75 requires that the NOL be recognized on the Statements of Net Position. Under GASB 45 the UAAL was disclosed in the footnotes (note L). Other changes prescribed by GASB 75 include more frequent actuarial valuations, the rate used to discount future benefit payments to a present value, the measurement date, and required disclosures. Disclosures now include year over year comparisons and sensitivity calculations for NOL. To comply with GASB 75, the University restated the July 1, 2017 Statement of Revenues, Expenses, and Changes in Net Position \$230,343.

The GASB issued Statement 81, *Irrevocable Split-Interest Agreements*, effective for years beginning after December 15, 2016. This statement establishes recognition and measurement requirements for irrevocable split-interest agreements, defined as “a specific type of giving arrangement used by donors to provide resources to two or more beneficiaries, including governments”. Examples of irrevocable split-interest agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. Prior to GASB Statement 81, the receipt of split-interest agreements was recognized as contribution revenue. Going forward, the receipt of split-interest agreements will be recognized as a deferred inflow of resources. To comply with GASB 81, the University has restated fiscal 2017 opening net position by reclassifying \$1,585 from restricted expendable net position to unconditional interests deferred outflows. In addition, net investment income increased \$1,468 from \$51,618 to \$53,086 as a result of split interest activity being recorded as deferred inflow of resources.

	As Previously Reported	GASB 81 Adjustment	As Restated
Net position as of July 1, 2016	\$ 518,219	\$ (1,585)	\$ 516,634
<i>For the year ended June 30, 2017:</i>			
Net investment income	51,618	1,468	53,086
Increase in net position	34,648	1,468	36,116
Net position as of June 30, 2017	\$ 552,867	\$ (117)	\$ 552,750

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 under GASB 72 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.

(dollars in thousands)

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. The majority of 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 2018 and 2017 consists of:

Grants and Contracts	FY18	FY17
Federal appropriations, grants and contracts	\$ 113,413	\$ 109,273
State grants and contracts	4,308	3,369
Other governmental grants and contracts	7	-
Private grants and contracts	62,813	60,567
TOTAL	\$180,541	\$173,209

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 \$27.6 million in 2018 and \$25.6 million in 2017.

Private grants and contracts includes funding of \$15.7 million in 2018 and \$15.7 million in 2017 to the Robert Larner, M.D. College of Medicine from the University of Vermont Medical Center, Inc. to offset facilities and operation costs.

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, 2018, and 2017, is \$10,286 and \$10,733, 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, 2018, and 2017, is \$4,671 and \$5,502, 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 \$60,432 in 2018 and \$56,802 in 2017. The total cost for contributions to the RHSP was \$856 in 2018 and \$708 in 2017. See note L for further information about postemployment benefits.

(dollars in thousands)

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, 2018, \$21,022 (\$20,275 in 2017) was accrued for vacation pay of which \$15,530 (\$14,981 in 2017) was charged to unrestricted net position and \$5,492 (\$5,294 in 2017) 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, 2018 and 2017 are summarized as follows:

Accounts, Loans, Notes and Pledges Receivable, Net	June 30, 2018	June 30, 2017
Current		
Federal, state, and private grants receivable	\$ 16,923	\$ 15,678
Student and trade accounts receivable, net	11,308	12,385
Other accounts receivable	13,084	11,279
Student loans receivable, net	2,077	2,182
Pledges receivable, net	561	997
Total Current	\$ 43,953	\$ 42,521
Non-Current		
Student loans receivable, net	\$ 19,588	\$ 20,160
Other notes receivable	11,907	12,933
Pledges receivable, net	5,496	39
Total Non-Current	\$ 36,991	\$ 33,132

The student accounts receivable are carried net of an allowance for doubtful accounts of \$358 in 2018 and \$418 in 2017.

Student loans receivable are carried net of an allowance for uncollectible UVM loans of \$53 current and \$443 non-current at June 30, 2018. At June 30, 2017, student loans receivable are carried net of an allowance for uncollectible UVM loans of \$72 current and \$581 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 \$6,947 for 2018 and \$7,346 for 2017. These amounts are included in non-current accrued liabilities.

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 \$7,076 and the current receivable balance is \$1,315 in 2018. The non-current receivable balance is \$8,303 and the current receivable balance is \$1,305 in 2017.

Accounts receivable from the UVMF and UMEA are \$10,203 in 2018 and \$8,365 in 2017 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 \$73,192 in 2018 and \$73,360 in 2017 are composed of accounts payable of \$15,786 in 2018 and \$20,363 in 2017 and accrued liabilities of \$57,023 in 2018 and \$52,997 in 2017. Also included in this total are pledges payable of \$383 for 2018, included in the chart of Note E. Accounts payable is mostly comprised of supplies and services payables, including construction, renovation and equipment of \$12,297 in 2018 and \$16,585 in 2017.

Current accrued liabilities at June 30, 2018 and 2017 are summarized below:

Current Accrued Liabilities	June 30, 2018	June 30, 2017
Interest expense	\$ 5,966	\$ 6,174
Construction retainage	3,456	4,860
Compensated absences	21,022	20,275
Insurance reserves	8,721	7,423
Compensation and benefits	7,826	6,589
Payment to annuitants	389	369
Service concession arrangement	938	938
Other	8,705	6,369
TOTAL	\$ 57,023	\$ 52,997

(dollars in thousands)

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 2018, net interest expense of \$4,627 (\$7,967 in 2017) was capitalized for projects that were funded by the 2015 general obligation bond.

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 2018 is \$28,590 (\$27,085 in 2017). Moveable equipment, software systems, and land improvements depreciation expense is \$2,766 for 2018 (\$2,846 in 2017).

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

Capital assets activity for the years ended June 30, 2018 and 2017 is summarized as follows:

Fiscal Year 2018						
Asset	Balance as of June 30, 2017	Additions	Retirements	Reclass/ Changes	Balance as of June 30, 2018	
Land	\$ 28,039	\$ -	\$ -	\$ -	\$ 28,039	
Land Improvements	4,812	1,250	-	-	6,062	
Buildings	635,871	5,227	(6,507)	77,756	712,347	
Building Service Systems	136,240	1,897	(1,180)	5,364	142,321	
Building Interiors	74,480	414	(1,183)	554	74,265	
Fixed Equipment	117,492	1,477	(2,793)	-	116,176	
Movable Equipment	30,016	1,627	(548)	528	31,623	
Software Systems	30,067	-	-	-	30,067	
Construction in Progress	80,184	53,084	-	(84,202)	49,066	
Total property and equipment	1,137,201	64,976	(12,211)	-	1,189,966	
Less: accumulated depreciation	(495,261)	(31,356)	9,602	-	(517,015)	
Property, plant and equipment, net	\$ 641,940	\$ 33,620	\$ (2,609)	\$ -	\$ 672,951	
Fiscal Year 2017						
Asset	Balance as of June 30, 2016	Additions	Retirements	Reclass/ Changes	Balance as of June 30, 2017	
Land	\$ 28,069	\$ -	\$ (30)	\$ -	\$ 28,039	
Land Improvements	3,360	1,452	-	-	4,812	
Buildings	614,124	4,645	(8,960)	26,062	635,871	
Building Service Systems	93,057	2,204	-	40,979	136,240	
Building Interiors	59,687	1,238	-	13,555	74,480	
Fixed Equipment	108,899	913	(209)	7,889	117,492	
Movable Equipment	28,898	1,118	-	-	30,016	
Software Systems	29,611	456	-	-	30,067	
Construction in Progress	78,905	89,764	-	(88,485)	80,184	
Total property and equipment	1,044,610	101,790	(9,199)	-	1,137,201	
Less: accumulated depreciation	(469,812)	(29,931)	4,482	-	(495,261)	
Property, plant and equipment, net	\$ 574,798	\$ 71,859	\$ (4,717)	\$ -	\$ 641,940	

(dollars in thousands)

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 3.25% to 6.43%. The debt obligations mature at various dates through 2045.

On July 10, 2017 the University issued \$57,020 of Series 2017 General Obligation Bonds at par value with a premium of \$9,675. The proceeds from the bonds were used, together with available moneys of the University,

to refund the remaining portion of the 2007 General Obligation Bonds. The University incurred a deferred gain of \$490 on the refunding of the 2007 General Obligation Bonds.

Long term debt activity for the years ended June 30, 2018 and 2017 is summarized as follows:

Long Term Liability	Beginning Balance	New Debt	Payments	Ending Balance	
				Current	Non-Current
Fiscal Year 2018					
General Obligation Bonds					
Series 2007	\$ 73,727	\$ -	\$ 73,727	\$ -	\$ -
Series 2009 (1)	70,831	-	1,768	1,828	67,235
Series 2010A	9,000	-	-	-	9,000
Series 2010B (2)	17,796	-	40	1,280	16,476
Series 2012A (3)	46,586	-	(13)	(13)	46,612
Series 2014A (4)	73,188	-	1,757	1,827	69,604
Series 2015 (5)	196,133	-	329	2,529	193,275
Series 2016 (6)	80,120	-	428	3,149	76,543
Series 2017 (7)	-	67,068	373	383	66,312
Capital Leases	-	660	144	182	334
TOTAL	\$ 567,381	\$ 67,728	\$ 78,553	\$ 11,165	\$ 545,391

- (1) This balance shown includes bond discount of \$883.
- (2) This balance shown is net of bond premium of \$406.
- (3) This balance shown includes bond discount of \$262.
- (4) This balance shown is net of bond premium of \$5,919.

- (5) This balance shown includes bond premium of \$8,874.
- (6) This balance shown includes bond premium of \$10,821.
- (7) This balance shown includes bond premium of \$9,675.

(dollars in thousands)

Fiscal Year 2017

Long Term Liability	Beginning Balance	New Debt	Payments	Ending Balance	
				Current	Non-Current
General Obligation Bonds					
Series 2005	\$ 11,236	\$ -	\$ 11,236	\$ -	\$ -
Series 2007 (1)	146,355	-	72,628	6,469	67,258
Series 2009 (2)	72,539	-	1,708	1,768	69,063
Series 2010A	9,000	-	-	-	9,000
Series 2010B (3)	17,836	-	40	40	17,756
Series 2012A (4)	46,573	-	(13)	(13)	46,599
Series 2014A (5)	74,780	-	1,592	1,757	71,431
Series 2015 (6)	196,462	-	329	329	195,804
Series 2016 (7)	-	80,120	-	428	79,692
Capital Leases	34	-	34	-	-
TOTAL	\$ 574,815	\$ 80,120	\$ 87,554	\$ 10,778	\$ 556,603

(1) This balance shown includes bond premium of \$2,347.

(2) This balance shown is net of bond discount of \$924.

(3) This balance shown includes bond premium of \$446.

(4) This balance shown is net of bond discount of \$275.

(5) This balance shown includes bond premium of \$6,230.

(6) This balance shown includes bond premium of \$9,203.

(7) This balance shown includes bond premium of \$11,250.

In compliance with the University's various bond indentures, at June 30, 2018 the University has deposits with trustees of \$542 (\$21,677 in 2017) 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
2019	\$ 9,728	\$ 23,681	\$ 33,409
2020	12,983	23,157	36,140
2021	13,322	22,535	35,857
2022	12,373	21,927	34,300
2023	12,950	21,311	34,261
2024-2028	75,255	96,129	171,384
2029-2033	96,430	75,828	172,258
2034-2038	119,405	52,410	171,815
2039-2043	128,105	23,723	151,828
2044-2046	41,455	2,209	43,664
TOTAL	\$ 522,006	\$ 362,910	\$ 884,916

(dollars in thousands)

Other long term liabilities at June 30, 2018 and 2017 are summarized below:

Fiscal Year 2018					
Other Long Term Liabilities	Beginning Balance	Increases	Decreases	Ending Balance	
				Current	Non-Current
Federal Student Loan Capital Contribution	\$ 7,346	\$ -	\$ 399	\$ -	\$ 6,947
Green Mountain Loan Guarantee	1,037	-	242	-	795
Obligations under deferred giving arrangements	7,569	691	2,867	389	5,004
Postemployment Benefits*	471,201	37,960	16,586	-	492,575
Service Concession Arrangement	7,503	-	938	938	5,627
Pledges Payable and Other Accrued Liabilities	222	5,627	174	386	5,289
TOTAL	\$ 494,878	\$ 44,278	\$ 21,206	\$ 1,713	\$ 516,237
Fiscal Year 2017					
Other Long Term Liabilities	Beginning Balance	Increases	Decreases	Ending Balance	
				Current	Non-Current
Federal Student Loan Capital Contribution	\$ 8,156	\$ -	\$ 810	\$ -	\$ 7,346
Green Mountain Loan Guarantee	1,287	-	250	-	1,037
Obligations under deferred giving arrangements	7,208	1,791	1,430	369	7,200
Postemployment Benefits	202,356	47,390	17,156	-	232,590
Service Concession Arrangement	1,828	5,878	203	938	6,565
Other Accrued Liabilities	277	81	136	-	222
TOTAL	\$ 221,112	\$ 55,140	\$ 19,985	\$ 1,307	\$ 254,960

* To comply with GASB 75, the University restated the beginning balance of postemployment benefits. More details can be found in note A2

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 for the short term pool, which includes cash and cash equivalents and other investments with weighted average maturities of up to one year, and the intermediate pool, which includes investments with a weighted average maturity of between one and six years, are restricted by investment type, dollar level, maturity and rating to mitigate credit risk on investments individually and in the aggregate.

Investments are restricted to U.S. Treasury and government securities and high quality corporate securities and commercial and bank paper. Debt securities must be rated Aaa, Aa, A or BBB by Moodys or AAA, AA, A or BBB by Standard and Poors. Bank obligations, banker's acceptances or negotiable certificates of deposit must be rated B or better and no more than 20% of the funds in the cash pool can be in obligations

of institutions within any single holding company. Commercial paper must be rated A-1 by Standard and Poors or P-1 by Moodys. Investments may include repurchase agreements secured by the U.S government and federal agency obligations, which shall have market values of at least 100% of the amount of the repurchase agreement. Investments may also include repurchase agreements with banks having Fitch ratings no lower than B with the condition that these repurchase agreements are 100% collateralized with U.S. government securities. Investments may also include commingled funds if they are in compliance with certain guidelines. Investments of the long term pool are restricted to those allowable under the University's Statement of Objectives and Policies for the Long Term Investment Pool, including the endowment fund.

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

Cash and Cash Equivalents	June 30, 2018	June 30, 2017
Cash	\$ 71,563	\$ 85,139
Certificates of Deposit	86,740	77,233
Money Markets	1,060	538
TOTAL	\$ 159,363	\$ 162,910

Of total cash and cash equivalents above, \$5,872 in 2018 and \$11,396 in 2017 are included in non-current endowment cash and cash equivalents.

(dollars in thousands)

The balance of cash held in bank deposit accounts was \$153,378 at June 30, 2018 and \$164,139 at June 30, 2017. Of these bank balances, \$1,033 in 2018 and \$1,018 in 2017 were covered by the Federal Depository Insurance Corporation. The University also has an irrevocable standby letter of credit up to \$120,000 at June 30, 2018 and \$135,000 at June 30, 2017 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, 2018 and 2017.

Total operating investments were \$122,654 at June 30, 2018 and \$121,826 at June 30, 2017. Operating investments invested in the long term pool were \$11,244 at June 30, 2018 and \$10,960 at June 30, 2017 (see note G). Short and intermediate term operating investments at June 30, 2018 and 2017 were primarily made through commingled funds with the following investment strategies:

2018	UVM Amount	Average Maturity/ Effective Duration	Govt/ Agency	Credit Quality %				
				AAA	AA	A	BBB	Other
Bonds	\$ 100,907	3.3 yrs/ 3.0 yrs	46	2	14	32	6	-
Multi Strategy Equity Fund	10,195							
Other	308							
TOTAL	\$ 111,410							

2017	UVM Amount	Average Maturity/ Effective Duration	Govt/ Agency	Credit Quality %				
				AAA	AA	A	BBB	Other
Bonds	\$ 101,035	3.1 yrs/ 2.9 yrs	43	1	15	30	11	-
Multi Strategy Equity Fund	9,088							
Other	743							
TOTAL	\$ 110,866							

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 \$6,437 in 2018 and \$6,873 in 2017 of assets held under deferred giving arrangements, \$1,098 in 2018 and \$1,124 in 2017 of investments in the waste disposal fund required by the EPA, and \$542 in 2018 and \$21,677 in 2017 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	FY18	FY17
Net interest, dividend, and other income	\$ 5,936	\$ 5,042
Realized gains	12,899	17,211
Unrealized gains	16,099	32,379
Investment management fees	(1,732)	(1,546)
TOTAL	\$ 33,202	\$ 53,086

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.

(dollars in thousands)

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, 2018 and 2017 is summarized as follows:

Fiscal Year 2018	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Equity Securities					
U.S. Equity	\$ 122,395	\$ -	\$ -	\$ -	\$ 122,395
Global Developed	74,953	-	-	-	74,953
Global Emerging	39,324	-	-	22,332	61,656
Total Equity Securities	<u>236,672</u>	<u>-</u>	<u>-</u>	<u>22,332</u>	<u>259,004</u>
Marketable Alternative					
Absolute Return	-	-	-	87,351	87,351
Hedged Equity	-	-	-	15,649	15,649
Total Marketable Alternative	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,000</u>	<u>103,000</u>
Real Assets					
Private Real Assets	-	-	325	30,995	31,320
Public Real Assets	18,487	-	-	9,952	28,439
Total Real Assets	<u>18,487</u>	<u>-</u>	<u>325</u>	<u>40,947</u>	<u>59,759</u>
Private Equity/Venture Capital					
Private Equity	-	-	8	15,132	15,140
Venture Capital	-	-	-	21,381	21,381
Secondaries	-	-	-	9,692	9,692
Distressed	-	-	-	13,269	13,269
Total Private Equity/Venture Capital	<u>-</u>	<u>-</u>	<u>8</u>	<u>59,474</u>	<u>59,482</u>
Debt Securities	46,698	120,197	-	-	166,895
Other Investments	235	-	446	-	681
Cash and Cash Equivalents	5,872	-	-	-	5,872
Total Investments	\$ 307,964	\$ 120,197	\$ 779	\$ 225,753	\$ 654,693
Deposits With Trustees at Fair Value:					
Beneficial Interests in Trusts	\$ -	\$ -	\$ 6,436	\$ -	\$ 6,436
Debt Securities	542	1,045	-	-	1,587
Cash and Cash Equivalents	54	-	-	-	54
Total Deposits With Trustees	\$ 596	\$ 1,045	\$ 6,436	\$ -	\$ 8,077

(dollars in thousands)

Fiscal Year 2017	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Equity Securities					
U.S. Equity	\$ 104,094	\$ -	\$ -	\$ -	\$ 104,094
Global Developed	67,056	-	-	-	67,056
Global Emerging	37,835	-	-	21,087	58,922
Total Equity Securities	208,985	-	-	21,087	230,072
Marketable Alternative					
Absolute Return	-	-	-	83,957	83,957
Hedged Equity	-	-	-	14,672	14,672
Total Marketable Alternative	-	-	-	98,629	98,629
Real Assets					
Private Real Assets	-	-	325	36,767	37,092
Public Real Assets	16,017	-	-	9,965	25,982
Total Real Assets	16,017	-	325	46,732	63,074
Private Equity/Venture Capital					
Private Equity	-	-	9	13,089	13,098
Venture Capital	-	-	-	18,328	18,328
Secondaries	-	-	-	9,515	9,515
Distressed	-	-	-	4,015	4,015
Total Private Equity/Venture Capital	-	-	9	44,947	44,956
Debt Securities	47,694	113,365	-	-	161,059
Other Investments	466	-	625	-	1,091
Cash and Cash Equivalents	11,396	-	-	-	11,396
Total Investments	\$ 284,558	\$ 113,365	\$ 959	\$ 211,395	\$ 610,277
Deposits With Trustees at Fair Value:					
Beneficial Interests in Trusts	\$ 107	\$ -	\$ 7,887	\$ -	\$ 7,994
Debt Securities	11,263	10,414	-	-	21,677
Cash and Cash Equivalents	3	-	-	-	3
Total Deposits With Trustees	\$ 11,373	\$ 10,414	\$ 7,887	\$ -	\$ 29,674

(dollars in thousands)

Investment liquidity for the years ended June 30, 2018 and 2017 is summarized as follows:

Fiscal Year 2018	Daily	Monthly	Quarterly	Semi- Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Equity Securities								
U.S. Equity	\$ 115,929	\$ 6,466	\$ -	\$ -	\$ -	\$ -	\$ 122,395	1-30 days
Global Developed	74,953	-	-	-	-	-	74,953	Same day
Global Emerging	39,324	-	22,332	-	-	-	61,656	1-60 days
Total Equity Securities	<u>230,206</u>	<u>6,466</u>	<u>22,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,004</u>	
Marketable Alternative								
Absolute Return	10,189	8,454	26,315	6,942	35,446	5	87,351	1-90 days, Illiquid
Hedged Equity	-	-	-	15,649	-	-	15,649	90 days
Total Marketable Alternative	<u>10,189</u>	<u>8,454</u>	<u>26,315</u>	<u>22,591</u>	<u>35,446</u>	<u>5</u>	<u>103,000</u>	
Real Assets								
Private Real Assets	-	-	-	-	-	31,320	31,320	Illiquid
Public Real Assets	18,487	-	-	-	-	9,952	28,439	Same day, Illiquid
Total Real Assets	<u>18,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,272</u>	<u>59,759</u>	
Private Equity/Venture Capital								
Private Equity	-	-	-	-	-	15,140	15,140	Illiquid
Venture Capital	-	-	-	-	-	21,381	21,381	Illiquid
Secondaries	-	-	-	-	-	9,692	9,692	Illiquid
Distressed	-	-	-	-	-	13,269	13,269	Illiquid
Total Private Equity/ Venture Capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,482</u>	<u>59,482</u>	
Debt Securities	151,144	15,751	-	-	-	-	166,895	1-30 days
Other Investments	235	-	-	-	-	446	681	Same day, Illiquid
Cash and Cash Equivalents	5,872	-	-	-	-	-	5,872	Same day
Total Investments	<u>\$ 416,133</u>	<u>\$ 30,671</u>	<u>\$ 48,647</u>	<u>\$ 22,591</u>	<u>\$ 35,446</u>	<u>\$ 101,205</u>	<u>\$ 654,693</u>	

(dollars in thousands)

Fiscal Year 2017	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Equity Securities								
U.S. Equity	\$ 97,889	\$ 6,205	\$ -	\$ -	\$ -	\$ -	\$ 104,094	1-30 days
Global Developed	67,056	-	-	-	-	-	67,056	Same day
Global Emerging	37,835	-	21,087	-	-	-	58,922	1-60 days
Total Equity Securities	202,780	6,205	21,087	-	-	-	230,072	
Marketable Alternative								
Absolute Return	9,088	8,627	24,726	15,223	20,083	6,210	83,957	1-90 days, Illiquid
Hedged Equity	-	-	-	14,672	-	-	14,672	90 days
Total Marketable Alternative	9,088	8,627	24,726	29,895	20,083	6,210	98,629	
Real Assets								
Private Real Assets	-	-	-	-	-	37,092	37,092	Illiquid
Public Real Assets	16,017	-	-	-	-	9,965	25,982	Same day, Illiquid
Total Real Assets	16,017	-	-	-	-	47,057	63,074	
Private Equity/Venture Capital								
Private Equity	-	-	-	-	-	13,098	13,098	Illiquid
Venture Capital	-	-	-	-	-	18,328	18,328	Illiquid
Secondaries	-	-	-	-	-	9,515	9,515	Illiquid
Distressed	-	-	-	-	-	4,015	4,015	Illiquid
Total Private Equity/ Venture Capital	-	-	-	-	-	44,956	44,956	
Debt Securities	152,347	8,712	-	-	-	-	161,059	1-30 days
Other Investments	466	-	-	-	-	625	1,091	Same day, Illiquid
Cash and Cash Equivalents	11,396	-	-	-	-	-	11,396	Same day
Total Investments	\$ 392,094	\$ 23,544	\$ 45,813	\$ 29,895	\$ 20,083	\$ 98,848	\$ 610,277	

The following is a description of the investment categories:

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.

Real Assets – This asset class includes investments focusing on publicly traded securities of oil, gas, and other 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 oil and gas properties as well as other natural resources. Many of the private real asset investments are made via lock-up funds and are thus illiquid. Public real assets are publicly traded and are liquid.

Private Equity - This asset class includes investments focusing on interests in private companies including buyout funds, secondary markets, and distressed debt.

Venture Capital - This asset class includes investments focusing on non-publicly traded interests in start-up entities.

Debt Securities – 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.

(dollars in thousands)

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 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% of the previous 13 quarters' average market value. 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 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 stocks (domestic and international) and bonds; marketable alternatives (hedge funds); non-marketable alternatives (venture capital and private equity); and a diversified portfolio of inflation-hedges

(real estate and commodities). The asset allocation target and actual percentages at June 30 are presented in the top right table:

Unaudited	June 30, 2018		June 30, 2017	
	Target %	Actual %	Target %	Actual %
US Equity	20.0	22.0	19.0	20.3
Global Excluding US Equity	23.0	25.6	24.0	25.8
Marketable Alternatives	19.0	17.4	21.0	18.3
Real Estate/Inflation Hedges	13.0	12.7	13.0	12.8
Non-marketable Alternatives	13.0	9.6	13.0	9.2
Fixed Income/Debt	12.0	11.8	10.0	11.5
Cash & Cash Equivalents	0.0	0.9	0.0	2.1

Endowment and similar investments including \$11,244 and \$10,960 of operating investments and \$41,247 and \$35,128 of capital investments at June 30, 2018 and 2017, respectively, are composed of the following:

	June 30, 2018	June 30, 2017
Cash	\$ 4,833	\$ 9,862
Money Market	1,039	1,534
Common Stock	115,929	97,889
U.S. Treasury Bonds and Notes	474	481
Other Government Bonds and Notes	197	332
Industry Bonds	2,880	2,815
Private Equity and Venture Partnerships	116,125	100,109
Life Estates	949	928
Hedge Funds	115,178	110,900
Mutual Funds	185,679	174,561
TOTAL	\$ 543,283	\$ 499,411

The fixed income portfolio is composed of two passive bond funds with the following risk profiles at June 30, 2018 and 2017:

		Credit Quality %						
	Average Duration	Govt/ Agency	AAA	AA	A	BBB	<BBB	
2018	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	
Amount	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	
Passive Bond Funds	\$62,428	4.4	44	3	3	11	38	1
		Credit Quality %						
	Average Duration	Govt/ Agency	AAA	AA	A	BBB	<BBB	
2017	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	
Amount	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	
Passive Bond Funds	\$56,384	3.7	55	5	4	10	25	1

(dollars in thousands)

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 \$64.20), 4,755.8939 units were owned by endowment funds and 3,541.3406 units by quasi endowment funds at June 30, 2018 (\$62.58, 4,737.4387 and 3,077.4780 respectively, at June 30, 2017).

Beginning in fiscal year 2013 the University of Vermont Foundation (UVMF) elected to participate in the UVM pooled endowment. The UVMF owned 1,261.2855 units with a market value of \$80,971 as of June 30, 2018 and 884.9141 units with a market value of \$55,374 as of June 30, 2017. The market value of UVMF's units is reported on the Statements of Net Position within unearned revenue, deposits, and funds held for others.

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 Return
June 30, 2018	\$ 532,658	\$ 411,178	\$ 121,480
June 30, 2017	489,024	386,461	102,563
Unrealized Net Gain			18,917
New Gifts and Transfers			26,658
Realized Net Gain			12,849
Net Income			1,508
Withdrawn for Spending			(16,298)
Total Net Change			\$ 43,634

	Fair Value	Cost	Net Return
June 30, 2017	\$ 489,024	\$ 386,461	\$ 102,563
June 30, 2016	438,362	369,994	68,368
Unrealized Net Gain			34,195
New Gifts and Transfers			15,346
Realized Net Gain			16,780
Net Income			159
Withdrawn for Spending			(15,818)
Total Net Change			\$ 50,662

I. Commitments

Major plant projects include commitments as follows:

Unaudited Project	Estimated Project Cost	Project-to-Date Expenditures 2018	Project-to-Date Expenditures 2017
STEM Project	\$ 104,000	\$ 84,827	\$ 70,471
Billings Library Renovation	8,500	5,654	190
Kalkin Expansion Project	11,000	9,962	1,578

The University has entered into operating leases for space, which expire at various dates through fiscal 2023. 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
2019	\$ 1,047
2020	720
2021	528
2022	395
2023	213
TOTAL	\$ 2,903

Operating lease expenses totaled \$4,458 and \$5,041 in 2018 and 2017, respectively.

The University is obligated under certain of its investments to make future capital contributions in the amount of \$45,072 as of June 30, 2018.

The University entered into agreements with the State of Vermont Department of Vermont Health Access in both 2018 and 2017, 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 \$13,644 and \$13,704 were made in 2018 and 2017, 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 2019, 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 \$13,865.

(dollars in thousands)

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 \$250 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 elected, effective July 1, 2003, to become a shareholder and member of Genesis Limited, an insurance and reinsurance captive organization domiciled in Bermuda. A Vermont captive, Pinnacle Consortium of Higher Education, was formed in fiscal 2005 as a fronting insurer to Genesis. On December 31, 2015, Genesis dissolved and merged its assets and liabilities into Pinnacle, to improve efficiencies and reduce operating costs. The captives consist of 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, written by Pinnacle effective 7/1/05, and the group purchase liability program that provides a \$23,000 excess limit. The University has purchased an additional \$75,000 from the commercial 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 \$3,248 in 2018 and \$3,028 in 2017; \$10 and \$426 of this is covered by excess insurance in 2018 and 2017, respectively. The University paid claims of \$2,378 in 2018 and \$2,844 in 2017. Reserves for property and casualty liabilities are included in accrued liabilities (including incurred but not reported) in the amount of \$8,721 at June 30, 2018 and \$7,423 at June 30, 2017.

In conducting its activities, the University from time to time is the subject of various claims and also 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 \$8,391. 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 \$6,565 in FY18. 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 \$8,391, (\$6,565), and (\$1,826), 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 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 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), Prudential Financial Services, and Fidelity Investments.

(dollars in thousands)

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 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 either 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, 2018 and 2017, the University had total payroll expense of \$294,262 and \$286,752, respectively, of which \$211,255 in 2018 and \$206,127 in 2017 was covered by the University's 403(b) retirement plan. Total employee and employer contributions for 403(b) pension benefits for the year were \$18,054 and \$21,126, respectively, for 2018 and \$17,569 and \$20,613, respectively, for 2017. 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 \$4,500 in fiscal year 2018 and \$4,156 in fiscal year 2017.

L. Postemployment Benefits Other Than Pensions (OPEB)

FY18 Disclosures Required by GASB Statement 75:

The University is required to account for its postemployment benefit plan in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was adopted effective July 1, 2017. 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 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 month 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,677
Active employees	3,842
TOTAL	5,519

(dollars in thousands)

2. Total OPEB Liability

The University's total OPEB liability of \$492,575 was determined by an actuarial valuation as of January 1, 2017, and then projected forward to the measurement date of December 31, 2017.

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.30%
Salary Increases	3.00%
Discount Rate	3.44%

The percentages below 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%	4.0%	2087
J Carve-Out Medicare	6.6%	4.1%	2093
MediComp III Medicare	6.6%	4.1%	2084
Dental	5.0%	4.1%	2084
Tuition Remission	2.3%	2.3%	2018

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 were based on the Sex-distinct RP-2006 Base Healthy Annuitant / Employee Mortality Tables with projection Scale MP-2017 for healthy participants and Sex-distinct RP-2006 Base Disabled Mortality Tables with projection Scale MP-2017 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.

3. Changes in Total OPEB Liability

The following table represents changes in Total OPEB Liability for the year ended June 30, 2018:

Fiscal Year 2018	Total OPEB Liability
Balance at 7/1/2017	\$ 471,201
Changes for the year:	
Service cost	14,434
Interest on total OPEB liability	18,066
Effect of plan changes	-
Effect of economic/demographic gains or losses	847
Effect of assumption changes or inputs	4,085
Benefit payments	(16,058)
Net changes	21,374
Balance at 6/30/2018	\$ 492,575

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

The following presents the total OPEB liability of the University, calculated using the discount rate of 3.44%, 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 (2.44%) or 1 percentage point higher (4.44%) than the current rates.

Fiscal Year 2018	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 574,964	\$ 492,575	\$ 426,676

The following presents the 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 2018	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 418,002	\$ 492,575	\$ 587,400

(dollars in thousands)

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, 2018 is summarized as follows:

OPEB Expense	FY18
Service cost	\$ 14,434
Interest on total OPEB liability	18,066
Effect of plan changes	-
Recognition of deferred outflows/inflows of resources	
Recognition of economic/demographic gains or losses	160
Recognition of assumption changes or inputs	772
OPEB expense	\$ 33,432

Deferred outflows and inflows of resources as of June 30, 2018 is summarized as follows:

Deferred Outflows/ Inflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 687
Changes of assumptions	-	3,312
Contributions after measurement period	-	8,618
TOTAL	\$ -	\$ 12,617

Deferred outflows of resources resulting from contributions after the measurement period totaling \$8,618 will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. 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
2019	\$ 932
2020	932
2021	932
2022	932
2023	271
Thereafter*	-

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

FY17 Disclosures Required by GASB Statement 45:

The University's postemployment benefit plan in fiscal year 2017 had the same coverage options and plan provisions as described earlier in this footnote.

As of January 1, 2015, there were 3,614 active employees, with an average age of 48.4 years and average credited service of 11.7 years, and 2,448 retirees and beneficiaries included in the census data used in the actuarial calculations.

Actuarial calculations reflect a long term perspective, involve estimates about the probability of events and are subject to continual revision. The calculations were developed using certain actuarial assumptions and methods. The assumptions include an investment return of 5.15%, termination rates based on historical experience, a weighted average retirement age of 64, inflation rate of 2.5%, and annual salary rate increases of 3.0%. The valuation utilizes the RP-2014 Healthy Annuitant/Employee Mortality tables adjusted to reflect Scale MP-2015 from the 2006 base year and projected forward using Scale MP-2015 on a generational basis. The methods include the projected unit credit actuarial cost method and a 30-year amortization of the plan's initial unfunded liability on a closed, level dollar basis. Additionally, each year's plan changes, assumption changes, actuarial gains and losses, and contribution excesses/deficiencies are amortized over separate closed periods of 30 years on a level dollar basis. Health care cost inflation is assumed to be 6.6% / 8.2% in 2016 for pre-Medicare/Medicare medical coverage and gradually decrease to 4.50% going forward. Dental trend is assumed to be 5.0% in all years.

The actuarial accrued liability at the measurement date of July 1, 2015 was \$438,628. There are no assets specifically funding the liability as the University's contributions are comprised entirely of direct payments for benefits. Employer contributions for fiscal year ended June 30, 2017 totaled \$17,156, or 36.2% of annual other postemployment benefit (OPEB) cost. The annual required contribution (ARC) of \$51,265 for fiscal year 2017 is the sum of \$16,342, the normal cost at July 1, 2016 plus interest, the 2017 amortization of the initial UAAL of \$21,555, the amortization of contribution deficiencies of \$14,297, and the amortization of plan experience of (\$929).

Total annual OPEB costs and liabilities for the 2017 fiscal year include the following components:

	June 30, 2017
Annual required contribution	\$ 51,265
Interest on net OPEB obligation	10,421
ARC adjustment	(14,296)
Annual OPEB cost	47,390
Contributions during FY	(17,156)
Increase in net OPEB obligation	30,234
Net OPEB obligation, beginning of year	202,356
Net OPEB obligation, end of year	\$ 232,590

In accordance with GASB Technical Bulletin 2006-1, assumed health care costs do not reflect any expected federal reimbursements to the University under the Medicare Part D Program.

(dollars in thousands)

M. Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2018 and 2017 are summarized as follows::

Year ended June 30, 2018						
Function	Compensation And Benefits	Supplies And Services	Scholarships And Fellowships	Depreciation		
	\$	\$	\$	\$	\$	\$
Instruction	156,766	21,948	-	-	-	178,714
Research	59,611	30,208	-	-	-	89,819
Public service	47,641	15,506	-	-	-	63,147
Academic support	45,807	16,571	-	-	-	62,378
Student services	28,832	16,796	-	-	-	45,628
Institutional support	31,479	12,199	-	-	-	43,678
Operations and maintenance of plant	30,850	22,329	-	-	-	53,179
Scholarships and fellowships	-	-	16,799	-	-	16,799
Auxiliary enterprises	30,933	52,728	-	-	-	83,661
Depreciation	-	-	-	31,356	-	31,356
TOTAL	\$ 431,919	\$ 188,285	\$ 16,799	\$ 31,356	\$	\$ 668,359

Year ended June 30, 2017						
Function	Compensation And Benefits	Supplies And Services	Scholarships And Fellowships	Depreciation		
	\$	\$	\$	\$	\$	\$
Instruction	159,621	20,639	-	-	-	180,260
Research	58,366	27,535	-	-	-	85,901
Public service	47,501	17,253	-	-	-	64,754
Academic support	47,520	16,693	-	-	-	64,213
Student services	28,298	17,978	-	-	-	46,276
Institutional support	31,408	9,136	-	-	-	40,544
Operations and maintenance of plant	28,954	22,118	-	-	-	51,072
Scholarships and fellowships	-	-	17,198	-	-	17,198
Auxiliary enterprises	30,790	50,263	-	-	-	81,053
Depreciation	-	-	-	29,931	-	29,931
TOTAL	\$ 432,458	\$ 181,615	\$ 17,198	\$ 29,931	\$	\$ 661,202

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 \$1,456 and \$321 in fiscal 2018 and fiscal 2017, respectively.

Also, in fiscal 2018, 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 2018 and therefore fiscal 2018 supplies and services expense and current accrued liabilities include \$1,654 (\$1,898 in fiscal 2017) 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.

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Year ended June 30, 2018

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:				
Cultural Resources Management Program	Direct	12.000	\$ —	125,149
Biomedical Translational Initiative-Polytrauma Research	Direct	12.000	—	769,685
Subtotal			—	894,834
Basic and Applied Scientific Research	Direct	12.300	—	(47)
Basic and Applied Scientific Research	Direct	12.300	—	26,881
Subtotal			—	26,834
Military Medical Research and Development	Direct	12.420	—	1,062
Military Medical Research and Development	Direct	12.420	61,353	64,389
Military Medical Research and Development	Direct	12.420	—	76,753
Subtotal			61,353	142,204
Basic Scientific Research	Direct	12.431	—	134,722
Basic Scientific Research	Direct	12.431	—	18,245
Subtotal			—	152,967
Basic, Applied, and Advanced Research in Science and Engineering	Direct	12.630	—	(1)
Donations/Loans of Obsolete Dod Property	Direct	12.700	—	53,072
Department of Defense Direct Subtotal			61,353	1,269,910
Goodrich Corporation	GOODRICH 57702	12.000	—	(11,468)
ATA Engineering	67003-100 FA8650-17	12.000	—	49,935
White River Technologies	Buried Explosion	12.000	—	31,192
White River Technologies	White River Tech	12.000	—	9,412
White River Technologies	W909MY-17-C-0020	12.000	—	79,349
Sim*Vivo, LLC	SIM VIVO LLC	12.000	—	12,028
Human Biomed Inc	HumanBiomed	12.000	—	83,917
Subtotal			—	254,365
Lockheed Martin Corporation	4103369510	12.910	—	111,368
Tufts University	DOD060	12.910	—	30,564
Subtotal			—	141,932
Department of Defense Pass Through Subtotal			—	396,297
Department of Defense Total			61,353	1,666,207
Department of Health and Human Services:				
Department of Health and Human Services	Direct	93.000	—	9,410
Department of Health and Human Services	Direct	93.000	36,672	120,286
Department of Health and Human Services	Direct	93.000	2,642	10,061
Department of Health and Human Services	Direct	93.000	—	55,610
Department of Health and Human Services	Direct	93.000	—	45,815
Department of Health and Human Services	Direct	93.000	—	4,591
Subtotal			39,314	245,773
Family Smoking Prevention and Tobacco Control Act Regulatory Research	Direct	93.077	339,824	746,208
Family Smoking Prevention and Tobacco Control Act Regulatory Research	Direct	93.077	—	81,994
Family Smoking Prevention and Tobacco Control Act Regulatory Research	Direct	93.077	1,365,379	4,812,675
Family Smoking Prevention and Tobacco Control Act Regulatory Research	Direct	93.077	—	69,052
Subtotal			1,705,203	5,709,929
Environmental Health	Direct	93.113	—	21,609
Environmental Health	Direct	93.113	13,066	67,768
Subtotal			13,066	89,377
Oral Diseases and Disorders Research	Direct	93.121	—	774,504
Oral Diseases and Disorders Research	Direct	93.121	—	449,985
Subtotal			—	1,224,489
Research Related to Deafness and Communication Disorders	Direct	93.173	—	12,009
Research on Healthcare Costs, Quality and Outcomes	Direct	93.226	—	32,981
Mental Health Research Grants	Direct	93.242	—	167,023
Mental Health Research Grants	Direct	93.242	—	44,600
Mental Health Research Grants	Direct	93.242	—	182,951
Mental Health Research Grants	Direct	93.242	—	30,176
Mental Health Research Grants	Direct	93.242	—	65,612
Subtotal			—	490,362
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	Direct	93.243	—	3,389
Drug Abuse and Addiction Research Programs	Direct	93.279	—	20,297
Drug Abuse and Addiction Research Programs	Direct	93.279	—	551,690
Drug Abuse and Addiction Research Programs	Direct	93.279	—	376,191
Drug Abuse and Addiction Research Programs	Direct	93.279	—	255,278
Drug Abuse and Addiction Research Programs	Direct	93.279	—	118,447
Drug Abuse and Addiction Research Programs	Direct	93.279	—	427,131

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Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Drug Abuse and Addiction Research Programs	Direct	93.279	\$ —	38,160
Subtotal			—	1,787,194
Discovery and Applied Research for Technological Innovations to Improve Human Health	Direct	93.286	—	451,757
Discovery and Applied Research for Technological Innovations to Improve Human Health	Direct	93.286	—	235,646
Subtotal			—	687,403
National Center for Research Resources	Direct	93.389	—	31,557
Cancer Cause and Prevention Research	Direct	93.393	—	(8,559)
Cancer Cause and Prevention Research	Direct	93.393	—	862,285
Cancer Cause and Prevention Research	Direct	93.393	45,479	1,325,036
Cancer Cause and Prevention Research	Direct	93.393	—	214,515
Cancer Cause and Prevention Research	Direct	93.393	8,586	33,780
Subtotal			54,065	2,427,057
Cancer Treatment Research	Direct	93.395	—	82,899
Cancer Biology Research	Direct	93.396	—	295,235
Health Cancer Center Support Grants	Direct	93.397	5,959	6,693
Health Cancer Center Support Grants	Direct	93.397	45,028	479,127
Subtotal			50,987	485,820
Cancer Research Manpower	Direct	93.398	—	11,264
Cardiovascular Diseases Research	Direct	93.837	88,130	259,244
Cardiovascular Diseases Research	Direct	93.837	—	385,027
Cardiovascular Diseases Research	Direct	93.837	—	296,418
Cardiovascular Diseases Research	Direct	93.837	28,572	375,290
Cardiovascular Diseases Research	Direct	93.837	—	90,589
Cardiovascular Diseases Research	Direct	93.837	—	443,544
Cardiovascular Diseases Research	Direct	93.837	—	(1)
Cardiovascular Diseases Research	Direct	93.837	—	128,953
Cardiovascular Diseases Research	Direct	93.837	91,231	228,649
Cardiovascular Diseases Research	Direct	93.837	52,960	468,167
Cardiovascular Diseases Research	Direct	93.837	202,917	362,871
Cardiovascular Diseases Research	Direct	93.837	16,251	352,747
Cardiovascular Diseases Research	Direct	93.837	—	338,157
Cardiovascular Diseases Research	Direct	93.837	—	130,990
Cardiovascular Diseases Research	Direct	93.837	—	69,657
Cardiovascular Diseases Research	Direct	93.837	—	29,392
Cardiovascular Diseases Research	Direct	93.837	—	243,771
Subtotal			480,061	4,203,465
Lung Diseases Research	Direct	93.838	—	292,764
Lung Diseases Research	Direct	93.838	249,160	538,523
Lung Diseases Research	Direct	93.838	—	359,327
Lung Diseases Research	Direct	93.838	—	491,893
Lung Diseases Research	Direct	93.838	—	536,556
Lung Diseases Research	Direct	93.838	—	184,698
Lung Diseases Research	Direct	93.838	—	903,999
Lung Diseases Research	Direct	93.838	19,514	87,043
Lung Diseases Research	Direct	93.838	—	10,721
Lung Diseases Research	Direct	93.838	—	887,835
Lung Diseases Research	Direct	93.838	54,711	215,543
Lung Diseases Research	Direct	93.838	412,326	571,066
Lung Diseases Research	Direct	93.838	—	375,880
Lung Diseases Research	Direct	93.838	—	335,220
Lung Diseases Research	Direct	93.838	—	403,414
Lung Diseases Research	Direct	93.838	—	69,553
Subtotal			735,711	6,264,035
Blood Diseases and Resources Research	Direct	93.839	—	124,731
Blood Diseases and Resources Research	Direct	93.839	—	168,922
Subtotal			—	293,653
Arthritis, Musculoskeletal and Skin Diseases Research	Direct	93.846	—	191,848
Arthritis, Musculoskeletal and Skin Diseases Research	Direct	93.846	—	591,795
Arthritis, Musculoskeletal and Skin Diseases Research	Direct	93.846	—	172,809
Arthritis, Musculoskeletal and Skin Diseases Research	Direct	93.846	142	286,591
Arthritis, Musculoskeletal and Skin Diseases Research	Direct	93.846	—	140,428
Subtotal			142	1,383,471
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	(2,084)
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	532,474
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	250,449	643,723
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	141,221
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	13,904
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	(1,354)
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	191,371
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	340,294
Diabetes, Digestive, and Kidney Diseases Extramural Research	Direct	93.847	—	275,176
Subtotal			250,449	2,134,725

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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
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	\$ —	345,170
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	522	28,739
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	64,662
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	44,569
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	332,504
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	171,258
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	305,011
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	167,770
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	296,385
Extramural Research Programs in the Neurosciences and Neurological Disorders	Direct	93.853	—	65,799
Subtotal			522	1,821,867
Allergy, Immunology and Transplantation Research	Direct	93.855	—	366,095
Allergy, Immunology and Transplantation Research	Direct	93.855	—	13,692
Allergy, Immunology and Transplantation Research	Direct	93.855	—	4,158
Allergy, Immunology and Transplantation Research	Direct	93.855	—	234
Allergy, Immunology and Transplantation Research	Direct	93.855	—	37,667
Allergy, Immunology and Transplantation Research	Direct	93.855	—	31,560
Allergy, Immunology and Transplantation Research	Direct	93.855	33,003	46,628
Allergy, Immunology and Transplantation Research	Direct	93.855	49,491	129,148
Allergy, Immunology and Transplantation Research	Direct	93.855	—	96,806
Allergy, Immunology and Transplantation Research	Direct	93.855	—	175,205
Allergy, Immunology and Transplantation Research	Direct	93.855	—	119,016
Allergy, Immunology and Transplantation Research	Direct	93.855	—	53,569
Allergy, Immunology and Transplantation Research	Direct	93.855	—	58,531
Allergy, Immunology and Transplantation Research	Direct	93.855	86,935	506,375
Allergy, Immunology and Transplantation Research	Direct	93.855	—	189,641
Allergy, Immunology and Transplantation Research	Direct	93.855	—	158,944
Allergy, Immunology and Transplantation Research	Direct	93.855	—	158,811
Allergy, Immunology and Transplantation Research	Direct	93.855	196,252	704,141
Allergy, Immunology and Transplantation Research	Direct	93.855	—	14,231
Allergy, Immunology and Transplantation Research	Direct	93.855	—	25,241
Allergy, Immunology and Transplantation Research	Direct	93.855	—	60,703
Subtotal			365,681	2,950,396
Biomedical Research and Research Training	Direct	93.859	—	285,792
Biomedical Research and Research Training	Direct	93.859	—	44,834
Biomedical Research and Research Training	Direct	93.859	—	314,829
Biomedical Research and Research Training	Direct	93.859	—	652,531
Biomedical Research and Research Training	Direct	93.859	1,196,812	3,306,892
Biomedical Research and Research Training	Direct	93.859	—	345,524
Biomedical Research and Research Training	Direct	93.859	—	341,243
Biomedical Research and Research Training	Direct	93.859	—	1,002,191
Biomedical Research and Research Training	Direct	93.859	—	473,721
Biomedical Research and Research Training	Direct	93.859	27,474	290,269
Biomedical Research and Research Training	Direct	93.859	12,528	35,203
Biomedical Research and Research Training	Direct	93.859	—	229,649
Biomedical Research and Research Training	Direct	93.859	53,016	1,556,983
Biomedical Research and Research Training	Direct	93.859	—	272,078
Biomedical Research and Research Training	Direct	93.859	—	237,986
Subtotal			1,289,830	9,389,725
Child Health and Human Development Extramural Research	Direct	93.865	17,014	679,881
Child Health and Human Development Extramural Research	Direct	93.865	—	(138)
Child Health and Human Development Extramural Research	Direct	93.865	—	4,190
Child Health and Human Development Extramural Research	Direct	93.865	—	157,675
Child Health and Human Development Extramural Research	Direct	93.865	26,252	563,659
Child Health and Human Development Extramural Research	Direct	93.865	—	164,120
Subtotal			43,266	1,569,387
Aging Research	Direct	93.866	25,220	425,958
Aging Research	Direct	93.866	304,891	497,268
Aging Research	Direct	93.866	36,618	328,531
Aging Research	Direct	93.866	—	140,504
Aging Research	Direct	93.866	—	72,017
Subtotal			366,729	1,464,278
International Research and Research Training	Direct	93.989	27,873	30,503
Department of Health and Human Services Direct Subtotal			5,422,899	45,122,243
Veterans Medical Research Foundation	08844-UV SUB	93.000	—	(8,506)
University of Washington	UWSC8699	93.000	—	17,145
University of Washington	UWSC8891 PO13490	93.000	—	176,349
Leidos, Inc.	P010208764	93.000	—	57,152
Social & Scientific Systems, Inc.	CRB-SSS-S-16-004931	93.000	—	41,159
Lovelace Respiratory Research Institute	P. O. JK170376	93.000	—	170,520
University of North Carolina	5107238	93.000	—	170,598
University of Washington	UWSC9702 PO22296 Tas	93.000	—	118
Johns Hopkins University	2000694042 Task O	93.000	—	485,861
Johns Hopkins University	2000694042 Data Mgmt	93.000	—	67,468
Johns Hopkins University	2000694042 Task Y	93.000	—	3,613
Johns Hopkins University	2000694042 Task Z	93.000	—	3,613
University of Minnesota	P007119702	93.000	—	7,226
Johns Hopkins University	2000694042 TASK N	93.000	—	48,829
Johns Hopkins University	2000694042 TASK S	93.000	149,614	360,413

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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
Johns Hopkins University	2000694042 TASKW	93.000	\$ —	3,514
Johns Hopkins University	2000694042 TASK V	93.000	—	136,334
Johns Hopkins University	2000694042 TASK T	93.000	—	173,378
University of Mississippi Medical Center	66102700414-04UV	93.000	—	52,581
University of Washington	UWSC6699 PO# 25589	93.000	—	138,026
Subtotal			149,614	2,103,391
Vermont Agency of Agric Food & Markets	02200-FSMA-2018-01	93.103	—	35,167
Education Development Center, Inc.	11905	93.110	—	42,565
Boston University	4500002511	93.117	—	31,581
Dartmouth College	1631R736	93.135	—	1,800
University of North Carolina	5104466	93.172	—	17,537
University of North Carolina	5105158	93.172	—	4,394
Subtotal			—	21,931
University of California San Francisco	9729sc	93.226	—	228,583
Virginia Commonwealth University	PD303339-SC106135	93.226	—	4,283
Subtotal			—	232,866
University of North Carolina	5105359	93.242	—	158,294
Medical University of South Carolina	AA**MUSC17-045-8C854	93.242	—	16,325
Boston College	5103391-2	93.242	—	8,117
University of Washington	PO BPO8888 UWSC8591	93.242	—	212
WISER Systems, Inc.	UVM-001	93.242	—	47,924
University of Massachusetts	WA00482518/OSP201708	93.242	—	35,312
University of Washington	BPO8888	93.242	—	680
Subtotal			—	266,864
Vermont AHS Department of Health	35058	93.243	—	56,832
Vermedx, Inc.	Vermedx STTR	93.273	—	23,742
Oregon Health Sciences University	AA**1007356_UVT	93.279	—	1,208,932
University of California, San Diego	AA** 93241191	93.279	—	29,735
University of California, San Diego	97374137	93.279	—	41,498
University of California, San Diego	67526960	93.279	—	114,186
Dartmouth College	R851	93.279	—	381
Dartmouth College	R851	93.279	—	336,478
Subtotal			—	1,731,210
GameTheory Inc.	GameTheory SBIR	93.307	—	4,424
University of Florida	UFDSP00011591	93.310	—	108,001
Duke University	2037686	93.310	—	37,999
University of Florida	UFDSP00012119 / P0029227	93.310	—	117,413
Subtotal			—	263,413
E.A.S.Y LLC	E.A.S.Y.LLC Year Two	93.350	—	11,718
University of Washington	UWSC6983 BPO12234	93.393	—	18,762
University of Utah	10028213-01	93.393	—	60,298
University of California San Francisco	9533sc	93.393	—	29,940
University of California San Francisco	10011sc00	93.393	—	34,918
Emory University	T594761	93.393	—	14,404
University of California, Davis	201603696-09	93.393	—	369,810
Group Health Research Institute	CA154292-05 CORE C	93.393	—	33
Subtotal			—	528,165
American College of Radiology	AM COLLEGE RADIOLOGY	93.395	—	8
National Childhood Cancer Foundation	COG Master Agreement	93.395	—	814
NSABP Foundation Inc.	NSABP B-32 & BP-59	93.395	—	5,969
Memorial Sloan-Kettering Cancer Center	226691/229411	93.395	—	31,123
Mayo Clinic	UOV-194321-01	93.395	—	35,597
Mayo Clinic	UVS-194321 PO 65732966	93.395	—	8,859
Mayo Clinic	UVT-194321	93.395	—	11,666
Subtotal			—	94,036
Yale University	M15A11866 (A09776)	93.396	—	95,131
University of Southern California	98102018	93.396	—	35,378
Subtotal			—	130,509
University of Texas Health Science Cente	AA** 162135/161586	93.397	—	37,905
Beth Israel Deaconess Medical Center	01060186	93.398	—	40,849
Syracuse University	28714-04191-S02	93.433	—	3,633
University of Washington	UWSC6914BPO1463	93.837	—	52,662
Wake Forest University	WFUHS 114488	93.837	42,080	121,201
University of Arizona	PO 241803	93.837	—	311,198
Duke University	Duke 193603 FLIGHT	93.837	—	4,084
University of Washington	UWSC7627	93.837	—	174,534
Vanderbilt University	VUMC 44132	93.837	—	333,621
University of California San Francisco	8695sc	93.837	—	44,267

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Duke University	Duke 200464	93.837	\$ —	4,887
New England Research Institutes, Inc.	10/22/2014BEST-CLI	93.837	—	(165)
Duke University	203-7605	93.837	—	314,144
University of Washington	UWSC9054	93.837	—	17,353
Vanderbilt University Medical Center	VUMC 59441	93.837	—	105,524
Duke University	6731 HFN INDIE	93.837	—	4,916
University of Minnesota	P005875702	93.837	—	254,344
Duke University	Site HV800, 6911	93.837	—	387
Duke University	203-8342	93.837	—	180,067
Duke University	203-8361	93.837	—	58,401
University of Texas	0011924C	93.837	—	54,131
Albert Einstein College of Medicine	310804	93.837	—	18,579
University of California San Francisco	8297sc	93.837	—	9,976
Wake Forest University	WFUHS 114487	93.837	22,850	32,801
Oklahoma Medical Research Foundation	0280-04/UVMPProj2	93.837	—	466,332
Oklahoma Medical Research Foundation	0280-04/UVMPProj12	93.837	—	164,580
Subtotal			64,930	2,727,804
Fred Hutchinson Cancer Center	0000760088	93.838	—	1,855
University of North Carolina	5108822	93.838	—	15,684
Subtotal			—	17,539
Minneapolis Medical Research Foundation	7327-2 / 07416-2	93.839	—	133,721
University of Minnesota	P005639701	93.839	—	100,768
Oklahoma Medical Research Foundation	0280-04/UVMP/Proj 1	93.839	—	(38,418)
University of Washington	UWSC9761	93.839	—	207,758
Oklahoma Medical Research Foundation	0280-04/UVMP BioRep	93.839	—	75,359
Oklahoma Medical Research Foundation	0280-04/UVMP/CLabS1	93.839	—	834,850
Subtotal			—	1,314,038
University of Utah	10034011-01	93.846	—	75,100
University of Massachusetts	AA**WA00414939/RFS20	93.846	—	197,100
Subtotal			—	272,200
University of Tennessee	DK104872 VT	93.847	—	4,745
Vanderbilt University Medical Center	VUMC 57040	93.847	—	5,588
Mitotherapeutic, LLC	R41DK112429 sub001	93.847	—	137,008
Mount Sinai School of Medicine	0255-3861-4609	93.847	—	17,546
Tufts Medical Center	5008768-SERV	93.847	—	872,385
Subtotal			—	1,037,272
Massachusetts General Hospital	1U01NS090259-01A1	93.853	—	12,720
Boston University	4500002215	93.853	—	8,446
University of Alabama at Birmingham	000513792-001	93.853	—	90,833
University of Alabama at Birmingham	000432773-001, Amdt	93.853	—	878
University of Alabama at Birmingham	000426787-002	93.853	—	179,526
Boston University	4500002483	93.853	—	215,835
Subtotal			—	508,238
University of North Carolina	5105737	93.855	—	48,026
Celdara Medical LLC	Celdara Medical	93.855	—	106,596
Subtotal			—	154,622
Dartmouth College	R880	93.856	—	26,219
Maine Medical Center	AA** 112366-ROSEN-CTR-1	93.859	—	1,000,365
Maine Medical Center	112366-ROSEN-CTR-3	93.859	—	3,280
Tufts Medical Center	101334-00001	93.859	—	53,374
Subtotal			—	1,057,019
University of North Carolina	AA** UNC 5050056	93.865	—	295,027
Stanford University	61158846-116231	93.865	—	67,241
Stanford University	61277517 17723	93.865	—	8,769
University of North Carolina	5105862	93.865	—	52,152
University of Arkansas	51460	93.865	—	2,980
Subtotal			—	426,169
Johns Hopkins University	AA**2003070380	93.866	—	99,401
California Pacific Medical Center	280201009-S199	93.866	—	73,853
Brigham and Women's Hospital	115640	93.866	—	77,575
University of Massachusetts Amherst	18-010150 A00	93.866	—	20,405
Vanderbilt University Medical Center	VUMC 56806	93.866	—	20,230
University of Florida	UFDSP00011304 001271	93.866	—	232
Duke University	203-8225	93.866	—	63,352
University of Pittsburgh	0012200 (122381-10)	93.866	—	22,914
Healthy Design Ltd. Co.	Healthy Design Ltd.	93.866	—	19,765
University of Florida	UFDSP00011853	93.866	—	231,443
Subtotal			—	629,170
Brown University	00000885	93.879	—	306
Department of Health and Human Services Pass Through Subtotal			214,544	13,833,197
Department of Health and Human Services Total			5,637,443	58,955,440

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Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Environmental Protection Agency:				
New England Interstate Water Pollution	LC96187501	66.481	\$ —	83,764
New England Interstate Water Pollution	NEIJob Code:0994-002	66.481	—	6,366
Subtotal			—	90,130
US Environmental Protection Agency/EPA	83693901	66.509	—	43,924
eXTension	SA-2017-09	66.716	—	5,080
Environmental Protection Agency Pass Through Subtotal			—	139,134
Environmental Protection Agency Total			—	139,134
National Aeronautics & Space Admin:				
Science	Direct	43.001	—	8,484
Science	Direct	43.001	55,282	103,986
Subtotal			55,282	112,470
Space Operations	Direct	43.007	51,095	93,422
Education	Direct	43.008	—	118,071
Education	Direct	43.008	43,985	46,730
Education	Direct	43.008	68,289	612,434
Education	Direct	43.008	9,847	103,180
Education	Direct	43.008	—	244,514
Education	Direct	43.008	—	60,564
Subtotal			122,121	1,185,493
National Aeronautics and Space Administration Direct Subtotal			228,498	1,391,385
University of Maryland	20280-Z6911002	43.001	—	48,346
Universities Space Research Association	08561-01	43.001	—	19,690
University of Maryland	54294-Z6059205	43.001	—	35,837
National Aeronautics and Space Administration Pass Through Subtotal			—	103,873
National Aeronautics and Space Administration Pass ThroughTotal			228,498	1,495,258
National Science Foundation:				
Engineering Grants	Direct	47.041	—	(5,507)
Engineering Grants	Direct	47.041	—	2,249
Engineering Grants	Direct	47.041	—	34,384
Engineering Grants	Direct	47.041	—	6,563
Engineering Grants	Direct	47.041	—	93,318
Engineering Grants	Direct	47.041	—	82,531
Engineering Grants	Direct	47.041	—	60,474
Engineering Grants	Direct	47.041	—	6,890
Engineering Grants	Direct	47.041	—	21,599
Subtotal			—	302,501
Mathematical and Physical Sciences	Direct	47.049	—	(44,322)
Mathematical and Physical Sciences	Direct	47.049	—	108,192
Mathematical and Physical Sciences	Direct	47.049	—	36,822
Mathematical and Physical Sciences	Direct	47.049	—	95,076
Mathematical and Physical Sciences	Direct	47.049	57,749	114,314
Mathematical and Physical Sciences	Direct	47.049	—	126,912
Mathematical and Physical Sciences	Direct	47.049	—	218,394
Mathematical and Physical Sciences	Direct	47.049	—	159,235
Mathematical and Physical Sciences	Direct	47.049	—	56,916
Mathematical and Physical Sciences	Direct	47.049	—	194,027
Mathematical and Physical Sciences	Direct	47.049	—	94,030
Mathematical and Physical Sciences	Direct	47.049	—	132,871
Mathematical and Physical Sciences	Direct	47.049	—	58,850
Mathematical and Physical Sciences	Direct	47.049	—	16,213
Subtotal			57,749	1,367,530
Geosciences	Direct	47.050	—	121,900
Geosciences	Direct	47.050	—	98,793
Geosciences	Direct	47.050	—	40,895
Geosciences	Direct	47.050	—	8,036
Geosciences	Direct	47.050	—	84,856
Geosciences	Direct	47.050	—	3,392
Geosciences	Direct	47.050	—	3,298
Geosciences	Direct	47.050	—	18,700
Geosciences	Direct	47.050	—	44,808
Subtotal			—	424,678

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Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Computer and Information Science and Engineering	Direct	47.070	\$ —	28,709
Computer and Information Science and Engineering	Direct	47.070	—	66,025
Computer and Information Science and Engineering	Direct	47.070	—	101,008
Computer and Information Science and Engineering	Direct	47.070	—	35,105
Computer and Information Science and Engineering	Direct	47.070	—	72,470
Computer and Information Science and Engineering	Direct	47.070	—	3,230
Computer and Information Science and Engineering	Direct	47.070	—	9,707
Computer and Information Science and Engineering	Direct	47.070	—	16,707
Subtotal			—	332,961
Biological Sciences	Direct	47.074	—	(188)
Biological Sciences	Direct	47.074	—	9,539
Biological Sciences	Direct	47.074	—	23,106
Biological Sciences	Direct	47.074	—	122,813
Biological Sciences	Direct	47.074	—	127,550
Biological Sciences	Direct	47.074	16,707	63,886
Biological Sciences	Direct	47.074	—	361
Biological Sciences	Direct	47.074	—	21,125
Biological Sciences	Direct	47.074	—	97,515
Biological Sciences	Direct	47.074	—	6,151
Biological Sciences	Direct	47.074	21,853	96,482
Biological Sciences	Direct	47.074	—	99,370
Biological Sciences	Direct	47.074	—	47,987
Biological Sciences	Direct	47.074	—	94,186
Biological Sciences	Direct	47.074	—	9,275
Biological Sciences	Direct	47.074	—	11,881
Subtotal			38,560	831,039
Social, Behavioral, and Economic Sciences	Direct	47.075	93,403	207,279
Social, Behavioral, and Economic Sciences	Direct	47.075	—	(1,651)
Social, Behavioral, and Economic Sciences	Direct	47.075	—	28,865
Social, Behavioral, and Economic Sciences	Direct	47.075	—	22,452
Social, Behavioral, and Economic Sciences	Direct	47.075	—	55,402
Subtotal			93,403	312,347
Education and Human Resources	Direct	47.076	—	641,646
Education and Human Resources	Direct	47.076	—	157,208
Education and Human Resources	Direct	47.076	—	260,276
Education and Human Resources	Direct	47.076	—	101,936
Education and Human Resources	Direct	47.076	—	56,402
Education and Human Resources	Direct	47.076	—	108,278
Subtotal			—	1,325,746
Office of International Science and Engineering	Direct	47.079	—	44,524
Office of Integrative Activities	Direct	47.083	1,537,766	5,157,065
Office of Integrative Activities	Direct	47.083	—	47,214
Subtotal			1,537,766	5,204,279
National Science Foundation Direct Subtotal			1,727,478	10,145,605
Packetized Energy Technology, Inc.	Packetized Tech	47.041	—	31,368
Pennsylvania State University	5056-UV-NSF-1726	47.050	—	15,216
CUNY Advanced Science Research Center	40F93-E	47.050	—	9,056
Subtotal			—	24,272
US Ignite, Inc.	31466	47.070	—	40,680
US Ignite, Inc.	Task Order No. 4	47.070	—	20,833
Mass Green High Performance Computer Ctr	1659377-UVCM	47.070	—	729
Subtotal			—	62,222
Marine Biological Laboratory	40986	47.074	56,620	73,159
Woods Hole Research Center	WHRC-CG0963_02	47.074	—	44,186
University of New Hampshire	15-042	47.074	—	270
Vassar College	NSF 13A.4	47.074	—	103,737
University of Maryland	16984-07527236	47.074	—	9,432
Marine Biological Laboratory	52818	47.074	—	122,958
The Regents of the Univ of California	A14-0102-S001	47.074	—	76,520
Subtotal			56,620	430,262
State University of New York	R949041	47.075	—	23,252
West Virginia University	09-547-UVSAC	47.079	—	569
Regents of the University of Idaho	IMK 400-SB-002	47.083	—	23,102
National Science Foundation Pass Through Subtotal			56,620	595,047
National Science Foundation Total			1,784,098	10,740,652

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

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Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
United States Department of Homeland Security: Weybridge (Town of)	Weybridge Town Ph2	97.036	\$ —	12,539
United States Department of Homeland Security Pass Through Subtotal			—	12,539
United States Department of Homeland Security Total			—	12,539
US Department of Agriculture:				
USDA Forest Service	Direct	10.000	—	4,632
USDA Forest Service	Direct	10.000	—	(26)
USDA Forest Service	Direct	10.000	5,060	36,035
USDA Forest Service	Direct	10.000	—	25,328
USDA Forest Service	Direct	10.000	—	25,126
USDA Forest Service	Direct	10.000	—	24,844
USDA Forest Service	Direct	10.000	—	2,188
Subtotal			5,060	118,127
USDA Agricultural Research Service	Direct	10.001	—	21,527
USDA Agricultural Research Service	Direct	10.001	—	2,503
USDA Agricultural Research Service	Direct	10.001	—	23,147
USDA Agricultural Research Service	Direct	10.001	988	6,204
USDA Agricultural Research Service	Direct	10.001	—	42,246
USDA Agricultural Research Service	Direct	10.001	—	6,185
Subtotal			988	101,812
USDA Animal&Plant Health Inspection Srv	Direct	10.025	—	(274)
USDA Animal&Plant Health Inspection Srv	Direct	10.025	—	10,764
Subtotal			—	10,490
USDA/Acer Access Development Program	Direct	10.174	—	52,251
USDA Agricultural Research Service	Direct	10.200	—	122,435
USDA NIFA Cooperative Forestry Research	Direct	10.202	—	229,901
USDA NIFA Cooperative Forestry Research	Direct	10.202	—	518,263
Subtotal			—	748,164
USDA NIFA Agricultural Experience Stations Under the Hatch Act	Direct	10.203	—	(1,377)
USDA NIFA Agricultural Experience Stations Under the Hatch Act	Direct	10.203	—	(767)
USDA NIFA Agricultural Experience Stations Under the Hatch Act	Direct	10.203	—	179,507
USDA NIFA Agricultural Experience Stations Under the Hatch Act	Direct	10.203	—	464,989
USDA NIFA Agricultural Experience Stations Under the Hatch Act	Direct	10.203	—	251,347
USDA NIFA Agricultural Experience Stations Under the Hatch Act	Direct	10.203	—	977,734
Subtotal			—	1,871,433
USDA NIFA Animal Health and Diseases Research	Direct	10.207	—	1,724
USDA NIFA Animal Health and Diseases Research	Direct	10.207	—	6,291
Subtotal			—	8,015
USDA NIFA Sustainable Agriculture Research and Education	Direct	10.215	110,953	170,961
USDA NIFA Sustainable Agriculture Research and Education	Direct	10.215	418,953	535,910
USDA NIFA Sustainable Agriculture Research and Education	Direct	10.215	841,584	1,442,571
USDA NIFA Sustainable Agriculture Research and Education	Direct	10.215	1,331,187	1,785,110
USDA NIFA Sustainable Agriculture Research and Education	Direct	10.215	190,707	426,812
Subtotal			2,893,384	4,361,364
USDS NIFA Integrated Programs	Direct	10.303	—	89,325
USDA NIFA Integrated Programs	Direct	10.303	—	143,264
Subtotal			—	232,589
USDA NIFA Organic Agriculture Research and Extension Initiative	Direct	10.307	—	177,709
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	(6,758)
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	81,137
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	720
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	10,689	40,840
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	2,185	42,558
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	413,041	1,185,386
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	28,184	139,871
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	18,894
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	18,902
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	10,045
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	45,078
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	68,514	217,784
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	16,372
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	7,918	58,030
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	—	29,283
National Institute of Food and Agriculture Food Research Initiative	Direct	10.310	24,240	100,175
Subtotal			554,771	1,998,317
USDA NIFA Crop Protection and Pest Management Competitive Grants Program	Direct	10.329	27,322	52,202
USDA NIFA Crop Protection and Pest Management Competitive Grants Program	Direct	10.329	19,484	75,752
USDA NIFA Crop Protection and Pest Management Competitive Grants Program	Direct	10.329	22,058	64,207
USDA NIFA Crop Protection and Pest Management Competitive Grants Program	Direct	10.329	—	105,666
Subtotal			68,864	297,827
USDA Risk Management Agency	Direct	10.458	5,644	66,146
USDA Risk Management Agency	Direct	10.458	9,832	143,083
Subtotal			15,476	209,229

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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
US Department of Agriculture Cooperative Extension Service	Direct	10.500	\$ —	501,569
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	4,377
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	11,887
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	1,179,348
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	35,662
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	8,654
US Department of Agriculture Cooperative Extension Service	Direct	10.500	19,475	24,890
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	1,436
US Department of Agriculture Cooperative Extension Service	Direct	10.500	—	100,883
Subtotal			19,475	1,868,706
USDA Forest Service Foreign Market Development Cooperator Program	Direct	10.600	—	70,986
USDA Forest Service Forestry Research	Direct	10.652	33,517	47,325
USDA Forest Service Forestry Research	Direct	10.652	—	366
USDA Forest Service Forestry Research	Direct	10.652	20,055	38,881
USDA Forest Service Forestry Research	Direct	10.652	48,159	67,381
USDA Forest Service Forestry Research	Direct	10.652	—	8,657
USDA Forest Service Forestry Research	Direct	10.652	—	22,509
USDA Forest Service Forestry Research	Direct	10.652	—	9,827
USDA Forest Service Forestry Research	Direct	10.652	—	11,855
USDA Forest Service Forestry Research	Direct	10.652	—	445
USDA Forest Service Forestry Research	Direct	10.652	—	3,586
USDA Forest Service Forestry Research	Direct	10.652	—	196,237
USDA Forest Service Forestry Research	Direct	10.652	—	9,828
USDA Forest Service Forestry Research	Direct	10.652	—	19,781
USDA Forest Service Forestry Research	Direct	10.652	—	8,078
USDA Forest Service Forestry Research	Direct	10.652	—	1,425
USDA Forest Service Forestry Research	Direct	10.652	—	37,608
Subtotal			101,731	483,789
USDA Forest Service Forest Stewardship Program	Direct	10.678	—	7,226
USDA Forest Service	Direct	10.680	—	15,628
USDA Forest Service	Direct	10.680	—	19,543
Subtotal			—	35,171
USDA Partnership Agreements	Direct	10.699	—	3,093
USDA Natural Resources Conserv Service Soil Survey	Direct	10.903	—	3,213
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	22,956
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	18,857
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	22,113
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	(10,760)
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	14,951
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	15,866
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	22,910
USDA Natural Resources Conserv Service Quality Incentives Program	Direct	10.912	—	19,947
Subtotal			—	126,840
United States Department of Agriculture Direct Subtotal			3,659,749	12,908,786
University of Minnesota	H004114001	10.000	—	9,030
Geisinger Clinic	7021325	10.001	—	21,591
Vermont Agency of Agric Food &Markets	02200-APPLE-2016	10.025	—	(1)
Vermont Agency of Agric Food &Markets	02200-FPOP-2016	10.025	—	10,564
Vermont Agency of Agric Food &Markets	02200-CAPS-GRAPPE2017	10.025	—	14,224
Vermont Agency of Agric Food &Markets	02200-CAPS-APPLE2017	10.025	—	13,224
Vermont Agency of Agric Food &Markets	02200-FPOP-2017	10.025	—	42,872
Subtotal			—	80,883
Vermont Agency of Agric Food &Markets	02200-SCBGP-11-4	10.170	—	12,651
Vermont Agency of Agric Food &Markets	02200-SCBGP-11-1	10.170	—	3,822
Vermont Agency of Agric Food &Markets	02200-SCBGP-12-6	10.170	—	16,240
Vermont Agency of Agric Food &Markets	02200-SCBGP-12-2	10.170	—	12,804
Vermont Agency of Agric Food &Markets	02200-SCBGP-12-3	10.170	—	8,705
Vermont Agency of Agric Food &Markets	02200-SCBGP-12-4	10.170	—	9,591
Vermont Agency of Agric Food &Markets	02200-SCBGP-10-8	10.170	—	6,855
Vermont Agency of Agric Food &Markets	02200-SCBGP-13-4	10.170	—	2,553
Vermont Agency of Agric Food &Markets	02200-SCBGP-13-2	10.170	—	6,778
Vermont Agency of Agric Food &Markets	02200-SCBGP-13-1	10.170	—	3,981
Subtotal			—	83,980
Colorado State University	CSU 531459	10.200	—	3,297
University of Illinois	2015-06318-01	10.303	—	17,293
University of New Hampshire	16-058	10.303	—	3,777
University of New Hampshire	17-051	10.303	—	39,809
Subtotal			—	60,879
Cornell University	80289-10776	10.304	—	4,472
University of Minnesota	H003014601	10.307	—	9,686
University of Maine	UM-S1028	10.307	—	105,897

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Cornell University	79536-10806	10.307	\$ —	56,868
Subtotal			—	172,451
Cornell University	79598-10884	10.309	—	29,534
Michigan State University	RC102039G	10.309	21,940	31,933
Michigan State University	RC104622F	10.309	—	12,929
Subtotal			21,940	74,396
Pennsylvania State University	4395UV-USDA-0057	10.310	—	159
Pennsylvania State University	4706-UV-USDA-9703	10.310	—	10,774
University of New Hampshire	15-015	10.310	—	(3)
University of Massachusetts	15 008563 A 00	10.310	—	13,696
Cornell University	73934-10512	10.310	—	75,181
University of Wisconsin	608K731	10.310	—	1
Stockholm Environment Institute US	Stockholm Environmen	10.310	—	67,006
Sam Houston State University	22120B	10.310	—	1,629
Subtotal			—	168,443
Cornell University	73984-10639	10.329	—	35,499
Cornell University	73984-11034	10.329	—	1,577
Subtotal			—	37,076
Open View Farm. LLC	32140	10.352	—	21,040
University of Delaware	39310	10.500	—	3,771
University of Delaware	42670	10.500	—	6,706
University of Delaware	49400	10.500	—	4,049
University of Delaware	49401	10.500	—	1,867
University of Delaware	49376	10.500	—	3,371
Subtotal			—	19,764
Vermont Department of Forests Parks Recreation	06130-FEMC-UVM-18	10.664	—	20,252
Vermont Department of Forests Parks Recreation	06130-FRAGLSR-03	10.664	—	5,627
Subtotal			—	25,879
Vermont Department of Forests/Parks	06130-VMC-UVM-16	10.680	21,785	99,909
Vermont Dept of Forests Parks Recreation	06130-VMC-UVM-16	10.688	—	1,945
Vermont Dept of Forests Parks Recreation	VMC UVM	10.699	15,000	177,089
Cornell University	80055-10825	10.912	—	13,625
Connecticut Council on Soil and Water	01-UVM-SH	10.932	—	105,916
United States Department of Agriculture Pass Through Subtotal			58,725	1,181,665
United States Department of Agriculture Total			3,718,474	14,090,451
United States Department of Commerce:				
National Oceanic Atmospheric Admin	Direct	11.417	163,953	503,314
National Oceanic Atmospheric Admin	Direct	11.417	—	11,295
United States Department of Commerce Direct Subtotal			163,953	514,609
The Ohio State University	60045321	11.417	—	3,620
Vermont Department of Fish/Wildlife	06120FY16370	11.407	—	13,079
United States Department of Commerce Pass Through Subtotal			—	16,699
United States Department of Commerce Total			163,953	531,308
US Department of Education:				
US Department of Education	Direct	84.305	829,817	887,998
United States Department of Education Direct Subtotal			829,817	887,998
Pass Through Awards:				
Vermont AHS Dept of Health	03420-6611S	84.412	—	27,665
United States Department of Education Pass Through Subtotal			—	27,665
United States Department of Education Total			829,817	915,663
Department of Energy:				
Nat'l Tech & Engr Solutions of SandiaLLC	Direct	81.000	—	14,031
Office of Science Financial Assistance Program	Direct	81.049	—	17,294
Office of Science Financial Assistance Program	Direct	81.049	—	233,607
Office of Science Financial Assistance Program	Direct	81.049	—	57,569
Subtotal			—	308,470
Renewable Energy Research and Development	Direct	81.087	200,856	424,561
Advanced Research Projects Agency – Energy	Direct	81.135	101,241	448,862
United States Department of Energy Direct Subtotal			302,097	1,195,924
United States Department of Energy Total			302,097	1,195,924
United States Department of Transportation :				
Vermont Agency of Transportation	SPR0001055-302-004	20.205	—	18,576
Vermont Agency of Transportation	VTRC017-002	20.205	—	22,742
Vermont Agency of Transportation	VTRC017-001	20.205	—	54,529
Vermont Agency of Transportation	SPR0001055-302-005	20.205	—	26,740
Vermont Agency of Transportation	VTRC017-003	20.205	—	17,768
Vermont Agency of Transportation	STP PDWVP(21)-303	20.205	—	22,940

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
Minnesota Department of Transportation	MnDOTContract06428	20.205	\$ —	16,301
Minnesota Department of Transportation	1026090	20.205	—	46,039
Vermont Agency of Transportation	CA0228 RSCH017-7	20.205	—	14,727
Vermont Agency of Transportation	CA0228 RSCH018-74	20.205	—	24,448
Vermont Agency of Transportation	RSCH019-401, CA0228	20.205	—	2,231
Vermont Agency of Transportation	RSCH019/020-745	20.205	—	6,758
Vermont Agency of Transportation	CA0228 EA0001054-302	20.205	—	14,189
Subtotal			—	287,988
The Regents of the Univ of California	201302432-03	20.701	—	33,645
The Regents of the Univ of California	201603605-03	20.701	—	202,860
Vermont Agency of Transportation	CA-0228 0001053-904	20.701	—	(1,686)
Vermont Agency of Transportation	CA0228 RSCH020-703	20.701	—	111,143
Subtotal			—	345,962
United States Department of Transportation-Pass Through Subtotal			—	633,950
United States Department of Transportation Total			—	633,950
U. S. Geologic Survey:				
US Geologic Survey	Direct	15.000	—	8,820
Assistance to State Water Resources Research Institutes	Direct	15.805	6,171	84,497
U.S. Geological Survey_ Research and Data Collection	Direct	15.808	—	38,321
U.S. Geological Survey_ Research and Data Collection	Direct	15.808	—	57,885
U.S. Geological Survey_ Research and Data Collection	Direct	15.808	—	9,696
U.S. Geological Survey_ Research and Data Collection	Direct	15.808	—	116,953
Subtotal			—	222,855
U.S. Geological Survey_ Research and Data Collection	Direct	15.812	—	69,599
National and Regional Climate Adaptation Science Centers	Direct	15.810	—	71,961
National Park Service	Direct	15.945	5,119	8,409
National Park Service	Direct	15.945	—	3,948
National Park Service	Direct	15.945	—	43
Subtotal			5,119	12,400
United States Geologic Survey-Direct Subtotal			11,290	470,132
Resource Systems Group	NPS IDIQ-RSG-UVM	15.000	—	13,226
Vermont Department of Fish/Wildlife	06120-31201	15.611	—	46
Vermont Department of Fish/Wildlife	06120FY18501	15.611	—	28,739
Subtotal			—	28,785
Vermont Department of Fish/Wildlife	06120FY17382	15.634	—	57,884
United States Geologic Survey Pass Through Subtotal			—	99,895
United States Geologic Survey Total			11,290	570,027
Total Research and Development Cluster Total			12,737,023	90,946,553
Student Financial Assistance Cluster Programs:				
Federal Perkins Loan Program (note 2)	Direct	84.038	—	6,432,588
Federal Direct Lending Program	Direct	84.268	—	84,700,806
Health professions student loans program (note 2)	Direct	93.342	—	103,675
Nursing Student Loans (note 2)	Direct	93.364	—	675,498
Federal Work Study	Direct	84.033	—	1,646,081
Federal Supplemental Education Opportunity Grant	Direct	84.007	—	1,590,221
Federal Pell Grant Program	Direct	84.063	—	7,711,455
Student Financial Assistance Programs Total			—	102,860,324
Medicaid Cluster:				
Vermont AHS Department of Health	No03420-6808S	93.778	—	6
Vermont AHS Office of Vermont Health	Contract 34113	93.778	—	139,531
Vermont AHS Department of Health	03420-7137S	93.778	—	62,572
Vermont AHS Department of Health	03420-7158S	93.778	145,162	168,226
Vermont AHS Office of Vermont Health	35125	93.778	—	10,213
Vermont AHS Department of Health	03420-7157S	93.778	—	106,101
Vermont AHS Department of Health	ST AHS 03420-5776S	93.778	—	(947)
Vermont AHS Office of Vermont Health	03410-1110-15	93.778	—	15,751
Vermont AHS Department of Health	03420-6798S	93.778	—	8,870
Vermont AHS Department of Health	03420-6795S	93.778	155,167	155,167
Vermont AHS Department of Health	03420-6794S	93.778	—	263,720
Vermont AHS Department of Health	03420-6987S	93.778	—	3,647,914
Global Commitment	State of Vermont	93.778	—	2,226,633
Medicaid Cluster Total			300,329	6,803,757
Other Programs:				
Department of Defense:				
Vermont Army National Guard	Army Mt. School	12.401	—	1,752
Vermont Army National Guard	ARA Castle Trail	12.401	—	958
Vermont Army National Guard	ARA Mtn School	12.401	—	3,607
Vermont Army National Guard	ARA Bear Town Class	12.401	—	1,203
Vermont Army National Guard	ARA Mtn School	12.401	—	4,522

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

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 Army National Guard	Site ID Feigel Hill	12.401	\$ —	5,949
Other Department of Defense Pass Through Subtotal			—	17,991
Other Department of Defense Total			—	17,991
US Department of Health and Human Services:				
Food & Drug Administration	Direct	93.103	25,394	328,962
Health Resources & Services Admin	Direct	93.107	47,116	89,495
Health Resources & Services Admin	Direct	93.107	87,939	107,831
Subtotal			135,055	197,326
Health Resources & Services Admin	Direct	93.110	11,513	549,880
Health Resources & Services Admin	Direct	93.243	—	77,741
Health Resources & Services Admin	Direct	93.247	6,110	21,652
Administration for Community Living	Direct	93.632	—	(1,853)
Administration for Community Living	Direct	93.632	—	1,432
Administration for Community Living	Direct	93.632	—	576,840
Subtotal			—	576,419
Administration for Children & Families	Direct	93.652	11,966	178,054
Administration for Children & Families	Direct	93.652	15,218	414,636
Subtotal			27,184	592,690
Department of Health and Human Services Direct Subtotal			205,256	2,344,670
Assoc of Africans Living in Vermont	MOU AALV	93.000	—	43,706
National Academy for State Health Policy	NASHP 29545	93.011	7,988	25,195
University of California, San Francisco	8391	93.110	—	176,879
University of Miami	SPC-000517	93.110	—	826
American Academy of Pediatrics	821100-UVM	93.110	—	8,103
American Academy of Pediatrics	6670-39350-62710	93.110	—	83,585
Vermont AHS Department of Health	03420-6645S	93.110	—	59,562
Subtotal			—	328,955
Boston University	4500002222	93.117	—	21,673
Vermont AHS Dept of Health	No03420-6808S	93.130	—	1
Vermont AHS Dept of Health	03420-A17103S	93.136	—	56,678
Vermont AHS Dept of Health	03420-A18130S	93.136	—	84,022
Subtotal			—	140,700
Vermont AHS Dept of Health	03420-6796S	93.165	—	92,047
Vermont AHS Dept of Health	03420-7159S	93.165	—	80,000
Subtotal			—	172,047
Medical Care Development	9769-001	93.211	—	52,514
MCD Public Health	MOU NTRC 912016	93.211	—	11,262
Subtotal			—	63,776
Building Bright Futures	Build Bright Futures	93.243	—	85,341
Vermont AHS Department of Health	ST VT 03420007161	93.243	—	(10,317)
Vermont AHS Department of Health	VT AHS 25888	93.243	—	95,652
Vermont AHS Department of Health	03420-A15095S	93.243	—	—
Vermont AHS Department of Health	03420-A17091S	93.243	—	10,071
Vermont AHS Department of Health	03420-A17109S	93.243	—	7,772
Vermont AHS Department of Health	03420-A18131S	93.243	—	1,419
Subtotal			—	189,938
Vermont AHS Dept of Aging Disabilities	33578	93.464	—	237,845
University of Texas	UTA15-001329	93.652	—	36,674
Spaulding for Children	31725	93.652	—	44,929
Spaulding for Children	31725	93.652	—	27,280
University of Texas	UTA17-001472	93.652	—	53,799
Subtotal			—	162,682
Vermont Dept for Children and Families	30776	93.658	—	49,906
Vermont Dept for Children and Families	33116	93.658	—	1,377,490
Subtotal			—	1,427,396
Vermont Dept for Children and Families	33116	93.659	—	33,090
Vermont Dept for Children and Families	33116	93.669	—	3,600
Vermont Dept for Children and Families	30776	93.669	—	(1,618)
Subtotal			—	1,982
Academy Health	375.90CL.003	93.727	—	9,867
Academic Pediatric Association	1H23IP000950-02	93.733	—	26,541
Academic Pediatric Association	6NH23IP000950-03-01	93.733	—	85,488
Academic Pediatric Association	6NH23IP000950-04	93.733	—	185,234
Subtotal			—	297,263
Bi-State Primary Care Association	ORHP D04RH28383	93.912	—	87,922
Vermont AHS Dept of Health	03420-6930S	93.945	—	84,662
Vermont Dept for Children and Families	30776	93.959	—	(3,677)

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

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 Dept of Health	03420-6841S	93.994	\$ —	26,156
Vermont AHS Dept of Health	03420-6806S	93.994	—	289
Vermont AHS Dept of Health	03420-LG6916	93.994	—	2,174
Vermont AHS Dept of Health	03420-7025S	93.994	—	62,184
Subtotal			—	90,803
Other Department of Health and Human Services Pass Through Subtotal			7,988	3,415,825
Other Department of Health and Human Services Total			213,244	5,760,495
US Department of Veterans Affairs:				
Department of Veterans Affairs	Direct	64.033	297,433	540,647
Department of Veterans Affairs	Direct	64.033	447,491	978,085
Subtotal			744,924	1,518,732
Department of Veterans Affairs	Direct	64.000	—	33,160
Other Department of Veterans Affairs Direct Subtotal			744,924	1,551,892
Other Department of Veterans Affairs Total			744,924	1,551,892
US Department of Justice:				
Vermont Children's Trust Foundation	004-18/20-CTF	16.540	—	6,812
National 4-H Council	4-H Tech 2017	16.726	—	53,106
Margolis Healy & Associates, LLC	Margolis Healy Assoc	16.751	—	452
Margolis Healy & Associates, LLC	Margolis Healy&Assoc	16.751	—	12,478
Subtotal			—	12,930
Other Department of Justice-Pass Through Subtotal			—	72,848
Other Department of Justice Total			—	72,848
Peace Corp:				
Peace Corps (PC)	Direct	19.000	—	27,800
Peace Corps (PC)-Direct Subtotal			—	27,800
Other Peace Corps (PC) Total			—	27,800
National Aeronautics and Space Administration:				
National Aeronautics & Space Admin	Direct	43.012	—	57,353
Other National Aeronautics and Space Administration Direct Total			—	57,353
University of Minnesota	62379 H005872101	43.001	—	12,915
National Space Grant Foundation	Xhab 2018-10	43.003	—	19,239
Other National Aeronautics and Space Administration Pass Through Subtotal			—	32,154
Other National Aeronautics and Space Administration Total			—	89,507
National Endowment for the Humanities:				
Mid Atlantic Arts Foundation	29640	45.024	—	1,500
Other National Endowment for the Humanities Pass Through Subtotal			—	1,500
Other National Endowment for the Humanities Total			—	1,500
Environmental Protection Agency:				
Otter Creek Engineering Inc.	Otter Creek	66.468	—	50,890
Vermont Dept Environmental Conservation	35384	66.468	—	3,349
Subtotal			—	54,239
Vermont Dept Environmental Conservation	2016-ACAP4-UVM-01	66.481	—	76,990
Vermont Dept Environmental Conservation	2018-LCBP-MK-001	66.481	—	4,904
Vermont Dept of Environment Conservation	2017-ACAP5-UVM01	66.481	—	108,934
subtotal			—	190,828
Manomet, Inc.	Manomet	66.951	—	3,124
Other Environmental Protection Agency Pass Through Subtotal			—	248,191
Other Environmental Protection Agency Total			—	248,191
Department of Homeland Security				
Town of Shrewsbury	Shrewsbury/Reroute	97.047	—	3,490
Other Department of Homeland Security Pass Through Subtotal			—	3,490
Other Department of Homeland Security Total			—	3,490
United States Department of Agriculture:				
Farm Service Agency, U.S. Department of	Direct	10.000	—	800
Farm Service Agency, U.S. Department of	Direct	10.113	—	11,945
USDA NIFA	Direct	10.220	—	14,114
USDA NIFA	Direct	10.220	—	26,994
Subtotal			—	41,108
USDA NIFA	Direct	10.311	46,273	106,620
USDA NIFA	Direct	10.328	—	59,607
Farm Service Agency, U.S. Department of	Direct	10.406	—	8,963
Farm Service Agency, U.S. Department of	Direct	10.407	—	8,963
USDA NIFA	Direct	10.500	—	87,644

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
USDA NIFA	Direct	10.500	\$ —	290,299
Subtotal			—	<u>377,943</u>
USDA Natural Resources Conserv Service	Direct	10.902	—	7,599
USDA Natural Resources Conserv Service	Direct	10.902	—	17,349
USDA Natural Resources Conserv Service	Direct	10.902	—	12,907
USDA Natural Resources Conserv Service	Direct	10.902	—	7,550
USDA Natural Resources Conserv Service	Direct	10.902	—	4,305
USDA Natural Resources Conserv Service	Direct	10.902	—	16,100
Subtotal			—	<u>65,810</u>
USDA Natural Resources Conserv Service	Direct	10.912	—	9,550
USDA Natural Resources Conserv Service	Direct	10.912	—	4,178
Subtotal			—	<u>13,728</u>
Foreign Agricultural Services/FAS/USDA	Direct	10.962	—	51,449
Other United States Department of Agriculture Direct Subtotal			<u>46,273</u>	<u>746,936</u>
Iowa State University	412-30-46D	10.000	—	17,755
University of Delaware	46531	10.000	—	14,333
Subtotal			—	<u>32,088</u>
Iowa State University	416-17-01E	10.310	—	(372)
Land For Good	Land For Good	10.311	—	1,724
NOFA-NY	NOFA of NY, Inc.	10.328	—	36,084
University of Delaware	42659	10.500	—	2,894
University of Delaware	42773	10.500	—	7,183
University of Delaware	45875	10.500	—	11,821
Kansas State University	S17156	10.500	—	6,419
Subtotal			—	<u>28,317</u>
Vermont Department of Forests/Parks	06130-UCF-UVM-15	10.664	—	2,173
Vermont Department of Forests/Parks	01630-UCF-UVM-18	10.664	—	187,205
			—	189,378
Vermont Department of Forests/Parks	06130-UCF-UVM-15	10.675	—	241
Vermont Department of Forests/Parks	06130-UCF-UVM-15	10.678	—	1,836
Vermont Land Trust (VLT)	Ph1 Site ID Newport	10.670	—	4,670
Other United States Department of Agriculture Pass Through Subtotal			—	<u>293,966</u>
Other United States Department of Agriculture Total			<u>46,273</u>	<u>1,040,902</u>
United States Department of Commerce:				
University of Wisconsin	695K645	11.417	—	(311)
Other United States Department of Commerce Pass Through Subtotal			—	<u>(311)</u>
Other United States Department of Commerce Total			—	<u>(311)</u>
US Department of Education:				
TRIO_Student Support Services	Direct	84.042	—	305,171
Transition Programs for Students with Intellectual Disabilities into Higher Education	Direct	84.047	—	91,674
Transition Programs for Students with Intellectual Disabilities into Higher Education	Direct	84.047	—	181,605
subtotal			—	<u>273,279</u>
Special Education – Personnel Development to Improve Services and Results for	Direct	84.325	—	192,788
Special Education – Personnel Development to Improve Services and Results for	Direct	84.325	—	211,592
Subtotal			—	<u>404,380</u>
Special Education_Technical Assistance and Dissemination to Improve Services and	Direct	84.326	—	111,883
United States Department of Education Direct Subtotal			—	<u>1,094,713</u>
Vermont Agency of Education	MEPR2191601	84.011	—	308,431
Vermont Agency of Education	MEPR2191701	84.011	—	9,760
Subtotal			—	<u>318,191</u>
EDCO Collaborative	New England HEP	84.141	—	58,393
Vermont Agency of Education	MEP_AOE017945	84.144	—	215,025
Vermont Dept for Children and Families	31303	84.181	—	204,812
Vermont Student Assistance Corporation	VT Gear-up	84.334	—	37,739
Vermont Student Assistance Corporation	VT Gear-up 2017-2018	84.334	—	47,125
Subtotal			—	<u>84,864</u>
Vermont Agency of Education	4655R2191701	84.366	—	16,210
Vermont Agency of Education	4655R2191702	84.366	—	(1,506)
Vermont Agency of Education	4655R2191801	84.366	—	214,636
Subtotal			—	<u>229,340</u>
Vermont Agency of Education	03420-7147S	84.412	—	15,318
United States Department of Education Pass Through Subtotal			—	<u>1,125,943</u>
Other United States Department of Education Total			—	<u>2,220,656</u>

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Direct award or pass-through entity identification	Federal CFDA number	Passed through to subrecipients	Total federal expenditures
United States Department of Energy :				
Department of Energy	Direct	81.086	\$ —	35,681
United States Department of Energy Direct Subtotal			—	35,681
United States Department of Energy:				
Plug In America	Plug-In America	81.086	—	17,903
United States Department of Energy Pass Through Subtotal			—	17,903
Other United States Department of Energy Total			—	53,584
United States Department of Labor:				
US Department of Labor	Direct	17.282	—	203,019
United States Department of Labor Direct Subtotal			—	203,019
Other United States Department of Labor Total			—	203,019
United States Department of Transportation :				
Federal Highway Administration	Direct	20.200	40,934	171,244
United States Department of Transportation Direct Subtotal			40,934	171,244
United States Department of Transportation :				
Vermont Agency of Transportation	VT AOT Gt Mmt CA0306	20.000	873,726	977,766
New Hampshire Dept of Transportation	04-96-96-962015-3036	20.109	—	65,302
California State University, Long Beach	SG199416100	20.200	—	68,729
Vermont Agency of Transportation	PS0082 BREP001-100	20.205	—	14,914
Vermont Agency of Transportation	17-4 PS0082	20.205	—	2,541
Vermont Agency of Transportation	EA#0001055-332/WA008	20.205	15,026	15,936
Vermont Agency of Transportation	18-3 PS0082	20.205	—	4,798
Vermont Agency of Transportation	18-2 PS0082	20.205	—	2,503
Lamoureux & Dickinson Consulting	Lamoureux&Dickinson	20.205	—	2,266
Vermont Agency of Transportation	CA0228 EA 0001054-UV	20.205	—	22,098
Vermont Agency of Transportation	17-3 PS0082	20.205	—	5,208
Vermont Agency of Transportation	17-3A PS0482	20.205	—	8,446
Subtotal			15,026	78,710
Vermont Dept of Forests Parks Recreation	Contract 30948	20.219	—	8,907
Episcopal Church in Vermont	Episcopal Church	20.219	—	5,030
Subtotal			—	13,937
Town of Shelburne, Vermont	Subgrant of GR1054	20.600	—	4,066
Town of Shelburne, Vermont	Subgrant of GR1054	20.608	—	4,000
Vermont Agency of Transportation	CA0228 0001054-332	20.701	46,340	47,250
United States Department of Transportation Pass Through Subtotal			935,092	1,259,760
Other United States Department of Transportation Total			976,026	1,431,004
United States Geologic Survey :				
National Park Service	Direct	15.945	—	169
National Park Service	Direct	15.945	—	100,427
National Park Service	Direct	15.945	—	59,590
Subtotal			—	160,186
National Park Service	Direct	15.954	—	3,030
Other United States Geologic Survey Direct Subtotal			—	163,216
United States Geologic Survey :				
AmericaView	AV13-VT01	15.815	—	25,612
Lincoln Community School	Lincoln School Ph1&2	15.916	—	9,280
Vermont Division Historic Preservation	Contract 34068	15.926	—	20,000
Other United States Geologic Survey Pass Through Subtotal			—	54,892
Other United States Geologic Survey Total			—	218,108
Direct Awards:				
BAB Subsidy	Direct	21.000	—	188,814
United States Department of the Treasury Direct Subtotal			—	188,814
Other United States Department of the Treasury Total			—	188,814
Total Other Programs			1,980,467	13,129,490
Total Expenditures of Federal Awards			\$ 15,017,819	213,740,124

See accompanying independent auditors' report.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

(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, 2018, 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, 2017</u>	<u>Disbursements in Fiscal 2018</u>	<u>Outstanding balances at June 30, 2018</u>
Federal Perkins Loan				
Program	84.038	\$ 5,969,902	252,486	4,655,756
Health Professions				
Student Loans Program	93.342	103,675	—	82,844
Nursing Student Loans	93.364	<u>511,391</u>	<u>164,107</u>	<u>582,000</u>
Total federal loan programs		\$ <u>6,584,968</u>	<u>416,593</u>	<u>5,320,600</u>

The University received an allowance for administrative costs for the Federal Perkins Loan Program of \$210,200. Expenditures reported on the Schedule represent the outstanding balance at June 30, 2017 plus fiscal 2018 disbursements and the allowance for administrative costs.

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, 2018.

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

(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 minimus indirect cost rate allowed under the Uniform Guidance.



KPMG LLP
One Park Place
463 Mountain View Drive, Suite 400
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, 2018, 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 5, 2018. Our report includes a reference to other auditors who audited the financial statements of the 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) to determine the 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 determination of financial statement amounts. 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 5, 2018



KPMG LLP
One Park Place
463 Mountain View Drive, Suite 400
Colchester, VT 05446-9909

Independent Auditors' Report on Compliance for Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by 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 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 the University's major federal program for the year ended June 30, 2018. The University's major federal program is 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 the University's major federal program 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 the University's major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on 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 its major federal program for the year ended June 30, 2018.

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 component the University a component unit of the State of Vermont as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 5, 2018, 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

February 11, 2019

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

(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 over major program:

- 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 program:

Unmodified

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

_____ yes x no

The University's major program:

Name of federal program or cluster	CFDA numbers
Research and Development Cluster	Various

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

\$3,000,000

Auditee qualified as low-risk auditee?

 x yes _____ no

(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.