Appendix K

Closure Plan and
Closure & Liability Insurance

Introduction

The University of Vermont and State Agricultural College (UVM) operates the Environmental Safety Facility (ESF), a hazardous waste treatment and storage facility at 667 Spear Street in Burlington, Vermont. UVM has prepared this closure plan, including a cost estimate for all closure activities, in accordance with UVM's Hazardous Waste Storage Facility Permit, Vermont Hazardous Waste Management Regulations (VHWMR) Sections 7-309(c) and 7-504(e), 40 CFR Part 264 Subpart G (facility closure) and Section 264.197 (tank closure), and 40 CFR Part 761.

This closure plan will be implemented if final closure of the entire facility becomes necessary. If closure of individual hazardous waste management units or areas of the facility becomes necessary, UVM will implement those provisions of this closure plan that are applicable to the unit(s) being closed. Such partial closures may be necessary due to equipment, changes in regulatory requirements, modifications of operations, or replacement of permitted units or portions of permitted units during the operating life of the facility. Partial closure of a portion of a hazardous waste management unit would proceed in the same manner described herein for final closure of the entire unit, with respect to removal of inventory and residues, as well as decontamination of equipment and structures and verification sampling and analysis. The closure activities discussed herein are intended to achieve clean closure of the facility or the unit(s) being closed.

Closure Plan and Closure Performance Standard

The purpose of this plan is to identify the steps necessary to perform partial and/or final closure of the UVM ESF. Appendix B provides a description of the hazardous waste management unit that is subject to closure. Until closure is completed and certified, a copy of the original approved closure plan, and all approved revisions of that plan, will be maintained as part of the UVM ESF operating record.

Partial Closure

The ESF is considered a single hazardous waste management unit. UVM does not anticipate a request for partial closure as all hazardous waste operations at the ESF are anticipated to cease at the time of final permit closure.

Post Closure Plan

The ESF is not a hazardous waste disposal facility, nor does it operate a waste pile, surface impoundment, or tank system. Hazardous waste will not remain on site, nor will access to the site pose a hazard to the public or domestic livestock, after the ESF has been closed. Therefore, a post closure plan, to include an inspection plan, and monitoring plan as identified in 40 CFR §264.117, is not required.

Amendment of the Closure Plan
UVM shall submit a written request for certification modification to authorize a change in the approved closure plan. The written request shall include a copy of the amended closure plan for approval by the Secretary of the Vermont Agency of Natural Resources (Secretary).

UVM may submit a written request to the Secretary for a certification modification to amend the closure plan at any time prior to notification of final closure of the ESF.

UVM shall submit a written request for certification modification to authorize a change in the approved closure plan whenever:

1. Changes in operating plans or facility design affect the closure plan; or
2. There is a change in the expected year of closure, if applicable; or
3. In conducting partial or final closure activities, unexpected events require a modification of the approved closure plan.

UVM shall submit the written request for certification modification including a copy of the amended closure plan to the Secretary:

> In order to modify this closure plan, UVM will submit a written request to the Vermont Department of Environmental Conservation, Waste Management and Prevention Division. Any written request for modification of the closure plan will include a copy of the amended plan with all changes clearly identified (e.g., underline / strikeout). The request will be submitted for approval at least 60 days prior to the proposed change in facility design or operation, or no later than 60 days after an unexpected event has occurred which has affected the closure plan. If an unexpected event occurs during the closure period, the request for modification will be made no later than 30 days after the unexpected event. In addition, a verbal notification will be made to the Waste Management and Prevention Division within 24 hours of an unexpected event has occurred which affects the plan.

Closure Performance Standard
In the event that UVM must close the ESF, this plan identifies steps needed to close the ESF in manner that:

1. Minimizes the need for further maintenance by controlling, minimizing, or eliminating, to the extent necessary to protect human health and the environment, the post-closure escape of hazardous waste, hazardous constituents, leachate, contaminated run-off, or hazardous waste decomposition products to the groundwater or surface waters or to the atmosphere; and

2. Removes or decontaminates all contaminated equipment, structures and soil and any remaining hazardous waste residues from short-term storage areas including containment system components (e.g., pads, liners, etc.), contaminated soils and subsoils, bases, and structures and equipment contaminated with waste.

3. If the generator demonstrates that any contaminated soils and wastes cannot be practicably removed or decontaminated as required in **subsection (A)(ii) of this section**, then the short-term storage area is considered to be a landfill and the generator must close the area and perform post-closure care in accordance with the closure and post-closure care requirements that apply to landfills (**40 CFR § 265.310**). In addition, for the purposes of closure, post-closure, and financial responsibility, such an area is then considered to be a landfill, and the generator must meet all of the requirements for landfills specified in **subchapter 5 of these regulations** and **subparts G and H of 40 CFR part 265**.

Notification of Partial of Final Closure

In accordance with 40 CFR 264.112(d) and VHWMR 7-504(e), UVM will notify the Waste Management and Prevention Division in writing at least 60 days prior to the date on which partial or final closure activities are expected to begin.

Maximum Inventory

[40 CFR §264.112(b)(2) & (3)]
All waste stored at the ESF will be stored in drums or other suitable containers. The following is a listing of a hypothetical maximum inventory for each room:

Room 110	20x55 gallon drums	Poisons/Flammables/non-hazardous
Room 111	20x55 gallon drums	Poisons/Flammables/non-hazardous
Room 112	20x55 gallon drums	Flammables/corrosives
Room 113	20x55 gallon drums	Poisons
Room 116	20x55 gallon drums	Other regulated material/organic acids
Room 117	20x55 gallon drums	Inorganic acids/oxidizers
Room 118	20x55 gallon drums	Inorganic acids/oxidizers
Room 119	20x55 gallon drums	Caustics/mercury 10x55 gallon drums
Room 120	20x55 gallon drums	Ballasts/fluorescent lights
Reactives Storage Building	8x55 gallon drums	Reactive wastes

UVM, or a hired hazardous material cleanup company, will package and remove all hazardous waste from the ESF for disposal within 90 days of receipt, at the ESF, of the final volumes of hazardous waste [40 CFR §264.114]. All hazardous waste will be removed from the ESF and transported to permitted TSD facilities. All hazardous wastes transported from the ESF will be packaged in accordance with DOT regulations as set forth in 49 CFR §172 and §173. All hazardous waste, shipped from the ESF, will be transported by Vermont permitted, hazardous waste haulers in vehicles permitted for hazardous waste hauling.

Closure of Equipment, Containers

Decontamination of Facility [40 CFR §264.112(b)(4) and 40 CFR §264.114]
After all hazardous wastes are removed from the ESF, UVM will begin activities to decontaminate or dispose of equipment and structures. UVM may contract a hazardous material cleanup company to perform these closure activities; a hazardous waste management and cleanup company (Environmental Products and Services of Vermont) was consulted to develop the scope of closure activities and determine the estimate of costs for the closure. These activities will be complete within 180 days of receipt of the final volumes of hazardous waste at the ESF, unless an extension is requested from and granted by the Secretary.

All walls, air ducts, ceilings, and floors of the waste storage rooms, the waste handling room and the hallway will be cleaned by hand scraping and or scrubbing followed by the use of a HEPA vacuum. All containment sump areas will be visually inspected for cracks and sealed prior to wet cleaning. The surfaces will then be steam cleaned using a steam generator, pressure washer and detergent. Additional cleaning will be performed where necessary. Additional cleaning solutions may be used if necessary; the specific solution will vary with the contaminant and the area being cleaned; these will need to be identified at the time of closure activities. The surfaces will be triple rinsed with clear water; the rinseate will be collected and sampled for hazardous waste determination by UVM or its contractor. Cleaning procedures will be repeated until the rinseate is determined to be non-hazardous.

The Reactives Storage Building will be cleaned by hand scraping followed by the use of a HEPA vacuum. The containment sump area will be visually inspected for cracks and sealed prior to wet cleaning. The surfaces will then be steam cleaned using a steam generator, pressure washer and detergent. Additional cleaning will be performed where necessary. Additional cleaning solutions may be used if necessary; the specific solution will vary with the contaminant and the area being cleaned; these will need to be identified at the time of closure activities. The surfaces will be triple rinsed with clear water; the rinseate will be collected for hazardous waste determination by UVM or its contractor. Rinse waters may be commingled if the contaminants are shown to be compatible. UVM or its contractor will collect samples from the final rinse water for hazardous waste determination. Cleaning procedures will be repeated until the rinseate is determined to be non-hazardous.

The truck bay and containment sump will only require pressuring washing because any spill that affects this area will have been cleaned immediately after the spill occurred. If any noticeable contaminants are discovered through rinseate analysis, the area will be decontaminated using the same protocol as the waste storage rooms.

Rinseate sampling parameters will vary depending upon the storage area. Composite samples will be taken from rooms storing similar types of wastes. Decontamination efforts will continue until contamination levels are at or below the most stringent, accepted, risk-based criteria in effect at the time of closure.

A hazardous waste cleanup contractor estimated that seven 55-gallon drums be generated during the decontamination process. UVM has increased that estimate to nineteen (19), 55-gallon drums from the following areas:

- One drum from each of rooms 110, 111, 112 and 113 which are used primarily for organic waste storage,
- One drum from each of rooms 116, 117, 118, 119 and 120 which are used primarily for inorganic waste storage,
- Two drums from the waste handing room,
- Two drums from the hallway, and
- One drum from the Reactives Storage Building
- Five drums from final rinse water.

These decontamination wastes will be treated and disposed of according to the Best Demonstrated Available Technology (BDAT) at the time of closure; these technologies can only be identified at the time of closure.

Any releases to the retention pond and associated drainage ditch during the life of the ESF will have been cleaned up immediately following the release. Therefore, there are no anticipated closure costs associated with the retention pond and the drainage ditch.

Decontamination Sampling and Analysis Quality Assurance
To ensure that decontamination efforts have been thoroughly and effectively completed, UVM or its hired contractor will sample and analyze the decontamination areas and residues. Materials will be examined to monitor the efficacy of the decontamination procedure and include DI rinses, area scrapings, decontamination tools, and affected areas.

Sampling and analysis of these materials will be performed in accordance with "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods," EPA Publications SW-846. Test methods with the most applicable protocol edition and/or method will be used.

Appropriate sampling procedures will be implemented as dictated by the sample media type. Analytical procedures best suited to evaluate the hazards and contaminants associated with specific waste classifications will be selected. Test methods will use the most applicable protocol edition and/or method at the time.

Decontamination procedures and subsequent analyses will continue until residues of contaminants are at levels that are at or below the most stringent, accepted, risk-based criteria in effect at the time of closure. This will be evaluated by UVM, or the engineer hired to certify closure activities.

Environmental Sampling [40 CFR §264.112(b)(5)]
It is not anticipated that there will be any releases of hazardous waste to the area outside of the ESF.

If a release does occur however, or if contamination outside of the ESF is suspected, UVM will conduct an environmental monitoring program in consultation with a hydrogeology firm and revise the closure cost estimate accordingly. UVM has installed 6 pairs of monitoring wells surrounding the ESF. If determined to be necessary, samples will be taken from these wells and analyzed to determine if contamination from the ESF is present. In addition, soils samples will be taken in the area surrounding the ESF and from the retention pond, as needed. The consulting geologist will determine the proper number of sampling points and will determine if there is any environmental contamination.

Closure Schedule

Proposed Closure Date
The proposed final closure date for the ESF and the Reactives Storage Building is January 1, 2042. This is based on the design life of the building and mechanical systems without major renovation (see Attachment K-5 “Structural Assessment Letter”). UVM reserves the right to change the closure date based on future renovations and needs.

Closure Schedule for UVM’s One (1) Hazardous Waste Management Unit
(40 CFR §264.112 & §264.113)

- January 1, 2041 – Notify the Secretary and the EPA Regional Administrator
- July 5, 2041 – Last shipment of hazardous waste received at the ESF.
- September 3, 2041 – Demonstrate requirements of 40 CFR 264.113 if requesting an extension to waste removal deadline.
- October 3, 2041 – Complete removal of all wastes for final disposal
- October 31, 2041 – Initial decontamination of the ESF complete & samples submitted for analysis.
- November 7, 2041 – Determination made as to need for further decontamination.
- November 21, 2041 – Subsequent decontamination of the ESF complete (if necessary) and samples submitted for analysis.
- November 30, 2041 – Determination made as to need for further decontamination.
- December 2, 2041 – Demonstrate requirements of 40 CFR 264.113 if requesting an extension to final closure activities deadline.
- December 15, 2041 – All clean up materials decontaminated and removed from site or removed for final disposal.
- January 1, 2042 – Final closure activities are complete.
- March 1, 2042 – Certification of closure completed by a Vermont licensed, independent, professional engineer.

Extension for Closure

If the activities required to remove all hazardous wastes from the ESF will, of necessity, take longer than 90 days to complete; or if the ESF has the capacity to receive additional hazardous wastes, and there is a reasonable likelihood that UVM or another person will recommence operation of the hazardous waste management unit or the ESF within one year; and closure of the hazardous waste management unit or ESF would be incompatible with continued operation of the site; and UVM has taken and will continue to take all steps to prevent threats to human health and the environment, including compliance with all applicable permit requirement then UVM will request of the Secretary, an extension to the waste removal deadline. Such request and demonstration of compliance with 40 CFR §264.113 will be made at least 30 days prior to the deadline.

If the activities required to complete final closure of the ESF will, of necessity, take longer than 180 days to complete; or if the ESF has the capacity to receive additional hazardous wastes, and there is a reasonable likelihood that UVM or another person will recommence operation of the hazardous waste management unit or the ESF within one year; and closure of the hazardous waste management unit or ESF would be incompatible with continued operation of the site; and UVM has taken and will continue to take all steps to prevent threats to human health and the environment, including compliance with all applicable permit requirement then UVM will request of the Secretary, an extension to the final closure deadline. Such request and demonstration of compliance with 40 CFR §264.113 will be made at least 30 days prior to the deadline.

Certification

[40 CFR §264.115]
The ESF will be certified closed by a Vermont licensed, independent Professional Engineer (P.E.) on or before March 1, 2042. The engineer will review disposal records, decontamination procedures and laboratory analysis, visually inspect the site and conduct any interviews necessary to certify the closure of the site. The engineer will summarize these reviews in a closure report; a copy of the engineer's report will be forwarded to the Secretary and Regional Administrator. The Certification of Facility Closure at the ESF will be signed by the owner or operator of the facility and the P.E.

The ESF has no landfill cells or hazardous waste disposal units at this site. Therefore, the survey plat specified in 40 CFR §264.116 is not required.

Future Use [40 CFR §264.117]
Once the ESF has been certified closed, UVM reserves the right to utilize this space for other efforts in conjunction with its overall mission.

Closure Cost

[40 CFR §264.142]
A detailed, written estimate, in current dollars, of the cost of closing the ESF is included in the spreadsheet in attachment K-1. This estimate assumes that:

- The ESF is operating at its maximum extent and manner;
- No UVM personnel are assisting with the closure and all costs are based on hiring a third-party contractor; and
- No value is realized from the salvage of materials from the ESF or from hazardous waste that may have economic value.

This cost estimate will be updated as required by Permit Conditions 9.2 and 9.3.

Financial Guarantee for Liability and Closure

Financial Assurance for Closure
UVM has established financial assurance for the closure of the ESF, satisfying the requirements of 40 CFR §264.143, and demonstrates this with a surety bond guaranteeing performance of closure as specified in 40 CFR §264.143(c). UVM demonstrates that it meets these criteria by submitting a copy of the executed bond and standby trust worded as specified in 40 CFR §264.151(c) and §264.151(a)(1), respectively.

The closure costs are described on the closure cost worksheet, included as attachment K-1. The closure cost is updated for inflation annually as required by Permit Condition 9.3. Updated closure costs are kept in the ESF's operating record.

Financial Assurance for Liability Coverage
UVM establishes financial assurances for coverage of sudden accidental occurrences at the ESF, satisfying the requirements of 40 CFR §264.147(a), and demonstrates this coverage as specified in 40 CFR §264.147 (a)(1) by evidence of a Certificate of Liability Insurance. UVM demonstrates that it meets these criteria by submitting a certificate worded as specified in 40 CFR §264.151(j).

UVM assures liability coverage for sudden accidental occurrences in the amount of $1 million per occurrence with an annual aggregate of $2 million, exclusive of legal costs.

To demonstrate that UVM meets the financial tests described above, the UVM will submit annually the following items to the Waste Management and Prevention Division:

- The updated closure cost. An example closure cost is provided in Attachment K-1.
- A copy of the executed surety bond, standby closure trust fund, and change rider (if needed). An example of these documents is provided in Attachment K-2
- A copy of the Hazardous Waste Facility Certificate of Liability Insurance. An example of this document is provided in Attachment K-3.
- A copy of UVM's Annual Financial Report. An example report is provided in Attachment K-4.

Attachment K-1

Closure Cost Worksheet

University of Vermont & State Agricultural College
Environmental Safety Facility
Hazardous Waste Facility Permit

Attachment K-1
Closure Cost Worksheet

Disposal of Maximum Inventory of Hazardous Waste								
Room 110	Bulk poisons & flammables for incineration	20	x55	@	$175.62	=	$	3,512.39
Room 111	Labpacked poisons & flammables for incineration and treatment	20	x55	@	$421.83	=	$	8,436.57
Room 112	Labpacked flammables & corrosives for incineration and treatment	20	x55	@	$421.83	=	$	8,436.57
Room 113	Labpacked poisons for incineration and treatment	20	x55	@	$421.83	=	$	8,436.57
Room 116	Bulk acids for treatment	20	x55	@	$288.61	=	$	5,772.17
Room 117	Labpacked oxidizers and acids for incineration and treatment	20	x55	@	$421.83	=	$	8,436.57
Room 118	Labpacked caustics for treatment	20	x55	@	$421.83	=	$	8,436.57
Room 119	Labpacked caustics for treatment	10	x55	@	$421.83	=	$	4,218.29
Room 119	Labpacked mercury for retorting	10	x55	@	$1,507.27	=	$	15,072.65
Room 120	Electronic ballasts for recycling	10	x55	@	$0.27	=	$	2.71
Room 120	Fluorescent light bulbs for recycling	20,000	ft	@	$0.07	=	$	1,407.90
Room 120	Fluorescent light bulbs for recycling	1,500	bulbs	@	$2.71	=	$	4,061.25
Reactives Bld	Labpacked reactives for treatment and incineration	8	x55	@	$836.08	=	$	6,688.61
	Transportation Fees	6	trips	@	$2,500.00		$	15,000.00
	Labor for shipping papers and final packing	80	hrs	@	$85.00	=	$	6,800.00
	Materials and Equipment						$	2,000.00
	Fuel and Insurance surcharge	20%					$	21,343.76
Total disposal cost for maximum hazardous waste inventory:							**$**	**128,062.57**
	Based on contracted costs provided by active 2022 UVM vendors							
Decontamination of Facility								
Site Manager & vehicle for 180 day closure period		1040	hrs	@	$110.00		$	114,400.00
Decontamination of waste storage rooms, includes dry clean, wet clean & PPE							$	10,000.00
Decontamination of reactives building, includes dry clean, wet clean & PPE							$	1,000.00
Truck bay and containment sump sampling							$	450.00
Decontamination of containment sump							$	1,200.00
Lab analysis (3) - composite sample wipes for PCB and mercury area							$	2,070.00
Lab analysis	(3) - analysis of rinse water from organic storage rooms, inorganic storage rooms & reactive storage building						$	2,100.00
Disposal of estimated 19x55 gallon drums of wash water @ $250							$	4,750.00
Disposal of HEPA filter							$	1,000.00
	Transportation Fees						$	2,000.00
	Labor for packaging materials and preparing manifests & paperwork	10	hrs	@	$85.00	=	$	850.00
	Materials and Equipment						$	2,000.00
Total for facility decontamination:							**$**	**141,820.00**
	Based on cost estimate provided by Environmental Products & Services of Vermont							
Environmental Monitoring Contingency (soils, moat, monitoring wells, etc)							**$**	**19,000.00**
	Based on 1989 screening for environmental contaminants at facility's proposed site.							
Closure Certification & Report by Registered Professional Engineer		20	hrs	@	$100.00		**$**	**2,000.00**
	Based on cost estimate provided by ESPC Engineering and Environmental Services							
	Subtotal						**$**	**290,882.57**
	15% contingency (required by VT DEC)						**$**	**43,632.39**
	Total Closure Costs based on FY2022 pricing *(*Adjusted for inflation)*						**$**	**334,514.96**
** Based on annual average inflation of 8.3% (Bureau of Labor and Statistics posted 05/12/2021)*								

Attachment K-2

Executed Surety Bond and Standby Closure Trust Fund

PERFORMANCE BOND

Date Bond Executed: **June 24, 2013**
Effective Date: **July 1, 2013**

Bond Premium: **$5,000.00**
Bond Number: **K08902732**

PRINCIPAL

Legal name and business address of owner or operator:	**University of Vermont State Agricultural College** **Environmental Safety Facility** **667 Spear St.** **Burlington, VT 05405**
Type of organization:	**Part B Permitted Facility owned and operated by University of Vermont**
State of Incorporation:	**Vermont**

SURETY

Name and business address	**Westchester Fire Insurance Company** **436 Walnut Street** **Philadelphia, PA 19106**

EPA Identification Number: **VTD000636563**
Name: **The Environmental Safety Facility**
Address: **667 Spear St, Burlington VT**
Closure Amount: **$361,109**

Total penal sum of bond: **$400,000**

Surety's Bond Number: **K08902732**

Amount for Closure: **$361,109**

KNOW ALL PERSONS BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto are firmly bound to the Vermont Agency of Natural Resources (hereinafter called VTANR), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS said Principal is required, under the Vermont Hazardous Waste Management Regulations as amended, to have a permit in order to own or operate each hazardous waste management facility identified above, and

WHEREAS said Principal is required to provide financial assurance for closure, or closure and post-closure care, as a condition of the permit;

Whereas said Principal shall establish a standby trust fund as is required when a surety bond is used to provide such financial assurance;

NOW, THEREFORE, the conditions of this obligation are such that if the Principal shall faithfully perform closure, whenever required to do so, of each facility for which this bond guarantees closure, in accordance with the closure plan and other requirements of the permit as such plan and permit may be amended, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended,

AND, if the Principal shall faithfully perform post-closure care of each facility for which this bond guarantees post-closure care, in accordance with the post-closure plan and other requirements of the permit, as such plan and permit may be amended, pursuant to all applicable laws, statutes, rules, and regulations, as such laws, statutes, rules, and regulations may be amended,

OR, if the Principal shall provide alternate financial assurance as specified in 40 CFR part 264 subpart H, and obtain the written approval of such assurance from the Secretary of the Agency of Natural Resources (hereinafter called Secretary)), within 90 days after the date notice of cancellation is received by both the Principal and the Secretary from the Surety(ies), then this obligation shall be null and void, otherwise it is to remain in full force and effect.

The Surety (ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above.

Upon notification by the Secretary that the principal has been found in violation of the closure requirements of40 CFR part 264 subpart G, for a facility for which this bond guarantees performance of closure, the Surety (ies) shall either perform closure in accordance with the closure plan and other permit requirements or forfeit the closure amount guaranteed for the facility to the Department as directed by the Secretary.

Upon notification by the Secretary that the Principal has been found in violation of the post-closure requirements of 40 CFR part 264 for a facility for which this bond guarantees performance of post-closure care, the Surety (ies) shall either perform post-closure care in accordance with the post-closure plan and other permit requirements or forfeit the post-closure amount guaranteed for the facility to the VTANR as directed by the Secretary.

Upon notification by the Secretary that the Principal has failed to provide alternate financial assurance as specified in 40 CFR part 264 subpart H and obtain written approval of such assurance from the Secretary during the 90 days following receipt by both the Principal and the Secretary of a notice of cancellation of this bond, the Surety(ies) shall forfeit funds in the amount guaranteed for the facility(ies) to the standby trust fund as directed by the Secretary.

The Surety(ies) hereby waive(s) notification of amendments to closure plans, permits, applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its (their) obligation on this bond.

The liability of the Surety (ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of this bond, but in no event shall the obligation of the Surety (ies) hereunder exceed the amount of said penal sum.

The Surety (ies) may cancel the bond by sending notice of cancellation by certified mail to the principal (owner or operator) and to the Secretary, provided, however, that cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the Secretary, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies), provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of this bond by the Secretary.

IN WITNESS WHEREOF, the Principal and Surety (ies) have executed this Performance Bond and have affixed their seals on the date (s) set forth below.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety (ies) and that the wording of this surety bond is equivalent to the wording specified in of 40 CFR subpart H as such regulation was constituted on the date (s) this bond was executed.

Affix Corporate Seal

Principal
University of Vermont State Agricultural College

By: Claire L. Burlingham Date 3/6/14
Name CLAIRE L. BURLINGHAM Title University Controller

State of Incorporation
Pennsylvania
Liability Limit
$400,000
Affix Corporate Seal

Surety

Westchester Fire Insurance Company

By: Kathryn W. Allen Date: 06/24/2013
Kathryn W. Allen, Attorney-In-Fact

Bond Premium $5,000.00 Per Annum

Standby Closure Trust Agreement

Trust Agreement, the "Agreement," entered into as of November 13, 2013 by and between **THE UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**, an instrumentality of the State of Vermont and a nonprofit educational corporation, the "**Grantor**," and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association with its principal place of business in the State of Delaware, the "**Trustee.**"

WHEREAS, the United States Environmental Protection Agency, "EPA," an agency of the United States Government, has established certain regulations applicable to the Grantor, requiring that an owner or operator of a hazardous waste management facility shall provide assurance that funds will be available when needed for closure and/or post-closure care of the facility,

WHEREAS, the Grantor has elected to establish a trust to provide all or part of such financial assurance for the facilities identified herein,

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Grantor" means the owner or operator who enters into this Agreement and any successors or assigns of the Grantor.
(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

Section 2. Identification of Facilities and Cost Estimates.
This Agreement pertains to the facilities and cost estimates identified on attached Schedule A.

Section 3. Establishment of Fund.
The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of EPA. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by EPA.

Section 4. Payment for Closure and Post-Closure Care.
The Trustee shall make payments from the Fund as the EPA Regional Administrator shall direct, in writing, to provide for the payment of the costs of closure and/or post-closure care of the facilities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the EPA Regional Administrator from the Fund for closure and post-closure expenditures in such amounts as the EPA Regional Administrator shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the EPA Regional Administrator specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund.
Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management.
The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; *except that:*

(i) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
(ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and
(iii)The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
(b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee.
Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;
(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
(c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depositary even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depositary with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and
(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses.
All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation.
The Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the appropriate EPA Regional Administrator a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the EPA Regional Administrator shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel.
The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation.
The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee.
The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the EPA Regional Administrator, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee.
All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the attached Exhibit A or such other designees as the Grantor may designate by amendment to Exhibit A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the EPA Regional Administrator to the Trustee shall be in writing, signed by the EPA Regional Administrators of the Regions in which the facilities are located, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or EPA hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or EPA, except as provided for herein.

Section 15. Notice of Nonpayment.
The Trustee shall notify the Grantor and the appropriate EPA Regional Administrator, by certified mail within 10 days following the expiration of the 30-day period after the anniversary of the establishment of the Trust, if no payment is received from the Grantor during that period. After the pay-in period is completed, the Trustee shall not be required to send a notice of nonpayment.

Section 16. Amendment of Agreement.
This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the appropriate EPA Regional Administrator, or by the Trustee and the appropriate EPA Regional Administrator if the Grantor ceases to exist.

Section 17. Irrevocability and Termination.
Subject to the right of the parties to amend this Agreement as provided in Section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the EPA Regional Administrator, or by the Trustee and the EPA Regional Administrator, if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 18. Immunity and Indemnification.
The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the EPA Regional Administrator issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law.
This Agreement shall be administered, construed, and enforced according to the laws of the State of Vermont.

Section 20. Interpretation.
As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

In Witness Whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written: The parties below certify that the wording of this Agreement is identical to the wording specified in 40 CFR 264.151(a)(1) as such regulations were constituted on the date first above written.

The University of Vermont and State Agricultural College

Richard H. Cate
Vice President for Finance and Treasurer

Attest:

Francine T. Bazluke
Vice President for Legal Affairs & General Counsel;
Corporate Secretary

Wilmington Trust, National Association

Duly Authorized Agent

David B. Young
Vice President

Attest:

Duly Authorized Agent

Christopher J. Slaybaugh
Vice President

STATE OF VERMONT
COUNTY OF CHITTENDEN, SS

On this 29 day of September 2015, before me personally came Richard H. Cate to me known, who, being by me duly sworn, did depose and say that he resides at 85 S. Prospect Street, Waterman 350B, Burlington, VT 05405 and that he is Vice President for Finance and Treasurer for the University of Vermont and State Agricultural College, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Alexandra Spannaus
Notary Public
Commission Expires 2/10/2019

State of Delaware

County of New Castle

On this 13th day of October 2015, before me personally came David B. Young to me known, who, being by me duly sworn, did depose and say that he resides at 3 Walnut Green Way, Newark, Delaware, 19702, that he is a Vice President of Wilmington Trust, N.A., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Signature of Notary Public: Karen Ciszkowski

KAREN CISZKOWSKI
MY COMMISSION EXPIRES
NOTARY
PUBLIC
06-02-2019
STATE OF DELAWARE

Attachment K-3

Certificate of Liability Insurance

HAZARDOUS WASTE FACILITY CERTIFICATE OF LIABILITY INSURANCE

1. **Illinois Union Insurance Company**, (the “Insurer"), of **436 Walnut Street, Philadelphia, PA 19106** hereby certifies that it has issued liability insurance covering bodily injury and property damage to **University of Vermont.**, (the "insured"), of **284 East Avenue, Burlington, Vermont 05405** in connection with the insured's obligation to demonstrate financial responsibility under **40 CFR 264.147 or 265.147.**

   The coverage applies at**:**

   (a) EPA ID Number: VTD000636563

   Facility Name: University of Vermont and State Agricultural Collect, Environmental Safety Facility, BioResearch Complex

   Facility Address: 667 Spear Street in Burlington, VT

   for **SUDDEN ACCIDENTAL** occurrences

   The limits of liability are **$1,000,000** each occurrence and **$2,000,000** annual aggregate, exclusive of legal defense costs. The coverage is provided under policy number **PPL G47418112 001**, issued on **07/28/2023**. The effective date of said policy is **07/28/2023.**

2. The Insurer further certifies the following with respect to the insurance described in Paragraph 1:

   a. Bankruptcy or insolvency of the insured shall not relieve the Insurer of its obligations under the policy.

   b. The Insurer is liable for the payment of amounts within any deductible applicable to the policy, with a right of reimbursement by the insured for any such payment made by the Insurer. This provision does not apply with respect to that amount of any deductible for which coverage is demonstrated as specified in **40 CFR 264.147(f)**.

   c. Whenever requested by the director of the Ohio Environmental Protection Agency, the Insurer agrees to furnish to the director a signed duplicate original of the policy and all endorsements.

   d. Cancellation of the insurance, whether by the Insurer, the insured, a parent corporation providing insurance coverage for its subsidiary, or by a firm having an insurable interest in and obtaining liability insurance on behalf of the owner or operator of the hazardous waste management facility, will be effective only upon written notice and only after the expiration of sixty (60) days after a copy of such written notice is received by the director.

   e. Any other termination of the insurance will be effective only upon written notice and only after the expiration of thirty (30) days after a copy of such written notice is received by the director.

I hereby certify that the wording of this instrument is identical to the wording specified in **40 CFR 264.151(j)** as such regulation was constituted on the date first above written, and that the Insurer is licensed to transact the business of insurance, or eligible to provide insurance as an excess or surplus lines insurer, in one or more States.

Patrick H. Shields

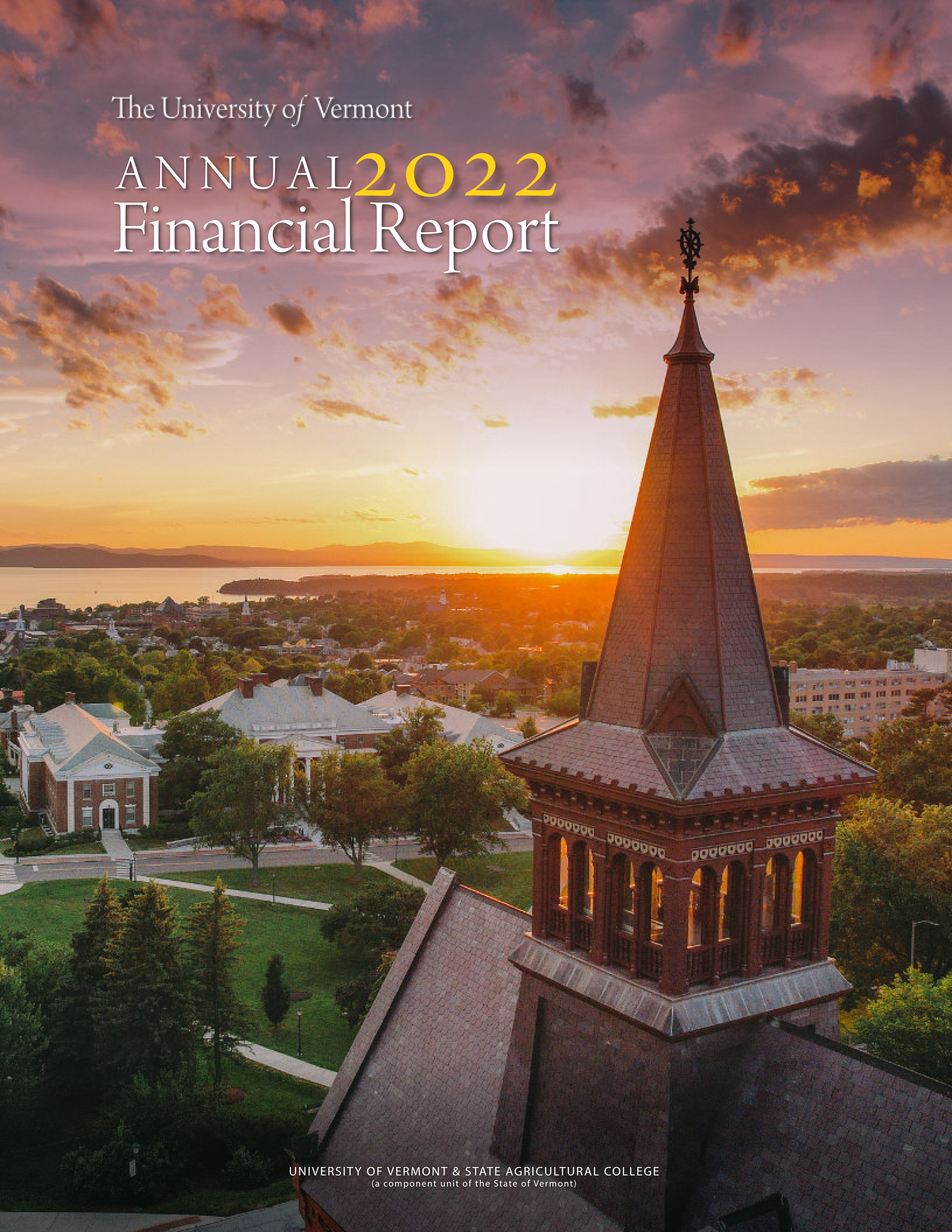
Patrick H. Shields
Mid-Atlantic Regional Underwriting Manager, Chubb Environmental
Authorized Representative of Illinois Union Insurance Company
436 Walnut Street, WA08M
Philadelphia, PA 19106

Attachment K-4

Annual Financial Report

The University of Vermont

ANNUAL 2022 Financial Report



UNIVERSITY OF VERMONT & STATE AGRICULTURAL COLLEGE
(a component unit of the State of Vermont)

Photo by Aaron Cieri

The University *of* Vermont

Administration

Suresh V. Garimella .... President
Patricia Prelock .... Provost and Senior Vice President
Trenten Klingerman .... Vice President for Legal Affairs and General Counsel
Richard H. Cate .... Vice President for Finance and Administration, and Treasurer
Kirk Dombrowski .... Vice President for Research
Jeff Schulman .... Director of Athletics
T. Simeon Ananou .... Chief Information Officer
Joel Seligman .... Chief Communications Officer
Michael Schirling .... Chief Safety and Compliance Officer
Jill Irvine .... Chief Professional and Continuing Education Officer
Jay Jacobs .... Vice Provost for Enrollment Management
Erica Caloiero .... Vice Provost for Student Affairs
Jane Okech .... Vice Provost for Faculty Affairs
Jennifer Dickinson .... Vice Provost for Academic Affairs and Student Success
Amer Ahmed .... Vice Provost for Diversity, Equity and Inclusion
Cynthia J. Forehand .... Dean, Graduate College
Allan Strong .... Interim Dean, The Rubenstein School of Environment and Natural Resources
Barbara Arel .... Acting Dean, The Grossman School of Business
Richard L. Page .... Dean, Robert Larner, M.D. College of Medicine
Linda Schadler .... Dean, College of Engineering and Mathematical Sciences
Leslie Parise .... Dean, College of Agriculture and Life Sciences
William Falls .... Dean, College of Arts and Sciences
Noma Anderson .... Dean College of Nursing and Health Sciences
Bryn Geffert .... Dean, University Libraries
Katharine Shepherd .... Interim Dean, College of Education and Social Services
David Jenemann .... Dean, Honors College

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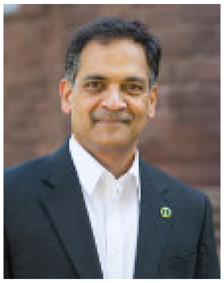
Table of Contents

UNIVERSITY OF VERMONT & STATE AGRICULTURAL COLLEGE
(a component unit of the State of Vermont)

Photo credit Andy Duback



Letter from the President

Members of the Board of Trustees,

I attach the Annual Financial Report for the fiscal year that ended June 30, 2022. The state of UVM's finances is sound.

These financial statements illustrate a modest increase of $5.3 million in the University's net position. As of June 30, 2022, the market value of the combined pooled endowment (UVM and UVM Foundation) was $761 million. It is important to note that endowment gifts and research awards are almost entirely restricted for specific purposes by the donors and the entities that award the grants.

The University remains focused on student access and affordability, quality enhancements in programs and services, capacity-building for our distinctive research strengths, engagement with the state and our communities, and resource and revenue growth. These priorities will help ensure an even more financially healthy university, which will enable greater enhancements to the student experience and further expansion of the substantial contributions UVM makes to the state, the region and the country.

Best wishes,

Suresh Garimella

The University *of* Vermont

Management's Responsibility for the Financial Report

The accompanying financial statements of the University of Vermont and State Agricultural College for the year ended June 30, 2022 are official documents prepared in accordance with U.S. Generally accepted accounting principles set forth for public colleges and universities by the Governmental Accounting Standards Board. The management of the University is responsible for the integrity and objectivity of these financial statements, which are accessible to all. The University's system of internal accounting controls is designed to ensure that the financial reports and the books of account properly reflect the transactions of the institution, in accordance with established policies and procedures as implemented by qualified personnel.

The University Trustees selected the certified public accounting firm of KPMG, LLP to conduct the annual financial audit for fiscal year 2022.

Periodically throughout the year, the Trustee Audit Committee meets with the Office of Audit Services, the Office of Compliance and Privacy Services and the external independent audit firm to review the audit plan and later the report. The Vermont State Auditor is invited to attend those meetings to offer comments and opinions. KPMG, the Office of Audit Services, and the Office of Compliance and Privacy Services have full access to the University Trustees and the State Auditor throughout the year.

Richard H. Cate
Vice President for Finance
and Administration

Claire L. Burlingham
University Controller

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2022 and June 30, 2021, 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.

We did not audit the financial statements of the University Medical Education Associates, Inc. (UMEA), which represent 15% and 18%, respectively, of the total assets of the aggregate discretely presented component units as of June 30, 2022 and 2021, and 12% and 15%, respectively, of the total operating revenues for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for UMEA, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

KPMG

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedule of changes in the University's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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.

KPMG

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the letter from the President and management's responsibility for the financial report but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Colchester, Vermont
November 7, 2022

The University of Vermont

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

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, 2022 and 2021, 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 11,326 undergraduate students and 2,174 graduate and medical students. It is located in Burlington, Vermont with satellite instructional and research sites throughout Vermont. It is a component unit of the State of Vermont as it receives an annual appropriation from the State. For financial reporting purposes, the University's reporting entity consists of all sectors of the University and includes discretely presented financial information for University Medical Education Associates, Inc. (UMEA) and the University of Vermont and State Agricultural College Foundation, Inc. (UVMF). UMEA is a legally separate tax-exempt component unit of the University whose purpose is to support the operations, activities and objectives of the Robert Larner, M.D. College of Medicine of the University. UVMF is a legally separate tax-exempt component unit of the University whose purpose is to secure and manage private gifts for the sole benefit of the University. The MD&A discusses the University's financial statements only and not those of its component units.

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

Strategic Direction and Economic Outlook

The President's strategic vision, *Amplifying Our Impact,* utilizes a three-pronged approach which includes ensuring student success, investing in distinctive research strengths, and fulfilling the land grant mission.

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

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

Fulfilling the Land Grant Mission - As one of the nation's first land grant institutions, the University's alignment with the state is fitting. The University is nationally acclaimed for helping Vermonters tackle everything from farm viability to complex environmental issues to business growth. The University supports commercialization and job creation initiatives in the state, and partnerships with large corporations enable the possibility of attracting satellite operations, jobs, and a talented workforce to the state. The University intends to create a more streamlined gateway for Vermonters to learn about and access the many resources the University offers. Efforts to set up that front door, inviting the community to engage more fully with the University, are underway.

The fiscal 2022 operating results demonstrate the success of the *Amplifying Our Impact* vision. The Financial Highlights will summarize how the University has increased student financial aid while maintaining level tuition and fees to bolster affordability and accessibility. The success of University scholars and faculty in securing external research funding is seen not only through additional revenues and research expenditures, but also in the University's increased ranking on the Higher Education Research & Development Survey by the National Science Foundation. Finally, in fulfillment of the University's land grant mission, the impact of collaborations like the one with the U.S. Department of Agriculture (USDA) Agricultural Research Service (ARS) to develop the Food Systems Research Center, will be seen throughout the University's financial results.

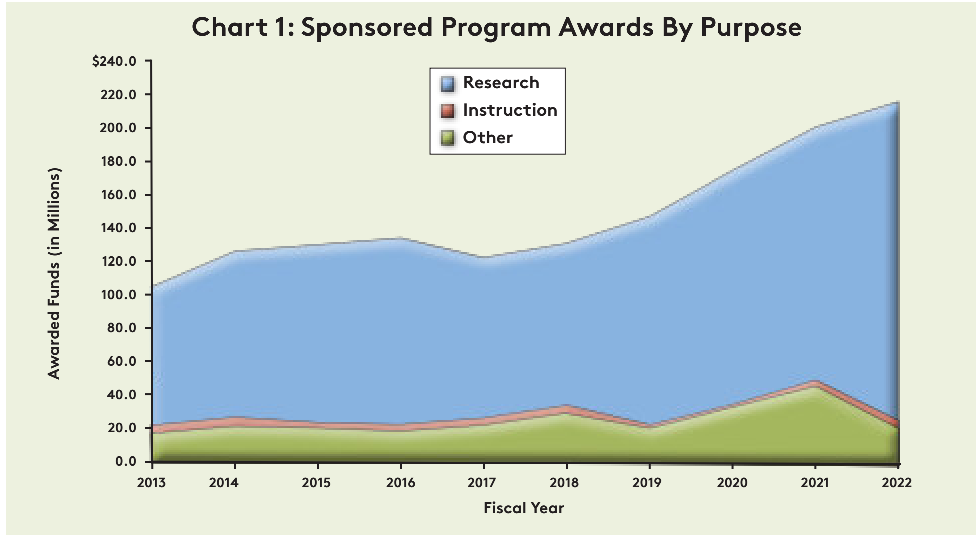


Chart 1 presents the activity of sponsored programs over the past decade.

Financial Highlights

A. Revenues

In the fall of 2022, the University enrolled 11,326 students in more than 100 undergraduate majors, 1,691 students in graduate and post-baccalaureate programs, and 483 students at the Larner College of Medicine. The University attracts undergraduates from over 40 states and many foreign countries. The University is primarily a regional institution, however, drawing 78% of the undergraduates enrolled in the fall of 2022 from New England and the Middle Atlantic States, including 16% of its undergraduate students from Vermont. Graduate and Certificate student enrollment from Vermont represented 39.9%.

Final numbers for the fall of 2022 show total applications are the highest they have been in the past decade totaling over 30,400 applications. This represents an increase of 35.9% since 2013, with in-state applications decreasing 11.4% and out-of-state applications increasing 40.9% for the same period. Total admissions increased for that period by 4.1%, with in-state admissions decreasing 18.4% and out-of-state admissions increasing 6.4%. From fall 2013 through fall 2022, total first-time, first year enrollments have also seen record highs of 3,000 enrolls, increasing by 20.2%, with in-state enrollments decreasing by 19.4% and out-of-state enrollments increasing by 32.9%. Trends in applications, admits, and enrollments can be seen in Charts 2A and 2B.

The University and its Board of Trustees continues to contain increases in tuition and fees with the average annual increases for in-state and out-of-state held to 2.7% and 2.5%, respectively, from 2014 through 2022. Table 1 presents tuition and fees, as well as room and board for that period.

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

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Average Annual % Increase
Student Tuition & Fees									
In-State Tuition & Fees	$16,226	$16,768	$17,300	$17,740	$18,276	$18,802	$19,002	$19,002	2.41%
Out-of-State Tuition & Fees	$37,874	$39,160	$40,364	$41,356	$42,516	$43,690	$43,890	$43,890	2.29%
Room (Double)	$7,116	$7,376	$7,634	$7,900	$8,196	$8,502	$8,756	$8,756	3.13%
Board (Average Meal Plan)	$3,664	$3,774	$3,944	$4,122	$4,266	$4,414	$4,568	$4,568	3.18%
Total, In-State Cost	$27,006	$27,918	$28,878	$29,762	$30,738	$31,718	$32,326	$32,326	
Increase Over Previous Year	3.39%	3.38%	3.44%	3.06%	3.28%	3.19%	1.92%	0.00%	2.71%
Total, Out-of-State Cost	$48,654	$50,310	$51,942	$53,378	$54,978	$56,606	$57,214	$57,214	
Increase Over Previous Year	3.41%	3.40%	3.24%	2.76%	3.00%	2.96%	1.07%	0.00%	2.48%

Chart 2A: Trends in Vermont Applications, Admits, and Enrollments, Fall 2013 to Fall 2022

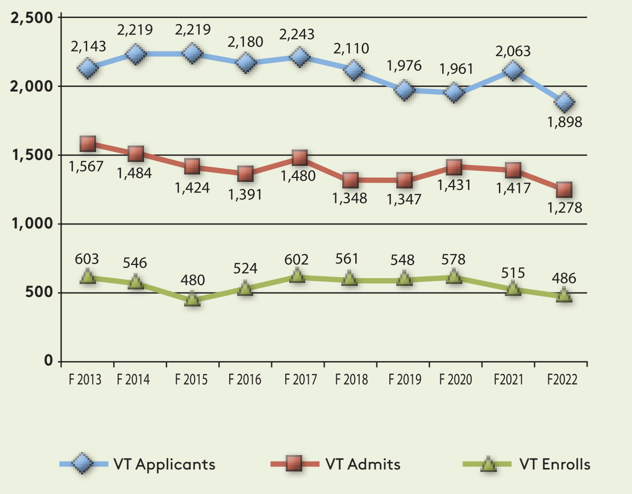
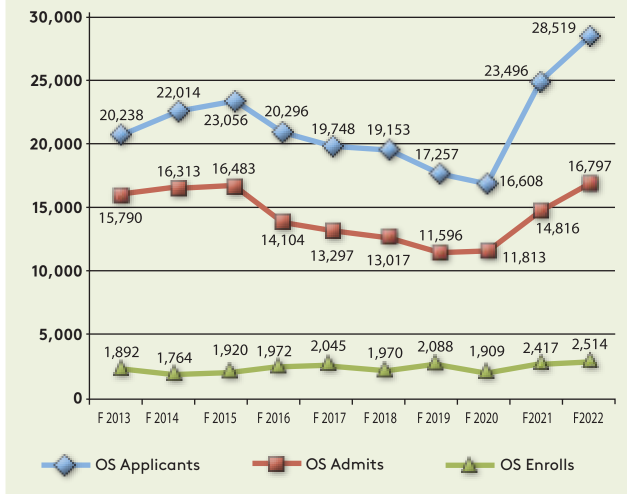


Chart 2B: Trends in Out-of-State Applications, Admits, and Enrollments, Fall 2013 to Fall 2022



During fiscal 2022, President Garimella announced that tuition for fiscal 2023 would not increase over fiscal 2022 levels. This represents the fourth consecutive fiscal year with no tuition increase. Net tuition and fees revenues improved with additional undergraduate out-of-state enrollment and higher residential life occupancy. To continue the University's effort to enhance the value of a UVM education, student financial aid was also increased.

The University has focused on enhancing other revenues including private philanthropy, improved retention of current students, increased graduate and summer enrollments, expansion of flexible and online course offerings geared to adults and non-traditional learners, enhancing graduate, post-doc and undergraduate research support through grants from the federal government and other sources and through partnerships with private industry; and supporting more students transferring to UVM from other colleges.

The University increased grant and contract revenues by $8.4 million or 3.8% from $222.6 million in fiscal 2021 to $231.0 million in fiscal 2022. This growth is due, in part, to additional one-time funds from the Higher Education Emergency Relief Funds totaling $3.2 million in fiscal 2022. Additional sponsored support for programs like the Sustainable Agriculture Research and Education (SARE) of $2.7 million and the UVM Center on Rural Addiction of $2.0 million also contributed to the increase. Included in the $231.0 million is facility and administrative cost recoveries of $36.8 million and additional commitment funds from University of Vermont Medical Center, Inc. of $15.5 million.

During fiscal 2022, the University was awarded over $214.1 million in sponsored funds, 84.7% of which were for research activities. Approximately 66% of sponsored funds awarded during fiscal 2022 were from direct federal sources. The University's leading areas of externally sponsored programs are the biomedical sciences, agriculture, the environment, and education.

State appropriations in fiscal 2022 decreased $24.3 million, or 33.4%, compared to fiscal 2021 and increased $21.0 million, or 40.6%, in fiscal 2021 compared to fiscal 2020. The increase in fiscal 2021 was entirely due to a Federal appropriation passed-through from the State of Vermont to assist the University in covering expenses related to COVID-19. These funds were not made available to the University in fiscal 2022 but the University's base State appropriation remained at the prior year's level.

B. Operating and Capital Expenditures

The University's operating expenses increased $23.4 million or 3.5% from the 2021 level; and 2021 expenses decreased $21.7 million or 3.1% over 2020. The fiscal 2022 increase is comprised of additional: compensation and benefit expense of $0.7 million; supplies and services expenses of $6.4 million; additional scholarships and fellowships of $10.0 million; and depreciation of $6.3 million. Compensation and benefit expenses increased due to scheduled wage increases. Supplies and services increased over fiscal 2021 levels primarily due to the commencement of business-related travel after COVID-19 restrictions were lifted.

The University utilized remaining federal aid dedicated to providing relief to students as the result of COVID-19 from the Higher Education Emergency Relief Funds, resulting in an increase of scholarship and fellowship expenses $10.0 million, or 33.3%, in fiscal 2022 and $2.6 million, or 9.6%, in fiscal 2021.

Finally, depreciation increased by $6.3 million due to some large construction projects being placed into service this year. During fiscal 2022, construction continued on the Athletic Complex and the Firestone Medical Research Building. This year, funding was secured to renovate the Hills Building to develop the Food Systems Research Center. The center, a collaboration between UVM and the USDA's Agricultural Research Service, will focus its work on understanding all facets of the regional food system. The total project costs are estimated at over $30 million.

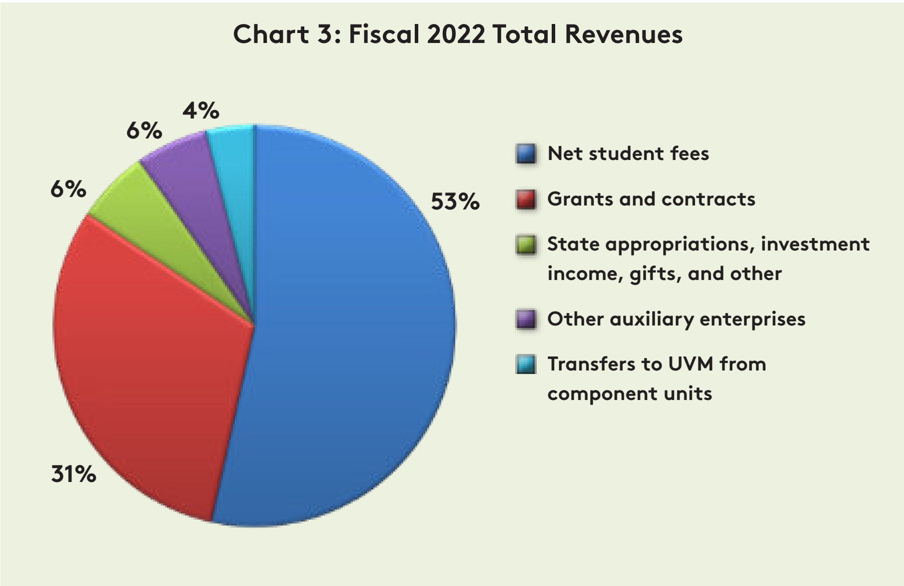


Chart 3 shows the University's fiscal 2022 revenue streams. Given the University's mission of instruction, research, and public service, the vast majority of the University's revenues are generated by net student fees (53%) and grants and contracts (31%).

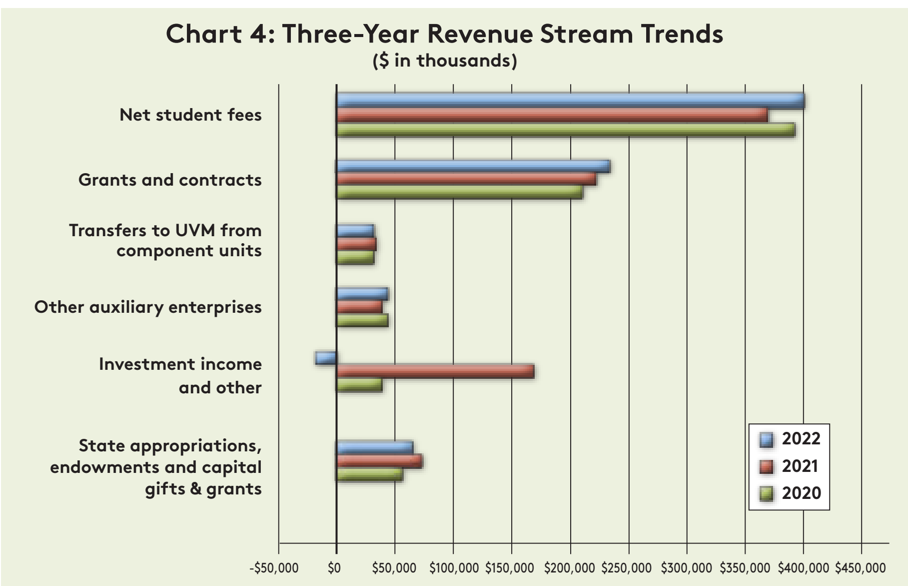


Chart 4 shows the three-year trend for revenue streams. Net student fees are comprised of tuition and fees, residential life fees, and student financial aid. State appropriations leveled in fiscal 2022 to normal levels after the State of Vermont assisted the University in covering expenses related to COVID-19 in fiscal 2021 with additional appropriations of $21.0 million. Investment income decreased $186.1 million in fiscal 2022 due to market fluctuations.

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, 2022 and 2021 fiscal years. These statements provide information on the financial position of the University and the financial activity and results of its operations during the years presented. The financial statements focus on the University as a whole, rather than upon individual funds or activities.

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

A. Statements of Net Position

The Statements of Net Position, Table 2, depicts all the University's assets, liabilities, and deferred inflows/outflows of resources on June 30th each year, along with the resulting net financial position. An increase in net position over time is a primary indicator of an institution's financial health. Factors contributing to future financial health as reported on the Statements of Net Position include the value and liquidity of financial and capital investments, and balances of related obligations.

As shown in Table 2, cash and short-term investments have increased over the last three fiscal years including 2.1% in fiscal 2022 and 17.0% in fiscal 2021. Included in cash and short-term investments are operating investments totaling $169.9 million, $180.9 million, and $154.7 million in fiscal 2022, 2021, and 2020, respectively. These operating investments are primarily invested in bonds but also include equity and shares of the University's long-term endowment pool.

Endowment, capital, and similar investments have decreased in fiscal 2022, by $49.1 million or 8.4%, having increased in 2021, by $106.9 million or 22.4%. Included in this balance are endowment cash, cash equivalents and investments of $461.9 million, $497.7 million, and $392.7 million in fiscal

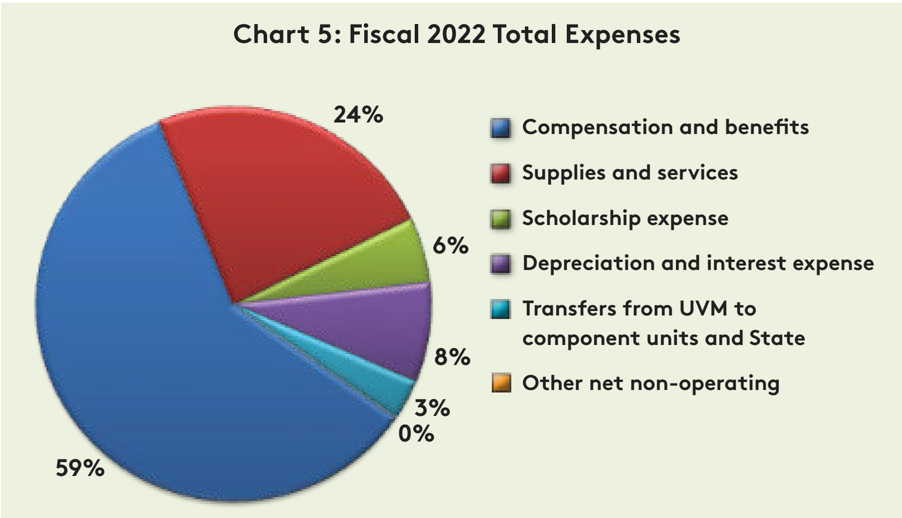


Chart 5 displays the University's fiscal 2022 expenses. The University's largest expense is compensation and benefits followed by supplies and services.

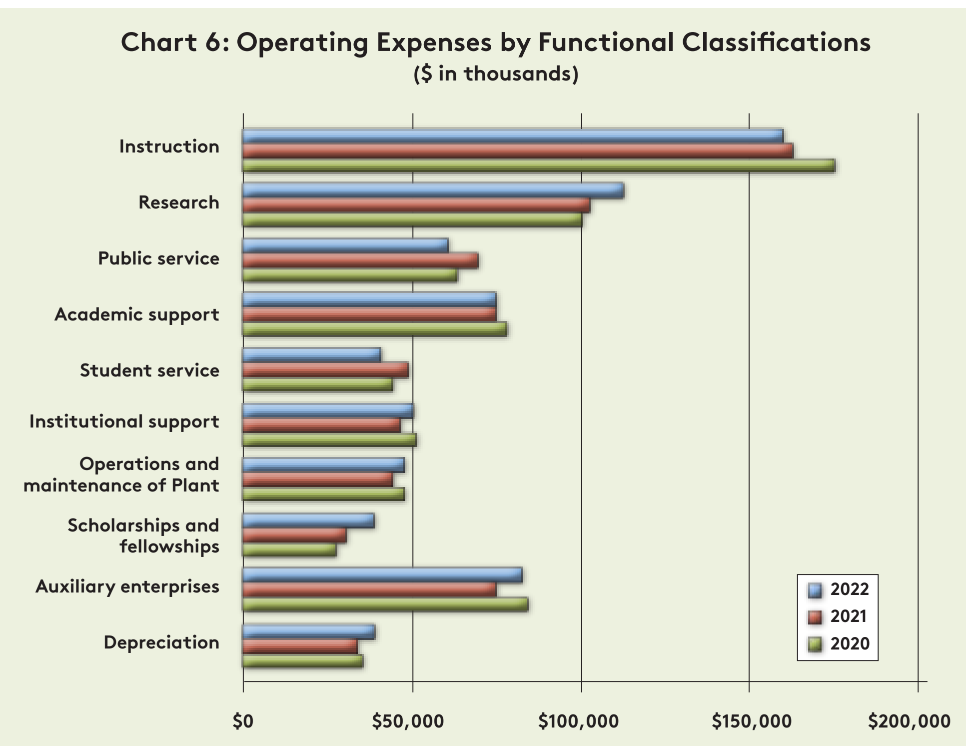


Chart 6 displays the University's operating expenses for the past three years by functional, rather than natural, classification. In fiscal 2022 the University's success in pursuit of research initiatives is evident in additional research expenditures. Scholarship and fellowships increased with the use of remaining federal aid dedicated to providing relief to students as the result of COVID-19 from the Higher Education Emergency Relief Funds.

2022, 2021, and 2020, respectively. The decrease of $35.8 million or 7.2% in fiscal 2022 and increase of $105.0 million or 26.7% in fiscal 2021 are primarily due to market performance. Deposits held by bond trustees are also included in this balance totaling $617 thousand, $11.7 million, and $27.9 million in fiscal 2022, 2021, and 2020, respectively. The balances in fiscal 2022, 2021 and 2020 are due to unspent proceeds from the issuance of general obligation bonds.

Capital and right of use assets, net, saw increases of $27.5 million or 3.9% in fiscal 2022 and $10.7 million or 1.5% in fiscal 2021. Fiscal 2022 had capital asset additions of $63.1 million. The increase to construction in progress is the primary driver where ongoing work for the Multipurpose Center, totaling $19.8 million, the Firestone Medical Research Building, totaling $21.5 million, and the Hills Building renovation, totaling $2.6 million, were added. These additions were offset by depreciation expense of $39.5 million.

Other assets and deferred outflows of resources includes accounts, loans, notes, and pledges receivable, inventories and prepaid expenses, and deferred outflows due to loss on refunding of debt and post-employment benefits. Fiscal 2022 saw a decrease from fiscal 2021 of $12.6 million or 6.8% compared to an increase in fiscal 2021 from fiscal 2020 of $29.9 million or 19.2%. The decrease in fiscal 2022 is mostly due to a decrease in post-employment benefits deferred outflows of $26.4 million stemming from changes in actuarial assumptions offset by an increase of $13.2 million in receivables.

Postemployment benefits, which represents the current and future liability and deferred inflows the University has to retirees and their dependents for medical, dental, life insurance, and tuition remission benefits, decreased $33.9 million or 5.8% in fiscal 2022 and increased $25.4 million or 4.6% in fiscal 2021. The decrease in fiscal 2022 is largely the result of assumption changes with the increase in 2021 primarily driven by a change in the discount rate to 2.12% from 2.74% from fiscal 2020.

Table 2: Condensed information from Statements of Net Position
at June 30, 2022, 2021 and 2020
($ in thousands)

	2022	2021	2020
Assets and deferred outflows of resources			
Cash and short-term investments	$ 407,744	$ 399,233	$ 341,164
Endowment, capital, and similar investments	533,868	582,986	476,118
Capital and right of use assets, net	741,588	714,084	703,342
Other assets and deferred outflows of resources	173,119	185,691	155,801
Total assets and deferred outflows of resources	**1,856,319**	**1,881,994**	**1,676,425**
Liabilities and deferred inflows of resources			
Postemployment benefits	547,457	581,323	555,882
Long-term debt	558,692	570,316	586,262
Other liabilities and deferred inflows of resources	142,496	127,939	120,548
Total liabilities and deferred inflows of resources	**1,248,645**	**1,279,578**	**1,262,692**
Net investment in capital assets	183,268	148,190	136,506
Restricted:			
Non-expendable	133,203	121,083	119,711
Expendable	397,697	438,873	336,050
Unrestricted	(106,494)	(105,730)	(178,534)
Total net position	**$ 607,674**	**$ 602,416**	**$ 413,733**

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

Long-term debt decreased $11.6 million or 2.0% from fiscal 2021 due to debt service payments of $16.3 million offset by new finance and operating leases of $4.6 million. From fiscal 2020 to 2021 long-term debt decreased $15.9 million or 2.7% primarily due to a new long-term note issued to refund General Obligation Bonds, offset by scheduled debt service payments.

Other liabilities and deferred inflows of resources increased from fiscal 2021 to fiscal 2022 by 11.4% or $14.6 million from $127.9 million to $142.5 million. These balances consist of the University's accounts payable and current and non-current accrued liabilities including insurance reserves, compensated absences, obligations under deferred giving arrangements, and pledges payable. Unearned revenues, deposits and advance payments for tuition and grants & contracts are also included in this total. The decrease is primarily attributed to scheduled amortization under the service concession arrangement between the University and its food service program provider, Sodexo.

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

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

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

Net student fees increased by 8.0% from $369.8 million in fiscal 2021 to $399.5 million in fiscal 2022. Embedded in the net student fees amount are three components including gross tuition and fees, gross residential life fees, and student financial aid. Gross tuition and fees increased by $28.8 million or 6.5% from fiscal 2021 to fiscal 2022 and gross residential life fees

Table 3: Condensed information from Statements of Revenues, Expenses, and Changes in Net Position

for the years ended June 30, 2022, 2021 and 2020
($ in thousands)

	2022	2021	2020
Tuition and fees	$ 547,458	$ 503,715	$ 515,725
Less student financial aid	(147,917)	(133,889)	(124,283)
Net student fees	399,541	369,826	391,442
Grants and contracts	230,954	222,645	210,213
State appropriations	48,415	72,685	51,710
Transfers to UVM from component units	29,274	30,254	28,900
Other auxiliary enterprises	43,365	39,920	42,309
Investment income/(loss) and other	(15,403)	170,716	35,789
Total operating and non-operating revenues	**736,146**	**906,046**	**760,363**
Compensation and benefits	(440,151)	(439,434)	(464,156)
Supplies and services	(178,652)	(172,301)	(171,354)
Scholarship expense	(39,935)	(29,954)	(27,329)
Depreciation and interest expense	(60,192)	(54,725)	(54,310)
Transfers from UVM to component units and State	(24,126)	(22,144)	(22,598)
Total operating and non-operating expenses	**(743,056)**	**(718,558)**	**(739,747)**
Increase/(Decrease) in net position from recurring activities	**(6,910)**	**187,488**	**20,616**
Capital and endowment appropriations, gifts and grants	11,005	1,240	3,689
Other net non-operating revenue/(expense)	1,163	(45)	(332)
Total other changes in net position	**12,168**	**1,195**	**3,357**
Total increase in net position	**$ 5,258**	**$ 188,683**	**$ 23,973**

Table 3 shows condensed information from the Statements of Revenues, Expenses and Changes in Net Position for the past three years ended June 30.

increased $14.9 million or 25.9%. The increase in gross tuition and fees is directly attributable to additional undergraduate, out-of-state enrollments. The increase in gross residential life fees is the result of more than 20% additional occupancy over 2021. Student financial aid increased from fiscal 2021 to fiscal 2022 by $14.0 million or 10.5% demonstrating the effort to keep tuition affordable. A decrease in net student tuition and fees in fiscal 2021 of 5.5% included a 1.8% decrease in gross tuition and fees, a 6.1% decrease in gross residential life fees, and a 7.7% increase in student financial aid from fiscal 2020.

Total state appropriation revenue was $48.4 million in fiscal 2022 and $72.7 million in fiscal 2021. The decrease of $24.3 million is due to one-time funding made available to the University in fiscal 2021 to help offset the costs of COVID-19.

Transfers to UVM from component units includes transfers from the University of Vermont Foundation and University Medical Education Associates. These transfers include reimbursement of expenses on gifts received by the University of Vermont Foundation on behalf of the University. There was a decrease of $1.0 million from $30.3 million in fiscal 2021 to $29.3 million in fiscal 2022.

Other auxiliary enterprises revenues remained relatively stable at $43.4 million, $39.9 million, and $42.3 million in fiscal 2022, 2021, and 2020, respectively. The increase in revenue in fiscal 2022 of $3.5 million or 8.8% is due to improved sales at the University Bookstore.

Investment income/(loss) and other can be volatile due to the investment markets. There was a decrease of $186.1 million or 109% in fiscal 2022 from fiscal 2021. The decrease can be attributed to a net investment loss of $41.3 million in fiscal 2022 from a $148.1 million net investment income in fiscal 2021. There was an increase in the net investment income in fiscal 2021 of $138.0 million compared to fiscal 2020. In fiscal 2022, the decrease to net investment income is offset by increases in sales and services of educational activities and student loan interest and other operating revenues of $3.1 million.

Compensation and benefits increased $0.8 million or 0.2% from $439.4 million in fiscal 2021 to $440.2 million in fiscal 2022 due to scheduled wage increases offset by reduced expense related to the other post-employment benefits for fiscal 2022. The decrease of $24.8 million or 5.3% from $464.2 million in fiscal 2020 to $439.4 million in fiscal 2021 is due to cost saving measures in response to COVID-19. The University also had reduced expense related to the other post-employment benefit liability in fiscal 2021.

Supplies and services expenses increased in fiscal 2022 from fiscal 2021 by $6.4 million or 3.7% from $172.3 million to $178.7 million primarily driven by commencement of business-related travel after COVID-19 restrictions were lifted. Supplies and services expenses decreased slightly from fiscal 2020 to 2021 by $0.9 million or 0.6% due to additional costs to support in-person operations, such as COVID-19 testing, offset by one-time cost saving measures.

Scholarship expense increased $10.0 million, or 33.3%, in fiscal 2022 and $2.6 million, or 9.6%, in fiscal 2021, with the use of remaining federal aid dedicated to providing relief to students as the result of COVID-19 from the Higher Education Emergency Relief Funds.

Transfers from UVM to component units and State of $24.1 million, $22.1 million, and $22.6 million in fiscal 2022, 2021, and 2020, respectively, represents transfers to the University of Vermont Foundation to assist in its operations and contributions to the State of Vermont to support the Graduate Medical Education program.

Capital and endowment appropriations, gifts and grants represent capital gifts and grants, capital appropriations, and gifts to the University endowment. Fiscal 2022 had an increase of $9.8 million from $1.2 million in fiscal 2021 to $11.0 million primarily from new gifts for endowment purposes of $7.9 million. Fiscal 2021 had a decrease of $2.5 million from $3.7 million in fiscal 2020 to $1.2 million.

Photo by Bailey J. Beltramo

Statements of Net Position

as of June 30, 2022 and 2021

(dollars in thousands)

	2022	2021	Discretely Presented Component Units UMEA 2022	UMEA 2021	UVMF 2022	UVMF 2021
ASSETS						
Current assets:						
Cash and cash equivalents	$ 237,804	$ 218,290	$ 554	$ 237	$ 54,908	$ 47,666
Operating investments	169,940	180,943	55,961	65,832	16,167	15,159
Accounts, loans, notes, and pledges receivable, net	47,039	45,329	609	910	5,345	61,397
Inventories and prepaid expenses	16,683	17,591	11	10	567	276
Total current assets	**471,466**	**462,153**	**57,135**	**66,989**	**76,987**	**124,498**
Non-current assets:						
Endowment cash, cash equivalents and investments	461,862	497,741	-	-	234,610	167,635
Student loans, notes, and pledges receivable, net	46,034	32,785	-	-	7,914	6,254
Investments for capital activities	63,022	63,934	-	-	132	6
Deposits with trustees	8,984	21,311	-	-	1,473	1,679
Capital and right of use assets, net	741,588	714,084	-	-	7,557	7,823
Total non-current assets	**1,321,490**	**1,329,855**	**-**	**-**	251,686	**183,397**
Total Assets	**1,792,956**	**1,792,008**	**57,135**	**66,989**	**328,673**	**307,895**
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding of debt	5,261	5,513	-	-	-	-
Postemployment benefits	58,102	84,473	-	-	-	-
Total Deferred Outflows of Resources	**63,363**	**89,986**	**-**	**-**	**-**	**-**
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	91,045	87,871	315	404	10,871	6,631
Unearned revenue, deposits, and funds held for others	15,726	16,321	41,621	47,681	1,823	41
Bonds and leases payable	16,827	15,140	-	-	-	-
Total current liabilities	**123,598**	**119,332**	**41,936**	**48,085**	**12,694**	**6,672**
Non-current liabilities:						
Accrued liabilities	15,216	19,048	-	-	-	-
Postemployment benefits	436,372	474,485	-	-	-	-
Bonds and leases payable	541,865	555,176	-	-	4,443	4,665
Total non-current liabilities	**993,453**	**1,048,709**	**-**	**-**	4,443	**4,665**
Total Liabilities	**1,117,051**	**1,168,041**	**41,936**	**48,085**	**17,137**	**11,337**
DEFERRED INFLOWS OF RESOURCES						
Right of use leases and service concession arrangement	16,468	1,076	-	-	-	-
Split-interest arrangements	4,041	3,623	-	-	-	-
Postemployment benefits	111,085	106,838	-	-	-	-
Total Deferred Inflows of Resources	**131,594**	**111,537**	**-**	**-**	**-**	**-**
NET POSITION						
Net investment in capital assets	183,268	148,190	-	-	3,115	3,158
Restricted:						
Non-Expendable	133,203	121,083	-	-	218,351	190,382
Expendable	397,697	438,873	11,428	13,662	77,209	89,295
Unrestricted	(106,494)	(105,730)	3,771	5,242	12,861	13,723
Total Net Position	**$ 607,674**	**$ 602,416**	**$ 15,199**	**$ 18,904**	**$ 311,536**	**$ 296,558**

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

Statements of Revenues, Expenses and Changes in Net Position

for the years ended June 30, 2022 and 2021

(dollars in thousands)	2022	2021	Discretely Presented Component Units UMEA 2022	UMEA 2021	UVMF 2022	UVMF 2021
Operating revenues						
Tuition and fees	$ 474,997	$ 446,157	$ -	$ -	$ -	$ -
Residential life	72,461	57,558	-	-	-	-
Less scholarship allowances	(147,917)	(133,889)	-	-	-	-
Net student fees	399,541	369,826	-	-	-	-
Federal, state, and private grants and contracts	223,288	215,228	-	-	1,088	885
Sales and services of educational activities	7,452	6,110	-	-	-	-
Other auxiliary enterprises	43,365	39,920	-	-	-	-
Student loan interest and other operating revenues	17,634	15,918	176	173	185	94
Total operating revenues	**691,280**	**647,002**	**176**	**173**	**1,273**	**979**
Operating expenses						
Compensation and benefits	(440,151)	(439,434)	(240)	(238)	(9,158)	(8,498)
Supplies and services	(178,652)	(172,301)	-	-	(2,834)	(1,585)
Depreciation	(39,499)	(33,174)	-	-	(350)	(338)
Scholarships and fellowships	(39,935)	(29,954)	-	-	-	-
Total operating expenses	**(698,237)**	**(674,863)**	**(240)**	**(238)**	**(12,342)**	**(10,421)**
Operating loss	**(6,957)**	**(27,861)**	**(64)**	**(65)**	**(11,069)**	**(9,442)**
Non-operating revenues/(expenses)						
State appropriations	48,415	72,685	-	-	-	-
Federal Pell grants	7,666	7,417	-	-	-	-
Private gifts	847	606	423	448	28,032	20,642
Net investment income/(loss)	(41,336)	148,082	(3,238)	6,583	(13,278)	36,633
Interest on indebtedness	(20,693)	(21,551)	-	-	(54)	(53)
Gain/(loss) on disposal of capital assets	(548)	301	-	-	-	-
Net other non-operating revenue/(expense)	1,711	(346)	-	-	(380)	(306)
Intergovernmental transfers	(13,164)	(13,682)	-	-	-	-
Transfers from UVM to component units	(10,962)	(8,462)	-	-	10,538	8,048
Transfers to UVM from component units	29,274	30,254	(826)	(7,264)	(26,328)	(18,193)
Net non-operating revenues/(expense)	**1,210**	**215,304**	**(3,641)**	**(233)**	**(1,470)**	**46,771**
Revenue/(loss) before capital and endowment additions	**(5,747)**	**187,443**	**(3,705)**	**(298)**	**(12,539)**	**37,329**
State capital appropriations	1,500	1,000	-	-		
Capital gifts and grants	1,576	192	-	-	-	-
Gifts for endowment purposes	7,929	48	-	-	27,517	72,265
Total capital and endowment additions	**11,005**	**1,240**	**-**	**-**	**27,517**	**72,265**
Increase/(decrease) in net position	5,258	188,683	(3,705)	(298)	14,978	109,594
Net position, beginning of year	602,416	413,733	18,904	19,202	296,558	186,964
Net position, end of year	**$ 607,674**	**$ 602,416**	**$ 15,199**	**$ 18,904**	**$ 311,536**	**$ 296,558**

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

Statements of Cash Flows
for the years ended June 30, 2022 and 2021
(dollars in thousands)

	2022	2021
Cash Flows From Operating Activities		
Tuition and fees (net of applicable scholarship allowances)	$ 345,937	$ 330,660
Grants and contracts	222,991	211,490
Sales and services of educational activities	7,452	6,110
Sales and services of auxiliary enterprises:		
Residential life fees, net of scholarship allowances	52,883	42,259
Other	43,365	39,920
Payments to employees and benefit providers	(445,085)	(443,795)
Payments to vendors	(179,019)	(163,509)
Payments for scholarships and fellowships	(39,935)	(29,954)
Other receipts, net	16,622	13,822
Net cash provided by operating activities	**25,211**	**7,003**
Cash Flows From Non-Capital Financing Activities		
State general appropriation	48,415	72,685
Federal Pell grants	7,666	7,417
Private gifts for other than capital purposes	9,741	2,123
Intergovernmental transfers	(13,164)	(13,682)
Transfers from UVM to component units	(10,962)	(7,080)
Transfers to UVM from component units	29,274	26,542
Deposits of affiliates and life income payments, net	(2,950)	17,740
Net cash provided by non-capital financing activities	**68,020**	**105,745**
Cash Flows From Capital Financing Activities		
Proceeds from issuance of capital debt	-	13,635
State capital appropriation	1,500	1,000
Capital grants, gifts and other income	3,193	192
Purchases and construction of capital assets	(64,832)	(43,134)
Proceeds from disposal of capital assets	95	84
Principal paid on capital debt	(11,732)	(29,581)
Interest paid on capital debt	(20,849)	(21,788)
Changes in deposits with trustees, net	11,096	-
Net cash used in capital financing activities	**(81,529)**	**(79,592)**
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	237,363	236,321
Purchase of investments	(216,639)	(225,526)
Interest and dividends on investments, net	570	(266)
Net cash provided by investing activities	**21,294**	**10,529**
Net increase in cash and cash equivalents	**32,996**	**43,685**
Cash and cash equivalents - beginning of year	236,392	192,707
Cash and cash equivalents - end of year*	**$ 269,388**	**$ 236,392**
Reconciliation of Operating Loss To Cash Provided by Operating Activities		
Operating loss	$ (6,957)	$ (27,861)
Adjustments to reconcile operating loss to net cash provided by Operating Activities:		
Depreciation expense	39,499	33,174
Changes in assets and liabilities:		
Accounts receivable and loan receivable, net	641	(3,030)
Inventories and prepaid expense	909	(357)
Accounts payable	(2,307)	(50)
Unearned revenue, deposits and accrued liabilities	(6,574)	5,127
Net cash provided by operating activities	**$ 25,211**	**$ 7,003**

* *of total cash and cash equivalents for 2022, $237,804 is current and $31,584 is non-current endowment and for 2021, $218,290 is current and $18,102 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, 2022 and 2021

(dollars in thousands)

A. Summary of Significant Accounting Policies and Presentation

The University of Vermont and State Agricultural College is a public, non-profit, comprehensive research institution of higher education with an enrollment of approximately 13,500 undergraduate, graduate, medical, and non-degree students. It is located in Burlington, Vermont with satellite instructional and research buildings throughout the State.

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

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

1. Affiliated Organizations & Related Parties

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. 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. UVMF is discretely presented on the University's Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position. The associated assets and liabilities, including endowment cash and investments, are analogous to an internal investment pool and are not reflected within the University's Statement of Net Position as they are reflected in the discretely presented column from the UVMF.

The University has an affiliation with the University of Vermont Medical Center, Inc., University of Vermont Medical Group, Inc., and the University of Vermont Health Network, Inc. through an updated Affiliation Agreement signed in June 2014. The Affiliation Agreement is for a period of five years and has been extended an additional three 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 (UVMMC) in coordinating efforts and allocating their resources. UVMMC 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 UVMMC. In addition, UVMMC agrees to pay base payments that help maintain medical facilities owned and managed by the University and the Dana Medical Library. UVMMC 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.

Under the University's conflict of interest policies, all business and financial relationships, including with trustees and employees, are subject to review and approval by the Board. Disclosures about the University's related party transactions, including those affiliates, are described in this footnote to the financial statements.

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 Governmental Accounting Standards Board (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

(dollars in thousands)

stipulations that they be maintained permanently by the University. This category includes the corpus of the University's true endowment funds.

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

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

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

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

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

Effective for the fiscal year ended June 30, 2022, the University adopted GASB Statement No. 87, *Leases.* The statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the University's lease activities. The adoption of Statement No. 87 has been reflected as of July 1, 2021, with right of use assets and receivables totaling $20.9 million offset with corresponding operating lease liabilities and deferred inflows of $20.9 million. There was no impact to beginning net position at July 1, 2021.

3. Fair Value Measurement

That fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2 – Inputs to valuation methodology include:

- Quoted prices for similar assets or liabilities in inactive markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption of risk). Unobservable inputs are developed based on the best information available in circumstances and may include the University's own data.

Certain investments are measured at net asset value (NAV) as a practical expedient to estimate the fair value as determined by the fund manager. Investments reported at NAV consist of shares or units in commingled funds and private partnerships 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 2022 and 2021 consists of:

Grants and Contracts	FY22	FY21
Federal appropriations, grants and contracts	$ 158,113	$ 144,631
State grants and contracts	5,908	5,970
Other governmental & private grants and contracts	59,267	64,627
TOTAL	**$ 223,288**	**$ 215,228**

State appropriations (general fund and capital) are reported as non-operating revenue. Grants awarded for capital improvements are reported as other revenues.

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 $36.8 million in 2022 and $34.3 million in 2021.

Federal appropriations, grants and contracts include *Higher Education*

(dollars in thousands)

Emergency Relief Fund assistance dedicated to COVID-19 relief through the duration of the pandemic of $18.8 million in 2022 and $16.4 million in 2021.

Private grants and contracts include funding of $15.5 million in 2022 and $15.9 million in 2021 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, 2022, and 2021, is $9,339 and $10,327, 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, 2022, and 2021, is $4,308 and $3,934, 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.

The total cost for active and retired employees for health, dental and life insurance, net of employee contributions, was $66,415 in 2022 and $68,120 in 2021. The total cost for contributions to the RHSP was $800 in 2022 and $1,102 in 2021. See note K for further information about postemployment benefits.

8. Compensated Absences

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

As of June 30, 2022, $24,266 ($23,349 in 2021) was accrued for vacation pay of which $17,903 ($17,232 in 2021) was charged to unrestricted net position and $6,363 ($6,117 in 2021) 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.

(dollars in thousands)

B. Accounts, Loans, Notes, and Pledges Receivable

Accounts, loans, notes and pledges receivable at June 30, 2022 and 2021 are summarized as follows:

Accounts, Loans, Notes and Pledges Receivable, Net	June 30, 2022	June 30, 2021
Current		
Federal, state, and private grants receivable	$ 19,519	$ 22,120
Student and trade accounts receivable, net	9,497	10,227
Other accounts receivable	16,239	11,193
Student loans receivable, net	1,784	1,789
Total Current	**$ 47,039**	**$ 45,329**
Non-Current		
Student loans receivable, net	$ 20,159	$ 20,091
Lease receivable	14,900	-
Other notes receivable	7,141	8,312
Pledges receivable, net	3,834	4,382
Total Non-Current	**$ 46,034**	**$ 32,785**

Other accounts receivable includes the present value of expected future cash flows for lease agreements between the University and third parties, where the University serves as lessor. The current receivable balance includes $1,145 in 2022 from leases. The long-term balance from these arrangements are reported as a non-current lease receivable totaling $14,900 in 2022. The lease receivables are netted with a deferred inflow of resources totaling $15,614 in 2022.

The student accounts receivable are carried net of an allowance for doubtful accounts of $334 in 2022 and $301 in 2021.

Student loans receivable are carried net of an allowance for uncollectible UVM loans. The balances at June 30, 2022 and 2021 were $254 and $274, respectfully. 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 $2,850 for 2022 and $3,530 for 2021. 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.

Accounts receivable from the UVMF and UMEA are $10,281 in 2022 and $6,242 in 2021 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 at June 30, 2022 and 2021 are summarized below:

Accounts Payable and Current Accrued Liabilities	June 30, 2022	June 30, 2021
Interest	$ 5,712	$ 5,856
Construction retainage	4,098	1,642
Compensated absences	24,266	23,349
Insurance reserves	20,047	20,621
Compensation and benefits	6,758	7,070
Other	14,182	11,043
Accounts and pledges payable	15,982	18,290
TOTAL	**$ 91,045**	**$ 87,871**

D. Capital and Right of Use Assets

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

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 moveable 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 building and components including fixed equipment for fiscal year 2022 is $29,918 ($29,551 in 2021). Moveable equipment, software systems, and land improvements depreciation expense is $8,424 for 2022 ($3,623 in 2021). Right of use asset amortization expense totaled $1,157 in 2022.

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

The University is a lessee for various non-cancellable leases of primarily land and buildings. For leases with a maximum possible term of 12 months or less at commencement, the University recognized expense based on the provisions of the lease contract. For leases greater than 12 months, the University recognizes a lease liability (footnote E) and an intangible right of use lease asset. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the

(dollars in thousands)

underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The lease liability is measured as the present value of lease payments over the lease term discounted using an incremental borrowing rate. The value of an option to terminate or extend the lease is reflected to the extent it is reasonably certain management will exercise the option. The University monitors changes in circumstances that may require remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured and a corresponding adjustment is made to the lease asset.

The University's net capital and right of use asset activity for the years ended June 30, 2022, and 2021 is summarized as follows:

Fiscal Year 2022	**Balance as of June 30, 2021**	**Additions**	**Retirements**	**Reclass/ Changes**	**Balance as of June 30, 2022**
Capital Assets:					
Land	$ 29,044	$ -	$ (471)	$ (7,946)	$ 20,627
Land improvements	11,738	468	-	7,946	20,152
Buildings	776,059	2,616	(257)	20,596	799,014
Building service systems	165,977	7,540	-	-	173,517
Building interiors	88,358	349	-	46	88,753
Fixed equipment	106,727	1,013	-	-	107,740
Moveable equipment	27,088	4,003	(1,303)	172	29,960
Software systems	31,891	-	-	-	31,891
Construction in progress	67,958	47,134	-	(20,814)	94,278
Total capital assets	1,304,840	63,123	(2,031)	-	1,365,932
Less: accumulated depreciation	(590,756)	(38,342)	1,388	-	(627,710)
Capital assets, net	714,084	24,781	(643)	-	738,222
Right of use assets	-	4,523	-	-	4,523
Less: accumulated amortization	-	(1,157)	-	-	(1,157)
Right of use assets, net	-	3,366	-	-	3,366
Total capital and right of use assets, net	**$ 714,084**	**$ 28,147**	**$ (643)**	**$ -**	**$ 741,588**

(dollars in thousands)

Fiscal Year 2021	Balance as of June 30, 2020	Additions	Retirements	Reclass/ Changes	Balance as of June 30, 2021
Capital Assets:					
Land	$ 29,044	$ -	$ -	$ -	$ 29,044
Land improvements	11,084	654	-	-	11,738
Buildings	768,099	4,129	(484)	4,315	776,059
Building service systems	160,978	3,508	-	1,491	165,977
Building interiors	85,731	781	-	1,846	88,358
Fixed equipment	117,582	218	(11,443)	370	106,727
Moveable equipment	39,079	1,028	(13,975)	956	27,088
Software systems	31,660	231	-	-	31,891
Construction in progress	43,417	33,519	-	(8,978)	67,958
Total capital assets	1,286,674	44,068	(25,902)	-	1,304,840
Less: accumulated depreciation	(583,332)	(33,174)	25,750	-	(590,756)
Total capital assets, net	**$ 703,342**	**$ 10,894**	**$ (152)**	**$ -**	**$ 714,084**

Key estimates and judgments include how the University determines the discount rate it uses to calculate the present value of the expected lease payments, the lease term, and the lease payments. The University generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The University's incremental borrowing rate was determined from available debt instruments that carried similar dollar value and time periods to the lease portfolio.

The lease term includes the noncancellable period of the lease plus any periods covered by either a University or lessor unilateral option to extend for which it is reasonably certain to be exercised, or terminate for which it reasonably certain to be exercised. Periods in which both the University and the lessor have an option to terminate are excluded from the lease term.

(dollars in thousands)

E. Long-Term Debt

Debt obligations are generally callable by the University and bear interest at fixed rates ranging from 1.60% to 6.43%. The debt obligations mature at various dates through 2050.

Long term debt activity for the years ended June 30, 2022 and 2021 is summarized as follows:

Fiscal Year 2022

Bonds, Notes and Leases Payable	Beginning Balance	New Debt	Payments	Ending Balance Current	Ending Balance Non-Current
General obligation bonds					
Series 2010A	$ 9,000	$ -	$ -	$ -	$ 9,000
Series 2012A (1)	46,637	-	(13)	(13)	46,663
Series 2014A (2)	65,608	-	2,176	2,271	61,161
Series 2015 (3)	187,879	-	2,884	3,014	181,981
Series 2016 (4)	70,031	-	2,613	2,729	64,689
Series 2017 (5)	59,906	-	2,584	2,698	54,624
Series 2019A (6)	45,338	-	872	903	43,563
Series 2019B (7)	72,239	-	2,290	2,381	67,568
Series 2021 (note payable)	13,635	-	1,690	1,630	10,315
Finance lease liability	43	108	59	21	71
Operating lease liability	-	4,522	1,099	1,193	2,230
TOTAL	**$ 570,316**	**$ 4,630**	**$ 16,254**	**$ 16,827**	**$ 541,865**

(1) This balance shown net of bond discount of $210.
(2) This balance shown net of bond premium of $4,673.
(3) This balance shown net of bond premium of $7,560.
(4) This balance shown net of bond premium of $9,107.
(5) This balance shown net of bond premium of $8,143.
(6) This balance shown net of bond premium of $7,420.
(7) This balance shown net of bond premium of $13,534.

Fiscal Year 2021

Bonds, Notes and Leases Payable	Beginning Balance	New Debt	Payments	Ending Balance Current	Ending Balance Non-Current
General obligation bonds					
Series 2010A	$ 9,000	$ -	$ -	$ -	$ 9,000
Series 2010B	15,142	-	15,142	-	-
Series 2012A (1)	46,625	-	(12)	(13)	46,650
Series 2014A (2)	67,694	-	2,086	2,176	63,432
Series 2015 (3)	190,636	-	2,757	2,884	184,995
Series 2016 (4)	73,284	-	3,253	2,614	67,417
Series 2017 (5)	63,114	-	3,208	2,583	57,323
Series 2019A (6)	46,187	-	849	873	44,465
Series 2019B (7)	74,440	-	2,201	2,290	69,949
Series 2021 (note payable)	-	13,635	-	1,690	11,945
Finance lease liability	140	-	97	43	-
TOTAL	**$ 586,262**	**$ 13,635**	**$ 29,581**	**$ 15,140**	**$ 555,176**

(1) This balance shown net of bond discount of $223.
(2) This balance shown net of bond premium of $4,984.
(3) This balance shown net of bond premium of $7,888.
(4) This balance shown net of bond premium of $9,536.
(5) This balance shown net of bond premium of $8,526.
(6) This balance shown net of bond premium of $7,703.
(7) This balance shown net of bond premium of $14,049.

(dollars in thousands)

In compliance with the University's various bond indentures, at June 30, 2022 the University has deposits with trustees of $617 ($11,714 in 2021) 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, notes and financing leases 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
2023	$ 13,396	$ 22,497	$ 35,893
2024	14,021	21,868	35,889
2025	14,687	21,208	35,895
2026	15,382	20,514	35,896
2027	16,096	19,786	35,882
2028-2032	94,330	86,596	180,926
2033-2037	116,595	63,725	180,320
2038-2042	136,505	34,970	171,475
2043-2047	76,025	8,100	84,125
2048-2050	8,005	596	8,601
TOTAL	**$ 505,042**	**$ 299,860**	**$ 804,902**

Lease payments are evaluated by the University to determine if they should be included in the measurement of the operating lease liability. Outstanding commitments for operating leases are expected to be paid over the lease term. At June 30, 2022, the average operating lease term is approximately 10 years, with the farthest lease end date in 2027.

Variable and short-term lease payments are excluded from the measurement of the lease liability. Such amounts are recognized as lease expense in the period in which the obligation for those payments are incurred. The amounts recognized as outflows (expense) for variable and short-term lease payments not included in the measurement of the lease liabilities were $3,710 and $4,347 in 2022 and 2021, respectively.

F. Cash and Cash Equivalents and Operating Investments

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

1. Debt securities rated Aaa, Aa, A or Baa by Moody's Investor's Service, Inc. or AAA, AA, A or BBB by Standard & Poor's Corporation.

2. Obligations of, or guaranteed by, the United States of America, its agencies or instrumentalities.

3. Obligations of, or guaranteed by, national or state banks or bank holding companies rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in debt obligations of institutions within any single holding company.

4. Asset-backed securities rated Aaa by Moody's Investor's Service, Inc. or AAA by Standard & Poor's Corporation.

5. Commercial paper rated A-1 or higher by Standard and Poor's or Prime-1 (P1) by Moody's Investor's Service, Inc.

6. Bankers' acceptances or negotiable certificates of deposit issued by banks rated BB or better. No more than 20% of the funds held in the cash pool shall be invested in certificates of deposit, bankers' acceptances or floating rate notes of the institutions within any single holding company.

7. Repurchase agreements of banks having Fitch ratings no lower than BB secured by the U.S. government and federal agency obligations with market values of at least 100% of the amount of the repurchase agreement.

8. Commingled funds may be used if they are in compliance with the above guidelines.

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

Current and non-current cash and cash equivalents is summarized below:

Cash and Cash Equivalents	June 30, 2022	June 30, 2021
Current	$ 237,804	$ 218,290
Endowment	31,584	18,102
TOTAL	**$ 269,388**	**$ 236,392**

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

Cash and Cash Equivalents	June 30, 2022	June 30, 2021
Cash	$ 166,681	$ 136,052
Money Markets	102,707	100,340
TOTAL	**$ 269,388**	**$ 236,392**

(dollars in thousands)

The balance of cash held in bank deposit accounts was $166,681at June 30, 2022 and $136,052 at June 30, 2021. Of these bank balances, $647 in 2022 and $658 in 2021 were covered by the Federal Depository Insurance Corporation. The University had a third-party custodian agreement with Bank of New York Mellon, through People's United, of $72,934. The University also has an irrevocable standby letter of credit of $225,000 at June 30, 2022 and $185,000 at June 30, 2021 through the Federal Home Loan Bank of Pittsburgh as collateral for the University's primary depository account and money market account that the University has never drawn on. The University has had a revolving line of credit of $50,000 with TD Bank that has not been used. The maturity date is March 31, 2023.

Total operating investments of $169,940 at June 30, 2022 and $180,943 at June 30, 2021 were primarily made through commingled funds as described in footnote G.

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 non-current assets are replacement reserves designated for capital renovations. All other investments are reported as operating investments. A summary of investments is below:

Investments	**June 30, 2022**	**June 30, 2021**
Operating investments	$ 169,940	$ 180,943
Endowment investments	461,862	497,741
Investments for capital activities	63,022	63,934
TOTAL	**$ 694,824**	**$ 742,618**

Deposits with trustees include $7,229 in 2022 and $8,416 in 2021 of assets held under deferred giving arrangements, $1,138 in 2022 and $1,181 in 2021 of investments in the waste disposal fund required by the EPA, and $617 in 2022 and $11,714 in 2021 of investments held by bond trustees.

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

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

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

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

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

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

(dollars in thousands)

Investments measured at fair value or net asset value for the years ended June 30, 2022 and 2021 are summarized as follows:

Fiscal Year 2022	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Public global equity	$ 272,042	$ -	$ -	$ 85,095	$ 357,137
Marketable alternatives	-	-	-	94,650	94,650
Private investments	-	-	-	194,874	194,874
Fixed income/debt	51,515	148,219	-	14,690	214,424
Other	550	-	690	-	1,240
Cash and cash equivalents	31,584	-	-	-	31,584
Subtotal investments	$ 355,691	$ 148,219	$ 690	$ 389,309	$ 893,909
Less UVM Foundation					$ (199,085)
Total Investments					**$ 694,824**
Deposits with Trustees at Fair Value:					
Beneficial interests in trusts	$ -	$ -	$ 3,319	$ -	$ 3,319
Public global equity	28	-	-	-	28
Fixed income/debt	348	4,356	-	-	4,704
Cash and cash equivalents	933	-	-	-	933
Total Deposits With Trustees	**$ 1,309**	**$ 4,356**	**$ 3,319**	**$ -**	**$ 8,984**

(dollars in thousands)

Fiscal Year 2021	Level 1	Level 2	Level 3	NAV	Total Investments
Investments:					
Public global equity	$ 333,505	$ -	$ -	$ 64,343	$ 397,848
Marketable alternatives	-	-	-	90,716	90,716
Private investments	-	-	-	156,258	156,258
Public real assets		-	-	2,951	2,951
Fixed income/debt	42,679	156,414	-	16,680	215,773
Other	460	-	772	-	1,232
Cash and cash equivalents	18,102	-	-	-	18,102
Subtotal investments	$ 394,746	$ 156,414	$ 772	$ 330,948	$ 882,880
Less UVM Foundation					$ (140,262)
Total Investments					**$ 742,618**
Deposits With Trustees at Fair Value:					
Beneficial interests in trusts	$ -	$ -	$ 3,733	$ -	$ 3,733
Public global equity	32	-	-	-	32
Fixed income/debt	306	5,281	-	-	5,587
Cash and cash equivalents	11,959	-	-	-	11,959
Total Deposits With Trustees	**$ 12,297**	**$ 5,281**	**$ 3,733**	**$ -**	**$ 21,311**

Investment liquidity for the years ended June 30, 2022 and 2021 is summarized as follows:

Fiscal Year 2022	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Public global equity	$ 193,467	$ 143,999	$ 19,671	$ -	$ -	$ -	$ 357,137	1-90 days
Marketable alternatives	16,990	8,599	37,268	11,445	12,429	7,919	94,650	1-90 days
Private investments	-	-	-	-	-	194,874	194,874	Illiquid
Fixed income/debt	199,734	14,690	-	-	-	-	214,424	1-30 days
Other	550	-	-	-	-	690	1,240	Same day, Illiquid
Cash and cash equivalents	31,584	-	-	-	-	-	31,584	Same day
Subtotal investments	$ 442,325	$ 167,288	$ 56,939	$ 11,445	$ 12,429	$ 203,483	$ 893,909	
Less UVM Foundation							$ (199,085)	
Total Investments							**$ 694,824**	

Fiscal Year 2021	Daily	Monthly	Quarterly	Semi-Annual	Annual	Illiquid	Total	Redemption Notice Period
Investments:								
Public global equity	$ 201,415	$ 169,195	$ 27,238	$ -	$ -	$ -	$ 397,848	1-90 days
Marketable alternatives	14,109	7,342	37,799	12,360	13,306	5,800	90,716	1-90 days
Private investments	-	-	-	-	-	156,258	156,258	Illiquid
Public real assets	-	-	-	-	-	2,951	2,951	Illiquid
Fixed income/debt	199,093	16,680	-	-	-	-	215,773	1-30 days
Other	460	-	-	-	-	772	1,232	Same day, Illiquid
Cash and cash equivalents	16,311	-	1,791	-	-	-	18,102	Same day
Subtotal investments	$ 431,388	$ 193,217	$ 66,828	$ 12,360	$ 13,306	$ 165,781	$ 882,880	
Less UVM Foundation							$ (140,262)	
Total Investments							**$ 742,618**	

(dollars in thousands)

The following is a description of the investment categories:

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

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

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

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

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

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

The fixed income/debt portfolio is composed of passive and active bond funds. The following shows the risk profiles at June 30, 2022 and 2021:

			Credit Quality %					
Fixed Income Debt	**Amount**	**Average Maturity/ Effective Duration**	**Govt/Agency**	**AAA**	**AA**	**A**	**BBB**	**<BBB**
2022	$ 214,424	2.9 /2.7	29	3	13	38	10	7
2021	$ 215,773	2.9/2.9	13	24	6	41	8	8

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	**FY22**	**FY21**
Net interest, dividend, and other income	$ 858	$ 3,986
Realized gains	63,426	55,864
Unrealized gains/(losses)	(104,135)	89,842
Investment management fees	(1,485)	(1,610)
TOTAL	**$ (41,336)**	**$ 148,082**

(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 reasoned spending policy that is also consistent with preserving and enhancing the real purchasing power of the fund over time. The primary long-term investment goal is to attain a real total return that exceeds the amount being distributed for spending and administration, currently set at 5.50%. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended benchmark, measured over a full market cycle; and to outperform the median return of a pool of endowment funds of similar size with broadly similar investment objectives and policies.

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

Unaudited		**June 30, 2022**
	Target %	**Actual %**
Public global equity	45.0	48.5
Marketable alternatives	10.0	11.3
Private investments	35.0	26.8
Fixed income/debt	8.0	9.1
Cash & cash equivalents	2.0	4.3

		June 30, 2021
	Target %	**Actual %**
Public global equity	45.0	55.5
Marketable alternatives	10.0	10.9
Private investments	35.0	22.6
Fixed income/debt	8.0	8.4
Cash & cash equivalents	2.0	2.6

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 $69.04), 5,225.5937 units were owned by endowment funds and 5,304.5281 units by quasi endowment funds at June 30, 2022 ($76.62, 4,841.1382 and 4,354.7341 respectively, at June 30, 2021).

The University of Vermont Foundation (UVMF) participates in the UVM pooled endowment. The UVMF owned 2,883.7550 units with a market value of $199,085 as of June 30, 2022 and 1,830.7242 units with a market value of $140,262 as of June 30, 2021.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the institution define an overall prudent approach both to distribution of funds for spending and long-term preservation and growth of capital. The University policy allows distributions from endowments that are temporarily underwater in accordance with the statute. The Investment Subcommittee of the Board of Trustees reviews the income distribution rate annually.

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

	Fair Value	**Cost**	**Net Change**
June 30, 2022	$ 726,964	$ 611,026	$ 115,938
June 30, 2021	704,546	477,167	227,379
Unrealized net gain/(loss)			(111,441)
New gifts and transfers			92,568
Realized net gain			62,233
Net loss			(1,727)
Withdrawn for spending			(19,215)
Total Net Change			**$ 22,418**

	Fair Value	**Cost**	**Net Change**
June 30, 2021	$ 704,546	$ 477,167	$ 227,379
June 30, 2020	538,147	425,817	112,330
Unrealized net gain/(Loss)			115,049
New gifts and transfers			14,838
Realized net gain			54,894
Net loss			(598)
Withdrawn for spending			(17,784)
Total Net Change			**$ 166,399**

I. Commitments

Major plant projects include commitments as follows:

Unaudited **Project**	**Estimated Project Cost**	**Project-to-Date Expenditures 2022**	**Project-to-Date Expenditures 2021**
Firestone Medical Research Building	$ 49,000	$ 39,605	$ 17,970
Multipurpose Center	95,000	63,050	43,065
Hills Building	32,000	2,717	

Obligations under lease agreements are detailed in note E.

(dollars in thousands)

The University is obligated under certain of its investments to make future capital contributions in the amount of $75,841 as of June 30, 2022.

The University entered into agreements with the State of Vermont Department of Vermont Health Access in both 2022 and 2021, 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 $13,164 and $13,682 were made in 2022 and 2021, 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 2023, based on the four-year agreement entered into on June 24, 2021, the University will make quarterly payments to the State of Vermont Department of Vermont Health Access totaling $13,205.

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters and business interruption. The University manages these risks through a combination of self-insurance and commercial insurance purchased in the name of the University. The University's annual self-insured obligation for general liability is $500 per occurrence and $25 per occurrence for automobile liability. Its assumption of risk for property losses is $250 per occurrence. Educator's legal liability risks are subject to a $300 per loss retention. Worker's compensation is subject to a $650 per occurrence retention. None of these lines of coverage have an annual self-insured aggregate or stop-gap. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The University is a member of a Vermont captive, Pinnacle Consortium of Higher Education. The captive covers two insurance lines, general liability and automobile liability. All members are required to participate in the captive general liability program which provides $3,000 excess limit and the group purchase liability program that provides a $22,000 excess limit. The University has purchased an additional $75,000 from the commercial liability insurance market to bring the total excess limit to $100,000.

The University follows the policy of self-insuring risks up to certain limits. At year end, the University had open claims valued at $2,344 in 2022 and $3,301 in 2021; $31 and $500 of this is covered by excess insurance in 2022 and 2021, respectively. The University paid claims of $2,531 in 2022 and $2,698 in 2021. Reserves for property and casualty liabilities are included in accrued liabilities (including incurred but not reported) in the amount of $20,047 at June 30, 2022 and $20,621 at June 30, 2021.

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

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

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

J. Retirement Plans

Faculty, staff and post-doctoral employees 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 in 9-, 10-, 11-, or 12-month appointments must have a full-time equivalency of .75 or greater. These individuals may become eligible for UVM contributions;

- faculty, staff and post-doctoral employees with a 12-month appointment must have a full-time equivalency of .50 to .75 to be eligible to make contributions to UVM's 403(b) and 457(b) plans. These individuals are not eligible for UVM contributions;

- post-doctoral employees must have a full-time equivalency of .50 or greater to be eligible to make contributions to UVM's 403(b) and 457(b) plans. These individuals are not eligible for UVM contributions;

- non-represented staff, Staff United and United Electrical staff must be employed three years before they qualify for University contributions to their retirement plan, or, to waive this waiting period, they must have a vested interest in the retirement plan of their previous nonprofit employer;

- staff represented by the Teamsters Union are eligible for the 10% UVM contribution after the successful completion of their probationary period;

- non tenure-track faculty and faculty under the rank of assistant professor must wait two years to qualify for University contributions to their retirement plan, or, to waive this waiting period, they must have a vested interest in the retirement plan of their previous nonprofit employer;

- officers of administration or tenure track faculty at the level of assistant professor or above receive University contributions to their retirement plan immediately upon enrolling in the plan.

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

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

(dollars in thousands)

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

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

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

For the years ended June 30, 2022 and 2021, the University had total payroll expense of $314,069 and $305,129, respectively, of which $228,143 in 2022 and $228,652 in 2021 was covered by the University's 403(b) retirement plan. Total employee and employer contributions for 403(b) pension benefits for the year were $19,684 and $22,814, respectively, for 2022 and $19,496 and $22,865, respectively, for 2021. 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 $6,186 in fiscal year 2022 and $6,143 in fiscal year 2021.

K. Postemployment Benefits Other Than Pensions (OPEB)

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

1. Plan Description

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

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

1) Pre-65 retirees that met the retirement benefit eligibility criteria that were in place at the time of his or her hire date, and retired on or before June 30, 2014, will receive the post-retirement medical benefit and premium contributions will remain unchanged. For employees hired before January 1, 2012, if the employee met the retirement eligibility criteria that were in place at the time of his or her hire date, and did not retire on or before June 30, 2014, then he or she is eligible for the benefit but his or her share of the premium contribution will change based on the employee's salary at the date of retirement. If, by June 30, 2014, the employee has not met the eligibility criteria that were in place at the time of his or her hire date, then he or she will be eligible to enroll in the pre-65 post-retirement medical benefit plan, but will be responsible for 100% of the premium unless the employee has at least fifteen years of service in which case, at the age of 62, the employee will be eligible for the pre-retirement medical benefit and will pay 50% of the premium for Non-United Academic employees, and 60% of the premium for United Academic employees. Employees hired on or after January 1, 2012 will be able to participate in the post-retirement medical plan, but they will be responsible for 100% of the premium.

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

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

(dollars in thousands)

At the valuation date of January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,848
Active employees	4,016
TOTAL	**5,864**

2. Total OPEB Liability

The University's total OPEB liability of $436,472 in 2022 and $474,485 in 2021 was determined by an actuarial valuation as of January 1, 2021, and then projected forward to the measurement date of December 31, 2021 and December 31, 2020, respectively.

The total OPEB liability as of the December 31, 2021 measurement date 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	2.06%

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

Medical and Rx	90%
Dental	95%
Life Insurance	95%
	50% 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	5.9%	3.7%	2074
J Carve-Out Medicare	0.0%	3.7%	2074
MediComp III Medicare	0.0%	3.7%	2074
Dental	7.9%	3.7%	2074
Tuition Remission	2.3%	2.3%	2021

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

The mortality rates for 2022 were based on the Pri-2012 Retiree/Employee Mortality Table projected with Projection Scale MP-2021 for healthy participants, Pri-2012 Contingent Survivor Table with Scale MP-2021 for current surviving spouses, and Pri-2012 Disabled Mortality Table projected with Projection Scale MP-2021 for disabled participants. The mortality rates for 2021 were based on the Pri-2012 Retiree/Employee Mortality Table projected with Projection Scale MP-2020 for healthy participants, Pri-2012 Contingent Survivor Table with Scale MP-2020 for current surviving spouses, and Pri-2012 Disabled Mortality Table projected with Projection Scale MP-2020 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, 2022 and 2021:

Total OPEB Liability	Fiscal Year 2022	Fiscal Year 2021
Balance at the beginning of year	$ 474,485	$ 530,031
Changes for the year:		
Service cost	15,745	13,582
Interest on total OPEB liability	10,251	14,661
Effect of economic/demographic gains or losses	(9,093)	(117,836)
Effect of assumption changes or inputs	(41,561)	51,272
Benefit payments	(13,455)	(17,225)
Net changes	(38,113)	(55,546)
Balance at end of the year	**$ 436,372**	**$ 474,485**

The effect of assumption changes or inputs resulted in a net decrease to the OPEB liability and is comprised of several factors. Declining coverage election numbers, estimated at $27.3 million, and favorable medical and dental cost trends, estimated at $20.3 million, decreased the liability by $47.6 million. Projections in the new mortality scale, estimated at $2.4 million, and the discount rate decreasing to 2.06% in FY22 from 2.12% in FY21, estimated at $3.7 million, increased the liability by $6.1 million.

The following tables present the total OPEB liability of the University, calculated using the discount rates of 2.06% in FY22 and 2.12% in FY21, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

Fiscal Year 2022	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	$ 506,193	$ 436,372	$ 379,904
Fiscal Year 2021	**1% Decrease (1.12%)**	**Discount Rate (2.12%)**	**1% Increase (3.12%)**
Total OPEB liability	$ 554,745	$ 474,485	$ 410,209

The following tables present the FY22 and FY21 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.

(dollars in thousands)

Fiscal Year 2022	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 371,706	$ 436,372	$ 518,167

Fiscal Year 2021	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 396,532	$ 474,485	$ 574,537

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, 2022 and 2021 is summarized as follows:

OPEB Expense	FY22	FY21
Service cost	$ 15,745	$ 13,582
Interest on total OPEB liability	10,251	14,661
Recognition of deferred outflows/inflows of resources		
Recognition of economic/demographic gains or losses	(24,923)	(23,208)
Recognition of assumption changes or inputs	1,319	9,161
OPEB expense	**$ 2,392**	**$ 14,196**

Deferred outflows and inflows of resources as of June 30, 2022 and 2021 are summarized as follows:

Fiscal Year 2022	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (74,092)	$ 4,399
Changes of assumptions	(36,993)	48,759
Contributions after measurement period	-	4,944
TOTAL	**$ (111,085)**	**$ 58,102**

Fiscal Year 2021	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	$ (92,275)	$ 6,753
Changes of assumptions	(14,563)	69,209
Contributions after measurement period	-	8,511
TOTAL	**$ (106,838)**	**$ 84,473**

Deferred outflows of resources resulting from contributions after the measurement period totaling $4,944 and $8,511 will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022 and June 30, 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

For the Fiscal Year Ending June 30	OPEB Expense
2023	$ (16,482)
2024	(13,573)
2025	(15,447)
2026	(9,557)
2027	(2,867)
Thereafter*	-

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

(dollars in thousands)

L. Operating Expenses by Function

Operating expenses by functional classification for the years ended June 30, 2022 and 2021 are summarized as follows:

Year ended June 30, 2022					
Function	**Compensation And Benefits**	**Supplies And Services**	**Depreciation**	**Scholarships And Fellowships**	**Total**
Instruction	$ 140,115	$ 18,917	$ -	$ -	$ 159,032
Research	70,135	39,806	-	-	109,941
Public service	44,061	14,448	-	-	58,509
Academic support	61,286	13,560	-	-	74,846
Student services	28,543	10,978	-	-	39,521
Institutional support	37,928	12,531	-	-	50,459
Operations and maintenance of plant	29,613	17,958	-	-	47,571
Scholarships and fellowships	-	-	-	39,935	39,935
Auxiliary enterprises	28,470	50,454	-	-	78,924
Depreciation	-	-	39,499	-	39,499
TOTAL	**$ 440,151**	**$ 178,652**	**$ 39,499**	**$ 39,935**	**$ 698,237**

Year ended June 30, 2021					
Function	**Compensation And Benefits**	**Supplies And Services**	**Depreciation**	**Scholarships And Fellowships**	**Total**
Instruction	$ 145,291	$ 14,893	$ -	$ -	$ 160,184
Research	67,244	34,632	-	-	101,876
Public service	48,456	18,285	-	-	66,741
Academic support	60,616	14,342	-	-	74,958
Student services	27,233	21,006	-	-	48,239
Institutional support	34,238	10,655	-	-	44,893
Operations and maintenance of plant	29,103	14,019	-	-	43,122
Scholarships and fellowships	-	-	-	29,954	29,954
Auxiliary enterprises	27,253	44,469	-	-	71,722
Depreciation	-	-	33,174	-	33,174
TOTAL	**$ 439,434**	**$ 172,301**	**$ 33,174**	**$ 29,954**	**$ 674,863**

(dollars in thousands)

Required Supplementary Information -
Post Employment Benefits
Schedule of Changes in the University's
Total OPEB Liability and Related Ratios

Total OPEB Liability	**FY22**	**FY21**	**FY20**	**FY19**	**FY18**
Service cost	$ 15,745	$ 13,582	$ 13,452	$ 15,645	$ 14,434
Interest on total OPEB liability	10,251	14,661	19,063	17,175	18,066
Changes of benefit terms	-	-	-	-	
Effect of economic/demographic gains or (losses)	(9,093)	(117,836)	9,862	1,395	847
Effect of assumption changes or inputs	(41,561)	51,272	45,175	(48,429)	4,085
Benefit payments	(13,455)	(17,225)	(17,853)	(18,029)	(16,058)
Net change in total OPEB liability	**(38,113)**	**(55,546)**	**69,699**	**(32,243)**	**21,374**
Total OPEB liability, beginning	474,485	530,031	460,332	492,575	471,201
Total OPEB liability, ending	**$ 436,372**	**$ 474,485**	**$ 530,031**	**$ 460,332**	**$ 492,575**
Covered-employee payroll	$ 259,184	$ 258,395	$ 258,395	$ 241,981	$ 241,981
Total OPEB liability as a % of covered-employee payroll	168.36%	183.63%	205.12%	190.23%	203.56%

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

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

2022	2.06%
2021	2.12%
2020	2.74%
2019	4.10%
2018	3.44%

The University of Vermont
UNIVERSITY FINANCIAL SERVICES
333 WATERMAN BUILDING
85 SOUTH PROSPECT STREET
BURLINGTON, VT 05405
802 656-2903 www.uvm.edu

Attachment K-5

Structural Assessment Letter

The University of Vermont

PHYSICAL PLANT DEPARTMENT
284 EAST AVENUE
P.O. BOX 50501
BURLINGTON, VERMONT 05405-0501
(802) 656-2186

September 21, 2012

Jeff Rogers
Environmental Compliance Project Manager
Risk Management and Safety Department
The University of Vermont
667 Spear Street
Burlington, VT 05405

September 24, 2012

Dear Jeff:

I conducted a site visit on Friday, September 21, 2012, of the Environmental Safety Facility on 667 Spear Street, Burlington, Vermont. This building is very well constructed, with a steel frame, masonry block walls, and concrete foundations. I did not observe any structural issues with this building, and I would anticipate that it would be usable for another 50 years, with routine and deferred maintenance.

See attach photos of the building and building construction. Thank you.

Luce Hillman, P.E.
Assistant Director of Engineering
Physical Plant Department
284 East Avenue
Burlington, VT 05405

STATE OF VERMONT
LUCE R. HILLMAN
NO. 5209
REGISTERED
PROFESSIONAL ENGINEER

Photos of 667 Spear Street,
Exterior Condition