

VERMONT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended JUNE 30, 2022

STATE OF VERMONT

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

For the fiscal year ended JUNE 30, 2022



Philip B. Scott
Governor

Prepared by the Department of Finance and Management

**STATE OF VERMONT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401
[phone] 802-828-2376

Adam Greshin, Commissioner

LETTER OF TRANSMITTAL

To The Honorable Philip B. Scott, Governor,
The Honorable Molly Gray, Lieutenant Governor,
Chairs of House Committees on Appropriations, Institutions and Ways and Means,
Senate Committees on Appropriations, Finance, and Institutions, and
the residents of the State of Vermont:

Pursuant to 32 VSA § 182 (a)(8), the Department of Finance and Management is pleased to present the Annual Comprehensive Financial Report (ACFR) of the State of Vermont for the fiscal year ended June 30, 2022. The Department prepared these financial statements and is responsible for the completeness and reliability of the information presented. To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework designed to protect the state's assets from loss, theft, or misuse and to compile sufficient, reliable information for the presentation of this report in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The cost of internal controls should not outweigh their benefits. Vermont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatement. I believe the accompanying financial statements are accurate and fairly stated in all material respects and presented in a manner designed to report the State of Vermont's financial position, results of operations and changes in net position/fund balances.

Please pay particular attention to two important items contained in this ACFR. The first item is the Management's Discussion and Analysis (MD&A) that follows the Independent Auditors' Report. This analysis is designed to provide, in understandable terms, an overview of the state's financial position. The Basic Financial Statements (BFS) follow the MD&A. The BFS were prepared in conformity with GAAP as prescribed by the GASB. The BFS contain government-wide statements that present the state's financial activities in a manner similar to that of a private corporation. Fund statements report governmental, proprietary, and fiduciary fund financial activity; discretely presented component unit financial activity; and note disclosures that explain and enhance the basic financial statements.

In addition to the MD&A and BFS, this ACFR includes a Required Supplementary Information (RSI) section, Other Supplementary Information section, and a Statistical section. The RSI section contains various schedules relating to the state's defined benefit pension and other postemployment benefits plans, and Budget to Actual comparison schedules for the state's General and major special revenue funds with Notes reconciling budgetary fund balance to the governmental funds' GAAP fund balance. The Other Supplementary Information section contains combined fund financial statements for the state's Non-major Governmental, Proprietary, and Fiduciary Funds, and discretely presented Component Units. The Statistical section presents data relating to financial trends, revenue and debt capacity, and demographic and operating information about the State of Vermont. Please note the information contained in the MD&A, RSI and Statistical sections is unaudited.

This ACFR includes the funds and entities for which the state is accountable based on GASB’s criteria for defining the financial reporting entity. The criteria include fiscal dependence, financial accountability, and legal standing. Please refer to Note I for more information regarding the reporting entity and the component units.

State Profile

Vermont, known as the Green Mountain State, was first settled by the French in 1666, then by the English in 1690, and joined the Union as the fourteenth state in 1791. Rural in character, the state measures 9,613 square miles of land and water area, ranking the state 43rd in terms of land and water area among the 50 states. Vermont’s population, as measured by the last decennial Census on October 20, 2020 was 643,077, ranking the state 49th among the 50 states - unchanged from the 2010 and 2000 Censuses per the U.S. Bureau of the Census. The state capital is Montpelier, and the largest city is Burlington. As of calendar year 2021, 94.5 percent of Vermonters aged 25 or older were at least high school graduates (ranked number 1 in the country) while 44.4 percent had at least a college bachelor’s degree or higher (ranked number 3 in the country), per the U.S. Bureau of the Census.

The State Constitution provides for three traditional branches of Government – the Legislative, the Executive, and the Judicial. The Legislative branch is comprised of the House of Representatives (150 members) and the Senate (30 members); all are elected for two-year terms. The Executive branch includes six elected officers – the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, and the Attorney General – all elected for two-year terms, without term limitations. The Governor is responsible for the faithful execution of all laws and the management of the departments and agencies of the Executive Branch – including the agencies of Administration; Transportation; Natural Resources; Commerce and Community Development; Education; Agriculture, Food and Markets; Digital Services; and Human Services, as well as other departments – through which the functions of state government are carried out. The Judicial branch of the state comprises the Supreme Court, Superior Courts, and the Judicial Bureau. The judges are appointed by the Governor with the advice and consent of the Senate and serve six-year terms

Budget Adoption and Legal Compliance/Budgetary Results

The Required Supplementary Information section includes Budget to Actual comparison schedules for the General Fund and the five budgeted major special revenue funds. The state’s budgeting process is described in the Notes to the Budget to Actual comparison schedules. These schedules present each fund’s original budget, final budget, actual expenditures incurred on a budgetary basis, and the variance between the final budget and actual expenditures incurred. The adopted budget provides legal control over spending. Vermont law prohibits expenditures in excess of amounts appropriated. Budgetary control is exercised by fund within appropriation.

The General Fund

The General Fund accounts for all revenues and other receipts that are not required by law to be accounted for or deposited in other funds, as well as the expenditures associated with these revenues. In fiscal year 2022, General Fund tax revenues accounted for 96.0 percent of total General Fund revenues. The three principal tax revenue contributors – the personal and corporate income tax, and the meals and rooms tax – accounted for 78.8 percent of General Fund total tax revenues, or approximately 75.7 percent of total General Fund revenues. General Fund expenditures used 67.3 percent of the total revenues, and these expenditures occurred in the following major governmental functional categories: General Government, Protection to Persons and Property, Human Services, Labor, General Education, Natural Resources, Commerce and Community Development, Transportation, capital outlay, and debt service. Most of the remainder of the resources provided by 2022 General Fund revenues was transferred to other funds and used for various purposes. Please see Note IV.D for a summary of these transfers.

Economic Condition

Vermont's economy and labor markets in fiscal year 2022 continued to recover from the COVID pandemic and from the economic fall-out that accompanied it. Through June 2022, the state recovered a total of 76 percent of the 63,500 nonfarm payroll jobs lost during the pandemic-induced economic downturn, leaving 15,300 jobs to recover before the state's job count returns to its pre-pandemic level. Vermont's pace of job recovery was comparatively slower than either the average for the New England region (at 88 percent recovered) and for the U.S. economy as a whole (at 94 percent recovered).

On the public health front, Vermont continues to do a good job managing the health issues associated with the latest COVID virus variants. Case levels and hospitalizations related to COVID remain comparatively low. Vermont's Department of Health maintains its focus on vaccination and CDC guidelines.

Based on Vermont's July 2022 consensus economic forecast, the state's annual average unemployment rate is expected to be 2.5 percent for calendar year 2022, 2.6 percent in 2023, and then 2.8 percent in 2024 as the last rounds of federal pandemic relief run their course. In this three-year timeframe, the Vermont unemployment rate is expected to remain at least 1.2 percentage points below the U.S. national unemployment rate average (forecasted to be at 3.7 percent in calendar year 2022, 3.9 percent in 2023, and 4.0 percent in 2024). During the same three-year period, Vermont's unemployment rate is expected to remain one of the lowest state unemployment rates in the country. Similarly, the rate of state payroll job growth is expected to increase by 2.8 percent in calendar year 2022, then slow to 1.3 percent in 2023, and average 1.0 percent in 2024 in response to the unwinding of the extraordinary level of federal pandemic relief. Vermont's personal income growth is expected to increase 2.2 percent in calendar year 2022, 5.2 percent in 2023, and 5.0 percent in 2024 as inflation remains at historically high levels. Housing prices in Vermont are expected to increase by 13.4 percent in calendar year 2022 (following the 14.0 percent increase in 2021), and then increase by 5.6 percent in 2023. Housing prices are then forecasted to increase by only 2.6 percent in 2024 as the housing market responds to the Federal Reserve's efforts to combat inflation.

Long-term Financial Planning

As part of the state's long-term financial planning, the Legislature created a Capital Debt Affordability Advisory Committee which is required to present to the Governor and General Assembly, no later than September 30th of each year, a recommendation as to the maximum amount of net tax-supported debt the state may prudently issue for the ensuing fiscal year while maintaining the state's Aa1/AA+ debt rating. The recommendation is calculated and presented in accordance with certain debt affordability guidelines and other matters that may be relevant to the proposed debt to be authorized. At its September 2022 meeting the Committee made a recommendation of net tax-supported debt not to exceed \$108 million for the 2024-2025 fiscal year biennium, a reduction of \$15.18 million from the prior recommendation for the 2022-2023 fiscal year biennium. In the 2022 legislative session, the General Assembly authorized \$143.76 million in total capital project spending to be funded with \$136.02 million in new general obligation debt and \$7.74 million in transfers and reallocations.

Independent Audit of These Financial Statements

CliftonLarsonAllen LLP, an independent certified public accounting firm, performed an independent audit of the state's basic financial statements for the fiscal year ended June 30, 2022. The auditors have issued unmodified opinions, the most favorable outcome of the audit process. The audit described in the auditor's report is not intended to meet all requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards rule (commonly called "Uniform Guidance") implemented in December 2014. Rather, the Uniform Guidance Audit Report for Vermont is issued under separate cover.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Vermont for its ACFR for the fiscal year ended June 30, 2021. This was the fourteenth year Vermont has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report involved the dedicated work of staff in the Department of Finance and Management, the Office of the State Treasurer, the Office of the Auditor of Accounts, and the support of all state agencies, departments, component units, the Legislature, and the Judiciary. We welcome inquiries concerning this report and the finances of the State of Vermont.

Sincerely,

Adam Greshin
Digitally signed by Adam
Greshin
Date: 2022.12.22 09:42:57
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Adam Greshin
Commissioner
Department of Finance and Management
December 22, 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Vermont

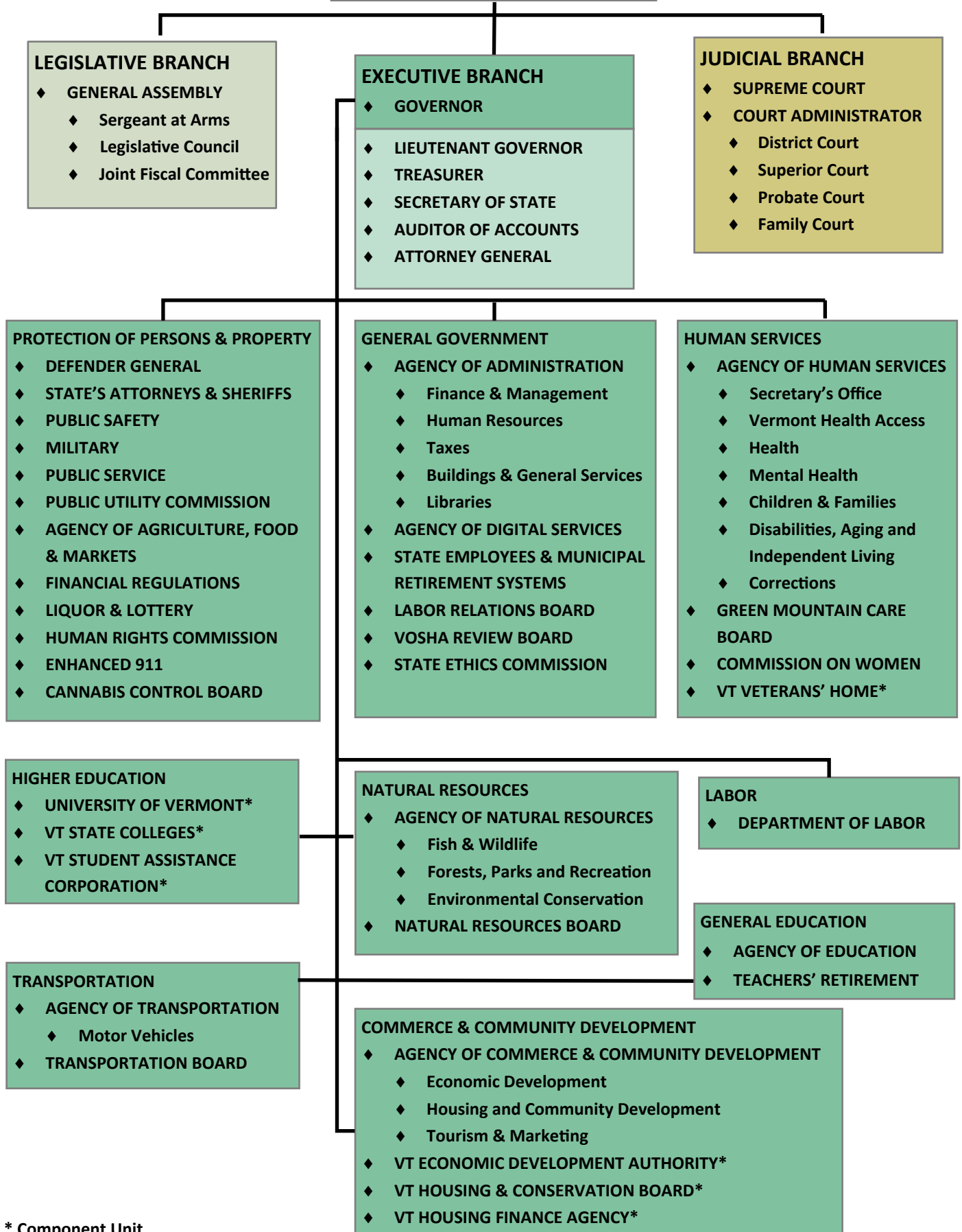
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

VERMONT CITIZENS



* Component Unit

SELECTED STATE OFFICIALS
As of June 30, 2022

EXECUTIVE

Philip B. Scott
Governor

Molly Gray
Lieutenant Governor

James C. Condos
Secretary of State

Joshua Diamond
Acting Attorney General

Douglas R. Hoffer
Auditor of Accounts

Elizabeth Pearce
State Treasurer

JUDICIAL

Paul L. Reiber
Chief Justice

LEGISLATIVE

Becca Balint
President Pro Tempore of the State Senate
(30 Senators)

Jill Krowinski
Speaker of the House of Representatives
(150 Representatives)



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Speaker of the House of Representatives,
 President Pro-Tempore of the Senate,
 and the Governor of the State of Vermont

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain funds and component units of the State, which represent the indicated percentages of total assets and total revenues of the opinion units as presented in the table below. Additionally, we did not audit the information disclosed in Note V-E. Those financial statements and information in Note V-E were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for those funds and component units, is based solely on the reports of the other auditors.

| Opinion Unit | Entity | Percent of Opinion Unit's Total | |
|---|--|---------------------------------|----------------------|
| | | Assets | Revenues / Additions |
| Governmental Activities | Universal Service Fund | 0.04% | 0.06% |
| Business-Type Activities | State Lottery Fund; Energy Efficiency Utility Fund | 11.80% | 44.77% |
| Special Fund | Universal Service Fund | 0.79% | 1.53% |
| State Lottery Fund | State Lottery Fund | 100.00% | 100.00% |
| Aggregate Remaining Fund Information | Energy Efficiency Utility Fund | 0.53% | 8.37% |
| Aggregate Discretely Presented Component Units | Vermont Student Assistance Corporation; University of Vermont and State Agricultural College; Vermont State Colleges; Vermont Housing Finance Agency; Vermont Economic Development Authority; Vermont Housing and Conservation Board; Vermont Municipal Bond Bank; Vermont Educational and Health Buildings Financing Agency; Vermont Veterans' Home | 100.00% | 100.00% |

The Speaker of the House of Representatives,
President Pro-Tempore of the Senate
and the Governor of the State of Vermont

Basis for Opinions

We conducted our audit 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 State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note V-G to the financial statements, effective July 1, 2021, the State adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions were not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 State'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 State's internal control. Accordingly, no such opinion is expressed.

The Speaker of the House of Representatives,
President Pro-Tempore of the Senate
and the Governor of the State of Vermont

- 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 State'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund statements and schedules (the supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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 audit 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.

The Speaker of the House of Representatives,
President Pro-Tempore of the Senate
and the Governor of the State of Vermont

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the State'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 State'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 State's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
December 22, 2022

Management's Discussion and Analysis

State of Vermont

Unaudited

Fiscal Year Ended June 30, 2022

INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ended June 30, 2022. This Management Discussion & Analysis (MD&A) section is intended to serve as an introduction to the state's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to assist the reader in focusing on significant financial matters, provide an easily readable overview of the state's financial activities, identify any material changes from the original budget, and highlight financial matters that occurred during fiscal year 2022. The following presentation is in summary form; to gain a thorough understanding of the state's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Government-wide

- Vermont reported a positive net position of \$588.6 million, comprised of \$7.834 billion in total assets and \$1.466 billion in deferred outflows offset by \$7.965 billion in total liabilities, and \$745.3 million in deferred inflows at June 30, 2022 (Table 2). Of this positive net position amount, \$2.949 billion represents the net investment in capital assets, \$896.2 million is restricted for various purposes, and \$3.257 billion represents a deficit unrestricted net position. The reasons for the deficit unrestricted net position are discussed in the Government-wide Financial Analysis section.
- The primary government's net position has increased by \$641.9 million as a result of this year's operations. The net position for governmental activities increased \$627 million and net position for business activities increased by \$14.9 million (Table 3).

Fund level

- Vermont's governmental funds reported a combined ending fund balance of \$1.952 billion, an increase of \$273.4 million or 16.3% above the prior year. Of this ending fund balance, \$47.3 million is non-spendable, \$565 million is restricted for specific purposes, and \$1.340 billion is available for spending (committed, assigned, and unassigned fund balance). The increase in ending fund balance is primarily attributable to an increase in the fund balance of the General Fund (\$194.4 million) and the Special Revenue Funds (\$148.6 million), offset by a decrease in Capital Projects Funds (\$60.4 million).
- Vermont's enterprise funds reported a combined net position of \$282.5 million, an increase of \$15.2 million over last year.
- Vermont's General Fund reported an ending fund balance of \$847 million, of which \$807.1 million is available for spending (assigned and unassigned).

Capital assets

- The carrying amount of capital assets for the primary government increased to \$3.410 billion, an increase of \$166.7 million over last year. The increase is primarily due to increases in Construction in Process (\$108.9 million), Infrastructure (\$49.4 million) and Land, Land Use rights, and Land improvements (\$5.2 million), and in fiscal year 2022, \$82.9 million of intangible right-to-use lease assets were added due to the implementation of GASB 87, a new accounting standard for leases; the asset increases were offset by decreases in Machinery and Equipment (\$52.8 million) and Buildings and Improvements (\$27.0 million).

Long-term debt

- Vermont's debt outstanding for general and special obligation bonds decreased \$72.4 million as compared to fiscal year 2021. In 2022, Vermont did not issue any bonds and retired \$50.7 million in general obligation bonds and \$21.7 million in special obligation bonds.

More information regarding the government-wide financial statements, fund financial statements, capital asset activity and long-term debt activity can be found beginning on page 24.

Management's Discussion and Analysis

State of Vermont

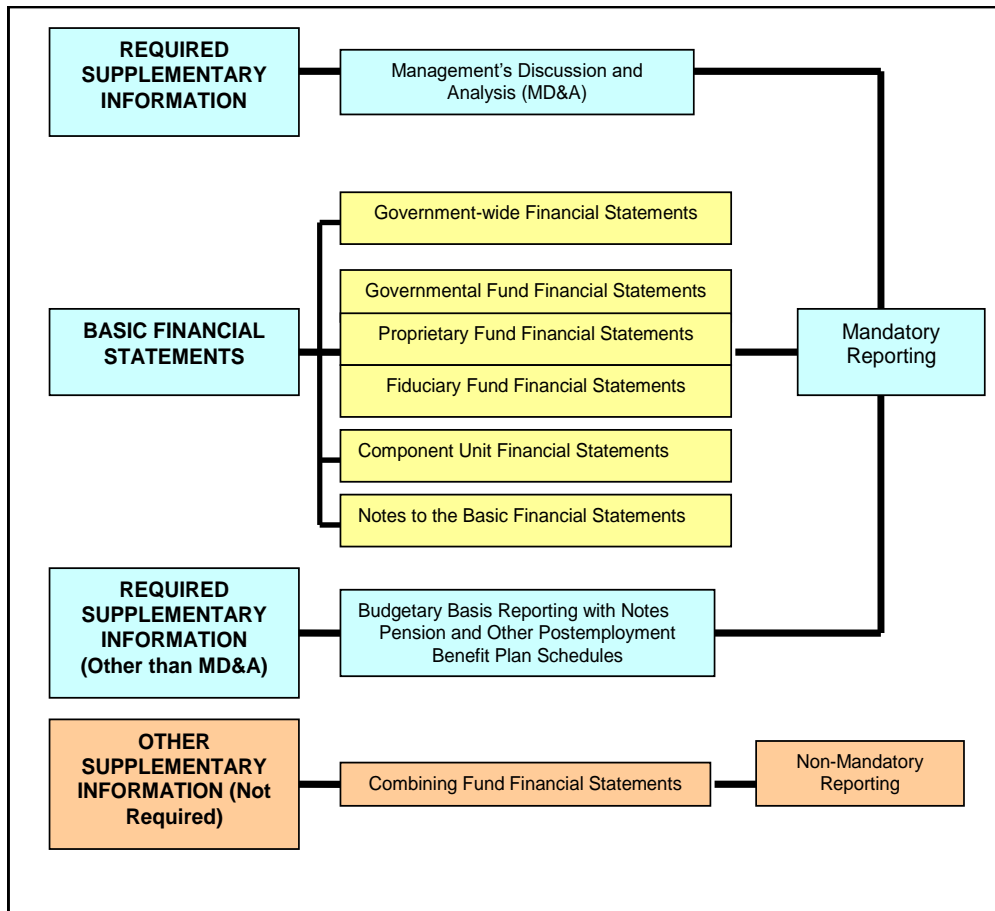
Unaudited

Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report (ACFR) consists of an introductory section, a financial section, and a statistical section. The financial section contains the Independent Auditor's Report, this discussion and analysis section, the basic financial statements (BFS) with required supplementary information (RSI), and other supplementary information. Additional information regarding the above sections may be found below as well as in the notes to the financial statements.

The layout of the financial section and the relationship of the financial statements and supplementary information is presented in the following diagram. Notice the relationships between the various elements of the ACFR, such as "mandatory versus non-mandatory" reporting, or "required versus not required" supplementary information. This diagram is designed to illustrate how the various elements of the state's financial activity fit together in this ACFR.



Basic Financial Statements

Vermont's basic financial statements (BFS) consist of four components: 1) government-wide financial statements, 2) funds' financial statements, 3) component units' financial statements, and 4) notes to the financial statements. The fund financial statements include governmental, proprietary, and fiduciary types of funds that will be described later in this analysis. Notes to the financial statements provide explanations and/or additional detail for all of the above financial statements and are considered an integral part of the financial statements.

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Table 1 summarizes the major features of the basic financial statements with further explanations below:

| Table 1 - Major Features of the State's Government-wide and Fund Financial Statements | | | | |
|--|---|---|---|--|
| | Government-wide Financial Statements | Fund Financial Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire State government (except fiduciary funds) and the State's discretely presented component units | The activities of the state that are not proprietary or fiduciary, such as Human Services and Transportation | Activities the state operates similar to private businesses, such as the Liquor Control Fund and State Lottery Fund | Instances in which the state is the trustee or agent for someone else's resources, such as the retirement plans for public employees |
| Required financial statements | Statement of Net Position, Statement of Activities | Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances | Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows | Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset / liability information | All assets and liabilities, both financial and capital, and both short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and both short-term and long-term | All assets and liabilities, both financial and capital, and both short-term and long-term |
| Type of inflow / outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during the year or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid |

1) Government-Wide Financial Statements

Vermont's government-wide financial statements, which follow this MD&A section, are designed to present a broad view of the state's operations and financial position in a manner similar to the accounting principles used by most private-sector business. All of Vermont's activities except its fiduciary funds' activities are reported in the government-wide statements. Fiduciary activities are not included because the resources of these funds are not available to support Vermont's own programs.

The government-wide statements contain both short-term and long-term information about the state's financial position and assist in assessing the state's economic condition at the end of each fiscal year. Vermont prepares these statements using the "flow of economic resources" measurement focus and the accrual basis of accounting. The methods utilized to prepare these statements are similar to those used by most private sector businesses. They consider all financial activity connected with the reported fiscal year including revenues, expenses, transfers, sales or acquisitions of capital assets, and any other activity affecting or possibly affecting the financial condition of the state, even if cash involved has not yet been received or paid.

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The government-wide financial statements present two statements:

The *Statement of Net Position* presents a snapshot of both the primary government's and its component units' assets, liabilities, deferred outflows, and deferred inflows, as of the date of this report, with the difference between the assets and deferred outflows, and liabilities and deferred inflows reported as "net position". Over time, increases or decreases in the primary government's net position may serve as an indicator as to whether the financial position of the state is improving or deteriorating.

The *Statement of Activities* presents the reported year's financial activity and hence, the reason(s) for the changes in net position included on the Statement of Net Position. All changes in financial activities are recognized as soon as the underlying event(s) giving rise to the changes occur, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not result in cash flows until future fiscal periods. This statement also presents the relationship between the state's major expenditure functions and the associated sources of program revenues associated with each expenditure function.

Both of the above financial statements segregate Vermont's financial activity into three categories: governmental activities, business-type activities, and discretely presented component unit activities. The governmental activities and business-type activities are combined to report on what is termed *primary government activities* which are separate and distinct from the *component units' activities* of the discretely presented component units.

Primary Government Activities

Governmental Activities – The financial activities reported in this section generally represent those services (functions) normally performed by a government entity. These activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. The governmental activities include public education, general government, public health services, legal and judiciary services, natural resources, public safety, regulatory services, social services, and public transportation. Taxes, grants, and intergovernmental revenues are the main sources of funding for these activities.

Business-Type Activities – These business-type activities of the state include the operations of Vermont's enterprise activities. For financial reporting purposes, these activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. Activities categorized as major include the Unemployment Compensation Trust Fund program, Liquor Control Fund, and the State Lottery Fund. Activities reported as non-major include the Federal Surplus Property Program, making equipment loans to municipalities, and several other activities. Both major and non-major activities normally recover all or a portion of their costs through user fees and charges to the external consumers of their goods and services, much like a private business.

Component Units' Activities

Discretely Presented Component Units – These are legally separate (incorporated) entities for which the primary government has the ability to impose its will on the entity, receive a benefit from activities of the entity, or could incur a financial burden due to the activities of the entity. Vermont's discretely presented component units are presented in the aggregate in the government-wide statements. This aggregate total consists of four major and five non-major component units. This categorization is determined by the entity's relative significance to Vermont. Additional information or financial statements for each of these individual component units can be obtained from their respective administrative offices. Addresses and additional information about the component units are presented in Note I to the financial statements.

Blended Component Units – Vermont has no blended component units.

Included with the basic financial statements are two schedules that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with governmental activities (accrual basis of accounting) on the government-wide statements.

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The following summarizes some of the differences in modified accrual and accrual accounting:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund statements.
- Certain revenues that are earned, but not available, are reported as revenues of governmental activities, but are reported as unavailable revenue on the governmental fund statements.
- Unless currently due and payable, long-term liabilities, such as lease liabilities, compensated absences, net pension and other postemployment benefit obligations, and bonds and notes payable appear as liabilities in the government-wide statements but are not reported in the governmental fund statements.
- Internal service funds are reported primarily as governmental activities but reported as proprietary funds in the fund financial statements.
- Capital outlay spending results in recording capital assets on the government-wide statements but is reported as an expenditure on the governmental fund statements.
- Bond, note, and lease proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements. Payments of bond, note, and lease principal results in a reduction in liabilities on the government-wide statements but are reported as expenditures on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Net position balances are allocated as *net investment in capital assets* (capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and lease liabilities attributable to those assets) *restricted net position* (those with constraints placed on their use by external sources or imposed by law through constitutional provision or enabling legislation) and *unrestricted net position* (the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet any of the above restrictions).

The notes to the basic financial statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. In line with practices of other state and local governments, Vermont uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus and report on the state's activities in more detail than the government-wide statements. All of Vermont's funds have been divided into three categories for reporting purposes: governmental, proprietary, and fiduciary. For governmental activities, the governmental funds financial statements indicate how these services are financed in the short-term as opposed to the government-wide statements, which present a long-term view of the state's finances.

In accordance with GASB Statement No. 34, the focus of governmental fund financial statements has shifted from fund types to reporting on the most significant funds of the state, or major funds. Accordingly, the governmental and proprietary funds are divided into major and non-major categories as required by the Governmental Accounting Standards Board. For the governmental and proprietary funds, the major funds are reported in individual columns in the fund financial statements while the non-major funds are presented in a consolidated column in the fund financial statements. Combining schedules or statements in the Other Supplementary Information section present detailed non-major fund activity. Fiduciary funds are reported by fiduciary type (pension and other postemployment benefit trusts, private purpose trusts, and custodial funds). Combining schedules or statements for the individual pension, other postemployment benefit, and custodial funds are presented in the Other Supplementary Information section.

The three categories of funds are Governmental Funds, Proprietary Funds, and Fiduciary Funds. These fund categories use different accounting methods and should be interpreted differently as described below. Following is a brief overview of these three major categories of funds.

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Governmental Funds

Most of the state's basic services are accounted for in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as the balances of resources available at the end of the fiscal year. This approach uses the "flow of current financial resources" measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the state's finances that help determine whether adequate financial resources are available to meet the current needs of the state.

Because the time period focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Schedules reconciling the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances to their respective government-wide statements are provided on the pages immediately following each governmental fund financial statement to facilitate this comparison.

Vermont reports twenty governmental funds of which six are classified as "major" governmental funds. These major funds are the General Fund, Transportation Fund, Education Fund, Special Fund, Federal Revenue Fund and Global Commitment Fund. Each major fund is presented in a separate column in the Governmental Funds' *Balance Sheet* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The "non-major" governmental funds include the Fish and Wildlife Fund, two capital projects funds, two debt service funds, and nine permanent funds, all of which are presented in one consolidated column in the governmental fund statements. Combining and individual non-major governmental fund statements are reported in the Other Supplementary Information section of this report.

Fund balance (the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is classified as nonspendable, restricted, and unrestricted (committed, assigned or unassigned).

Vermont budgets and controls its financial activities on the cash basis of accounting. State law requires financial transactions to be recorded in either of two major categories – the General Fund or various special revenue funds. References to these funds in this report include the terms "budgetary" or "budgetary basis" to differentiate them from the GAAP funds of the same name which encompass different funding categories. Vermont adopts an annual appropriated budget for its budgetary general fund and each special revenue fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the approved budgets. These schedules can be found as part of the required supplementary information section of this report.

The governmental funds' financial statements immediately follow the government-wide financial statements.

Proprietary Funds

This category of funds includes enterprise funds (business-type) and internal service funds. These funds report activities that operate much like those of commercial enterprises. These funds' financial reports include a *Statement of Net Position*; a *Statement of Revenues, Expenses and Changes in Net Position*; and a *Statement of Cash Flows*.

Enterprise funds provide the same type of information as the business-type activities section in the government-wide financial statements, only in more detail and at the fund level. Like the government-wide financial statements, enterprise fund financial statements use the accrual basis of accounting. Enterprise funds account for services provided to the general public, government, and non-state government entities. They normally derive their revenue by charging user fees in order to cover the costs of their services.

Vermont reports nine enterprise funds of which three are reported as major funds in separate columns on the proprietary fund statements. These three are the Unemployment Compensation Fund, the Liquor Control Fund,

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and the State Lottery Fund. The other six enterprise funds are reported as "non-major funds" and are consolidated into one column on the proprietary fund statements.

Internal service funds are used to report activity that provides goods and services to other funds, departments, or agencies of the primary government and its component units, or to other governments on a cost reimbursement basis. These funds provide communication and information technology, facilities and property management, fleet management, printing, risk management and insurance services. The internal service fund activities are allocated proportionately between the governmental activities (predominately) and the business-type activities in the government-wide statements based on the benefit of the services provided to these activities. The reconciliation between the government-wide financial statements for business-type activities and the proprietary fund statements is presented at the end of the proprietary fund financial statements.

Vermont reports twenty-four internal service funds, which are reported in one consolidated column entitled "Governmental Activities – Total Internal Service Funds" on the Proprietary Funds Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

The proprietary funds' financial statements immediately follow the governmental fund financial statements. Combining non-major enterprise and combining internal service fund statements may be found in the Other Supplementary Information section of this report.

Fiduciary Funds

The fiduciary funds are used to account for assets held by Vermont in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Fiduciary funds are excluded from the government-wide financial statements because Vermont cannot use these assets to finance its operations. The fiduciary funds use the accrual basis of accounting.

Vermont's fiduciary funds are divided into the following three basic categories: Pension and Other Postemployment Benefit Trust Funds (includes three separate defined benefit pension plans, three separate defined contribution pension plans, two defined benefit other postemployment benefit plans, and one defined contribution other postemployment benefit plan); a Private Purpose Trust Fund (which reports only the Unclaimed Property Fund); and Custodial Funds (five custodial funds which account for the assets held for distribution by Vermont on behalf of other governmental units, organizations or individuals). These funds' financial statements include a *Statement of Fiduciary Net Position*, and a *Statement of Changes in Fiduciary Net Position*.

The fiduciary funds financial statements can be found immediately following the proprietary funds' financial statements. Individual pension and other postemployment benefit trust funds' and custodial funds' financial statements are reported in the Other Supplementary Information section of this report.

3) Discretely Presented Component Units' Financial Statements

As mentioned previously, Vermont has included the net position and activities of four major component units in individual columns and five non-major component units in a single column on the statements. The component units' financial statements can be found immediately after the fiduciary funds. Combining individual non-major component units' financial statements can be found in Other Supplementary Information section of this report.

4) Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and the fund financial statements. They are an integral part of the financial statements and focus on the primary government and its activities. The notes also explain some of the information contained in the financial statements and provide more detail than is practical in the financial statements.

The notes include a summary of significant accounting policies; additional information regarding the reconciliation of government-wide and fund financial statements; discussions on stewardship, compliance, and accountability; detailed notes on all activities and funds; and other information. The notes to the financial statements can be found immediately following the component units' financial statements.

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Required Supplementary Information Other Than MD&A

The basic financial statements are followed by a section of required supplementary information.

This section includes:

- The Schedule of Changes in Net Pension Liability and Related Ratios and related notes, the Schedule of Investment Returns, the Schedule of Employer and Non-employer Contributions and related notes, and the Schedule of the State's Proportionate Share of the Net Pension Liability for the two defined benefit pension trusts are included in the required supplementary information section. Also, this section includes the Schedule of Changes in Net OPEB Liability and Related Ratios and related notes, The Schedule of Investment Returns, Schedule of Employer and Non-employer Contributions and related notes, and the Schedule of the State's Proportionate Share of the Net OPEB Liability for the other postemployment benefit plans.
- Schedules for the General Fund and budgeted Special Revenue Funds comparing their original budgeted amounts; final budgeted amounts; actual inflows, outflows, and balances stated on a budgetary basis; and variances between the final budgeted amounts and actual amounts presented on a budgetary basis. See Note III.A for additional information regarding the budgetary process, including the budgetary basis.
- Notes to Required Supplementary Information include a schedule reconciling the statutory fund balance presented on a budgetary basis to the fund balance prepared on a modified accrual basis as presented in the governmental fund financial statements for the general fund and each budgeted special revenue fund, as well as additional information regarding the budgetary process.

Other Supplementary Information

The combining fund financial statements referred to earlier in connection with non-major funds and non-major component units are presented following the Required Supplementary Information section. The total columns of these combining financial statements carry to the applicable fund financial statement. These combining statements include the following:

- Non-major governmental funds
- Non-major proprietary (enterprise) funds
- Internal service funds
- Fiduciary funds (including individual pension and other postemployment benefit trust funds, and custodial funds)
- Non-major component units

Statistical Section

A statistical section containing information regarding financial trends, revenue capacity, and debt capacity, as well as operating, economic and demographic information is presented immediately following the combining financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The following primary government condensed financial statement information is derived from Vermont's June 30, 2022 and 2021 government-wide Statement of Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

Vermont's combined positive net position (governmental and business-type activities) totals \$588.6 million at the end of fiscal year 2022, as shown in Table 2. Approximately \$2,949 million of the combined net position represents Vermont's investment in capital assets such as land, buildings, equipment, infrastructure (roads, bridges, and other immovable assets), and intangible right-to-use lease assets less any related debt still outstanding that was used to acquire those assets. This net investment in capital assets represents resources used to provide services to citizens, and therefore, is not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

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be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets net of accumulated depreciation increased by \$166.7 million primarily due to an increase Construction in Process (\$108.9 million), intangible right-to-use lease assets (\$82.9 million), Infrastructure (\$49.4 million) and Land, Land Use Rights, and Land Improvements (\$5.2 million), and offset by Machinery and Equipment (\$52.8 million) and Buildings and Improvements (\$27.0 million).

An additional portion of the primary government's net position (\$896.2 million) represents resources that are subject to external restrictions on how they may be used. This is an increase of \$73.3 million and is primarily a result of additional amounts that are restricted for human services (\$46.1 million), natural resources (\$17.8 million), protection to persons and property (\$11.9 million), and unemployment (\$10.2 million); offset by a decrease for commerce and community development (\$11.8 million), and debt service (\$2.5 million).

Internally imposed designations of resources are not presented as restricted net position. The remaining balance of unrestricted net position is a deficit of \$3.257 billion. The governmental activities' negative unrestricted net position balance is mainly the result of three actions: 1) the net pension and net other postemployment benefit liabilities; 2) the amount of net position that is restricted for various purposes; and 3) long-term debt issued by Vermont for municipal, non-profit or component unit capital purposes, \$227.1 million outstanding at June 30, 2022, that does not result in a governmental activities' capital asset.

Current assets increased by \$1,132.7 million primarily due to increases in cash and cash equivalents (\$1,064.2 million), federal grants receivable (\$69.5 million), taxes receivable (\$9.2 million), receivables from component units (\$2.9 million), inventories (\$1.8 million), other current assets (\$1.3 million), and leases receivable (\$1.1 million); offset by decreases in other receivables (\$11.5 million), investments (\$5.1 million), and loans and notes receivable (\$698 thousand). The increase in cash & cash equivalents is largely due to the federal assistance Vermont received through the American Rescue Plan Act of 2021 (ARPA) passed by Congress to provide continuing economic recovery from the impact of the COVID-19 pandemic.

Long term liabilities decreased by \$455.5 million primarily due to the decreases in net pension liabilities and net other postemployment benefit liabilities (\$437.6 million), bonds, and notes payable (\$81.3 million) and in other long-term liabilities (\$2.8 million) offset by increases in lease liability (\$72.8 million) and claims and judgements (\$2.1 million).

At the end of fiscal year 2022, Vermont reported positive total net position balances in its governmental activities, business-type activities, and its discretely presented component units.

(Table on next page.)

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TABLE 2
State of Vermont's Net Position
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|-------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| ASSETS | | | | | | |
| Current assets..... | \$ 3,490.7 | \$ 2,348.4 | \$ 364.9 | \$ 374.5 | \$ 3,855.6 | \$ 2,722.9 |
| Other assets..... | 567.5 | 487.8 | 1.0 | 1.4 | 568.5 | 489.2 |
| Capital assets..... | <u>3,406.3</u> | <u>3,239.2</u> | <u>3.3</u> | <u>3.8</u> | <u>3,409.6</u> | <u>3,243.0</u> |
| Total assets..... | <u>7,464.5</u> | <u>6,075.4</u> | <u>369.2</u> | <u>379.7</u> | <u>7,833.7</u> | <u>6,455.1</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Total deferred outflows of resources..... | <u>1,458.9</u> | <u>1,372.2</u> | <u>6.6</u> | <u>8.0</u> | <u>1,465.5</u> | <u>1,380.2</u> |
| LIABILITIES | | | | | | |
| Current liabilities..... | 1,940.4 | 1,049.6 | 70.7 | 91.2 | 2,011.1 | 1,140.8 |
| Long-term liabilities..... | <u>5,942.5</u> | <u>6,387.1</u> | <u>11.7</u> | <u>22.6</u> | <u>5,954.2</u> | <u>6,409.7</u> |
| Total liabilities..... | <u>7,882.9</u> | <u>7,436.7</u> | <u>82.4</u> | <u>113.8</u> | <u>7,965.3</u> | <u>7,550.5</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Total deferred inflows of resources..... | <u>734.3</u> | <u>333.6</u> | <u>11.0</u> | <u>6.4</u> | <u>745.3</u> | <u>340.0</u> |
| NET POSITION | | | | | | |
| Net Investment in capital assets..... | 2,945.7 | 2,879.1 | 3.3 | 3.8 | 2,949.0 | 2,882.9 |
| Restricted..... | 620.0 | 562.5 | 276.2 | 260.4 | 896.2 | 822.9 |
| Unrestricted (deficit)..... | <u>(3,259.5)</u> | <u>(3,764.4)</u> | <u>2.9</u> | <u>3.3</u> | <u>(3,256.6)</u> | <u>(3,761.1)</u> |
| Total net position..... | <u>\$ 306.2</u> | <u>\$ (322.8)</u> | <u>\$ 282.4</u> | <u>\$ 267.5</u> | <u>\$ 588.6</u> | <u>\$ (55.3)</u> |

Totals may not add due to rounding.

Changes in Net Position

Governmental type activities had an overall increase in net position of \$627 million, or a 195.4% increase in the net position, resulting from an operating profit of \$572.2 million and net transfers in from business-type activities of \$54.8 million. The \$114.5 million increase in revenues over 2021 was due to an increase of \$324.3 million in general revenues; offset by a decrease of \$209.8 million in program revenues. The decrease in program revenue is largely due to the winding down CARES Act funding to address the pandemic. The increase in general revenues is largely due to increased tax collections from Vermont's improving economy.

Business-type activities had an overall increase in net position of \$14.9 million or 5.6% resulting from an operating profit of \$69.7 million before net transfers out of \$54.8 million to governmental activities; primarily from the Lottery (\$31.1 million) to support education and a \$22.8 million transfer from Liquor Control Fund to the General Fund. Revenues decreased \$563.7 million from 2021, primarily due to a decrease in unemployment federal grants (\$559.8 million). Lottery ticket sales decreased by \$10.1 million and liquor sales increased by \$6.3 million.

The primary government condensed financial statement information is derived from Vermont's June 30, 2022 and 2021 government-wide Statement of Changes in Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

As of July 1, 2021, the beginning net position for the Governmental Activities was restated for the implementation of GASB 87, a new accounting standard for leases.

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TABLE 3
State of Vermont's Changes in Net Position
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|-------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services..... | \$ 515.5 | \$ 448.5 | \$ 389.0 | \$ 391.2 | \$ 904.5 | \$ 839.7 |
| Operating grants and contributions..... | 3,166.1 | 3,436.0 | 95.2 | 655.0 | 3,261.3 | 4,091.0 |
| Capital grants and contributions..... | 193.3 | 200.2 | - | - | 193.3 | 200.2 |
| General revenues | | | | | | |
| Income taxes..... | 1,500.2 | 1,335.2 | - | - | 1,500.2 | 1,335.2 |
| Sales and use taxes..... | 550.3 | 509.7 | - | - | 550.3 | 509.7 |
| Statewide education tax..... | 1,228.8 | 1,197.5 | - | - | 1,228.8 | 1,197.5 |
| Meals and rooms tax..... | 218.7 | 146.1 | - | - | 218.7 | 146.1 |
| Other taxes..... | 723.3 | 711.0 | - | - | 723.3 | 711.0 |
| Miscellaneous..... | 29.9 | 27.4 | 3.9 | 5.7 | 33.8 | 33.1 |
| Total revenues..... | 8,126.1 | 8,011.6 | 488.2 | 1,051.9 | 8,614.3 | 9,063.5 |
| Expenses | | | | | | |
| General government..... | 393.2 | 454.8 | - | - | 393.2 | 454.8 |
| Protection to persons and property..... | 632.8 | 512.4 | - | - | 632.8 | 512.4 |
| Human services..... | 3,117.7 | 3,053.7 | - | - | 3,117.7 | 3,053.7 |
| Labor..... | 42.3 | 132.8 | - | - | 42.3 | 132.8 |
| General education..... | 2,500.3 | 2,608.4 | - | - | 2,500.3 | 2,608.4 |
| Natural resources..... | 149.5 | 150.3 | - | - | 149.5 | 150.3 |
| Commerce and community development..... | 213.3 | 269.9 | - | - | 213.3 | 269.9 |
| Transportation..... | 490.4 | 478.8 | - | - | 490.4 | 478.8 |
| Interest on long-term debt..... | 14.4 | 17.6 | - | - | 14.4 | 17.6 |
| Unemployment compensation..... | - | - | 152.0 | 852.8 | 152.0 | 852.8 |
| State lottery..... | - | - | 120.4 | 129.7 | 120.4 | 129.7 |
| Liquor control..... | - | - | 80.8 | 76.3 | 80.8 | 76.3 |
| Other business type expenses..... | - | - | 65.3 | 62.1 | 65.3 | 62.1 |
| Total expenses..... | 7,553.9 | 7,678.7 | 418.5 | 1,120.9 | 7,972.4 | 8,799.6 |
| Change in net position | | | | | | |
| before transfers..... | 572.2 | 332.9 | 69.7 | (69.0) | 641.9 | 263.9 |
| Transfers net in (out)..... | 54.8 | 55.4 | (54.8) | (55.4) | (0.0) | - |
| Change in net position..... | 627.0 | 388.3 | 14.9 | (124.4) | 641.9 | 263.9 |
| Net position, beginning of year, as restated... | (320.8) | (711.1) | 267.5 | 391.9 | (53.3) | (319.2) |
| Net position, end of year..... | \$ 306.2 | \$ (322.8) | \$ 282.4 | \$ 267.5 | \$ 588.6 | \$ (55.3) |

Totals may not add due to rounding.

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2022. Approximately 40.1% comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues), and 31.7% of total revenues are generated by the statewide education and income taxes.

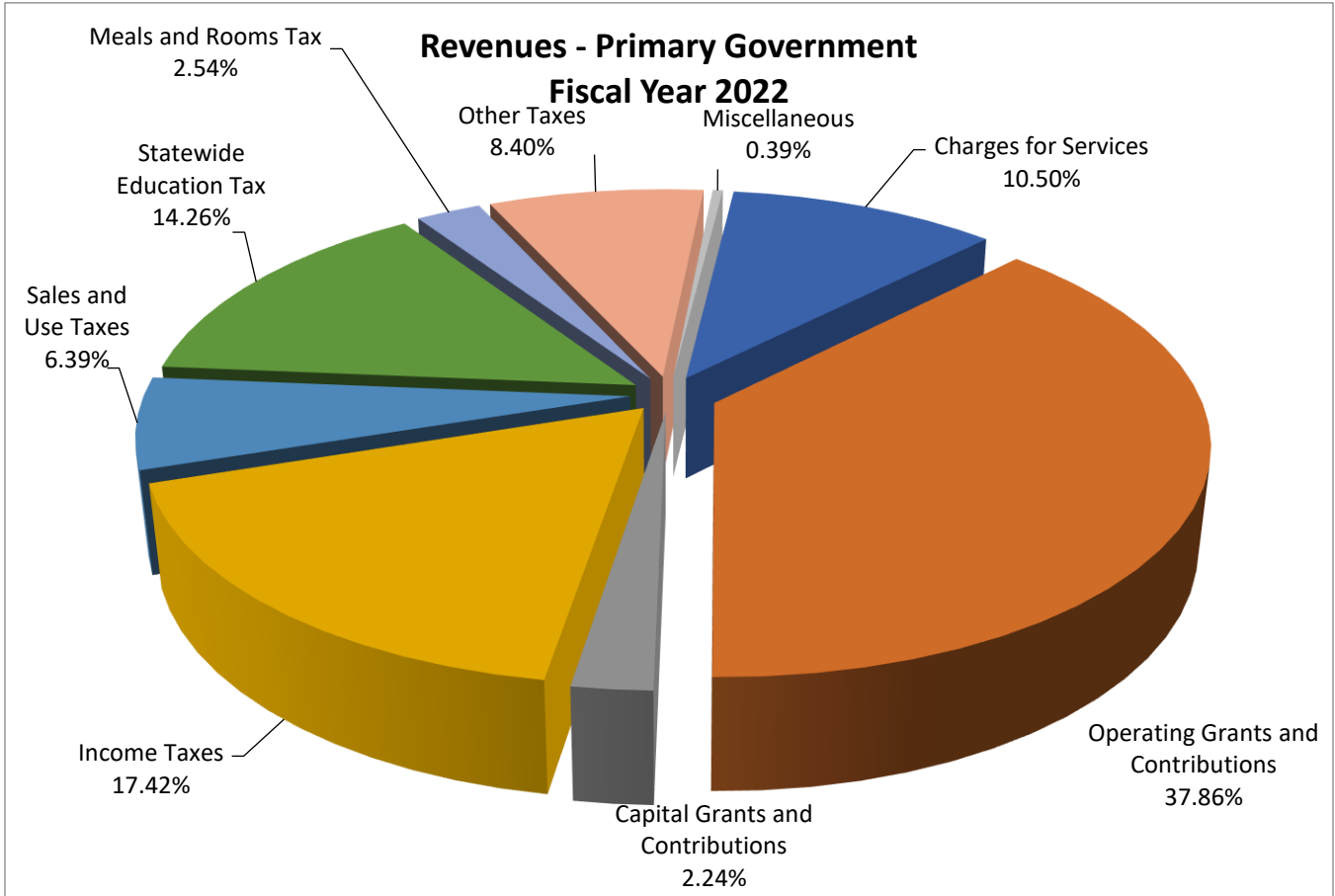
(Chart on next page.)

Management's Discussion and Analysis

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Unaudited

Fiscal Year Ended June 30, 2022



Percentages may not equal 100% due to rounding.

The following graph illustrates the percentages of total primary government expenses for fiscal year 2022. The largest category of expense is for human services (39.1% of total expense) which provides for Vermont's low-income, elderly care services and persons in state custody in the form of grants for selected services such as food stamps, health care, housing, and child protective services. The second most significant category of expense is for general education (31.4% of total expenses) which supports secondary and higher education.

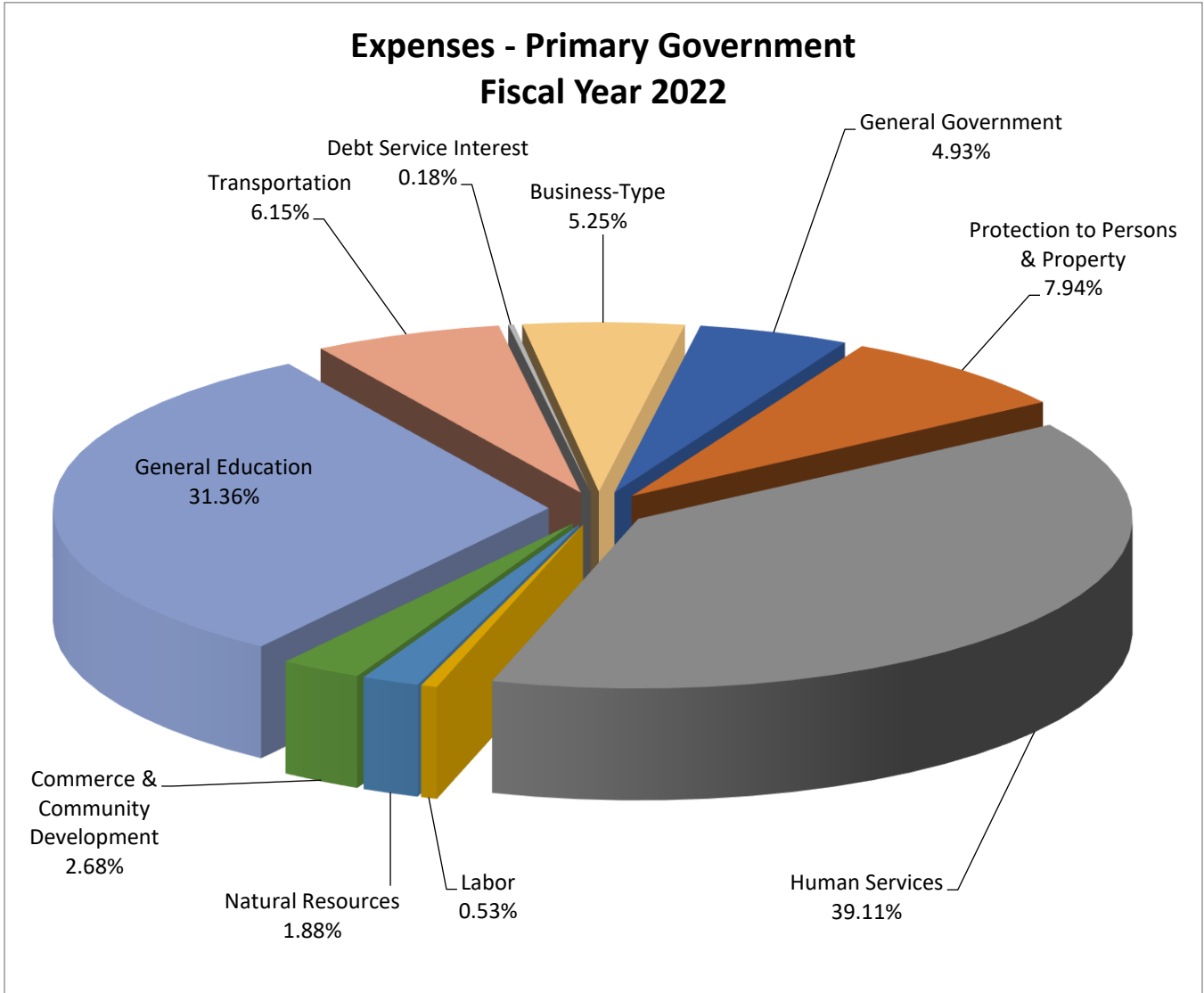
(Chart on next page.)

Management's Discussion and Analysis

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Percentages may not equal 100% due to rounding.

Governmental Activities

In 2022, governmental activities' revenues exceeded expenses by \$572.2 million (before transfers), the net transfers of \$54.8 million from business activities resulted in an increase of \$627 million, for a 195.4% increase in net position. Revenues increased by \$114.5 million, primarily due to an increase in general revenues (\$324.3 million); offset by a decrease in program revenues (\$209.8 million). Spending increased for protection to persons and property (\$120.4 million), human services (\$64 million) and transportation (\$11.6 million); offset by decreases in spending in general education (\$108.1 million), labor (\$90.5 million), general government (\$61.6 million), and commerce and community development (\$56.6 million).

The following table provides a two-year comparison of governmental activities revenues:

(Table on next page.)

Management's Discussion and Analysis

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**TABLE 4
Revenues - Governmental Activities**

| Revenue Type | (In Millions) | | |
|------------------------------|-------------------|-------------------|-----------------|
| | 2022 | 2021 | Change |
| Charges for services..... | \$ 515.5 | \$ 448.5 | \$ 67.0 |
| Operating grants..... | 3,166.1 | 3,436.0 | (269.9) |
| Capital grants..... | 193.3 | 200.2 | (6.9) |
| Income taxes..... | 1,500.2 | 1,335.2 | 165.0 |
| Sales and use taxes..... | 550.3 | 509.7 | 40.6 |
| Statewide education tax..... | 1,228.8 | 1,197.5 | 31.3 |
| Meals and rooms tax..... | 218.7 | 146.1 | 72.6 |
| Other taxes..... | 723.3 | 711.0 | 12.3 |
| Miscellaneous..... | 29.9 | 27.4 | 2.5 |
| Total | \$ 8,126.1 | \$ 8,011.6 | \$ 114.5 |

The following table provides a two-year comparison of governmental activities expenses:

**TABLE 5
Expenses - Governmental Activities**

| Functional Category | (In Millions) | | |
|---|-------------------|-------------------|-------------------|
| | 2022 | 2021 | Change |
| General government..... | \$ 393.2 | \$ 454.8 | \$ (61.6) |
| Protection to persons and property..... | 632.8 | 512.4 | 120.4 |
| Human services..... | 3,117.7 | 3,053.7 | 64.0 |
| Labor..... | 42.3 | 132.8 | (90.5) |
| General education..... | 2,500.3 | 2,608.4 | (108.1) |
| Natural resources..... | 149.5 | 150.3 | (0.8) |
| Commerce and community development.... | 213.3 | 269.9 | (56.6) |
| Transportation..... | 490.4 | 478.8 | 11.6 |
| Interest on long-term debt..... | 14.4 | 17.6 | (3.2) |
| Total | \$ 7,553.9 | \$ 7,678.7 | \$ (124.8) |

The following table shows to what extent program revenues (charges for services and grants and contributions) covered program expenses. For fiscal year 2022, program revenues covered \$3,875 million or 51.3% of \$7,554 million in program expenses. The remaining \$3,679 million or 48.7% of program expenses was paid for by state taxes and other general revenue.

(Table on next page.)

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TABLE 6
Net Program Revenue
For the years ended June 30, 2022 and 2021

| | Program Expenses | Less Program Revenues | Net Program (Expense)/Revenue | | Program Revenues as a Percentage of Program Expenses | |
|------------------------------------|-------------------------|-------------------------|-------------------------------|--------------------------|--|--------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| Functions/programs | | | | | | |
| General government | \$ 393,180,124 | \$ 614,622,637 | \$ 221,442,513 | \$ 674,944,008 | 156.3% | 248.4% |
| Protection to persons and property | 632,820,458 | 306,610,074 | (326,210,384) | (181,816,614) | 48.5% | 64.5% |
| Human services | 3,117,728,877 | 2,066,787,333 | (1,050,941,544) | (1,274,848,066) | 66.3% | 58.3% |
| Labor | 42,286,428 | 30,929,140 | (11,357,288) | (45,908,658) | 73.1% | 65.4% |
| General education | 2,500,260,792 | 238,155,409 | (2,262,105,383) | (2,432,302,968) | 9.5% | 6.8% |
| Natural resources | 149,483,040 | 96,734,520 | (52,748,520) | (47,809,209) | 64.7% | 68.2% |
| Commerce and community development | 213,348,656 | 33,975,732 | (179,372,924) | (257,942,765) | 15.9% | 4.4% |
| Transportation | 490,366,849 | 486,923,732 | (3,443,117) | (11,313,462) | 99.3% | 97.6% |
| Interest on long-term debt | 14,449,660 | 170,292 | (14,279,368) | (17,054,322) | 1.2% | 2.9% |
| | <u>\$ 7,553,924,884</u> | <u>\$ 3,874,908,869</u> | <u>\$(3,679,016,015)</u> | <u>\$(3,594,052,056)</u> | <u>51.3%</u> | <u>53.2%</u> |

FINANCIAL ANALYSIS OF THE PRIMARY GOVERNMENT'S INDIVIDUAL FUNDS

As noted earlier, the State of Vermont uses fund accounting to account for its ongoing operations and to demonstrate compliance with finance-related legal requirements imposed by legislative mandates as well as externally imposed restrictions.

Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unrestricted (unassigned, assigned, and committed) fund balances may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2022, the unrestricted fund balance is 68.6% of the total fund balance of governmental funds, which is available for spending on governmental programs at Vermont's discretion in the coming year. The remainder of this fund balance is restricted or non-spendable to indicate that it is not available for appropriation, such as the principal of Vermont's Permanent Funds, and other items that are non-spendable, such as advances and long-term receivables. At the end of fiscal year 2022, Vermont's governmental funds reported combined fund balances of \$1,952 million, an increase of \$273.4 million in comparison with the prior fiscal year.

The General Fund is the chief operating fund of Vermont. At the end of fiscal year 2022, the General Fund's total fund balance was \$847.0 million, which the majority is unassigned (\$770.1 million). During 2022, total revenues and other financing sources were greater than total expenditures and other financing uses by \$194.4 million.

General Fund revenues increased by \$285.8 million, or 15.1% primarily due to a \$274.6 million increase in tax revenues. Expenditures increased by \$421.9 million or 40.4%, primarily due to a \$170.2 million increase in general education, \$111 million increase in commerce and community development, \$62.3 million increase in human services, \$39.9 million increase in protection to persons and property, \$28.7 million increase in general government, and \$9.2 million increase in natural resources. The General Fund's statutory reserve for budgetary stabilization increased by \$5.2 million to \$87.1 million, the statutory maximum.

The Transportation Fund's total fund balance was \$55.4 million at June 30, 2022, an increase of \$2.6 million from the fiscal year 2021's ending total fund balance. Transportation Fund revenues increased \$27.7 million or 4.3%, primarily due to increases in federal grants (\$16.1 million), motor fuel tax assessment (\$4.6 million), fees (\$4.5 million), purchase and use tax (\$2.3 million), other taxes (\$1.9 million), and other revenues (\$1.0 million); offset by decrease in non-business licenses (\$2.4 million). Transportation expenditures increased \$50.9 million for transportation related projects. The Transportation Fund's statutory reserve for budget stabilization increased by

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\$2.0 million to \$13.9 million, the statutory maximum.

The Education Fund at June 30, 2022 had a total fund balance of \$266.9 million, an increase of \$101.1 million from fiscal year 2021's ending balance. Education fund expenditures increased by \$62.3 million, primarily due to an increase in other grants (\$41.5 million) and grants to school districts (\$19.9 million). Total revenues increased by \$90.3 million, primarily due from increases in the sales and use taxes (\$39.3 million), statewide education tax (\$31.3 million), and meals and rooms taxes (\$17.8 million). The Education Fund's statutory reserve for budget stabilization increased \$1.1 million to \$39.3 million.

The Special Fund's total fund balance at the end of fiscal year 2022 was \$190.9 million, an increase of 21.6% compared to 2021. The Special Fund's total fund balance is comprised mostly of \$246.2 million as committed, offset by a \$73.3 million deficit in unassigned. Special Fund revenues increased \$12.4 million or 3.9%, and expenditures increased \$8.8 million or 2.8%. The increase in expenditures was primarily in the protection to persons and property function (\$19.4 million), commerce and community development (\$7.8 million), general government (\$6.1 million), general education (\$2.7 million), and transportation (\$2.7 million); offset by a decreases in human services (\$23.6 million) and natural resources (\$6.1 million). This resulted in an increase in "excess of revenues over expenditures" of \$3.5 million from last fiscal year. Fiscal year 2022 transfers out to other funds exceeded transfers in from other funds by \$29.7 million. The Special Fund received transfers in of \$132.7 million, in part, consisting of \$4 million of Federal Revenue Fund monies from the earned federal receipts; \$29 million matching funds for school-based Medicare services from the Global Commitment Fund; from the General Fund: \$50.2 million for technology modernization, \$25 million for capital expenditures, \$12.5 million for the environmental related uses; and \$4 million from the Transportation Fund for transportation related improvements in downtown centers. Transfers out of \$102.9 million consisted primarily of \$59.8 million from the securities, insurance, & captive funds to the General Fund; \$28.4 million for Vermont's payment for Medicaid coverage under the Global Commitment to Health Medicaid waiver; \$11.5 million in Medicaid reimbursement to the Education Fund, and \$2.6 million for the Secretary of State services to the General Fund.

The Federal Revenue Fund accounts for all federal grants except those federal grants that are awarded to the Agency of Transportation (which are included in the Transportation Fund), the Global Commitment to Health Medicaid waiver (which are included in the Global Commitment Fund) and the Department of Fish and Wildlife (which are included in the Fish and Wildlife Fund, a non-major governmental fund). The Federal Revenue Fund's federal grant revenues for fiscal year 2022 were \$1,749.5 million, a decrease of \$442.1 million compared to fiscal year 2021's federal grant revenues. Expenditures were \$1,732.6 million in fiscal year 2022, a decrease of \$367.6 million compared to 2021. The decrease in expenditures is largely due to the winding down CARES Act funding to address the pandemic, offset with an increase ARPA funding to provide continuing economic recovery from the impact of the COVID-19 pandemic. The Federal Revenue Fund's total fund balance at the end of fiscal year 2022 (\$523.8 million) was an increase of \$19.4 million as compared to the total fund balance at the end of fiscal year 2021.

The fiscal year 2022 ending total fund balance for the Global Commitment Fund was \$20.4 million, a decrease of \$9.0 million. Expenditures exceeded revenues and net transfers by \$9.0 million.

See Note I, Section C for more information regarding these funds.

Proprietary Funds

Vermont's enterprise funds provide the same type of information presented in the business-type activities in the government-wide financial statements, but in more detail. The Unemployment Compensation Trust Fund's total net position balance increased from \$253.5 million at June 30, 2021 to \$263.6 million at June 30, 2022, an increase of \$10.2 million. Expenditures from the fund for unemployment benefits decreased by \$700.9 million from 2021.

Vermont's internal service funds' total net position at June 30, 2022 was \$66.2 million, a \$9.6 million decrease from June 30, 2021. This change is primarily due to increases in net position in the property management fund (\$8.7 million), state liability fund (\$5.6 million), highway garage fund (\$4.0 million), and the offender work program fund (\$1.3 million); offset by decreases in medical insurance fund (\$28.7 million) and the information technology

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fund (\$3.0 million). It should be remembered that the internal service funds' activity has been combined with the governmental funds' activity in the government-wide financial statements.

Fiduciary Funds

Vermont's fiduciary funds account for resources held for the benefit of parties outside state government. The Pension and Other Postemployment Benefit Trust Funds' net position decreased by 5.4 percent to \$5.75 billion at June 30, 2022. For more information regarding the Vermont's retirement and other postemployment benefit plans, see Note IV.G.4 to the financial statements. The Unclaimed Property fund's total assets balance at June 30, 2022 is \$20.7 million, and total liabilities balance is \$11.3 million, including the escheat property claims liability estimated at \$11.2 million, resulting in ending net position of \$9.4 million. The Custodial Funds' total assets balance at June 30, 2022 is \$11.8 million, and total liabilities balance is \$8.6 million, resulting in an ending net position of \$3.2 million. Net position of all fiduciary funds is reported as restricted for particular purposes.

GENERAL FUND BUDGET HIGHLIGHTS

Vermont ended fiscal year 2022 with General Fund revenues of \$2.123 billion, expenditures of \$1.815 billion, and net transfers to other funds of \$53.8 million (non-GAAP budgetary basis). This was a \$171 million increase in revenues over the previous year. The fiscal year 2022 General Fund consensus revenue forecast initially approved by the Emergency Board in 2021 was subsequently revised upward by the Emergency Board at their January 2022 meeting. Compared to target, the revenues were 14.5% above the 2021 revenue forecast of \$1,854 million, and 11.9% above the 2022 revised revenue forecast of \$1,898 million.

Personal income tax receipts were \$164.3 million above target, corporate income tax receipts were \$44.4 million and meals and rooms tax \$13.3 million above target; offset by, estate tax receipts were \$8.6 million below target. The General Fund results allowed for a fully funded General Fund Budget Stabilization Reserve of \$87.1 million, representing the statutory maximum of 5% of the prior year appropriations level.

PRIMARY GOVERNMENT'S CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Vermont's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2022 was \$3.410 billion, a total increase of 5.1% (Table 7). This investment in capital assets includes land, land use rights, land improvements, buildings and improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items. Additional information on Vermont's capital assets can be found in Note IV.E of the notes to the financial statements.

(Table on next page.)

Management's Discussion and Analysis

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Fiscal Year Ended June 30, 2022

TABLE 7
Capital Assets at Fiscal Year End
(Net of depreciation, amounts in thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|---------------------|-----------------------------|-----------------|-----------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land, Land Use Rights, and | | | | | | |
| Land Improvements..... | \$ 170,322 | \$ 165,083 | \$ - | \$ - | \$ 170,322 | \$ 165,083 |
| Construction in Progress..... | 761,272 | 652,380 | - | - | 761,272 | 652,380 |
| Works of Art..... | 136 | 136 | - | - | 136 | 136 |
| Buildings and Improvements..... | 397,779 | 424,772 | - | - | 397,779 | 424,772 |
| Machinery and Equipment..... | 125,985 | 178,355 | 3,309 | 3,767 | 129,294 | 182,122 |
| Intangible right-to-use lease assets.... | 82,917 | - | - | - | 82,917 | - |
| Infrastructure..... | <u>1,867,870</u> | <u>1,818,436</u> | <u>-</u> | <u>-</u> | <u>1,867,870</u> | <u>1,818,436</u> |
| Totals..... | <u>\$ 3,406,281</u> | <u>\$ 3,239,162</u> | <u>\$ 3,309</u> | <u>\$ 3,767</u> | <u>\$ 3,409,590</u> | <u>\$ 3,242,929</u> |

Totals may not add due to rounding.

Many component unit, municipal and non-profit organizations' capital construction projects and acquisitions are financed by Vermont, but the assets are actually owned by these other entities. Therefore, these capital assets are recorded on the financial statements of those entities and not on the books of the state; however, the general obligation bonds issued by Vermont to finance these capital assets are reported as a liability of the state's governmental activities. At June 30, 2022, Vermont had \$227.1 million of general obligation bonds outstanding related to capital assets of these other entities.

Debt Administration

Bonded Indebtedness

Vermont has no constitutional or other limit on its power to issue obligations or to incur debt besides borrowing only for public purposes. In 1990, the General Assembly created the Capital Debt Affordability Advisory Committee and made it responsible for overseeing the long-term capital planning for the state. Annually, the General Assembly passes appropriations for capital purposes and authorizes the State Treasurer to issue general obligation bonds to provide the financing for all or a portion of the appropriations. Bonds are backed by the full faith and credit of the State of Vermont, including the state's power to levy additional taxes to ensure repayment of the debt.

During fiscal year 2022, the State of Vermont's outstanding general and special obligation bond debt decreased by approximately \$72.4 million. This decrease can be accounted for by the redemption of general obligation bonds of \$50.7 million and \$21.7 million in special obligation bonds. Additional information on Vermont's bonded debt is contained in Note IV.G.1 of the notes to the financial statements.

Vermont's general obligation bond ratings are as follows: Aa1 by Moody's Investor Service (since October 2018), AA+ by Standard & Poor's Ratings Services (since September 2000), and AA+ by Fitch Ratings (since July 2019).

ECONOMIC OUTLOOK AND STATE REVENUE OUTLOOK

For the 2021 and 2022 calendar years, developments in Vermont's economy were dominated by the recovery from the recession in early calendar year 2020 caused by the COVID-19 pandemic. During the sharp but brief period of economic decline at the onset of the pandemic, Vermont's economy and labor markets lost an historically large number of non-farm payroll jobs. An estimated 63,500 jobs disappeared, which equates to approximately 1 in 5 jobs at pre-pandemic employment levels. As of June 2022, Vermont had recovered approximately 50,000 of those lost jobs corresponding to just over three-quarters of the total number of nonfarm payroll jobs lost during the pandemic. That pace of job recovery compared to an 88 percent recovery rate across the New England region and was slower than the U.S. nonfarm payroll job recovery rate of 94 percent through

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June 2022 for the nation. During the pandemic, Vermont's job losses were particularly significant in the parts of the economy where remote work and social distancing were difficult. This includes the state's Leisure and Hospitality sector, the traditional "bricks and mortar" Retail sector, the Health Care industry, and the Entertainment sector. In the pandemic's aftermath, the slower pace of the state's labor market recovery has been tied to the lack of available workers. As of June 2022, the Vermont labor force was more than four percent smaller than the pre-pandemic labor force.

In calendar year 2021, the national economy as measured by inflation-adjusted Gross Domestic Product (GDP) increased by 5.7 percent, while Vermont's inflation-adjusted Gross State Product (GSP) increased by 9.1 percent. Recent economic developments have been driven by the push and pull between the federal fiscal stimulus and rising interest rates due to the U.S. Federal Reserve efforts to fight inflation. Through June 2022, fiscal stimulus has remained the dominant economic driver nationally and in Vermont. However, given the extraordinary policy pivot by the U.S. Federal Reserve toward a more restrictive tightening posture, it is very likely only a matter of time before the economy is brought to heel.

Vermont continues to face significant demographic challenges in its labor market. The consensus economic forecast expects Vermont payroll job growth to be 2.8 percent in calendar year 2022, before falling to an annual average growth rate of 1.3 percent and 1.0 percent in 2023 and 2024, respectively. Those numbers compare to the 2.7 percent, 1.4 percent, and 2.3 percent nonfarm payroll job growth rate forecast for the U.S. economy in calendar years 2022, 2023, and 2024, respectively. Although the forward pace of Vermont's economy is expected to lag a bit behind the U.S. average for at least some performance metrics during calendar years 2023 and 2024, the State is expected to compare favorably in terms of its rate of unemployment over the period.

The latest consensus analysis of Vermont's housing markets indicates the housing markets are cooling. The latest quarterly Federal Housing Finance Agency house price numbers for the July to September 2022 period show a deceleration relative to the April to June quarter of 2022, but the data still showed a very strong year-over-year median increase in house prices (at 19 percent in Vermont for the July to September quarter of 2022; but down from the 21 percent year-over-year median house price increase for the April to June 2022 timeframe). For Vermont, the Federal Housing Finance Agency forecasts house price increases of 13.4 percent, 5.6 percent, and 2.6 percent for calendar years 2022, 2023, and 2024, respectively.

Vermont employs a consensus revenue forecasting process carried out by the Administration and the State Legislature. The consensus economic and state revenue forecasts are updated each July and January and are approved by the Vermont Emergency Board under state statute. In July 2022, the consensus revenue forecast for fiscal year 2023 called for "Revenues Available to the General Fund" to total \$2,061.0 million, which is a \$138.2 million upgrade for fiscal year 2023 in comparison to the previous January's consensus revenue forecast of \$1,922.8 million. For fiscal year 2024, the consensus forecast of "Revenues Available to the General Fund" was for an upgrade to \$1,978.3 million, an upgrade of \$31.9 million from the previous January's consensus revenue forecast of \$1,946.4 million. The July 2022 consensus revenue forecast for "Revenues Available to the Transportation Fund" for fiscal year 2023 was \$300.1 million, which was a \$3.2 million downgrade for fiscal year 2023 revenue expectations in comparison to the previous January's consensus revenue forecast of \$303.3 million. For fiscal year 2024, "Revenues Available to the Transportation Fund" were forecasted to be \$301.4 million, a \$1.1 million downgrade from the previous January's consensus revenue forecast of \$302.5 million. The July 2022 consensus revenue forecast for "Revenues Available to the Education Fund" for fiscal year 2023 were estimated to be \$699.7 million, which corresponded to an \$11.4 million upgrade for fiscal year 2023 in comparison to last January's revenue forecast of \$688.3 million. For fiscal year 2024, the consensus forecast for "Revenues Available to the Education Fund" were upgraded to \$707.2 million, an increase of \$14.0 million from the previous January's consensus revenue forecast of \$693.2 million. The assumptions used in the forecasts described above are subject to a higher than normal level of uncertainty. This is due to the dominant, largely temporary, support of federal pandemic financial aid that is still working its way into and through the Vermont economy, and the crosscurrents of fiscal stimulus and tighter monetary policy that will play out over the next several years.

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REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Vermont's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

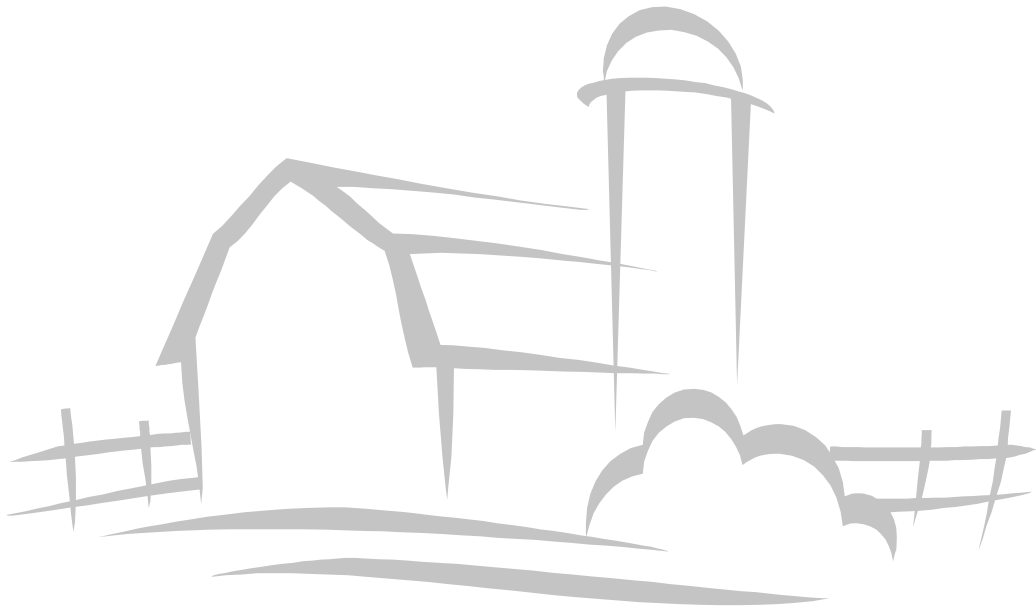
State of Vermont
Department of Finance and Management
109 State Street, 5th Floor
Pavilion Building
Montpelier, Vermont 05609-0401

Component units of the State of Vermont issue their own financial statements. These statements may be obtained by directly contacting them at the addresses found in Note I.A. to the financial statements.



BASIC FINANCIAL STATEMENTS

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Vermont



***GOVERNMENTAL-WIDE
FINANCIAL STATEMENTS***

STATE OF VERMONT
STATEMENT OF NET POSITION
June 30, 2022

| | Primary Government | | | Discretely Presented |
|--|-------------------------|--------------------------|----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents..... | \$ 2,559,146,131 | \$ 322,635,735 | \$ 2,881,781,866 | \$ 494,510,347 |
| Cash and cash equivalents - restricted..... | - | - | - | 56,945,000 |
| Taxes receivable, net..... | 151,498,147 | 22,344,423 | 173,842,570 | - |
| Loans and notes receivable, net..... | 27,094,897 | 433,116 | 27,528,013 | 189,601,973 |
| Federal grants receivable..... | 489,769,086 | 659,123 | 490,428,209 | 8,437,645 |
| Other receivables, net..... | 60,530,148 | 15,148,348 | 75,678,496 | 97,068,706 |
| Lease receivable..... | 1,144,338 | - | 1,144,338 | 1,221,000 |
| Investments..... | 179,825,941 | - | 179,825,941 | 283,710,616 |
| Inventories..... | 3,429,282 | 10,587,698 | 14,016,980 | 526,199 |
| Internal balances..... | 6,920,553 | (6,920,553) | - | - |
| Due from primary government..... | - | - | - | 106,576,538 |
| Due from component units..... | 6,162,510 | - | 6,162,510 | - |
| Other current assets..... | 5,164,900 | 15,013 | 5,179,913 | 21,082,348 |
| Total current assets..... | 3,490,685,933 | 364,902,903 | 3,855,588,836 | 1,259,680,372 |
| Noncurrent Assets | | | | |
| Cash and equivalents..... | - | - | - | 896,203 |
| Cash and cash equivalents - restricted..... | - | - | - | 55,118,419 |
| Taxes receivable..... | 201,049,814 | - | 201,049,814 | - |
| Other receivables..... | 93,690,415 | - | 93,690,415 | - |
| Loans and notes receivable..... | 263,913,011 | 549,795 | 264,462,806 | 1,660,907,732 |
| Lease receivable..... | 3,336,194 | - | 3,336,194 | 16,167,000 |
| Advances to component units..... | 5,500,000 | - | 5,500,000 | - |
| Investments..... | - | 492,671 | 492,671 | 985,323,071 |
| Investments - restricted..... | - | - | - | 94,288,643 |
| Other noncurrent assets..... | - | - | - | 24,045,985 |
| Capital assets | | | | |
| Land, land use rights, and land improvements..... | 170,322,373 | - | 170,322,373 | 53,017,518 |
| Construction in progress..... | 761,272,009 | - | 761,272,009 | 100,827,379 |
| Works of art..... | 136,003 | - | 136,003 | - |
| Capital assets being depreciated: | | | | |
| Infrastructure..... | 3,305,962,922 | - | 3,305,962,922 | 42,538,036 |
| Intangible right-to-use lease assets..... | 95,057,441 | - | 95,057,441 | 24,507,021 |
| Property, plant and equipment..... | 1,368,363,810 | 6,118,489 | 1,374,482,299 | 1,616,595,247 |
| Less accumulated depreciation..... | (2,294,833,850) | (2,809,302) | (2,297,643,152) | (907,354,067) |
| Total capital assets, net of depreciation..... | 3,406,280,708 | 3,309,187 | 3,409,589,895 | 930,131,134 |
| Total noncurrent assets..... | 3,973,770,142 | 4,351,653 | 3,978,121,795 | 3,766,878,187 |
| Total assets..... | 7,464,456,075 | 369,254,556 | 7,833,710,631 | 5,026,558,559 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Loss on refunding of bonds payable..... | 2,641,926 | - | 2,641,926 | 26,864,264 |
| Interest rate swap..... | - | - | - | 62,000 |
| Subscription-based information technology arrangements.. | - | - | - | 610,000 |
| VHCB related deferred outflows..... | - | - | - | 30,108,000 |
| Pension related outflows..... | 1,008,294,312 | 2,638,646 | 1,010,932,958 | 5,965,422 |
| OPEB related outflows..... | 447,986,343 | 3,980,780 | 451,967,123 | 110,759,838 |
| Total deferred outflows of resources..... | 1,458,922,581 | 6,619,426 | 1,465,542,007 | 174,369,524 |

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

| | Primary Government | | | Discretely Presented Component Units |
|--|-----------------------|-----------------------|-----------------------|--------------------------------------|
| | Governmental | Business-type | Total | |
| | Activities | Activities | | |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable and other current liabilities..... | 457,915,817 | 17,359,855 | 475,275,672 | 223,355,624 |
| Income tax refunds payable..... | 131,207,978 | - | 131,207,978 | - |
| Due to primary government..... | - | - | - | 6,162,510 |
| Due to component units..... | 106,576,538 | - | 106,576,538 | - |
| Intergovernmental payable - due to federal government..... | 25,902,497 | - | 25,902,497 | - |
| Accrued interest payable..... | 8,775,095 | - | 8,775,095 | 4,997,871 |
| Current portion of long-term liabilities..... | 142,714,018 | 9,114,877 | 151,828,895 | 160,128,105 |
| Unearned revenue..... | 1,067,312,611 | 44,201,528 | 1,111,514,139 | 76,230,075 |
| Total current liabilities..... | 1,940,404,554 | 70,676,260 | 2,011,080,814 | 470,874,185 |
| Long-term Liabilities | | | | |
| Lottery prize awards payable..... | - | 285,777 | 285,777 | - |
| Bonds, and notes payable..... | 567,486,652 | - | 567,486,652 | 2,078,426,778 |
| Lease liabilities..... | 72,755,169 | - | 72,755,169 | 16,384,810 |
| Advances from primary government..... | - | - | - | 5,500,000 |
| Compensated absences..... | 5,231,235 | 81,130 | 5,312,365 | - |
| Claims and judgments..... | 39,614,584 | - | 39,614,584 | - |
| Net pension liabilities..... | 2,506,523,421 | 5,542,643 | 2,512,066,064 | 13,251,411 |
| Net other postemployment benefits liabilities..... | 2,734,591,594 | 4,166,022 | 2,738,757,616 | 607,009,435 |
| Other long-term liabilities..... | 16,302,354 | 1,679,842 | 17,982,196 | 22,801,146 |
| Total long-term liabilities..... | 5,942,505,009 | 11,755,414 | 5,954,260,423 | 2,743,373,580 |
| Total liabilities..... | 7,882,909,563 | 82,431,674 | 7,965,341,237 | 3,214,247,765 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Prepaid property taxes..... | 2,587,492 | - | 2,587,492 | - |
| Gain on refunding of bonds payable..... | 53,930 | - | 53,930 | 9,868,000 |
| Lease related inflows..... | 4,746,654 | - | 4,746,654 | 18,249,522 |
| Interest rate swap..... | - | - | - | 234,000 |
| Service concession arrangement..... | - | - | - | 854,000 |
| Split interest arrangements..... | - | - | - | 4,041,000 |
| Pension related inflows..... | 488,023,582 | 1,884,151 | 489,907,733 | 4,636,112 |
| OPEB related inflows..... | 238,904,569 | 9,135,972 | 248,040,541 | 207,847,908 |
| Total deferred inflows of resources..... | 734,316,227 | 11,020,123 | 745,336,350 | 245,730,542 |
| NET POSITION | | | | |
| Net investment in capital assets..... | 2,945,702,608 | 3,309,187 | 2,949,011,795 | 250,420,864 |
| Restricted for | | | | |
| Unemployment compensation..... | - | 263,648,314 | 263,648,314 | - |
| Funds held in permanent investments | | | | |
| Expendable..... | 96,241 | - | 96,241 | 503,806,377 |
| Nonexpendable..... | 7,416,453 | - | 7,416,453 | 381,920,476 |
| General government..... | 1,386,935 | - | 1,386,935 | 13,508,892 |
| Protection to persons and property..... | 7,574,739 | 12,566,303 | 20,141,042 | - |
| Human services..... | 130,882,422 | - | 130,882,422 | 1,819,045 |
| Labor..... | 4,461,898 | - | 4,461,898 | - |
| General education..... | 820,075 | - | 820,075 | 58,270,000 |
| Natural resources..... | 465,863,297 | - | 465,863,297 | - |
| Commerce and community development..... | 526,477 | - | 526,477 | 525,479,040 |
| Transportation..... | 246,246 | - | 246,246 | - |
| Debt service..... | 721,241 | - | 721,241 | - |
| Unrestricted (deficit)..... | (3,259,545,766) | 2,898,381 | (3,256,647,385) | 5,725,082 |
| Total net position..... | \$ 306,152,866 | \$ 282,422,185 | \$ 588,575,051 | \$ 1,740,949,776 |

**STATE OF VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

| | <u>Program Revenues</u> | | | |
|--|-------------------------|-----------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| FUNCTIONS/PROGRAMS | | | | |
| Primary Government | | | | |
| Governmental activities | | | | |
| General government..... | \$ 393,180,124 | \$ 74,144,268 | \$ 540,478,369 | \$ - |
| Protection to persons and property..... | 632,820,458 | 171,411,055 | 135,199,019 | - |
| Human services..... | 3,117,728,877 | 87,606,678 | 1,979,180,655 | - |
| Labor..... | 42,286,428 | 3,413,449 | 27,515,691 | - |
| General education..... | 2,500,260,792 | 1,288,256 | 236,867,153 | - |
| Natural resources..... | 149,483,040 | 48,723,256 | 48,011,264 | - |
| Commerce and community development..... | 213,348,656 | 514,722 | 33,461,010 | - |
| Transportation..... | 490,366,849 | 128,424,270 | 165,190,325 | 193,309,137 |
| Interest on long-term debt..... | 14,449,660 | - | 170,292 | - |
| Total governmental activities..... | 7,553,924,884 | 515,525,954 | 3,166,073,778 | 193,309,137 |
| Business-type activities | | | | |
| State Lottery..... | 120,392,245 | 151,470,836 | - | - |
| Liquor Control..... | 80,770,843 | 102,788,576 | - | - |
| Unemployment Compensation..... | 151,968,477 | 62,420,883 | 95,218,506 | - |
| Electric power sales and efficiency..... | 64,960,577 | 72,035,414 | - | - |
| Federal surplus property..... | 288,269 | 284,489 | - | - |
| Total business-type activities..... | 418,380,411 | 389,000,198 | 95,218,506 | - |
| Total primary government..... | \$ 7,972,305,295 | \$ 904,526,152 | \$ 3,261,292,284 | \$ 193,309,137 |
| Component Units | | | | |
| Vermont Student Assistance Corporation..... | \$ 61,859,000 | \$ 28,802,000 | \$ 36,455,000 | \$ - |
| University of Vermont and State Agricultural College..... | 745,702,000 | 468,353,000 | 347,325,000 | 3,076,000 |
| Vermont State Colleges..... | 209,999,474 | 99,381,299 | 141,135,042 | 2,003,663 |
| Vermont Housing Finance Agency..... | 33,487,000 | 3,332,000 | 18,108,000 | - |
| Other..... | 104,763,615 | 57,502,734 | 44,041,553 | 103,985,097 |
| Total component units..... | \$ 1,155,811,089 | \$ 657,371,033 | \$ 587,064,595 | \$ 109,064,760 |

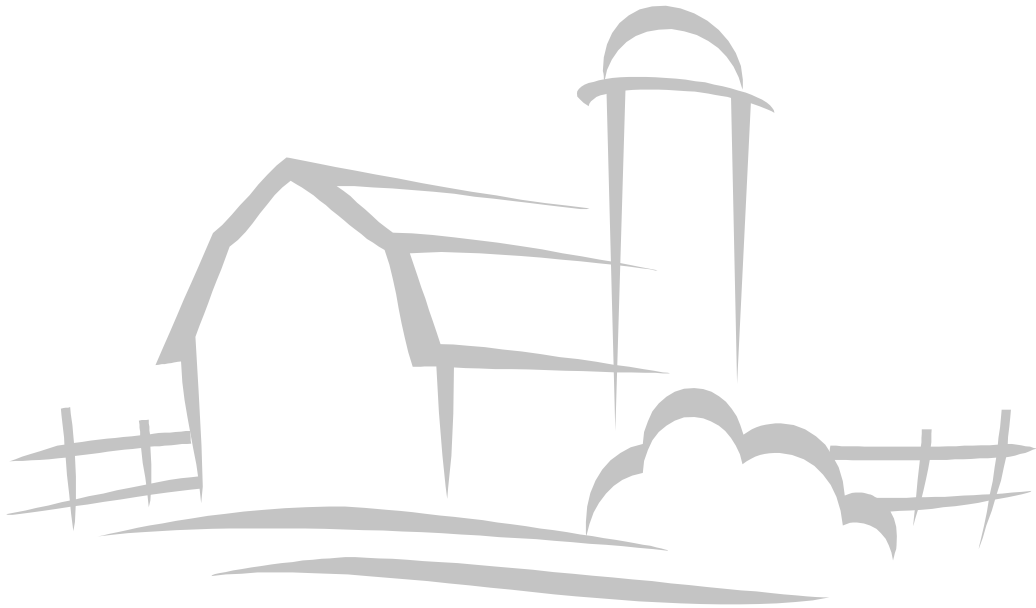
| | |
|--|--|
| General Revenues | |
| Taxes | |
| Personal and corporate income..... | |
| Sales and use..... | |
| Meals and rooms..... | |
| Purchase and use..... | |
| Motor fuel..... | |
| Statewide education..... | |
| Other taxes..... | |
| Total taxes..... | |
| Investment earnings/(loss)..... | |
| Tobacco litigation settlement..... | |
| Miscellaneous..... | |
| Additions to non-expendable endowments..... | |
| Transfers..... | |
| Total general revenues and transfers..... | |
| Changes in net position..... | |
| Net Position - Beginning, restated..... | |
| Net Position - Ending..... | |

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

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | Discretely Presented Component Units |
|-------------------------|--------------------------|------------------------|--------------------------------------|
| Governmental Activities | Business-type Activities | Total | |
| \$ 221,442,513 | \$ - | \$ 221,442,513 | \$ - |
| (326,210,384) | - | (326,210,384) | - |
| (1,050,941,544) | - | (1,050,941,544) | - |
| (11,357,288) | - | (11,357,288) | - |
| (2,262,105,383) | - | (2,262,105,383) | - |
| (52,748,520) | - | (52,748,520) | - |
| (179,372,924) | - | (179,372,924) | - |
| (3,443,117) | - | (3,443,117) | - |
| (14,279,368) | - | (14,279,368) | - |
| <u>(3,679,016,015)</u> | <u>-</u> | <u>(3,679,016,015)</u> | <u>-</u> |
| - | 31,078,591 | 31,078,591 | - |
| - | 22,017,733 | 22,017,733 | - |
| - | 5,670,912 | 5,670,912 | - |
| - | 7,074,837 | 7,074,837 | - |
| - | (3,780) | (3,780) | - |
| - | <u>65,838,293</u> | <u>65,838,293</u> | <u>-</u> |
| <u>(3,679,016,015)</u> | <u>65,838,293</u> | <u>(3,613,177,722)</u> | <u>-</u> |
| - | - | - | 3,398,000 |
| - | - | - | 73,052,000 |
| - | - | - | 32,520,530 |
| - | - | - | (12,047,000) |
| - | - | - | <u>100,765,769</u> |
| - | - | - | <u>197,689,299</u> |
| 1,500,228,202 | - | 1,500,228,202 | - |
| 550,261,176 | - | 550,261,176 | - |
| 218,661,649 | - | 218,661,649 | - |
| 137,302,034 | - | 137,302,034 | - |
| 74,080,188 | - | 74,080,188 | - |
| 1,228,803,017 | - | 1,228,803,017 | - |
| <u>511,913,687</u> | <u>-</u> | <u>511,913,687</u> | <u>10,804,840</u> |
| 4,221,249,953 | - | 4,221,249,953 | 10,804,840 |
| 2,274,151 | 3,865,469 | 6,139,620 | (58,952,764) |
| 26,177,953 | - | 26,177,953 | - |
| 1,483,338 | 18,808 | 1,502,146 | 5,886,352 |
| - | - | - | 2,046,272 |
| <u>54,832,458</u> | <u>(54,832,458)</u> | <u>-</u> | <u>-</u> |
| <u>4,306,017,853</u> | <u>(50,948,181)</u> | <u>4,255,069,672</u> | <u>(40,215,300)</u> |
| 627,001,838 | 14,890,112 | 641,891,950 | 157,473,999 |
| <u>(320,848,972)</u> | <u>267,532,073</u> | <u>(53,316,899)</u> | <u>1,583,475,777</u> |
| <u>\$ 306,152,866</u> | <u>\$ 282,422,185</u> | <u>\$ 588,575,051</u> | <u>\$ 1,740,949,776</u> |

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Vermont



***GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS***

**STATE OF VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

| | <u>General Fund</u> | <u>Transportation Fund</u> | <u>Education Fund</u> | <u>Special Fund</u> |
|---|-------------------------|--------------------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 939,333,896 | \$ 20,405,198 | \$ 236,631,165 | \$ 308,095,094 |
| Investments..... | - | - | - | 3,782,206 |
| Receivables | | | | |
| Taxes receivable, net..... | 280,434,540 | 772,557 | 69,289,895 | 2,048,339 |
| Accrued interest receivable..... | 895,801 | 109,658 | - | 3,375 |
| Notes and loans receivable..... | 22,754,532 | 2,264,359 | - | 3,778,474 |
| Other receivables, net..... | 22,146,300 | 8,344,207 | 2,212,219 | 73,077,076 |
| Lease receivable..... | - | 3,236,549 | - | 596,364 |
| Intergovernmental receivables - federal government, net..... | - | 102,510,201 | - | - |
| Due from other funds..... | 3,369,312 | 239,227 | 117,362 | 33,000,806 |
| Due from component units..... | 6,162,510 | - | - | - |
| Interfund receivable..... | 44,699,702 | - | - | - |
| Advances to other funds..... | 300,075 | - | - | - |
| Advances to component units..... | 5,500,000 | - | - | - |
| Total assets..... | \$ 1,325,596,668 | \$ 137,881,956 | \$ 308,250,641 | \$ 424,381,734 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable..... | \$ 39,424,105 | \$ 62,979,203 | \$ 30,529,112 | \$ 25,861,443 |
| Accrued liabilities..... | 14,488,531 | 4,030,685 | - | 4,113,012 |
| Retainage payable..... | 557,630 | 78,660 | - | 438,682 |
| Due to other funds..... | 65,606,851 | 4,364,061 | 37,632 | 7,733,255 |
| Due to component units..... | 100,695,864 | - | - | - |
| Intergovernmental payable - federal government..... | - | - | - | - |
| Tax refunds payable..... | 35,576,914 | - | 363,203 | 12,372 |
| Interfund payable..... | - | - | - | - |
| Unearned revenue..... | - | 149,051 | - | 131,025,985 |
| Total liabilities..... | 256,349,895 | 71,601,660 | 30,929,947 | 169,184,749 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Prepaid property taxes..... | - | - | 2,587,492 | - |
| Unavailable revenue..... | 222,275,183 | 7,419,141 | 7,788,947 | 63,697,005 |
| Leases..... | - | 3,466,151 | - | 632,537 |
| Total deferred inflows of resources..... | 222,275,183 | 10,885,292 | 10,376,439 | 64,329,542 |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Advances..... | 5,800,075 | - | - | - |
| Long-term receivables..... | 34,038,312 | - | - | - |
| Permanent fund principal..... | - | - | - | - |
| Restricted..... | - | 246,246 | - | 17,998,741 |
| Committed..... | - | 55,148,758 | 266,944,255 | 246,200,068 |
| Assigned..... | 36,997,625 | - | - | - |
| Unassigned..... | 770,135,578 | - | - | (73,331,366) |
| Total fund balances..... | 846,971,590 | 55,395,004 | 266,944,255 | 190,867,443 |
| Total liabilities, deferred inflows and fund balances..... | \$ 1,325,596,668 | \$ 137,881,956 | \$ 308,250,641 | \$ 424,381,734 |

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

| <u>Federal Revenue Fund</u> | <u>Global Commitment Fund</u> | <u>Non-major Governmental Funds</u> | <u>Eliminations</u> | <u>Total Governmental Funds</u> |
|-----------------------------|-------------------------------|-------------------------------------|------------------------|---------------------------------|
| \$ 934,068,651 | \$ 8,138 | \$ 17,976,413 | \$ - | \$ 2,456,518,555 |
| 134,065,919 | - | 41,977,816 | - | 179,825,941 |
| - | - | 2,630 | - | 352,547,961 |
| 38,304 | - | 3 | - | 1,047,141 |
| 259,374,712 | - | - | - | 288,172,077 |
| 2,289,464 | 31,396,788 | 59,134 | - | 139,525,188 |
| - | - | 23,025 | - | 3,855,938 |
| 305,574,738 | 81,607,049 | 77,098 | - | 489,769,086 |
| 1,044,979 | 60,425,993 | - | (97,165,162) | 1,032,517 |
| - | - | - | - | 6,162,510 |
| - | - | - | - | 44,699,702 |
| - | - | - | - | 300,075 |
| - | - | - | - | 5,500,000 |
| <u>\$ 1,636,456,767</u> | <u>\$ 173,437,968</u> | <u>\$ 60,116,119</u> | <u>\$ (97,165,162)</u> | <u>\$ 3,968,956,691</u> |
| | | | | |
| \$ 102,174,878 | \$ 140,198,215 | \$ 4,695,674 | \$ - | \$ 405,862,630 |
| 7,054,815 | 1,087,973 | 567,434 | - | 31,342,450 |
| 3,311,412 | - | 1,293,065 | - | 5,679,449 |
| 38,238,690 | 1,847,022 | 190,500 | (97,165,162) | 20,852,849 |
| 76,492 | - | 5,804,182 | - | 106,576,538 |
| 25,902,497 | - | - | - | 25,902,497 |
| - | - | - | - | 35,952,489 |
| - | - | 27,338 | - | 27,338 |
| <u>935,860,124</u> | <u>-</u> | <u>64,536</u> | <u>-</u> | <u>1,067,099,696</u> |
| | | | | |
| <u>1,112,618,908</u> | <u>143,133,210</u> | <u>12,642,729</u> | <u>(97,165,162)</u> | <u>1,699,295,936</u> |
| | | | | |
| - | - | - | - | 2,587,492 |
| - | 9,868,596 | 7,113 | - | 311,055,985 |
| - | - | 29,756 | - | 4,128,444 |
| <u>-</u> | <u>9,868,596</u> | <u>36,869</u> | <u>-</u> | <u>317,771,921</u> |
| | | | | |
| - | - | - | - | 5,800,075 |
| - | - | - | - | 34,038,312 |
| - | - | 7,416,453 | - | 7,416,453 |
| 523,837,859 | 20,436,162 | 2,464,970 | - | 564,983,978 |
| - | - | 44,348,230 | - | 612,641,311 |
| - | - | - | - | 36,997,625 |
| - | - | (6,793,132) | - | 690,011,080 |
| <u>523,837,859</u> | <u>20,436,162</u> | <u>47,436,521</u> | <u>-</u> | <u>1,951,888,834</u> |
| | | | | |
| <u>\$ 1,636,456,767</u> | <u>\$ 173,437,968</u> | <u>\$ 60,116,119</u> | <u>\$ (97,165,162)</u> | <u>\$ 3,968,956,691</u> |

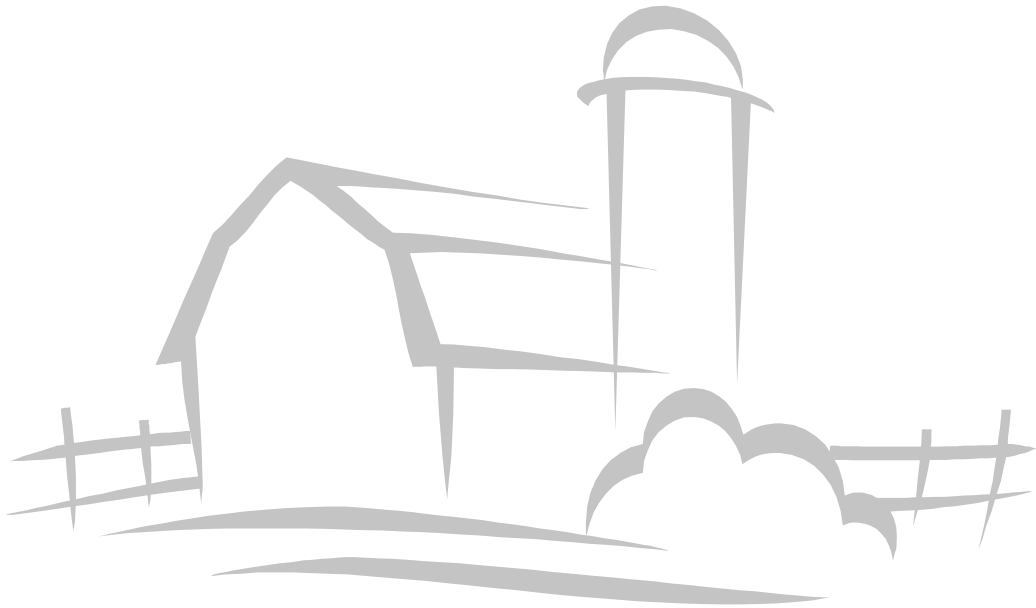
STATE OF VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2022

| | |
|---|------------------------------|
| Total fund balances from previous page..... | \$ 1,951,888,834 |
| Capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds ⁽¹⁾ | 3,280,207,785 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position..... | 66,303,642 |
| Amounts presented in the statement of net position relating to, but not in fund balances due to a different basis of accounting ⁽¹⁾ | 1,042,996,485 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore are not reported in the funds ⁽¹⁾ | <u>(6,035,243,880)</u> |
| Net position of governmental activities..... | <u>\$ 306,152,866</u> |

⁽¹⁾ Additional information on these amounts can be found in Note II. A.

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

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Vermont

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>General Fund</u> | <u>Transportation Fund</u> | <u>Education Fund</u> | <u>Special Fund</u> |
|--|-----------------------|--------------------------------|-----------------------|-----------------------|
| REVENUES | | | | |
| Taxes | | | | |
| Personal income tax..... | \$ 1,282,385,277 | \$ - | \$ - | \$ 522,145 |
| Corporate income tax..... | 215,661,193 | - | - | 202,123 |
| Sales and use tax..... | - | - | 550,671,978 | 148,228 |
| Meals and rooms tax..... | 151,599,508 | - | 54,869,702 | 13,148,870 |
| Motor fuels tax..... | - | 71,889,123 | - | 1,363,974 |
| Purchase and use tax..... | - | 91,550,242 | 45,751,792 | - |
| Statewide education tax..... | - | - | 1,228,803,017 | - |
| Other taxes..... | 442,701,480 | 20,526,282 | 3,358,371 | 45,328,009 |
| Earnings of departments | | | | |
| Fees..... | 42,703,546 | 23,738,934 | - | 114,001,929 |
| Rents and leases..... | 2,291 | 1,974,274 | - | 3,457,138 |
| Sales of services..... | 2,861,663 | 49,521 | - | 14,080,685 |
| Federal grants..... | - | 358,423,157 | - | - |
| Fines, forfeits and penalties..... | 3,509,144 | 2,235,703 | - | 5,462,320 |
| Investment income/(loss)..... | 3,345,694 | 74,575 | 289,776 | (133,383) |
| Licenses | | | | |
| Business..... | 1,234,641 | 529,738 | - | 34,577,604 |
| Non-business..... | 79,570 | 93,487,387 | - | 3,208,288 |
| Special assessments..... | 21,844,379 | - | - | 15,629,494 |
| Other revenues..... | 12,092,404 | 3,124,248 | - | 76,535,551 |
| Total revenues..... | 2,180,020,790 | 667,603,184 | 1,883,744,636 | 327,532,975 |
| EXPENDITURES | | | | |
| General government..... | 176,642,305 | 4,537,053 | - | 22,315,616 |
| Protection to persons and property..... | 178,429,613 | 18,914,991 | - | 106,351,695 |
| Human services..... | 474,589,087 | - | - | 107,854,607 |
| Labor..... | 4,795,430 | - | - | 2,623,781 |
| General education..... | 456,471,185 | - | 1,825,278,756 | 18,211,328 |
| Natural resources..... | 40,014,703 | - | - | 48,224,886 |
| Commerce and community development..... | 135,780,902 | - | - | 12,922,651 |
| Transportation..... | 244,539 | 614,098,043 | - | 4,850,359 |
| Capital outlay..... | 254,793 | - | - | 91,457 |
| Debt service..... | 113,038 | - | - | 7,200 |
| Total expenditures..... | 1,467,335,595 | 637,550,087 | 1,825,278,756 | 323,453,580 |
| Excess of revenues over (under) expenditures..... | 712,685,195 | 30,053,097 | 58,465,880 | 4,079,395 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Leases..... | 254,793 | - | - | 91,457 |
| Transfers in..... | 90,487,926 | - | 42,588,415 | 132,659,071 |
| Transfers out..... | (609,040,626) | (27,406,791) | - | (102,940,917) |
| Total other financing sources (uses)..... | (518,297,907) | (27,406,791) | 42,588,415 | 29,809,611 |
| Net change in fund balances..... | 194,387,288 | 2,646,306 | 101,054,295 | 33,889,006 |
| Fund balances, July 1..... | 652,584,302 | 52,748,698 | 165,889,960 | 156,978,437 |
| Fund balances, June 30..... | \$ 846,971,590 | \$ 55,395,004 | \$ 266,944,255 | \$ 190,867,443 |

The accompanying notes are an integral part of these statements.

| <u>Federal Revenue Fund</u> | <u>Global Commitment Fund</u> | <u>Non-major Governmental Funds</u> | <u>Eliminations</u> | <u>Total Governmental Funds</u> |
|-----------------------------|-------------------------------|-------------------------------------|---------------------|---------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 1,282,907,422 |
| - | - | - | - | 215,863,316 |
| - | - | - | - | 550,820,206 |
| - | - | - | - | 219,618,080 |
| - | - | 827,091 | - | 74,080,188 |
| - | - | - | - | 137,302,034 |
| - | - | - | - | 1,228,803,017 |
| - | - | - | - | 511,914,142 |
| - | - | 156,432 | - | 180,600,841 |
| - | - | 56,933 | - | 5,490,636 |
| - | - | 472 | - | 16,992,341 |
| 1,749,483,605 | 1,226,458,982 | 8,767,570 | - | 3,343,133,314 |
| - | - | 9,738 | - | 11,216,905 |
| 575,573 | - | (6,108,340) | - | (1,956,105) |
| - | - | 770 | - | 36,342,753 |
| - | - | 8,017,383 | - | 104,792,628 |
| - | - | - | - | 37,473,873 |
| <u>3,145,572</u> | <u>13,164,000</u> | <u>2,014,224</u> | <u>-</u> | <u>110,075,999</u> |
| <u>1,753,204,750</u> | <u>1,239,622,982</u> | <u>13,742,273</u> | <u>-</u> | <u>8,065,471,590</u> |
| 214,372,794 | - | - | - | 417,867,768 |
| 300,559,667 | - | - | - | 604,255,966 |
| 808,165,286 | 1,669,814,976 | - | - | 3,060,423,956 |
| 33,711,165 | - | - | - | 41,130,376 |
| 278,347,961 | 633,334 | 2,203,031 | - | 2,581,145,595 |
| 38,851,249 | - | 18,118,488 | - | 145,209,326 |
| 58,247,886 | - | - | - | 206,951,439 |
| 237,525 | - | - | - | 619,430,466 |
| 108,175 | 191,214 | 52,376,334 | - | 53,021,973 |
| <u>47,403</u> | <u>64,008</u> | <u>95,889,577</u> | <u>-</u> | <u>96,121,226</u> |
| <u>1,732,649,111</u> | <u>1,670,703,532</u> | <u>168,587,430</u> | <u>-</u> | <u>7,825,558,091</u> |
| <u>20,555,639</u> | <u>(431,080,550)</u> | <u>(154,845,157)</u> | <u>-</u> | <u>239,913,499</u> |
| 108,175 | 191,214 | - | - | 645,639 |
| 7,912,210 | 450,925,954 | 93,867,614 | (763,608,732) | 54,832,458 |
| <u>(9,224,957)</u> | <u>(29,025,634)</u> | <u>(7,998,238)</u> | <u>763,608,732</u> | <u>(22,028,431)</u> |
| <u>(1,204,572)</u> | <u>422,091,534</u> | <u>85,869,376</u> | <u>-</u> | <u>33,449,666</u> |
| 19,351,067 | (8,989,016) | (68,975,781) | - | 273,363,165 |
| <u>504,486,792</u> | <u>29,425,178</u> | <u>116,412,302</u> | <u>-</u> | <u>1,678,525,669</u> |
| <u>\$ 523,837,859</u> | <u>\$ 20,436,162</u> | <u>\$ 47,436,521</u> | <u>\$ -</u> | <u>\$ 1,951,888,834</u> |

**STATE OF VERMONT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | | |
|---|-----------|---------------------------|
| Total net change in fund balances from the previous page..... | \$ | 273,363,165 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (net of internal service funds) ⁽¹⁾ | | 95,373,148 |
| Repayment of bond and lease principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position (net of internal service funds) ⁽¹⁾ | | 72,648,716 |
| Bond and lease proceeds provide current financial resources to the governmental funds, but issuing debt and leases increases long-term liabilities in the statement of net position (net of internal service funds) ⁽¹⁾ | | 8,894,035 |
| Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds..... | | 82,771,217 |
| Estimated personal income tax refunds that are not due and payable are not reported as governmental fund liabilities..... | | (32,651,004) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds ⁽¹⁾ | | 135,869,803 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities..... | | <u>(9,267,242)</u> |
| Total changes in net position of governmental activities as reported on the statement of activities..... | \$ | <u>627,001,838</u> |

⁽¹⁾ Additional information on these amounts can be found in Note II. B.

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



***PROPRIETARY FUNDS
FINANCIAL STATEMENTS***

**STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022**

| | Business-type Activities-Enterprise Funds | | |
|---|---|------------------------------------|-----------------------------------|
| | Unemployment Compensation Trust Fund | Liquor Control Fund | State Lottery Fund |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents..... | \$ 288,302,015 | \$ - | \$ 6,455,211 |
| Receivables | | | |
| Taxes receivable, net of allowance for uncollectibles..... | 21,408,635 | - | - |
| Accounts receivable, net of allowance for uncollectibles..... | 844,273 | 2,497,982 | 2,581,191 |
| Loans receivable..... | - | - | - |
| Lease receivable..... | - | - | - |
| Accrued interest receivable..... | - | - | - |
| Due from other funds..... | - | 54,477 | - |
| Intergovernmental receivables - federal government..... | 659,123 | - | - |
| Inventories, at cost..... | - | 9,942,507 | 645,191 |
| Prepaid expenses..... | - | - | 15,013 |
| Total current assets..... | 311,214,046 | 12,494,966 | 9,696,606 |
| Noncurrent Assets | | | |
| Investments..... | - | - | 492,671 |
| Loans receivable..... | - | - | - |
| Lease receivable..... | - | - | - |
| Imprest cash and change fund - advances..... | - | 75 | 300,000 |
| Total noncurrent assets..... | - | 75 | 792,671 |
| Capital Assets | | | |
| Land..... | - | - | - |
| Construction in progress..... | - | - | - |
| Works of art..... | - | - | - |
| Capital assets being depreciated/amortized: | | | |
| Intangible right-to-use lease assets | - | - | - |
| Machinery, equipment and buildings..... | - | 5,801,361 | 317,128 |
| Less accumulated depreciation..... | - | (2,577,140) | (232,162) |
| Total capital assets, net of depreciation..... | - | 3,224,221 | 84,966 |
| Total noncurrent and capital assets..... | - | 3,224,296 | 877,637 |
| Total assets..... | 311,214,046 | 15,719,262 | 10,574,243 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related outflows..... | - | 1,908,005 | 730,641 |
| OPEB related outflows..... | - | 2,782,269 | 1,198,511 |
| Total deferred outflows of resources..... | - | 4,690,274 | 1,929,152 |

| Business-type Activities-Enterprise Funds | | | Governmental Activities |
|--|---------------------|-------------------------------|-------------------------------------|
| Non-major Enterprise Funds | Eliminations | Total Enterprise Funds | Total Internal Service Funds |
| \$ 27,578,434 | \$ - | \$ 322,335,660 | \$ 99,127,576 |
| 935,788 | - | 22,344,423 | - |
| 9,220,953 | - | 15,144,399 | 18,767,203 |
| 433,116 | - | 433,116 | 634,764 |
| - | - | - | 261,369 |
| 3,949 | - | 3,949 | 164 |
| 440,613 | (384,179) | 110,911 | 21,216,846 |
| - | - | 659,123 | - |
| - | - | 10,587,698 | 3,429,282 |
| - | - | 15,013 | 5,164,900 |
| <u>38,612,853</u> | <u>(384,179)</u> | <u>371,634,292</u> | <u>148,602,104</u> |
| - | - | 492,671 | - |
| 549,795 | - | 549,795 | 2,201,067 |
| - | - | - | 363,225 |
| - | - | 300,075 | 3,500,000 |
| <u>549,795</u> | <u>-</u> | <u>1,342,541</u> | <u>6,064,292</u> |
| - | - | - | 26,156 |
| - | - | - | 2,512,532 |
| - | - | - | 8,200 |
| - | - | - | 94,411,801 |
| - | - | 6,118,489 | 123,379,993 |
| - | - | (2,809,302) | (94,265,759) |
| - | - | 3,309,187 | 126,072,923 |
| <u>549,795</u> | <u>-</u> | <u>4,651,728</u> | <u>132,137,215</u> |
| <u>39,162,648</u> | <u>(384,179)</u> | <u>376,286,020</u> | <u>280,739,319</u> |
| - | - | 2,638,646 | - |
| - | - | 3,980,780 | - |
| - | - | 6,619,426 | - |

continued on next page

**STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022**

| | Business-type Activities-Enterprise Funds | | |
|--|---|------------------------------------|-----------------------------------|
| | Unemployment Compensation Trust Fund | Liquor Control Fund | State Lottery Fund |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable..... | - | 6,937,310 | 906,610 |
| Accrued salaries and benefits..... | - | 361,993 | 138,129 |
| Claims payable..... | 1,079,180 | - | - |
| Due to lottery winners..... | - | - | 92,566 |
| Due to agents..... | - | 477,464 | - |
| Due to other funds..... | 384,179 | 498,141 | 188,620 |
| Interfund payable..... | - | 5,386,015 | - |
| Future and unclaimed prizes payable..... | - | - | 7,657,332 |
| Unearned revenue..... | 43,955,462 | 14,885 | 231,181 |
| Lease liabilities..... | - | - | - |
| Other current liabilities..... | 2,146,911 | - | - |
| Total current liabilities..... | 47,565,732 | 13,675,808 | 9,214,438 |
| Long-term Liabilities | | | |
| Due to lottery winners..... | - | - | 285,777 |
| Claims payable..... | - | - | - |
| Advances from other funds..... | - | 75 | 300,000 |
| Lease liabilities..... | - | - | - |
| Net pension liabilities..... | - | 4,115,693 | 1,426,950 |
| Net other postemployment benefits liabilities..... | - | 3,090,528 | 1,075,494 |
| Other noncurrent liabilities..... | - | 59,932 | 21,198 |
| Total long-term liabilities..... | - | 7,266,228 | 3,109,419 |
| Total liabilities..... | 47,565,732 | 20,942,036 | 12,323,857 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Leases..... | - | - | - |
| Pension related inflows..... | - | 1,344,483 | 539,668 |
| OPEB related inflows..... | - | 6,541,938 | 2,594,034 |
| Total deferred inflows of resources..... | - | 7,886,421 | 3,133,702 |
| NET POSITION | | | |
| Net investment in capital assets..... | - | 3,224,221 | 84,966 |
| Restricted for unemployment compensation benefits..... | 263,648,314 | - | - |
| Restricted for protection to persons and property..... | - | - | - |
| Unrestricted (deficit)..... | - | (11,643,142) | (3,039,130) |
| Total net position..... | \$ 263,648,314 | \$ (8,418,921) | \$ (2,954,164) |

The accompanying notes are an integral part of these statements.

| Business-type Activities-Enterprise Funds | | | Governmental Activities |
|---|------------------|------------------------|------------------------------|
| Non-major Enterprise Funds | Eliminations | Total Enterprise Funds | Total Internal Service Funds |
| 5,581,685 | - | 13,425,605 | 15,041,591 |
| 1,160 | - | 501,282 | 6,443,909 |
| - | - | 1,079,180 | 26,177,782 |
| - | - | 92,566 | - |
| - | - | 477,464 | - |
| 410,434 | (384,179) | 1,097,195 | 504,655 |
| 184,308 | - | 5,570,323 | 38,727,636 |
| - | - | 7,657,332 | - |
| - | - | 44,201,528 | 212,915 |
| - | - | - | 11,166,139 |
| 1,094,392 | - | 3,241,303 | 937,569 |
| <u>7,271,979</u> | <u>(384,179)</u> | <u>77,343,778</u> | <u>99,212,196</u> |
| - | - | 285,777 | - |
| - | - | - | 39,614,584 |
| - | - | 300,075 | - |
| - | - | - | 72,516,653 |
| - | - | 5,542,643 | - |
| - | - | 4,166,022 | - |
| 1,679,842 | - | 1,760,972 | 2,537,905 |
| <u>1,679,842</u> | <u>-</u> | <u>12,055,489</u> | <u>114,669,142</u> |
| <u>8,951,821</u> | <u>(384,179)</u> | <u>89,399,267</u> | <u>213,881,338</u> |
| - | - | - | 618,210 |
| - | - | 1,884,151 | - |
| - | - | 9,135,972 | - |
| - | - | 11,020,123 | 618,210 |
| - | - | 3,309,187 | 42,390,131 |
| - | - | 263,648,314 | - |
| 12,566,303 | - | 12,566,303 | - |
| 17,644,524 | - | 2,962,252 | 23,849,640 |
| <u>\$ 30,210,827</u> | <u>\$ -</u> | <u>282,486,056</u> | <u>\$ 66,239,771</u> |

Adjustment to reflect the consolidation of internal service activities related to enterprise funds..... (63,871)

Net Position - Business-type Activities..... \$ 282,422,185

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Business-type Activities-Enterprise Funds | | |
|---|---|------------------------------------|-----------------------------------|
| | Unemployment Compensation Trust Fund | Liquor Control Fund | State Lottery Fund |
| OPERATING REVENUES | | | |
| Charges for sales and services..... | \$ 62,420,883 | \$ 96,129,163 | \$ - |
| Ticket sales..... | - | - | 151,468,508 |
| Rental income..... | - | - | - |
| License fees..... | - | 1,915,393 | - |
| Federal donated properties..... | - | - | - |
| Other operating revenues..... | - | 4,744,020 | 2,328 |
| Total operating revenues..... | 62,420,883 | 102,788,576 | 151,470,836 |
| OPERATING EXPENSES | | | |
| Cost of sales and services..... | - | 61,578,040 | 117,176,161 |
| Claims expenses..... | 151,048,967 | - | - |
| Salaries and benefits..... | - | 3,972,565 | 1,603,569 |
| Insurance premium expenses..... | - | 43,764 | 9,772 |
| Contractual services..... | - | 556,264 | 174,873 |
| Repairs and maintenance..... | - | 177,182 | 6,060 |
| Depreciation..... | - | 572,884 | 12,248 |
| Rental expenses..... | - | 102,648 | 209,584 |
| Utilities and property management..... | - | 2,487,383 | 362,305 |
| Non-capital equipment purchased..... | - | 77,979 | 3,391 |
| Promotions and advertising..... | - | 60,126 | 518,236 |
| Administration expenses..... | - | 164,445 | 40,068 |
| Supplies and parts..... | - | 208,922 | 23,175 |
| Distribution and postage..... | - | 17,416 | 13,296 |
| Travel..... | - | 12,135 | 702 |
| Other operating expenses..... | - | 10,507,755 | 166,510 |
| Total operating expenses..... | 151,048,967 | 80,539,508 | 120,319,950 |
| Operating income (loss)..... | (88,628,084) | 22,249,068 | 31,150,886 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Federal grants..... | 95,218,506 | - | - |
| Gain/(loss) on disposal of capital assets..... | - | (40,775) | - |
| Investment income/(loss)..... | 3,823,077 | - | (13,739) |
| Interest expense..... | - | - | - |
| Other nonoperating expenses..... | (218,775) | - | - |
| Total nonoperating revenues (expenses)..... | 98,822,808 | (40,775) | (13,739) |
| Income (loss) before other revenues, expenses, gains, losses, and transfers..... | 10,194,724 | 22,208,293 | 31,137,147 |
| OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS | | | |
| Capital contributions..... | - | - | 59,583 |
| Transfers in..... | - | - | - |
| Transfers out..... | - | (22,758,356) | (31,136,102) |
| Total other revenues, expenses, gains, losses, and transfers..... | - | (22,758,356) | (31,076,519) |
| Changes in net position..... | 10,194,724 | (550,063) | 60,628 |
| Total net position, July 1, restated..... | 253,453,590 | (7,868,858) | (3,014,792) |
| Total net position June 30..... | \$ 263,648,314 | \$ (8,418,921) | \$ (2,954,164) |

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

| Business-type Activities-Enterprise Funds | | Governmental Activities |
|--|-------------------------------|-------------------------------------|
| Non-major Enterprise Funds | Total Enterprise Funds | Total Internal Service Funds |
| \$ 72,037,314 | \$ 230,587,360 | \$ 403,939,889 |
| - | 151,468,508 | - |
| - | - | 20,478,747 |
| - | 1,915,393 | - |
| 282,589 | 282,589 | - |
| - | 4,746,348 | 5,960,324 |
| <u>72,319,903</u> | <u>389,000,198</u> | <u>430,378,960</u> |
| 55,484,340 | 234,238,541 | 40,484,444 |
| - | 151,048,967 | 228,832,669 |
| 33,975 | 5,610,109 | 77,996,477 |
| - | 53,536 | 7,913,893 |
| 2,929,584 | 3,660,721 | 39,299,878 |
| - | 183,242 | 9,519,166 |
| - | 585,132 | 22,316,458 |
| 45 | 312,277 | 3,011,656 |
| - | 2,849,688 | 14,712,320 |
| - | 81,370 | 1,123,348 |
| - | 578,362 | 58,813 |
| 6,236,476 | 6,440,989 | 11,205,543 |
| - | 232,097 | 2,827,400 |
| - | 30,712 | 61,932 |
| - | 12,837 | 52,475 |
| <u>1,264,477</u> | <u>11,938,742</u> | <u>2,856,871</u> |
| <u>65,948,897</u> | <u>417,857,322</u> | <u>462,273,343</u> |
| <u>6,371,006</u> | <u>(28,857,124)</u> | <u>(31,894,383)</u> |
| - | 95,218,506 | - |
| - | (40,775) | 1,353,578 |
| 56,131 | 3,865,469 | 152,787 |
| - | - | (1,314,266) |
| - | (218,775) | - |
| <u>56,131</u> | <u>98,824,425</u> | <u>192,099</u> |
| <u>6,427,137</u> | <u>69,967,301</u> | <u>(31,702,284)</u> |
| - | 59,583 | 102,297 |
| - | - | 22,028,431 |
| <u>(938,000)</u> | <u>(54,832,458)</u> | <u>-</u> |
| <u>(938,000)</u> | <u>(54,772,875)</u> | <u>22,130,728</u> |
| 5,489,137 | 15,194,426 | (9,571,556) |
| <u>24,721,690</u> | <u>267,291,630</u> | <u>75,811,327</u> |
| <u>\$ 30,210,827</u> | <u>\$ 282,486,056</u> | <u>\$ 66,239,771</u> |

Total change in net position reported above..... \$ 15,194,426
Consolidation adjustment of internal service activities related to enterprise funds..... (304,314)
Change in net position - business type activities.... \$ 14,890,112

STATE OF VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

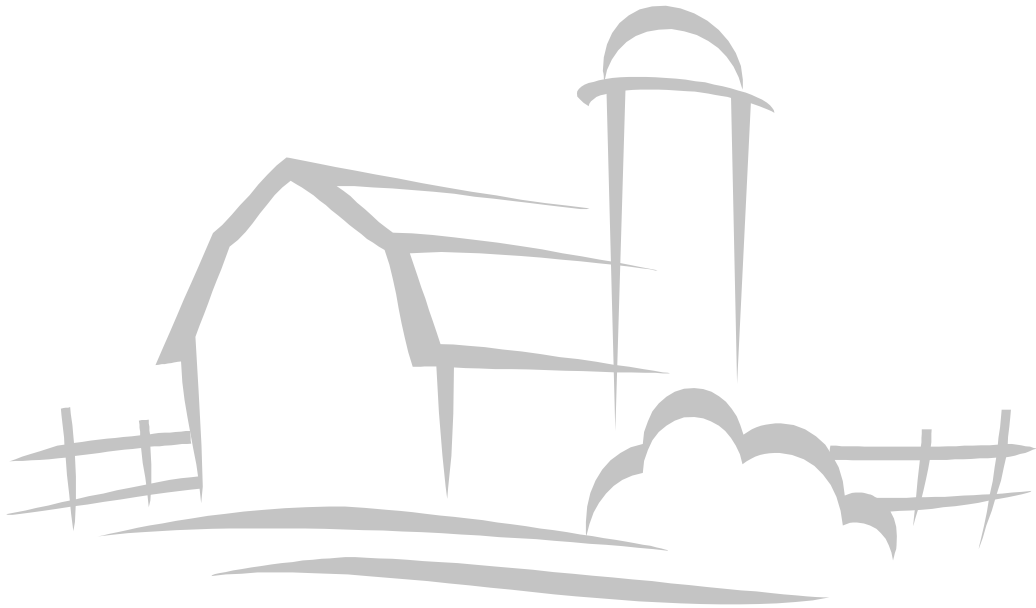
| | Business-type Activities-Enterprise Funds | | |
|--|--|---------------------------|--------------------------|
| | Unemployment Compensation Trust Fund | Liquor Control Fund | State Lottery Fund |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers..... | \$ 60,745,359 | \$ 96,192,249 | \$ 151,708,451 |
| Cash paid to suppliers for goods and services..... | - | (65,838,569) | (9,036,347) |
| Cash paid to employees for services..... | - | (4,787,957) | (1,943,401) |
| Cash paid for prizes and commissions..... | - | - | (109,650,400) |
| Cash paid to claimants..... | (166,281,147) | - | - |
| Other operating revenues..... | - | 6,659,413 | 2,328 |
| Other operating expenses..... | (218,775) | (10,507,755) | (166,510) |
| Total cash provided (used) by operating activities..... | (105,754,563) | 21,717,381 | 30,914,121 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in..... | - | - | - |
| Transfers out..... | - | (22,758,356) | (30,797,302) |
| Interfund loans and advances..... | - | 1,148,902 | - |
| Federal grants..... | 96,101,731 | - | - |
| Net cash provided (used) by noncapital financing activities..... | 96,101,731 | (21,609,454) | (30,797,302) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets..... | - | (126,735) | (1,045) |
| Payment of leases and loans..... | - | - | - |
| Interest paid on leases and loans..... | - | - | - |
| Proceeds from capital loans..... | - | - | - |
| Proceeds from sale of capital assets..... | - | 18,808 | - |
| Net cash provided (used) by capital and related financing activities..... | - | (107,927) | (1,045) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends on investments..... | 3,823,077 | - | 39,698 |
| Proceeds from sales/maturities of investments..... | - | - | 97,997 |
| Proceeds from loan repayments..... | - | - | - |
| Loans issued..... | - | - | - |
| Net cash provided (used) by investing activities..... | 3,823,077 | - | 137,695 |
| Net increase (decrease) in cash and cash equivalents..... | (5,829,755) | - | 253,469 |
| Cash and cash equivalents, July 1..... | 294,131,770 | 75 | 6,501,742 |
| Cash and cash equivalents, June 30..... | \$ 288,302,015 | \$ 75 | \$ 6,755,211 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss)..... | \$ (88,628,084) | \$ 22,249,068 | \$ 31,150,886 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | |
| Depreciation and amortization..... | - | 572,884 | 12,248 |
| Other nonoperating expenses..... | (218,775) | - | - |
| Effect of changes in assets, deferred outflows, liabilities and deferred inflows: | | | |
| Accounts/taxes receivable, net..... | (1,716,849) | (321,243) | 213,295 |
| Lease receivable..... | - | - | - |
| Due from other funds..... | - | (10,452) | - |
| Inventories..... | - | (1,208,566) | (184,641) |
| Prepaid expenses..... | - | - | (15,013) |
| Deferred outflows..... | - | 939,802 | 426,827 |
| Accounts payable..... | - | 847,276 | (140,234) |
| Accrued salaries and benefits..... | - | (123,827) | (26,722) |
| Claims payable..... | (10,826,788) | - | - |
| Due to lottery winners..... | - | - | (97,996) |
| Due to agents..... | - | 9,025 | - |
| Future and unclaimed prizes payable..... | - | - | 248,601 |
| Due to other funds..... | 41,325 | 390,846 | 40,159 |
| Unearned revenues..... | - | 3,935 | 26,648 |
| Other liabilities..... | (4,405,392) | - | - |
| Other noncurrent liabilities..... | - | - | - |
| Net pension liabilities..... | - | (1,211,607) | (523,306) |
| Net OPEB liabilities..... | - | (3,795,340) | (1,452,770) |
| Deferred inflows..... | - | 3,375,580 | 1,236,139 |
| Total adjustments..... | (17,126,479) | (531,687) | (236,765) |
| Net cash provided (used) by operating activities..... | \$ (105,754,563) | \$ 21,717,381 | \$ 30,914,121 |
| Noncash investing, capital, and financing activities: | | | |
| Contributions of capital assets to/from other funds..... | - | (59,583) | 59,583 |
| Retirement of assets not fully depreciated..... | - | - | - |
| Fair market value of donated inventory sold..... | - | - | - |
| Acquisition of capital assets via financing..... | - | - | - |

NOTE: Total cash and cash equivalents at June 30 on the cash flow statement is equal to cash/cash equivalents, and imprest cash and change fund - advances on the Statement of Net Position.

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

| Business-type Activities-Enterprise Funds | | Governmental Governmental Activities |
|--|---------------------------------------|---|
| Non-major Enterprise Funds | Total Enterprise Funds | Total Internal Service Funds |
| \$ 78,928,101 | \$ 387,574,160 | \$ 436,294,443 |
| (71,354,713) | (146,229,629) | (128,411,875) |
| (35,015) | (6,766,373) | (80,090,774) |
| - | (109,650,400) | - |
| - | (166,281,147) | (227,248,066) |
| - | 6,661,741 | 5,940,324 |
| (705,894) | (11,598,934) | (2,856,871) |
| <u>6,832,479</u> | <u>(46,290,582)</u> | <u>3,627,181</u> |
| - | - | 22,028,431 |
| (938,000) | (54,493,658) | - |
| (274,773) | 874,129 | (17,061,945) |
| - | 96,101,731 | - |
| <u>(1,212,773)</u> | <u>42,482,202</u> | <u>4,966,486</u> |
| - | (127,780) | (6,773,505) |
| - | - | (11,387,900) |
| - | - | (1,209,770) |
| - | - | 26,902 |
| - | 18,808 | 1,378,075 |
| - | (108,972) | (17,966,198) |
| 32,474 | 3,895,249 | 152,623 |
| - | 97,997 | - |
| 501,205 | 501,205 | 727,938 |
| (220,000) | (220,000) | (92,340) |
| <u>313,679</u> | <u>4,274,451</u> | <u>788,221</u> |
| 5,933,385 | 357,099 | (8,584,310) |
| 21,645,049 | 322,278,636 | 111,211,886 |
| <u>\$ 27,578,434</u> | <u>\$ 322,635,735</u> | <u>\$ 102,627,576</u> |
| <u>\$ 6,371,006</u> | <u>\$ (28,857,124)</u> | <u>\$ (31,894,383)</u> |
| - | 585,132 | 22,316,458 |
| - | (218,775) | - |
| 1,750,188 | (74,609) | 12,899,715 |
| - | - | 287,027 |
| 74,949 | 64,497 | (1,025,841) |
| - | (1,393,207) | (387,044) |
| - | (15,013) | (1,268,674) |
| - | 1,366,629 | - |
| 1,315,717 | 2,022,759 | 3,198,565 |
| (1,040) | (151,589) | (2,094,297) |
| - | (10,826,788) | 1,584,603 |
| - | (97,996) | - |
| - | 9,025 | - |
| - | 248,601 | - |
| (16,432) | 455,898 | (21,614) |
| - | 30,583 | 53,982 |
| - | (4,405,392) | 272,095 |
| (2,661,909) | (2,661,909) | - |
| - | (1,734,913) | - |
| - | (5,248,110) | - |
| - | 4,611,719 | (293,411) |
| <u>461,473</u> | <u>(17,433,458)</u> | <u>35,521,564</u> |
| <u>\$ 6,832,479</u> | <u>\$ (46,290,582)</u> | <u>\$ 3,627,181</u> |
| - | - | 102,297 |
| - | - | (818,826) |
| 282,589 | 282,589 | 2,006,950 |
| - | - | 94,331,351 |

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Vermont



FIDUCIARY FUNDS
FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

| | Pension and Other Postemployment Benefits Trust Funds | Private Purpose Trust Fund Unclaimed Property Fund | Custodial Funds |
|--|--|---|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 74,738,076 | \$ 8,083,911 | \$ 6,410,464 |
| Investments | | | |
| Fixed income..... | 308,772,621 | - | - |
| Equities..... | 499,760,123 | 4,213,503 | - |
| Mutual and commingled funds..... | 3,843,633,943 | - | - |
| Private partnerships..... | 1,029,532,400 | - | - |
| Receivables: | | | |
| Taxes..... | - | - | 2,934,110 |
| Contributions - current..... | 19,761,084 | - | - |
| Contributions - non-current..... | 5,736,798 | - | - |
| Investments sold..... | 12,673,297 | - | - |
| Interest and dividends..... | 2,489,490 | - | - |
| Due from other funds..... | - | - | 108,053 |
| Other..... | 15,551,573 | - | 2,360,656 |
| Prepaid expenses..... | 241,546 | - | - |
| Other assets..... | - | 8,354,879 | - |
| Capital assets: | | | |
| Capital assets being depreciated: | | | |
| Equipment..... | 8,310,724 | 8,299 | - |
| Less accumulated depreciation..... | (6,943,214) | (5,363) | - |
| Total capital assets, net of depreciation..... | <u>1,367,510</u> | <u>2,936</u> | <u>-</u> |
| Total assets..... | <u>5,814,258,461</u> | <u>20,655,229</u> | <u>11,813,283</u> |
| LIABILITIES | | | |
| Accounts payable..... | 2,147,383 | 33,723 | 5,617 |
| Accrued salaries and benefits..... | - | 40,608 | - |
| Claims payable..... | - | 11,226,050 | - |
| Investments purchased..... | 63,500,936 | - | - |
| Due to other funds..... | 13,012 | 616 | - |
| Interfund loans payable..... | 420 | - | 373,985 |
| Intergovernmental payable - other governments..... | - | - | 8,136,181 |
| Payable to individuals..... | - | - | 82,487 |
| Total liabilities..... | <u>65,661,751</u> | <u>11,300,997</u> | <u>8,598,270</u> |
| NET POSITION | | | |
| Restricted for employees' pension benefits..... | 5,589,411,062 | - | - |
| Restricted for employees' other postemployment benefits..... | 159,185,648 | - | - |
| Restricted for individuals, organizations and other governments..... | - | 9,354,232 | 3,215,013 |
| Net position restricted for benefits and other purposes..... | <u>\$ 5,748,596,710</u> | <u>\$ 9,354,232</u> | <u>\$ 3,215,013</u> |

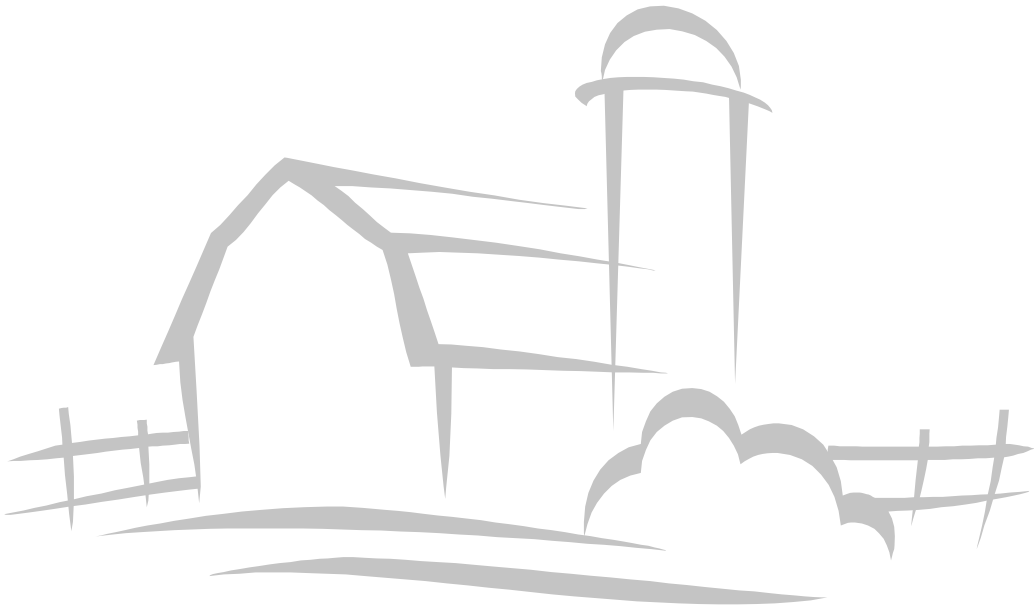
The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

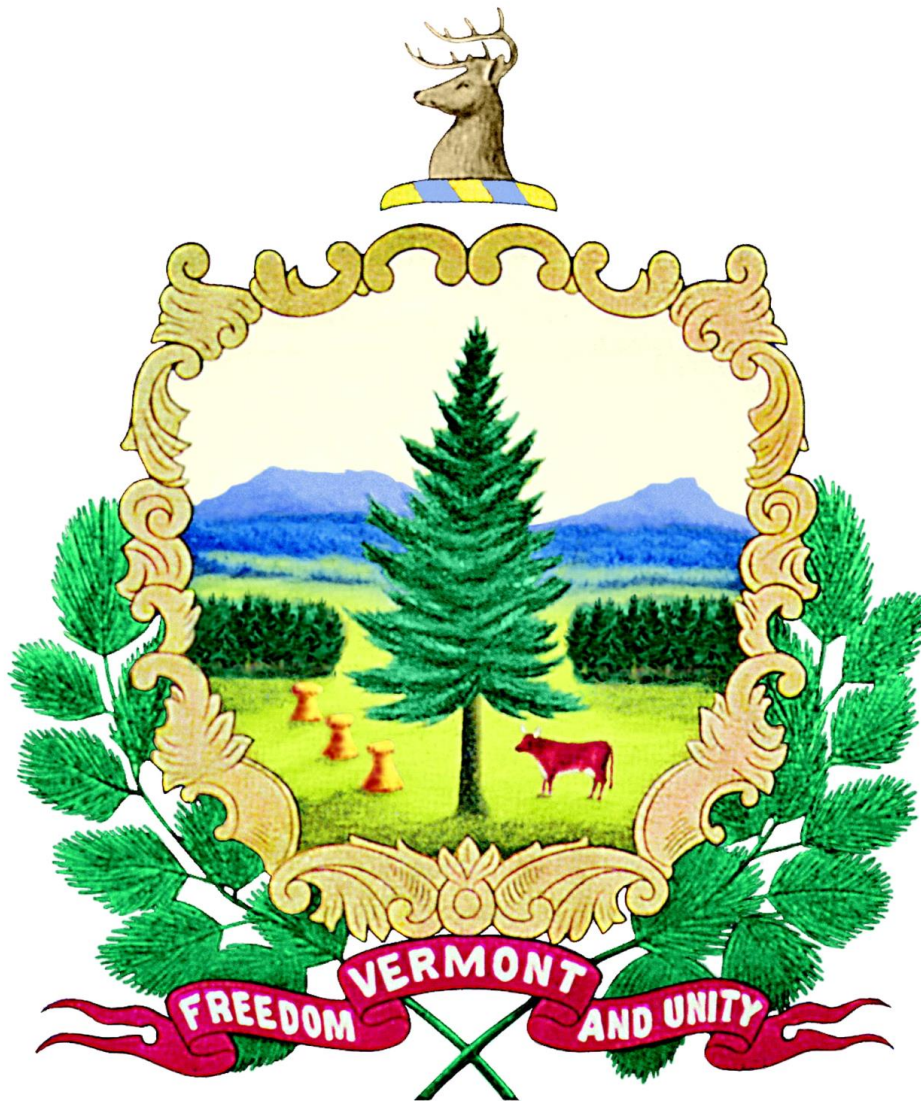
| | Pension and Other Postemployment Benefits Trust Funds | Private Purpose Trust Fund Unclaimed Property Fund | Custodial Funds |
|---|---|--|---------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer - pension benefit..... | \$ 225,111,990 | \$ - | \$ - |
| Employer - healthcare benefit..... | 35,170,057 | - | - |
| Non-employer - pension benefit..... | 314,663,632 | - | - |
| Non-employer - healthcare benefit..... | 54,202,861 | - | - |
| Plan member..... | 115,474,889 | - | - |
| Transfers from non-state systems..... | 41,955 | - | - |
| Other revenues..... | 10,581,196 | - | - |
| Total contributions..... | 755,246,580 | - | - |
| Investment Income | | | |
| Net appreciation/(depreciation) in fair value of investments..... | (594,915,587) | - | - |
| Dividends..... | 40,460,861 | - | - |
| Interest income..... | 6,405,184 | 170,048 | 107 |
| Other income..... | 894,487 | 19 | - |
| Total investment income/(loss)..... | (547,155,055) | 170,067 | 107 |
| Less Investment Expenses | | | |
| Investment managers and consultants..... | 6,682,807 | - | - |
| Total investment expenses..... | 6,682,807 | - | - |
| Net investment income/(loss)..... | (553,837,862) | 170,067 | 107 |
| Escheat property remittances..... | - | 302,707 | - |
| Collection of local option taxes for other governments..... | - | - | 27,129,062 |
| Collection of fines and fees for other governments..... | - | - | 4,604,017 |
| Collection of child support for individuals..... | - | - | 41,993,391 |
| Collection for the benefit of individuals..... | - | - | 6,972,230 |
| Other custodial fund collections..... | - | - | 14,400 |
| Total additions..... | 201,408,718 | 472,774 | 80,713,207 |
| DEDUCTIONS | | | |
| Retirement benefits..... | 442,065,787 | - | - |
| Other postemployment benefits..... | 63,879,244 | - | - |
| Refunds of contributions..... | 9,180,738 | - | - |
| Death claims..... | 1,685,236 | - | - |
| Payment of local option taxes to other governments..... | - | - | 27,129,062 |
| Payment of fines and fees to other governments..... | - | - | 4,341,202 |
| Payments of child support to individuals..... | - | - | 41,992,492 |
| Payments for the benefit of individuals..... | - | - | 7,374,119 |
| Other custodial fund payments..... | - | - | 4,307 |
| Transfers to non-state systems..... | 8,927,340 | - | - |
| Depreciation..... | 651,464 | 1,615 | - |
| Operating expenses..... | 6,018,498 | 890,499 | - |
| Total deductions..... | 532,408,307 | 892,114 | 80,841,182 |
| Change in net position | | | |
| Restricted for employees' pension benefits..... | (339,428,435) | - | - |
| Restricted for employees' other postemployment benefits..... | 8,428,846 | - | - |
| Held in trust for individuals, organizations and other governments..... | - | (419,340) | (127,975) |
| Restricted Net position, July 1..... | 6,079,596,299 | 9,773,572 | 3,342,988 |
| Restricted Net position, June 30..... | \$ 5,748,596,710 | \$ 9,354,232 | \$ 3,215,013 |

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

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Vermont



DISCRETELY PRESENTED COMPONENT UNITS
FINANCIAL STATEMENTS

**STATE OF VERMONT
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2022**

| | Vermont Student Assistance Corporation | University of Vermont and State Agricultural College | Vermont State Colleges | Vermont Housing Finance Agency | Non-major Component Units | Total Component Units |
|---|---|---|------------------------------|---|---------------------------------|-----------------------------|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents..... | \$ 58,076,000 | \$ 293,266,000 | \$ 101,581,584 | \$ 2,002,000 | \$ 39,584,763 | \$ 494,510,347 |
| Cash and cash equivalents - restricted..... | - | - | - | 50,066,000 | 6,879,000 | 56,945,000 |
| Investments..... | - | 242,068,000 | 1,087,625 | 14,765,000 | 25,789,991 | 283,710,616 |
| Accounts receivable, net..... | - | 42,849,000 | 22,159,504 | - | 1,918,571 | 66,927,075 |
| Accrued interest receivable - loans..... | 14,018,000 | - | - | 2,064,000 | 2,525,244 | 18,607,244 |
| Accrued interest receivable - investments..... | 36,000 | - | - | 529,000 | - | 565,000 |
| Loans and notes receivable - current portion..... | 79,889,000 | 1,784,000 | - | 26,886,000 | 81,042,973 | 189,601,973 |
| Other receivables..... | 1,881,000 | - | - | 427,000 | 8,661,387 | 10,969,387 |
| Lease receivable..... | - | 1,145,000 | - | - | 76,000 | 1,221,000 |
| Due from federal government..... | 64,000 | 7,215,000 | - | - | 1,158,645 | 8,437,645 |
| Due from primary government..... | - | - | - | - | 106,576,538 | 106,576,538 |
| Inventories, at cost..... | - | 69,000 | - | - | 457,199 | 526,199 |
| Other current assets..... | 366,000 | 17,192,000 | 2,515,874 | - | 1,008,474 | 21,082,348 |
| Total current assets..... | 154,330,000 | 605,588,000 | 127,344,587 | 96,739,000 | 275,678,785 | 1,259,680,372 |
| Noncurrent Assets | | | | | | |
| Cash and cash equivalents..... | - | - | 896,203 | - | - | 896,203 |
| Cash and cash equivalents - restricted..... | 52,432,000 | - | - | - | 2,686,419 | 55,118,419 |
| Investments..... | 8,835,000 | 770,083,000 | 48,187,071 | 156,956,000 | 1,262,000 | 985,323,071 |
| Investments - restricted..... | - | - | - | - | 94,288,643 | 94,288,643 |
| Loans and notes receivable, net..... | 433,754,000 | 39,048,000 | 1,469,809 | 209,189,000 | 977,446,923 | 1,660,907,732 |
| Lease receivable..... | - | 14,900,000 | - | - | 1,267,000 | 16,167,000 |
| Other assets..... | 1,075,000 | - | 88,697 | 172,000 | 22,710,288 | 24,045,985 |
| Total noncurrent assets..... | 496,096,000 | 824,031,000 | 50,641,780 | 366,317,000 | 1,099,661,273 | 2,836,747,053 |
| Capital Assets | | | | | | |
| Land..... | 3,150,000 | 40,779,000 | 8,436,048 | 50,000 | 602,470 | 53,017,518 |
| Construction in progress..... | - | 94,278,000 | 5,950,249 | - | 599,130 | 100,827,379 |
| Capital assets, being depreciated | | | | | | |
| Infrastructure..... | - | - | 42,538,036 | - | - | 42,538,036 |
| Intangible right-to-use lease assets..... | - | 4,523,000 | 18,665,579 | - | 1,318,442 | 24,507,021 |
| Buildings and leasehold improvements..... | 17,407,000 | 1,070,472,000 | 264,295,207 | 1,994,000 | 36,941,725 | 1,391,109,932 |
| Equipment, furniture and fixtures..... | 4,676,000 | 169,988,000 | 42,615,769 | 931,000 | 7,274,546 | 225,485,315 |
| Less accumulated depreciation..... | (13,971,000) | (630,895,000) | (228,869,095) | (2,420,000) | (31,198,972) | (907,354,067) |
| Total capital assets, net of depreciation..... | 11,262,000 | 749,145,000 | 153,631,793 | 555,000 | 15,537,341 | 930,131,134 |
| Total assets..... | 661,688,000 | 2,178,764,000 | 331,618,160 | 463,611,000 | 1,390,877,399 | 5,026,558,559 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Loss on refunding of bonds payable..... | - | 5,261,000 | 6,493,996 | - | 15,109,268 | 26,864,264 |
| Interest rate swaps..... | - | - | - | 62,000 | - | 62,000 |
| Subscription-based information technology arrangements..... | 610,000 | - | - | - | - | 610,000 |
| VHCB related deferred outflows..... | - | - | - | 30,108,000 | - | 30,108,000 |
| Pension related outflows..... | - | - | - | - | 5,965,422 | 5,965,422 |
| OPEB related outflows..... | - | 58,102,000 | 42,760,473 | - | 9,897,365 | 110,759,838 |
| Total deferred outflows of resources..... | 610,000 | 63,363,000 | 49,254,469 | 30,170,000 | 30,972,055 | 174,369,524 |

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

| | Vermont Student Assistance Corporation | University of Vermont and State Agricultural College | Vermont State Colleges | Vermont Housing Finance Agency | Non-major Component Units | Total Component Units |
|--|---|---|------------------------------|---|---------------------------------|-----------------------------|
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable and accrued liabilities..... | 2,660,000 | 102,231,000 | 12,945,955 | 652,000 | 3,708,669 | 122,197,624 |
| Accrued interest payable..... | - | - | - | 2,102,000 | 311,000 | 2,413,000 |
| Bond interest payable..... | 451,000 | - | - | - | 2,133,871 | 2,584,871 |
| Unearned revenue..... | 9,956,000 | 59,170,000 | 7,104,075 | - | - | 76,230,075 |
| Other current liabilities..... | 344,000 | - | - | - | 89,000,000 | 89,344,000 |
| Current portion of long-term liabilities..... | 10,135,000 | 16,827,000 | 6,344,877 | 20,018,000 | 106,803,228 | 160,128,105 |
| Due to primary government..... | - | - | - | - | 6,162,510 | 6,162,510 |
| Escrowed cash deposits..... | - | - | - | 10,846,000 | 968,000 | 11,814,000 |
| Total current liabilities..... | 23,546,000 | 178,228,000 | 26,394,907 | 33,618,000 | 209,087,278 | 470,874,185 |
| Noncurrent Liabilities | | | | | | |
| Bonds and notes payable..... | 413,385,000 | 544,007,000 | 109,274,003 | 355,864,000 | 655,896,775 | 2,078,426,778 |
| Lease liabilities..... | - | 2,301,000 | 12,891,810 | - | 1,192,000 | 16,384,810 |
| Accounts payable and accrued liabilities..... | - | 15,216,000 | - | - | - | 15,216,000 |
| Accrued arbitrage rebate..... | 3,885,000 | - | - | - | 25,771 | 3,910,771 |
| Advances from primary government..... | - | - | - | - | 5,500,000 | 5,500,000 |
| Net pension liabilities..... | - | - | - | - | 13,251,411 | 13,251,411 |
| Net other postemployment benefits liabilities..... | - | 436,372,000 | 160,734,727 | - | 9,902,708 | 607,009,435 |
| Other liabilities..... | - | - | 3,643,575 | - | 30,800 | 3,674,375 |
| Total noncurrent liabilities..... | 417,270,000 | 997,896,000 | 286,544,115 | 355,864,000 | 685,799,465 | 2,743,373,580 |
| Total liabilities..... | 440,816,000 | 1,176,124,000 | 312,939,022 | 389,482,000 | 894,886,743 | 3,214,247,765 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Gain on refunding of bonds payable..... | 9,868,000 | - | - | - | - | 9,868,000 |
| Lease related inflows..... | 1,350,000 | 15,614,000 | - | - | 1,285,522 | 18,249,522 |
| Interest rate swaps..... | - | - | - | 234,000 | - | 234,000 |
| Service concession arrangement..... | - | 854,000 | - | - | - | 854,000 |
| Split interest arrangements..... | - | 4,041,000 | - | - | - | 4,041,000 |
| Pension related inflows..... | - | - | - | - | 4,636,112 | 4,636,112 |
| OPEB related inflows..... | - | 111,085,000 | 74,054,636 | - | 22,708,272 | 207,847,908 |
| Total deferred inflows of resources..... | 11,218,000 | 131,594,000 | 74,054,636 | 234,000 | 28,629,906 | 245,730,542 |
| NET POSITION | | | | | | |
| Net investment in capital assets..... | 11,262,000 | 186,383,000 | 37,926,523 | 555,000 | 14,294,341 | 250,420,864 |
| Restricted | | | | | | |
| Endowments - expendable..... | 999,000 | 486,334,000 | 16,473,377 | - | - | 503,806,377 |
| Endowments - nonexpendable..... | 7,912,000 | 351,554,000 | 22,454,476 | - | - | 381,920,476 |
| Grants and scholarships..... | 2,714,000 | - | - | - | - | 2,714,000 |
| Bond resolution..... | 55,556,000 | - | - | 84,797,000 | - | 140,353,000 |
| Investment in limited partnerships..... | - | - | - | - | 6,183,000 | 6,183,000 |
| Collateral for commercial paper program..... | - | - | - | - | 21,672,000 | 21,672,000 |
| Project and program commitments..... | - | - | - | 7,360,000 | 141,650,311 | 149,010,311 |
| Loans receivable..... | - | - | - | - | 279,144,666 | 279,144,666 |
| Unrestricted (deficit)..... | 131,821,000 | (89,862,000) | (82,975,405) | 11,353,000 | 35,388,487 | 5,725,082 |
| Total net position..... | \$ 210,264,000 | \$ 934,409,000 | \$ (6,121,029) | \$ 104,065,000 | \$ 498,332,805 | \$ 1,740,949,776 |

**STATE OF VERMONT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2022**

| | <u>Vermont Student Assistance Corporation</u> | <u>University of Vermont and State Agricultural College</u> | <u>Vermont State Colleges</u> | <u>Vermont Housing Finance Agency</u> | <u>Non-major Component Units</u> | <u>Total Component Units</u> |
|--|---|---|---------------------------------------|---|--|--------------------------------------|
| Expenses | | | | | | |
| Salaries and benefits..... | \$ 16,075,000 | \$ 449,549,000 | \$ 111,912,553 | \$ 4,164,000 | \$ 25,536,160 | \$ 607,236,713 |
| Other expenses..... | 7,757,000 | 195,622,000 | 53,561,384 | 17,667,000 | 50,551,182 | 325,158,566 |
| Scholarship, grants and fellowships..... | 29,961,000 | 39,935,000 | 26,075,221 | - | - | 95,971,221 |
| Depreciation..... | 799,000 | 39,849,000 | 12,973,552 | 70,000 | 1,459,311 | 55,150,863 |
| Interest on debt..... | 7,267,000 | 20,747,000 | 5,476,764 | 11,586,000 | 27,216,962 | 72,293,726 |
| Total expenses..... | <u>61,859,000</u> | <u>745,702,000</u> | <u>209,999,474</u> | <u>33,487,000</u> | <u>104,763,615</u> | <u>1,155,811,089</u> |
| Program Revenues | | | | | | |
| Charges for services..... | 28,802,000 | 468,353,000 | 99,381,299 | 3,332,000 | 57,502,734 | 657,371,033 |
| Operating grants and contributions..... | 36,455,000 | 347,325,000 | 141,135,042 | 18,108,000 | 44,041,553 | 587,064,595 |
| Capital grants and contributions..... | - | 3,076,000 | 2,003,663 | - | 103,985,097 | 109,064,760 |
| Total program revenues..... | <u>65,257,000</u> | <u>818,754,000</u> | <u>242,520,004</u> | <u>21,440,000</u> | <u>205,529,384</u> | <u>1,353,500,388</u> |
| Net revenue (expense)..... | <u>3,398,000</u> | <u>73,052,000</u> | <u>32,520,530</u> | <u>(12,047,000)</u> | <u>100,765,769</u> | <u>197,689,299</u> |
| General Revenues | | | | | | |
| Property transfer tax..... | - | - | - | - | 10,804,840 | 10,804,840 |
| Investment income/(loss)..... | 467,000 | (57,852,000) | (3,886,044) | 554,000 | 1,764,280 | (58,952,764) |
| Additions to non-expendable endowments..... | 591,000 | - | 1,455,272 | - | - | 2,046,272 |
| Miscellaneous..... | - | 1,331,000 | - | - | 4,555,352 | 5,886,352 |
| Total general revenues..... | <u>1,058,000</u> | <u>(56,521,000)</u> | <u>(2,430,772)</u> | <u>554,000</u> | <u>17,124,472</u> | <u>(40,215,300)</u> |
| Changes in net position..... | 4,456,000 | 16,531,000 | 30,089,758 | (11,493,000) | 117,890,241 | 157,473,999 |
| Net position - beginning, as restated | <u>205,808,000</u> | <u>917,878,000</u> | <u>(36,210,787)</u> | <u>115,558,000</u> | <u>380,442,564</u> | <u>1,583,475,777</u> |
| Net position - ending..... | <u>\$ 210,264,000</u> | <u>\$ 934,409,000</u> | <u>\$ (6,121,029)</u> | <u>\$ 104,065,000</u> | <u>\$ 498,332,805</u> | <u>\$ 1,740,949,776</u> |

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

**STATE OF VERMONT
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022**

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**STATE OF VERMONT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Vermont (State) have been prepared in accordance with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles in the United States of America.

The basic financial statements present the financial position of the State, the results of operations of the State and the various funds and fund types, and the cash flows of the various proprietary funds. The basic financial statements are presented as of and for the period ended June 30, 2022.

The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. Financial Reporting Entity

The State of Vermont's Primary Government is comprised of three branches: the Executive Branch, with the Governor as the chief executive officer; the Legislative Branch, with a Senate of 30 members and a House of Representatives of 150 members; and the Judicial Branch, with Supreme and Superior Courts and the Judicial Bureau.

The basic financial statements include all funds, agencies, boards, commissions, and organizations of the primary government (the State), as well as component units that have been determined to meet the requirements for inclusion in the State's financial reporting entity.

Component Units are entities that, although legally separate from the State, have been included because they are either financially accountable to the State, or have relationships with the State such that exclusion would cause the State's financial statements to be misleading or incomplete. These component units are financially accountable to the State if the State appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, or if there is a potential for the organization to provide a financial benefit or financial burden to the State. Alternatively, for those organizations where the State does not appoint a voting majority, an organization is financially accountable to the State if the organization is fiscally dependent, and the organization provides a financial benefit or financial burden to the State.

Component unit activity may be "blended" into the activity of the primary government or may be reported separately. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Vermont has no blended component units. If they are reported separately, they are called "discretely presented component units" and are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. Each discretely presented component unit's designation as either "major" or "non-major" has been determined by the entity's relative significance to the State. Additional information as well as separately issued financial reports may be obtained by contacting the individual entity desired at the address given in the following text.

Discretely Presented Major Component Units

The "Discretely Presented Component Units" contained in the government-wide financial statements report the financial results of the following entities:

Vermont Student Assistance Corporation (VSAC) – The VSAC was established by the Vermont Legislature to provide opportunities for persons who are residents of Vermont to attend colleges or other institutions of higher education by awarding grants and by making, financing, servicing, and guaranteeing loans to qualifying students. The Governor of the State appoints five of the eleven members of the Board of Directors, and the State Legislature appoints two additional members. The State of Vermont has the ability to impose its will upon VSAC through its ability to change or alter the organization, structure, or programs. For audited financial statements and further information, contact their administrative offices at 10 East Allen Street, P.O. Box 2000, Winooski, Vermont 05404.

University of Vermont (UVM) - The UVM's financial report includes the University, the State Agricultural College, and UVM's two discretely presented component units; the University of Vermont and State Agricultural College Foundation, Inc. (UVMF), and the University Medical Education Associates, Inc. (UMEA). The State appoints thirteen of the twenty-five voting members of the Board of trustees. The State has assumed an obligation to provide financial support through its annual appropriation and is obligated to maintain the University's debt service reserves. Audited financial statements and additional information may be obtained by contacting the university's administrative offices at 348 Waterman Building, Burlington, Vermont 05405.

Vermont State College System (VSC) – The Vermont State College System's annual report includes the financial activity for the following organizations:

- System Offices and Services
- Community College of Vermont
- Castleton University
- Northern Vermont University
- Vermont Technical College
- Vermont Manufacturing Extension Center
- Small Business Development Center
- Vermont Tech Office of Continuing Education and Workforce Development

The Governor, with the advice and consent of the Senate, appoints nine of the fifteen members of the board of trustees, and the legislature appoints an additional four members. The State has assumed an obligation to provide financial support through its annual appropriations and has assumed an obligation to maintain VSC's debt service reserves. Audited financial statements and additional information about the system itself or about any of the individual organizations included in the system may be obtained by contacting the Office of the Chancellor, Vermont State Colleges, P.O. Box 7, Montpelier VT 05601.

Vermont Housing Finance Agency (VHFA) – The VHFA was created in 1974 by an Act of the General Assembly of the State of Vermont for the purpose of financing and promoting affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters. The State appoints voting members of VHFA's board of commissioners. The State is able to impose its will on the organization as the Governor can remove any member of the board at will. The State also has an obligation to maintain the organization's debt reserves. Audited financial statements and additional information may be obtained by contacting the Agency's administrative offices at 164 Saint Paul Street, Burlington, VT 05401.

Discretely Presented Non-major Component Units

Vermont Economic Development Authority (VEDA) VEDA, a tax-exempt entity, was created by the Vermont Legislature for the purpose of promoting economic prosperity in the State by directly financing eligible businesses and projects including manufacturing, agricultural, and travel and tourism enterprises; and by operating programs which provide eligible borrowers with access to capital. The authority has 15 voting members consisting of the Secretary of the Agency of Commerce and Community Development; the State Treasurer; the Secretary of Agriculture, Food and Markets; the Commissioner of Forest, Parks, & Recreation; and the Commissioner of Public Service; or a designee of any of the above; and ten members, who are residents of the State of Vermont and appointed by the Governor with the advice and consent of the senate. The State has the ability to impose its will on the entity as the Governor can remove members at will and the State can change the structure and activities of

the organization at any time. The entity's services primarily benefit the Vermont citizenry.

VEDA also administers the State Infrastructure Bank (SIB), the Drinking Water State Revolving Loan Fund – Private Loans, the Brownfields Revitalization Fund, Clean Energy Development Fund, and the Windham County Economic Development Fund. These five funds are administered for the benefit of the State and are consolidated and reported in VEDA's custodial fund. Audited financial statements and additional information may be obtained by contacting VEDA at 58 East State Street, Suite 5, Montpelier, Vermont 05602.

Vermont Housing and Conservation Board (VHCB) – The Legislature created and charged this organization with two goals: create affordable housing for Vermont residents; and conserve and protect Vermont's agricultural lands, historic properties, forestlands, important natural areas, and recreational lands. The VHCB's Board of Directors is appointed by the Governor of the State of Vermont and there is a material financial relationship. Funding for the organization is provided by the Legislature, comprised of 50% of the revenue from the property transfer tax, plus other monies appropriated from time to time. Audited financial statements and additional information may be obtained by contacting the VHCB at 58 East State Street, Suite 5 Montpelier, Vermont 05602.

Vermont Municipal Bond Bank (VMBB) – The Vermont Legislature established the VMBB (d/b/a Vermont Bond Bank) for the express purpose of fostering and promoting adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for the financing of public improvements or other public purposes. The Governor appoints the four directors and can remove members at will. VMBB is authorized, with written consent of the Governor and the State Treasurer, to carry out these charges by borrowing money or by issuing its own bonds and notes to obtain funds which are then utilized to purchase bonds and notes issued by local governmental entities. The State is obligated annually to appropriate any funds necessary to maintain required reserves of the bond bank. The VMBB has a December 31 (annual) year-end. Audited financial statements and additional information regarding VMBB may be obtained by contacting VMBB at 20 Winooski Falls Way, Winooski VT 05404.

VMBB also administers the Special Environmental Revolving Fund in accordance with 24 V.S.A. 4753(b). This fund was created by the Vermont Legislature for the purpose of fostering and promoting timely expenditures by municipalities for water supply, water pollution control, and solid waste management. The fund has a June 30 year-end and publishes its own audited financial statements. For financial reporting purposes, its financial statements have been consolidated with the State's Federal Revenue Fund financial statements in this ACFR. The Special Environmental Revolving Fund's audited financial statements may be obtained by contacting the Department of Environmental Conservation at Davis 3, 1 National Life Drive, Montpelier, VT 05602-3901.

Vermont Educational and Health Buildings Financing Agency (VEHBFA) – VEHBFA is a non-profit entity which finances or assists in the financing of projects for eligible Vermont educational institutions, health care related entities, and private libraries. The majority of the Board of VEHBFA is appointed by the Governor of the State. The Board may appoint officers, agents, consultants, and employees. Their compensation is subject to approval of the Governor. It has a December 31 (annual) year-end. Audited financial statements and additional information may be obtained by contacting VEHBFA at 20 Winooski Falls Way, Winooski VT 05404.

Vermont Veterans' Home – The Vermont Veterans' Home was originally chartered in 1884 by the Vermont Legislature and incorporated on November 24, 1884. A Board of Trustees appointed by the Governor oversees the operations of the Vermont Veterans' Home. The State can impose its will on the entity as directors serve at the pleasure of the Governor. The Vermont Veterans' Home is financially accountable to the State as the State provides all funding and controls the finances of the Home. Audited financial statements and additional information may be obtained by contacting them at 325 North Street, Bennington, Vermont 05201.

Vermont Transportation Authority (VTA) – The Vermont Legislature specifically authorized the creation of VTA pursuant to the acquisition, operation, and support of an authorized transportation facility as defined in 29 V.S.A. 701. All members of the authority are appointed by the Governor, and all resources revert to the State on termination of the authority. The VTA, currently inactive. Additional information may be obtained from the Agency of Transportation – Rail Division, National Life Building, Montpelier, Vermont 05633–5001.

Joint Ventures

A joint venture is a legal entity or other contractual arrangement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. The Tri-State Lotto Commission (31 V.S.A. 673) is classified as a joint venture. The financial activities of this organization have not been included in the State's financial statements; however, see Note V. E. for additional information regarding the organization.

Jointly governed Organizations

The following organizations are classified as jointly governed organizations because they represent units over which control is exercised jointly by the State along with various other governmental agencies. There is no specific ongoing financial benefit or burden for the State associated with these organizations, which distinguishes these arrangements from those classified as joint ventures. The financial activities of these organizations are not included in the State's financial statements.

Connecticut River Valley Flood Control Commission (10 V.S.A. 1153)

New England Board of Higher Education (16 V.S.A. 2692)

New England Interstate Water Pollution Control Commission (10 V.S.A. 1333)

Northeastern Forest Fire Protection Commission (10 V.S.A. 2503)

Related Organizations

Related organizations are separate legal entities for which the primary government appoints a voting majority of the board members but does not have either (a) the ability to impose its will on the organization or (b) a relationship of financial benefit or burden with the organization. The Vermont State Housing Authority (24 V.S.A. 4005) has been classified as a related organization, and thus their financial activity has not been included in the State's financial statements.

Excluded Organizations

The following entities have been determined not to be part of the reporting entity after applying the criteria of GASB Statement No. 14 "The Financial Reporting Entity", as amended by GASB Statements No. 61.

Vermont Sustainable Jobs Fund, Inc.

Vermont Information Technology Leaders (VITL)

Vermont Council on the Humanities

Vermont Council on the Arts

Vermont Historical Society

Vermont Public Power Supply Authority

Connecticut River Atlantic Salmon Commission (10 V.S.A. 4654)

Texas Low Level Radioactive Waste Disposal Compact (10 V.S.A. 7013)

These organizations have not been included in the reporting entity because they are legally separate entities, and the voting majority of their governing boards are not appointed by the State. They are not fiscally dependent on the State's primary government and exclusion from the reporting entity would not render Vermont's financial statements incomplete or misleading.

B. Basis of Presentation—Government-wide Financial Statements

The basic financial statements of the State of Vermont include both *government-wide statements* and *fund financial statements*. The focus of the government-wide statements is on reporting the operating results and financial position of the State as a whole and present a longer-term view of the State's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the State and present information on how operations were financed and what remains available for future spending.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements.

The State of Vermont's Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information on all of the financial activities of both the primary government and its component units, except fiduciary activity. Fiduciary fund activity has not been included in these entity-wide statements in accordance with the requirements of GASB Statement No. 34. For the most part, the effect of interfund activity has also been removed from these government-wide statements. However, Interfund services provided and used are not eliminated in the process of consolidation. Primary government activities are segregated between governmental activities and business-type activities. Governmental activities' sources of revenues are normally taxes and inter-governmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Further, the primary government is reported separately from its legally separate discretely presented component units.

The Statement of Activities demonstrates the degree to which direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Items not properly included among program revenues are reported instead as general revenues. Taxes and other resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

- (1) Net investment in capital assets— total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources.
- (2) Restricted – for amounts when constraints placed on the net position are either externally imposed or are imposed by constitutional provisions or enabling legislation.
- (3) Unrestricted – the total net position which do not fit the two preceding categories.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted assets first with unrestricted resources utilized as needed.

C. Basis of Presentation—Fund Financial Statements

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. A fund is defined as a separate accounting entity with a self-balancing set of accounts. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and discretely presented component units. Major governmental funds, major proprietary funds, and major component units are reported in individual columns in their respective fund financial statements. Non-major funds and component units are combined and reported in a single column. The single test for classifying a fund as either major or non-major consists of applying the following two steps:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, etc.) for all funds in that category or type (that is total governmental or total enterprise), **and**
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to the above major fund criteria, any other governmental or enterprise fund that government officials believe is particularly important to financial statement users (i.e., because of public interest or for consistency) may be reported as a major fund.

The financial activities of the State reported in the accompanying financial statements have been classified into the following governmental, proprietary, and fiduciary funds:

Governmental Funds

General Fund – The Vermont Legislature has established the General Fund as the basic operating fund of the State. As such, the General Fund is used to finance and to account for all expenditures for which no special revenues have otherwise been provided by law. All revenues received by the State and not otherwise required by law to be deposited in any other designated fund or used for any designated purpose are deposited in the General Fund. Unexpended and/or unencumbered appropriation balances will, unless otherwise directed by law, revert to fund balance at the end of the fiscal year to be re-appropriated in the future.

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects, and include the following:

Transportation Fund – This fund is a major special revenue fund. It is used primarily for preservation, maintenance, and improvements to the State's transportation infrastructure. This infrastructure includes highways, bridges, railroads, airports, public transportation, and other related activities. The fund is also used for construction of transportation capital facilities. The primary sources of revenue in this fund are motor fuel taxes, motor vehicle purchase and use tax, motor vehicle license and registration fees, traffic ticket revenue, other statutorily specified revenues, as well as reimbursements from the federal government for transportation projects.

Education Fund – This fund is a major special revenue fund. It was established by the Vermont Legislature to equalize statewide education funding requirements. Sources of funding and allowable expenditures are codified in 16 V.S.A. 4025. These allowable expenditures include payments to school districts and supervisory unions for the support of education, the costs of short-term borrowing, and statewide education tax income sensitivity adjustments. Funding includes the statewide education tax, allocations of other taxes, State lottery profits, Medicaid reimbursements, and appropriated transfers from the General Fund.

Special Fund – This fund is a major special revenue fund. It combines many individual special revenue funds that account for proceeds or specific revenues not categorized above that are limited to expenditures for specific purposes. These purposes cross the entire range of State government activities.

Federal Revenue Fund – This fund is a major special revenue fund. All federal grant receipts are recorded in this fund except for those federal funds specifically designated for human services as part of the global commitment to health Medicaid waiver, transportation or fish and wildlife purposes (which are recorded in the State's Global Commitment Fund, Transportation Fund or Fish and Wildlife Fund respectively).

Global Commitment (to Health) Fund – This fund is a major special revenue fund created in accordance with Section 16c of 33 V.S.A. 1901(e). It is the result of Vermont entering into a Medicaid demonstration waiver agreement with the Federal Government. This agreement caps Federal expenditures in Medicaid services but gives Vermont great latitude in promoting universal access to health care, cost containment, and effective administration. The State will be financially at risk for managing costs within the capped limits but stands to benefit from any savings realized from program efficiencies. As part of the agreement, the Agency of Human Services (AHS) has contracted with the Department of Vermont Health Access (DVHA), which serves as a publicly sponsored managed care organization, and adheres to all Federal managed care organization regulations.

In addition to the grant received from the Federal Government, General and Special Fund resources are used to fund payments from the Agency of Human Services to the DVHA for the purpose of providing services under the global commitment to health care waiver approved by the Federal Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act. These payments are reported as transfers out of the General and Special Funds and as transfers into the Global Commitment Fund. These funds will be expended as appropriated by the general assembly, authorized by the Director of the DVHA, and approved by the Commissioner of Finance and Management consistent with agreements between the DVHA and departments delivering eligible services under the waiver. These resources paid to the Global Commitment Fund are adjusted by the AHS each quarter to the actual expenditures paid.

Non-major governmental funds column includes the balances and activities of the following:

Fish and Wildlife Fund – This fund is a non-major special revenue fund. The fund's revenue is committed by statute and can only be utilized for fish and wildlife purposes. Principal sources of revenue include license fees and federal grants.

Capital Projects Funds – These funds, consisting of the General Obligation Bond Projects Fund and the Transportation Infrastructure Bond Projects Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These capital expenditures may be for the State directly or for outside organizations such as the Vermont State College System, municipalities, etc.

Debt Service Funds—These funds, consisting of the General Obligation Debt Service Fund and the Transportation Infrastructure Debt Service Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for bond principal and interest.

Permanent Funds – These are non-major governmental funds that report resources that are legally restricted to the extent that only earnings, not principal, may be expended for purposes that benefit the government or citizenry, such as higher education, cemetery care, and monument preservation.

Proprietary Funds

These funds account for those activities for which the intent of management is to recover the cost of providing goods or services to the general public or other departments of government primarily through user charges; or where prudent financial management dictates that periodic determinations of results of operations are appropriate. These funds include the following types:

Enterprise Funds – These nine funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The State's intent in these funds is to recover the costs including depreciation expense associated with providing the goods and services to the public primarily through user charges. Three of these enterprise funds, reporting the activities of the State's unemployment compensation

program, the Division of Liquor Control, and the State's lottery program, are reported as "major funds" while the remaining six are reported as non-major funds.

Unemployment Compensation Trust Fund – accounts for federal monies and unemployment taxes collected from employers to provide payment of benefits to the unemployed (21 V.S.A. Chapter 17).

Liquor Control Fund – accounts for the operations of the Division of Liquor Control which purchases, distributes, and sells distilled spirits through its agency stores (7 V.S.A. Chapter 5).

State Lottery Fund – accounts for the operations of the Vermont Lottery (31 V.S.A. Chapter 14). The net profits of the State Lottery Fund are used to support public education and are transferred monthly to the Education Fund.

Internal Service Funds – These twenty-four separate funds are used to account for the financing of goods and services provided by one State department to other State agencies, departments, or intergovernmental units. Their objective is not to make a profit but rather to recover the total cost of providing these goods and services by charging users of their services and products. Activities accounted for in the State's internal service funds include risk management; employee group insurance programs; equipment acquisition and maintenance; rental and maintenance of facilities; financial, human resource, audit, and information technology services; postage, copying and supply procurement services; and State vehicle fleet management. In the government-wide financial statements, Internal Service Funds are reported within the governmental activities.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These funds include the following:

Pension and Other Postemployment Benefit Trust Funds – These funds are used to report assets and associated financial activity that are held in trust for the members and beneficiaries of the Vermont State Retirement (defined benefit) System, the Vermont State Defined Contribution Retirement System, the State Teachers' Retirement (defined benefit) System, the Vermont Municipal Employees' (defined benefit) Retirement System, the Vermont Municipal Employees' Defined Contribution Plan, the State's Single Deposit Investment Account, the State Employees' Postemployment Benefit Trust Fund, the Retired Teachers' Health and Medical Benefit Fund and the Vermont Municipal Employees' Health Benefit Fund.

Private Purpose Trust Fund – The State's only fund in this category is the *Unclaimed Property Fund*, which accounts for all abandoned property that is required to be remitted to the State. The Unclaimed Property Division in the State Treasurer's Office administers procedures for returning this property to its rightful owner if they can be located. In addition to monetary assets, from time to time, the Unclaimed Property Division may have custody of tangible property that has not been valued and therefore is not reported in the financial statements.

Custodial Funds – These funds report fiduciary activities that are not required to be reported in another fiduciary fund type. This includes funds that are held for the benefit of individuals, organizations, or other governments that are not part of the State's reporting entity, such as local option taxes, fines, and fees collected on behalf of other governments, and child support collections for individuals

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Statewide education property taxes are recognized as revenues in the year for which the taxes are levied. This property tax is levied by the State on July 1, is included in the property tax bills levied by municipalities, and is collected by municipalities. The municipalities, by December 1 and June 1, must make payment to the State Treasurer in the amount specified by the Commissioner of Taxes.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The State uses a 60-day availability period for revenue recognition. Major revenue sources considered susceptible to accrual include federal grants, interest on investments, and sales and income taxes. Expenditures generally are recorded when a liability is due and payable, with the following exceptions:

- a. Employees' vested annual, personal, and compensatory leave time are recorded as expenditures when utilized. The amount of accumulated leave unpaid at the end of the fiscal year has been reported only in the accrual-basis financial statements and does not include any accruals for the State's share of any payroll taxes that will be due when the expenditures are actually paid. See the "Compensated Absences" section of this footnote for additional information.
- b. Interest on general long-term debt is recognized when due to be paid.
- c. Debt service expenditures and claims and judgments are recorded only when payment is due to be paid.

Proprietary Funds, Fiduciary Funds, and Discretely Presented Proprietary Fund Type Component Units – The financial statements presented for these types of funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are categorized as non-operating revenues and expenses.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash balances for most funds are deposited with the State Treasurer. Except for the Pension and Other Post Employment Benefit Funds, and bond proceeds in the Capital Projects Funds, cash balances deposited with the State Treasurer are pooled together and amounts that are not immediately required are invested in short-term investments.

Income earned by these short-term investments is allocated based on average daily balances to those funds authorized to receive it while any remaining earnings are deposited in the General Fund.

Cash and cash equivalents as reported in the financial statements include bank accounts, imprest cash, short-term investments with an original maturity of three months or less at the time of acquisition such as certificates of deposit, commercial paper, federal government agencies' discount notes, money market accounts, and repurchase agreements.

Investments

The investments are categorized at their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure fair value of the asset that prioritizes inputs into three levels: Level 1 - quoted prices for identical instruments in active markets; Level 2 - significant inputs that are observable; Level 3 - significant inputs that are unobservable.

Also, certain investments that are measured at net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. For additional information regarding types of investments and basis of valuation, see Note IV.B. - Investments.

Receivables

Receivables in the government-wide financial statements represent amounts due to the State at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and federal grants and are reported net of allowance for uncollectible accounts. See Note IV.C. - Receivables for further information. Receivables reported in the governmental funds financial statements consist primarily of accrued taxes, federal grants receivable, and notes receivable from drinking water and clean water special environmental loans. Other receivables include primarily fees, fines, opioid settlements, and drug expenditure reimbursements due to the Medicaid program from drug companies and third-party insurance companies. Lease receivables include land and buildings rentals. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes, and other receivables that will be collected by the State within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues. Federal receivables are amounts due from the federal government to reimburse the State's expenditures incurred pursuant to federally funded programs. Federal grant revenues are accrued when the qualifying expenditure is incurred. Notes and loans receivable in the General Fund consist primarily of loans to various non-profit organizations and a Vermont Economic Development Authority note held by the State. No allowances for uncollectible amounts have been recognized in these notes receivable. See Note V.C. - Contingent Liabilities for further information.

Inventories

Inventories of materials and supplies in governmental funds are recorded as expenditures when purchased. Inventories reported in the proprietary funds are valued at the lower of cost or market. Cost valuation methods used in the proprietary funds are weighted average method (enterprise funds - Liquor Control Fund and Vermont Life Magazine Fund, and internal service funds - Highway Garage Fund and Offender Work Programs Fund); specific identification method (enterprise funds - State Lottery Fund, Federal Surplus Property Fund, and internal service funds - Communication & Information Technology Fund, and State Surplus Property Fund); and first-in, first-out method (internal service fund - Postage Fund).

Prepaid Expenses

In the governmental funds, all purchases are recorded as expenditures when the invoice is entered for payment. In the proprietary and fiduciary funds, certain payments reflect costs applicable to future accounting periods and as such, are recorded as prepaid expenses. These prepaid items will be expensed as they are liquidated.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, art and historical treasures, intangible assets, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide Statements of Net Position, and in the fund financial statements for the proprietary and fiduciary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available (except for intangible right-to-use lease assets, the measurement of which is discussed in the

Leases section below). Donated assets are valued at the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Capital assets, except as stated below, have an individual cost of at least \$5,000, and provide a future economic benefit for a minimum of 2 years. This includes buildings that are not considered to be part of an infrastructure asset. All land and land use rights, regardless of cost, are capitalized and are not depreciated. Infrastructure assets are defined as long-lived economic resources that are normally stationary in nature, utilized primarily by the general public as opposed to State employees, cost at least \$250,000 and provide future economic benefit for a minimum of 3 years. Commercial Off-The-Shelf Software with a cost of at least \$50,000, internally generated software and websites with a cost of at least \$500,000, internally generated intellectual property with a cost of at least \$150,000, and a useful life of 2 or more years are capitalized.

Capital assets are depreciated over their useful lives using the straight-line mid-month depreciation method. Useful lives for buildings and building improvements are 5 to 50 years, machinery and equipment is 3 to 20 years, and infrastructure assets are 7 to 80 years. Additional disclosures related to capital assets and Intangible right-to-use lease assets acquired through leases are found in Notes IV. E. - Capital Assets, and IV. G. 3. - Leases, respectively.

When a capital asset is disposed of, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Repairs and maintenance are recorded as expenses. Significant replacements and improvements that increase the useful life, increases the asset's ability to provide service, or increases the effectiveness or efficiency of the asset are capitalized and deductions are made for retirements resulting from the replacements or improvements. Interest incurred on debt issued for construction of governmental activities capital assets is not capitalized.

The majority of the historic artifacts and collections that are maintained by the various State agencies and departments are not included in the capital asset reporting. The items not reported are protected and preserved, held for public exhibition and educational purposes and the proceeds from any sales of such items are used to acquire new items for the collection.

Leases

The State routinely engages in lease agreements to meet operational needs or serve the general public. The State's lease contracts generally relate to land, buildings, and various machinery and equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, the State recognizes periodic revenue or expense based on the provisions of the lease contract. For all other contracts where the State is the lessee, at the commencement of a lease, the State initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The intangible right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset. Intangible right-to-use lease assets are reported with capital assets, and lease liabilities are reported similar to long-term debt in the statement of net position. The State monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the intangible right-to-use lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

On a more limited basis, the State also serves as a lessor providing leases of state-owned land, buildings, and various machinery and equipment. At the commencement of a lease, the State initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods. The deferred inflow of resources is amortized

evenly and recognized as revenue over the life of the lease term. The State monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The State uses its estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. The State's incremental borrowing rate is based on the general obligation bonds' effective interest rate for a given year. Many lease contracts include increases to rent payments related to the consumer price index (CPI) or similar indices, and the available index increase is included in the present value at the commencement of the lease or upon remeasurement. Payments based on future performance are not included in the measurement of the lease liability or lease receivable but recognized as revenue or expense in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised. The State has established a minimum dollar threshold for lease reporting of \$5,000 per individual lease annually.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Primary Government has six items that qualify for reporting in this category, five of which are related to pensions and other postemployment benefits, the changes in proportional share, net differences between projected and actual earnings on plan investments, changes of assumptions, differences between expected and actual experience, contributions made subsequent to the measurement date, and the unamortized balance of losses on bond refunding, are all reported in the government-wide Statement of Net Position. A loss on a bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Changes in proportional share, changes of assumptions, and differences between expected and actual experience are capitalized and recognized over a period equal to the expected remaining service lives of all employees. Net differences between projected and actual earnings on plan investments is capitalized and recognized over a five-year period. Pension and other postemployment benefits contributions made subsequent to the measurement date will be recognized as a reduction of the net pension and other postemployment benefits liability after the next measurement date.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has two items that qualifies for reporting in this category in the governmental funds, which are unavailable revenue and deferred amounts related to lease receivables. Governmental funds report unavailable revenue in the balance sheet for revenue that is not available under the modified accrual basis. The amount is capitalized and recognized as revenue in the period that it becomes available. The Primary Government has six items that qualify for reporting in this category in the government-wide financial statements, three are related to pensions and other postemployment benefits. Net differences between projected and actual earnings on plan investments is capitalized and recognized over a five-year period. Changes in assumptions, and changes in proportional share related amounts are capitalized and recognized over a period equal to the expected remaining service lives of all employees. The fourth item is the unamortized balance of gains on bond refunding. A gain on a bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fifth item is property taxes collected in advance of levy date. The sixth item is the deferred amount related to lease receivables, which are amortized and recognized as revenue over the life of the lease term.

Additional disclosures related to deferred outflows and inflows of resources are included in Notes IV. F. - Deferred Outflows and Deferred Inflows and IV. G. 4. - Retirement Plans and Other Postemployment Benefits.

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed by the State to taxpayers because of overpayment of their income tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount reported as tax refunds payable at June 30, 2022 in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2022. The amount reported as tax refunds payable at June 30, 2022 in the government-wide financial statements is comprised of estimated tax liability overpayments for the first and second calendar quarters of year 2022's tax liability that will be paid out in calendar year 2023.

Arbitrage Rebate Obligations

In accordance with Section 148(f) of the U.S. Internal Revenue Code, the State must rebate to the U.S. Government the excess of interest earned from the investment of certain debt proceeds over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five-year anniversary of the respective debt issue. As of June 30, 2022, the primary government had no outstanding arbitrage rebate obligation. The arbitrage rebate liabilities reported by the discretely presented component units are included in "Other Long-term Liabilities" in the government-wide statement of net position.

Compensated Absences

Compensated absences' liabilities include amounts for accumulated unpaid vacation, compensatory time, and personal leave credits. Classified State employees accrue vacation leave based on the number of years employed up to a maximum rate of 24 days annually and may not accumulate more than a maximum of 45 days (360 hours) at any one time. This liability is expected to be liquidated in future periods as either salary payments or cash payments upon termination of employment. Compensatory time and personal leave time accumulate as earned by the employees but must be taken within the subsequent year or be forfeited.

Liabilities for compensated absences are recorded in the government-wide Statement of Activities where the employees are assigned, and in the funds, where applicable. The amounts are calculated based on an employee's pay rate in effect as of year-end. Additional information including changes in balances may be found in Note IV. G. 5. - Other Long-term Liabilities.

Employees earn sick leave credits based on the number of years employed with a maximum accrual rate of 21 days per fiscal year. Sick leave may only be liquidated if and when sickness or injury is incurred. Additionally, if employment is terminated, any sick leave that the individual may have accrued is forfeited without any payout; therefore, it is not an accruable liability to the State. There is no limit on the amount of sick leave an employee may accumulate.

Encumbrances

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated, and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end in the governmental funds are as follows:

(Table on next page.)

| <u>Governmental Funds</u> | <u>Encumbrances</u> |
|------------------------------|-----------------------|
| General Fund | \$ 36,997,625 |
| Transportation Fund | 1,529,926 |
| Education Fund | 250,000 |
| Special Fund | 48,201,655 |
| Federal Revenue Fund | 76,543,641 |
| Global Commitment Fund | 599,449 |
| Non-major Governmental Funds | 31,114,032 |
| Total | <u>\$ 195,236,328</u> |

Fund Balances

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54 - *Fund Balance Reporting and Government Fund Type Definitions*. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Vermont Legislature, the State's highest level of decision-making authority. This formal action is the passage of a law by the legislature specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.
- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. In the General Fund, amounts are assigned by the Agency of Administration under authorization by the Legislature in the annual Budget Adjustment Act.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When both restricted and unrestricted amounts are available for use, generally it is the State's policy to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the State's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed. Additional information may be found in Note IV. H. - Fund Balance/Net Position.

Bond Discounts, Premiums, and Issuance Costs

In the government-wide financial statements, bond discounts or premiums are capitalized and amortized over the term of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs other than prepaid insurance are reported as expenses.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issued are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

Interfund Transactions

Interfund Loans – Short-term loans between funds outstanding at year-end for such things as cash overdrafts are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements – Reimbursements result when one fund makes an expenditure for a second fund when that expenditure or expense is properly applicable to the second fund. Reimbursement transactions reduce expenditures in the reimbursed fund and increase expenditures/expenses in the reimbursing fund.

Interfund Services Provided and Used – These transactions occur between two government funds that would be accounted for as revenue and expenditures if they occurred between a government entity and a private sector entity.

Transfers – These transfers encompass all types of transfers and are primarily routine transfers of appropriation resources between funds. Transfers are not revenue, expenditures, or expenses, and are classified as “Other Financing Sources (Uses)” in the operating statements of the governmental funds and in a separate subsection before net income in the proprietary funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities that affect the disclosure of contingent assets and liabilities as of the date of the financial statements, and that affect the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

F. Accounting and Reporting Changes

Effective for fiscal year 2022 reporting, the State implemented the following new GASB standards:

GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. See Note V.G. for the cumulative effect of change in accounting principles.

GASB Statement No. 92, *Omnibus 2020*. The purpose of this Statement is to enhance the comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. This statement did not have an impact on the financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. This statement did not have an impact on the financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement looks to increase consistency and comparability related to the reporting of fiduciary component units that are established as Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan or other benefits of those plans. This statement did not have an impact on the financial statements.

GASB Statement No. 99, *Omnibus 2022*. The purpose of this Statement is to enhance the comparability in accounting and financial reporting and improve the consistency of authoritative literature by focusing on practice issues that have been identified during the implementation of various GASB Statements. This statement did not have an impact on the financial statements. GASB Statement No. 99 issued in April 2022 had multiple effective dates for the statements various requirements. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance, and were adopted by the State for fiscal year 2022 reporting. This statement did not have an impact on the financial statements.

Note II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund financial statements each include a schedule that reconciles the fund balance and net changes in fund balance in the fund financial statements to the net position and changes in net position in the government-wide financial statements. Differences between the two occur because the current financial resources measurement focus and modified accrual basis of accounting that is used in governmental funds must be converted to the economic resources measurement focus and accrual basis of accounting that is used in government-wide reporting. In addition, differences will occur because balances and transactions associated with interfund activity must be eliminated in the process of preparing the government-wide financial statements, including consolidation of internal service fund data into the governmental activities in the government-wide financial statements.

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that “capital assets used in governmental activities (net of internal service funds’ capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds.” The details of this are as follows:

| | |
|--|-------------------------|
| Land | \$ 170,296,217 |
| Works of art | 127,803 |
| Construction in progress | 758,759,477 |
| Depreciable capital assets and infrastructure, net of \$2,200,568,091 of accumulated depreciation | <u>2,351,024,288</u> |
| Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ 3,280,207,785</u> |

Another element of that reconciliation explains that “amounts are presented in the Statement of Net Position but are not presented in fund balances due to a different basis of accounting.” The details of this are as follows:

| | |
|--|-------------------------|
| Long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds | \$ 311,055,985 |
| Deferred outflow for unamortized loss on sale of refunding bonds | 2,641,926 |
| Deferred inflow for unamortized gain on sale of refunding bonds | (53,930) |
| Deferred outflow for pension related items | 1,008,294,312 |
| Deferred inflow for pension related items | (488,023,582) |
| Deferred outflow for OPEB related items | 447,986,343 |
| Deferred inflow for OPEB related items | <u>(238,904,569)</u> |
| Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ 1,042,996,485</u> |

The final element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore, are not reported in the funds.” The details of this are as follows:

| | |
|--|---------------------------|
| Bonded debt | \$ (628,865,865) |
| Lease liability (net of internal service funds' liability) | (416,923) |
| Accrued interest payable on bonds | (8,775,095) |
| Compensated absences (net of internal service funds' liability) | (43,075,057) |
| Tax refunds payable | (95,255,489) |
| Net pension liabilities | (2,506,523,421) |
| Net other postemployment benefits liabilities | (2,734,591,594) |
| Other long-term liabilities | <u>(17,740,436)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ (6,035,243,880)</u> |

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period, net of internal service funds.” The details of this difference are as follows:

| | |
|--|----------------------|
| Capital outlay/functional expenditures | \$ 487,333,633 |
| Expensed net book value of disposed assets | (191,679,786) |
| Depreciation expense | <u>(200,280,699)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 95,373,148</u> |

A second element of the reconciliation states that repayment of bond and lease principal is reported as an expenditure in governmental funds. However, in the government wide statements, repayment of bond and lease principal reduces long-term liabilities. The details of this difference are as follows:

| | |
|--|----------------------|
| Bond principal repayment | \$ 72,420,000 |
| Lease principal repayment (net of internal service funds' liability) | <u>228,716</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 72,648,716</u> |

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The details of this difference are as follows:

| | |
|--|---------------------|
| Leases issued increases liabilities in the statement of net position (net of internal service funds' liability) | \$ (645,639) |
| Bond premium is amortized to interest expense in the statement of activities | 10,205,512 |
| Refunding bonds deferred amounts are amortized to interest expense in the statement of activities | <u>(665,838)</u> |
| Net adjustment to decrease <i>changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 8,894,035</u> |

The final element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

| | |
|--|-----------------------|
| Increase in accrued interest payable | \$ (528,536) |
| Increase in compensated absences | (2,644,376) |
| Decrease in employer pension and other postemployment benefit related costs | 139,197,298 |
| Increase in pollution remediation related costs | <u>(154,583)</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 135,869,803</u> |

Note III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Vermont statutes require the head of every State department, board and commission, and any officer or individual responsible for any activity for which funds are appropriated by the Vermont Legislature to provide, on or before September 1 preceding any biennium, statements to the Commissioner of Finance and Management showing in detail the amounts appropriated and expended for both the current and preceding fiscal years and the amount estimated to be necessary for similar activity for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received along with any other estimates for the ensuing two fiscal years. The Governor then submits to the Vermont Legislature, no later than the third Tuesday of every annual session, a budget that embodies estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the State treasury for at least the succeeding fiscal year. The Vermont Legislature then enacts into law an appropriations act that must be approved by the Governor before expenditures can be made. In recent years, in accordance with Act 250 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the Vermont Legislature to enact appropriations on an annual basis.

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed \$50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts, including federal receipts, exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature.

B. Deficit Fund Balances/Net Position

The following funds had a deficit net position at June 30, 2022:

Governmental Funds

Non-major Governmental Funds:

| | | |
|--|----|-------------|
| General Obligation Bond Projects Fund..... | \$ | (6,785,874) |
|--|----|-------------|

Proprietary Funds

Major Enterprise Funds:

| | |
|--------------------------|-------------|
| Liquor Control Fund..... | (8,418,921) |
|--------------------------|-------------|

| | |
|-------------------------|-------------|
| State Lottery Fund..... | (2,954,164) |
|-------------------------|-------------|

Non-major Enterprise Funds:

| | |
|------------------------------------|-----------|
| Federal Surplus Property Fund..... | (180,935) |
|------------------------------------|-----------|

Internal Service Funds:

| | |
|------------------|-------------|
| Copy Center..... | (1,221,291) |
|------------------|-------------|

| | |
|--------------|-------------|
| Postage..... | (3,330,110) |
|--------------|-------------|

| | |
|--------------------------|--------------|
| Property Management..... | (11,061,399) |
|--------------------------|--------------|

| | |
|----------------------------|-------------|
| Workers' Compensation..... | (4,514,502) |
|----------------------------|-------------|

| | |
|----------------------|-----------|
| Human Resources..... | (476,682) |
|----------------------|-----------|

Non-Major Governmental Funds

The deficit in the General Obligation Bonds Project Fund is attributed to capital spending in anticipation of a general obligation bond offering in a subsequent fiscal year.

Major Enterprise Funds

The deficit in the Liquor Control Fund is due to the accrual of the Fund's Proportionate Share of the Net Pension and Net OPEB Liabilities. This deficit will be funded over time by the Pension and OPEB actuarially determined

contributions which includes payments for the amortization of the unfunded actuarial accrued liability.

The deficit in the State Lottery Fund is due to the accrual of the Fund's Proportionate Share of the Net Pension and Net OPEB Liabilities. This deficit will be funded over time by the Pension and OPEB actuarially determined contributions which includes payments for the amortization of the unfunded actuarial accrued liability.

Non-major Enterprise Funds

The deficit in the Federal Surplus Property Fund is due mainly to the lack of inventory for sale from the federal government that could in turn be retrieved for sale by the State. Program management will continue to pursue increasing revenue by actively retrieving goods for sale as well as to encourage increased participation by Towns and eligible organizations. At the start of fiscal year 2021, the program model shifted to an administrative service fee-based participation via the State Surplus Property program which will allow for more consistent and predictable expenses year to year.

Internal Service Funds

The Copy Center Fund deficit net position is the result of a long-term decline in usage, driven by digital replacements of printed materials, limiting the program's revenue potential without a corresponding reduction in fixed costs. To eliminate the deficit, program management may implement rate increases, while continuing to aggressively pursue additional opportunities including synergistic partnership with the postal services program. Fiscal year 2022 is reporting a loss mostly due to the decline in demand, supply chain/input pressures.

The Postage Fund deficit is due to years of the marginal rate (% points saved off federal postage rates) proving insufficient to cover the actual operating costs despite management-initiated efficiencies. In addition, unbilled services (bomb screening and inter-office mail) have not been fully funded. Program management will attempt to address the fund deficit through improved business operations, while continuing to explore efficiencies gained through a partnership and co-location with the copy center.

The Property Management Fund deficit had a significant reduction in its deficit net position in fiscal year 2022 due to a \$10 million transfer in from the General fund to offset prior year deficits from incurred program costs without sufficient revenue recovery. In addition, the restatement of the beginning net position related to the implementation of GASB No. 87, a new accounting standard for leases, resulted in a reduction of \$1.95 million in the deficit net position. The remaining deficit is due to the following cost recovery assumptions which will be mitigated going forward. First, there are two buildings that have been financed over a twenty-year period with recovery of costs scheduled over fifty years. This part of the deficit should be eliminated gradually over the next twenty to thirty years. Second, the administration has added a surcharge to existing leases and the level of surcharge will be monitored during budgeting each year to ensure recovery of operating costs. Program management will continue to monitor for subsidized leases and track all expenses for revenue recovery.

The Workers' Compensation Fund deficit momentum has slowed relative to the prior two years now that revenues are back to a break-even model. Due to an excess fund surplus in fiscal year 2017, discounted premiums were charged to customers between fiscal year 2018 and fiscal year 2020. The fund balance was further reduced by larger than expected Incurred But Not Reported (IBNR) ultimate loss calculations provided by an independent actuary consultant in both fiscal year 2018 and fiscal year 2019. Program management has removed the premium discount and returned rate to a break-even level for fiscal year 2021 and 2022. Program management will work closely with State administration to identify additional workplace safety and other risk mitigation opportunities. A reserve fulfillment surcharge or additional capitalization may need to be applied if programmatic savings cannot otherwise be realized.

The Human Resources Services fund has carried a deficit since fiscal year 2020 as estimated revenues, via a one-time statewide allocation, proved insufficient to cover operating expenses. Expenses not covered by revenue in fiscal year 2020 include depreciation for the upgraded talent and acquisition management system (TAMS). Program management will continue to review the rate setting process to ensure that all anticipated expenses are considered while also considering opportunities for efficiencies and leveraging special funds where appropriate.

NOTE IV. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Cash Equivalents

Deposits for the primary government are governed by State statutes. When depositing public monies, the State Treasurer must act in accordance with 32 V.S.A. Chapter 431. Although the statute provides requirements for the collateralization of deposits, it does not establish limits. These limits are set by published formal guidelines issued by the State Treasurer.

The custodial credit risk for deposits is the risk that in the event of a depository financial institution failure, the government will not be able to recover funds deposited in the failed institution or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by the Federal Deposit Insurance Corporation (FDIC) insurance and are uncollateralized; or collateralized with securities held by the pledging financial institution's trust department or agent, that are not registered in the depositor – government's name. Although State statute does not require deposits to be collateralized, the Treasurer requires the State's cash deposits held in its primary bank to be collateralized with either United States Treasury securities or Vermont municipal securities or other approved money market instruments, or other collateral acceptable to the Treasurer. Certificates of deposit are collateralized, in whole or in part, on the basis of agreements with the bank, a protocol requiring periodic due diligence and review of bank capitalization and assets. Bank deposits in excess of the FDIC amounts and collateral agreements are uninsured and uncollateralized. Bank balances of deposits for the primary government, excluding pension, and other post-employment benefits funds, at June 30, 2022, were \$1,456,205,243. Of these, \$23,192,970 were exposed to custodial credit risk as uninsured or collateralized with securities held in the name of pledging financial institutions.

The Unemployment Compensation Trust Fund had \$287,989,058 on deposit with the U.S. Treasury at June 30, 2022. This amount is presented as cash and cash equivalents and is not included in the carrying amount of deposits, nor is it categorized according to risk, because it is neither a deposit with a financial institution nor an investment.

The pension, other postemployment benefits, and investment trust funds' cash deposits, outside of the pension trust funds' custodian bank at June 30, 2022, totaled \$49,609,222 none of which was exposed to custodial credit risk.

B. Investments

Primary Government—Excluding All Pension, and Other Postemployment Benefits Trust Funds

Investments for the primary government are governed by State statutes. The State has an investment policy with an overriding goal of minimizing exposure to risk and maintaining liquidity necessary for future cash needs while maximizing the return on investments. Two sections of State statute govern the investment of the State's operating and restricted cash (i.e., non-pension funds).

When investing public monies, the State Treasurer must act in accordance with 32 V.S.A. 433. Types of investments allowed include obligations of the United States, its agencies, and instrumentalities, and any repurchase agreements whose underlying collateral consists of such obligations or other approved money market instruments; certificates of deposit issued by banks and savings and loan associations approved by the State Treasurer; prime bankers' acceptances; prime commercial paper; tax exempt securities; and domestic money

market funds. Also, the State Treasurer's Office issues additional formal guidance that is reviewed periodically, to assure that the three investment objectives -- safety, liquidity, and yield -- are met.

The statutory guidelines for certain trust funds are contained in 32 V.S.A. 434, referred collectively as the Trust Investment Account. These include the Tobacco Trust Fund, the Higher Education Trust Fund, the Agency of Natural Resources Stewardship Fund, two Veterans' Home trusts, the Fish and Wildlife Trust, Vermont State Retirement OPEB Fund, Retired Teachers' Health and Medical Benefit Fund, and various small trusts.

The State Treasurer may invest funds in accordance with the standard of care established by the prudent investor rule and apply the same investment objectives and policies adopted by the Vermont State Employees' Retirement System, where appropriate, to the investment of funds in the Trust Investment Account.

Investments are stated at fair value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at fair value when published market prices and quotations are available, or for certain securities at amortized cost. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable.

(a) Fair Value Measurements

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The fair value measurement at June 30, 2022 for the primary government, with the exception of the Pension and OPEB trust funds is as follows:

**Primary Government Investments - Excluding
Pension and Other Postemployment Benefits Trust Funds**
(Expressed in Thousands)

| <u>Investments by fair value level</u> | <u>Fair Value Measurement Level</u> | | | |
|--|-------------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Debt investments: | | | | |
| US Treasuries..... | \$ 134,559 | \$ 134,559 | \$ - | \$ - |
| Total debt investments..... | <u>134,559</u> | <u>134,559</u> | <u>-</u> | <u>-</u> |
| Equities: | | | | |
| Equity Securities..... | 4,214 | 4,214 | - | - |
| Total equity securities..... | <u>4,214</u> | <u>4,214</u> | <u>-</u> | <u>-</u> |
| Total investments by fair value level..... | <u>138,773</u> | <u>\$ 138,773</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | |
| <u>Investments measured by net asset value (NAV)</u> | | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
| Money Market Mutual Funds..... | 1,208,841 | - | Daily | - |
| Fixed Income Mutual Funds..... | 23,781 | - | Daily, monthly | 1-30 days |
| Equity Mutual Funds..... | <u>21,979</u> | - | Daily, monthly | 1-60 days |
| Total investments by NAV..... | <u>1,254,601</u> | | | |
| Total investments..... | <u>\$ 1,393,374</u> | | | |

\$1,208,841 (in thousands) of the above money market mutual funds are classified as cash & cash equivalents on the financial statements.

(b) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The primary government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates for investments, other than pension and investment trust funds' investments. The primary government's investments, other than pension and investment trust funds' investments, at June 30, 2022 are presented as follows:

**Primary Government Investments - Excluding
Pension and Other Postemployment Benefits Trust Funds**
(Expressed in Thousands)

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (in years)</u> | | | |
|---|---------------------|---|-----------------------|----------------|---------------------|
| | | <u>Less Than 1</u> | <u>1 to <6</u> | <u>6 to 10</u> | <u>More Than 10</u> |
| Debt Investments: | | | | | |
| US Treasuries..... | \$ 134,559 | \$ 134,185 | \$ 186 | \$ 159 | \$ 29 |
| Money Market Mutual Funds..... | 1,208,841 | 1,208,841 | - | - | - |
| Fixed Income Mutual Funds..... | <u>23,781</u> | <u>23,781</u> | - | - | - |
| Total Debt Investments..... | <u>1,367,181</u> | <u>\$ 1,366,807</u> | <u>\$ 186</u> | <u>\$ 159</u> | <u>\$ 29</u> |
| Other Investments: | | | | | |
| Equity Securities..... | 4,214 | | | | |
| Equity Mutual Funds..... | <u>21,979</u> | | | | |
| Total Investments..... | <u>\$ 1,393,374</u> | | | | |
| Investments per maturity schedule..... | | \$ | 1,393,374 | | |
| Included in cash & cash equivalents: | | | | | |
| Money market mutual fund..... | | | <u>(1,208,841)</u> | | |
| Financial statement investments total..... | | \$ | <u>184,533</u> | | |

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the monetary magnitude of the State's investment in a single issuer. While State statute does not establish ceilings, formal investment guidelines for operating funds limit the amount invested to 10% in any one issuer of commercial paper, corporate securities, or bankers' acceptances. There are no limitations for U.S. Government and Federal Agencies. Money market funds utilized by the State Treasurer's Office are highly rated and incorporate the requisite diversification. As of June 30, 2022, no single issuer exceeded 5% for the primary government portfolios.

(d) Custodial Credit Risk

For investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The State has no formal policy on custodial credit risk but maintains contractual relationships with custodian banks that provide coverage and define the procedures. As of June 30, 2022, all securities were registered in the name of the State at its custodian bank. Investments in open-end mutual funds are not exposed to custodial risk because their existence is not evidenced by specific securities.

(e) Credit Risk

Credit risk is the possibility that the issuer or other counterparty to an investment may default on their obligations. In non-pension funds this risk has been mitigated by implementing statutory guidelines on credit quality and further restricted by formal investment guidelines and the use of low-risk money market instruments. The credit risk associated with the State's debt securities, money market funds, bond mutual funds, and other pools of fixed income securities, exclusive of U.S. Treasury investments of \$134,559 (in thousands), and pension fund investments are as follows: as of June 30, 2022, is presented as follows using the Moody's rating scale:

Primary Government Rated Debt Instruments
Excluding Pension and Other Postemployment Benefits Trust Funds
(Expressed in Thousands)

| <u>Debt Investments</u> | <u>Fair Value</u> | <u>Quality Ratings</u> | |
|--------------------------------|---------------------|------------------------|------------------|
| | | <u>Aaa</u> | <u>Unrated</u> |
| Money Market Mutual Funds..... | \$ 1,208,841 | \$ 1,208,841 | \$ - |
| Fixed Income Mutual Funds..... | <u>23,781</u> | <u>-</u> | <u>23,781</u> |
| Totals..... | <u>\$ 1,232,622</u> | <u>\$ 1,208,841</u> | <u>\$ 23,781</u> |

Currency Risk

Foreign currency risk is the extent to which changes in exchange rates affect the value of an investment. Vermont's operating funds are restricted, through statute and formal guidelines, to specific money market instruments and money market funds who only invest in domestic instruments. In the Trust Investment Account portfolio, total exposure to foreign currency risk as of June 30, 2022, was \$0.

Primary Government—Pension, and Other Postemployment Benefits Trust Funds

The State has three defined benefit plans (Vermont State Retirement System (VSRS), State Teachers Retirement System (STRS), and Vermont Municipal Employees' Retirement System (MERS)); three defined contribution plans (VSRS, MERS, and Single Deposit Investment Account); and three other postemployment benefit funds. Additional information on these plan benefit and actuarial valuations may be found in Note IV.G.4. - Pension and Other Postemployment Benefits.

By statute, the assets of the three defined benefit plans are invested on behalf of each plan's Trustees through the Vermont Pension Investment Commission (VPIC), which was established by the Vermont Legislature (Title 3 V.S.A. Chapter 17), effective July 1, 2005, to combine the assets of the VSRS, STRS and MERS defined benefit plans for the purpose of (i) investment in a manner that is more cost and resource-efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial, accounting, and asset allocation integrity of the Retirement Systems. The majority of these assets have been pooled for investment purposes.

All three defined benefit plans managed by the State have adopted a common asset allocation as determined by the VPIC. As of October 29, 2009, the VPIC adopted a set of investment policies and guidelines common to all three defined benefit plans, most recently amended on June 25, 2020. These are used by VPIC with the objective of maximizing returns within acceptable risk parameters.

The State's Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan, is invested in a commingled stable value fund. The investment policy governing the SDIA portfolios includes a minimum average credit quality of double-A, no bonds rated below investment grade, and limitations on asset-backed, mortgage-backed, collateralized mortgage obligations, corporate bonds, and single issuers of non-treasury/government agency backed bonds.

The Vermont State Retirement's defined contribution plan's trustee is the State Treasurer. The Vermont Municipal Employees' Retirement System Board of Trustees is the trustee for the Vermont Municipal Employees' defined contribution plan. Both plans are administered by Prudential Financial, Inc. Investment choices are made by participants from a fund specific lineup approved by the trustees' for the plans. Investment options are actively managed and indexed mutual funds including large and small market capitalization equities, international equities,

fixed income securities, balanced funds, target retirement date age-based funds, and a stable value fund. Funds included in the plans were selected based on consideration of fund performance for one and multi-year periods, performance ranked against peer group funds in asset class, management fee expense ratios, fund asset class and investment objectives, historical annual returns, Morningstar ratings, performance in various stages of the capital market cycle, and consultant recommendations as to the optimal number of funds and appropriate asset classes. Prudential provides quarterly investment reports and analysis that are reviewed by Treasury staff, the State Treasurer and Vermont Municipal Employees' Retirement Board.

The State has two other postemployment benefit funds, the Vermont State Postemployment Benefits Trust Fund (State OPEB), the Retired Teachers' Health and Medical Benefit Fund (RTHMB). Additionally, the State has an employer-sponsored health benefit savings plan available to MERS members, the Vermont Municipal Employees Health Benefit Fund (Muni Health). The State OPEB is invested in the Trust Investment Account utilized as an investment vehicle by many of the State's primary funds. The RTHMB has no investments. The Muni Health is invested under the authority of the Municipal Retirement Board of Trustees and utilizes an outside administrator, Prudential, and is invested in American Funds.

Investments are stated at fair value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at fair value when published market prices and quotations are available, or for certain securities at amortized cost. Real estate is carried at the net asset value of each retirement system's real estate fund investments, which net asset value is further based on the fair market value of the real properties. Properties' fair market values in each of the retirement systems' fund investments are established quarterly by real estate fund manager appraisals and are validated at least yearly by third-party property appraisals. Nonmarketable securities include alternative investments such as private equity, private credit, and private partnerships, which are valued using current estimates of fair value obtained from the Investment Manager (Manager) in the absence of readily determinable public market values. Such valuations generally consider variables such as the high, medium, and low values for portfolio investments; the investments' exit timetables, and the status of any proceedings leading to a liquidity event; the financial performance of investments, including comparison of comparable companies' earnings multiples; cash flow analysis; and recent sales prices of investments. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable. Real estate and private partnerships include investments in limited partnerships that invest in private equity, private credit, and real estate. These investments can never be redeemed with the funds. Instead, fund distributions are generated by operation and liquidation of the underlying assets. The Office expects such distributions to accelerate over the lives of these funds and to be initiated at the general partners' discretion. As of June 30, 2022, it is the Office's expectation that all of the investments will be sold over the next 15 years at amounts that differ from the NAV.

(a) Fair Value Measurements

The Pension and OPEB Trust Funds categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset that prioritizes inputs into three levels. The level is determined based on the lowest level of input significant to the measurement in its entirety.

- Level 1: Securities traded in an active market, on an exchange that have quoted unadjusted prices such as Exchange-traded equities, and exchange-traded derivatives.
- Level 2: Inputs other than quoted prices that are observable. These inputs are derived from market data through correlation or by other means, e.g., "market corroborated". These are primarily fixed income prices using an evaluated price provided by an independent pricing vendor or broker/dealer.
- Level 3: Inputs to the valuation methodology that are unobservable and significant to the fair value measurement. Instruments are often based on internally developed models in which there are few, if any, external observation.

Below is the fair value measurement table at June 30, 2022, for the Pension and OPEB trust funds.

(Table on next page.)

Pension and Other Postemployment Benefits
Trust Funds' Investments
(Expressed in Thousands)

| <u>Investments by fair value level</u> | <u>Fair Value</u> | <u>Fair Value Measurement Level</u> | | |
|---|---------------------------|-------------------------------------|---------------------------------------|-----------------------------|
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Debt securities: | | | | |
| US Treasuries..... | \$ 152,410 | \$ - | \$ 152,410 | \$ - |
| Corporate Debt..... | 88,693 | - | 88,693 | - |
| Municipals..... | 3,536 | - | 3,536 | - |
| Asset Backed Securities..... | 1,732 | - | 1,732 | - |
| Mortgage Backed Securities..... | 60,923 | - | 60,923 | - |
| Sovereign Debt..... | 1,479 | - | 1,479 | - |
| Repurchase Agreement..... | 7,000 | - | 7,000 | - |
| Total debt securities..... | <u>315,773</u> | <u>-</u> | <u>315,773</u> | <u>-</u> |
| Equity investments: | | | | |
| Stock Securities..... | 499,760 | 492,440 | 7,320 | - |
| Total equity securities..... | <u>499,760</u> | <u>492,440</u> | <u>7,320</u> | <u>-</u> |
| Total investments by fair value level..... | <u>815,533</u> | <u>\$ 492,440</u> | <u>\$ 323,093</u> | <u>\$ -</u> |
| <u>Investments measured at the net asset value (NAV)</u> | | | | |
| | | <u>Unfunded</u> | <u>Redemption</u> | <u>Redemption</u> |
| | | <u>Commitments</u> | <u>Frequency</u> | <u>Notice Period</u> |
| | | | <u>(if currently eligible)</u> | |
| Commingled Fixed Income Mutual Funds..... | 1,328,366 | - | Daily, monthly | 1-30 days |
| Commingled Equity Mutual Funds..... | 511,224 | - | Daily, monthly | 1-60 days |
| Mutual Funds..... | 2,004,044 | - | Monthly, quarterly | 90 days |
| Money Market Mutual Fund..... | 17,680 | - | Daily | - |
| Private Partnerships..... | <u>1,029,532</u> | 892,954 | N/A | N/A |
| Total investments measured at NAV..... | <u>4,890,846</u> | | | |
| Total investments..... | <u>\$5,706,379</u> | | | |
| Investments per maturity schedule..... \$5,706,379 | | | | |
| Included in cash & cash equivalents: | | | | |
| Money market mutual funds..... | (17,680) | | | |
| Repurchase agreements..... | <u>(7,000)</u> | | | |
| Financial statement investments total..... | <u>\$5,681,699</u> | | | |

(b) Interest Rate Risk

As pension trust funds have a different investment term horizon based on a long average liability term, the VPIC manages exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities with Core, Core Plus and Global Fixed Income Managers, requiring that the duration be within a specified percentage of the duration band of the appropriate benchmark index. The Core Plus portfolio

restriction is +/- 40% around the passive benchmark duration. The calculation of the duration of mortgage backed securities involves assumptions as to the expected future prepayment rate for the security. The Managers are required to calculate duration at the time of initial purchase and on a routine basis to maintain compliance with these guidelines. Fixed income Managers are required to report portfolio characteristics quarterly inclusive of portfolio duration as a measure of portfolio interest rate sensitivity.

Pension and Other Postemployment Benefits

Trust Funds' Investments

(Expressed in Thousands)

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 1</u> | <u>1 to <6</u> | <u>6 to 10</u> | <u>More Than 10</u> |
|---------------------------------|---------------------|---------------------|-------------------|------------------|---------------------|
| Debt Investments: | | | | | |
| US Treasuries..... | \$ 152,410 | \$ 36,761 | \$ 59,757 | \$ 37,802 | \$ 18,090 |
| Corporate Debt..... | 88,693 | 1,638 | 41,564 | 34,403 | 11,088 |
| Money Market Mutual Fund..... | 17,680 | 17,680 | - | - | - |
| Municipals..... | 3,536 | 589 | 385 | 398 | 2,164 |
| Asset Backed Securities..... | 1,732 | - | - | 752 | 980 |
| Mortgage Backed Securities..... | 60,923 | - | 71 | 25 | 60,827 |
| Sovereign Debt..... | 1,479 | - | - | 546 | 933 |
| Repurchase Agreement..... | 7,000 | 7,000 | - | - | - |
| Fixed Income Mutual Funds..... | <u>1,328,366</u> | <u>1,328,366</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Debt Investments..... | <u>1,661,819</u> | <u>\$ 1,392,034</u> | <u>\$ 101,777</u> | <u>\$ 73,926</u> | <u>\$ 94,082</u> |
| Other Investments: | | | | | |
| Equity Mutual Funds..... | 511,224 | | | | |
| Equity Securities..... | 499,760 | | | | |
| Mutual Funds..... | 2,004,044 | | | | |
| Private Partnerships..... | <u>1,029,532</u> | | | | |
| Total..... | <u>\$ 5,706,379</u> | | | | |

(c) Concentration of Credit Risk

Formal guidelines for pension funds state that no more than 5% of the fair value of a portfolio's domestic fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies. As of June 30, 2022, no issuer exceeded 5%.

(d) Custodial Credit Risk

Custodial credit risk for investments is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The VPIC manages exposure to custodial credit risk by requiring all relevant Managers to hold investments in separate accounts with VPIC's custodian. VPIC guidelines specify the custodial requirements for these accounts and the duties of the Managers and the custodian. As of June 30, 2022, all securities were registered in the name of the State at its custodian bank. Investments in pools, open-end mutual funds, and other investments not evidenced by specific securities are not categorized.

(e) Credit Risk

Detailed pension guidelines by asset class and supplemental requirements by Manager are used to set risk parameters and are stated in written contracts. These guidelines are reviewed and adopted by VPIC. Treasury staff and independent investment consultants are utilized to assure compliance. The credit risks associated with

these securities, exclusive of U.S. Treasury investments of \$152,410 (in thousands) are as follows:

Pension and Other Postemployment Benefits
Trust Funds' Investments
(Expressed in Thousands)

| <u>Debt Investments</u> | Fair Value | Quality Ratings | | |
|---------------------------------|---------------------|------------------|-----------------|------------------|
| | | Aaa | Aa | A |
| Corporate Debt..... | \$ 88,693 | \$ - | \$ 1,620 | \$ 30,773 |
| Money Market Mutual Funds..... | 17,680 | 17,677 | - | - |
| Municipals..... | 3,536 | - | 1,871 | 691 |
| Asset Backed Securities..... | 1,732 | - | - | 952 |
| Mortgage Backed Securities..... | 60,923 | 2,962 | 450 | - |
| Sovereign Debt..... | 1,479 | - | 258 | 351 |
| Repurchase Agreement..... | 7,000 | - | - | - |
| Fixed Income Mutual Funds..... | 1,328,366 | - | - | - |
| Totals..... | <u>\$ 1,509,409</u> | <u>\$ 20,639</u> | <u>\$ 4,199</u> | <u>\$ 32,767</u> |

| <u>Debt Investments</u> | Quality Ratings | | | |
|---------------------------------|------------------|---------------|----------------|---------------------|
| | Baa | Ba | B and below | Unrated |
| Corporate Debt..... | \$ 55,165 | \$ 625 | \$ - | \$ 510 |
| Money Market Mutual Funds..... | - | - | - | 3 |
| Municipals..... | - | - | - | 974 |
| Asset Backed Securities..... | 415 | - | - | 365 |
| Mortgage Backed Securities..... | - | - | - | 57,511 |
| Sovereign Debt..... | 870 | - | - | - |
| Repurchase Agreement..... | - | - | - | 7,000 |
| Fixed Income Mutual Funds..... | - | - | - | 1,328,366 |
| Totals..... | <u>\$ 56,450</u> | <u>\$ 625</u> | <u>\$ -</u> | <u>\$ 1,394,729</u> |

(f) Foreign Currency Risk

Unless VPIC stipulates specific exceptions to the guidelines, the non-US dollar denominated debt of non-US issuers are limited to 15% of the Core Plus portfolio and no more than 5% of the portfolio may be invested in non-US currencies. In the case of equities, the Manager is afforded flexibility in the number of issues held and their geographic or industry distribution, provided that equity holdings are within the lesser of established percentage ranges in relation to single holding limitations and a stock's weighting in the style benchmark against which the Manager is measured. Most foreign currency exposure is in the pension and investment trust funds' portfolios. The value in US dollars by foreign currency denomination and type of investment is as follows:

Trust Funds' Investments
Foreign Currency Risk - International Securities at Fair Value
(Expressed in Thousands)

| <u>Currency</u> | <u>Total</u> | <u>Short Term</u> | <u>Equity</u> |
|---------------------------|-------------------|-------------------|-------------------|
| Australian Dollar..... | \$ 17,109 | \$ 58 | \$ 17,051 |
| Canadian Dollar..... | 11,628 | 15 | 11,613 |
| Danish Krone..... | 14,536 | - | 14,536 |
| Euro..... | 88,337 | (3) | 88,340 |
| Hong Kong Dollar..... | 10,826 | 258 | 10,568 |
| Indonesian Rupiah..... | 2,268 | 23 | 2,245 |
| Israeli Shekel..... | 8,934 | - | 8,934 |
| Japanese Yen..... | 76,229 | 294 | 75,935 |
| Malaysian Ringgit..... | 237 | 11 | 226 |
| New Zealand Dollar..... | 125 | - | 125 |
| Norwegian Krone..... | 5,485 | - | 5,485 |
| Philippine Peso..... | 1 | 1 | - |
| Polish Zloty..... | 47 | - | 47 |
| Singapore Dollar..... | 5,814 | 14 | 5,800 |
| South African Rand..... | 3,341 | - | 3,341 |
| South Korean Won..... | 2,356 | 5 | 2,351 |
| Swedish Krona..... | 4,986 | - | 4,986 |
| Swiss Franc..... | 22,300 | - | 22,300 |
| Thai Baht..... | 777 | - | 777 |
| United Kingdom Pound..... | 45,755 | - | 45,755 |
| Yuan Renminbi..... | 4,667 | 31 | 4,636 |
| Total..... | \$ 325,758 | \$ 707 | \$ 325,051 |

Formal investment policy guidelines adopted by the VPIC state that international equity Managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility and facilitate securities transaction settlements rather than leverage portfolio risk exposure.

The VPIC funds hold mortgage-backed securities including collateralized mortgage obligations (CMOs) at fair value. Mortgage-backed securities represent a direct interest in a pool of mortgage loans. CMOs are bonds that are collateralized by whole loan mortgages, mortgages pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and pre-payments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment tranches in accordance with the payment order established for the CMO instrument. Cash flows associated with these tranches may demonstrate varying degrees of sensitivity to interest rate fluctuations. A reduction in interest rates may cause some of the tranches to experience a reduction in fair value as prepayments reduce the interest payments, causing a decline in total cash flows. In a rising interest rate environment, an increase in interest payment and cash flows may cause an increase in fair value.

Risk is minimized through the purchase of high-quality instruments with limited default or prepayment risk. Agency fixed and floating rate pass-through, U.S. Treasury securities and cash equivalents can be held without limitation. Securities designed to provide more precisely targeted maturities (Sequential Collateralized Mortgage Obligations) and those that create tranches, or Planned Amortization Classes (PAC I and PAC II), with cash flows that are protected from prepayment changes within certain limits, may also be purchased without limitation. Policy restrictions and portfolio percentage limitations are established for the purchase of more interest rate sensitive instruments and certain interest rate and price stress tests are required. Asset-backed securities are collateralized

by a loan, lease, or receivable other than real estate. Payments are collected by a servicer through a "pass-through" arrangement. As monthly payments of principal and interest are made, the pass-through security holder is entitled to a pro rata portion of the payments received. Risk of pre-payment varies with the underlying assets. Risk is minimized through the purchase of high-quality instruments with limited default or prepayment risk.

C. Receivables

Receivable balances at June 30, 2022 are summarized as follows:

| | <u>Enterprise Funds</u> | | <u>Total</u> |
|---|-----------------------------|----------------------------|---|
| | <u>Major</u> | <u>Non-major</u> | <u>Business-type</u> <u>Activities</u> |
| Business-type activities | | | |
| Taxes | | | |
| Unemployment..... | \$ 39,280,299 | \$ 3,739,478 | \$ 43,019,777 |
| Allowance for uncollectibles..... | (17,871,664) | (2,803,690) | (20,675,354) |
| Taxes receivable, net..... | <u>\$ 21,408,635</u> | <u>\$ 935,788</u> | <u>\$ 22,344,423</u> |
| | | | |
| Loans and notes receivable..... | <u>\$ -</u> | <u>\$ 982,911</u> | <u>\$ 982,911</u> |
| | | | |
| Current receivable..... | | | \$ 433,116 |
| Non-current receivable..... | | | 549,795 |
| Total loans and notes receivable, net..... | | | <u>\$ 982,911</u> |
| | | | |
| Federal grants..... | <u>\$ 659,123</u> | <u>\$ -</u> | <u>\$ 659,123</u> |
| | | | |
| Other | | | |
| Accrued interest and other receivables.... | \$ 6,029,178 | \$ 9,224,902 | \$ 15,254,080 |
| Allowance for uncollectibles..... | (105,732) | - | (105,732) |
| Other receivables, net | <u>\$ 5,923,446</u> | <u>\$ 9,224,902</u> | <u>\$ 15,148,348</u> |
| | | | |
| Current receivable..... | | | \$ 15,148,348 |
| Non-current receivable..... | | | - |
| Total other receivable, net..... | | | <u>\$ 15,148,348</u> |

continued on following page

| | Governmental Funds | | Internal | Total |
|---|-----------------------|------------------|---|----------------------------|
| | Major | Non-major | Service Funds | Governmental Activities |
| Governmental activities | | | | |
| Taxes | | | | |
| Personal and corporate income..... | \$ 309,725,732 | \$ - | \$ - | \$ 309,725,732 |
| Sales and use..... | 81,862,896 | - | - | 81,862,896 |
| Meals and rooms..... | 36,918,128 | - | - | 36,918,128 |
| Purchase and use..... | 174,756 | - | - | 174,756 |
| Motor Fuel..... | 109,397 | 2,630 | - | 112,027 |
| Other taxes..... | 35,260,036 | - | - | 35,260,036 |
| Subtotal..... | 464,050,945 | 2,630 | - | 464,053,575 |
| Allowance for uncollectibles..... | (111,505,614) | - | - | (111,505,614) |
| Taxes receivable, net..... | \$ 352,545,331 | \$ 2,630 | \$ - | \$ 352,547,961 |
| | | | Current receivable..... | \$ 151,498,147 |
| | | | Non-current receivable..... | 201,049,814 |
| | | | Total taxes receivable, net..... | \$ 352,547,961 |
| Loans and notes | | | | |
| Loans and notes receivable..... | \$ 288,932,254 | \$ - | \$ 2,835,831 | \$ 291,768,085 |
| Allowance for uncollectibles..... | (760,177) | - | - | (760,177) |
| Loans and notes receivable, net..... | \$ 288,172,077 | \$ - | \$ 2,835,831 | \$ 291,007,908 |
| | | | Current receivable..... | \$ 27,094,897 |
| | | | Non-current receivable..... | 263,913,011 |
| | | | Total loans and notes receivable, net..... | \$ 291,007,908 |
| Federal grants | | | | |
| Human services..... | \$ 251,907,362 | \$ - | \$ - | \$ 251,907,362 |
| General education..... | 77,369,336 | - | - | 77,369,336 |
| Transportation..... | 102,510,201 | - | - | 102,510,201 |
| Other..... | 57,905,089 | 77,098 | - | 57,982,187 |
| Federal grants..... | \$ 489,691,988 | \$ 77,098 | \$ - | \$ 489,769,086 |
| Lease receivables | | | | |
| Land..... | \$ 3,582,250 | \$ 23,025 | \$ 152,502 | \$ 3,757,777 |
| Buildings and improvements..... | 250,663 | - | 472,092 | 722,755 |
| Lease receivables..... | \$ 3,832,913 | \$ 23,025 | \$ 624,594 | \$ 4,480,532 |
| | | | Current receivable..... | \$ 1,144,338 |
| | | | Non-current receivable..... | 3,336,194 |
| | | | Total lease receivable..... | \$ 4,480,532 |
| Other | | | | |
| Accrued interest and other receivables.... | \$ 187,171,191 | \$ 65,432 | \$ 18,767,367 | \$ 206,003,990 |
| Allowance for uncollectibles..... | (46,657,999) | (6,295) | - | (46,664,294) |
| Other receivables, net..... | \$ 140,513,192 | \$ 59,137 | \$ 18,767,367 | 159,339,696 |
| | | | Interfund loans receivable and due from other funds from Fiduciary Funds..... | 388,033 |
| | | | Less Internal Service Funds' receivables from Governmental Funds..... | (5,507,166) |
| Other receivables, net..... | | | | \$ 154,220,563 |
| | | | Current receivable..... | \$ 60,530,148 |
| | | | Non-current receivable..... | 93,690,415 |
| | | | Total other receivable, net..... | \$ 154,220,563 |

D. Interfund Balances**1. Due From/To Other Funds**

Due from/to other funds represents amounts owed to one State fund by another, for goods sold, services received or reimbursement of costs. The balances of due from/to other funds at June 30, 2022, are as follows:

| <u>Due From Other Funds</u> | <u>Due to Other Funds</u> | | | |
|-----------------------------|---------------------------|----------------------------|-----------------------|---------------------|
| | <u>Governmental Funds</u> | | | |
| | <u>General Fund</u> | <u>Transportation Fund</u> | <u>Education Fund</u> | <u>Special Fund</u> |
| General Fund | \$ - | \$ 5,533 | \$ - | \$ 111,241 |
| Transportation Fund | 2,800 | - | - | - |
| Education Fund | 1,044 | - | - | - |
| Special Fund | 764,928 | 448,864 | 37,632 | - |
| Federal Revenue Fund | 456,820 | - | - | 473,645 |
| Global Commitment Fund | 60,206,524 | - | - | 219,464 |
| Liquor Control Fund | - | - | - | 54,477 |
| Non-major Enterprise Funds | - | - | - | 56,434 |
| Internal Service Funds | 4,174,735 | 3,909,664 | - | 6,709,941 |
| Fiduciary Funds | - | - | - | 108,053 |
| Total | \$ 65,606,851 | \$ 4,364,061 | \$ 37,632 | \$ 7,733,255 |

continued below

| <u>Due From Other Funds</u> | <u>Due to Other Funds</u> | | | | |
|-----------------------------|-----------------------------|-------------------------------|-------------------------------------|-------------------------------|---|
| | <u>Governmental Funds</u> | | | <u>Proprietary Funds</u> | |
| | <u>Federal Revenue Fund</u> | <u>Global Commitment Fund</u> | <u>Non-major Governmental Funds</u> | <u>Internal Service Funds</u> | <u>Unemployment Compensation Trust Fund</u> |
| General Fund | \$ 1,793,484 | \$ 1,443,060 | \$ 4,501 | \$ 11,292 | \$ - |
| Transportation Fund | 236,427 | - | - | - | - |
| Special Fund | 30,722,089 | 138,534 | 98,567 | 378,849 | - |
| Federal Revenue Fund | - | - | - | 114,514 | - |
| Global Commitment Fund | 5 | - | - | - | - |
| Non-major Enterprise Funds | - | - | - | - | 384,179 |
| Internal Service Funds | 5,486,685 | 265,428 | 87,432 | - | - |
| Total | \$ 38,238,690 | \$ 1,847,022 | \$ 190,500 | \$ 504,655 | \$ 384,179 |

continued on following page

continued from previous page

| Due From Other Funds | Due to Other Funds | | | | | Total |
|----------------------------|---------------------|--------------------|---------------------------|------------------|-----------|--------------------|
| | Proprietary Funds | | | | | |
| | Liquor Control Fund | State Lottery Fund | Non-major Enterprise Fund | Fiduciary Funds | | |
| General Fund | \$ - | \$ 154 | \$ - | \$ 47 | \$ | 3,369,312 |
| Transportation Fund | - | - | - | - | - | 239,227 |
| Education Fund | - | 116,318 | - | - | - | 117,362 |
| Special Fund | 873 | - | 410,434 | 36 | | 33,000,806 |
| Federal Revenue Fund | - | - | - | - | - | 1,044,979 |
| Global Commitment Fund | - | - | - | - | - | 60,425,993 |
| Liquor Control Fund | - | - | - | - | - | 54,477 |
| Non-major Enterprise Funds | - | - | - | - | - | 440,613 |
| Internal Service Funds | 497,268 | 72,148 | - | 13,545 | | 21,216,846 |
| Fiduciary Funds | - | - | - | - | - | 108,053 |
| Total | \$ 498,141 | \$ 188,620 | \$ 410,434 | \$ 13,628 | \$ | 120,017,668 |

2. Advances To/From Other Funds

The General Fund has made cash advances to certain proprietary funds for imprest petty cash disbursements needs. The General Fund advances to other funds at June 30, 2022, are summarized below:

| Proprietary Funds | |
|---------------------|-------------------|
| State Lottery Fund | \$ 300,000 |
| Liquor Control Fund | 75 |
| Total | \$ 300,075 |

3. Interfund Receivables/Payables

The primary government cash in most funds is pooled in the State Treasurer's accounts. When a fund has a deficit cash balance, this amount is reclassified to a liability account - interfund payable. The General Fund reports the corresponding interfund receivable for the cash borrowed from the rest of the pool. It is expected that certain amounts due the General Fund from the Internal Service Funds will not be repaid within one year. It is expected that these interfund payable amounts will be reduced in future years through changes to billing rates and management of operations. The amount due to the Federal Revenue Fund is expected to be repaid within one year.

The interfund receivables/payables at June 30, 2022, are as follows:

(Table on next page.)

| | <u>Interfund Payable</u> | <u>Interfund Receivable</u> | |
|---|--------------------------|-----------------------------|-------------------|
| | | <u>General Fund</u> | |
| Governmental Funds | | | |
| Non-major Governmental Funds | | \$ | 27,338 |
| Proprietary Funds | | | |
| Liquor Control Fund | | | 5,386,015 |
| Non-major Enterprise Funds | | | 184,308 |
| Internal Service Funds | | | 38,727,636 |
| Fiduciary Funds | | | |
| Pension and Other Postemployment Benefits Trust Funds | | | 420 |
| Custodial Funds | | | 373,985 |
| Total | | \$ | <u>44,699,702</u> |

4. Inter - Primary Government/Component Unit Balances

Advances to component units consist of the amounts advanced under various agreements with the Vermont Economic Development Authority (VEDA) for specific programs. At June 30, 2022, the advances to component units reported in the General Fund (\$5,500,000) are advances to Vermont Economic Development Authority. The advance funded a loan for a portion of a project to build a State office building. The terms of the agreement require the principal repayments on the loan be held by VEDA until the funds are requested by the State.

Due from component units/Due to primary government consist of the amounts owed to the primary government for programs administered by component units, in accordance with memoranda of understanding with State departments, and for the elimination of negative balances in the State Treasurer's pooled cash. Due from primary government/Due to component units consist of amounts appropriated from the primary government's funds to the component units that had not been disbursed by fiscal year end.

At June 30, 2022, these account balances are as follows:

| | <u>Vermont Housing & Conservation Board</u> | <u>Vermont Veterans' Home</u> | <u>Total</u> |
|---------------------------------|---|-----------------------------------|-------------------------|
| Due from Component Units | | | |
| General Fund | \$ 781,779 | \$ 5,380,731 | \$ 6,162,510 |
| Due to Component Units | | | |
| General Fund | (100,695,864) | - | (100,695,864) |
| Federal Fund | (76,492) | - | (76,492) |
| Non-major Governmental Funds | (5,804,182) | - | (5,804,182) |
| Total | <u>\$ (105,794,759)</u> | <u>\$ 5,380,731</u> | <u>\$ (100,414,028)</u> |

5. Interfund Transfers

Transfers between funds occur when one fund collects revenues and transfers the assets to another for expenditure or when one fund provides working capital to another fund. All transfers are legally authorized by the Legislature through either statute or Appropriation Acts.

The Global Commitment Fund received transfers from the General and Special Funds for Medicaid related services provided under the Vermont Global Commitment to Health Medicaid waiver. The General Fund received a transfer of Liquor Control fund profits; the Federal Revenue Fund for Earned Federal Receipts and the Special Fund for transfer of Securities, Insurance and Captive Funds. The Non-major Governmental Funds received a transfer from General fund for debt service payments. The Special Fund received transfers from the General Fund for the Tobacco Settlement Fund, from the Federal Revenue Fund for the earned income tax credit for the year, and from the Global Commitment Fund for special education school-based Medicaid services. The Education Fund received transfers from the State Lottery Fund to support the general State grant for local education, and the Special Fund for Medicaid services.

Interfund transfers for the fiscal year ended June 30, 2022, are as follows:

(Table on next page.)

| Transfers in | Transfers Out | | | |
|------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Governmental Funds | | | |
| | General Fund | Transportation Fund | Special Fund | Federal Revenue Fund |
| General Fund | \$ - | \$ - | \$ 63,095,965 | \$ 4,641,961 |
| Education Fund | - | - | 11,452,313 | - |
| Special Fund | 92,923,090 | 5,094,555 | - | 4,582,996 |
| Federal Revenue Fund | - | - | 412 | - |
| Global Commitment Fund | 422,563,667 | - | 28,362,287 | - |
| Non-major Governmental Funds | 72,953,869 | 20,883,805 | 29,940 | - |
| Internal Service Funds | 20,600,000 | 1,428,431 | - | - |
| Total | \$ 609,040,626 | \$ 27,406,791 | \$ 102,940,917 | \$ 9,224,957 |

continued below

| Transfers in | Transfers Out | | | |
|----------------------|-------------------------|------------------------------|----------------------|----------------------|
| | Governmental Funds | | Proprietary Funds | |
| | Global Commitment Funds | Non-major Governmental Funds | Liquor Control Fund | State Lottery Fund |
| General Fund | \$ - | \$ - | \$ 22,750,000 | \$ - |
| Education Fund | - | - | - | 31,136,102 |
| Special Fund | 29,025,634 | 86,440 | 8,356 | - |
| Federal Revenue Fund | - | 7,911,798 | - | - |
| Total | \$ 29,025,634 | \$ 7,998,238 | \$ 22,758,356 | \$ 31,136,102 |

continued below

| Transfers in | Transfers Out | |
|------------------------------|----------------------------|-----------------------|
| | Proprietary Funds | |
| | Non-major Enterprise Funds | Total |
| General Fund | \$ - | \$ 90,487,926 |
| Education Fund | - | 42,588,415 |
| Special Fund | 938,000 | 132,659,071 |
| Federal Revenue Fund | - | 7,912,210 |
| Global Commitment Fund | - | 450,925,954 |
| Non-major Governmental Funds | - | 93,867,614 |
| Internal Service Funds | - | 22,028,431 |
| Total | \$ 938,000 | \$ 840,469,621 |

E. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

| Primary Government | | | | | Ending |
|---|--|----------------------|------------------------|--------------------------|------------------------|
| Governmental Activities | Restated* Beginning Balance | Additions | Deletions | Reclassifications | Balance |
| Capital assets, not being depreciated | | | | | |
| Land, land use rights, and land improvements | \$ 165,082,919 | \$ 5,239,454 | \$ - | \$ - | \$ 170,322,373 |
| Construction in process | 652,380,348 | 301,045,096 | (184,255,580) | (7,897,855) | 761,272,009 |
| Works of art | 136,003 | - | - | - | 136,003 |
| Total capital assets, not being depreciated | <u>817,599,270</u> | <u>306,284,550</u> | <u>(184,255,580)</u> | <u>(7,897,855)</u> | <u>931,730,385</u> |
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | 759,842,915 | 2,908,281 | (22,385) | - | 762,728,811 |
| Machinery and equipment | 611,466,638 | 16,401,096 | (22,232,735) | - | 605,634,999 |
| Infrastructure | <u>3,165,392,066</u> | <u>173,228,103</u> | <u>(32,657,247)</u> | <u>-</u> | <u>3,305,962,922</u> |
| Total capital assets, being depreciated | <u>4,536,701,619</u> | <u>192,537,480</u> | <u>(54,912,367)</u> | <u>-</u> | <u>4,674,326,732</u> |
| Less accumulated depreciation for | | | | | |
| Buildings and improvements | (341,979,773) | (22,989,745) | 19,535 | - | (364,949,983) |
| Machinery and equipment | (433,111,329) | (63,296,672) | 16,758,099 | - | (479,649,902) |
| Infrastructure | <u>(1,346,957,519)</u> | <u>(123,792,832)</u> | <u>32,657,247</u> | <u>-</u> | <u>(1,438,093,104)</u> |
| Total accumulated depreciation | <u>(2,122,048,621)</u> | <u>(210,079,249)</u> | <u>49,434,881</u> | <u>-</u> | <u>(2,282,692,989)</u> |
| Capital assets, being depreciated, net | <u>2,414,652,998</u> | <u>(17,541,769)</u> | <u>(5,477,486)</u> | <u>-</u> | <u>2,391,633,743</u> |
| Governmental activities capital assets, net, excluding intangible right-to-use lease assets | <u>\$3,232,252,268</u> | <u>\$288,742,781</u> | <u>\$(189,733,066)</u> | <u>\$ (7,897,855)</u> | <u>3,323,364,128</u> |
| Intangible right-to-use lease assets, net (Note IV.E) | | | | | <u>82,916,580</u> |
| Total Governmental activities capital assets, net | | | | | <u>\$3,406,280,708</u> |

* The beginning balance was restated due to the implementation of GASB Statement No. 87.

| Business-type Activities | Beginning Balance | Additions | Deletions | Reclassifications | Ending Balance |
|--|------------------------------|---------------------|------------------|--------------------------|---------------------------|
| Capital assets, being depreciated | | | | | |
| Buildings and improvements | \$ 59,935 | \$ - | \$ - | \$ - | \$ 59,935 |
| Machinery and equipment | 6,033,811 | 127,781 | (103,038) | - | 6,058,554 |
| Total capital assets, being depreciated | <u>6,093,746</u> | <u>127,781</u> | <u>(103,038)</u> | <u>-</u> | <u>6,118,489</u> |
| Less accumulated depreciation for | | | | | |
| Buildings and improvements | (59,935) | - | - | - | (59,935) |
| Machinery and equipment | <u>(2,267,273)</u> | <u>(585,132)</u> | <u>103,038</u> | <u>-</u> | <u>(2,749,367)</u> |
| Total accumulated depreciation | <u>(2,327,208)</u> | <u>(585,132)</u> | <u>103,038</u> | <u>-</u> | <u>(2,809,302)</u> |
| Capital assets, being depreciated, net | <u>3,766,538</u> | <u>(457,351)</u> | <u>-</u> | <u>-</u> | <u>3,309,187</u> |
| Business-type activities capital assets, net | <u>\$ 3,766,538</u> | <u>\$ (457,351)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,309,187</u> |

| <u>Fiduciary Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reclassifications</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|--------------------------|---------------------------|
| Capital assets, being depreciated | | | | | |
| Machinery and equipment | \$ 8,290,727 | \$ 28,296 | \$ - | \$ - | \$ 8,319,023 |
| Total capital assets, being depreciated | 8,290,727 | 28,296 | - | - | 8,319,023 |
| Less accumulated depreciation for | | | | | |
| Machinery and equipment | (6,295,498) | (653,079) | - | - | (6,948,577) |
| Total accumulated depreciation | (6,295,498) | (653,079) | - | - | (6,948,577) |
| Fiduciary activities capital assets, net | <u>\$ 1,995,229</u> | <u>\$ (624,783)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,370,446</u> |

Primary Government

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reclassifications</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|---------------------|--------------------------|---------------------------|
| Intangible right-to-use lease assets: | | | | | |
| Land | \$ - | \$ 235,660 | \$ - | \$ - | \$ 235,660 |
| Buildings and improvements | - | 94,831,656 | (584,272) | - | 94,247,384 |
| Machinery and equipment | - | 574,397 | - | - | 574,397 |
| Total intangible right-to-use lease assets: | - | 95,641,713 | (584,272) | - | 95,057,441 |
| Less accumulated amortization for: | | | | | |
| Land | - | (30,917) | - | - | (30,917) |
| Buildings and improvements | - | (12,300,394) | 377,047 | - | (11,923,347) |
| Machinery and equipment | - | (186,597) | - | - | (186,597) |
| Total accumulated amortization | - | (12,517,908) | 377,047 | - | (12,140,861) |
| Total governmental activities intangible right-to-use lease assets, net | <u>\$ -</u> | <u>\$ 83,123,805</u> | <u>\$ (207,225)</u> | <u>\$ -</u> | <u>\$ 82,916,580</u> |

Current period depreciation and amortization expense was charged to functions of the Primary Government as follows:

Governmental Activities

| | |
|--|-----------------------------|
| General Government | \$ 25,800,201 |
| Protection to Persons and Property | 9,998,703 |
| Human Services | 37,256,253 |
| Labor | 37,159 |
| General Education | 1,116,730 |
| Natural Resources | 3,131,479 |
| Commerce & Community Development | 267,423 |
| Transportation | 122,672,751 |
| Depreciation on capital assets held by Internal Service Funds | <u>22,316,458</u> |
| Total | <u>\$222,597,157</u> |

Business-type Activities

| | |
|--|-------------------------|
| Liquor Control Fund | \$572,884 |
| State Lottery Fund | <u>12,248</u> |
| Total | <u>\$585,132</u> |
| <u>Fiduciary Activities</u> | |
| Pension Trust Funds | \$651,464 |
| Private Purpose Trust Fund | <u>1,615</u> |
| Total | <u>\$653,079</u> |

F. Deferred Outflows and Deferred Inflows

Deferred outflows in the government-wide Statement of Net Position governmental activities consist of the unamortized balance of losses related to refunding of debt. Deferred inflows in the government-wide Statement of Net Position governmental activities consist of the unamortized balance of gains related to refunding of debt, the unamortized deferred inflow related to lease receivables, and property taxes collected in advance of levy date. For deferred outflows or inflows related to refunding of debt are determined by the difference between the reacquisition price (the amount placed in escrow to pay for advance refunding, and the principal amount remaining plus any call premium paid in a current refunding) and the net carrying amount of the old debt, is reported as a deferred outflow if a loss on refunding of debt and a deferred inflow if a gain on refunding of debt and recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter. The deferred inflow of resources related to lease receivable is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods, and is amortized evenly and recognized as revenue over the life of the lease term. Additional information regarding governmental and business-type activities' deferred outflows of resources and deferred inflows of resources related to pension and OPEB liabilities can be found in Note IV. G. 4.

Deferred outflows and inflows balances in the government-wide Statement of Net Position at June 30, 2022 are as follows:

| | Total Governmental Activities | Total Business-type Activities | Total Primary Government |
|------------------------------------|--|---|---|
| Deferred outflows | | | |
| Loss on refunding of bonds payable | \$ 2,641,926 | \$ - | \$ 2,641,926 |
| Pension related outflows | 1,008,294,312 | 2,638,646 | 1,010,932,958 |
| OPEB related outflows | 447,986,343 | 3,980,780 | 451,967,123 |
| Total | <u>\$ 1,458,922,581</u> | <u>\$ 6,619,426</u> | <u>\$ 1,465,542,007</u> |
| | | | |
| | Total Governmental Activities | Total Business-type Activities | Total Primary Government |
| Deferred Inflows | | | |
| Prepaid property taxes | \$ 2,587,492 | \$ - | \$ 2,587,492 |
| Gain on refunding of bonds payable | 53,930 | - | 53,930 |
| Lease related inflows | 4,746,654 | - | 4,746,654 |
| Pension related inflows | 488,023,582 | 1,884,151 | 489,907,733 |
| OPEB related inflows | 238,904,569 | 9,135,972 | 248,040,541 |
| Total | <u>\$ 734,316,227</u> | <u>\$ 11,020,123</u> | <u>\$ 745,336,350</u> |

Deferred inflows in the governmental funds Balance Sheet consist of prepaid property taxes, unavailable amounts related to revenue recognition, and the unamortized deferred inflow related to lease receivables. Revenues and other governmental fund financial resources are recognized in the accounting period in which they become both available and measurable. When an asset is recorded in governmental fund financial statements, but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

G. Long-term Liabilities

1. General Obligation & Special Obligation Bonds Payable

General obligation bonds payable have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correctional facilities, environmental conservation purposes, maintenance and construction of highways, assistance to municipalities for construction of water and sewage systems, and local schools.

Once authorized by the Legislature, the State Treasurer, with the approval of the Governor, may issue general obligation bonds. The bonds are to be payable in substantially equal or diminishing amounts, the first such payment to be payable not later than five years after the date of the bonds, and the last such payment to be made no later than twenty years after the date of the bonds.

Special obligation transportation infrastructure bonds are limited obligations of the State of Vermont payable from and secured solely by a pledge of funds held in trust by the Peoples United Bank in accordance with the terms of a Trust Agreement. Funding sources for the pledged funds are funds to be received from the Motor Fuel Infrastructure Assessments as authorized by Act 50 of the 2009 legislative session. The proceeds from this issue are expected to be expended for transportation infrastructure purposes, namely the rehabilitation or replacement of State bridges, and construction of roadway capacity projects. During fiscal year 2022 the State redeemed the remaining special obligation transportation infrastructure bonds outstanding with existing cash on hand.

The changes in bonds principal payable for fiscal year 2022 are summarized in the following schedule:

| | <u>General Obligation Bonds</u> | <u>Special Obligation Bonds</u> | <u>Total Obligation Bonds</u> |
|------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Balance, July 1, 2021 | \$ 629,710,000 | \$ 21,710,000 | \$ 651,420,000 |
| Deductions: | | | |
| Redemptions | <u>(50,710,000)</u> | <u>(21,710,000)</u> | <u>(72,420,000)</u> |
| Total | <u>(50,710,000)</u> | <u>(21,710,000)</u> | <u>(72,420,000)</u> |
| Balance, June 30, 2022 | <u>\$ 579,000,000</u> | <u>\$ -</u> | <u>\$ 579,000,000</u> |

General obligation outstanding at June 30, 2022, are shown on the following page:

| Date Issued | Date Series Matures | Interest Rates % | Amount of Original Issue | Maturity Value Sources of Payments | | Maturity Value of Bonds Outstanding Total |
|--|---------------------|------------------|--------------------------|------------------------------------|---------------------|---|
| | | | | General Fund | Transportation Fund | |
| General Obligation Current Interest Bonds: | | | | | | |
| 10/11/2012 | 8/15/2024 | 2.0 to 5.0 | \$ 26,765,000 | \$ 7,295,000 | \$ - | \$ 7,295,000 |
| 10/11/2012 | 8/15/2032 | 2.0 to 5.0 | 66,420,000 | 43,950,000 | - | 43,950,000 |
| 11/14/2013 | 8/15/2028 | 2.0 to 5.0 | 25,000,000 | 6,045,000 | - | 6,045,000 |
| 11/14/2013 | 8/15/2033 | 2.0 to 5.0 | 42,810,000 | 34,635,000 | - | 34,635,000 |
| 11/14/2013 | 8/15/2024 | 3.0 to 5.0 | 18,935,000 | 3,945,000 | - | 3,945,000 |
| 12/9/2014 | 8/15/2029 | 0.14 to 5.0 | 20,310,000 | 6,960,000 | - | 6,960,000 |
| 12/9/2014 | 8/15/2034 | 5 | 53,245,000 | 40,835,000 | - | 40,835,000 |
| 12/9/2014 | 8/15/2027 | 3.0 to 5.0 | 36,205,000 | 19,910,000 | - | 19,910,000 |
| 10/22/2015 | 8/15/2030 | 2.0 to 5.0 | 28,515,000 | 16,650,000 | - | 16,650,000 |
| 10/22/2015 | 8/15/2035 | 2.625 to 5.0 | 61,345,000 | 46,240,000 | - | 46,240,000 |
| 10/22/2015 | 8/15/2028 | 2.0 to 4.0 | 25,720,000 | 15,830,000 | 1,820,000 | 17,650,000 |
| 9/13/2017 | 8/15/2037 | 2.0 to 5.0 | 34,700,000 | 24,770,000 | - | 24,770,000 |
| 9/13/2017 | 8/15/2037 | 2.25 to 5.0 | 71,395,000 | 60,105,000 | - | 60,105,000 |
| 8/15/2019 | 2/15/2039 | 3.0 to 5.0 | 88,255,000 | 75,010,000 | - | 75,010,000 |
| 8/15/2019 | 8/15/2029 | 2.0 to 5.0 | 39,525,000 | 24,910,000 | - | 24,910,000 |
| 5/18/2021 | 8/15/2040 | 2.0 to 5.0 | 82,185,000 | 82,185,000 | - | 82,185,000 |
| 5/18/2021 | 8/15/2030 | 5 | 31,560,000 | 28,325,000 | - | 28,325,000 |
| 5/18/2021 | 8/15/2030 | 4.0 to 5.0 | 39,580,000 | 39,422,180 | 157,820 | 39,580,000 |
| Total General Obligation Current Interest Bonds | | | | \$ 577,022,180 | \$ 1,977,820 | \$ 579,000,000 |

At June 30, 2022, there remains \$198,083,418 of authorized but unissued general obligation bonds.

Future general obligation debt service requirements at June 30, 2022 are as follows:

| Fiscal Year | General Obligation Current Interest Bonds | | Total |
|-------------|---|-----------------------|-----------------------|
| | Principal | Interest | |
| 2023 | \$ 51,245,000 | \$ 22,313,513 | \$ 73,558,513 |
| 2024 | 49,685,000 | 20,017,481 | 69,702,481 |
| 2025 | 49,730,000 | 17,854,763 | 67,584,763 |
| 2026 | 47,815,000 | 15,722,219 | 63,537,219 |
| 2027 | 46,150,000 | 13,685,419 | 59,835,419 |
| 2028-2032 | 192,335,000 | 42,099,475 | 234,434,475 |
| 2033-2037 | 110,620,000 | 12,561,347 | 123,181,347 |
| 2038-2042 | 31,420,000 | 1,183,399 | 32,603,399 |
| Totals | <u>\$ 579,000,000</u> | <u>\$ 145,437,616</u> | <u>\$ 724,437,616</u> |

2. Bond Refundings

The State has no defeased bonds that remained outstanding on June 30, 2022.

3. Leases

A. Lease Receivable

The State, acting as lessor, leases land, buildings, and machinery and equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2034, and many leases provide for a renewal option, the renewal terms vary depending on the lease contract. During the year ended June 30, 2022, the State recognized \$944,512 and \$34,977 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum or maximum increases.

Certain leases require the lessee to guarantee minimum residual values, or make termination penalties related to the cancelation of the lease. Payments required by residual value guarantees and termination penalties are recognized in the period in which the payment is received. During the year ended June 30, 2022, the State received no payments related to residual value guarantees or termination penalties.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2022, the State received variable payments as required by lease agreements totaling \$4,216,624.

B. Lease Liabilities

The State routinely leases for land, buildings, and machinery and equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2035, and many leases provide for a renewal option, the renewal terms vary depending on the lease contract.

Certain leases require the State to guarantee minimum residual values, or make termination penalties related to the cancelation of the lease. Payments required by residual value guarantees and termination penalties are recognized in the period in which the obligation is paid. During the year ended June 30, 2022, the State made no payments related to residual value guarantees or termination penalties.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum or maximum increases.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2022, the State made variable payments as required by lease agreements totaling \$19,799.

The future principal and interest lease payments as of June 30, 2022, are as follows:

(Table on next page.)

| <u>Fiscal Year</u> | <u>Primary Government</u> | | |
|--------------------|---------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023..... | \$ 11,344,547 | \$ 1,203,041 | \$ 12,547,588 |
| 2024..... | 10,690,128 | 1,085,838 | 11,775,966 |
| 2025..... | 9,055,583 | 968,642 | 10,024,225 |
| 2026..... | 7,546,619 | 855,275 | 8,401,894 |
| 2027..... | 7,055,442 | 744,046 | 7,799,488 |
| 2028 - 2032..... | 32,591,573 | 1,973,857 | 34,565,430 |
| 2033 - 2037..... | <u>5,815,824</u> | <u>108,805</u> | <u>5,924,629</u> |
| Totals | <u>\$ 84,099,716</u> | <u>\$ 6,939,504</u> | <u>\$ 91,039,220</u> |

4. Retirement Plans and Other Postemployment Benefits

In accordance with State statutes, the State Treasurer and the individual retirement systems' Board of Trustees administer the State's three defined benefit pension plans and three defined contribution plans. In addition to providing pension benefits, the State also offers other postemployment medical insurance benefit plans to retirees of the Vermont State Retirement System and State Teachers' Retirement System. Disclosures relating to defined benefit pension plans are included in 4. A. below, those relating to defined contribution pension plans are included in 4. B. below, and those relating to other postemployment benefits (OPEB) are included in 4. C. below.

These systems are considered part of the State's reporting entity and are included in the accompanying financial statements as pension and other postemployment benefit trust funds in the fiduciary fund type. There are no separate stand-alone financial statements issued for these plans.

Summary of significant accounting policies – basis of accounting and valuation of investments

The financial statements for the pension and other postemployment benefit trust funds are prepared using the accrual basis of accounting. Plan members' contributions are recognized in the period in which the contributions are due. The employers' contributions are recognized when legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the pension and OPEB plans. All investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2022. Securities without an established market are reported at estimated fair value. Additional information on the plans' investments may be found in Note IV. B. - Investments.

The State annually establishes a state defined benefit retirement contribution rate. The fiscal year 2022 employer contribution rate was 25.50% of payroll and consists of the following two components: 19.50% for Vermont State Retirement System defined benefit pension plan (VSRS) and 6.00% for the Vermont State Postemployment Benefits Trust Fund defined benefit OPEB plan (VSPB). The rates reflect estimates to fund the VSRS actuarially determined contribution and the VSPB pay-as-you-go amounts. These amounts are estimates and may differ from the funding required to meet VSPB pay-as-you-go amounts. Currently, contributions in excess of VSPB pay-as-you-go amounts are deposited directly to VSRS. Contributions to VSRS and VSPB totaled \$197.5 million and \$35.2 million, respectively, for the fiscal year ended June 30, 2022. In fiscal year 2022, the State made an additional contribution of \$78.7 million to the VSRS from the General Fund that was not based on the employer established contribution rate.

A. Defined Benefit Retirement Plans

In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into three sections. The first section (Disclosures about the Defined Benefit Retirement Plans) offers disclosures about the plans themselves - descriptions of the plans and who is covered; an analysis of the membership of the various groups of the various plans as of the end of the fiscal year; a discussion of benefits provided by each of the plans, and the financial statements of each of the three defined benefit plans.

The second section (Financial Reporting of Net Pension Liability and Pension Expense by the Employer as required by GASB Statement No. 68) provides funding information regarding the pension plans that are required by GASB Statement No. 68 - changes in net pension liability (NPL), balances of deferred pension outflows of resources and deferred pension inflows of resources (including prospective schedules of amortization of the deferred outflows and inflows), and the calculation of pension expense for the year.

The third section (Net Pension Liability and Disclosures required by GASB Statement No. 67) provides the information that is required by GASB Statement No. 67 - the calculation of the net pension liability; the actuarial assumptions and census data that were used in calculating that NPL; the discount rate that was used in the calculations; and the sensitivity of the NPL to changes in the discount rate. The Statement of Plan Net Position and the Statement of Changes in Plan Net Position for the fiscal year ended June 30, 2022, are included at the end of this section.

1. Disclosures about the Defined Benefit Retirement Plans

This first section provides the disclosures about the defined benefit retirement plans required by GASB Statement No. 67, including the plan descriptions, benefits, and membership at June 30, 2022.

Plan Descriptions

The Vermont State Retirement System (VSRS) (3 V.S.A. Chapter 16) is a single employer defined benefit pension plan which covers substantially all general State employees and State Police, except employees hired in a temporary capacity. Membership in the system is a condition of employment.

Management of the plan is vested in the VSRS Retirement Board, which consists of an appointee of the Governor; State Treasurer; Commissioner of Human Resources; Commissioner of Finance and Management; three members of the Vermont State Employees' Association who are active members of the system (each chosen by such association in accordance with its articles of association) and one retired state employee who is a beneficiary of the system (to be elected by the Vermont Retired State Employees' Association).

The Vermont State Teachers' Retirement System (STRS) (16 V.S.A. Chapter 55) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2022, the retirement system consisted of 134 participating employers.

Management of the plan is vested in the STRS Board of Trustees, which consists of the Secretary of Education (ex-officio); the State Treasurer (ex-officio); the Commissioner of Financial Regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the members of the system under rules adopted by the board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

The Vermont Municipal Employees' Retirement System (MERS) (24 V.S.A., Chapter 125) is a cost-sharing, multiple-employer defined benefit pension plan designed for school districts and other municipal employees that

work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirement is required to join the system. During the year ended June 30, 2022, the retirement system consisted of 360 participating employers.

Management of the plan is vested in the MERS Retirement Board of Trustees, which consists of the State Treasurer; two employee representatives who at all times during their term of office are contributing members and have completed five years of creditable service (each elected by the membership of the system); one employer representative who shall at all times during their term of office be a member of the governing body, chief executive officer or supervisor of a participating employer (elected by the membership of the system) and one employer representative who shall at all times during their term of office be a member of the governing body, chief executive officer or supervisor of a participating employer (appointed by the Governor from candidates jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association).

Copies of each individual defined benefit retirement plan's annual actuarial valuation report, and information describing each defined benefit plan's provisions in greater detail, are available for inspection at the Retirement Division, Office of the State Treasurer, 109 State Street, Montpelier, Vermont 05609-6901.

Membership of the Vermont State Retirement System is made up of the following:

- General employees who did not join the non-contributory system on July 1, 1981 (Group A);
- State police, law enforcement positions, and airport firefighters (Group C);
- Judges (Group D); and
- Terminated vested members of the non-contributory system and all other general employees (Group F).

Membership of the State Teachers' Retirement System is made up of the following:

- General teachers who did not join the non-contributory system on July 1, 1981 (Group A); and
- Terminated vested members of the non-contributory system and all other general teachers (Group C).

Membership of the Vermont Municipal Employees' Retirement System is made up of the following:

- General employees whose legislative bodies have not elected to become a member of Group B or Group C (Group A);
- General employees whose legislative bodies have elected to become members of Group B or Group C (Group B & C); and
- Sworn police officers, firefighters and emergency medical personnel (Group D)

At June 30, 2022, the State Treasurer's Office reports the following membership of each of the defined benefit plans by status and group:

(Table on next page.)

| | Vermont State Retirement System | Vermont State Teachers Retirement System | Vermont Municipal Employees Retirement System |
|---|--|---|--|
| Total Active Members | 8,324 | 10,387 | 8,059 |
| Retirees and beneficiaries currently receiving benefits | 7,963 | 10,295 | 4,149 |
| Terminated employees entitled to benefits but not yet receiving them (vested) | 815 | 938 | 1,048 |
| Inactive members | 2,012 | 2,932 | 3,997 |
| Total Members | <u>19,114</u> | <u>24,552</u> | <u>17,253</u> |

Contributions

Vermont State Retirement System. Title 3 VSA Chapter 16 of Vermont Statutes grant the authority to the retirement board to review annually the amount of state contribution recommended by the actuary of the retirement system as necessary to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. Employee contributions are established in Chapter 16. Contribution rates for the fiscal year ended June 30, 2022, for the various groups are as follows:

| Vermont State Retirement System | Group A | Group C | Group D | Group F |
|--|-------------------------|-------------------------|------------------------|-------------------------|
| Employee Contributions | 6.65% of gross payroll | 8.53% of gross payroll | 6.65% of gross payroll | 6.65% of gross payroll |
| Employer Contributions | 19.50% of gross payroll | 19.50% of gross payroll | 19.5% of gross payroll | 19.50% of gross payroll |

State Teachers' Retirement System. Title 16 VSA Chapter 55 of Vermont Statutes grant the authority to the board of trustees of the system to annually review the amount of State contribution recommended by the actuary of the retirement system to achieve and preserve the financial integrity of the fund and submit this recommendation to the Governor and both houses of the Legislature. The board of trustees also certifies the rates of contribution payable by employees. Contribution rates for the fiscal year ended June 30, 2022, for the various groups are as follows:

| Vermont State Teachers Retirement System | Group A | Group C - Group #1 | Group C - Group #2 |
|---|--|---------------------------|---|
| Employee Contributions | 5.50% of gross salary | 5.00% of gross salary | 5.00% of gross salary for members with at least 5 years of service as of 7/1/2014, and 6.00% of gross salary for members with less than 5 years of service as of 7/1/2014 |
| Non-employer Contributions | Appropriation based on June 2020 actuarial recommendation of amount needed to fund benefits earned during the year (5.58% of projected payroll), plus amount needed to liquidate the accrued liability over the remaining amortization period (\$157,304,971). | | |

Vermont Municipal Employees Retirement System. Title 24 VSA Chapter 125 of Vermont Statutes grant the authority to the retirement board to annually review the amount of municipalities contribution recommended by the actuary of the retirement system to achieve and preserve the financial integrity of the fund and certify the rates of

contributions payable by employers. The board of trustees also certifies the rates of contribution payable by employees. Contribution rates for the fiscal year ended June 30, 2022, for the various groups are as follows:

| Vermont Municipal Employees Retirement System | Group A | Group B | Group C | Group D |
|--|------------------------|------------------------|-------------------------|-------------------------|
| Employee Contributions | 3.250% of gross salary | 5.625% of gross salary | 10.750% of gross salary | 12.100% of gross salary |
| Employer Contributions | 4.750% of gross salary | 6.250% of gross salary | 8.000% of gross salary | 10.600% of gross salary |

Benefits provided

Benefit terms are established or amended in accordance with 3 V.S.A. Chapter 16 for the Vermont State Retirement System, in accordance with 16 V.S.A. Chapter 55 for the Vermont State Teachers Retirement System, and in accordance with 24 V.S.A Chapter 125 for the Vermont Municipal Employees Retirement System.

Details of the pension benefits provided by each of the retirement plans are included on the next 3 pages:

(Notes continue on next page.)

| Vermont State Retirement System | Group A | Group C | Group D | Group F Hired Before 7/1/08 | Group F Hired On or After 7/1/08 |
|----------------------------------|--|--|--|---|--|
| Average Final Compensation (AFC) | Highest 3 consecutive years, including unused annual leave payoff | Highest 2 consecutive years, including unused annual leave payoff | If served 5 or more years as a judge in Group D and are 57 years of age on or before 06/30/2022, or are a Group D member with 15 or more years of service on or before 06/30/2022 - AFC is final salary at retirement. All other - average earned income from final 2 years of service | Highest 3 consecutive years, excluding unused annual leave payoff | Highest 3 consecutive years, excluding unused annual leave payoff |
| Benefit Formula | 1.67% x AFC x creditable service | 2.5% x AFC x creditable service up to 20 years | 3.33% x AFC x creditable service (after 12 years in Group D) | 1.25% x AFC x service prior to 12/31/90 + 1.67% x AFC x service after 1/1/91 | 1.25% x AFC x service prior to 12/31/90 + 1.67% x AFC x service after 1/1/91 |
| Maximum Benefit Payable | 100% of AFC | If eligible for retirement on 07/01/2022 or after: 50% of AFC, but for each year of service that is completed on or after 7/1/2022, after attaining age 50 and 20 years of service, maximum retirement allowance cap increases 1.5% for each additional year of service. All others: 50% of AFC. | 100% of final salary if served 5 or more years as a judge in Group D and are 57 years of age on or before 06/30/2022, or are a Group D member with 15 or more years of service on or before 06/30/2022. All other - 80% of your salary at retirement | 50% of AFC | 60% of AFC |
| Normal Retirement (no reduction) | Age 65 with 5 years of service or 62 with 20 years of service | Age 55, mandatory at 57 years of age | If first appointed or elected on or before 06/30/2022 - Age 62 with 5 years of service, if first appointed or elected on or after 07/01/2022 - Age 65 with 5 years of service | Age 62 or with 30 years of service | Age 65 or a combination of age & service credit that equals 87 |
| Early Retirement Eligibility | Age 55 with 5 years of service or 30 years of service (any age) | Age 50 with 20 years of service | Age 55 with 5 years of service or 30 years of service (any age) | Age 55 with 5 years of service | Age 55 with 5 years of service |
| Early Retirement Reduction | Actuarially reduced benefit if under 30 years of service | No reduction | 3% per year from age 62 | 6% per year preceding age 62 | No reduction if age 65 with 5 years of service, or if combination of age and service equal to 87; otherwise, monthly reduction preceding age 65 based on years of service: 35+ years - 1/8th of 1%; 30-34 years - 1/4th of 1%; 25-29 years - 1/3rd of 1%; 20-24 years - 5/12th of 1%; less than 20 years - 5/9th of 1% |
| Post-Retirement COLA | Full CPI, up to a maximum of 5%, after 12 months of retirement | If eligible for retirement on 07/01/2022 or after: 100% CPI, with a ceiling of 4% and a floor of 1%, must have collected a benefit for 24 months prior to the COLA effective date. All others: Full CPI, up to a maximum of 5%, after 12 months of retirement. | If eligible for retirement on 07/01/2022 or after: 100% CPI if CPI is greater than 1%, with a ceiling of 5% for amounts equal to or less than \$75,000 annual retirement allowance, 50% CPI if CPI is greater than 1%, with a ceiling of 5% for amounts greater than \$75,000 annual retirement allowance. No COLA if CPI is less than 1%, must have collected a benefit for 24 months prior to the COLA effective date. All others: Full CPI, up to a maximum of 5%, after 12 months of retirement. | If eligible for retirement on 07/01/2022 or after: 100% CPI, with a ceiling of 4% and a floor of 1%, must have collected a benefit for 24 months prior to the COLA effective date. Will not receive a COLA until have met normal retirement age. All others: for members retiring on or after 07/01/2008, 100% of a fiscal year CPI increase. For members who retired before 07/01/2008, 50% of a fiscal year CPI increase. Annual COLA adjustments have a minimum of 1% and maximum of 5%. | If eligible for retirement on 07/01/2022 or after: 100% CPI, with a ceiling of 4% and a floor of 1%, must have collected a benefit for 24 months prior to the COLA effective date. Will not receive a COLA until have met normal retirement age. All others: annual COLA adjustments are 100% of a fiscal year CPI increase, with a minimum of 1% and maximum of 5%. |
| Disability Benefit* | Unreduced, accrued benefit with minimum of 25% of AFC | Unreduced, accrued benefit with minimum of 25% of AFC, with children's benefit of 10% of AFC to maximum of three concurrently, if injured on the job 50% of AFC. | Unreduced, accrued benefit with minimum of 25% of AFC | Unreduced, accrued benefit with minimum of 25% of AFC | Unreduced, accrued benefit with minimum of 25% of AFC |
| Death-in-Service Benefit | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently | 70% of accrued benefit with no actuarial reduction applied, plus children's benefit | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently |

* Service connected disability has no minimum service requirement, ordinary disability requires 5 years of service. (Notes continue on next page.)

| Vermont State Teachers Retirement System | Group A | Group C - Group #1* | Group C - Group #2** |
|---|--|--|---|
| Average Final Compensation (AFC) | Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives | Highest 3 consecutive years, excluding all payments for anything other than service actually performed | Highest 3 consecutive years, excluding all payments for anything other than service actually performed |
| Benefit Formula | 1.67% X creditable service X AFC | 1.25% X service prior to 6/30/90 X AFC + 1.67% X service after 7/1/90 X AFC | 1.25% X service prior to 6/30/90 X AFC + 1.67% X service after 7/1/90 X AFC, 2% X AFC after attaining 20.0 years |
| Maximum Benefit Payable | 100% of AFC | 53.34% of AFC | 60% of AFC |
| Normal Retirement (no reduction) | Age 60 or with 30 years of service | Age 62 or with 30 years of service | Age 65 or when the sum of age and service credit equals 90 |
| Early Retirement Eligibility | Age 55 with 5 years of service | Age 55 with 5 years of service | Age 55 with 5 years of service |
| Early Retirement Reduction | Actuarial reduction | 6% per year from age 62 | Actuarial reduction |
| Post-Retirement COLA | Full CPI, up to a maximum of 5%, after 12 months of retirement | If retired or eligible for retirement on 06/30/2022 or before: 50% CPI, up to a maximum of 5% after 12 months of normal retirement or with 30 years, or age 62; minimum of 1%. If eligible for retirement on 07/01/2022 or after: 50% CPI, up to a maximum of 4% after 24 months of retirement prior to the COLA effective date. | If retired or eligible for retirement on 06/30/2022 or before: 50% CPI, up to a maximum of 5% minimum of 1% after 12 months of normal retirement or age 65. If eligible for retirement on 07/01/2022 or after: 50% CPI, up to a maximum of 4% after 24 months of retirement prior to the COLA effective date. |
| Disability Benefit*** | Unreduced, accrued benefit with minimum of 25% of AFC | Unreduced, accrued benefit with minimum of 25% of AFC | Unreduced, accrued benefit with minimum of 25% of AFC |
| Death-in-Service Benefit | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefit up to maximum of three concurrently | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently |

* Group #1 are members who were at least 57 years old or had at least 25 years of service on June 30, 2010.

** Group #2 members who were under 57 years of age or had less than 25 years of service on June 30, 2010.

*** Must have 5 or more years of creditable service, and served as a teacher in the state during the 5 years immediately preceding the date of separation from service.

(Notes continue on next page.)

| Vermont Municipal Employees Retirement System | Group A | Group B | Group C | Group D |
|---|---|---|---|--|
| Average Final Compensation (AFC) | Highest 5 consecutive years | Highest 3 consecutive years | Highest 3 consecutive years | Highest 2 consecutive years |
| Benefit Formula | 1.4% x creditable service x AFC | 1.7% x creditable service x AFC + previous service: 1.4% x Group A x AFC | 2.5% x creditable service x AFC + previous service: 1.4% x Group A x AFC; 1.7% x Group B x AFC | 2.5% x creditable service x AFC + previous service: 1.4% x Group A x AFC; 1.7% x Group B x AFC; 2.5% x Group C x AFC |
| Maximum Benefit Payable | 60% of AFC | 60% of AFC | 50% of AFC | 50% of AFC |
| Normal Retirement (no reduction) | Age 65 with 5 years of service or 55 with 35 years of service | Age 62 with 5 years of service or 55 with 30 years of service | Age 55 with 5 years of service | Age 55 with 5 years of service |
| Early Retirement Eligibility | Age 55 with 5 years of service | Age 55 with 5 years of service | N/A | Age 50 with 20 years of service |
| Early Retirement Reduction | 6% per year from age 65 *1 | 6% per year from age 62 * | N/A | No reduction |
| Post-Retirement COLA | 50 % of CPI, up to 2% per year | 50 % of CPI, up to 3% per year | 50 % of CPI, up to 3% per year | 50 % of CPI, up to 3% per year |
| Disability Benefit | Unreduced, accrued benefit | Unreduced, accrued benefit | Unreduced, accrued benefit | Unreduced, accrued benefit plus children's benefit representing 10% of AFC to maximum of three concurrently |
| Death-in-Service Benefit | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied | Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied | 70% of accrued benefit with no actuarial reduction applied, plus children's benefit |

* A special early retirement factor of 3% per year only for municipal police officers who have attained age 60.

2. Employer Reporting of Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension Plans as required by GASB Statement No. 68

This section includes the information that is required to be reported by employers per GASB Statement No. 68. It reports information regarding the calculation of the State's net pension liability, including changes during the measurement period in both total pension liability and plan net position; balances in the various components of deferred pension outflows of resources and deferred pension inflows of resources and the amounts to be recognized in pension expense in future periods; and the calculation of pension expense. In addition to presenting the NPL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

The State is responsible for 98.4031% of the VSRS net pension liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.5969% of the VSRS net pension liability. The State is responsible for 100% of the STRS net pension liability as a non-employer contributing entity. The information is presented in this section is for those two plans. The State does not participate in the MERS plan, so no employer information is presented for that plan.

Reporting Date, Measurement Date, and Valuation Date (Employer Reporting)

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the State's reporting date (June 30, 2022) and for the State's reporting period (the

year ended June 30, 2022). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2022, the State has chosen to use the end of the prior fiscal year (June 30, 2021) as the measurement date, and the year ended June 30, 2021, as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2020, to the measurement date of June 30, 2021. There were no material changes in assumptions or benefit terms that occurred between the actuarial valuation date and the measurement date.

Net Pension Liabilities (Employer Reporting)

The net pension liability (NPL) is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the pension plan's fiduciary net position. The changes in the components for the measurement period are as follows (amounts are in thousands):

| | Vermont State Retirement System | | | State Teachers' Retirement System | | |
|--|---------------------------------|-------------------------------|--------------------------------|-----------------------------------|-------------------------------|--------------------------------|
| | Increase (Decrease) | | | Increase (Decrease) | | |
| | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a-b) | Total Pension Liability (a) | Fiduciary Net Position (b) | Net Pension Liability (a-b) |
| Balances - June 30, 2020 | \$ 3,070,253 | \$ 1,959,067 | \$ 1,111,186 | \$ 3,902,618 | \$ 1,951,490 | \$ 1,951,128 |
| Changes for the year: | | | | | | |
| Service cost | 70,993 | - | 70,993 | 72,149 | - | 72,149 |
| Interest | 214,277 | - | 214,277 | 270,700 | - | 270,700 |
| Difference between expected and actual experience | 59,818 | - | 59,818 | 88,065 | - | 88,065 |
| Contributions - employer | - | 88,944 | (88,944) | - | - | - |
| Contributions - non-employer | - | - | - | - | 125,910 | (125,910) |
| Contributions - employee | - | 42,113 | (42,113) | - | 42,199 | (42,199) |
| Net investment income | - | 497,423 | (497,423) | - | 512,194 | (512,194) |
| Benefit payments, including refunds of contributions | (160,291) | (160,291) | - | (215,249) | (215,249) | - |
| Administrative expenses | - | (2,281) | 2,281 | - | (2,782) | 2,782 |
| Other changes | - | 247 | (247) | - | 9,031 | (9,031) |
| Net changes | <u>184,797</u> | <u>466,155</u> | <u>(281,358)</u> | <u>215,665</u> | <u>471,303</u> | <u>(255,638)</u> |
| Balances - June 30, 2021 | <u>\$ 3,255,050</u> | <u>\$ 2,425,222</u> | <u>\$ 829,828</u> | <u>\$ 4,118,283</u> | <u>\$ 2,422,793</u> | <u>\$ 1,695,490</u> |
| Fiduciary net position as a percentage of total pension liability | | | 74.51% | | | 58.83% |

Proportionate Share of Net Pension Liability

| Vermont State Retirement System | | | | |
|--|----------------|------------------|------------------|---------------|
| Proportionate Share | | | | |
| | Amount | 2021 | 2020 | Change |
| Governmental activities | \$ 811,034 | 97.7352% | 97.6699% | 0.0653% |
| Business type activities | 5,543 | 0.6679% | 0.6549% | 0.0130% |
| Discrete component unit | 13,251 | 1.5969% | 1.6752% | -0.0783% |
| Total net pension liability | <u>829,828</u> | <u>100.0000%</u> | <u>100.0000%</u> | |

| State Teachers' Retirement System | | | | |
|---|---------------------|-------------|-------------|---------------|
| Proportionate Share | | | | |
| | Amount | 2021 | 2020 | Change |
| Governmental activities | <u>1,695,490</u> | 100.0000% | 100.0000% | 0.0000% |
| Total governmental activities net pension liability | <u>\$ 2,506,524</u> | | | |

Additional information regarding the changes in the net pension liability for the year ended June 30, 2022, can be found in the Required Supplementary information immediately following these notes to the financial statements.

Deferred Pension Outflows of Resources and Deferred Pension Inflows of Resources (Employer Reporting)

Most changes in the net pension liability are included in pension expense during the year of change. Changes resulting from current-period service cost, interest on the total pension liability, and changes in benefit terms are required to be included in pension expense immediately. Similarly, projected earnings on the pension plan's investments are also required to be included in the determination of pension expense immediately.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods, depending on the nature of the change.

The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that these changes result from the use of estimates, where probabilities of events range from 0 to 100 percent, while actual events either occur or do not occur. Therefore, differences between some estimates and actual experience will occur with every measurement that incorporates future events.

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that pensions arise from an exchange between employer and employee of salaries and benefits for employee service each period and that these transactions and related pension measurements are viewed in the context of ongoing, career-long employment relationships.

Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources, and will be recognized as a reduction of the net pension liability at

June 30, 2023. As of June 30, 2022, the State reported the following deferred pension outflows of resources and deferred pension inflows of resources (amounts are in thousands):

| Source | Vermont State Retirement System | | | |
|--|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Primary Government | | Discrete Component Units | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 102,802 | \$ - | \$ 1,668 | \$ - |
| Changes of assumptions | 144,632 | - | 2,347 | - |
| Net differences between projected and actual earnings on plan investments | - | 234,196 | - | 3,800 |
| Change in proportion and the effect of certain employer contributions on the employer's net pension liability | 1,144 | 488 | 180 | 836 |
| Employer contributions made subsequent to the measurement date | 195,753 | - | 1,770 | - |
| Total | \$ 444,331 | \$ 234,684 | \$ 5,965 | \$ 4,636 |

| Source | State Teachers' Retirement System | |
|--|-----------------------------------|----------------------------------|
| | Primary Government | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 96,455 | \$ - |
| Changes of assumptions | 155,483 | - |
| Net differences between projected and actual earnings on plan investments | - | 255,224 |
| Change in proportion and the effect of certain employer contributions on the employer's net pension liability | - | - |
| Employer contributions made subsequent to the measurement date | 314,664 | - |
| Total | \$ 566,602 | \$ 255,224 |

| Source | Primary Government | |
|--|-----------------------------------|----------------------------------|
| | Total | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 199,257 | \$ - |
| Changes of assumptions | 300,115 | - |
| Net differences between projected and actual earnings on plan investments | - | 489,420 |
| Change in proportion and the effect of certain employer contributions on the employer's net pension liability | 1,144 | 488 |
| Employer contributions made subsequent to the measurement date | 510,417 | - |
| Total | \$ 1,010,933 | \$ 489,908 |

The amounts reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS - \$195.753 million Primary Government and \$1.770 million Component Units; and STRS - \$314.664 million Primary Government), will be recognized as a reduction of the net pension liability at June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows (amounts are in thousands):

| Year Ended June 30 | State Teachers' | Vermont State | Vermont State Retirement | |
|-----------------------|-------------------|-------------------|--------------------------|-----------------|
| | Retirement System | Retirement System | Total | System |
| | Primary | Primary | Primary | Discrete |
| | Government | Government | Government | Component Units |
| 2023 | \$ 49,896 | \$ 24,042 | \$ 73,938 | \$ 304 |
| 2024 | 41,920 | 12,684 | 54,604 | 55 |
| 2025 | (49,051) | (6,794) | (55,845) | (320) |
| 2026 | (60,727) | (25,951) | (86,678) | (537) |
| 2027 | 14,676 | 9,913 | 24,589 | 57 |
| Total | \$ (3,286) | \$ 13,894 | \$ 10,608 | \$ (441) |

Pension Expense (Employer Reporting)

As discussed above, most changes in the net pension liability are included in pension expense in the year of change, including changes resulting from current-period service cost, interest on the total pension liability, changes in benefit terms, and projected earnings on the pension plan's investments. Other changes in net pension liability are recorded as deferred pension outflows of resources and deferred pension inflows of resources and included in pension expense on a systematic and rational manner over current and future periods.

Pension expense for the year ended June 30, 2022, is as follows (amounts are in thousands):

(Table on next page.)

| | State Teachers' | | Vermont State | |
|--|-----------------------|-----------------------|--------------------------------|---|
| | Retirement System | | Retirement System | |
| | Primary Government | Primary Government | Total Primary Government | Vermont State Retirement System Discrete Component Units |
| Service cost..... | \$ 72,149 | \$ 69,859 | \$ 142,008 | \$ 1,134 |
| Interest on total pension liability..... | 270,700 | 210,855 | 481,555 | 3,422 |
| Employee contributions..... | (42,199) | (41,440) | (83,639) | (673) |
| Plan administrative costs..... | 2,782 | 2,245 | 5,027 | 36 |
| Other changes..... | (9,031) | (243) | (9,274) | (4) |
| Projected earnings on plan investments..... | (135,173) | (133,868) | (269,041) | (2,172) |
| Recognition (amortization) of deferred pension outflows of resources: | | | | |
| Difference between expected and actual experience..... | 14,677 | 9,810 | 24,487 | 159 |
| Recognition of deferred outflows from prior periods..... | 125,490 | 89,377 | 214,867 | 1,451 |
| Changes in proportional share of contributions..... | - | 373 | 373 | 122 |
| Recognition (amortization) of deferred pension inflows of resources: | | | | |
| Net difference between projected and actual investment earnings.... | (75,404) | (71,122) | (146,526) | (1,154) |
| Recognition of deferred inflows from prior periods..... | (17,541) | (12,174) | (29,715) | (198) |
| Changes in proportional share of contributions..... | - | (253) | (253) | (242) |
| Total Pension Expense..... | \$ 206,450 | \$ 123,419 | \$ 329,869 | \$ 1,881 |

Actuarial Methods and Assumptions (Employer Reporting)

Methods and assumptions used to determine pension expense and the total pension liability are based on a valuation date of June 30, 2020, for VSRS and STRS.

(Table on next page.)

| | VSRS | STRS |
|--|---|--|
| Valuation date | 6/30/2020* | 6/30/2020* |
| Inflation assumptions | 2.30% | 2.30% |
| Investment rate of return | 7.00% | 7.00% |
| Projected salary increases | 3.40% - 5.55% | 3.30% - 10.50% |
| Cost of living adjustments | The January 1, 2021 COLA: Groups A, C, D, F (retired on or after 7/1/2008) - 0.0%, Group F (retired before 7/1/2008) - 1.0% | The January 1, 2021 COLA: Group A: 0.0%; Group C: 1.0% |
| Post Retirement Adjustments: assumed annual rate of cost-of-living increases | Groups A, C & D and F (retiring on or after 7/1/2008): 2.40%; Group F (retiring before 7/1/2008) : 1.35%. | Group A: 2.40%; Group C: 1.35%. |
| <u>Census Data for 2020 Valuation</u> | | |
| Retired members or beneficiaries currently receiving benefits | 7,424 | 9,843 |
| Inactive members | 1,482 | 2,710 |
| Active members | 8,539 | 9,996 |
| Terminated vested members | 768 | 887 |
| Total membership | 18,213 | 23,436 |
| *Valuation date is rolled forward to the measurement date of June 30, 2021 using standard actuarial techniques | | |

Mortality rates are based as follows for the various retirement systems:

Vermont State Retirement System

- *Pre-retirement Mortality:* Groups A & F: 60% of PubG-2010 General Employee Amount-Weighted Above Median, 40% of PubG-2010 General Employee Amount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Amount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Amount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.
- *Post-retirement Retiree Mortality:* Groups A & F: 109% of PubG-2010 General Healthy Retiree Amount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Amount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Amount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Amount-Weighted Above Median with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* Groups A & F: Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Amount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median with generational projection using MP-2019.
- *Disabled Post-retirement Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality*: All Groups were based on the PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019.
- *Post-retirement Retiree Mortality*: All Groups based on the PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality*: All Groups based on 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2019.
- *Disabled Post-retirement Mortality*: All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2019. Actuarial valuations attempt to estimate costs associated with the pension system based on a number of demographics, economic, and retirement experience assumptions. To the extent assumptions are at variance to experience, this can result in actuarial gains and losses ultimately impacting contribution rates and the development of the actuarially required contribution. Experience studies are required by statute to be conducted every five years to review actual experience in comparison to these assumptions and to provide recommended changes to assumptions.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, measurement date are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------|--|---|
| Global Equity | 24.00% | 5.05% |
| US Equity – Large Cap | 5.00% | 5.05% |
| US Equity – Small/Mid Cap | 4.00% | 4.00% |
| Non-US Equity – Large Cap | 3.00% | 4.50% |
| Non-US Equity – Small Cap | 7.00% | 5.50% |
| Emerging Markets Debt | 10.00% | 6.75% |
| Core Bond | 4.00% | 3.00% |
| Private & Alternate Credit | 10.00% | 4.75% |
| US TIPS | 4.00% | 5.75% |
| Core Real Estate | 19.00% | 0.00% |
| Non-Core Real Estate | 4.00% | 3.75% |
| Private Equity | 3.00% | -0.50% |
| Infrastructure/Farmland | 3.00% | 4.25% |
| Total | <u>100.00%</u> | |

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.3%.

Discount Rate (Employer Reporting)

The discount rate used to measure the total pension liability as of June 30, 2021 measurement date was 7.00% for the VSRS and STRS. The discount rate used for the prior year was 7.00% for the VSRS and STRS. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 68.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended June 30, 2021, measurement date was 24.59% for VSRS, and 24.75% for STRS. Amounts for the prior year were 3.90%, and 4.10% respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Employer Reporting)

The following presents the net pension liability of the various retirement systems (at the June 30, 2021, measurement date), calculated using the discount rates determined above, as well as what the systems' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts are in thousands):

| | <u>VSRS</u> | <u>STRS</u> |
|------------------------------------|--------------|--------------|
| One-percent decrease | | |
| Discount rate | 6.00% | 6.00% |
| Net pension liability | \$ 1,254,767 | \$ 2,220,769 |
| Net pension liability, as reported | | |
| Discount rate | 7.00% | 7.00% |
| Net pension liability | \$ 829,828 | \$ 1,695,490 |
| One-percent increase | | |
| Discount rate | 8.00% | 8.00% |
| Net pension liability | \$ 480,073 | \$ 1,261,020 |

Payable to the Defined Benefit Pension Plan (Employer Reporting)

At June 30, 2022, the State reported a payable of \$4,917,840 for the outstanding amount of contributions to the VSRS pension plan required for the year ended June 30, 2022.

3. Net Pension Liability and Disclosures required by GASB Statement No. 67 (Plan Reporting)

This section includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statements for the defined benefit plans for the year ended June 30, 2022. Separate valuations were performed by the State's actuary to calculate the total pension liability in accordance with this standard for financial reporting by pension plans and calculates the net pension liability (NPL). The plans' valuations as of June 30, 2021, were rolled forward to the pension plans' fiscal year end of June 30, 2022. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

Net Pension Liabilities (Plan Reporting)

The components of the net pension liabilities of the defined benefit retirement plans at June 30, 2022, are shown as follows with amounts in thousands:

| | Vermont State Retirement System | Vermont State Teachers' Retirement System | Vermont Municipal Employees Retirement System |
|--|--|--|--|
| Total pension liability | \$ 3,400,579 | \$ 4,267,972 | \$ 1,149,351 |
| Fiduciary net position | <u>(2,276,645)</u> | <u>(2,339,413)</u> | <u>(845,979)</u> |
| Net pension liability | <u>\$ 1,123,934</u> | <u>\$ 1,928,559</u> | <u>\$ 303,372</u> |
| Fiduciary net position as a percentage of total pension liability | 66.95% | 54.81% | 73.60% |

Additional information regarding changes in the net pension liability for the year ended June 30, 2022, can be found in the Required Supplementary Information section immediately following these notes to the financial statements.

Actuarial Assumptions (Plan Reporting)

The June 30, 2022, total pension liability was determined by rolling forward the total pension liability as of June 30, 2021, to June 30, 2022, using the actuarial assumptions and methods used in the June 30, 2021 actuarial valuation of the plans. There were no material changes in assumptions or benefit terms that occurred between the actuarial valuation date and the measurement date.

(Table on next page.)

| | VSRS | STRS | MERS |
|---|--|--|--|
| Valuation date | 6/30/2021* | 6/30/2021* | 6/30/2021* |
| Inflation assumptions | 2.30% | 2.30% | 2.30% |
| Investment rate of return, net of pension plan investment expenses, including inflation | 7.00% | 7.00% | 7.00% |
| Projected salary increases | 3.40% - 5.55% | 3.55% - 10.50% | 4.50% - 7.00% |
| Cost of living adjustments | The January 1, 2022 COLA: Groups A, C, D, F (retired on or after 7/1/2008) - 4.60%, Group F (retired before 7/1/2008) - 2.30% | The January 1, 2022 COLA: Group A: 4.60%; Group C: 2.30% | The January 1, 2022 COLA: Group A: 2.0%; Groups B, C, & D: 2.30% |
| Post Retirement Adjustments: assumed annual rate of cost-of-living increases | Groups A, C & D and F (retiring on or after 7/1/2008): 2.40%; Group F (retiring before 7/1/2008) : 1.35%. Group C retiring on or after 07/01/2022: 2.15%. Group F retiring on or after 07/01/2022: 2.25%. Group D retiring on or after 07/01/2022: 2.40% on the first \$75,000 of retirement benefits, and 1.15% on amounts above \$75,000 of retirement benefits. | Group A: 2.40%; Group C: 1.35%. Group C retiring on or after 07/01/2022: 1.20% | Group A - 1.10%, Groups B,C & D - 1.20% |
| Census Data for 2021 Valuation | | | |
| Retired members or beneficiaries currently receiving benefits | 7,716 | 10,106 | 3,938 |
| Inactive members | 1,716 | 2,915 | 3,343 |
| Active members | 8,192 | 9,955 | 7,879 |
| Terminated vested members | 771 | 911 | 998 |
| Total membership | 18,395 | 23,887 | 16,158 |
| *Valuation date is rolled forward to the measurement date using standard actuarial techniques | | | |

Mortality rates are based as follows for the various retirement systems:

Vermont State Retirement System

- **Pre-retirement Mortality:** Groups A & F: 60% of PubG-2010 General Employee Amount-Weighted Above Median, 40% of PubG-2010 General Employee Amount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Amount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Amount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.
- **Post-retirement Retiree Mortality:** Groups A & F: 109% of PubG-2010 General Healthy Retiree Amount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Amount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Amount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Amount-Weighted Above Median with generational projection using scale MP-2019.

- *Post-retirement Beneficiaries Mortality:* Groups A & F: Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Amount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Amount-Weighted Above Median with generational projection using MP-2019.
- *Disabled Post-retirement Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

- *Pre-retirement Mortality:* All Groups were based on the PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019.
- *Post-retirement Retiree Mortality:* All Groups based on the PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* All Groups based on 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2019.
- *Disabled Post-retirement Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont Municipal Employees Retirement System

- *Pre-retirement Mortality:* Groups A/B/C: 40% PubG-2010 General Employee amount-weighted below-median and 60% of PubG-2010 General Employee amount-weighted, with generational projection using Scale MP-2019. Group D: PubG-2010 General Employee amount-weighted above-median, with generational projection using scale MP-2019.
- *Post-retirement Retiree Mortality:* Groups A/B/C: 104% of 40% PubG-2010 General Healthy Retiree amount-weighted below-median and 60% of PubG-2010 General Healthy Retiree amount-weighted, with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree amount-weighted, with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* Groups A/B/C: 70% Pub-2010 Contingent Survivor amount-weighted below-median and 30% of Pub-2010 Contingent Survivor amount-weighted, with generational projection using scale MP-2019. Group D: Pub-2010 Contingent Survivor amount-weighted, with generational projection using scale MP-2019.
- *Disabled Post-retirement Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022, are summarized in the following table:

(Table on next page.)

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------------|--|---|
| Passive Global Equity | 24.00% | 4.30% |
| Active Global Equity | 5.00% | 4.30% |
| US Equity – Large Cap | 4.00% | 3.25% |
| US Equity – Small/Mid Cap | 3.00% | 3.75% |
| Non-US Developed Market Equities | 7.00% | 5.00% |
| Private Equity | 10.00% | 6.50% |
| Emerging Market Debt | 4.00% | 3.50% |
| Private & Alternate Credit | 10.00% | 4.75% |
| Non-Core Real Estate | 4.00% | 6.00% |
| Core Fixed Income | 19.00% | 0.00% |
| Core Real Estate | 3.00% | 3.50% |
| US TIPS | 3.00% | -0.50% |
| Infrastructure/Farmland | 4.00% | 4.25% |
| Total | <u>100.00%</u> | |

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.30%.

Discount Rate (Plan Reporting)

The discount rate used to measure the total pension liability was 7.00% for the VSRS, STRS, and MERS. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended June 30, 2022, was -7.42% for VSRS, -7.41% for STRS, and -7.88% for MERS. Amounts for the prior year were 24.59%, 24.75% and 24.32% respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Plan Reporting)

The following presents the net pension liability of the various retirement systems, calculated using the discount rates determined above, as well as what the systems' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts are in thousands):

(Table on next page.)

| | <u>VSRS</u> | <u>STRS</u> | <u>MERS</u> |
|------------------------------------|--------------|--------------|-------------|
| One-percent decrease | | | |
| Discount rate | 6.00% | 6.00% | 6.00% |
| Net pension liability | \$ 1,562,330 | \$ 2,455,235 | \$ 454,590 |
| Net pension liability, as reported | | | |
| Discount rate | 7.00% | 7.00% | 7.00% |
| Net pension liability | \$ 1,123,934 | \$ 1,928,559 | \$ 303,372 |
| One-percent increase | | | |
| Discount rate | 8.00% | 8.00% | 8.00% |
| Net pension liability | \$ 762,918 | \$ 1,490,986 | \$ 178,989 |

The defined benefit plans financial statements are on the following two pages:

(Notes continue on next page.)

Statement of Fiduciary Net Position
Defined Benefit Plans
June 30, 2022

| | Vermont State Retirement Fund | State Teachers' Retirement Fund | Vermont Municipal Employees' Retirement Fund |
|---|--|--|---|
| Assets | | | |
| Cash and short term investments..... | \$ 22,781,881 | \$ 16,761,257 | \$ 5,407,263 |
| Receivables | | | |
| Contributions - current..... | 6,981,973 | 6,425,073 | 6,221,909 |
| Contributions - non-current..... | - | - | 5,736,798 |
| Investments sold..... | 5,309,603 | 5,386,423 | 1,977,271 |
| Interest and dividends..... | 905,847 | 932,351 | 651,292 |
| Due from other funds..... | 74,822 | 10,269 | 247,773 |
| Other..... | 1,610,939 | 5,656,091 | 898,204 |
| Investments | | | |
| Fixed income..... | 128,651,224 | 131,966,139 | 48,155,258 |
| Equities..... | 209,763,371 | 216,064,666 | 73,932,086 |
| Mutual and commingled funds..... | 1,496,507,550 | 1,538,800,643 | 558,488,401 |
| Private partnerships..... | 431,376,299 | 444,112,262 | 154,043,839 |
| Prepaid expenses..... | 68,602 | 78,130 | 43,984 |
| Capital assets, net of depreciation..... | <u>521,831</u> | <u>616,012</u> | <u>229,667</u> |
| Total assets..... | <u>2,304,553,942</u> | <u>2,366,809,316</u> | <u>856,033,745</u> |
| Liabilities | | | |
| Accounts payable..... | 1,423,394 | 280,210 | 131,222 |
| Investments purchased..... | 26,479,971 | 27,111,406 | 9,909,559 |
| Due to other funds..... | 5,033 | 4,755 | 13,493 |
| Interfund loan payable..... | <u>420</u> | <u>-</u> | <u>-</u> |
| Total liabilities..... | <u>27,908,818</u> | <u>27,396,371</u> | <u>10,054,274</u> |
| Net position restricted | | | |
| for employees' pension benefits..... | <u>\$ 2,276,645,124</u> | <u>\$ 2,339,412,945</u> | <u>\$ 845,979,471</u> |

**Statement of Changes in Fiduciary Net Position
Defined Benefit Plans
For the Fiscal Year Ended June 30, 2022**

| | Vermont State Retirement Fund | State Teachers' Retirement Fund | Vermont Municipal Employees' Retirement Fund |
|--|--|--|---|
| Additions | | | |
| Contributions | | | |
| Employer - pension benefit..... | \$ 197,523,008 | \$ - | \$ 25,217,676 |
| Non-employer - pension benefit..... | - | 314,663,632 | - |
| Plan member..... | 44,654,960 | 44,597,049 | 25,025,242 |
| Transfers from other pension trust funds..... | 862,283 | 466,281 | 650,984 |
| Other revenues..... | - | 10,581,196 | - |
| Total contributions..... | 243,040,251 | 370,308,158 | 50,893,902 |
| Investment Income | | | |
| Net appreciation (depreciation) in fair value of investments..... | (229,545,692) | (238,234,426) | (87,174,094) |
| Dividends..... | 14,389,796 | 15,295,950 | 5,342,116 |
| Interest income..... | 2,393,146 | 2,551,174 | 1,346,625 |
| Other income..... | 2,942 | 3,495 | 726 |
| Total investment income/(loss)..... | (212,759,808) | (220,383,807) | (80,484,627) |
| Less Investment Expenses | | | |
| Investment managers and consultants..... | 2,714,103 | 2,891,218 | 1,023,138 |
| Net investment income/(loss)..... | (215,473,911) | (223,275,025) | (81,507,765) |
| Total additions..... | 27,566,340 | 147,033,133 | (30,613,863) |
| Deductions | | | |
| Retirement benefits..... | 167,690,557 | 224,727,608 | 44,227,059 |
| Refunds of contributions..... | 4,386,131 | 2,253,448 | 2,541,159 |
| Death claims..... | 813,731 | 484,143 | 387,362 |
| Transfers to other pension trust funds..... | 901,054 | 233,245 | 982,827 |
| Depreciation..... | 248,439 | 292,837 | 110,188 |
| Administration expenses..... | 2,103,712 | 2,422,415 | 1,192,401 |
| Total deductions..... | 176,143,624 | 230,413,696 | 49,440,996 |
| Change in net position..... | (148,577,284) | (83,380,563) | (80,054,859) |
| Net position restricted for employees' pension benefits | | | |
| July 1, 2021..... | 2,425,222,408 | 2,422,793,508 | 926,034,330 |
| June 30, 2022..... | \$ 2,276,645,124 | \$ 2,339,412,945 | \$ 845,979,471 |

B. Defined Contribution Retirement Plans

Retirement Plan Descriptions

In accordance with Title 3 of the Vermont Statutes Annotated, Chapter 16A, the State established an optional single employer defined contribution pension plan for exempt State employees effective January 1, 1999. The Vermont State Defined Contribution Plan is reported in the Pension Trust Funds. Exempt employees hired after January 1, 1999, have a one-time opportunity to elect either the defined benefit or defined contribution plan. Employees are required to contribute at the rate of 2.85%. The State is required to contribute to each employee's account at the rate of 7% of the employee's compensation for each payroll period. An employee becomes vested in the plan after completion of 23 months of creditable service as a State employee. During the fiscal year ended June 30, 2022, member contributions totaled \$744,962 with State employer contributions at \$1,909,740. As of June 30, 2022, the Vermont State Defined Contribution Plan's net position totaled \$73,101,717 and there were 547 participants.

The Vermont Municipal Employees' Defined Contribution Plan (24 V.S.A. 5070), a multiple employer defined contribution pension plan, was implemented by the Vermont Municipal Employees' Retirement System's Board of Trustees on July 1, 2000, and is reported as a pension trust fund. The defined contribution plan was offered by municipal employers to one or more groups of their eligible employees. Once offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to their employees as of December 31, 1999, have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

Participating municipal employees are required to contribute at the rate of 5% of earnable compensation. Employers are required to contribute at the rate of 5.125%. Employees become vested in the plan after 12 months of service. During the fiscal year ended June 30, 2022, member contributions totaled \$452,676 and employer contributions at \$461,566. As of June 30, 2022, the Municipal Employees' Defined Contribution Plan's net position totaled \$25,823,524 and there were 431 participants.

The Single Deposit Investment Account (SDIA), a non-contributory multiple employer defined contribution pension plan reported as a Pension Trust Fund, was established according to the provisions of Public Act 41 of the 1981 Session. The Act authorized a new Group B non-contributory plan within the State Teachers Retirement System (STRS) and a new Group E non-contributory plan within the Vermont State Retirement System (VSRS).

The STRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group B non-contributory plan. Group A members electing to transfer to the Group B plan had their choice between the following three options:

- Have both their accumulated employee contributions and accumulated interest returned to them; or
- Have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- Have both their accumulated employee contributions and accumulated interest invested by the retirement board in the SDIA.

The VSRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group E non-contributory plan. Group A members electing to transfer to the Group E plan had their choice between the following three options:

- Have both their accumulated employee contributions and accumulated interest returned to them; or
- Have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- Have both their accumulated employee contributions and accumulated interest invested by the retirement board in the SDIA.

No additional contributions could be made to the SDIA beyond those described above. The SDIA funds are not available to the members until they retire or terminate employment. At June 30, 2022 there were 816 members, with net position of \$28,448,281 in the Single Deposit Investment Account.

The defined contribution plans' financial statements are as follows:

**Statement of Fiduciary Net Position
Defined Contribution Plans
June 30, 2022**

| | Vermont State Defined Contribution Fund | Single Deposit Investment Account | Vermont Municipal Employees' Defined Contribution Fund |
|---|--|--|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | |
| Cash and short term investments..... | \$ 76,474 | \$ - | \$ 58,337 |
| Receivables | | | |
| Contributions..... | 84,120 | - | 14,051 |
| Other..... | 7,660 | - | 1,179 |
| Investments | | | |
| Mutual and commingled funds..... | 73,002,124 | 28,448,281 | 25,997,894 |
| Prepaid expenses..... | <u>27,673</u> | <u>-</u> | <u>221</u> |
| Total assets..... | <u>73,198,051</u> | <u>28,448,281</u> | <u>26,071,682</u> |
| Liabilities | | | |
| Accounts payable..... | 21,512 | - | 385 |
| Due to other funds..... | <u>74,822</u> | <u>-</u> | <u>247,773</u> |
| Total liabilities..... | <u>96,334</u> | <u>-</u> | <u>248,158</u> |
| Net position restricted | | | |
| for employees' pension benefits..... | <u>\$ 73,101,717</u> | <u>\$ 28,448,281</u> | <u>\$ 25,823,524</u> |

**Statement of Changes in Fiduciary Net Position
Defined Contribution Plans
For the Fiscal Year Ended June 30, 2022**

| | Vermont State Defined Contribution Fund | Single Deposit Investment Account | Vermont Municipal Employees' Defined Contribution Fund |
|--|--|--|---|
| Additions | | | |
| Contributions | | | |
| Employer - pension benefit..... | \$ 1,909,740 | \$ - | \$ 461,566 |
| Plan member..... | 744,962 | - | 452,676 |
| Transfers from other pension trust funds.... | 111,339 | - | 26,239 |
| Transfers from non-state systems..... | 41,955 | - | - |
| Total contributions..... | 2,807,996 | - | 940,481 |
| Investment Income | | | |
| Net appreciation (depreciation) in fair value of investments..... | (13,775,560) | - | (5,457,933) |
| Dividends..... | 1,592,961 | 588,357 | 545,026 |
| Interest income..... | 269 | - | 308 |
| Other income..... | 11,402 | - | 1,670 |
| Total investment income/(loss)..... | (12,170,928) | 588,357 | (4,910,929) |
| Less Investment Expenses | | | |
| Investment managers and consultants..... | - | 41,934 | - |
| Net investment income/(loss)..... | (12,170,928) | 546,423 | (4,910,929) |
| Total additions..... | (9,362,932) | 546,423 | (3,970,448) |
| Deductions | | | |
| Retirement benefits..... | 2,228,582 | 2,885,673 | 306,308 |
| Transfers to non-state systems..... | 6,533,268 | 389,844 | 2,004,228 |
| Operating expenses..... | 145,393 | 205 | 135,271 |
| Total deductions..... | 8,907,243 | 3,275,722 | 2,445,807 |
| Change in net position..... | (18,270,175) | (2,729,299) | (6,416,255) |
| Net position restricted for employees' pension benefits | | | |
| July 1, 2021..... | 91,371,892 | 31,177,580 | 32,239,779 |
| June 30, 2022..... | \$ 73,101,717 | \$ 28,448,281 | \$ 25,823,524 |

C. Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the State offers postemployment medical insurance, dental insurance, and life insurance benefits to retirees of the VSRS and STRS. Component units and authorities of the State will perform their own valuation as the State does not assume the risk or financial burden for their health care costs.

The State reports under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 requires employers and nonemployer contributing entities to report their net OPEB liability on their financial statements.

Defined Benefit OPEB Plans

In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into three sections. The first section (Disclosures about the Defined Benefit OPEB Plans) offers disclosures about the plans themselves - descriptions of the plans and who is covered; a discussion of benefits provided by each of the plans.

The second section (Financial Reporting of Net OPEB Liability and OPEB Expense by the Employer as required by GASB Statement No. 75) provides funding information regarding the OPEB plans that are required by GASB Statement No. 75 - changes in net OPEB liability, balances of deferred OPEB outflows of resources and deferred OPEB inflows of resources (including prospective schedules of amortization of the deferred outflows and inflows), and the calculation of OPEB expense for the year.

The third section (Net OPEB Liability and Disclosures required by GASB Statement No. 74) provides the information that is required by GASB Statement No. 74 - the calculation of the net OPEB liability (NOL); the actuarial assumptions and census data that were used in calculating that NOL; the discount rate that was used in the calculations; and the sensitivity of the NOL to changes in the discount rate.

1. Disclosures about the Defined OPEB Plans

This first section provides the disclosures about the defined benefit retirement plans required by GASB Statement No. 74, including the plan descriptions, contribution information, benefits, and membership at June 30, 2022.

Plan Descriptions and Contribution Information

Vermont State Postemployment Benefits Trust Fund

The Vermont State Postemployment Benefits Trust Fund (VSPB) (3 V.S.A. 479a), a single employer defined benefit OPEB plan, was established in fiscal year 2007 as an irrevocable trust fund for the purpose of accumulating and providing reserves to support retiree postemployment benefits other than pension benefits for members of the Vermont State Retirement System (VSRS).

The VSPB is managed by the VSRS Retirement Board (see VSRS in 4.A.1 above). Title 3 V.S.A. Chapters 16 and 21 provides the authority to establish and amend the benefit provisions of the plan, and to establish and amend contribution requirements. Contributions are actuarially determined; however, the State has normally elected to pay State contributions to fund current year retiree health care expenses on a pay-as-you-go basis. State contributions for the fiscal year ended June 30, 2022, were \$35,170,057, which is 6.07% of covered payroll. Employees are not required to contribute to the OPEB plan.

Benefits are provided through the State's self-insured Medical Insurance Fund (an internal service fund). VSPB plan members have access to the same benefit plans as active employees.

State employees hired prior to July 1, 2008 and retiring directly from active State service for any reason (disability, early, or normal) may elect to carry whatever medical coverage is in effect at that time into retirement for themselves and their dependents. During their lifetime the retiree will pay 20% of the cost of the premium, except in the case where retirees select joint or survivorship options. If the retiree chooses the joint or survivor pension

options and predeceases their spouse, the medical benefits along with the pension benefit will continue for the spouse. However, generally, the surviving spouse must pay 100% of the cost of the premium.

In addition, once a retiree or surviving spouse becomes eligible for Medicare coverage (at age 65); it is mandatory that they enroll in both Medicare Part A and Part B as soon as possible. Medicare thus becomes the primary insurer with the State plan becoming the secondary insurer. The insured's State insurance premium costs will then decrease in recognition of this change.

Vermont State Retirement System's defined benefit plan Group C members who terminate with 20 or more years of service, but are not yet 50 years old, may elect to receive medical coverage at the time they begin receiving their retirement benefits. For all other Vermont State Retirement System's active employees, if the employee does not retire directly from State service (inactive members), they are not eligible to participate in the State's medical insurance plan. If the insurance is terminated at any time after retirement benefits have been received, coverage will not be able to be obtained again at a later date.

Based on legislation enacted during fiscal year 2008, Vermont State Retirement System's defined benefit plan Group F employees hired after June 30, 2008, will pay, upon retirement, a tiered retiree health care premium amount based on completed years of service. The tiered rate paid will range from 100% of the premium cost for retirees with less than 10 years of service to 20% of the premium cost for retirees with 20 or more years of service. Additionally, as part of the enacted legislation, Group F employees hired after June 30, 2008, will also have the ability to elect health care insurance at the 20% premium cost level when they begin to receive retirement benefits in a manner comparable to regular retirements even if the employee terminated prior to their early retirement date, provided the member had 20 years of service upon termination of employment.

Retired Teachers' Health and Medical Benefit Fund

The Retired Teachers' Health and Medical Benefit Fund (RTHMB) (16 V.S.A. 1944b), a cost-sharing multiple employer defined benefit OPEB plan with a special funding situation, was created by the legislature on July 1, 2014, to explicitly appropriate State contributions to the fund for health care expenses separate from the State's contribution to the State Teachers' Retirement System (STRS) pension trust fund. Prior to fiscal year 2015, the health care expenses for the STRS's retirees were paid through a sub-fund of the defined benefit pension trust fund and no State contribution was explicitly budgeted or funded.

The RTHMB is managed by the STRS Retirement Board (see STRS in 4.A.1 above). Title 16 V.S.A. Chapter 55 provides the authority to establish and amend the benefit provisions of the plan, and to establish and amend contribution requirements. Contributions are actuarially determined; however, the State has elected to appropriate State contributions to fund current year retiree health care expenses on a pay-as-you-go basis. But, in fiscal year 2022, the State made an additional contribution of \$13.3 million to the RTHMB from the Education Fund that was above the pay-as-you-go amount. State contributions for the fiscal year ended June 30, 2022, were \$54,202,861, which is 8.24% of covered payroll. Employees are not required to contribute to the OPEB plan.

Retirees of the STRS participate in multi-employer health coverage plans operated by the Vermont Education Health Initiative (VEHI) which is managed jointly by the Vermont School Boards Insurance Trust and the Vermont National Education Association. VEHI partners with Blue Cross Blue Shield to provide health insurance to retired and active teachers. VEHI issues its own audited financial statements. These and plan information are available the VEHI Offices, 2 Prospect Street, Suite 5, Montpelier, VT 05602.

STRS's members have access to medical benefit plans in retirement as offered by VEHI. The plans are identical to those offered to active teachers in public school systems in Vermont. Members may pick up medical coverage under one of the plans offered for themselves and all eligible dependents at the time of retirement, or anytime thereafter during one of the semi-annual open enrollment periods. If the member has a minimum of 10 years of creditable service at the time of retirement, the system picks up 80% of the retiree's premium only, based on the cost of the "standard plan" as defined by statute. The retiree must pick up the full cost of the premium for all covered dependents. Once a retiree becomes eligible for Medicare coverage (at age 65), it is mandatory that they enroll in both Medicare Part A and Part B. Medicare becomes the primary insurer and the Teacher's medical

plans become the secondary insurer. Two of the plans offered become “carve-out” plans to coordinate with Medicare, and one of the plans is replaced with a true Medicare supplemental plan. The premiums for all plans are reduced in accordance with the decrease in liability once Medicare becomes the primary insurer.

During fiscal year 2022 there were 134 participating employers in the STRS - RTHMB plan.

Membership in the plans consisted of the following at June 30, 2022:

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|--|--------------------|---------------------|
| Retired members or beneficiaries currently receiving benefits | 5,653 | 7,318 |
| Retired members or beneficiaries not receiving benefits | - | 2,977 |
| Vested terminated members entitled to but not yet receiving benefits | - | 3,870 |
| Active members | 8,532 | 10,387 |
| Total | <u>14,185</u> | <u>24,552</u> |

2. Employer Reporting of OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Plans as required by GASB Statement No. 75

This section includes the information that is required to be reported by employers per GASB Statement No. 75. It reports information regarding the calculation of the State’s net OPEB liability, including changes during the measurement period in both total OPEB liability and plan net position; balances in the various components of deferred OPEB outflows of resources and deferred OPEB inflows of resources and the amounts to be recognized in OPEB expense in future periods; and the calculation of OPEB expense. In addition to presenting the NOL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NOL, and disclosures as to the sensitivity of the NOL to changes in the discount rate.

The State is responsible for 99.3278% of the VSPB net OPEB liability. The Vermont Veterans’ Home (a discrete component unit) is responsible for 0.6722% of the VSPB net OPEB liability. The State is responsible for 100% of the RTHMB net OPEB liability as a non-employer contributing entity. The information is presented in this section is for those two plans.

Reporting Date, Measurement Date, and Valuation Date (Employer Reporting)

Net OPEB liabilities, deferred OPEB outflows of resources, deferred OPEB inflows of resources, and OPEB expense are all presented as of the State’s reporting date (June 30, 2022) and for the State’s reporting period (the year ended June 30, 2022). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 75 requires that the current measurement date be no earlier than the end of the employer’s prior fiscal year. For the reporting date of June 30, 2022, the State has chosen to use the end of the prior fiscal year (June 30, 2021) as the measurement date, and the year ended June 30, 2021, as the measurement period.

The total OPEB liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer’s most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2020, to the measurement date of June 30, 2021. There were no material changes in assumptions or benefit terms that occurred between the actuarial valuation date and the measurement date.

Net OPEB Liabilities (Employer Reporting)

The net OPEB liability (NOL) is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the OPEB plan's fiduciary net position. The changes in the components for the measurement period are as follows (amounts are in thousands):

| | <u>VSRS - VSPB</u> | | | <u>STRS - RTHMB</u> | | |
|---|---------------------------------|-----------------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | <u>Increase (Decrease)</u> | | | <u>Increase (Decrease)</u> | | |
| | <u>Total OPEB Liability (a)</u> | <u>Fiduciary Net Position (b)</u> | <u>Net OPEB Liability (a-b)</u> | <u>Total OPEB Liability (a)</u> | <u>Fiduciary Net Position (b)</u> | <u>Net OPEB Liability (a-b)</u> |
| Balances - June 30, 2020 | \$ 1,482,970 | \$ 57,592 | \$ 1,425,378 | \$ 1,268,119 | \$ 8,719 | \$ 1,259,400 |
| Changes for the year: | | | | | | |
| Service cost | 63,318 | - | 63,318 | 50,729 | - | 50,729 |
| Interest | 34,088 | - | 34,088 | 28,809 | - | 28,809 |
| Benefit changes | - | - | - | (75,248) | - | (75,248) |
| Difference between expected and actual experience | 4,953 | - | 4,953 | 33,179 | - | 33,179 |
| Changes of assumptions | 43,573 | - | 43,573 | 15,408 | - | 15,408 |
| Contributions - non-employer | - | - | - | - | 36,639 | (36,639) |
| Contributions - employer | - | 90,463 | (90,463) | - | - | - |
| Net investment income | - | 7,775 | (7,775) | - | 53 | (53) |
| Benefit payments, including refunds of contributions | (35,561) | (35,561) | - | (30,775) | (30,775) | - |
| Administrative expenses | - | (1) | 1 | - | (2) | 2 |
| Net changes | <u>110,371</u> | <u>62,676</u> | <u>47,695</u> | <u>22,102</u> | <u>5,915</u> | <u>16,187</u> |
| Balances - June 30, 2021 | \$ 1,593,341 | \$ 120,268 | \$ 1,473,073 | \$ 1,290,221 | \$ 14,634 | \$ 1,275,587 |
| Fiduciary net position as a percentage of total OPEB liability | | | 7.55% | | | 1.13% |

Proportionate Share of Net OPEB Liability

| | <u>VSRS - VSPB</u> | | | |
|--|---------------------|----------------------------|------------------|---------------|
| | <u>Amount</u> | <u>Proportionate Share</u> | | |
| | | <u>2021</u> | <u>2020</u> | <u>Change</u> |
| Governmental activities | \$ 1,459,004 | 99.0449% | 97.6613% | 1.3836% |
| Business type activities | 4,166 | 0.2828% | 0.6605% | -0.3777% |
| Discrete component unit | 9,903 | 0.6722% | 1.6782% | -1.0060% |
| Total net OPEB liability | <u>1,473,073</u> | <u>100.0000%</u> | <u>100.0000%</u> | |
| | | <u>STRS - RTHMB</u> | | |
| | | <u>Proportionate Share</u> | | |
| | <u>Amount</u> | <u>2021</u> | <u>2020</u> | <u>Change</u> |
| Governmental activities | 1,275,587 | 100.0000% | 100.0000% | 0.0000% |
| Total governmental activities net OPEB liability | <u>\$ 2,734,591</u> | | | |

Additional information regarding the changes in the net OPEB liability for the year ended June 30, 2022, can be found in the Required Supplementary information immediately following these notes to the financial statements.

Deferred OPEB Outflows of Resources and Deferred OPEB Inflows of Resources (Employer Reporting)

Most changes in the net OPEB liability are included in OPEB expense during the year of change. Changes resulting from current-period service cost, interest on the total OPEB liability, and changes in benefit terms are required to be included in OPEB expense immediately. Similarly, projected earnings on the OPEB plan's investments are also required to be included in the determination of OPEB expense immediately.

The effects of certain other changes in the net OPEB liability are required to be included in OPEB expense over the current and future periods, depending on the nature of the change. The effect on the net OPEB liability of differences between the projected earnings on OPEB plan investments and actual experience with regard to those earnings is required to be included in OPEB expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net OPEB liability not included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEBs. This treatment arises from the concept that these changes result from the use of estimates, where probabilities of events range from 0 to 100 percent, while actual events either occur or do not occur. Therefore, differences between some estimates and actual experience will occur with every measurement that incorporates future events.

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning with the current period. Changes in the net OPEB liability not included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEBs. This treatment arises from the concept that OPEBs arise from an exchange between employer and employee of salaries and benefits for employee service each period and that these transactions and related OPEB measurements are viewed in the context of ongoing, career-long employment relationships.

Employer contributions subsequent to the measurement date of the net OPEB liability are required to be reported as deferred outflows of resources, and will be recognized as a reduction of the net OPEB liability at June 30, 2023.

As of June 30, 2022, the State reported the following deferred OPEB outflows of resources and deferred OPEB inflows of resources (amounts are in thousands):

| Source | VSRS - VSPB | | VSRS - VSPB | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Primary Government | | Discrete Component Units | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 26,184 | \$ - | \$ 177 | \$ - |
| Changes of assumptions | 130,227 | 223,351 | 881 | 1,511 |
| Net differences between projected and actual earnings on plan investments | - | 432 | - | 3 |
| Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability | 32,920 | 20,036 | 8,313 | 21,197 |
| Employer contributions made subsequent to the measurement date | 34,644 | - | 526 | - |
| Total | <u>\$ 223,975</u> | <u>\$ 243,819</u> | <u>\$ 9,897</u> | <u>\$ 22,711</u> |

| Source | STRS - RTHMB | |
|---|-----------------------------------|----------------------------------|
| | Primary Government | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 54,891 | \$ - |
| Changes of assumptions | 118,898 | 4,039 |
| Net differences between projected and actual earnings on plan investments | - | 183 |
| Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability | - | - |
| Employer contributions made subsequent to the measurement date | 54,203 | - |
| Total | \$ 227,992 | \$ 4,222 |

| Source | Primary Government | |
|---|-----------------------------------|----------------------------------|
| | Total | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 81,075 | \$ - |
| Changes of assumptions | 249,125 | 227,390 |
| Net differences between projected and actual earnings on plan investments | - | 615 |
| Change in proportion and the effect of certain employer contributions on the employer's net OPEB liability | 32,920 | 20,036 |
| Employer contributions made subsequent to the measurement date | 88,847 | - |
| Total | \$ 451,967 | \$ 248,041 |

The amounts reported as deferred OPEB outflows of resources resulting from employer contributions made subsequent to the measurement date (VSRS-VSPB - \$34.644 million Primary Government and \$0.526 million Component Units; and STRS - RTHMB - \$54.203 million Primary Government), will be recognized as a reduction of the net OPEB liability at June 30, 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs, will be recognized in OPEB expense as follows (amounts are in thousands):

(Table on next page.)

| Year Ended June 30 | STRS - RTHMB | VSRS - VSPB | TOTAL | VSRS - VSPB |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| | Primary Government | Primary Government | Primary Government | Discrete Component Units |
| 2023 | \$ 76,342 | \$ (37,413) | \$ 38,929 | \$ (2,451) |
| 2024 | 58,451 | (37,563) | 20,888 | (2,452) |
| 2025 | 16,737 | (28,366) | (11,629) | (2,395) |
| 2026 | 7,828 | 1,599 | 9,427 | (2,257) |
| 2027 | 7,676 | 26,404 | 34,080 | (1,422) |
| Thereafter | 2,533 | 20,851 | 23,384 | (2,363) |
| Total | <u>\$ 169,567</u> | <u>\$ (54,488)</u> | <u>\$ 115,079</u> | <u>\$ (13,340)</u> |

OPEB Expense (Employer Reporting)

As discussed above, most changes in the net OPEB liability are included in OPEB expense in the year of change, including changes resulting from current-period service cost, interest on the total OPEB liability, changes in benefit terms, and projected earnings on the OPEB plan's investments. Other changes in net OPEB liability are recorded as deferred OPEB outflows of resources and deferred OPEB inflows of resources and included in OPEB expense on a systematic and rational manner over current and future periods. OPEB expense for the year ended June 30, 2022, is as follows (amounts are in thousands):

| | Primary Government | | Primary Government | | Component Units |
|--|-----------------------|------------------|-----------------------|-------------------|--------------------|
| | STRS - RTHMB | VSRS - VSPB | TOTAL | VSRS - VSPB | |
| Service cost | \$ 50,729 | \$ 62,892 | \$ 113,621 | \$ 426 | 426 |
| Interest on total OPEB liability | 28,809 | 33,859 | 62,668 | 229 | 229 |
| Changes in benefit terms | (75,248) | - | (75,248) | - | - |
| Plan administrative costs | 2 | 1 | 3 | - | - |
| Projected earnings on plan investments | (815) | (5,913) | (6,728) | (40) | (40) |
| Recognition (amortization) of deferred OPEB outflows of resources: | | | | | |
| Difference between expected and actual experience | 5,242 | 659 | 5,901 | 4 | 4 |
| Change in assumptions | 2,434 | 5,794 | 8,228 | 39 | 39 |
| Difference between projected and actual investment earnings | 152 | - | 152 | - | - |
| Recognition of deferred outflows from prior periods | 79,526 | 22,048 | 101,574 | 149 | 149 |
| Changes in Proportions | - | 5,909 | 5,909 | 1,582 | 1,582 |
| Recognition (amortization) of deferred OPEB inflows of resources: | | | | | |
| Difference between projected and actual investment earnings | - | (362) | (362) | (2) | (2) |
| Recognition of deferred inflows from prior periods | (15,109) | (67,691) | (82,800) | (458) | (458) |
| Changes in Proportions | - | (3,726) | (3,726) | (3,765) | (3,765) |
| Total OPEB Expense | <u>\$ 75,722</u> | <u>\$ 53,470</u> | <u>\$ 129,192</u> | <u>\$ (1,836)</u> | |

Actuarial Methods and Assumptions (Employer Reporting)**Actuarial Assumptions (Employer Reporting)**

Total OPEB liability at the June 30, 2021, measurement date was determined using the June 30, 2020, actuarial valuation and applying roll forward procedures. The actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified were as follows:

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|--|---|---|
| Inflation | 2.00% | 2.00% |
| Investment rate of return | 7.00%, net of OPEB plan investment expense, including inflation | 7.00%, net of OPEB plan investment expense, including inflation |
| Discount rate | 2.41% | 2.20% |
| Salary increase rate | Varies by age from age 20 - 5.55%, to age 60 - 3.40%. | Varies by age from age 20 - 10.50%, to age 60 - 3.30%. |
| Health care cost trend rate | | |
| Non-Medicare | 6.70% graded to 4.50% over 10 years | 6.70% graded to 4.50% over 10 years |
| Medicare | 6.00% graded to 4.50% over 12 years | 6.00% graded to 4.50% over 11 years |
| Retiree contributions | Equal to health trend | Equal to health trend |
| <u>Plan membership - 6/30/2020</u> | | |
| Retired members or beneficiaries currently receiving benefits | 5,310 | 7,094 |
| Retired members or beneficiaries not receiving benefits | - | 2,591 |
| Vested terminated members entitled to but not yet receiving benefits | - | 1,919 |
| Active members | <u>8,788</u> | <u>9,996</u> |
| Total | <u>14,098</u> | <u>21,600</u> |

The actuarial assumptions used in the June 30, 2020; valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System

Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Vermont State Teachers' Retirement System

Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality*: Groups A, F, & DC: 60% of PubG-2010 General Employee Headcount-Weighted Above Median, 40% of PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Headcount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality:* Groups A, F & DC: 109% of PubG-2010 General Healthy Retiree Headcount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Headcount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* Groups A, F, & DC: Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Headcount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP-2019.
- *Disabled Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

Pre-retirement Mortality: All Groups were based on the PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality:* All Groups based on the PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* All Groups based on 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019.
- *Disabled Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. The following table contains the target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate or return assumption:

(Table on next page.)

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------------|---|
| Passive Global Equity | 24.00% | 5.05% |
| Active Global Equity | 5.00% | 5.05% |
| US Equity – Large Cap | 4.00% | 4.00% |
| US Equity – Small/Mid Cap | 3.00% | 4.50% |
| Non-US Developed Market Equities | 7.00% | 5.50% |
| Private Equity | 10.00% | 6.75% |
| Emerging Market Debt | 4.00% | 3.00% |
| Private & Alternate Credit | 10.00% | 4.75% |
| Non-Core Real Estate | 4.00% | 5.75% |
| Core Fixed Income | 19.00% | 0.00% |
| Core Real Estate | 4.00% | 3.75% |
| US TIPS | 3.00% | -0.50% |
| Infrastructure/Farmland | 3.00% | 4.25% |
| Total | <u>100.00%</u> | |

Discount Rate (Employer Reporting)

The projection of cash flow used to determine the discount rate assumed that the plans' contributions would be made at rates equal to the projected benefit payments for the upcoming year. Based on these assumptions, VSPB's OPEB and RTHMB's OPEB plan fiduciary net position is partially sufficient to cover projected benefit payments. Therefore, a blended discount rate of 2.41% for VSPB's OPEB and 2.20% for RTHMB's OPEB was used to measure the total OPEB liability. For both plans the discount rate is a blend of the long-term expected rate of return on plan investments and the long-term bond rate expected rate of return of 2.16%. The 2.16% is based on the 20-year Bond Buyer GO index at June 30, 2021. The discount rate used in the prior year was 2.23% for the VSPB plan and 2.21% for the RTHMB plan.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Employer Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL 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 (amounts in thousands):

| | <u>VSPB - VSPB</u> | <u>STRS - RTHMB</u> |
|---------------------------------|--------------------|---------------------|
| One-percent decrease | | |
| Discount rate | 1.41% | 1.20% |
| Net OPEB liability | \$ 1,748,130 | \$ 1,509,346 |
| Net OPEB liability, as reported | | |
| Discount rate | 2.41% | 2.20% |
| Net OPEB liability | \$ 1,473,073 | \$ 1,275,587 |
| One-percent increase | | |
| Discount rate | 3.41% | 3.20% |
| Net OPEB liability | \$ 1,254,002 | \$ 1,089,241 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Employer Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|---------------------------------|-----------------------|-----------------------|
| One-percent decrease | | |
| Healthcare cost trend rate | | |
| Non-medicare | 5.70% graded to 3.50% | 5.70% graded to 3.50% |
| Medicare | 5.00% graded to 3.50% | 5.00% graded to 3.50% |
| Net OPEB liability | \$ 1,230,214 | \$ 1,056,770 |
| Net OPEB liability, as reported | | |
| Healthcare cost trend rate | | |
| Non-medicare | 6.70% graded to 4.50% | 6.70% graded to 4.50% |
| Medicare | 6.00% graded to 4.50% | 6.00% graded to 4.50% |
| Net OPEB liability | \$ 1,473,073 | \$ 1,275,587 |
| One-percent increase | | |
| Healthcare cost trend rate | | |
| Non-medicare | 7.70% graded to 5.50% | 7.70% graded to 5.50% |
| Medicare | 7.00% graded to 5.50% | 7.00% graded to 5.50% |
| Net OPEB liability | \$ 1,790,492 | \$ 1,565,167 |

Payable to the OPEB Plans (Employer Reporting)

At June 30, 2022, the State reported a payable of \$33,676 for the outstanding amount of contributions to the VSPB plan required for the year ended June 30, 2022.

3. Net OPEB Liability and Disclosures required by GASB Statement No. 74 (Plan Reporting)

This section includes information that is required to be presented by GASB Statement No. 74. The plans elected to base the valuations on plan data as of June 30, 2021, and used update procedures to roll forward the total OPEB liability to the OPEB plans' fiscal year end. In addition to presenting the NOL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NOL, and disclosures as to the sensitivity of the NOL to changes in the discount rate.

GASB Statement No, 74 requires that OPEB plans disclose the NOL and other related disclosures.

Net OPEB Liabilities (Plan Reporting)

The components of the net OPEB liabilities at June 30, 2022, were as follows (amounts in thousands):

(Table on next page.)

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|---|--------------------|---------------------|
| Total OPEB liability..... | \$ 907,317 | \$ 758,359 |
| Fiduciary net position..... | <u>(104,800)</u> | <u>(40,508)</u> |
| Net OPEB liability..... | <u>\$ 802,517</u> | <u>\$ 717,851</u> |
| Fiduciary net position as a percentage of total OPEB liability | 11.55% | 5.34% |

Additional information regarding changes in net OPEB liability for the year ended June 30, 2022, can be found in the Required Supplementary Information section of these financial statements.

Actuarial Assumptions (Plan Reporting)

The total OPEB liability at June 30, 2022 was determined using the June 30, 2021 actuarial valuation and applying roll forward procedures. The actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified were as follows:

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|--|---|---|
| Inflation | 2.50% | 2.50% |
| Investment rate of return | 7.00%, net of OPEB plan investment expense, including inflation | 7.00%, net of OPEB plan investment expense, including inflation |
| Discount rate | 7.00% | 7.00% |
| Salary increase rate | Varies by age from age 20 - 5.55%, to age 60 - 3.40%. | Varies by age from age 20 - 10.50%, to age 70 - 3.30%. |
| Health care cost trend rate | | |
| Non-Medicare | 7.12% graded to 4.50% over 12 years | 7.12% graded to 4.50% over 12 years |
| Medicare | 6.50% graded to 4.50% over 12 years | 6.50% graded to 4.50% over 12 years |
| Medicare STRS 65 | N/A | 4.50% |
| Retiree contributions | Equal to health trend | Equal to health trend |
| <u>Plan membership - 6/30/2021</u> | | |
| Retired members or beneficiaries currently receiving benefits | 5,484 | 7,280 |
| Retired members or beneficiaries not receiving benefits | - | 2,656 |
| Vested terminated members entitled to but not yet receiving benefits | - | 2,001 |
| Active members | <u>8,448</u> | <u>9,955</u> |
| Total | <u>13,932</u> | <u>21,892</u> |

The actuarial assumptions used in the June 30, 2021; valuation were based on the results of the following actuarial experience studies:

Vermont State Retirement System

Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Vermont State Teachers' Retirement System

Experience Study: July 1, 2014 – June 30, 2019, completed in October 2020 by Segal

Mortality rates are based on the following:

Vermont State Retirement System

- *Pre-retirement Mortality:* Groups A, F & DC: 60% of PubG-2010 General Employee Headcount-Weighted Above Median, 40% of PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2019. Group C: PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP-2019. Group D: 70% of PubG-2010 General Employee Headcount-Weighted Above Median, 30% of PubG-2010 General Employee with generational projection using scale MP-2019.
- *Post-retirement Retiree Mortality:* Groups A, F & DC: 109% of PubG-2010 General Healthy Retiree Headcount-Weighted with generational projection using scale MP-2019. Group C: 40% of PubS-2010 Public Safety Retiree Headcount-Weighted Above Median, 60% of PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2019. Group D: PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* Groups A, F & DC: Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group C: 40% of Pub-2010 Contingent Survivor Headcount-Weighted Above Median, 60% of Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019. Group D: Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP-2019.
- *Disabled Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

Vermont State Teachers' Retirement System

Pre-retirement Mortality: All Groups were based on the PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019.

- *Post-retirement Retiree Mortality:* All Groups based on the PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019.
- *Post-retirement Beneficiaries Mortality:* All Groups based on 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019.
- *Disabled Mortality:* All Groups were based on the PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation.

The following table contains the target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected

investment rate or return assumption:

| Asset Class | Target Asset Allocation | Long-term Expected Real Rate of Return |
|----------------------------------|-------------------------------|---|
| Passive Global Equity | 24.00% | 4.30% |
| Active Global Equity | 5.00% | 4.30% |
| US Equity – Large Cap | 4.00% | 3.25% |
| US Equity – Small/Mid Cap | 3.00% | 3.75% |
| Non-US Developed Market Equities | 7.00% | 5.00% |
| Private Equity | 10.00% | 6.50% |
| Emerging Market Debt | 4.00% | 3.50% |
| Private & Alternate Credit | 10.00% | 4.75% |
| Non-Core Real Estate | 4.00% | 6.00% |
| Core Fixed Income | 19.00% | 0.00% |
| Core Real Estate | 3.00% | 3.50% |
| US TIPS | 3.00% | -0.50% |
| Infrastructure/Farmland | 4.00% | 4.25% |
| Total | 100.00% | |

Discount Rate (Plan Reporting)

The discount rate used to measure the total OPEB liability was 7.00% for the VSPB's OPEB and RTHMB's OPEB plans. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 74. The discount rate used in the prior year was 2.41% for VSPB OPEB plan, and 2.20% for the RTHMB OPEB plan.

For the year ended June 30, 2022, the annual money-weighted rate return of investments, net of investment expense, was -13.09% for the VSPB, and -3.31% for the RTHMB. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate (Plan Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL 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 (amounts in thousands):

(Table on next page.)

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|---------------------------------|--------------------|---------------------|
| One-percent decrease | | |
| Discount rate | 6.00% | 6.00% |
| Net OPEB liability | \$ 913,625 | \$ 818,278 |
| Net OPEB liability, as reported | | |
| Discount rate | 7.00% | 7.00% |
| Net OPEB liability | \$ 802,517 | \$ 717,851 |
| One-percent increase | | |
| Discount rate | 8.00% | 8.00% |
| Net OPEB liability | \$ 709,898 | \$ 634,326 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Plan Reporting)

The following presents the NOL of the plans, as well as what the plans' NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

| | <u>VSRS - VSPB</u> | <u>STRS - RTHMB</u> |
|---------------------------------|-----------------------|-----------------------|
| One-percent decrease | | |
| Healthcare cost trend rate | | |
| Non-medicare | 6.12% graded to 3.50% | 6.12% graded to 3.50% |
| Medicare | 5.50% graded to 3.50% | 5.50% graded to 3.50% |
| Medicare STRS 65 | N/A | 3.50% |
| Net OPEB liability | \$ 702,767 | \$ 624,266 |
| Net OPEB liability, as reported | | |
| Healthcare cost trend rate | | |
| Non-medicare | 7.12% graded to 4.50% | 7.12% graded to 4.50% |
| Medicare | 6.50% graded to 4.50% | 6.50% graded to 4.50% |
| Medicare STRS 65 | N/A | 4.50% |
| Net OPEB liability | \$ 802,517 | \$ 717,851 |
| One-percent increase | | |
| Healthcare cost trend rate | | |
| Non-medicare | 8.12% graded to 5.50% | 8.12% graded to 5.50% |
| Medicare | 7.50% graded to 5.50% | 7.50% graded to 5.50% |
| Medicare STRS 65 | N/A | 5.50% |
| Net OPEB liability | \$ 925,080 | \$ 833,974 |

Dental Insurance

Dental plans are available to retired State employees, retired teachers, retired municipal employees and their eligible dependents. The dental plan must be elected at the time of retirement. The retiree pays the full premium for all covered lives. There is no cost to the State.

Life Insurance

In the case of life insurance, if a State employee retires with 20 or more years of service and was participating in the life insurance program, a \$10,000 benefit will continue into retirement. If a State employee retires due to disability prior to age 60, and if proper documentation is approved by the life insurance company, full life insurance coverage will continue at the State's expense up to age 65. When the retiree reaches the age of 65 and if they have a total of 20 years or more of active and retired (while receiving disability) service, life insurance coverage will automatically change to the \$10,000 level with 100% of the premium being paid by the State. In addition, a retiree may convert their insurance coverage in effect at their time of retirement to an individual policy within 30 days of their retirement date without a physical exam.

Vermont Municipal Employees Health Benefit Fund

The Vermont Municipal Employees Retirement System (MERS), a cost-sharing, multiple-employer public employees' retirement system, is administered by the State but has no associated State health care benefit or liability. While the Vermont Municipal Employees Health Benefit Fund is classified as a postemployment benefit fund, there is no accrued liability in excess of the assets of the fund. There is no annual required contribution and unfunded actuarial accrued liability.

The MERS Retirement Health Savings Plan (RHS) established on July 1, 2007, is a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement. Contributions to this fund are deposited into the RHS Plan member accounts on a tax-free basis, accumulate interest on a tax-free basis, and are drawn out during retirement on a tax-free basis to reimburse health care expenses, including out-of-pocket expenses, deductibles, and premiums.

The MERS Board deposited an initial amount of \$5.1 million into the RHS accounts on July 2, 2007. Additional employer contributions totaling approximately \$6 million were collected during the course of the fiscal years 2008 and 2009 that were deposited in member accounts during fiscal year 2009. No such contributions have been made since fiscal year 2009. Future contributions and subsequent transfers to member accounts will be made as directed by the MERS Board of Trustees. There is no guarantee that the RHS member accounts will receive any additional funding. While classified as a postemployment benefit fund, there is no accrued liability in excess of the asset of the fund. There is no annual required contribution and unfunded actuarial accrued liability.

All MERS defined benefit pension plan members and retirees who have a minimum of 5 years of contributory service are eligible to participate in the RHS plan. The amount each member will receive is determined by the total number of contributory years of service in the system. Each year of service is equal to one share. The share value is determined based on the total eligible population, the total number of years of contributory service represented, and the amount of the distribution. The share value will change when future deposits are made. All eligible members receive the first five shares in their medical reimbursement account, which may be used for any medical expense, including premium reimbursement. The additional shares, representing service credit above five years, are deposited into the premium reimbursement account, which may only be used for medical, dental, vision or long-term health care premium reimbursements.

The money may be accessed by members only after separation from service and the achievement of retiree status from the MERS plan. For members who were already receiving retirement benefits from the MERS, the funds in their RHS account could be accessed after July 2, 2007, to reimbursement expenses incurred after July 1, 2007. Members who are still actively employed, and members in a vested-terminated status, may access the funds once they retire and begin receiving monthly pension payments. Funds in the RHS accounts are invested in the appropriate age-related Milestone Fund through a third-party record keeper.

At June 30, 2022, there were 3,607 active and retired members participating in the MERS RHS plan. The net position of the MERS RHS plan at June 30, 2022 was \$13,877,755.

The financial statements for the OPEB Funds are on the following two pages:

Statement of Fiduciary Net Position
Other Postemployment Benefit Funds
June 30, 2022

| | Vermont State Postemployment Benefits Trust Fund | Vermont Retired Teachers' Health and Medical Benefits Fund | Vermont Municipal Employees' Health Benefit Fund |
|--|---|---|---|
| Assets | | | |
| Cash and short term investments..... | \$ 1,607,816 | \$ 26,503,401 | \$ 1,541,647 |
| Receivables | | | |
| Contributions..... | 33,958 | - | - |
| Other receivables..... | 9,232 | 7,368,268 | - |
| Investments | | | |
| Mutual funds..... | 103,200,029 | 6,852,913 | 12,336,108 |
| Prepaid expenses..... | - | 22,936 | - |
| Total assets..... | 104,851,035 | 40,747,518 | 13,877,755 |
| Liabilities | | | |
| Accounts payable..... | 50,992 | 239,668 | - |
| Total liabilities..... | 50,992 | 239,668 | - |
| Net position restricted for employee's other postemployment benefits..... | \$ 104,800,043 | \$ 40,507,850 | \$ 13,877,755 |

**Statement of Changes in Fiduciary Net Position
Other Postemployment Benefit Funds
For the Fiscal Year Ended June 30, 2022**

| | Vermont State Postemployment Benefits Trust Fund | Vermont Retired Teachers' Health and Medical Benefits Fund | Vermont Municipal Employees' Health Benefit Fund |
|--|---|---|---|
| Additions | | | |
| Contributions | | | |
| Employer - healthcare benefit..... | \$ 35,170,057 | \$ - | \$ - |
| Non-employer - healthcare benefit..... | - | 54,202,861 | - |
| Total contributions..... | 35,170,057 | 54,202,861 | - |
| Investment Income | | | |
| Net appreciation (depreciation) in fair value of investments..... | (17,918,713) | (1,295,626) | (1,513,543) |
| Dividends..... | 2,328,643 | 149,375 | 228,637 |
| Interest income..... | 21,518 | 87,062 | 5,082 |
| Other income..... | - | 874,252 | - |
| Total investment income/(loss)..... | (15,568,552) | (184,937) | (1,279,824) |
| Less Investment Expenses | | | |
| Investment managers and consultants..... | 11,753 | 661 | - |
| Net investment income/(loss)..... | (15,580,305) | (185,598) | (1,279,824) |
| Total additions..... | 19,589,752 | 54,017,263 | (1,279,824) |
| Deductions | | | |
| Other postemployment benefits..... | 35,055,680 | 28,140,745 | 682,819 |
| Operating expenses..... | 1,842 | 2,160 | 15,099 |
| Total deductions..... | 35,057,522 | 28,142,905 | 697,918 |
| Change in net position..... | (15,467,770) | 25,874,358 | (1,977,742) |
| Net position restricted for employees postemployment benefits | | | |
| July 1, 2021..... | 120,267,813 | 14,633,492 | 15,855,497 |
| June 30, 2022..... | \$ 104,800,043 | \$ 40,507,850 | \$ 13,877,755 |

5. Other Long-term Liabilities

Governmental activities long-term liabilities are generally liquidated by payments from the governmental and internal service funds' programs, including all major governmental fund types except for the Education Fund. Bonds payable are liquidated by transfers of resources from the General, Transportation, Special and Federal Funds. During the year ended June 30, 2022, the following changes occurred in the governmental activities long-term liabilities:

| | Restated* Total Liability July 1, 2021 | Additions | Reductions | Total Liability June 30, 2022 | Amounts due within one year |
|---|--|-------------------------|---------------------------|----------------------------------|-----------------------------------|
| Governmental activities | | | | | |
| Bonds payable | | | | | |
| Bonds..... | \$ 651,420,000 | \$ - | \$ (72,420,000) | \$ 579,000,000 | \$ 51,245,000 |
| Bond premium..... | 60,071,377 | - | (10,205,512) | 49,865,865 | 10,134,213 |
| Total bonds payable..... | 711,491,377 | - | (82,625,512) | 628,865,865 | 61,379,213 |
| Lease liabilities..... | - | 95,561,261 | (11,461,545) | 84,099,716 | 11,344,547 |
| Compensated absences..... | 44,566,381 | 51,062,477 | (48,023,229) | 47,605,629 | 42,374,394 |
| Claims and judgments..... | 64,207,763 | 225,585,019 | (224,000,416) | 65,792,366 | 26,177,782 |
| Contingent liabilities..... | 7,000,000 | - | - | 7,000,000 | - |
| Net pension liabilities..... | 3,036,422,794 | 773,922,861 | (1,303,822,234) | 2,506,523,421 | - |
| Net other postemployment liabilities..... | 2,651,442,699 | 292,388,383 | (209,239,488) | 2,734,591,594 | - |
| Pollution remediation obligations..... | 10,585,853 | 4,874,669 | (4,720,086) | 10,740,436 | 1,438,082 |
| Total governmental activities long-term liabilities..... | <u>\$ 6,525,716,867</u> | <u>\$ 1,443,394,670</u> | <u>\$ (1,883,892,510)</u> | <u>\$ 6,085,219,027</u> | <u>\$ 142,714,018</u> |

* The beginning balance was restated due to the implementation of GASB Statement No. 87.

During the year ended June 30, 2022, the changes occurred in the business-type activities and fiduciary funds long-term liabilities are as follows:

| | Total Liability July 1, 2021 | Additions | Reductions | Total Liability June 30, 2022 | Amounts due within one year |
|---|---------------------------------|-----------------------|-------------------------|----------------------------------|-----------------------------------|
| Business-type activities | | | | | |
| Compensated absences..... | \$ 312,633 | \$ 351,216 | \$ (312,132) | \$ 351,717 | \$ 270,587 |
| Lottery prize awards payable..... | 7,885,071 | 100,687,914 | (100,537,310) | 8,035,675 | 7,749,898 |
| Net pension liabilities..... | 7,277,556 | 2,504,014 | (4,238,927) | 5,542,643 | - |
| Net other postemployment liabilities..... | 9,414,132 | 412,716 | (5,660,826) | 4,166,022 | - |
| Other liabilities..... | 5,436,143 | - | (2,661,909) | 2,774,234 | 1,094,392 |
| Total business-type activities long-term liabilities | <u>\$ 30,325,535</u> | <u>\$ 103,955,860</u> | <u>\$ (113,411,104)</u> | <u>\$ 20,870,291</u> | <u>\$ 9,114,877</u> |
| Fiduciary | | | | | |
| Compensated absences..... | \$ 23,534 | \$ 27,314 | \$ (24,141) | \$ 26,707 | \$ 21,234 |

The compensated absences for the Business-type activities are included as part of accrued salaries and benefits on the proprietary funds' Statement of Net Position. The compensated absences for the fiduciary funds are included as part of accrued liabilities on the fiduciary funds Statement of Net Position.

The Pollution Remediation Obligation (PRO) liabilities were measured using the actual contract cost when no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to cost increases or reductions, or changes in technology or applicable laws or regulations governing the remediation efforts. There are no viable potentially responsible parties or insurance available to reduce the remediation costs. Overall, the state has recorded a pollution remediation liability of \$10,740,436 of which \$1,438,082 is due within one year.

Pollution remediation liability activity in fiscal year 2022 was as follows:

Superfund Sites

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the United States Environmental Protection Agency (USEPA) expends resources from the superfund trust for cleanup. Currently, there are five sites where the state has referred the matter to federal Superfund jurisdiction, and has executed a contract, or legal obligation, to share in the cost for cleanup and long-term operations and maintenance. These obligations are reflected in a State Superfund Contract. The Superfund sites in Vermont are in various stages of cleanup, from initial assessment to cleanup activities. The PRO as of June 30, 2022 is \$2,631,634 and the estimated current amount due is \$162,545.

There are two superfund sites where no liability has been reported because obligations are not yet reasonably estimable. The sites include an abandoned copper mine requiring cleanup of acid mine drainage and a former capacitor manufacturing facility where groundwater cleanup is required due to releases of polychlorinated biphenyls (PCBs).

Department of Environmental Conservation

The Vermont Agency of Natural Resources through the Department of Environmental Conservation (DEC) administers the Environmental Contingency Fund, authorized under 10 V.S.A. §1283, to pay for the investigation and cleanup of contaminated sites where there is no potentially responsible party (PRP) or the PRP is recalcitrant, and the state considers it necessary to investigate and mitigate the effects of hazardous material releases to the environment. In the latter case, the state has the right to recover costs from the PRP, but in the former case, there is often no viable PRP to pursue and, if the pollution is significant, the state is left with little or no discretion to avoid fixing the problem. The largest potential obligation includes a former mining facility with waste rock piles that are discharging asbestos into downstream waters. Additional sites include investigating and cleanup of contamination found in public drinking water. The PRO as of June 30, 2022 is \$4,257,635; the estimated current amount due is \$263,389.

Other State Agencies and Departments

The Vermont Agency of Transportation has multiple sites where investigation or cleanup is underway. The projects include remediation for soil and groundwater contamination detected during construction and infrastructure bridge improvements. Although not under federal Superfund law, the agencies and departments work with regulators, including the USEPA, to ensure the remediation of contaminate sites. The PRO as of June 30, 2022 is \$3,851,167 with an estimated \$1,012,148 to be expended in the current fiscal year.

H. Fund Balance/Net Position

Governmental Funds

The composition of the summarized fund balances reported on the governmental funds' Balance Sheet for the fiscal year ended June 30, 2022, are as follows:

| | <u>Restricted Purposes</u> | <u>Committed Purposes</u> | <u>Assigned Purposes</u> |
|---|--------------------------------|-------------------------------|------------------------------|
| General Fund | | | |
| Government Operations | | | |
| Legislature..... | \$ - | \$ - | \$ 163,415 |
| Administrative Services..... | - | - | 134 |
| Public Safety and Regulatory Services..... | - | - | 1,634,549 |
| Courts..... | - | - | 6,724,608 |
| Health and Human Services..... | - | - | 6,274,202 |
| Correctional Services..... | - | - | 584,465 |
| Educational Services..... | - | - | 22,570 |
| Natural Resources Protection and Preservation.... | - | - | 6,200,111 |
| Economic and Community Development..... | - | - | 12,850,267 |
| Tourism and Marketing..... | - | - | 2,543,304 |
| Total General Fund..... | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 36,997,625</u> |
| Transportation Fund | | | |
| Transportation..... | <u>\$ 246,246</u> | <u>\$ 55,148,758</u> | <u>\$ -</u> |
| Total Transportation Fund..... | <u>\$ 246,246</u> | <u>\$ 55,148,758</u> | <u>\$ -</u> |
| Education Fund | | | |
| Educational Services..... | <u>\$ -</u> | <u>\$ 266,944,255</u> | <u>\$ -</u> |
| Total Education Fund..... | <u>\$ -</u> | <u>\$ 266,944,255</u> | <u>\$ -</u> |

(Table continues on the next page.)

| | <u>Restricted Purposes</u> | <u>Committed Purposes</u> | <u>Assigned Purposes</u> |
|---|--------------------------------|-------------------------------|------------------------------|
| Special Fund | | | |
| Government Operations | | | |
| Governor and Other Elected Officials..... | \$ - | \$ 249,176 | \$ - |
| Legislature..... | 454 | 109,584 | - |
| Administrative Services..... | 1,255,072 | 96,424,852 | - |
| Public Safety and Regulatory Services..... | 1,831,204 | 38,174,263 | - |
| Courts..... | - | 2,539,219 | - |
| Health and Human Services..... | 2,271,836 | - | - |
| Correctional Services..... | 5 | 748,582 | - |
| Employment and Training..... | - | 16,742,381 | - |
| Educational Services..... | - | 2,630,973 | - |
| Natural Resources Protection and Preservation.... | 12,267,170 | 81,185,971 | - |
| Economic and Community Development..... | 373,000 | 7,140,968 | - |
| Tourism and Marketing..... | - | 254,099 | - |
| Total Special Fund..... | <u>\$ 17,998,741</u> | <u>\$ 246,200,068</u> | <u>\$ -</u> |
| Federal Revenue Fund | | | |
| Government Operations | | | |
| Governor and Other Elected Officials..... | \$ 92,559 | \$ - | \$ - |
| Administrative Services..... | 135,408 | - | - |
| Public Safety and Regulatory Services..... | 6,568,917 | - | - |
| Health and Human Services..... | 56,534,640 | - | - |
| Employment and Training..... | 5,401,756 | - | - |
| Educational Services..... | 895,954 | - | - |
| Natural Resources Protection and Preservation.... | 454,055,148 | - | - |
| Economic and Community Development..... | 153,477 | - | - |
| Total Federal Revenue Funds..... | <u>\$ 523,837,859</u> | <u>\$ -</u> | <u>\$ -</u> |
| Global Commitment Fund | | | |
| Health and Human Services..... | <u>\$ 20,436,162</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Global Commitment Fund..... | <u>\$ 20,436,162</u> | <u>\$ -</u> | <u>\$ -</u> |
| Non-major Governmental Funds | | | |
| Government Operations | | | |
| Administrative Services..... | \$ 18,995 | \$ - | \$ - |
| Health and Human Services..... | 3,714 | - | - |
| Educational Services..... | - | 24,428,595 | - |
| Natural Resources Protection and Preservation.... | 68,309 | 19,699,689 | - |
| Economic and Community Development..... | 5,223 | - | - |
| Capital Outlays..... | 1,647,488 | - | - |
| Debt Service..... | 721,241 | 219,946 | - |
| Total Non-major Governmental Funds..... | <u>\$ 2,464,970</u> | <u>\$ 44,348,230</u> | <u>\$ -</u> |

Note V. OTHER INFORMATION**A. Risk Management****1. Workers' Compensation and Risk Management**

The Agency of Administration's Financial Services Division oversees the Workers' Compensation and Risk Management programs, which administers all insurance programs for State government with the exception of the health and life insurance plans listed below. State policy is to minimize the purchase of commercial insurance by either self-funding or otherwise retaining the risk when it makes sense to do so. The programs set aside assets and pay claims utilizing the following three Internal Service Funds:

State Employees' Workers' Compensation Fund
State Liability Self Insurance Fund
Risk Management – All Other Fund (used for the purchase of commercial insurance policies)

The State Employees' Workers' Compensation Fund covers all State employees who are injured on the job, pursuant to State statute. Certain quasi-governmental entities may also request coverage through this program. The State has unlimited exposure to liability and has not purchased any excess workers' compensation insurance to limit this exposure. All claims are processed by a third-party administrator. Two types of claims audits are conducted annually. One is a claims management audit by an independent outside claims consulting company to ensure that the claims operations and claims adjusting follow leading industry practice. The second is a complete actuarial review of Workers' Compensation claims and fund to review and recommend reasonable reserve and funding levels. Reserve fund allocated charges to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The State Liability Insurance Fund covers general and employment practices liability, discrimination, bodily injury, and automobile liability risk. The coverage is comparable to standard private commercial policies. This liability coverage is offered to state agencies and certain quasi-governmental agencies. The State's exposure to tort risk in Vermont is subject to the doctrine of sovereign immunity and is governed by the Vermont Tort Claims Act, 12 V.S.A. §5601. The current sovereign immunity limits are \$500,000 per person and \$2,000,000 per occurrence. Exposure outside of Vermont and to federal suit and other non-tort suit is potentially unlimited. The State holds a self-insured retention (SIR) for the first \$1,000,000 of exposure and purchases excess commercial liability insurance up to \$1,000,000 per occurrence, \$1,000,000 aggregate in Vermont and \$5,000,000 per occurrence, \$5,000,000 aggregate in excess of the \$1,000,000 SIR for claims that are not subject to the Vermont Tort Claims Act. An excess policy provides coverage of \$5,000,000 per occurrence, \$5,000,000 aggregate over the \$5,000,000 underlying policy limits. Claims are processed by the third-party administrator and/or the Vermont Attorney General's Office. Two types of claims audits are conducted annually. One is a claims management audit by an independent outside claims consulting company to ensure that the claims operations and claims adjusting follow leading industry practice. The second is a complete actuarial review of liability claims and fund to review and recommend reasonable reserve and funding levels. Reserve fund allocated charges to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The Risk-Management – All Other Fund provides insurance coverage through purchased commercial policies for risks not covered by the above funds. This coverage provides insurance for State-owned real property, flood, terrorism, cyber liability, bonds for various categories of employees, professional liability coverage for judges, workers' compensation coverage for non-state employees on contract with the Agency of Human Services, and various other miscellaneous coverages. The State's liability exposure is limited to the amount of the various deductibles associated with the respective policies and potentially for any claims in excess of the purchased limits. Premium charges from the various insurers are either assessed directly against the entity requiring the coverage or apportioned among those entities receiving the benefits of the coverage. Risk Management also assesses a surcharge of up to 5% of the premium to cover administrative costs. Entities eligible for coverage are state agencies and certain quasi-governmental agencies.

Insurance settlements have never exceeded the above commercial insurance limits.

2. Health Care Insurance, Dental Assistance Plan, and Life Insurance Funds for State Employee Benefit Plans

The Employee Benefits Division of the Department of Human Resources maintains medical/behavioral health insurance, dental assistance plan, and life insurance funds for the benefit of current State employees, retired former employees, and legislators as well as employees and certain former employees of outside "special" groups (Special Groups) which have been declared eligible to participate by statute or labor agreement. Not all of these named groups may participate in every plan. Detailed eligibility information for each group listed above can be found in the plan summaries that follow. Temporary and contractual employees are not eligible to participate in these plans.

Enrolled plan participants share in the premium cost of the medical/behavioral health plan. Prescription drug coverage is included in the medical/behavioral health plan. Premium rate development is performed by an outside actuary in conjunction with the Operations Division of the Department of Human Resources. The State's liability for incurred but not yet reported (IBNR) claims is calculated by the actuary and is based on the State's prior claims experience. Special Groups covered under the health insurance plan remit premium to the State for their members. Retirees covered under the health plan pay premium through the Retirement Division of the Treasurer's Office.

The plan options are: TotalChoice which is a "preferred provider organization" indemnity-type plan; and the SelectCare plan which is a "point of service" plan similar to an open-ended Health Maintenance Organization (members may opt out of the SelectCare network but must meet a deductible and coinsurance to do so). Benefits are administered under a managed care arrangement. Both health plan options are self-insured by the State. The State uses a third-party administrator to provide administrative services, including claims payment. To limit the State's large claims exposure, the State has purchased a stop loss insurance policy.

The self-funded State of Vermont Employee Dental Assistance Plan provides up to \$1,000 regular dental benefits annually and up to \$1,750 lifetime benefit for orthodontic expenses for each participant. These plan caps effectively limit the State's exposure to catastrophic loss, so no stop-loss insurance has been purchased. The Operations Division within the Department of Human Resources develops the premium rates, in consultation with the dental plan administrator's actuary. Participants include all groups mentioned in paragraph 1 above except for retirees. The State pays 100% of the premium for State employee participants and their covered dependents. Special Groups covered under the dental assistance plan remit premium to the State for their members.

The State of Vermont Employee Life Insurance Program consists of a Term-Life benefit and an Accidental Death and Dismemberment (AD&D) benefit, each of which provides coverage equal to two times a participant's base salary rounded down to the nearest \$100. Retirees who work for the State for at least twenty years and who have life insurance at the time of retirement receive a retiree life benefit of \$10,000 with no AD&D coverage. Both Life and AD&D are fully insured benefits. The State purchases insurance under which the carrier retains liability for all claims. The Operations Division calculates the premium rates charged to departments for both of these programs. The State pays 75% of active employees' premiums and 100% of retirees' premium costs. Only current State employees, retired State employees, and current active employees of the Special Groups are eligible to participate. Special Groups covered under the life insurance plan remit premium to the State for their members. In addition, employees can supplement their basic life coverage up to 8 times their annual salary up to a maximum of \$1,000,000. This supplemental plan also provides coverage for spouses and domestic partners up to \$250,000 and children up to \$20,000. This supplemental coverage is paid 100% by the employee.

Three years' changes in the respective funds' claims liability amounts are displayed in the following table:

(Table on next page.)

| <u>Fund and Fiscal Year</u> | <u>Liability at Beginning of the Fiscal Year</u> | <u>Current FY Claims and Changes in Estimates</u> | <u>Current FY Claims Payments</u> | <u>Liability at End of the Fiscal Year</u> |
|---------------------------------------|--|---|---|--|
| Workers' Compensation Fund | | | | |
| 2020 | \$ 28,622,206 | \$ 11,910,597 | \$ (11,597,138) | \$ 28,935,665 |
| 2021 | 28,935,665 | 12,068,748 | (11,142,016) | 29,862,397 |
| 2022 | 29,862,397 | 12,186,742 | (12,584,108) | 29,465,031 |
| State Liability Insurance Fund | | | | |
| 2020 | 9,524,044 | 260,545 | (1,982,910) | 7,801,679 |
| 2021 | 7,801,679 | 272,544 | 1,939,797 | 10,014,020 |
| 2022 | 10,014,020 | 225,091 | 1,389,841 | 11,628,952 |
| Medical Insurance Fund | | | | |
| 2020 | 22,460,793 | 167,704,318 | (169,060,329) | 21,104,782 |
| 2021 | 21,104,782 | 193,796,889 | (190,941,994) | 23,959,677 |
| 2022 | 23,959,677 | 206,992,627 | (206,590,073) | 24,362,231 |
| Dental Insurance Fund | | | | |
| 2020 | 365,387 | 5,292,047 | (5,443,036) | 214,398 |
| 2021 | 214,398 | 6,544,385 | (6,387,114) | 371,669 |
| 2022 | 371,669 | 6,180,559 | (6,216,076) | 336,152 |

B. Budget Stabilization Reserves

The Legislature created Budget Stabilization Reserves within the General Fund per 32 V.S.A 308, the Transportation Fund per 32 V.S.A 308a, and the Education Fund Budget per 16 V.S.A 4026. These reserves were created to reduce the effects of annual variations in State revenues upon these funds by reserving certain surpluses of revenues.

The reserves balances consist of any budgetary basis surplus at the close of the fiscal year, provided the balance in each fund's Budget Stabilization Reserve shall not exceed an amount equal to five percent of its appropriations for the prior fiscal year plus any additional amounts as may be authorized by the Vermont Legislature. Use of the reserve is limited to offsetting the respective fund's deficit at the close of a fiscal year. For fiscal year 2022, the State fully funded the Budget Stabilization Reserves for the General, Transportation and Education Funds to their respective statutory maximum levels. The balances at June 30, 2022 are as follows: \$87,119,747 in the General Fund's Budget Stabilization Reserve; \$13,925,423 in the Transportation Fund's Budget Stabilization Reserve; and \$39,291,241 in the Education Fund's Budget Stabilization Reserve.

In addition to the Budget Stabilization Reserve, the General Fund Balance Reserve, also known as the "Rainy Day Reserve" was established per 32 V.S.A 308c. After satisfying the requirements of 32 V.S.A 308, and after other reserve requirements have been met, fifty percent of any remaining the end of fiscal year General Fund surplus determined on budgetary basis shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization. Use of General Fund Balance Reserve is limited to the use of up to fifty percent of the amounts added in the prior fiscal year from the General Fund Balance Reserve to fund unforeseen or emergency needs, and to compensate for a reduction of revenues if the official State revenue estimates are reduced by two percent or more from the original estimate used to determine general appropriations act or budget adjustment act. For fiscal year 2022, the balance in the General Fund Balance Reserve was \$80,365,373.

C. Contingent and Limited Liabilities

1. Contingent Liabilities

Federal Grants:

The State receives federal grants that are subject to audit and review by federal grantor agencies that could result in expenditures being disallowed under the terms of the grants. However, it is believed that required reimbursements resulting from such disallowances would not be material.

2. Limited Liabilities

Vermont Economic Development Authority:

The State has a limited liability for the VEDA. VEDA may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 219. Annually, VEDA must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont Municipal Bond Bank:

The State has a limited liability for the Vermont Municipal Bond Bank (Bank). The Bank is required to maintain debt service reserve funds. 24 V.S.A. Section 4675 requires the State to provide annual appropriations to restore the reserve funds to the required minimum balance, if necessary. It has never been necessary for the State to appropriate money to the reserve fund and it is not anticipated that it will need to make an appropriation in the future.

Vermont Housing Finance Agency:

The State has a limited liability for the Vermont Housing Finance Agency (Agency). The Agency may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 632. Annually, the Agency must report to the State the amount necessary to bring these reserve fund balances up to the minimum required by statute. This sum so certified may be appropriated by the State. It has not been necessary for the State to appropriate money to maintain the reserve fund and it is not anticipated that any appropriation will have to be made.

Vermont Student Assistance Corporation:

The State has a limited liability for the VSAC. VSAC may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 2867. Annually, VSAC must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

University of Vermont:

The State has a limited liability for the UVM. UVM may create one or more debt service reserve funds in accordance with 16 V.S.A. Section 2363. Annually, UVM must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont State Colleges:

The State has a limited liability for the VSC. VSC may create one or more debt service reserve funds in accordance with 16 V.S.A. Section 286. Annually, VSC must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

3. Contractual Liabilities

As of June 30, 2022, the State of Vermont had contractual obligations of \$1,863,825,375, of which \$754,371,338 are funded from federal sources. The Agency of Human Services (AHS) had contractual commitments of approximately \$713,762,785. The Agency of Transportation had contractual commitments of approximately \$701,825,886. The combined total for AHS and Transportations is 76% of the total contractual obligation of the State at fiscal year-end. Contracts such as retainer contracts and contracts for commodities have not been included since the nature of these on-going contracts are tracked statewide to insure the best prices for supplies and some professional services.

Remaining contractual obligations include:

- The AHS contracts remaining obligations are used for the Department of Vermont Health Access (35%), the Department of Children and Families (26%), the Department of Health (12%), and Department of Aging and Independent Living (9%). There are 81% of the Human Services contracts that will expire by June 30, 2023.
- The Agency of Transportation contracts are mainly used for infrastructure construction; of which 67% of Transportation's contracts have end dates of June 30, 2023.
- Of the contracts in the Agency of Administration, 59% have end dates that expire by the end of fiscal year 2023. The Agency of Administration contract obligations are for human resource benefit administration services (49%), capital construction (42%), and information technology (5%).
- The Agency of Digital Services (ADS), 71% of their contract obligations are for consulting, software, and development and 16% for telecommunications / fiber optic networks. There are 40% of ADS's contracts that will expire by the end of fiscal year 2023.
- The State Treasurer's Office contracts are mostly investment management services and health insurance for the retirement plans; of which 77% have end dates that will expire by the end of fiscal year 2023.
- Of the contract obligations for the Military Department, 27% are for capital construction. There are 78% of Military's contracts that have end dates of June 30, 2023.

Following is a summary of contractual obligations by agency, department, or office at June 30, 2022:

(Table on next page.)

| <u>Agency, Department, or Office</u> | <u>Total Contractual Obligation</u> | <u>Funded by Federal Sources</u> | <u>Funded by Other Sources</u> |
|--|---|--|------------------------------------|
| Agency of Administration | \$ 124,700,756 | \$ 708,484 | \$ 123,992,272 |
| Agency of Agriculture, Food & Markets | 3,592,472 | 1,470,805 | 2,121,667 |
| Agency of Commerce & Community Development | 6,263,698 | 4,707,130 | 1,556,568 |
| Agency of Digital Services | 109,703,310 | - | 109,703,310 |
| Agency of Education | 11,485,173 | 6,274,466 | 5,210,707 |
| Agency of Human Services | 713,762,785 | 391,609,483 | 322,153,302 |
| Agency of Natural Resources | 16,790,187 | 5,477,376 | 11,312,811 |
| Agency of Transportation | 701,825,886 | 301,410,267 | 400,415,619 |
| Auditor of Accounts' Office | 1,801,151 | - | 1,801,151 |
| Center Crime Victim Services | 300,579 | 66,173 | 234,406 |
| Criminal Justice Training Council | 91,128 | - | 91,128 |
| Department of Labor | 16,471,262 | 16,469,632 | 1,630 |
| Department of Liquor & Lottery | 23,897,468 | - | 23,897,468 |
| Department of Public Safety | 9,437,530 | 2,082,388 | 7,355,142 |
| Enhanced 911 Board | 5,787,795 | - | 5,787,795 |
| Financial Regulation | 5,688,634 | - | 5,688,634 |
| Green Mountain Care Board | 6,545,657 | - | 6,545,657 |
| Joint Fiscal Office | 537,760 | - | 537,760 |
| Judiciary | 876,710 | - | 876,710 |
| Legislative Council | 9,010 | - | 9,010 |
| Legislature | 142,650 | 24,131 | 118,519 |
| Military Department | 24,331,832 | 19,740,565 | 4,591,267 |
| Office of the Attorney General | 2,356,903 | 46,490 | 2,310,413 |
| Office of the Defender General | 9,123,241 | - | 9,123,241 |
| Public Service Department | 5,198,904 | 188,414 | 5,010,490 |
| Public Utility Commission | 311,071 | - | 311,071 |
| Secretary of State's Office | 9,990,869 | 4,095,534 | 5,895,335 |
| Sgt.-At-Arms | 50,521 | - | 50,521 |
| State Treasurer's Office | 52,739,616 | - | 52,739,616 |
| State's Attorneys and Sheriffs | 10,817 | - | 10,817 |
| Total | \$ 1,863,825,375 | \$ 754,371,338 | \$ 1,109,454,037 |

4. Grant Awards

The State of Vermont engages in many grant programs that benefit municipalities, non-profits, individuals, and families statewide. The grant table below summarizes the grant activity by agency, department, or office. The award balance represents the total grant obligation outstanding. The awards to grantees in the current fiscal year totaled \$1,921,063,284. The award adjustments column increased by \$29,294,837 for amendments to grants that commenced in prior fiscal years, which includes \$42,458,837 of additions and a reduction of \$13,164,000 to the current year awards balance under Human Services for the contribution received from the University of Vermont Medical Center for the Graduate Medical Education program. The grants expended amount of \$1,946,318,742 includes payments issued to grantees on both current year awards and prior year grant awards. The award balances on June 30, 2022, represents the remaining unexpended award amounts.

(Table on next page.)

| | Number of Grants Awarded in 2022 | Total Grant Obligation | | | | |
|--|---|------------------------------|------------------|---------------|------------------|------------------------------|
| | | Award | Current Year | Award | Grants | Award |
| | | Balances at June 30, 2021 | Awards | Adjustments | Expended | Balances at June 30, 2022 |
| Agency of Administration | 732 | \$ - | \$ 381,216,564 | \$ - | \$ 381,216,564 | \$ - |
| Agency of Agriculture, Food & Markets | 596 | 8,633,227 | 20,767,249 | (993,885) | 12,007,059 | 16,399,532 |
| Agency of Commerce & Community Development | 508 | 25,455,945 | 44,472,624 | 51,563,340 | 43,873,151 | 77,618,758 |
| Agency of Education | 2,569 | 270,122,440 | 923,781,556 | - | 1,089,674,094 | 104,229,902 |
| Agency of Human Services | 2,125 | 96,272,062 | 282,214,190 | (31,088,156) | 204,707,370 | 142,690,726 |
| Agency of Natural Resources | 174 | 93,914,812 | 35,123,369 | 16,058,700 | 48,774,736 | 96,322,145 |
| Agency of Transportation | 1,233 | 163,069,499 | 144,906,531 | (5,134,593) | 95,793,065 | 207,048,372 |
| Center Crime Victim Services | 180 | 985,980 | 7,423,450 | - | 8,111,064 | 298,366 |
| Department of Labor | 49 | 1,949,881 | 5,333,014 | - | 3,639,503 | 3,643,392 |
| Department of Liquor & Lottery | 4 | 33,276 | 124,800 | - | 124,800 | 33,276 |
| Department of Public Safety | 155 | 29,669,481 | 18,962,348 | (323,056) | 30,406,726 | 17,902,047 |
| Enhanced 911 Board | 5 | 340,908 | 44,881 | - | 146,222 | 239,567 |
| Department of Financial Regulation | 1 | - | 200,000 | - | 50,000 | 150,000 |
| Judiciary | 1 | - | 70,000 | - | 70,000 | - |
| Military Department | 8 | - | 78,041 | - | 78,041 | - |
| Office of the Attorney General | 1 | 2,969,148 | 20,000 | (1,385) | 2,905,772 | 81,991 |
| Public Service Department | 24 | 5,481,913 | 54,129,976 | (798,961) | 22,545,884 | 36,267,044 |
| State Treasurer's Office | 15 | 101,327 | 269,439 | 12,833 | 269,439 | 114,160 |
| State's Attorneys and Sheriffs | 57 | - | 1,925,252 | - | 1,925,252 | - |
| Total | 8,437 | \$ 698,999,899 | \$ 1,921,063,284 | \$ 29,294,837 | \$ 1,946,318,742 | \$ 703,039,278 |

The Agency of Administration includes the Department of Libraries which awarded 563 grants in the amount of \$1.8 million, funded by the American Rescue Plan of 2021, for the Museum and Library services across the State. The agency also awarded over \$154.4 million to help fund higher education in Vermont, and \$3.6 million to promote cultural development. The Agency of Education awarded 2,569 grants totaling \$923.8 million. The Agency of Human Services issued 2,125 awards or 25.2% of the total number of grants issued by the state and expended \$187.9 million to improve the conditions and wellbeing of Vermonters. The Agency of Human Services also awarded \$30 million to the University of Vermont Medical Center, Inc. for the Graduate Medical Education program (GME). The GME program helps ensure access to quality essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals. The University of Vermont contributed \$13.2 million to the State to support the GME programs; this support is listed as other revenue in the Global Commitment Fund. The Agency of Transportation awarded 1,233 grants, totaling \$144.9 million, providing funding to communities around the state that focus on safety, preservation and maintenance of existing transportation system, economic development, and energy efficient transportation choices.

D. Litigation

The State, its agencies, officials, and employees are defendants in numerous lawsuits involving funding for social welfare programs, civil rights actions, public education funding, breach of contract and negligence. The Attorney General is unable to predict the ultimate outcome of the majority of these suits, some of which seek recovery of monetary damages of unspecified amounts. However, based on information provided by the Attorney General, any ultimate liability to the State resulting from these lawsuits that is not covered by various insurance policies, would not materially affect the State's overall financial condition.

E. Joint Venture

The State of Vermont has entered into a Tri-State Lotto Compact with the States of New Hampshire and Maine for the purpose of operating a tri-state lottery. This lottery does not replace Vermont's individual lottery games but is run in addition to the existing games. The Compact provided for the creation of a Tri-State Lottery Commission (Commission) which is an interstate body, both corporate and politic, serving as a common agent for the party states and representing them both collectively and individually in the exercise of its powers and duties. The Commission is composed of one member from each of the party states. Each State's lottery appoints one of its members to this position. The three-member Commission annually elects a chairperson from among its members. The Commission is empowered to promulgate rules and regulations governing the establishment and to administer the operation of the Tri-State Lotto. Tri-State Lotto tickets are sold in each of the party states and processed in a central location as determined by the Commission. A proportional share of revenue and expenses is allocated to each state based on the ticket sales made by that state. The exceptions to the proportional allocation include: (1) the facilities management fee and agent commissions, which are based on a contracted percentage of operating revenue that varies from state to state; and (2) per diem charges, advertising, and certain printing, travel, and miscellaneous costs, which are allocated based on actual charges generated by each state. Comparative financial information for fiscal years ending June 30, 2022 and 2021 are as follows:

| | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>Increase (Decrease)</u> |
|--|----------------------|----------------------|--------------------------------|
| Comparative Financial Information | | | |
| Assets | \$ 28,236,516 | \$ 32,776,375 | \$ (4,539,859) |
| Liabilities | 23,813,354 | 26,349,680 | (2,536,326) |
| Operating revenues | 87,306,397 | 90,387,773 | (3,081,376) |
| Interest income | 143,840 | 158,158 | (14,318) |
| Gain on the sale of investments | 282,976 | 2,969 | 280,007 |
| Commissions, fees and bonus expense | 6,735,787 | 6,968,223 | (232,436) |
| Prize awards | 53,087,870 | 54,228,780 | (1,140,910) |
| Other operating expenses | 4,351,422 | 3,922,062 | 429,360 |
| Total transfers to member states | 23,558,135 | 25,429,835 | (1,871,700) |
| Transfer to Vermont | 3,210,070 | 3,378,418 | (168,348) |

Tri-State Lotto Commission issues separately audited financial statements. Additional information regarding the Tri-State Lotto Commission may be obtained by contacting the Vermont Lottery Commission, 1311 US Route 302-Berlin, Suite 100, Barre, Vermont 05641.

F. Tax Abatements

The State of Vermont provides tax abatements through various programs subject to the requirements of GASB Statement No. 77. A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity through which the government promises to forgo tax revenues to which they are otherwise entitled, and the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefit the government or its citizens. As of June 30, 2022, the State provided tax abatements through the following programs:

(Table on next page.)

Vermont Affordable Housing Tax Credit

| | |
|--|---|
| Purpose of program | The program encourages construction or rehabilitation of affordable housing projects in the State. |
| Tax being abated | Personal income, corporate income, bank franchise, and insurance premium taxes |
| Authority to abate taxes | 32 V.S.A. 5930u |
| Criteria to be eligible to receive abatements and commitment of the taxpayer | Any municipality, private sector developer, State agency as defined in 10 V.S.A. 6301a, the Vermont Housing Finance Agency, or a nonprofit organization qualifying under 26 U.S.C. 501(c)(3), or a cooperative housing organization, the purpose of which is to create and retain affordable housing for Vermonters with lower income and which has in its bylaws a requirement that the housing the organization creates be maintained as affordable housing for Vermonters with lower income on a perpetual basis. The taxpayer applies to and must be approved by the allocating agency to receive the credit. In return, the taxpayer agrees to construct or rehabilitate affordable housing projects as specified in the application submitted. Vermont's designated allocating agency for this tax credit is the Vermont Housing Finance Agency. The participant is required to ensure that eligible housing is maintained as affordable housing by subsidy covenant, as defined in 27 V.S.A. 610 on a perpetual basis. |
| How taxes are reduced | Taxpayer will claim credit on tax return. Unused credits may be carried forward for fourteen years. |
| How is the amount of the tax abatement determined | The amount of the credit is determined by the allocating agency based on the amount of eligible investment in the affordable housing project. |
| Provisions for recapturing abated taxes | N/A |
| Type of commitments other than taxes | N/A |
| Dollar amount of taxes abated during reporting period | \$3,910,532 |

Downtown Sales Tax Reallocation Credit

| | |
|--|---|
| Purpose of program | The program encourages new construction projects, and the improvement and rehabilitation of existing properties in Vermont's designated downtowns. |
| Tax being abated | Sales tax |
| Authority to abate taxes | 32 V.S.A. 9819 |
| Criteria to be eligible to receive abatements and commitment of the taxpayer | An expansion or rehabilitation of real property in a designated downtown development district, or new construction of real property in a designated downtown development district but only to the extent that the new construction is compatible with the buildings that contribute to the integrity of the district in terms of materials, features, size, scale and proportion, and massing of buildings. The municipality and the developer of the qualified project jointly apply and must be approved by the Vermont Downtown Development Board to receive the credit. In return, the taxpayer agrees to complete their project as specified in the application submitted, and the municipality agrees to use the reallocated tax revenue only for expenditures related to the support of the qualified project. |
| How taxes are reduced | Refund of sales taxes paid |
| How is the amount of the tax abatement determined | 6% of taxable cost of construction materials |
| Provisions for recapturing abated taxes | N/A |
| Type of commitments other than taxes | N/A |
| Dollar amount of taxes abated during reporting period | \$133,215 |

Agricultural and Managed Forest Land Use Program

| | |
|--|---|
| Purpose of program | The program goal is to preserve the working landscape and the rural character of Vermont. |
| Tax being abated | Education Property Tax |
| Authority to abate taxes | 32 V.S.A 3756 |
| Criteria to be eligible to receive abatements and commitment of the taxpayer | A property must be at least 25 contiguous acres in size to be eligible for enrollment in the program, with limited exceptions for actively farmed land, and conservation land owned by a qualified organization as defined in 10 V.S.A 6301a. The property owner applies to and must be approved by the Department of Taxes to receive the tax abatement. In return, the owners of agricultural land and/or farm buildings are required to certify annually that their agricultural land and farm buildings meet the requirements to be eligible for the program; and for forested and conservation land (non-agricultural) the property must be managed according to the approved forest or conservation management plan and according to state standards and be inspected at least once every 10 years. |
| How taxes are reduced | Reduction of assessed value |
| How is the amount of the tax abatement determined | Land is valued at fixed price per acre as determined by the Current Use Advisory Board |
| Provisions for recapturing abated taxes | Once enrolled in the program land is subject to a lien, if this land is ever developed or removed from the program, the owner at the time of development must pay a land use change tax of 10% tax on the full fair market value of the changed land determined without regard to the use value appraisal. |
| Type of commitments other than taxes | As part of the Land Use Program, is a municipal hold harmless payment that reimburses municipalities for property tax revenue not collected due to the reduction in assessed value from property enrolled in the Land Use Program. Fiscal year 2022 payments are \$17,237,387. |
| Dollar amount of taxes abated during reporting period | \$49,377,071 |

Vermont Downtown and Village Center Tax Credit Program

| | |
|--|--|
| Purpose of program | The program encourages the improvement and rehabilitation of historic properties in designated downtowns and village centers. It includes three tax credits: The Historic Rehabilitation Tax Credit, the Façade Improvement Tax Credit, and the Code or Technology Improvement Tax Credit. |
| Tax being abated | Personal income, corporate income, bank franchise, and insurance premium taxes |
| Authority to abate taxes | 32 V.S.A. 5930cc |
| Criteria to be eligible to receive abatements and commitment of the taxpayer | Commercial buildings and non-profit owned buildings constructed before 1983 located within designated downtown or village centers are eligible for the credit. The taxpayer applies to and must be approved by the Vermont Downtown Development Board to receive the credit. In return, the taxpayer agrees to improve or rehabilitate their historic property in designated downtowns and <u>village centers as specified in the application submitted.</u> |
| How taxes are reduced | Taxpayer will claim credit on tax return. Unused credits may be carried forward for nine years. |
| How is the amount of the tax abatement determined | Historic Rehabilitation Tax Credit is 10% of qualified expenditures up to a maximum tax credit of \$75,000. Façade Improvement Tax Credit is 25% of qualified expenditures up to a maximum tax credit of \$25,000. Code or Technology Improvement Tax Credit is 50% of qualified expenditures up to a maximum tax credit of \$50,000 for sprinklers, \$50,000 for elevators, \$12,000 for platform lifts, \$50,000 for other qualified code improvements, and \$30,000 for technology improvements. |
| Provisions for recapturing abated taxes | If, within five years after completion of the qualified project the applicant shall be liable for a recapture penalty in an amount equal to the total tax credit claimed if the Vermont Downtown Development Board finds that any work performed on the qualified project is inconsistent with the approved application; or the applicant knowingly failed to supply any information, or supplied incorrect or untrue information or failed to comply with any award condition; or in the case of the Historic Rehabilitation Tax Credit, the National Park Service revokes certification for unapproved alterations or for work not done as described in the historic preservation certification application. |
| Type of commitments other than taxes | N/A |
| Dollar amount of taxes abated during reporting period | \$2,344,785 |

Vermont Employment Growth Incentive (VEGI)

| | |
|--|--|
| Purpose of program | The program is designed to encourage business recruitment, growth and expansion. |
| Tax being abated | Personal income taxes |
| Authority to abate taxes | 32 V.S.A. 3330 |
| Criteria to be eligible to receive abatements and commitment of the taxpayer | Any size business can apply, to be eligible to receive abatements. The Vermont Economic Progress Council (VEPC) must find for the project that the total estimated incremental tax revenues from all sources generated to the State by the proposed economic activity exceeds the revenue costs of the activity to the State, including the cost of the incentive. The host municipality must welcome the new business. The proposed economic activity must conform to applicable town and regional plans. If the business proposes to expand within a limited local market, an incentive must not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market. Applicants must assert in writing and VEPC must agree that, but for the incentive, the proposed economic activity: would not occur; or would occur in a significantly different manner that is significantly less desirable to the State. The taxpayer applies to and must be approved by the VEPC to receive the tax abatement. In return, the taxpayer agrees to meet their performance requirements for new qualifying employment, new qualifying payroll, and new qualifying capital investments as specified in the application submitted. |
| How taxes are reduced | Refund of taxes paid |
| How is the amount of the tax abatement determined | The total amount of abatement is determined by a cost-benefit model analysis that calculates the estimated revenue benefits and costs to the State, based on the qualifying jobs, payroll, and capital investments projected by the applicant. |
| Provisions for recapturing abated taxes | For three years from the last day of the utilization period if the business experiences a 90% or greater reduction in base employment, or if the business fails to file required claim forms. In addition, if the business fails to meet its capital investment performance requirements by the end of the award period the abatements paid may be recaptured. |
| Type of commitments other than taxes | N/A |
| Dollar amount of taxes abated during reporting period | \$2,467,770 |

G. Accounting Changes

Accounting changes related to the implemented of GASB Statement No. 87, Leases

Effective July 1, 2021, the State implemented GASB Statement No. 87, *Leases*. GASB 87 requires all leases to be reported as financing arrangements of the right to use a third party's asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The beginning net position was restated for the governmental activities, and the Property Management Fund, an internal service fund, for the implementation of GASB Statement No. 87 to record the impact of recording right-to-use lease assets and related lease liabilities. The effect of the restatement is shown below.

In addition, the beginning net position was restated for the Vermont State Colleges, a discretely presented component unit, and the Vermont Economic Development Authority, a non-major discretely presented component units, due to the implementation of GASB Statement No. 87. The effect of the restatement is shown below.

Accounting changes related to the implemented of GASB Statement No. 96, Subscription-Based Information Technology Arrangements

During fiscal year 2022, Vermont Student Assistant Corporation, a discretely presented component unit, implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. Vermont Student Assistant Corporation's beginning net position was restated for the effects of the implementation of GASB Statement No. 96. The effect of the restatement is shown below.

Restatement of net position

The effects of accounting changes on the primary government's net position were as follows:

| | <u>Governmental Activities Net Position</u> | <u>Total Internal Service Funds Net Position</u> | <u>Property Management Fund Net Position</u> |
|--|---|--|--|
| As originally reported, July 1 | \$ (322,802,161) | \$ 73,858,138 | \$ (21,684,058) |
| Restatements | | | |
| Adjustment for the implementation of GASB 87 as of July 1, 2021 | <u>1,953,189</u> | <u>1,953,189</u> | <u>1,953,189</u> |
| Restated amount | <u>\$ (320,848,972)</u> | <u>\$ 75,811,327</u> | <u>\$ (19,730,869)</u> |

The effects of accounting changes on net position of component units were as follows:

(Table on next page.)

| | <u>Vermont Student Assistance Corporation</u> | <u>Vermont State Colleges</u> | <u>Non-major Component Units</u> |
|--|---|---------------------------------------|--|
| As originally reported | \$ 205,815,000 | \$ (35,737,360) | \$ 380,428,564 |
| Restatements | | | |
| Adjustment for the implementation of GASB 87 as of July 1, 2021 | - | (473,427) | 14,000 |
| Adjustment for the implementation of GASB 96 as of July 1, 2021 | (7,000) | - | - |
| Restated amount | <u>\$ 205,808,000</u> | <u>\$ (36,210,787)</u> | <u>\$ 380,442,564</u> |

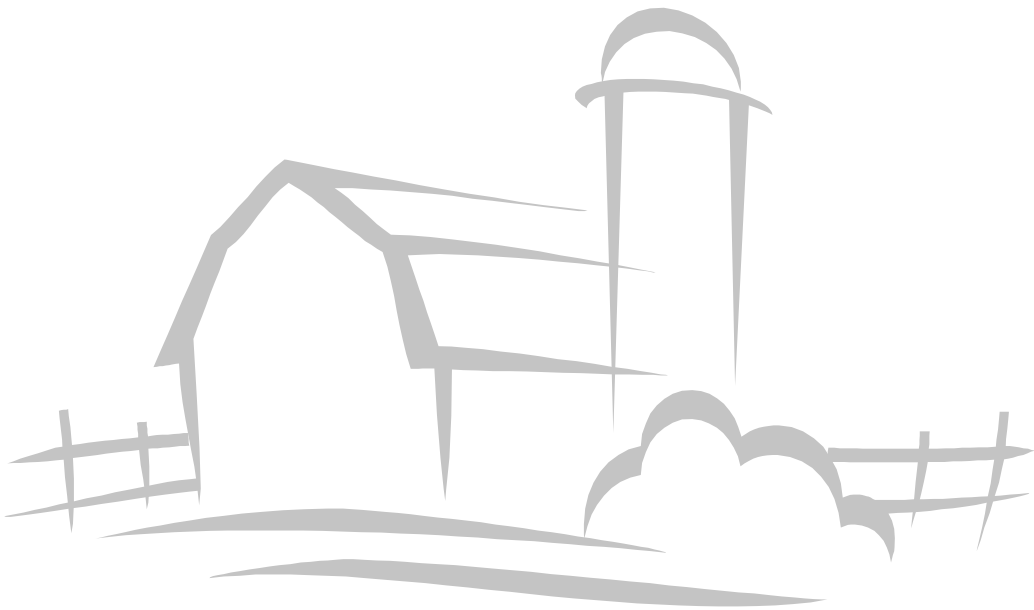
H. Subsequent Events

The State has evaluated whether any events have occurred subsequent to June 30, 2022, that would require disclosure and has determined that no such events have occurred through the date which these financial statements were available to be issued.



Required Supplementary Information
(Unaudited)

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Vermont

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT STATE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST NINE FISCAL YEARS**

(Dollar amounts expressed in thousands)
(Unaudited)

| | 2022 | 2021 | 2020 | 2019 |
|---|---------------------|-------------------|---------------------|-------------------|
| Total pension liability | | | | |
| Service cost..... | \$ 67,752 | \$ 70,993 | \$ 53,010 | \$ 51,946 |
| Interest..... | 226,513 | 214,277 | 204,548 | 194,127 |
| Differences between expected and actual experience..... | 74,201 | 59,818 | 5,123 | 40,476 |
| Changes of assumptions..... | - | - | 209,787 | - |
| Changes of benefit terms..... | (49,146) | - | - | - |
| Benefit payments, including refunds of member contributions..... | (173,791) | (160,291) | (153,026) | (144,297) |
| | <u>145,529</u> | <u>184,797</u> | <u>319,442</u> | <u>142,252</u> |
| Net change in total pension liability..... | | | | |
| Total pension liability, July 1..... | <u>3,255,050</u> | <u>3,070,253</u> | <u>2,750,811</u> | <u>2,608,559</u> |
| | | | | |
| Total pension liability, June 30..... | <u>3,400,579</u> | <u>3,255,050</u> | <u>3,070,253</u> | <u>2,750,811</u> |
| Fiduciary net position | | | | |
| Contributions - employer..... | 197,523 | 88,944 | 84,430 | 66,618 |
| Contributions - member..... | 44,655 | 42,113 | 40,902 | 40,818 |
| Net investment income (loss)..... | (215,474) | 497,423 | 78,965 | 106,778 |
| Benefit payments, including refunds of member contributions..... | (173,791) | (160,291) | (153,026) | (144,297) |
| Administrative expenses..... | (2,352) | (2,281) | (2,268) | (2,246) |
| Other..... | 862 | 247 | 594 | 299 |
| | <u>(148,577)</u> | <u>466,155</u> | <u>49,597</u> | <u>67,970</u> |
| Net change in fiduciary net position..... | | | | |
| Fiduciary net position, beginning of year..... | <u>2,425,222</u> | <u>1,959,067</u> | <u>1,909,470</u> | <u>1,841,500</u> |
| | | | | |
| Fiduciary net position, end of year..... | <u>2,276,645</u> | <u>2,425,222</u> | <u>1,959,067</u> | <u>1,909,470</u> |
| | | | | |
| Net pension liability, June 30..... | <u>\$ 1,123,934</u> | <u>\$ 829,828</u> | <u>\$ 1,111,186</u> | <u>\$ 841,341</u> |
| | | | | |
| Fiduciary net position as a percentage of the total pension liability..... | 66.95% | 74.51% | 63.81% | 69.41% |
| Covered payroll..... | \$ 552,317 | \$ 551,981 | \$ 527,571 | \$ 521,671 |
| Net pension liability as a percentage of covered payroll..... | 203.49% | 150.34% | 210.62% | 161.28% |
| Notes to Schedule | | | | |
| Change in assumptions: | | | | |
| Discount rate..... | 7.00% | 7.00% | 7.00% | 7.50% |
| Assumed inflation..... | 2.30% | 2.30% | 2.30% | 2.50% |
| Assumed COLA increase | | | | |
| Groups A, C, D and F (retired on or after 7/1/2008)..... | 2.40% | 2.40% | 2.40% | 2.55% |
| Group F (retired before 7/1/2008)..... | 1.35% | 1.35% | 1.35% | 1.40% |
| Groups C (retired on or after 7/1/2022)..... | 2.15% | n/a | n/a | n/a |
| Groups F (retired on or after 7/1/2022)..... | 2.25% | n/a | n/a | n/a |

Plan Type: single employer

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----|------------------|------------------|------------------|------------------|------------------|
| \$ | 49,744 | \$ 42,704 | \$ 47,012 | \$ 41,786 | \$ 39,369 |
| | 180,860 | 178,959 | 171,563 | 164,405 | 156,635 |
| | 83,266 | 19,283 | 25,051 | 3,979 | - |
| | - | 42,725 | (21,853) | 62,247 | - |
| | - | - | - | - | - |
| | <u>(134,090)</u> | <u>(126,480)</u> | <u>(120,094)</u> | <u>(111,396)</u> | <u>(104,493)</u> |
| | 179,780 | 157,191 | 101,679 | 161,021 | 91,511 |
| | <u>2,428,779</u> | <u>2,271,588</u> | <u>2,169,909</u> | <u>2,008,888</u> | <u>1,917,377</u> |
| | <u>2,608,559</u> | <u>2,428,779</u> | <u>2,271,588</u> | <u>2,169,909</u> | <u>2,008,888</u> |
| | 64,564 | 60,280 | 54,347 | 55,881 | 56,483 |
| | 40,423 | 35,967 | 34,055 | 33,296 | 31,746 |
| | 123,632 | 170,358 | 17,962 | (8,485) | 203,722 |
| | (134,090) | (126,480) | (120,094) | (111,396) | (104,493) |
| | (1,720) | (1,777) | (1,467) | (1,858) | (1,158) |
| | <u>249</u> | <u>444</u> | <u>(14)</u> | <u>177</u> | <u>454</u> |
| | 93,058 | 138,792 | (15,211) | (32,385) | 186,754 |
| | <u>1,748,442</u> | <u>1,609,650</u> | <u>1,624,861</u> | <u>1,657,246</u> | <u>1,470,492</u> |
| | <u>1,841,500</u> | <u>1,748,442</u> | <u>1,609,650</u> | <u>1,624,861</u> | <u>1,657,246</u> |
| \$ | <u>767,059</u> | <u>680,337</u> | <u>661,938</u> | <u>545,048</u> | <u>351,642</u> |
| | 70.59% | 71.99% | 70.86% | 74.88% | 82.50% |
| \$ | 504,553 | \$ 471,268 | \$ 462,057 | \$ 437,676 | \$ 416,766 |
| | 152.03% | 144.36% | 143.26% | 124.53% | 84.37% |
| | 7.50% | 7.50% | 7.95% | 7.95% | 8.22% |
| | 2.50% | 2.50% | 3.00% | 3.00% | 3.00% |
| | 2.55% | 2.55% | 3.00% | 3.00% | 3.00% |
| | 1.40% | 1.40% | 1.50% | 1.50% | 1.50% |
| | n/a | n/a | n/a | n/a | n/a |
| | n/a | n/a | n/a | n/a | n/a |

**STATE OF VERMONT
VERMONT STATE RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Fiscal Year 2022

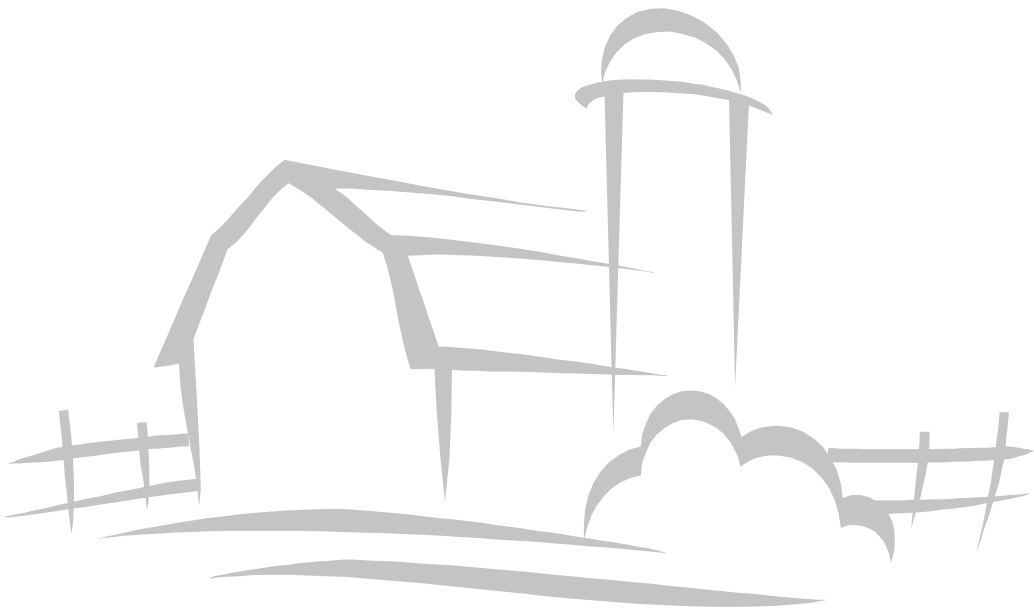
Changes in plan provisions for average final compensation, normal retirement eligibility and amount, early retirement amount, post retirement adjustments, and member contribution rates.

Fiscal Year 2020

Mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.

GASB 67 valuation, various actuarial assumptions were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2019.

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Vermont

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST NINE FISCAL YEARS**

(Dollar amounts expressed in thousands)
(Unaudited)

| | 2022 | 2021 | 2020 | 2019 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | |
| Service cost..... | \$ 71,861 | \$ 72,149 | \$ 40,744 | \$ 39,766 |
| Interest..... | 285,340 | 270,700 | 255,393 | 246,468 |
| Differences between expected and actual experience..... | 52,714 | 88,065 | 31,637 | 28,998 |
| Changes of assumptions..... | - | - | 310,968 | - |
| Changes of benefit terms..... | (32,528) | - | - | - |
| Benefit payments, including refunds of member contributions..... | (227,698) | (215,249) | (201,237) | (193,197) |
| | 149,689 | 215,665 | 437,505 | 122,035 |
| Net change in total pension liability..... | | | | |
| Total pension liability, July 1..... | 4,118,283 | 3,902,618 | 3,465,113 | 3,343,078 |
| | | | | |
| Total pension liability, June 30..... | 4,267,972 | 4,118,283 | 3,902,618 | 3,465,113 |
| Fiduciary net position | | | | |
| Contributions - non-employer..... | 314,664 | 125,910 | 120,247 | 113,748 |
| Contributions - member..... | 44,597 | 42,199 | 40,599 | 39,075 |
| Net investment income (loss)..... | (223,275) | 512,194 | 83,105 | 109,429 |
| Benefit payments, including refunds of member contributions..... | (227,698) | (215,249) | (201,237) | (193,197) |
| Administrative expenses..... | (2,715) | (2,782) | (2,815) | (2,715) |
| Other..... | 11,047 | 9,031 | 7,103 | 5,775 |
| | (83,380) | 471,303 | 47,002 | 72,115 |
| Net change in fiduciary net position..... | | | | |
| Fiduciary net position, beginning of year..... | 2,422,793 | 1,951,490 | 1,904,488 | 1,832,373 |
| | | | | |
| Fiduciary net position, end of year..... | 2,339,413 | 2,422,793 | 1,951,490 | 1,904,488 |
| | | | | |
| Net pension liability, June 30..... | \$ 1,928,559 | \$ 1,695,490 | \$ 1,951,128 | \$ 1,560,625 |
| | | | | |
| Fiduciary net position as a percentage of the total pension liability..... | 54.81% | 58.83% | 50.00% | 54.96% |
| Covered payroll..... | \$ 657,935 | \$ 645,903 | \$ 624,908 | \$ 612,899 |
| Net pension liability as a percentage of covered payroll..... | 293.12% | 262.50% | 312.23% | 254.63% |
| Notes to Schedule | | | | |
| Change in assumptions: | | | | |
| Discount rate..... | 7.00% | 7.00% | 7.00% | 7.50% |
| Assumed inflation..... | 2.30% | 2.30% | 2.30% | 2.50% |
| Assumed COLA increase | | | | |
| Group A..... | 2.40% | 2.40% | 2.40% | 2.55% |
| Group C..... | 1.35% | 1.35% | 1.35% | 1.40% |
| Groups C (retired on or after 7/1/2022)..... | 1.20% | n/a | n/a | n/a |

Plan Type: cost sharing multiple employer with a special funding situation

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----|-----------|--------------|--------------|--------------|------------|
| \$ | 40,117 | \$ 35,383 | \$ 34,979 | \$ 33,614 | \$ 33,144 |
| | 237,747 | 228,939 | 222,185 | 215,447 | 206,150 |
| | 59,469 | 12,523 | 3,613 | 20,003 | - |
| | (32,957) | 185,849 | (7,224) | 57,489 | - |
| | - | - | - | - | - |
| | (182,259) | (172,156) | (162,751) | (150,734) | (140,846) |
| | 122,117 | 290,538 | 90,802 | 175,819 | 98,448 |
| | 3,220,961 | 2,930,423 | 2,839,621 | 2,663,802 | 2,565,354 |
| | 3,343,078 | 3,220,961 | 2,930,423 | 2,839,621 | 2,663,802 |
| | 110,354 | 78,664 | 73,225 | 72,909 | 72,668 |
| | 37,889 | 36,142 | 35,409 | 34,864 | 32,559 |
| | 125,566 | 173,167 | 19,877 | (7,567) | 212,338 |
| | (182,259) | (172,156) | (162,751) | (150,734) | (140,847) |
| | (2,084) | (2,214) | (1,797) | (2,259) | (26,116) |
| | 4,349 | 4,055 | 3,821 | 538 | 411 |
| | 93,815 | 117,658 | (32,216) | (52,249) | 151,013 |
| | 1,738,558 | 1,620,900 | 1,653,116 | 1,705,365 | 1,554,352 |
| | 1,832,373 | 1,738,558 | 1,620,900 | 1,653,116 | 1,705,365 |
| \$ | 1,510,705 | \$ 1,482,403 | \$ 1,309,523 | \$ 1,186,505 | \$ 958,437 |
| | 54.81% | 53.98% | 55.31% | 58.22% | 64.02% |
| \$ | 607,355 | \$ 586,397 | \$ 557,708 | \$ 567,074 | \$ 563,623 |
| | 248.74% | 252.80% | 234.80% | 209.23% | 170.05% |
| | 7.50% | 7.50% | 7.95% | 7.95% | 8.15% |
| | 2.50% | 2.50% | 3.00% | 3.00% | 3.00% |
| | 2.55% | 2.55% | 3.00% | 3.00% | 3.00% |
| | 1.40% | 1.40% | 1.50% | 1.50% | 1.50% |
| | n/a | n/a | n/a | n/a | n/a |

**STATE OF VERMONT
STATE TEACHERS' RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Fiscal Year 2022

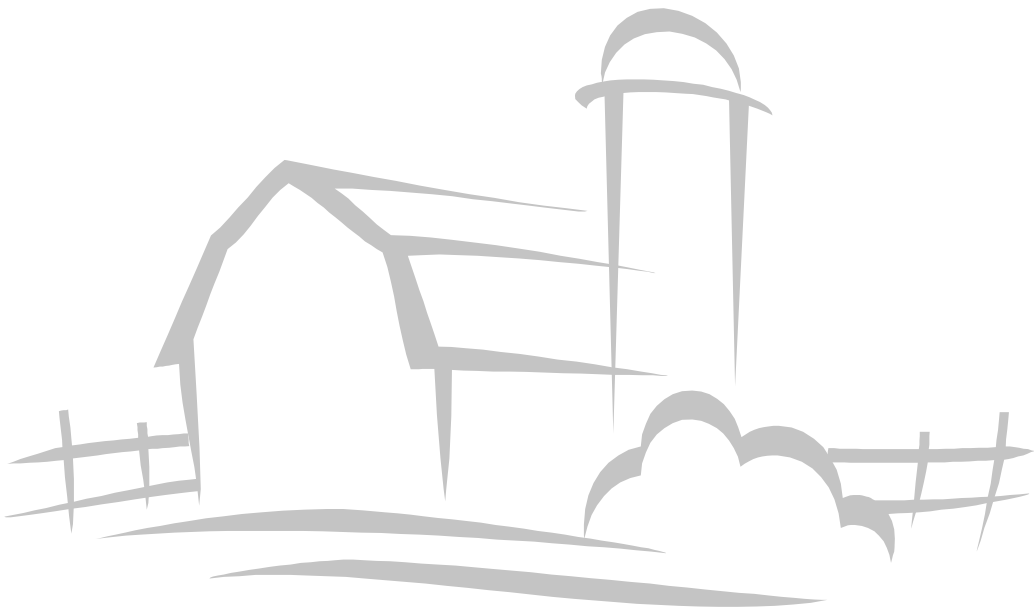
Changes in plan provisions for post-retirement adjustments, and member contribution rates.

Fiscal Year 2020

Mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.

GASB 67 valuation, various actuarial assumptions were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2019.

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Vermont

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST NINE FISCAL YEARS**

(Dollar amounts expressed in thousands)
(Unaudited)

| | 2022 | 2021 | 2020 | 2019 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Total pension liability | | | | |
| Service cost..... | \$ 39,576 | \$ 37,158 | \$ 34,726 | \$ 30,744 |
| Interest..... | 76,211 | 70,595 | 67,361 | 61,618 |
| Differences between expected and actual experience..... | 8,120 | 15,795 | 8,292 | 17,468 |
| Changes of assumptions..... | - | - | 38,774 | - |
| Changes of benefit terms..... | 364 | - | - | - |
| Benefit payments, including refunds of member contributions..... | <u>(48,138)</u> | <u>(43,357)</u> | <u>(39,084)</u> | <u>(35,397)</u> |
| Net change in total pension liability..... | 76,133 | 80,191 | 110,069 | 74,433 |
| Total pension liability, July 1..... | <u>1,073,218</u> | <u>993,027</u> | <u>882,958</u> | <u>808,525</u> |
| Total pension liability, June 30..... | <u>1,149,351</u> | <u>1,073,218</u> | <u>993,027</u> | <u>882,958</u> |
| Fiduciary net position | | | | |
| Contributions - employer..... | 25,218 | 22,298 | 20,681 | 19,203 |
| Contributions - member..... | 25,025 | 23,074 | 20,771 | 19,778 |
| Net investment income (loss)..... | (81,508) | 184,850 | 29,114 | 38,740 |
| Benefit payments, including refunds of member contributions..... | (48,138) | (43,357) | (39,084) | (35,397) |
| Administrative expenses..... | (1,303) | (1,249) | (1,355) | (1,158) |
| Other..... | <u>651</u> | <u>365</u> | <u>460</u> | <u>451</u> |
| Net change in fiduciary net position..... | (80,055) | 185,981 | 30,587 | 41,617 |
| Fiduciary net position, beginning of year..... | <u>926,034</u> | <u>740,053</u> | <u>709,466</u> | <u>667,849</u> |
| Fiduciary net position, end of year..... | <u>845,979</u> | <u>926,034</u> | <u>740,053</u> | <u>709,466</u> |
| Net pension liability, June 30..... | <u>\$ 303,372</u> | <u>\$ 147,184</u> | <u>\$ 252,974</u> | <u>\$ 173,492</u> |
| Fiduciary net position as a percentage of the total pension liability..... | 73.60% | 86.29% | 74.52% | 80.35% |
| Covered payroll..... | \$ 331,960 | \$ 327,492 | \$ 306,103 | \$ 289,839 |
| Net pension liability as a percentage of covered payroll..... | 91.39% | 44.94% | 82.64% | 59.86% |
| Notes to Schedule | | | | |
| Changes in assumptions and methods: | | | | |
| Discount rate..... | 7.00% | 7.00% | 7.00% | 7.50% |
| Assumed inflation..... | 2.30% | 2.30% | 2.30% | 2.50% |
| Assumed COLA increase | | | | |
| Group A..... | 1.10% | 1.10% | 1.10% | 1.15% |
| Group B, C, and D..... | 1.20% | 1.20% | 1.20% | 1.30% |

Plan Type: cost sharing multiple employer

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ | 28,434 | \$ 27,246 | \$ 25,264 | \$ 24,366 | \$ 22,519 |
| | 56,504 | 54,780 | 49,744 | 46,058 | 42,139 |
| | 14,172 | (3,749) | 1,088 | 3,046 | - |
| | - | 14,481 | 12,204 | 19,192 | - |
| | 194 | - | - | - | - |
| | <u>(31,445)</u> | <u>(27,803)</u> | <u>(25,589)</u> | <u>(23,314)</u> | <u>(20,601)</u> |
| | 67,859 | 64,955 | 62,711 | 69,348 | 44,057 |
| | <u>740,666</u> | <u>675,711</u> | <u>613,000</u> | <u>543,652</u> | <u>499,595</u> |
| | <u>808,525</u> | <u>740,666</u> | <u>675,711</u> | <u>613,000</u> | <u>543,652</u> |
| | 17,520 | 16,482 | 15,236 | 14,136 | 12,806 |
| | 19,167 | 25,210 | 15,227 | 13,588 | 13,234 |
| | 43,889 | 59,487 | 6,777 | (2,359) | 64,346 |
| | (31,445) | (27,803) | (25,589) | (23,315) | (20,601) |
| | (929) | (875) | (755) | (950) | (588) |
| | <u>137</u> | <u>(6)</u> | <u>215</u> | <u>279</u> | <u>2,143</u> |
| | 48,339 | 72,495 | 11,111 | 1,379 | 71,340 |
| | <u>619,510</u> | <u>547,015</u> | <u>535,904</u> | <u>534,525</u> | <u>463,186</u> |
| | <u>667,849</u> | <u>619,510</u> | <u>547,015</u> | <u>535,904</u> | <u>534,526</u> |
| \$ | <u>140,676</u> | <u>121,156</u> | <u>128,696</u> | <u>77,096</u> | <u>9,126</u> |
| | 82.60% | 83.64% | 80.95% | 87.42% | 98.32% |
| \$ | 274,814 | \$ 256,730 | \$ 249,811 | \$ 230,969 | \$ 220,372 |
| | 51.19% | 47.19% | 51.52% | 33.38% | 4.14% |
| | 7.50% | 7.50% | 7.95% | 7.95% | 8.23% |
| | 2.50% | 2.50% | 3.00% | 3.00% | 3.00% |
| | 1.15% | 1.15% | 1.50% | 1.50% | 1.50% |
| | 1.30% | 1.30% | 1.80% | 1.80% | 1.80% |

**STATE OF VERMONT
VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Fiscal Year 2022

Changes in plan provisions for member contribution rates, a 0.25% increase each year for four years, starting 07/01/2022.

Fiscal Year 2020

Mortality tables updated from variations of RP-2006 with generational improvement to variations of PubG-2010 with generational projection.

GASB 67 valuation, various actuarial assumptions were changed in accordance with the findings of an experience study covering the five-year period ending June 30, 2019.

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST NINE YEARS
(Dollar amounts expressed in thousands)
(Unaudited)**

| <u>Retirement System</u> | <u>Year Ended 6/30</u> | <u>Actuarially Determined Contribution⁽¹⁾ (ADC)</u> | <u>Contributions in Relation to ADC</u> | <u>Contribution (Excess) Deficiency</u> | <u>Covered Payroll (CP)</u> | <u>Contribution as a Percent of CP</u> |
|--|--------------------------------|--|---|---|-------------------------------------|--|
| Vermont State Retirement System | 2022 | \$ 119,968 | \$ 197,523 | \$ (77,555) | \$ 552,317 | 35.76% |
| | 2021 | 83,877 | 88,944 | (5,067) | 551,981 | 16.11% |
| | 2020 | 78,944 | 84,430 | (5,486) | 527,571 | 16.00% |
| | 2019 | 62,985 | 66,618 | (3,633) | 521,671 | 12.77% |
| | 2018 | 52,065 | 64,564 | (12,499) | 504,553 | 12.80% |
| | 2017 | 48,503 | 60,280 | (11,777) | 471,268 | 12.79% |
| | 2016 | 46,238 | 54,347 | (8,109) | 462,057 | 11.76% |
| | 2015 | 44,652 | 55,881 | (11,229) | 437,676 | 12.77% |
| | 2014 | 42,786 | 56,483 | (13,697) | 416,766 | 13.55% |
| State Teachers' Retirement System ⁽²⁾ | 2022 | \$ 196,207 | \$ 325,245 | \$ (129,038) | \$ 657,935 | 49.43% |
| | 2021 | 132,142 | 134,541 | (2,399) | 645,903 | 20.83% |
| | 2020 | 126,197 | 126,942 | (745) | 624,908 | 20.31% |
| | 2019 | 105,641 | 119,175 | (13,534) | 612,899 | 19.44% |
| | 2018 | 88,409 | 114,599 | (26,190) | 607,355 | 18.87% |
| | 2017 | 82,660 | 82,887 | (227) | 586,397 | 14.13% |
| | 2016 | 76,103 | 76,948 | (845) | 557,708 | 13.80% |
| | 2015 | 72,858 | 72,909 | (51) | 567,074 | 12.86% |
| | 2014 | 68,353 | 72,668 | (4,315) | 563,623 | 12.89% |
| Vermont Municipal Employees' Retirement System | 2022 | \$ 39,451 | \$ 25,218 | \$ 14,233 | \$ 331,960 | 7.60% |
| | 2021 | 36,722 | 22,298 | 14,424 | 327,492 | 6.81% |
| | 2020 | 22,618 | 20,681 | 1,937 | 306,103 | 6.76% |
| | 2019 | 17,263 | 19,203 | (1,940) | 289,839 | 6.63% |
| | 2018 | 15,067 | 17,520 | (2,453) | 274,814 | 6.38% |
| | 2017 | 12,896 | 16,482 | (3,586) | 256,730 | 6.42% |
| | 2016 | 15,236 | 15,236 | - | 249,811 | 6.10% |
| | 2015 | 14,136 | 14,136 | - | 230,969 | 6.12% |
| | 2014 | 12,806 | 12,806 | - | 220,372 | 5.81% |

Notes to Schedule

⁽¹⁾ADC for a given fiscal year are based on results from the June 30 actuarial valuation two years prior for STRS and VTRS, and one year prior for MERS.

⁽²⁾Included in the ADC is an actuarially determined contribution rate that is applied to the total earnable compensation for teachers whose funding is provided by federal grants and is paid by the employer to the STRS.

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplemental information.

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

| | VSRS | STRS | MERS |
|--|--|--|---|
| Valuation date | | | |
| Actuarially determined contributions rates are calculated as of June 30 two years prior for VSRS and STRS and one year prior for MERS to the end of the fiscal year in which contributions are reported. Assumptions values listed below were used in determining the actuarially determined contributions rates calculated as of that date. | | | |
| Actuarial cost method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Amortization method | Level percentage of payroll | Level percentage of payroll | Installments increasing 3% per year |
| Remaining amortization period All closed basis | 18 years | 18 years | 17 years |
| Asset valuation method | Preliminary Asset Value plus 20% of difference between market and preliminary asset values | Preliminary Asset Value plus 20% of difference between market and preliminary asset values | Actuarial value of assets using a five year smoothing technique |
| Actuarial assumptions | | | |
| Investment rate of return ⁽¹⁾ | 7.00% | 7.00% | 7.00% |
| Inflation rate | 2.30% | 2.30% | 2.30% |
| Projected salary increases | 3.40%-5.55% | 3.55%-10.50% | 4.50%-7.00% |
| Cost of living adjustments ⁽²⁾ | Groups A, C & D - 2.40% Group F - 1.35% Group F retiring after 7/1/2008 - 2.40% | Group A - 2.40% Group C - 1.35% | Group A - 1.10% Groups B, C & D - 1.20% |

Mortality Rates

VSRS

Pre-retirement

Group A/F - 60% of PubG-2010 General Employee Amount-Weighted Above Median, and
40% of PubG-2010 General Employee Amount-Weighted with generational projection using scale MP-2019
Group C - PubS-2010 Public Safety Employee Amount-Weighted with generational projection using scale MP-2019
Group D - 70% of PubG-2010 General Employee Amount-Weighted Above Median, and
30% of PubG-2010 General Employee with generational projection using scale MP-2019

Post-retirement Retiree

Group A/F - 109% of PubG-2010 General Healthy Retiree Amount-Weighted with generational projection using scale MP-2019
Group C - 40% of PubS-2010 Public Safety Retiree Amount-Weighted Above Median, and
60% of PubS-2010 Public Safety Retiree Amount-Weighted with generational projection using scale MP-2019
Group D - PubG-2010 General Healthy Retiree Amount-Weighted Above Median with generational projection using scale MP-2019

Post-retirement Beneficiaries

Group A/F - Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019
Group C - 40% of Pub-2010 Contingent Survivor Amount-Weighted Above Median, and
60% of Pub-2010 Contingent Survivor Amount-Weighted with generational projection using MP-2019
Group D - Pub-2010 Contingent Survivor Amount-Weighted Above Median with generational projection using MP-2019

Disabled Retiree:

All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

STRS

Pre-retirement

All Groups - PubT-2010 Teacher Employee Amount-Weighted Table with generational projection using scale MP-2019

Post-retirement Retiree

All Groups - PubT-2010 Teacher Healthy Retiree Amount-Weighted Table with generational projection using scale MP-2019

Post-retirement Beneficiaries

All Groups - 109% of the Pub-2010 Contingent Survivor Amount-Weighted Table with generational projection using scale MP-2019

Disabled Retiree:

All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

MERS

Pre-retirement

Groups A/B/C - 40% PubG-2010 General Employee Amount-Weighted below-median, and
60% PubG-2010 General Employee Amount-Weighted with generational projection using scale MP-2019
Group D - PubG-2010 General Employee Amount-Weighted above-median with generational projection using scale MP-2019

Post-retirement Retiree

Groups A/B/C - 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median, and
60% PubG-2010 Healthy Retiree Amount-Weighted with generational projection using scale MP-2019
Group D - PubG-2010 General Healthy Retiree Amount-Weighted with generational projection using scale MP-2019

Post-retirement Beneficiaries

Groups A/B/C: 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor
Amount-Weighted with generational projection using scale MP-2019.
Groups D - Pub-2010 Contingent Survivor Amount-Weighted with generational projection using scale MP-2019.

Disabled Retiree:

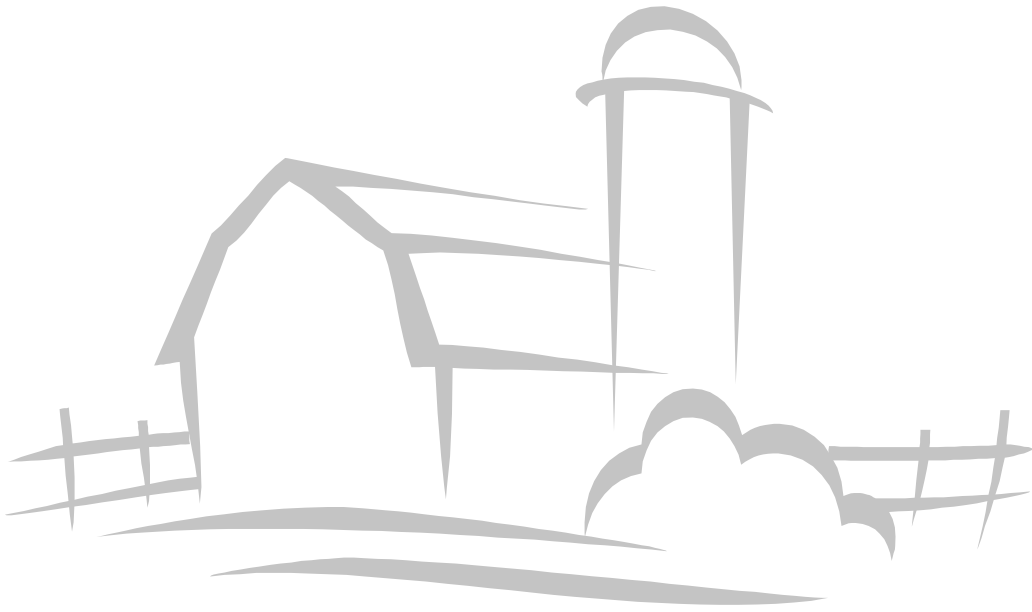
All Groups - PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019

⁽¹⁾Through the 2014 valuations, a select-and-ultimate interest rate set was used ranging from 6.25% in year 1 to 9% in years 17 and later.
For MERS rates - 2016 - 7.95%, 2018 and 2019 - 7.50%
For 2019 a 7.50% rate was used for VSRS and STRS

⁽²⁾Effective January 1, 2014, the Group F employees who were actively contributing into the system on June 30, 2008, and retired on or
after July 1, 2008, are eligible for 100% of CPI.

See Independent Auditors' Report.

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Vermont

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST NINE YEARS⁽¹⁾
(Dollar amounts expressed in thousands)
(Unaudited)**

| | Vermont State Retirement System | | | |
|---|--|--------------|--------------|--------------|
| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| State's proportion of net pension liability | 98.4031% | 98.3248% | 98.3137% | 98.2187% |
| State's proportionate share of the net pension liability | \$ 816,577 | \$ 1,092,572 | \$ 827,153 | \$ 753,395 |
| Fiduciary net position as a percentage of the total pension liability | 74.51% | 63.81% | 69.41% | 70.59% |
| | State Teachers' Retirement System⁽²⁾ | | | |
| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| State's proportion of net pension liability | 100% | 100% | 100% | 100% |
| State's proportionate share of the net pension liability | \$ 1,695,490 | \$ 1,951,128 | \$ 1,560,625 | \$ 1,510,705 |
| Fiduciary net position as a percentage of the total pension liability | 58.83% | 50.00% | 54.96% | 54.81% |

⁽¹⁾The amounts presented for each fiscal year were determined by an actuarial valuation on June 30 two years prior to the fiscal year. The measurement period and measurement date is one year prior to the fiscal year.

⁽²⁾The State Teacher's Retirement System has a special funding situation where the State, as the non-employer contributing entity, is responsible for the net pension liability.

GASB No. 68 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditors' Report.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-------------|-------------|-------------|-------------|-------------|
| 98.2850% | 98.3625% | 98.3289% | 98.2355% | 98.1400% |
| \$ 668,669 | \$ 651,099 | \$ 535,939 | \$ 345,437 | \$ 438,573 |
| 71.99% | 70.86% | 74.88% | 82.50% | 76.69% |

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------|--------------|--------------|-------------|--------------|
| 100% | 100% | 100% | 100% | 100% |
| \$ 1,482,403 | \$ 1,309,523 | \$ 1,186,505 | \$ 958,437 | \$ 1,011,002 |
| 53.98% | 55.31% | 58.22% | 64.02% | 60.59% |

**STATE OF VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT PLANS
 SCHEDULE OF INVESTMENT RETURNS
 LAST NINE YEARS
 (Unaudited)**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|-------------|-------------|
| VERMONT STATE RETIREMENT SYSTEM | | | | |
| Annual money-weighted rate of return, net of investment expense | -7.42% | 24.59% | 3.90% | 5.90% |
| STATE TEACHERS' RETIREMENT SYSTEM | | | | |
| Annual money-weighted rate of return, net of investment expense | -7.41% | 24.75% | 4.10% | 6.10% |
| VERMONT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM | | | | |
| Annual money-weighted rate of return, net of investment expense | -7.88% | 24.32% | 3.90% | 5.80% |

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014.

Data for future years will be added prospectively.

See Independent Auditors' Report.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-------------|-------------|-------------|-------------|-------------|
| 6.73% | 10.33% | 1.44% | -0.50% | 14.05% |
| 6.99% | 10.17% | 1.69% | -0.40% | 13.83% |
| 6.75% | 10.88% | 1.56% | -0.51% | 14.13% |

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
VERMONT STATE POSTEMPLOYMENT BENEFIT TRUST FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS**

*(Dollar amounts expressed in thousands)
(Unaudited)*

| | 2022 | 2021 | 2020 | 2019 |
|---|-------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | |
| Service cost..... | \$ 67,476 | \$ 63,318 | \$ 45,691 | \$ 44,590 |
| Interest..... | 39,605 | 34,088 | 45,754 | 49,041 |
| Changes of benefit terms..... | (11,431) | - | - | - |
| Differences between expected and actual experience..... | 241 | 4,953 | 20,361 | 6,284 |
| Changes of assumptions..... | (746,859) | 43,573 | 127,633 | (25,551) |
| Benefit payments, net of retiree contributions, including administrative expense..... | (35,056) | (35,561) | (35,768) | (35,340) |
| Net change in total OPEB liability..... | (686,024) | 110,371 | 203,671 | 39,024 |
| Total OPEB liability, July 1..... | 1,593,341 | 1,482,970 | 1,279,299 | 1,240,275 |
| Total OPEB liability, June 30..... | 907,317 | 1,593,341 | 1,482,970 | 1,279,299 |
| Fiduciary net position | | | | |
| Contributions - employer..... | 35,170 | 90,463 | 38,600 | 63,750 |
| Net investment income (loss)..... | (15,580) | 7,775 | 3,030 | 1,554 |
| Benefit payments, including refunds of member contributions..... | (35,056) | (35,561) | (35,768) | (35,340) |
| Administrative expenses..... | (2) | (1) | (3) | (2) |
| Net change in fiduciary net position..... | (15,468) | 62,676 | 5,859 | 29,962 |
| Fiduciary net position, beginning of year..... | 120,268 | 57,592 | 51,733 | 21,771 |
| Fiduciary net position, end of year..... | 104,800 | 120,268 | 57,592 | 51,733 |
| Net OPEB liability, June 30..... | \$ 802,517 | \$ 1,473,073 | \$ 1,425,378 | \$ 1,227,566 |
| Fiduciary net position as a percentage of the total OPEB liability..... | 11.55% | 7.55% | 3.88% | 4.04% |
| Covered payroll..... | \$ 579,629 | \$ 578,702 | \$ 554,292 | \$ 548,512 |
| Net OPEB liability as a percentage of covered-payroll..... | 138.45% | 254.55% | 257.15% | 223.80% |
| Notes to Schedule | | | | |
| Discount rate..... | 7.00% | 2.41% | 2.23% | 3.50% |
| Assumed inflation..... | 2.50% | 2.00% | 2.00% | 2.75% |

Plan Type: single employer

GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

| | <u>2018</u> | | <u>2017</u> |
|----|------------------|----|------------------|
| \$ | 52,326 | \$ | 66,841 |
| | 54,401 | | 46,868 |
| | (20,233) | | - |
| | 7,140 | | - |
| | (303,322) | | (190,151) |
| | <u>(34,559)</u> | | <u>(33,346)</u> |
| | (244,247) | | (109,788) |
| | <u>1,484,522</u> | | <u>1,594,310</u> |
| | <u>1,240,275</u> | | <u>1,484,522</u> |
| | 32,957 | | 33,123 |
| | 872 | | 1,372 |
| | (34,559) | | (33,346) |
| | <u>(1)</u> | | <u>-</u> |
| | (731) | | 1,149 |
| | <u>22,502</u> | | <u>21,353</u> |
| | <u>21,771</u> | | <u>22,502</u> |
| \$ | <u>1,218,504</u> | \$ | <u>1,462,020</u> |
| | 1.76% | | 1.52% |
| \$ | 531,543 | \$ | 497,201 |
| | 229.24% | | 294.05% |
| | 3.87% | | 3.58% |
| | 2.75% | | 2.75% |

**STATE OF VERMONT
VERMONT STATE POSTEMPLOYMENT BENEFIT TRUST FUND
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

Fiscal Year 2022

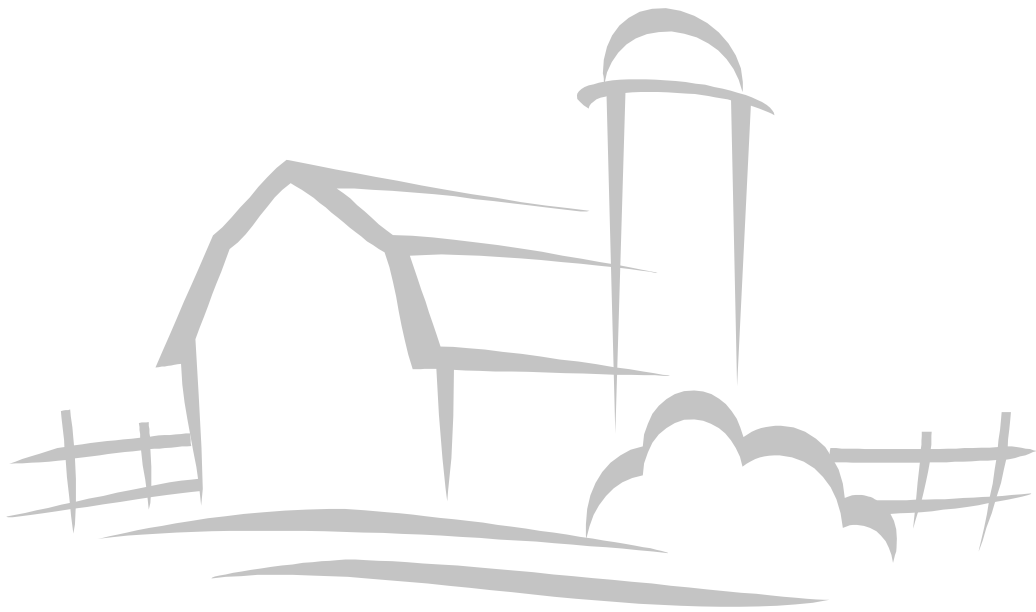
Benefit changes: Changes were made to the eligibility requirements.

Changes in assumptions: The valuation-year per capita health costs and retiree contribution rates were updated; The percentage of active employees eligible to retire and receive the maximum premium subsidy who are assumed to participate in the plan increased from 80% to 85%; The percentage of active employees eligible to retire and receive less than the maximum premium subsidy who are assumed to participate in the plan decreased from 80% to 50%; The percentage of eligible future retirees covering a spouse that are assumed to elect the Premium Reduction Option decreased from 35% to 25%; The percentage of future female retirees assumed to have an eligible spouse who also opts for health coverage decreased from 60% to 55%; Retirement rates were updated for Group C to reflect the best estimate of anticipated future experience.

Fiscal Year 2018

Benefit changes: medical copays were modified, and pharmacy deductible and maximum out of pocket expenses were increased

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Vermont

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS TRUST FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS
LAST SIX FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|--------------------------|----------------------------|----------------------------|----------------------------|
| Total OPEB liability | | | | |
| Service cost..... | \$ 53,507 | \$ 50,729 | \$ 30,590 | \$ 20,786 |
| Interest..... | 29,254 | 28,809 | 37,030 | 36,139 |
| Changes of benefit terms..... | - | (75,248) | - | (21,209) |
| Differences between expected and actual experience..... | 18,750 | 33,179 | 31,061 | 24,665 |
| Changes of assumptions..... | (605,232) | 15,408 | 155,924 | 82,448 |
| Benefit payments, net of retiree contributions, including administrative expense..... | <u>(28,141)</u> | <u>(30,775)</u> | <u>(27,551)</u> | <u>(29,607)</u> |
| Net change in total OPEB liability..... | (531,862) | 22,102 | 227,054 | 113,222 |
| Total OPEB liability, July 1..... | <u>1,290,221</u> | <u>1,268,119</u> | <u>1,041,065</u> | <u>927,843</u> |
| Total OPEB liability, June 30..... | <u>758,359</u> | <u>1,290,221</u> | <u>1,268,119</u> | <u>1,041,065</u> |
| Fiduciary net position | | | | |
| Contributions - non-employer..... | 54,203 | 36,639 | 35,176 | 56,594 |
| Net investment income (loss)..... | (186) | 53 | 283 | 31 |
| Benefit payments, including refunds of member contributions..... | (28,141) | (30,775) | (27,551) | (29,607) |
| Administrative expenses..... | (2) | (2) | (2) | (263) |
| Other..... | <u>-</u> | <u>-</u> | <u>501</u> | <u>-</u> |
| Net change in fiduciary net position..... | 25,874 | 5,915 | 8,407 | 26,755 |
| Fiduciary net position, beginning of year..... | <u>14,634</u> | <u>8,719</u> | <u>312</u> | <u>(26,443)</u> |
| Fiduciary net position, end of year..... | <u>40,508</u> | <u>14,634</u> | <u>8,719</u> | <u>312</u> |
| Net OPEB liability, June 30..... | <u>\$ 717,851</u> | <u>\$ 1,275,587</u> | <u>\$ 1,259,400</u> | <u>\$ 1,040,753</u> |
| Fiduciary net position as a percentage of the total OPEB liability..... | 5.34% | 1.13% | 0.69% | 0.03% |
| Covered payroll..... | \$ 657,935 | \$ 645,903 | \$ 624,908 | \$ 612,899 |
| Net OPEB liability as a percentage of covered payroll..... | 109.11% | 197.49% | 201.53% | 169.81% |
| Notes to Schedule | | | | |
| Discount rate..... | 7.00% | 2.20% | 2.21% | 3.50% |
| Assumed inflation..... | 2.50% | 2.00% | 2.00% | 2.75% |

Plan Type: cost sharing multiple employer with a special funding situation

GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Notes to the Required Supplementary Information.

See Independent Auditors' Report.

| | <u>2018</u> | | <u>2017</u> |
|----|-----------------|----|-----------------|
| \$ | 26,273 | \$ | 32,511 |
| | 32,838 | | 26,425 |
| | - | | - |
| | 42,621 | | - |
| | (50,192) | | (33,192) |
| | <u>(29,329)</u> | | <u>(29,577)</u> |
| | 22,211 | | (3,833) |
| | <u>905,632</u> | | <u>909,465</u> |
| | <u>927,843</u> | | <u>905,632</u> |
| | 29,803 | | 23,839 |
| | 20 | | 41 |
| | (29,329) | | (29,348) |
| | (279) | | (229) |
| | <u>-</u> | | <u>-</u> |
| | 215 | | (5,697) |
| | <u>(26,658)</u> | | <u>(20,961)</u> |
| | <u>(26,443)</u> | | <u>(26,658)</u> |
| \$ | <u>954,286</u> | \$ | <u>932,290</u> |
| | -2.85% | | -2.94% |
| \$ | 607,355 | \$ | 586,397 |
| | 157.12% | | 158.99% |
| | 3.87% | | 3.58% |
| | 2.75% | | 2.75% |

**STATE OF VERMONT
RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS TRUST FUND
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

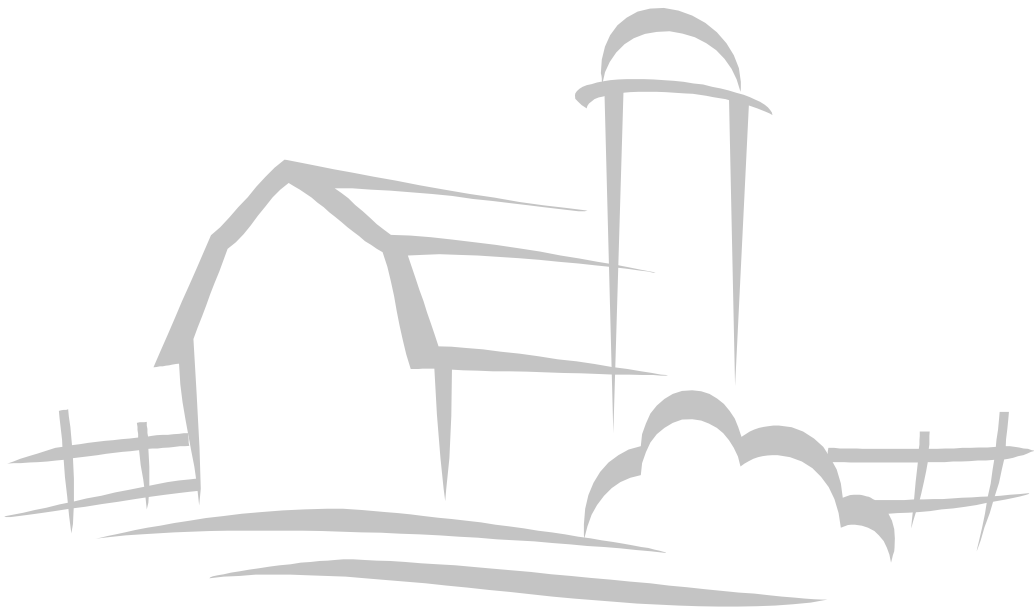
Fiscal Year 2022

Changes in assumptions: the per capita valuation-year claims and retiree contribution rates were updated; The assumed health trend rates were modified; The percentage of future retirees at retirement assumed to have an eligible spouse who also opts for health coverage was increased from 40% to 60% for males and 25% to 40% for females.

Fiscal Year 2019

Benefit changes: OTC, Fertility, and ED drugs will be removed from the Medicare prescription drug plan, and non-Medicare retirees will be moved to the National Preferred Formulary and Accredo Exclusive Specialty Network.

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Vermont

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF INVESTMENT RETURNS
LAST SIX FISCAL YEARS
(Unaudited)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|-------------|-------------|
| Vermont State Postemployment Benefit Trust Fund | | | | |
| Annual money-weighted rate of return, net of investment expense | -13.09% | 13.90% | 6.20% | 6.90% |
| Retired Teachers' Health and Medical Benefits Fund * | | | | |
| Annual money-weighted rate of return, net of investment expense | -3.31% | 0.30% | N/A | N/A |

* The Retired Teachers' Health and Medical Benefits Fund has no investments for those years.

GASB No. 74 required supplementary information is not available for fiscal years prior to 2017.

Data for future years will be added prospectively.

See Independent Auditors' Report.

| <u>2018</u> | <u>2017</u> |
|-------------|-------------|
| 4.00% | 6.50% |
| N/A | N/A |

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST SIX FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)**

| <u>Retirement System</u> | <u>Year Ended 6/30</u> | <u>Actuarially Determined Contribution⁽¹⁾ (ADC)</u> | <u>Contributions in Relation to ADC</u> | <u>Contribution (Excess) Deficiency</u> | <u>Covered Payroll (CP)</u> | <u>Contribution as a Percent of CP</u> |
|---|--------------------------------|--|---|---|-------------------------------------|--|
| Vermont State Postemployment Benefit Trust Fund (VSPB) | | | | | | |
| | 2022 | \$ 109,708 | \$ 35,170 | \$ 74,538 | \$ 579,629 | 6.07% |
| | 2021 | 90,026 | 90,463 | (437) | 578,702 | 15.63% |
| | 2020 | 87,805 | 38,600 | 49,205 | 554,293 | 6.96% |
| | 2019 | 100,188 | 63,750 | 36,438 | 548,512 | 11.62% |
| | 2018 | 74,760 | 32,957 | 41,803 | 531,543 | 6.20% |
| | 2017 | 71,833 | 33,123 | 38,710 | 497,201 | 6.66% |
| Retired Teachers' Health and Medical Benefits Fund (RTHMB) | | | | | | |
| | 2022 | \$ 102,153 | \$ 54,203 | \$ 47,950 | \$ 657,935 | 8.24% |
| | 2021 | 67,912 | 36,639 | 31,273 | 645,903 | 5.67% |
| | 2020 | 58,253 | 35,176 | 23,077 | 624,908 | 5.63% |
| | 2019 | 54,659 | 56,594 | (1,935) | 612,899 | 9.23% |
| | 2018 | 37,317 | 29,803 | 7,514 | 607,355 | 4.91% |
| | 2017 | 35,918 | 23,839 | 12,079 | 586,397 | 4.07% |

⁽¹⁾ADC for a given fiscal year are based on results from the June 30 actuarial valuation two years prior.
GASB No. 74 required supplementary information is not available for fiscal years prior to 2017. Data for future years will be added prospectively.

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

| | <u>VSPB</u> | <u>RTHMB</u> |
|--|---|---|
| Valuation date: | | |
| Actuarially determined contributions rates are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are reported. Assumptions values listed below were used in determining the actuarially determined contributions rates calculated as of that date. | | |
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit |
| Amortization method | Level percentage of payroll, closed basis | Level percentage of payroll, closed basis |
| Remaining amortization period | 27 years | 27 years |
| Asset valuation method | Market Value | Market Value |
| <u>Actuarial assumptions</u> | | |
| Investment rate of return | 7.00% | 7.00% |
| Discount rate | 2.23% | 2.21% |
| Projected salary increases | Varies by age from age 20 - 5.55%, to age 60 - 3.40%. | Varies by age from age 20 - 10.50%, to age 60 - 3.55% |
| Inflation | 2.00% | 2.00% |
| <u>Health care cost trend rates</u> | | |
| Non-Medicare | 6.925% graded to 4.50% over 11 years | 6.925% graded to 4.50% over 11 years |
| Medicare | 6.14% graded to 4.50% over 13 years | 6.14% graded to 4.50% over 12 years |

Mortality Rates

VSPB

Pre-retirement:

- Group A/F - 60% of PubG-2010 General Employee Headcount-Weighted Above Median, and 40% of PubG-2010 General Employee Headcount-Weighted with generational projection using scale MP-2019
- Group C - PubS-2010 Public Safety Employee Headcount-Weighted with generational projection using scale MP-2019
- Group D - 70% of PubG-2010 General Employee Headcount-Weighted Above Median, and 30% of PubG-2010 General Employee with generational projection using scale MP-2019

Post-retirement Retiree

- Group A/F - 109% of PubG-2010 General Healthy Retiree Headcount-Weighted with generational projection using scale MP-2019
- Group C - 40% of PubS-2010 Public Safety Retiree Headcount-Weighted Above Median, and 60% of PubS-2010 Public Safety Retiree Headcount-Weighted with generational projection using scale MP-2019
- Group D - PubG-2010 General Healthy Retiree Headcount-Weighted Above Median with generational projection using scale MP-2019

Post-retirement Beneficiaries

- Group A/F - : Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019
- Group C - 40% of Pub-2010 Contingent Survivor Headcount-Weighted Above Median, and 60% of Pub-2010 Contingent Survivor Headcount-Weighted with generational projection using MP-2019
- Group D - Pub-2010 Contingent Survivor Headcount-Weighted Above Median with generational projection using MP-2019

Disabled Retiree:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

RTHMB

Pre-retirement:

- All Groups - PubT-2010 Teacher Employee Headcount-Weighted Table with generational projection using scale MP-2019

Post-retirement Retiree

- All Groups - PubT-2010 Teacher Healthy Retiree Headcount-Weighted Table with generational projection using scale MP-2019

Post-retirement Beneficiaries

- All Groups - 109% of the Pub-2010 Contingent Survivor Headcount-Weighted Table with generational projection using scale MP-2019

Disabled Retiree:

- All Groups - PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table with generational projection using scale MP-2019

See Independent Auditors' Report.

**STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST FIVE FISCAL YEARS⁽¹⁾
(Dollar amounts expressed in thousands)
(Unaudited)**

Vermont State Postemployment Benefit Trust Fund

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|--------------|--------------|
| State's proportion of net OPEB liability | 99.3278% | 98.3218% | 98.9933% | 98.2292% |
| State's proportionate share of the net OPEB liability | \$ 1,463,170 | \$ 1,401,457 | \$ 1,215,208 | \$ 1,196,927 |
| Fiduciary net position as a percentage of the total OPEB liability | 7.55% | 3.88% | 4.04% | 1.76% |

Retired Teachers' Health and Medical Benefits Fund⁽²⁾

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|--------------|-------------|
| State's proportion of net OPEB liability | 100% | 100% | 100% | 100% |
| State's proportionate share of the net OPEB liability | \$ 1,275,587 | \$ 1,259,400 | \$ 1,040,753 | \$ 954,286 |
| Fiduciary net position as a percentage of the total OPEB liability | 1.13% | 0.69% | 0.03% | -2.85% |

⁽¹⁾The amounts presented for each fiscal year were determined as of the measurement date. The measurement period and measurement date is one year prior to the fiscal year.

⁽²⁾The Retired Teachers' Health and Medical Benefits Fund has a special funding situation where the State, as the non-employer contributing entity, is responsible for the net OPEB liability.

GASB No. 75 required supplementary information is not available for fiscal years prior to 2018. Data for future years will be added prospectively.

See Independent Auditors' Report.

2018

98.2979%

\$ 1,437,135

1.52%

2018

100%

\$ 932,290

-2.94%

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|--|----------------------------|-------------------------|---|-------------------------|
| Revenues | | | | |
| Taxes..... | \$ 1,780,610,000 | \$ 1,824,910,000 | \$ 2,048,481,084 | \$ 223,571,084 |
| Earnings of Departments..... | 42,000,000 | 41,900,000 | 42,199,052 | 299,052 |
| Other..... | 31,090,000 | 30,990,000 | 32,550,466 | 1,560,466 |
| Total revenues..... | 1,853,700,000 | 1,897,800,000 | 2,123,230,602 | 225,430,602 |
| Expenditures | | | | |
| General Government | | | | |
| Agency of Administration..... | 111,538,221 | 92,997,037 | 53,913,754 | (39,083,283) |
| Agency of Digital Services..... | 174,342 | 3,479,891 | 179,651 | (3,300,240) |
| Executive Office..... | 1,672,493 | 2,653,840 | 1,920,315 | (733,525) |
| Legislature..... | 14,393,418 | 17,728,856 | 14,058,648 | (3,670,208) |
| Joint Fiscal Office..... | 2,472,260 | 3,359,968 | 2,700,985 | (658,983) |
| Sergeant at Arms..... | 1,068,024 | 1,295,697 | 1,170,452 | (125,245) |
| Lieutenant Governor's Office..... | 239,529 | 274,412 | 264,998 | (9,414) |
| Auditor of Accounts..... | 344,615 | 536,323 | 493,988 | (42,335) |
| State Treasurer..... | 1,066,424 | 100,353,800 | 79,698,960 | (20,654,840) |
| State Labor Relations Board..... | 273,064 | 301,938 | 280,573 | (21,365) |
| VOSHA Review Board..... | 45,958 | 75,836 | 55,611 | (20,225) |
| Homeowner Property Tax Assistance..... | 18,600,000 | 18,600,000 | 16,006,419 | (2,593,581) |
| Renter Rebate Tax Assistance..... | 9,500,000 | 11,000,000 | 6,625,339 | (4,374,661) |
| Protection to Persons and Property | | | | |
| Attorney General..... | 8,965,686 | 9,380,377 | 9,235,416 | (144,961) |
| Defender General..... | 22,177,154 | 23,103,782 | 21,123,635 | (1,980,147) |
| Judiciary..... | 58,316,474 | 74,831,617 | 51,870,110 | (22,961,507) |
| State's Attorneys and Sheriffs..... | 23,796,854 | 24,964,135 | 20,750,126 | (4,214,009) |
| Department of Public Safety..... | 54,427,630 | 59,918,456 | 56,457,152 | (3,461,304) |
| Military Department..... | 5,646,923 | 7,517,284 | 4,853,063 | (2,664,221) |
| Center for Crime Victim Services..... | 2,835,712 | 3,477,497 | 2,775,594 | (701,903) |
| Criminal Justice Training Council..... | 2,931,638 | 3,335,577 | 2,726,955 | (608,622) |
| Agency of Agriculture, Food and Markets..... | 11,604,475 | 17,651,481 | 10,585,501 | (7,065,980) |
| Secretary of State..... | 400,000 | 459,295 | - | (459,295) |
| Public Service Department..... | - | 2,050,000 | 550,000 | (1,500,000) |
| Human Rights Commission..... | 639,626 | 736,026 | 669,345 | (66,681) |
| Department of Liquor and Lottery..... | - | 15,000 | - | (15,000) |
| Human Services | | | | |
| Agency of Human Services..... | 1,038,714,292 | 1,149,205,646 | 902,482,459 | (246,723,187) |
| Green Mountain Care Board..... | 3,126,935 | 4,776,240 | 2,737,202 | (2,039,038) |
| Governor's Commission on Women..... | 402,018 | 439,284 | 422,711 | (16,573) |
| Human Services Board..... | 474,851 | 528,077 | 343,308 | (184,769) |
| Vermont Veterans' Home..... | 2,843,321 | 4,991,371 | 4,706,518 | (284,853) |
| Labor | | | | |
| Department of Labor..... | 7,394,154 | 11,070,760 | 4,570,850 | (6,499,910) |
| General Education | | | | |
| Agency of Education..... | 15,512,192 | 17,726,696 | 15,158,011 | (2,568,685) |
| State Teacher's Retirement..... | 187,139,555 | 312,139,555 | 312,139,555 | - |
| Higher Education..... | 143,111,685 | 143,111,685 | 128,411,685 | (14,700,000) |

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|---|----------------------------|-------------------------|---|-------------------------|
| Expenditures | | | | |
| Natural Resources | | | | |
| Agency of Natural Resources..... | 31,061,486 | 67,500,476 | 38,816,782 | (28,683,694) |
| Natural Resources Board..... | 631,629 | 661,629 | 645,905 | (15,724) |
| Commerce and Community Development | | | | |
| Agency of Commerce and Community Development..... | 39,039,314 | 48,119,519 | 22,181,617 | (25,937,902) |
| Cultural Development..... | 3,308,264 | 3,348,838 | 3,348,838 | - |
| Housing and Conservation Board..... | 40,000,000 | 130,300,500 | 19,604,636 | (110,695,864) |
| Transportation | | | | |
| Agency of Transportation..... | 10,880,000 | 11,018,000 | 95,638 | (10,922,362) |
| Total expenditures..... | <u>1,876,770,216</u> | <u>2,385,036,401</u> | <u>1,814,632,305</u> | <u>(570,404,096)</u> |
| Excess of revenues over expenditures..... | <u>(23,070,216)</u> | <u>(487,236,401)</u> | <u>308,598,297</u> | <u>795,834,698</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in..... | 133,596,337 | 133,721,337 | 133,721,337 | - |
| Transfers out..... | <u>(88,462,478)</u> | <u>(187,472,478)</u> | <u>(187,472,478)</u> | <u>-</u> |
| Total other financing sources (uses)..... | <u>45,133,859</u> | <u>(53,751,141)</u> | <u>(53,751,141)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses..... | 22,063,643 | (540,987,542) | 254,847,156 | 795,834,698 |
| Fund balance, July 1..... | <u>757,392,474</u> | <u>757,392,474</u> | <u>757,392,474</u> | <u>-</u> |
| Fund balance, June 30..... | <u>\$ 779,456,117</u> | <u>\$ 216,404,932</u> | <u>\$ 1,012,239,630</u> | <u>\$ 795,834,698</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|---|----------------------------|-------------------------|---|-------------------------|
| Revenues | | | | |
| Taxes..... | \$ 187,500,000 | \$ 185,400,000 | \$ 183,458,543 | \$ (1,941,457) |
| Motor vehicle fees..... | 88,900,000 | 88,900,000 | 87,253,289 | (1,646,711) |
| Federal..... | 361,546,034 | 368,151,489 | 310,470,867 | (57,680,622) |
| Other..... | 38,980,000 | 38,640,000 | 38,328,982 | (311,018) |
| Total revenues..... | <u>676,926,034</u> | <u>681,091,489</u> | <u>619,511,681</u> | <u>(61,579,808)</u> |
| Expenditures | | | | |
| General Government | | | | |
| Agency of Administration..... | 8,161,594 | 3,911,594 | 3,686,209 | (225,385) |
| Agency of Digital Services..... | - | 900,000 | 900,000 | - |
| Protection to Persons and Property | | | | |
| Department of Public Safety..... | 20,250,000 | 20,444,653 | 18,914,727 | (1,529,926) |
| Transportation | | | | |
| Agency of Transportation..... | <u>656,967,655</u> | <u>697,180,475</u> | <u>595,338,976</u> | <u>(101,841,499)</u> |
| Total expenditures..... | <u>685,379,249</u> | <u>722,436,722</u> | <u>618,839,912</u> | <u>(103,596,810)</u> |
| Excess of revenues over (under) expenditures | <u>(8,453,215)</u> | <u>(41,345,233)</u> | <u>671,769</u> | <u>42,017,002</u> |
| Other financing sources (uses) | | | | |
| Transfers out..... | <u>(9,946,269)</u> | <u>(27,406,791)</u> | <u>(27,406,791)</u> | <u>-</u> |
| Total other financing sources (uses)..... | <u>(9,946,269)</u> | <u>(27,406,791)</u> | <u>(27,406,791)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses..... | <u>(18,399,484)</u> | <u>(68,752,024)</u> | <u>(26,735,022)</u> | <u>42,017,002</u> |
| Fund balance, July 1..... | <u>45,236,032</u> | <u>45,236,032</u> | <u>45,236,032</u> | <u>-</u> |
| Fund balance (deficit), June 30..... | <u>\$ 26,836,548</u> | <u>\$ (23,515,992)</u> | <u>\$ 18,501,010</u> | <u>\$ 42,017,002</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|---|----------------------------|-------------------------|---|-------------------------|
| Revenues | | | | |
| Taxes..... | \$ 1,859,962,377 | \$ 1,865,062,377 | \$ 1,877,174,138 | \$ 12,111,761 |
| Interest and premiums..... | 100,000 | 100,000 | 289,943 | 189,943 |
| Total revenues..... | <u>1,860,062,377</u> | <u>1,865,162,377</u> | <u>1,877,464,081</u> | <u>12,301,704</u> |
| Expenditures | | | | |
| General Education | | | | |
| Agency of Education..... | 1,810,843,734 | 1,857,566,596 | 1,772,403,104 | (85,163,492) |
| State Teachers' Retirement..... | 37,600,918 | 50,900,918 | 50,900,918 | - |
| Total expenditures..... | <u>1,848,444,652</u> | <u>1,908,467,514</u> | <u>1,823,304,022</u> | <u>(85,163,492)</u> |
| Excess of revenues over (under) expenditures..... | <u>11,617,725</u> | <u>(43,305,137)</u> | <u>54,160,059</u> | <u>97,465,196</u> |
| Other financing sources (uses) | | | | |
| Transfers in..... | 42,249,614 | 42,249,614 | 42,249,614 | - |
| Total other financing sources (uses)..... | <u>42,249,614</u> | <u>42,249,614</u> | <u>42,249,614</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses..... | <u>53,867,339</u> | <u>(1,055,523)</u> | <u>96,409,673</u> | <u>97,465,196</u> |
| Fund balance, July 1..... | <u>137,627,134</u> | <u>137,627,134</u> | <u>137,627,134</u> | <u>-</u> |
| Fund balance (deficit), June 30..... | <u>\$ 191,494,473</u> | <u>\$ 136,571,611</u> | <u>\$ 234,036,807</u> | <u>\$ 97,465,196</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|--|----------------------------|-------------------------|---|-------------------------|
| Revenues | | | | |
| Special Fund Revenues..... | \$ 307,527,230 | \$ 745,616,054 | \$ 586,585,676 | \$ (159,030,378) |
| Total revenues..... | 307,527,230 | 745,616,054 | 586,585,676 | (159,030,378) |
| Expenditures | | | | |
| General Government | | | | |
| Agency of Administration..... | 19,957,214 | 40,245,242 | 28,472,529 | (11,772,713) |
| Agency of Digital Services..... | 387,710 | 388,657 | 374,702 | (13,955) |
| Executive Office..... | 197,500 | 291,846 | 235,876 | (55,970) |
| Joint Fiscal Office..... | 125,000 | 125,000 | 24,165 | (100,835) |
| Auditor of Accounts..... | 53,145 | 53,145 | 53,145 | - |
| State Treasurer..... | 3,222,140 | 4,154,244 | 3,716,275 | (437,969) |
| State Labor Relations Board..... | 9,576 | 9,576 | 2,161 | (7,415) |
| VOSHA Review Board..... | 45,957 | 55,494 | 55,494 | - |
| Unorganized Towns and Gores..... | - | 525,000 | 381,717 | (143,283) |
| Ethics Commission..... | - | 60,946 | 16,077 | (44,869) |
| Protection to Persons and Property | | | | |
| Attorney General..... | 5,549,039 | 5,911,766 | 5,722,994 | (188,772) |
| Defender General..... | 589,653 | 815,205 | 411,015 | (404,190) |
| Judiciary..... | 5,296,058 | 11,893,250 | 4,246,840 | (7,646,410) |
| State's Attorneys and Sheriffs..... | 2,755,155 | 2,838,579 | 2,819,603 | (18,976) |
| Department of Public Safety..... | 22,188,212 | 23,858,453 | 20,378,471 | (3,479,982) |
| Military Department..... | 225,849 | 601,704 | 507,095 | (94,609) |
| Center for Crime Victim Services..... | 4,628,381 | 4,663,381 | 3,355,965 | (1,307,416) |
| Criminal Justice Training Council..... | 240,617 | 529,617 | 385,264 | (144,353) |
| Agency of Agriculture, Food and Markets..... | 15,939,160 | 20,810,018 | 13,078,731 | (7,731,287) |
| Department of Financial Regulation..... | 16,175,749 | 18,215,749 | 17,777,189 | (438,560) |
| Secretary of State..... | 12,843,807 | 15,606,188 | 14,730,574 | (875,614) |
| Public Service Department..... | 10,867,770 | 162,139,982 | 28,476,786 | (133,663,196) |
| Public Utility Commission..... | 3,907,563 | 4,013,063 | 3,997,366 | (15,697) |
| Enhanced 911 Board..... | 4,468,213 | 4,553,213 | 4,540,651 | (12,562) |
| Human Rights Commission..... | - | 37,625 | 32,963 | (4,662) |
| Department of Liquor and Lottery..... | 213,843 | 244,058 | 221,705 | (22,353) |
| Cannabis Control Board..... | 650,000 | 1,830,081 | 1,674,162 | (155,919) |
| Human Services | | | | |
| Agency of Human Services..... | 165,640,291 | 427,529,582 | 356,595,486 | (70,934,096) |
| Green Mountain Care Board..... | 4,643,208 | 5,934,969 | 4,879,821 | (1,055,148) |
| Governor's Commission on Women..... | 3,773 | 8,533 | 1,906 | (6,627) |
| Labor | | | | |
| Department of Labor..... | 6,830,151 | 6,830,151 | 4,808,145 | (2,022,006) |
| General Education | | | | |
| Agency of Education..... | 22,553,925 | 22,612,796 | 18,772,773 | (3,840,023) |
| Higher Education..... | 2,272,727 | - | - | - |

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|---|----------------------------|-------------------------|---|-------------------------|
| Expenditures | | | | |
| Natural Resources | | | | |
| Agency of Natural Resources..... | 86,976,446 | 113,735,275 | 60,811,705 | (52,923,570) |
| Natural Resources Board..... | 2,511,209 | 2,591,209 | 2,471,596 | (119,613) |
| Commerce and Community Development | | | | |
| Agency of Commerce and Community Development..... | 14,689,915 | 41,406,125 | 24,852,266 | (16,553,859) |
| Cultural Development..... | - | 8,350 | 8,350 | - |
| Transportation | | | | |
| Agency of Transportation..... | 6,915,052 | 14,667,306 | 4,582,285 | (10,085,021) |
| Total expenditures..... | <u>443,574,008</u> | <u>959,795,378</u> | <u>633,473,848</u> | <u>(326,321,530)</u> |
| Excess of revenues over expenditures..... | <u>(136,046,778)</u> | <u>(214,179,324)</u> | <u>(46,888,172)</u> | <u>167,291,152</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in..... | 220,245,282 | 298,502,828 | 298,502,828 | - |
| Transfers out..... | (84,198,504) | (84,323,504) | (84,323,504) | - |
| Total other financing sources (uses)..... | <u>136,046,778</u> | <u>214,179,324</u> | <u>214,179,324</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses..... | <u>-</u> | <u>-</u> | <u>167,291,152</u> | <u>167,291,152</u> |
| Fund balance, July 1..... | <u>139,627,472</u> | <u>139,627,472</u> | <u>139,627,472</u> | <u>-</u> |
| Fund balance, June 30..... | <u>\$ 139,627,472</u> | <u>\$ 139,627,472</u> | <u>\$ 306,918,624</u> | <u>\$ 167,291,152</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|--|----------------------------|-------------------------|---|-------------------------|
| Revenues | | | | |
| Federal..... | \$ 2,573,754,133 | \$ 3,934,728,292 | \$ 3,550,540,890 | \$ (384,187,402) |
| Interest and premiums..... | - | 45,726 | 45,726 | - |
| Other..... | - | 4,597,198 | 4,597,198 | - |
| Total revenues..... | <u>2,573,754,133</u> | <u>3,939,371,216</u> | <u>3,555,183,814</u> | <u>(384,187,402)</u> |
| Expenditures | | | | |
| General Government | | | | |
| Agency of Administration..... | 7,650,041 | 244,498,421 | 210,191,100 | (34,307,321) |
| Agency of Digital Services | 1,500,000 | 3,056,112 | 1,757,359 | (1,298,753) |
| Legislature..... | - | 1,429,963 | 1,405,831 | (24,132) |
| Auditor of Accounts..... | - | 324,534 | 324,534 | - |
| State Treasurer..... | - | 269,439 | 269,439 | - |
| Protection to Persons and Property | | | | |
| Attorney General..... | 1,382,278 | 1,382,278 | 1,293,540 | (88,738) |
| Defender General..... | 140,000 | 140,000 | - | (140,000) |
| Judiciary..... | 900,469 | 1,086,663 | 1,022,323 | (64,340) |
| State's Attorneys and Sheriffs..... | 1,912,828 | 2,057,125 | 243,879 | (1,813,246) |
| Department of Public Safety..... | 27,760,575 | 218,051,163 | 196,931,836 | (21,119,327) |
| Military Department..... | 29,237,445 | 58,015,782 | 45,851,587 | (12,164,195) |
| Center for Crime Victim Services..... | 6,612,435 | 7,012,435 | 6,926,074 | (86,361) |
| Agency of Agriculture, Food and Markets..... | 6,366,979 | 15,526,954 | 6,526,284 | (9,000,670) |
| Department of Financial Regulation..... | - | 663,538 | 141,177 | (522,361) |
| Secretary of State..... | 1,907,444 | 4,653,721 | 1,066,395 | (3,587,326) |
| Public Service Department..... | 178,521,919 | 224,706,847 | 35,350,605 | (189,356,242) |
| Human Rights Commission..... | 78,556 | 78,556 | 78,556 | - |
| Department of Liquor and Lottery..... | 184,484 | 186,789 | 178,594 | (8,195) |
| Human Services | | | | |
| Agency of Human Services..... | 1,565,348,811 | 2,162,469,634 | 1,872,371,541 | (290,098,093) |
| Governor's Commission on Women..... | - | 861 | 861 | - |
| Human Services Board..... | 353,838 | 400,306 | 201,780 | (198,526) |
| Vermont Veterans' Home..... | - | 373,680 | - | (373,680) |
| Labor | | | | |
| Department of Labor..... | 33,158,417 | 50,956,740 | 32,700,744 | (18,255,996) |
| General Education | | | | |
| Higher Education..... | 34,200,000 | 52,100,000 | 37,681,741 | (14,418,259) |
| Agency of Education..... | 212,045,523 | 282,197,354 | 235,536,731 | (46,660,623) |
| Natural Resources | | | | |
| Agency of Natural Resources..... | 138,447,325 | 145,844,633 | 42,578,127 | (103,266,506) |
| Natural Resources Board..... | 500,000 | 500,000 | 10,482 | (489,518) |

continued on next page

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual (Budgetary Basis)</u> | <u>Over (Under)</u> |
|---|----------------------------|-------------------------|---|-------------------------|
| Expenditures | | | | |
| Commerce and Community Development | | | | |
| Agency of Commerce and Community Development..... | 68,905,214 | 173,996,603 | 36,517,941 | (137,478,662) |
| Housing and Conservation Board..... | 64,000,000 | 89,432,734 | 17,605,698 | (71,827,036) |
| Transportation | | | | |
| Agency of Transportation..... | <u>17,620,000</u> | <u>17,668,113</u> | <u>48,113</u> | <u>(17,620,000)</u> |
| Total expenditures..... | <u>2,398,734,581</u> | <u>3,759,080,978</u> | <u>2,784,812,872</u> | <u>(974,268,106)</u> |
| Excess of revenues over expenditures..... | <u>175,019,552</u> | <u>180,290,238</u> | <u>770,370,942</u> | <u>590,080,704</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers out..... | <u>(175,019,552)</u> | <u>(175,647,314)</u> | <u>(175,647,314)</u> | <u>-</u> |
| Total other financing sources (uses)..... | <u>(175,019,552)</u> | <u>(175,647,314)</u> | <u>(175,647,314)</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses..... | <u>-</u> | <u>4,642,924</u> | <u>594,723,628</u> | <u>590,080,704</u> |
| Fund balance, July 1..... | <u>283,062,270</u> | <u>283,062,270</u> | <u>283,062,270</u> | <u>-</u> |
| Fund balance, June 30..... | <u>\$ 283,062,270</u> | <u>\$ 287,705,194</u> | <u>\$ 877,785,898</u> | <u>\$ 590,080,704</u> |

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GLOBAL COMMITMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Over (Under) |
|---|----------------------------|-------------------------|---|-------------------------|
| Revenues | | | | |
| Global Commitment Premiums..... | \$ 1,671,191,536 | \$ 1,835,327,481 | \$ 1,747,545,430 | \$ (87,782,051) |
| Total revenues..... | 1,671,191,536 | 1,835,327,481 | 1,747,545,430 | (87,782,051) |
| Expenditures | | | | |
| Human Services | | | | |
| Agency of Human Services..... | 1,641,496,441 | 1,805,632,386 | 1,717,886,463 | (87,745,923) |
| General Education | | | | |
| Higher Education..... | 409,461 | 409,461 | 409,461 | - |
| Agency of Education..... | 260,000 | 260,000 | 223,873 | (36,127) |
| Total expenditures..... | 1,642,165,902 | 1,806,301,847 | 1,718,519,797 | (87,782,050) |
| Excess of revenues over (under) expenditures..... | 29,025,634 | 29,025,634 | 29,025,633 | (1) |
| Other financing sources (uses) | | | | |
| Transfers out..... | (29,025,634) | (29,025,634) | (29,025,634) | - |
| Total other financing sources (uses)..... | (29,025,634) | (29,025,634) | (29,025,634) | - |
| Excess of revenues and other sources over (under) expenditures and other uses..... | - | - | (1) | (1) |
| Fund balance, July 1..... | 16,042 | 16,042 | 16,042 | - |
| Fund balance, June 30..... | \$ 16,042 | \$ 16,042 | \$ 16,041 | \$ (1) |

See Independent Auditors' Report.

The accompanying notes are an integral part of the required supplementary information.

Notes to the Required Supplementary Information—Budgetary Reporting (unaudited)

Budgetary Comparison Schedules

The budgetary schedules provide a comparison of the original and final adopted budget with actual data on a budgetary basis for the Governmental Funds. The State's legal level of budgetary control is at the activity level. The State compiles a separate legal basis budgetary report, which shows the legal compliance with the budget. Budgetary comparison schedules showing legal level detail may be obtained by contacting the State of Vermont, Department of Finance and Management, 109 State Street, 4th Floor, Pavilion Building, Montpelier, Vermont 05609-0401.

Budgetary Process

Vermont statutes require the head of every State department, board, and commission and any officer or individual responsible for any activity for which funds are appropriated by the Vermont Legislature to provide, on or before September 1 preceding any biennium, statements to the Commissioner of Finance and Management showing in detail the amounts appropriated and expended for both the current and preceding fiscal years and the amount estimated to be necessary for similar activity for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received along with any other estimates for the ensuing two fiscal years. The Governor then submits to the Vermont Legislature, no later than the third Tuesday of every annual session, a budget that embodies estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the State treasury for at least the succeeding fiscal year. The Vermont Legislature then enacts into law an appropriations act that must be approved by the Governor before expenditures can be made. In recent years in accordance with Act 250 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the Vermont Legislature to enact appropriations on an annual basis.

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Governor may amend appropriations or transfer appropriations within limits established by 32 V.S.A. Chapter 9. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

Revenue Estimates

By July 31 each year, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues in the General, Transportation, Education, and Global Commitment Funds. The Emergency Board then has 10 days to determine the original revenue estimates for the fiscal year. For the Special and Federal Revenue Funds the original budget for revenues is based on the amount appropriated for expenditures. By January 15, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues and the Emergency Board determines any revision to the July revenue estimates.

Expenditure and Transfer Budgets

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed \$50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which

establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature. The full faith and credit of the State has been pledged to support various programs. Any payments that are required to be made by the Treasurer are paid in accordance with Vermont Statutes and do not require an appropriation by the Legislature.

Budgetary and GAAP Basis Reporting

The accompanying budgetary comparison schedules report the actual revenues, expenditures, and other financing sources (uses) on a budgetary basis, which differs significantly from GAAP. These different accounting principles result in basis, perspective, and entity differences in the fund balance - budgetary basis. *Basis differences* arise because the basis of budgeting (cash basis) differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances - governmental funds. *Perspective differences* result because the Appropriation Act's program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State's financial reporting entity for GAAP purposes is excluded from the Appropriation Act. The following presents a reconciliation of the budgetary basis and GAAP basis fund balances for the funds reported in the accompanying schedules for the fiscal year ended June 30, 2022:

| | <u>General Fund</u> | <u>Transportation Fund</u> | <u>Education Fund</u> | <u>Special Fund</u> | <u>Federal Revenue Fund</u> | <u>Global Commitment Fund</u> |
|---|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------------|-------------------------------|
| Fund Balance - Budgetary Basis..... | \$ 1,012,239,630 | \$ 18,501,010 | \$ 234,036,807 | \$ 306,918,624 | \$ 877,785,898 | \$ 16,041 |
| Basis differences | | | | | | |
| Cash not in budget balances..... | (47,829,870) | 80,884 | 2,594,359 | 7,151,107 | (137,038) | (7,740) |
| Taxes receivable..... | 280,434,540 | 772,557 | 69,289,894 | 2,048,339 | - | - |
| Notes and loans receivable..... | 5,231,644 | - | - | 2,454,230 | - | - |
| Other receivables..... | 13,402,133 | 8,344,207 | 2,212,219 | 66,042,470 | (7,036,146) | 31,396,788 |
| Interest receivable..... | 895,801 | 26,671 | - | (10,483) | - | - |
| Lease receivable..... | - | 3,236,549 | - | 596,364 | - | - |
| Due from other funds..... | 3,369,313 | 239,227 | 117,362 | 33,000,806 | 1,044,979 | 60,425,993 |
| Due from federal government..... | - | 102,510,201 | - | - | 304,904,396 | 81,607,049 |
| Due from component units..... | 6,162,510 | - | - | - | - | - |
| Interfund receivable..... | 43,166,416 | - | - | - | - | - |
| Advances to other funds..... | (199,496) | - | - | - | - | - |
| Advances to component units..... | 5,500,000 | - | - | - | - | - |
| Accounts payable..... | (36,205,748) | (62,796,227) | (30,529,112) | (25,492,230) | (93,391,944) | (140,198,379) |
| Accrued liabilities..... | (14,482,840) | (4,030,685) | - | (4,122,488) | (7,054,815) | (1,087,973) |
| Retainage payable..... | (557,630) | (78,660) | - | (438,682) | (3,311,412) | - |
| Unearned revenue..... | - | (149,051) | - | (131,025,985) | (935,860,124) | - |
| Tax refunds payable..... | (35,576,914) | - | (363,203) | (12,372) | - | - |
| Intergovernmental payables - federal government.. | - | - | - | - | (25,902,497) | - |
| Due to other funds..... | (65,606,852) | (4,364,061) | (37,632) | (7,733,255) | (38,238,690) | (1,847,021) |
| Due to component units..... | (100,695,864) | - | - | - | (76,492) | - |
| Unavailable revenue..... | (222,275,183) | (7,419,141) | (7,788,947) | (63,697,005) | - | (9,868,596) |
| Prepaid property taxes..... | - | - | (2,587,492) | - | - | - |
| Lease receivable deferred inflows..... | - | (3,466,151) | - | (632,537) | - | - |
| Entity differences | | | | | | |
| Blended non-budgeted funds..... | - | 3,987,674 | - | 5,824,975 | 450,548,927 | - |
| Perspective differences | | | | | | |
| Component unit included in budgeted funds..... | - | - | - | (4,435) | 562,817 | - |
| Fund Balance - GAAP Basis..... | <u>\$ 846,971,590</u> | <u>\$ 55,395,004</u> | <u>\$ 266,944,255</u> | <u>\$ 190,867,443</u> | <u>\$ 523,837,859</u> | <u>\$ 20,436,162</u> |



Other Supplementary Information



COMBINING FINANCIAL STATEMENTS

Fish & Wildlife Fund – This fund is used to account for the activities of the Fish and Wildlife Department. The Fish and Wildlife Department’s mission is to protect and conserve the State’s fish, wildlife, plants, and their habitats for the people of Vermont.

General Obligation Bond Projects Fund – This fund accounts for general capital improvement expenditures funded by the issuance of State general obligation bonds.

Transportation Infrastructure Bond Projects Fund – This fund accounts for transportation capital improvement expenditures funded by the issuance of transportation infrastructure special obligation bonds.

General Obligation Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for general obligation bond principal and interest.

Transportation Infrastructure Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for transportation infrastructure special obligation bond principal and interest.

Higher Education Endowment Fund – This is a permanent fund whose revenue is used by the University of Vermont and Vermont State Colleges to provide non loan financial assistance to Vermont students attending their institutions and by the Vermont Student Assistance Corporation to provide non loan financial assistance to Vermont students attending a Vermont postsecondary institution.

Vermont Sanitorium Fund – This is a permanent fund whose income is to be used for the treatment and cure of respiratory diseases.

Albert C. Lord Trust Fund – This is a permanent fund whose income is to be used for demonstrations, lectures, and instruction in the care of woodlots and restoration.

Lumberjack Fund – This is a permanent fund whose income is to strengthen annual workshops for educators interested in enhancing classroom skills in the area of fish and wildlife management.

Couching Lion Farm Cemetery Fund – This is a permanent fund whose income is to be used to provide for the care of a private cemetery in Camel’s Hump State Park.

Carrie P. Underwood Fund – This is a permanent fund whose income is used to provide aid to poor libraries and to otherwise promote the library interests of the State.

Laura H. Morgan Fund— This is a permanent fund whose income is to be used to benefit the Brandon Training School.

Bennington Battle Monument Fund – This is a permanent fund whose revenue is to be used to repair and maintain the Bennington Battle Monument.

Zenus H. Ellis Fund – This is a permanent fund whose income is to be used to maintain the iron fence and flagpole at the Hubbardton battlefield.

**STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022**

| | Special Revenue | Capital Projects | |
|---|-------------------------------------|--|---|
| | Fish & Wildlife Fund | General Obligation Bond Projects Fund | Transportation Infrastructure Bond Projects Fund |
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 10,804,269 | \$ 4,400,998 | \$ 1,647,488 |
| Investments..... | 10,198,918 | - | - |
| Receivables | | | |
| Taxes receivable..... | 2,630 | - | - |
| Accrued interest receivable..... | 3 | - | - |
| Other receivables..... | 59,134 | - | - |
| Lease receivable..... | 23,025 | - | - |
| Intergovernmental receivables - federal government..... | 77,098 | - | - |
| Total assets..... | \$ 21,165,077 | \$ 4,400,998 | \$ 1,647,488 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable..... | \$ 648,477 | \$ 4,047,197 | \$ - |
| Accrued liabilities..... | 567,434 | - | - |
| Retainage payable..... | - | 1,293,065 | - |
| Due to other funds..... | 148,072 | 42,428 | - |
| Due to component units..... | - | 5,804,182 | - |
| Interfund Payable..... | - | - | - |
| Unearned revenue..... | 64,536 | - | - |
| Total liabilities..... | 1,428,519 | 11,186,872 | - |
| DEFERRED INFLOW OF RESOURCES | | | |
| Unavailable revenue..... | 7,113 | - | - |
| Leases..... | 29,756 | - | - |
| Total deferred inflow of resources..... | 36,869 | - | - |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Permanent Fund principal..... | - | - | - |
| Restricted..... | - | - | 1,647,488 |
| Committed..... | 19,699,689 | - | - |
| Unassigned..... | - | (6,785,874) | - |
| Total fund balances..... | 19,699,689 | (6,785,874) | 1,647,488 |
| Total liabilities, deferred inflows and fund balances..... | \$ 21,165,077 | \$ 4,400,998 | \$ 1,647,488 |

See Independent Auditors' Report.

| Debt Service | | Permanent Funds | | |
|--|---|------------------------------------|----------------------------|------------------------------|
| General Obligation Debt Service Fund | Transportation Infrastructure Debt Service Fund | Higher Education Endowment Fund | Vermont Sanitorium Fund | Albert C. Lord Trust Fund |
| \$ 219,946 | \$ 721,241 | \$ 109,961 | \$ - | \$ 27,232 |
| - | - | 31,318,634 | 225,732 | 200,278 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>219,946</u> | <u>721,241</u> | <u>31,428,595</u> | <u>225,732</u> | <u>227,510</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 26,347 | - |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>26,347</u> | <u>-</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 7,000,000 | 206,502 | 183,217 |
| - | 721,241 | - | - | 44,293 |
| 219,946 | - | 24,428,595 | - | - |
| - | - | - | (7,117) | - |
| <u>219,946</u> | <u>721,241</u> | <u>31,428,595</u> | <u>199,385</u> | <u>227,510</u> |
| <u>\$ 219,946</u> | <u>\$ 721,241</u> | <u>\$ 31,428,595</u> | <u>\$ 225,732</u> | <u>\$ 227,510</u> |

continued on next page

**STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022**

| | Permanent Funds | | |
|---|--------------------|--|--------------------------------|
| | Lumberjack Fund | Couching Lion Farm Cemetery Fund | Carrie P. Underwood Fund |
| ASSETS | | | |
| Cash and cash equivalents..... | \$ - | \$ 23,837 | \$ 17,960 |
| Investments..... | 9,979 | 2,109 | 12,145 |
| Receivables | | | |
| Taxes receivable..... | - | - | - |
| Accrued interest receivable..... | - | - | - |
| Other receivables..... | - | - | - |
| Lease receivable..... | - | - | - |
| Intergovernmental receivables - federal government..... | - | - | - |
| Total assets..... | \$ 9,979 | \$ 25,946 | \$ 30,105 |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable..... | \$ - | \$ - | \$ - |
| Accrued liabilities..... | - | - | - |
| Retainage payable..... | - | - | - |
| Due to other funds..... | - | - | - |
| Due to component units..... | - | - | - |
| Interfund Payable..... | 991 | - | - |
| Unearned revenue..... | - | - | - |
| Total liabilities..... | 991 | - | - |
| DEFERRED INFLOW OF RESOURCES | | | |
| Unavailable revenue..... | - | - | - |
| Leases..... | - | - | - |
| Total deferred inflow of resources..... | - | - | - |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Permanent Fund principal..... | 9,129 | 1,930 | 11,110 |
| Restricted..... | - | 24,016 | 18,995 |
| Committed..... | - | - | - |
| Unassigned..... | (141) | - | - |
| Total fund balances..... | 8,988 | 25,946 | 30,105 |
| Total liabilities, deferred inflows and fund balances..... | \$ 9,979 | \$ 25,946 | \$ 30,105 |

See Independent Auditors' Report.

| Permanent Funds | | | | Total Non-major Governmental Funds |
|---------------------------------|--|--------------------------------|----------------------|---|
| Laura H. Morgan Fund | Bennington Battle Monument Fund | Zenus H. Ellis Fund | | |
| \$ 3,481 | \$ - | \$ - | \$ 17,976,413 | |
| 2,733 | 3,765 | 3,523 | 41,977,816 | |
| - | - | - | 2,630 | |
| - | - | - | 3 | |
| - | - | - | 59,134 | |
| - | - | - | 23,025 | |
| - | - | - | 77,098 | |
| <u>\$ 6,214</u> | <u>\$ 3,765</u> | <u>\$ 3,523</u> | <u>\$ 60,116,119</u> | |
| \$ - | \$ - | \$ - | \$ 4,695,674 | |
| - | - | - | 567,434 | |
| - | - | - | 1,293,065 | |
| - | - | - | 190,500 | |
| - | - | - | 5,804,182 | |
| - | - | - | 27,338 | |
| - | - | - | 64,536 | |
| - | - | - | 12,642,729 | |
| - | - | - | 7,113 | |
| - | - | - | 29,756 | |
| - | - | - | 36,869 | |
| 2,500 | 1,065 | 1,000 | 7,416,453 | |
| 3,714 | 2,700 | 2,523 | 2,464,970 | |
| - | - | - | 44,348,230 | |
| - | - | - | (6,793,132) | |
| <u>6,214</u> | <u>3,765</u> | <u>3,523</u> | <u>47,436,521</u> | |
| <u>\$ 6,214</u> | <u>\$ 3,765</u> | <u>\$ 3,523</u> | <u>\$ 60,116,119</u> | |

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Special Revenue</u> | <u>Capital Projects</u> | |
|--|-------------------------------------|--|---|
| | <u>Fish & Wildlife Fund</u> | <u>General Obligation Bond Projects Fund</u> | <u>Transportation Infrastructure Bond Projects Fund</u> |
| REVENUES | | | |
| Taxes | | | |
| Motor fuels tax..... | \$ 827,091 | \$ - | \$ - |
| Earnings of departments | | | |
| Fees..... | 156,432 | - | - |
| Rents and leases..... | 56,933 | - | - |
| Sales of services..... | 472 | - | - |
| Federal grants..... | 8,767,570 | - | - |
| Fines, forfeits and penalties..... | 9,738 | - | - |
| Investment income/(loss)..... | (1,464,888) | - | 1,730 |
| Licenses | | | |
| Business..... | 770 | - | - |
| Non-business..... | 8,017,383 | - | - |
| Other revenues..... | 1,899,264 | 5,000 | - |
| Total revenues..... | 18,270,765 | 5,000 | 1,730 |
| EXPENDITURES | | | |
| General government..... | - | 10,872,874 | - |
| Protection to persons and property..... | - | 11,903,997 | - |
| Human services..... | - | 10,849,069 | - |
| General education..... | - | 3,468,454 | - |
| Natural resources..... | 18,118,488 | 7,998,671 | - |
| Commerce and community development..... | - | 5,916,311 | - |
| Transportation..... | - | 1,365,457 | 1,501 |
| Capital outlay..... | - | - | - |
| Debt service..... | - | - | - |
| Total expenditures..... | 18,118,488 | 52,374,833 | 1,501 |
| Excess of revenues over (under) | | | |
| expenditures..... | 152,277 | (52,369,833) | 229 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in..... | 471,051 | - | - |
| Transfers out..... | - | (7,998,238) | - |
| Total other financing sources (uses)..... | 471,051 | (7,998,238) | - |
| Net change in fund balances..... | 623,328 | (60,368,071) | 229 |
| Fund balances, July 1..... | 19,076,361 | 53,582,197 | 1,647,259 |
| Fund balances, June 30..... | \$ 19,699,689 | \$ (6,785,874) | \$ 1,647,488 |

See Independent Auditors' Report.

| Debt Service | | Permanent Funds | | |
|--|---|------------------------------------|----------------------------|------------------------------|
| General Obligation Debt Service Fund | Transportation Infrastructure Bonds Debt Service Fund | Higher Education Endowment Fund | Vermont Sanitorium Fund | Albert C. Lord Trust Fund |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | (4,578,521) | (32,787) | (28,991) |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 109,960 | - | - |
| - | - | (4,468,561) | (32,787) | (28,991) |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 2,203,031 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 73,475,475 | 22,414,102 | - | - | - |
| 73,475,475 | 22,414,102 | 2,203,031 | - | - |
| (73,475,475) | (22,414,102) | (6,671,592) | (32,787) | (28,991) |
| 73,475,475 | 19,921,088 | - | - | - |
| - | - | - | - | - |
| 73,475,475 | 19,921,088 | - | - | - |
| - | (2,493,014) | (6,671,592) | (32,787) | (28,991) |
| 219,946 | 3,214,255 | 38,100,187 | 232,172 | 256,501 |
| \$ 219,946 | \$ 721,241 | \$ 31,428,595 | \$ 199,385 | \$ 227,510 |

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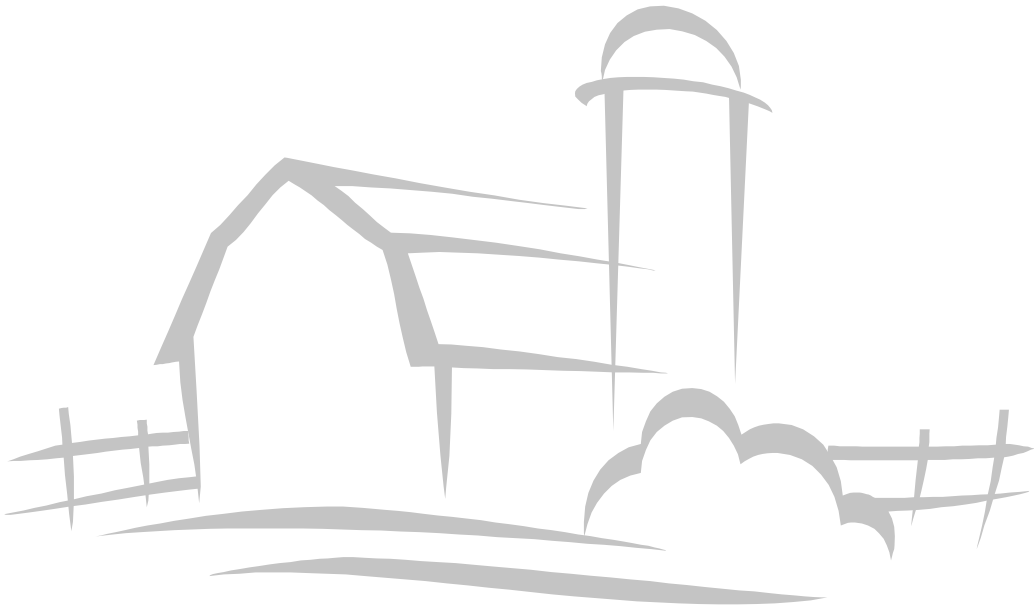
STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Permanent Funds | | |
|---|--------------------|--|--------------------------------|
| | Lumberjack Fund | Couching Lion Farm Cemetery Fund | Carrie P. Underwood Fund |
| REVENUES | | | |
| Taxes | | | |
| Motor fuels tax..... | \$ - | \$ - | \$ - |
| Earnings of departments | | | |
| Fees..... | - | - | - |
| Rents and leases..... | - | - | - |
| Sales of services..... | - | - | - |
| Federal grants..... | - | - | - |
| Fines, forfeits and penalties..... | - | - | - |
| Investment income/(loss)..... | (1,449) | (259) | (1,726) |
| Licenses | | | |
| Business..... | - | - | - |
| Non-business..... | - | - | - |
| Other revenues..... | - | - | - |
| Total revenues..... | (1,449) | (259) | (1,726) |
| EXPENDITURES | | | |
| General government..... | - | - | - |
| Protection to persons and property..... | - | - | - |
| Human services..... | - | - | - |
| General education..... | - | - | - |
| Natural resources..... | - | - | - |
| Commerce and community development..... | - | - | - |
| Transportation..... | - | - | - |
| Capital outlay..... | - | - | - |
| Debt service..... | - | - | - |
| Total expenditures..... | - | - | - |
| Excess of revenues over (under) | | | |
| expenditures..... | (1,449) | (259) | (1,726) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in..... | - | - | - |
| Transfers out..... | - | - | - |
| Total other financing sources..... | - | - | - |
| Net change in fund balances..... | (1,449) | (259) | (1,726) |
| Fund balances, July 1..... | 10,437 | 26,205 | 31,831 |
| Fund balance, June 30..... | \$ 8,988 | \$ 25,946 | \$ 30,105 |

See Independent Auditors' Report.

| <u>Permanent Funds</u> | | | | | | |
|-----------------------------|--|----------------------------|--|---|----|----------------------|
| <u>Laura H. Morgan Fund</u> | <u>Bennington Battle Monument Fund</u> | <u>Zenus H. Ellis Fund</u> | <u>Reclassification of Capital Outlays</u> | <u>Total Non-major Governmental Funds</u> | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ | 827,091 |
| - | - | - | - | - | | 156,432 |
| - | - | - | - | - | | 56,933 |
| - | - | - | - | - | | 472 |
| - | - | - | - | - | | 8,767,570 |
| - | - | - | - | - | | 9,738 |
| (390) | (547) | (512) | - | - | | (6,108,340) |
| - | - | - | - | - | | 770 |
| - | - | - | - | - | | 8,017,383 |
| - | - | - | - | - | | 2,014,224 |
| <u>(390)</u> | <u>(547)</u> | <u>(512)</u> | <u>-</u> | <u>-</u> | | <u>13,742,273</u> |
| - | - | - | (10,872,874) | - | | - |
| - | - | - | (11,903,997) | - | | - |
| - | - | - | (10,849,069) | - | | - |
| - | - | - | (3,468,454) | 2,203,031 | | - |
| - | - | - | (7,998,671) | 18,118,488 | | - |
| - | - | - | (5,916,311) | - | | - |
| - | - | - | (1,366,958) | - | | - |
| - | - | - | 52,376,334 | 52,376,334 | | - |
| - | - | - | - | 95,889,577 | | - |
| - | - | - | - | - | | 168,587,430 |
| <u>(390)</u> | <u>(547)</u> | <u>(512)</u> | <u>-</u> | <u>-</u> | | <u>(154,845,157)</u> |
| - | - | - | - | - | | 93,867,614 |
| - | - | - | - | - | | (7,998,238) |
| - | - | - | - | - | | 85,869,376 |
| (390) | (547) | (512) | - | - | | (68,975,781) |
| <u>6,604</u> | <u>4,312</u> | <u>4,035</u> | <u>-</u> | <u>-</u> | | <u>116,412,302</u> |
| <u>\$ 6,214</u> | <u>\$ 3,765</u> | <u>\$ 3,523</u> | <u>\$ -</u> | <u>\$ -</u> | | <u>\$ 47,436,521</u> |

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Vermont

Federal Surplus Property Fund – This fund is used to account for a program that acquires and distributes surplus property from various military and federal sources. Public entities (towns, schools, districts, volunteer fire departments, etc.) and non-profit organizations conducting educational and health care programs may apply for eligibility.

Vermont Life Magazine Fund – This fund is used to account for the activities of the Vermont Life Magazine. *Vermont Life* was a quarterly magazine published by the State of Vermont. *Vermont Life's* final issue was the Summer 2018 issue available for newsstands on May 15, 2018.

Municipal Equipment Loan Fund – This fund is used to account for a program that was created for the purpose of providing loans on favorable terms to municipalities for the purchase of construction, fire, emergency or heavy equipment or vehicles.

Unemployment Compensation Contingency Fund – This fund is used to account for the interest, fines and penalties collected under the unemployment compensation law as well as the administrative costs not chargeable to federal grants.

Electric Power Sales Fund—This fund is used to account for the revenues and expenses for the purchase of wholesale electric power for resale to Vermont's utilities.

Electric Efficiency Utility Fund—This fund is used to account for the revenues and expenses for the operation of the Electric Efficiency Utility program.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
June 30, 2022

| | <u>Federal Surplus Property Fund</u> | <u>Vermont Life Magazine Fund</u> | <u>Municipal Equipment Loan Fund</u> |
|--|--|---|--|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents..... | \$ - | \$ 370,545 | \$ 2,738,702 |
| Receivables | | | |
| Taxes receivable (net of allowance for uncollectibles)..... | - | - | - |
| Accounts receivable (net of allowance for uncollectibles)..... | 2,400 | - | - |
| Loans receivable..... | - | - | 433,116 |
| Accrued interest receivable..... | - | - | 3,949 |
| Due from other funds..... | - | - | - |
| Total current assets | <u>2,400</u> | <u>370,545</u> | <u>3,175,767</u> |
| Noncurrent Assets: | | | |
| Loans receivable..... | - | - | 549,795 |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>549,795</u> |
| Total assets | <u>2,400</u> | <u>370,545</u> | <u>3,725,562</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable..... | - | - | 105,731 |
| Accrued salaries and benefits..... | - | - | - |
| Due to other funds..... | - | - | - |
| Interfund payable..... | 183,335 | - | - |
| Other liabilities..... | - | - | - |
| Total current liabilities | <u>183,335</u> | <u>-</u> | <u>105,731</u> |
| Long-term Liabilities: | | | |
| Other noncurrent liabilities..... | - | - | - |
| Total long-term liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>183,335</u> | <u>-</u> | <u>105,731</u> |
| NET POSITION | | | |
| Restricted for protection to persons and property..... | - | - | - |
| Unrestricted (deficit)..... | (180,935) | 370,545 | 3,619,831 |
| Total net position | <u>\$ (180,935)</u> | <u>\$ 370,545</u> | <u>\$ 3,619,831</u> |

See Independent Auditors' Report.

| Unemployment Compensation Contingency Fund | Electric Power Sales Fund | Electric Efficiency Utility Fund | Total Non-major Enterprise Funds |
|---|--|---|---|
| \$ 123,128 | \$ - | \$ 24,346,059 | \$ 27,578,434 |
| 935,788 | - | - | 935,788 |
| - | 567,805 | 8,650,748 | 9,220,953 |
| - | - | - | 433,116 |
| - | - | - | 3,949 |
| <u>384,179</u> | <u>56,434</u> | <u>-</u> | <u>440,613</u> |
| <u>1,443,095</u> | <u>624,239</u> | <u>32,996,807</u> | <u>38,612,853</u> |
| - | - | - | 549,795 |
| - | - | - | 549,795 |
| <u>1,443,095</u> | <u>624,239</u> | <u>32,996,807</u> | <u>39,162,648</u> |
| - | 521,214 | 4,954,740 | 5,581,685 |
| - | 1,160 | - | 1,160 |
| - | - | 410,434 | 410,434 |
| - | 973 | - | 184,308 |
| - | - | 1,094,392 | 1,094,392 |
| - | <u>523,347</u> | <u>6,459,566</u> | <u>7,271,979</u> |
| - | - | <u>1,679,842</u> | <u>1,679,842</u> |
| - | - | <u>1,679,842</u> | <u>1,679,842</u> |
| - | <u>523,347</u> | <u>8,139,408</u> | <u>8,951,821</u> |
| - | - | 12,566,303 | 12,566,303 |
| <u>1,443,095</u> | <u>100,892</u> | <u>12,291,096</u> | <u>17,644,524</u> |
| <u>\$ 1,443,095</u> | <u>\$ 100,892</u> | <u>\$ 24,857,399</u> | <u>\$ 30,210,827</u> |

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Federal Surplus Property Fund</u> | <u>Vermont Life Magazine Fund</u> | <u>Municipal Equipment Loan Fund</u> |
|---|--|---|--|
| OPERATING REVENUES | | | |
| Charges for sales and services..... | \$ 1,900 | \$ - | \$ - |
| Federal donated property..... | 282,589 | - | - |
| Total operating revenues..... | <u>284,489</u> | <u>-</u> | <u>-</u> |
| OPERATING EXPENSES | | | |
| Cost of sales and services..... | 282,629 | - | - |
| Salaries and benefits..... | - | - | - |
| Contractual services..... | - | - | - |
| Rental expense..... | 45 | - | - |
| Administrative expenses..... | 5,590 | - | - |
| Other operating expenses..... | - | - | - |
| Total operating expenses..... | <u>288,264</u> | <u>-</u> | <u>-</u> |
| Operating income (loss)..... | <u>(3,775)</u> | <u>-</u> | <u>-</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income..... | - | 817 | 28,522 |
| Total nonoperating revenues (expenses)..... | <u>-</u> | <u>817</u> | <u>28,522</u> |
| Income (loss) before other revenues, expenses, gains, losses, and transfers..... | <u>(3,775)</u> | <u>817</u> | <u>28,522</u> |
| OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS | | | |
| Transfers out..... | - | - | - |
| Total other revenues, expenses, gains, losses, and transfers..... | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net position..... | <u>(3,775)</u> | <u>817</u> | <u>28,522</u> |
| Total net position, July 1..... | <u>(177,160)</u> | <u>369,728</u> | <u>3,591,309</u> |
| Total net position, June 30..... | <u>\$ (180,935)</u> | <u>\$ 370,545</u> | <u>\$ 3,619,831</u> |

See Independent Auditors' Report.

| Unemployment Compensation Contingency Fund | Electric Power Sales Fund | Electric Efficiency Utility Fund | Total Non-major Enterprise Funds |
|---|--|---|---|
| \$ - | \$ 5,013,009 | \$ 67,022,405 | \$ 72,037,314 |
| - | - | - | 282,589 |
| - | 5,013,009 | 67,022,405 | 72,319,903 |
| - | 4,888,579 | 50,313,132 | 55,484,340 |
| - | 33,975 | - | 33,975 |
| - | - | 2,929,584 | 2,929,584 |
| - | - | - | 45 |
| - | - | 6,230,886 | 6,236,476 |
| 700,735 | 5,159 | 558,583 | 1,264,477 |
| 700,735 | 4,927,713 | 60,032,185 | 65,948,897 |
| (700,735) | 85,296 | 6,990,220 | 6,371,006 |
| 185 | - | 26,607 | 56,131 |
| 185 | - | 26,607 | 56,131 |
| (700,550) | 85,296 | 7,016,827 | 6,427,137 |
| (938,000) | - | - | (938,000) |
| (938,000) | - | - | (938,000) |
| (1,638,550) | 85,296 | 7,016,827 | 5,489,137 |
| 3,081,645 | 15,596 | 17,840,572 | 24,721,690 |
| <u>\$ 1,443,095</u> | <u>\$ 100,892</u> | <u>\$ 24,857,399</u> | <u>\$ 30,210,827</u> |

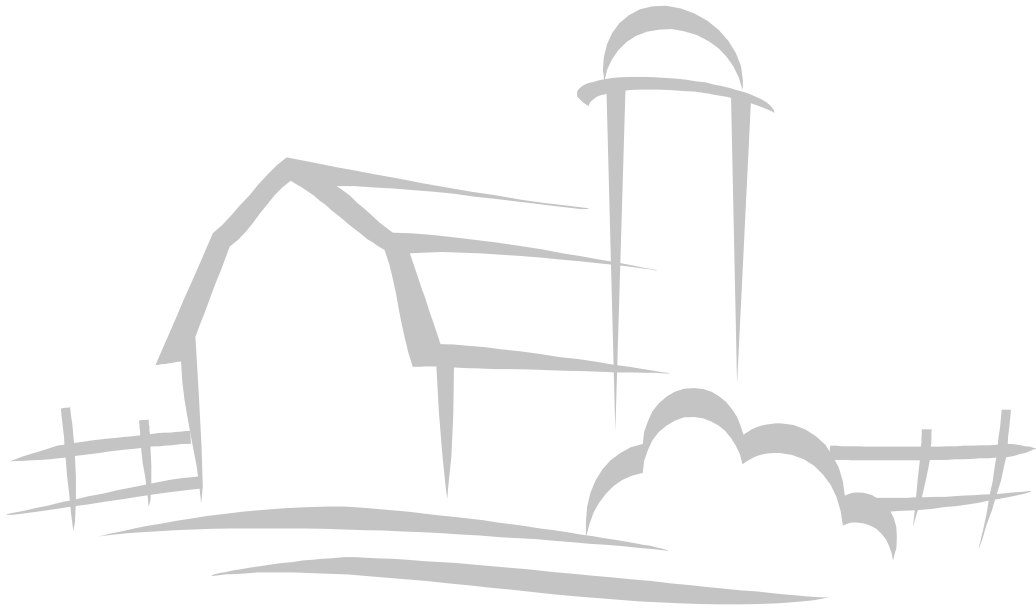
**STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | Federal Surplus Property Fund | Vermont Life Magazine Fund | Municipal Equipment Loan Fund |
|--|--|---|--|
| | <u> </u> | <u> </u> | <u> </u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers..... | \$ 41,605 | \$ - | \$ - |
| Cash paid to suppliers for goods and services..... | (5,675) | - | - |
| Cash paid to employees for services..... | - | - | - |
| Other operating expenses..... | - | - | - |
| Net cash provided (used) by operating activities..... | <u>35,930</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers out..... | - | - | - |
| Interfund loans and advances..... | (35,930) | - | - |
| Net cash provided by noncapital financing activities..... | <u>(35,930)</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest earned on investments..... | - | 817 | 4,865 |
| Proceeds from loan repayments..... | - | - | 501,205 |
| Lending payments..... | - | - | (220,000) |
| Net cash provided (used) by investing activities..... | <u>-</u> | <u>817</u> | <u>286,070</u> |
| Net increase (decrease) in cash and cash equivalents..... | <u>-</u> | <u>817</u> | <u>286,070</u> |
| Cash and cash equivalents, July 1..... | <u>-</u> | <u>369,728</u> | <u>2,452,632</u> |
| Cash and cash equivalents, June 30..... | <u>\$ -</u> | <u>\$ 370,545</u> | <u>\$ 2,738,702</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss)..... | \$ (3,775) | \$ - | \$ - |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | |
| Effect of changes in assets, deferred outflows, liabilities and deferred inflows: | | | |
| Accounts/taxes receivable, net..... | 39,205 | - | - |
| Due from other funds..... | 500 | - | - |
| Accounts payable..... | - | - | - |
| Accrued salaries and benefits..... | - | - | - |
| Due to other funds..... | - | - | - |
| Other noncurrent liabilities..... | - | - | - |
| Total adjustments..... | <u>39,705</u> | <u>-</u> | <u>-</u> |
| Net cash provided (used) by operating activities..... | <u>\$ 35,930</u> | <u>\$ -</u> | <u>\$ -</u> |
| Noncash investing, capital, and financing activities: | | | |
| Fair market value of donated inventory sold..... | 282,589 | - | - |

See Independent Auditors' Report.

| Unemployment Compensation Contingency Fund | Electric Power Sales Fund | Electric Efficiency Utility Fund | Total Non-major Enterprise Funds |
|---|--|---|---|
| \$ 1,522,673 | \$ 4,932,436 | \$ 72,431,387 | \$ 78,928,101 |
| - | (4,653,419) | (66,695,619) | (71,354,713) |
| - | (35,015) | - | (35,015) |
| <u>(700,735)</u> | <u>(5,159)</u> | <u>-</u> | <u>(705,894)</u> |
| <u>821,938</u> | <u>238,843</u> | <u>5,735,768</u> | <u>6,832,479</u> |
| (938,000) | - | - | (938,000) |
| <u>-</u> | <u>(238,843)</u> | <u>-</u> | <u>(274,773)</u> |
| <u>(938,000)</u> | <u>(238,843)</u> | <u>-</u> | <u>(1,212,773)</u> |
| 185 | - | 26,607 | 32,474 |
| - | - | - | 501,205 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(220,000)</u> |
| <u>185</u> | <u>-</u> | <u>26,607</u> | <u>313,679</u> |
| (115,877) | - | 5,762,375 | 5,933,385 |
| <u>239,005</u> | <u>-</u> | <u>18,583,684</u> | <u>21,645,049</u> |
| <u>\$ 123,128</u> | <u>\$ -</u> | <u>\$ 24,346,059</u> | <u>\$ 27,578,434</u> |
| | | | |
| \$ (700,735) | \$ 85,296 | \$ 6,990,220 | \$ 6,371,006 |
| | | | |
| 1,563,998 | (196,347) | 343,332 | 1,750,188 |
| (41,325) | 115,774 | - | 74,949 |
| - | 235,160 | 1,080,557 | 1,315,717 |
| - | (1,040) | - | (1,040) |
| - | - | (16,432) | (16,432) |
| <u>-</u> | <u>-</u> | <u>(2,661,909)</u> | <u>(2,661,909)</u> |
| <u>1,522,673</u> | <u>153,547</u> | <u>(1,254,452)</u> | <u>461,473</u> |
| <u>\$ 821,938</u> | <u>\$ 238,843</u> | <u>\$ 5,735,768</u> | <u>\$ 6,832,479</u> |
| | | | |
| - | - | - | 282,589 |

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Vermont

Highway Garage Fund – This fund accounts for the maintenance and rental of equipment to the Agency of Transportation for use in construction, maintenance, and operation of the State's transportation infrastructure.

Offender Work Programs – This fund accounts for the activities of the print shop, sign shop and furniture shop run by the Department of Corrections.

Single Audit Revolving Fund – The purpose of this fund is to account for the costs attributable to the Auditor of Accounts Office's performance of the annual Single Audit .

Financial & HR Information Fund – The activities of this fund account for the costs of the support of the State's financial and human capital management ERP systems.

Communications & Information Technology Fund – This fund accounts for the activities of the Agency of Digital Services communications and information technology services.

Fleet Fund – This fund accounts for the Department of Buildings and General Services' vehicle management activities including the daily and long-term leasing of vehicles for employees use in travel on State business.

E-Procurement Fund - The purpose of the Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar transactions and high-volume, repetitive purchases.

Copy Center Fund – This fund's activities include the Department of Buildings and General Services Print Shop and copier leasing services.

Postage Fund – This fund accounts for the mail services for the Montpelier and Waterbury state complexes including mail collection and delivery, sorting, and applying postage.

Facilities Operations Fund – This fund's purpose is to provide operating expenses, maintenance, renovations and acquisitions of buildings, grounds, and support facilities.

Property Management Fund – This fund's purpose is to provide State Agencies with safe, comfortable, and efficient space through leasing; purchasing; and planning which enables them to carry out their mission.

Equipment Revolving Fund – This fund is used as an internal lease purchase mechanism of equipment for State agencies and departments.

State Resource Management Fund – This fund accounts for the costs of energy resource conservation measures implemented by departments anticipated to generate a life cycle cost benefit to the state.

State Energy Revolving Fund – This fund is used as an internal lease purchase mechanism for energy efficiency improvements using renewable resources.

State Surplus Property Fund – This fund accounts for the sale of all items that are no longer needed by the State's agencies and departments.

State Liability Insurance Fund – This fund provides liability insurance coverage for the actions performed by the State's employees in the course of performing their assigned duties.

Risk Management-All Other Fund – This fund is used to purchase insurance protection for state property and other miscellaneous risks that are specific to certain departments or types of employees, such as judicial liability, liability related to maintenance of railroad tracks, and required bonds for certain state officials.

Workers' Compensation Fund – This fund provides workers' compensation coverage for all state employees.

Medical Insurance Fund – This fund provides health coverage for current state employees, retirees, legislators, and other groups eligible to participate.

Dental Insurance Fund – This fund provides dental coverage for current state employees, legislators, and other groups eligible to participate.

Life Insurance Fund – This fund provides a life insurance policy for current state employees, retirees, and other groups eligible to participate.

Long-term Disability Fund – This fund provides an income replacement benefit for state employees that are not eligible to be represented by the employees' union should they have a long term or permanent disability.

Employees' Assistance Fund – This fund provides a program that assists state employees and members of their immediate household assistance in addressing problems that impact their lives.

Human Resource Services Fund - This fund provides centralized human resources management services for agencies and departments of the State.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

| | Highway Garage Fund | Offender Work Programs | Single Audit Revolving Fund | Financial & HR Information Fund |
|---|---------------------------|------------------------------|--------------------------------------|---------------------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents..... | \$ 6,951,883 | \$ - | \$ 420,174 | \$ 3,208,477 |
| Accounts receivable..... | 909,506 | 390,446 | - | - |
| Loans receivable..... | - | - | - | - |
| Lease receivable..... | - | - | - | - |
| Accrued interest receivable..... | - | - | - | - |
| Due from other funds..... | 1,979,870 | 190,068 | 85,200 | 3,516 |
| Inventories, at cost..... | 1,753,740 | 654,238 | - | - |
| Prepaid expenses..... | - | - | - | 175,972 |
| Total current assets..... | 11,594,999 | 1,234,752 | 505,374 | 3,387,965 |
| Noncurrent Assets | | | | |
| Loans receivable..... | - | - | - | - |
| Lease receivable..... | - | - | - | - |
| Imprest cash and change fund - advances..... | - | - | - | - |
| Total noncurrent assets..... | - | - | - | - |
| Capital Assets | | | | |
| Land..... | 26,156 | - | - | - |
| Construction in progress..... | 1,368,653 | - | - | 26,962 |
| Works of art..... | - | - | - | - |
| Capital assets being depreciated: | | | | |
| Intangible right-to-use lease assets | - | - | - | - |
| Machinery, equipment and buildings..... | 82,117,620 | 1,579,088 | 3,702 | 101,406 |
| Less accumulated depreciation..... | (50,412,713) | (1,250,992) | (3,702) | (85,803) |
| Total capital assets, net of depreciation..... | 33,099,716 | 328,096 | - | 42,565 |
| Total assets..... | 44,694,715 | 1,562,848 | 505,374 | 3,430,530 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable..... | 1,335,029 | 345,611 | 265,637 | 8,519 |
| Accrued salaries and wages..... | 404,785 | 99,744 | 161,457 | 535,232 |
| Claims payable..... | - | - | - | - |
| Due to other funds..... | 163,975 | 63,248 | 2,824 | 27,470 |
| Interfund payable..... | - | 699,219 | - | - |
| Unearned revenue..... | - | - | - | - |
| Lease liabilities..... | - | - | - | - |
| Other current liabilities..... | - | 77,019 | - | - |
| Total current liabilities..... | 1,903,789 | 1,284,841 | 429,918 | 571,221 |
| Long-term Liabilities | | | | |
| Claims payable..... | - | - | - | - |
| Lease liabilities..... | - | - | - | - |
| Other noncurrent liabilities..... | 55,088 | 15,049 | 22,847 | 71,767 |
| Total long-term liabilities..... | 55,088 | 15,049 | 22,847 | 71,767 |
| Total liabilities..... | 1,958,877 | 1,299,890 | 452,765 | 642,988 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Leases..... | - | - | - | - |
| Total deferred inflow of resources..... | - | - | - | - |
| NET POSITION | | | | |
| Net investment in capital assets..... | 33,099,716 | 328,096 | - | 42,565 |
| Unrestricted net position (deficit)..... | 9,636,122 | (65,138) | 52,609 | 2,744,977 |
| Total net position..... | \$ 42,735,838 | \$ 262,958 | \$ 52,609 | \$ 2,787,542 |

See Independent Auditors' Report.

| Communication & Information Technology Fund | Fleet Fund | E-Procurement Fund | Copy Center Fund | Postage Fund | Facilities Operations Fund | Property Management Fund |
|---|-------------------|-----------------------|------------------------|-----------------------|----------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7,704,221 | 118,190 | 41,568 | 63,647 | 27,043 | 597,451 | 498,676 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 261,369 |
| - | - | - | - | - | - | 164 |
| 12,137,659 | 916,379 | 1,402,153 | 191,915 | 223,004 | 4,526,026 | 355,600 |
| 640,813 | - | - | - | 325,973 | - | - |
| 2,914,088 | - | - | 14,695 | 42,080 | - | 1,362,892 |
| <u>23,396,781</u> | <u>1,034,569</u> | <u>1,443,721</u> | <u>270,257</u> | <u>618,100</u> | <u>5,123,477</u> | <u>2,478,701</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 363,225 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 363,225 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 1,086,917 | 30,000 |
| - | - | - | - | - | 8,200 | - |
| 957,788 | - | - | - | - | - | 93,454,013 |
| 8,531,837 | 18,777,475 | - | 3,041,988 | 507,336 | 7,260,445 | 1,169,326 |
| (8,559,573) | (13,717,880) | - | (2,644,000) | (504,176) | (4,974,822) | (11,897,185) |
| <u>930,052</u> | <u>5,059,595</u> | <u>-</u> | <u>397,988</u> | <u>3,160</u> | <u>3,380,740</u> | <u>82,756,154</u> |
| <u>24,326,833</u> | <u>6,094,164</u> | <u>1,443,721</u> | <u>668,245</u> | <u>621,260</u> | <u>8,504,217</u> | <u>85,598,080</u> |
| 8,903,442 | 235,397 | 456,654 | 150,093 | 5,106 | 1,356,052 | 303,779 |
| 2,956,412 | 68,204 | - | 56,585 | 52,885 | 1,266,818 | 92,309 |
| - | - | - | - | - | - | - |
| 79,925 | 15,018 | - | 14,174 | 6,615 | 312,420 | 64,160 |
| 10,078,089 | 5,061,083 | 987,067 | 1,661,349 | 3,879,122 | 907,262 | 11,816,765 |
| - | - | - | - | - | - | - |
| 319,262 | - | - | - | - | - | 10,846,877 |
| 302,338 | - | - | - | - | 327,523 | 230,689 |
| <u>22,639,468</u> | <u>5,379,702</u> | <u>1,443,721</u> | <u>1,882,201</u> | <u>3,943,728</u> | <u>4,170,075</u> | <u>23,354,579</u> |
| - | - | - | - | - | - | - |
| 319,805 | - | - | - | - | - | 72,196,848 |
| 409,672 | 9,347 | - | 7,335 | 7,642 | 1,340,287 | 489,842 |
| <u>729,477</u> | <u>9,347</u> | <u>-</u> | <u>7,335</u> | <u>7,642</u> | <u>1,340,287</u> | <u>72,686,690</u> |
| <u>23,368,945</u> | <u>5,389,049</u> | <u>1,443,721</u> | <u>1,889,536</u> | <u>3,951,370</u> | <u>5,510,362</u> | <u>96,041,269</u> |
| - | - | - | - | - | - | 618,210 |
| - | - | - | - | - | - | 618,210 |
| 290,985 | 5,059,595 | - | 397,988 | 3,160 | 3,380,740 | (287,571) |
| 666,903 | (4,354,480) | - | (1,619,279) | (3,333,270) | (386,885) | (10,773,828) |
| <u>\$ 957,888</u> | <u>\$ 705,115</u> | <u>\$ -</u> | <u>\$ (1,221,291)</u> | <u>\$ (3,330,110)</u> | <u>\$ 2,993,855</u> | <u>\$ (11,061,399)</u> |

Continued on next page

STATE OF VERMONT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 June 30, 2022

| | <u>Equipment Revolving Fund</u> | <u>State Resource Management Fund</u> | <u>State Energy Revolving Fund</u> | <u>State Surplus Property Fund</u> |
|---|---|---|--|--|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents..... | \$ 342,408 | \$ - | \$ - | \$ 1,028,006 |
| Accounts receivable..... | - | - | - | 955 |
| Loans receivable..... | 80,240 | 199,088 | 355,436 | - |
| Lease receivable..... | - | - | - | - |
| Accrued interest receivable..... | - | - | - | - |
| Due from other funds..... | - | - | - | 25,717 |
| Inventories, at cost..... | - | - | - | 54,518 |
| Prepaid expenses..... | - | - | - | - |
| Total current assets..... | <u>422,648</u> | <u>199,088</u> | <u>355,436</u> | <u>1,109,196</u> |
| Noncurrent Assets | | | | |
| Loans receivable..... | 160,480 | 862,738 | 1,177,849 | - |
| Lease receivable..... | - | - | - | - |
| Imprest cash and change fund - advances..... | - | - | - | - |
| Total noncurrent assets..... | <u>160,480</u> | <u>862,738</u> | <u>1,177,849</u> | <u>-</u> |
| Capital Assets | | | | |
| Land..... | - | - | - | - |
| Construction in progress..... | - | - | - | - |
| Works of art..... | - | - | - | - |
| Capital assets being depreciated: | | | | |
| Intangible right-to-use lease assets | - | - | - | - |
| Machinery, equipment and buildings..... | - | - | - | - |
| Less accumulated depreciation..... | - | - | - | - |
| Total capital assets, net of depreciation..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets..... | <u>583,128</u> | <u>1,061,826</u> | <u>1,533,285</u> | <u>1,109,196</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable..... | - | - | - | 18,362 |
| Accrued salaries and wages..... | - | - | - | 38,928 |
| Claims payable..... | - | - | - | - |
| Due to other funds..... | 1,200 | 1,588 | - | 270,974 |
| Interfund payable..... | - | 1,060,238 | 1,533,285 | - |
| Unearned revenue..... | - | - | - | 54,518 |
| Lease liabilities..... | - | - | - | - |
| Other current liabilities..... | - | - | - | - |
| Total current liabilities..... | <u>1,200</u> | <u>1,061,826</u> | <u>1,533,285</u> | <u>382,782</u> |
| Long-term Liabilities | | | | |
| Claims payable..... | - | - | - | - |
| Lease liabilities..... | - | - | - | - |
| Other noncurrent liabilities..... | - | - | - | 7,676 |
| Total long-term liabilities..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,676</u> |
| Total liabilities..... | <u>1,200</u> | <u>1,061,826</u> | <u>1,533,285</u> | <u>390,458</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Leases..... | - | - | - | - |
| Total deferred inflow of resources..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets..... | - | - | - | - |
| Unrestricted net position (deficit)..... | 581,928 | - | - | 718,738 |
| Total net position..... | <u>\$ 581,928</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 718,738</u> |

See Independent Auditors' Report.

| State Liability Insurance Fund | Risk Management - All Other Fund | Workers' Compensation Fund | Medical Insurance Fund | Dental Insurance Fund | Life Insurance Fund |
|---|---|----------------------------------|------------------------------|-----------------------------|---------------------------|
| \$ 15,803,721 | \$ - | \$ 22,187,453 | \$ 46,235,375 | \$ 2,298,861 | \$ 454,132 |
| - | 1,011,062 | 704 | 6,977,713 | 260,924 | 147,097 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 837 | - | - | - | - |
| - | - | - | - | - | - |
| - | 560,425 | 30,150 | - | - | - |
| <u>15,803,721</u> | <u>1,572,324</u> | <u>22,218,307</u> | <u>53,213,088</u> | <u>2,559,785</u> | <u>601,229</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>507,500</u> | - | <u>2,992,500</u> | - | - | - |
| <u>507,500</u> | - | <u>2,992,500</u> | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>16,311,221</u> | <u>1,572,324</u> | <u>25,210,807</u> | <u>53,213,088</u> | <u>2,559,785</u> | <u>601,229</u> |
| 29,647 | 3,204 | 51,369 | 849,233 | 121,256 | 511,962 |
| 17,598 | 1,744 | 35,422 | 75,390 | 586 | 197 |
| 192,201 | - | 1,287,198 | 24,362,231 | 336,152 | - |
| 190 | 114,514 | 169,277 | 17,677 | 20 | 6 |
| - | 1,044,157 | - | - | - | - |
| - | 158,397 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>239,636</u> | <u>1,322,016</u> | <u>1,543,266</u> | <u>25,304,531</u> | <u>458,014</u> | <u>512,165</u> |
| 11,436,751 | - | 28,177,833 | - | - | - |
| - | - | - | - | - | - |
| <u>1,709</u> | - | <u>4,210</u> | <u>11,277</u> | - | - |
| <u>11,438,460</u> | - | <u>28,182,043</u> | <u>11,277</u> | - | - |
| <u>11,678,096</u> | <u>1,322,016</u> | <u>29,725,309</u> | <u>25,315,808</u> | <u>458,014</u> | <u>512,165</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>4,633,125</u> | <u>250,308</u> | <u>(4,514,502)</u> | <u>27,897,280</u> | <u>2,101,771</u> | <u>89,064</u> |
| <u>\$ 4,633,125</u> | <u>\$ 250,308</u> | <u>\$ (4,514,502)</u> | <u>\$ 27,897,280</u> | <u>\$ 2,101,771</u> | <u>\$ 89,064</u> |

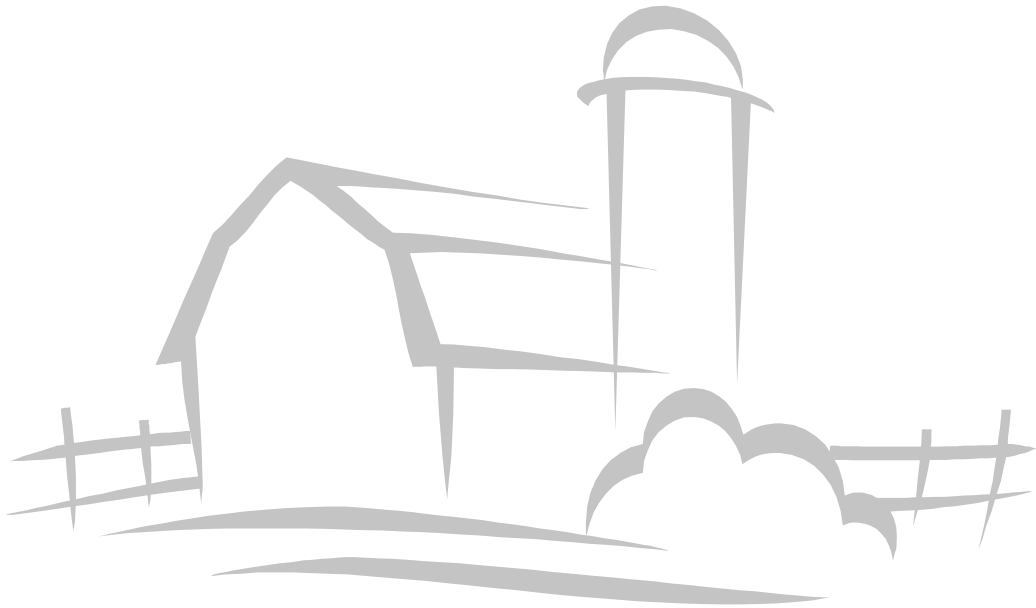
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STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

| | Long-Term Disability Fund | Employees' Assistance Fund | Human Resources Fund | Eliminations | Total Internal Service Fund |
|---|---------------------------------|----------------------------------|----------------------------|------------------|--------------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents..... | \$ 71,549 | \$ 72,171 | \$ 53,366 | \$ - | \$ 99,127,576 |
| Accounts receivable..... | 7,297 | 10,703 | - | - | 18,767,203 |
| Loans receivable..... | - | - | - | - | 634,764 |
| Lease receivable..... | - | - | - | - | 261,369 |
| Accrued interest receivable..... | - | - | - | - | 164 |
| Due from other funds..... | - | - | 63,768 | (884,866) | 21,216,846 |
| Inventories, at cost..... | - | - | - | - | 3,429,282 |
| Prepaid expenses..... | - | - | 64,598 | - | 5,164,900 |
| Total current assets..... | 78,846 | 82,874 | 181,732 | (884,866) | 148,602,104 |
| Noncurrent Assets | | | | | |
| Loans receivable..... | - | - | - | - | 2,201,067 |
| Lease receivable..... | - | - | - | - | 363,225 |
| Imprest cash and change fund - advances..... | - | - | - | - | 3,500,000 |
| Total noncurrent assets..... | - | - | - | - | 6,064,292 |
| Capital Assets | | | | | |
| Land..... | - | - | - | - | 26,156 |
| Construction in progress..... | - | - | - | - | 2,512,532 |
| Works of art..... | - | - | - | - | 8,200 |
| Capital assets being depreciated: | | | | | |
| Intangible right-to-use lease assets | - | - | - | - | 94,411,801 |
| Machinery, equipment and buildings..... | - | - | 289,770 | - | 123,379,993 |
| Less accumulated depreciation..... | - | - | (214,913) | - | (94,265,759) |
| Total capital assets, net of depreciation..... | - | - | 74,857 | - | 126,072,923 |
| Total assets..... | 78,846 | 82,874 | 256,589 | (884,866) | 280,739,319 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable..... | 16,220 | 69,764 | 5,255 | - | 15,041,591 |
| Accrued salaries and wages..... | - | - | 579,613 | - | 6,443,909 |
| Claims payable..... | - | - | - | - | 26,177,782 |
| Due to other funds..... | - | - | 64,246 | (884,866) | 504,655 |
| Interfund payable..... | - | - | - | - | 38,727,636 |
| Unearned revenue..... | - | - | - | - | 212,915 |
| Lease liabilities..... | - | - | - | - | 11,166,139 |
| Other current liabilities..... | - | - | - | - | 937,569 |
| Total current liabilities..... | 16,220 | 69,764 | 649,114 | (884,866) | 99,212,196 |
| Long-term Liabilities | | | | | |
| Claims payable..... | - | - | - | - | 39,614,584 |
| Lease liabilities..... | - | - | - | - | 72,516,653 |
| Other noncurrent liabilities..... | - | - | 84,157 | - | 2,537,905 |
| Total long-term liabilities..... | - | - | 84,157 | - | 114,669,142 |
| Total liabilities..... | 16,220 | 69,764 | 733,271 | (884,866) | 213,881,338 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Leases..... | - | - | - | - | 618,210 |
| Total deferred inflow of resources..... | - | - | - | - | 618,210 |
| NET POSITION | | | | | |
| Net investment in capital assets..... | - | - | 74,857 | - | 42,390,131 |
| Unrestricted net position (deficit)..... | 62,626 | 13,110 | (551,539) | - | 23,849,640 |
| Total net position..... | \$ 62,626 | \$ 13,110 | \$ (476,682) | \$ - | \$ 66,239,771 |

See Independent Auditors' Report.

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Vermont

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Highway Garage Fund</u> | <u>Offender Work Programs</u> | <u>Single Audit Revolving Fund</u> | <u>Financial & HR Information Fund</u> |
|---|------------------------------------|---------------------------------------|--|--|
| OPERATING REVENUES | | | | |
| Charges for sales and services..... | \$ 20,591,596 | \$ 2,540,354 | \$ 3,037,261 | \$ 10,153,298 |
| Rental income..... | - | - | - | - |
| Other operating revenues..... | <u>81,029</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total operating revenues..... | <u>20,672,625</u> | <u>2,540,354</u> | <u>3,037,261</u> | <u>10,153,298</u> |
| OPERATING EXPENSES | | | | |
| Cost of sales and services..... | 2,644,929 | 1,321,598 | - | - |
| Claims expenses..... | - | - | - | - |
| Salaries and benefits..... | 4,506,985 | 1,112,522 | 1,625,700 | 6,016,173 |
| Insurance premium expenses..... | 71,010 | 500 | 5,270 | 13,886 |
| Contractual services..... | 12,286 | - | 1,347,007 | 620,306 |
| Repairs and maintenance..... | 3,204,694 | 47,374 | 82 | 1,101,233 |
| Depreciation..... | 6,415,562 | 56,624 | - | 7,506 |
| Rental expenses..... | 97,673 | 180,755 | 51,259 | 331,608 |
| Utilities and property management..... | 524,906 | 43,969 | 41,569 | 1,052,704 |
| Non-capital equipment purchased..... | 102,675 | 11,558 | 3,705 | 3,499 |
| Promotions and advertising..... | - | - | - | 246 |
| Administrative expenses..... | 59,151 | 38,525 | 14,288 | 571,683 |
| Supplies and parts..... | 880,833 | 175,676 | 1,212 | 7,382 |
| Distribution and postage..... | 7,213 | 18,058 | 40 | 2,488 |
| Travel expenses..... | 53 | 1,684 | - | - |
| Other operating expenses..... | 11,514 | 94,479 | - | 231 |
| Total operating expenses..... | <u>18,539,484</u> | <u>3,103,322</u> | <u>3,090,132</u> | <u>9,728,945</u> |
| Operating income (loss)..... | <u>2,133,141</u> | <u>(562,968)</u> | <u>(52,871)</u> | <u>424,353</u> |
| NONOPERATING REVENUES | | | | |
| Gain/(loss) on disposal of capital assets..... | 413,329 | - | - | - |
| Investment income..... | - | - | - | - |
| Interest expense..... | - | - | - | - |
| Total nonoperating revenues (expenses).... | <u>413,329</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Income (loss) before other revenues, expenses, gains, losses, and transfers..... | <u>2,546,470</u> | <u>(562,968)</u> | <u>(52,871)</u> | <u>424,353</u> |
| OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS | | | | |
| Capital contributions..... | - | - | - | - |
| Transfers in..... | <u>1,428,431</u> | <u>1,900,000</u> | <u>-</u> | <u>-</u> |
| Total other revenues, expenses, gains, losses, and transfers..... | <u>1,428,431</u> | <u>1,900,000</u> | <u>-</u> | <u>-</u> |
| Change in net position..... | <u>3,974,901</u> | <u>1,337,032</u> | <u>(52,871)</u> | <u>424,353</u> |
| Total net position, July 1, as restated..... | <u>38,760,937</u> | <u>(1,074,074)</u> | <u>105,480</u> | <u>2,363,189</u> |
| Total net position, June 30..... | <u>\$ 42,735,838</u> | <u>\$ 262,958</u> | <u>\$ 52,609</u> | <u>\$ 2,787,542</u> |

See Independent Auditor's Report.

| Communication & Information Technology Fund | Fleet Fund | E-Procurement Fund | Copy Center Fund | Postage Fund | Facilities Operations Fund | Property Management Fund |
|--|-----------------------|-------------------------------|---------------------------------|-------------------------|---|---|
| \$ 90,599,857 | \$ 4,449,314 | \$ 7,217,318 | \$ 2,103,095 | \$ 2,710,511 | \$ 29,531,733 | \$ - |
| - | - | - | - | - | - | 20,478,747 |
| <u>3,147</u> | <u>174,538</u> | <u>-</u> | <u>-</u> | <u>82,511</u> | <u>2,188,714</u> | <u>687,147</u> |
| <u>90,603,004</u> | <u>4,623,852</u> | <u>7,217,318</u> | <u>2,103,095</u> | <u>2,793,022</u> | <u>31,720,447</u> | <u>21,165,894</u> |
| 11,955,270 | 726,044 | 7,217,318 | 745,575 | 1,721,831 | 1,315,823 | 6,038,409 |
| - | - | - | - | - | - | - |
| 38,838,655 | 662,688 | - | 737,731 | 604,283 | 14,859,545 | 1,163,766 |
| 45,782 | 148,577 | - | 36,732 | 7,074 | 1,131,233 | 107,806 |
| 34,272,344 | - | - | 3,388 | - | 164,407 | 8,700 |
| 2,218,139 | 842,154 | - | 183,240 | 76,641 | 1,721,795 | 89,248 |
| 1,016,845 | 2,186,356 | - | 229,378 | 8,427 | 292,886 | 12,044,920 |
| 1,326,073 | 67,968 | - | 66,758 | 55,565 | 584,665 | 81,158 |
| 1,929,524 | 54,378 | - | 57,021 | 57,764 | 9,804,494 | 997,235 |
| 692,454 | - | - | 134,164 | 2,056 | 83,300 | 2,254 |
| 1,695 | 24,782 | - | - | - | 7,279 | - |
| 1,230,766 | 240,168 | - | 67,268 | 73,576 | 537,498 | 220,976 |
| 32,539 | 216,385 | - | 4,564 | 1,348 | 1,336,674 | 145,564 |
| 486 | 746 | - | 13,134 | 586 | 16,847 | 1,166 |
| 27,494 | 558 | - | - | 251 | 15,899 | 4,267 |
| 1,545 | 1,789 | - | 191 | 271 | 99,726 | 293,510 |
| <u>93,589,611</u> | <u>5,172,593</u> | <u>7,217,318</u> | <u>2,279,144</u> | <u>2,609,673</u> | <u>31,972,071</u> | <u>21,198,979</u> |
| <u>(2,986,607)</u> | <u>(548,741)</u> | <u>-</u> | <u>(176,049)</u> | <u>183,349</u> | <u>(251,624)</u> | <u>(33,085)</u> |
| (2,417) | 938,745 | - | (851) | - | 16,618 | (11,697) |
| - | - | - | - | - | - | 2,187 |
| <u>(1,380)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(24,951)</u> | <u>(1,287,935)</u> |
| <u>(3,797)</u> | <u>938,745</u> | <u>-</u> | <u>(851)</u> | <u>-</u> | <u>(8,333)</u> | <u>(1,297,445)</u> |
| <u>(2,990,404)</u> | <u>390,004</u> | <u>-</u> | <u>(176,900)</u> | <u>183,349</u> | <u>(259,957)</u> | <u>(1,330,530)</u> |
| - | 102,297 | - | - | - | - | - |
| - | - | - | - | - | - | 10,000,000 |
| - | 102,297 | - | - | - | - | 10,000,000 |
| (2,990,404) | 492,301 | - | (176,900) | 183,349 | (259,957) | 8,669,470 |
| <u>3,948,292</u> | <u>212,814</u> | <u>-</u> | <u>(1,044,391)</u> | <u>(3,513,459)</u> | <u>3,253,812</u> | <u>(19,730,869)</u> |
| <u>\$ 957,888</u> | <u>\$ 705,115</u> | <u>\$ -</u> | <u>\$ (1,221,291)</u> | <u>\$ (3,330,110)</u> | <u>\$ 2,993,855</u> | <u>\$ (11,061,399)</u> |

Continued on next page

STATE OF VERMONT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Equipment Revolving Fund | State Resource Management Fund | State Energy Revolving Fund | State Surplus Property Fund |
|---|--------------------------------|---|--------------------------------------|--------------------------------------|
| OPERATING REVENUES | | | | |
| Charges for sales and services..... | \$ - | \$ 45,665 | \$ - | \$ 2,327,800 |
| Rental income..... | - | - | - | - |
| Other operating revenues..... | - | 20,000 | - | 2,011,590 |
| Total operating revenues..... | - | 65,665 | - | 4,339,390 |
| OPERATING EXPENSES | | | | |
| Cost of sales and services..... | - | - | - | 3,070,405 |
| Claims expenses..... | - | - | - | - |
| Salaries and benefits..... | - | - | - | 315,421 |
| Insurance premium expenses..... | - | - | - | 2,718 |
| Contractual services..... | - | - | - | 109,670 |
| Repairs and maintenance..... | - | - | - | 34,524 |
| Depreciation..... | - | - | - | - |
| Rental expenses..... | - | - | - | 85,369 |
| Utilities and property management..... | - | - | - | 46,337 |
| Non-capital equipment purchased..... | - | 65,438 | - | - |
| Promotions and advertising..... | - | - | - | - |
| Administrative expenses..... | - | 227 | - | 30,369 |
| Supplies and parts..... | - | - | - | 668 |
| Distribution and postage..... | - | - | - | 460 |
| Travel expenses..... | - | - | - | - |
| Other operating expenses..... | - | - | - | 541 |
| Total operating expenses..... | - | 65,665 | - | 3,696,482 |
| Operating income (loss)..... | - | - | - | 642,908 |
| NONOPERATING REVENUES | | | | |
| Gain/(loss) on disposal of capital assets..... | - | - | - | (149) |
| Investment income..... | - | - | - | - |
| Interest expense..... | - | - | - | - |
| Total nonoperating revenues (expenses).... | - | - | - | (149) |
| Income (loss) before other revenues, expenses, gains, losses, and transfers..... | - | - | - | 642,759 |
| OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS | | | | |
| Capital contributions..... | - | - | - | - |
| Transfers in..... | - | - | - | - |
| Total other revenues, expenses, gains, losses, and transfers..... | - | - | - | - |
| Change in net position..... | - | - | - | 642,759 |
| Total net position, July 1, as restated..... | 581,928 | - | - | 75,979 |
| Total net position, June 30..... | \$ 581,928 | \$ - | \$ - | \$ 718,738 |

See Independent Auditor's Report.

| <u>State Liability Insurance Fund</u> | <u>Risk Management - All Other Fund</u> | <u>Workers' Compensation Fund</u> | <u>Medical Insurance Fund</u> | <u>Dental Insurance Fund</u> | <u>Life Insurance Fund</u> |
|---|---|---|---------------------------------------|--------------------------------------|------------------------------------|
| \$ 5,027,983 | \$ 4,245,635 | \$ 12,474,370 | \$ 190,484,955 | \$ 6,215,747 | \$ 3,269,705 |
| - | - | - | - | - | - |
| - | - | - | 711,648 | - | - |
| <u>5,027,983</u> | <u>4,245,635</u> | <u>12,474,370</u> | <u>191,196,603</u> | <u>6,215,747</u> | <u>3,269,705</u> |
| - | 3,727,242 | - | - | - | - |
| 3,472,741 | - | 12,186,742 | 206,992,627 | 6,180,559 | - |
| 225,091 | 1,744 | 225,790 | 862,414 | 17,191 | 5,732 |
| 905,963 | - | - | 1,673,250 | 85 | 3,297,634 |
| 1,494,759 | 136,500 | 487,945 | 507,848 | 21,831 | 610 |
| - | - | 42 | - | - | - |
| - | - | - | - | - | - |
| 4,473 | - | 15,685 | 24,020 | 747 | 249 |
| 6,471 | - | 10,320 | 24,276 | 536 | 178 |
| 581 | - | 998 | 1,304 | - | - |
| - | - | - | - | - | - |
| 27,488 | 17,643 | 77,619 | 7,705,179 | 260,479 | 4,903 |
| - | - | 862 | 7,726 | - | - |
| - | - | 417 | - | - | - |
| - | - | 510 | 1,220 | - | - |
| - | - | 109,839 | 2,183,573 | 59,586 | - |
| <u>6,137,567</u> | <u>3,883,129</u> | <u>13,116,769</u> | <u>219,983,437</u> | <u>6,541,014</u> | <u>3,309,306</u> |
| <u>(1,109,584)</u> | <u>362,506</u> | <u>(642,399)</u> | <u>(28,786,834)</u> | <u>(325,267)</u> | <u>(39,601)</u> |
| - | - | - | - | - | - |
| 25,481 | - | 38,316 | 82,139 | 4,187 | 477 |
| - | - | - | - | - | - |
| <u>25,481</u> | <u>-</u> | <u>38,316</u> | <u>82,139</u> | <u>4,187</u> | <u>477</u> |
| <u>(1,084,103)</u> | <u>362,506</u> | <u>(604,083)</u> | <u>(28,704,695)</u> | <u>(321,080)</u> | <u>(39,124)</u> |
| - | - | - | - | - | - |
| <u>6,700,000</u> | <u>-</u> | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>6,700,000</u> | <u>-</u> | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 5,615,897 | 362,506 | 1,395,917 | (28,704,695) | (321,080) | (39,124) |
| <u>(982,772)</u> | <u>(112,198)</u> | <u>(5,910,419)</u> | <u>56,601,975</u> | <u>2,422,851</u> | <u>128,188</u> |
| <u>\$ 4,633,125</u> | <u>\$ 250,308</u> | <u>\$ (4,514,502)</u> | <u>\$ 27,897,280</u> | <u>\$ 2,101,771</u> | <u>\$ 89,064</u> |

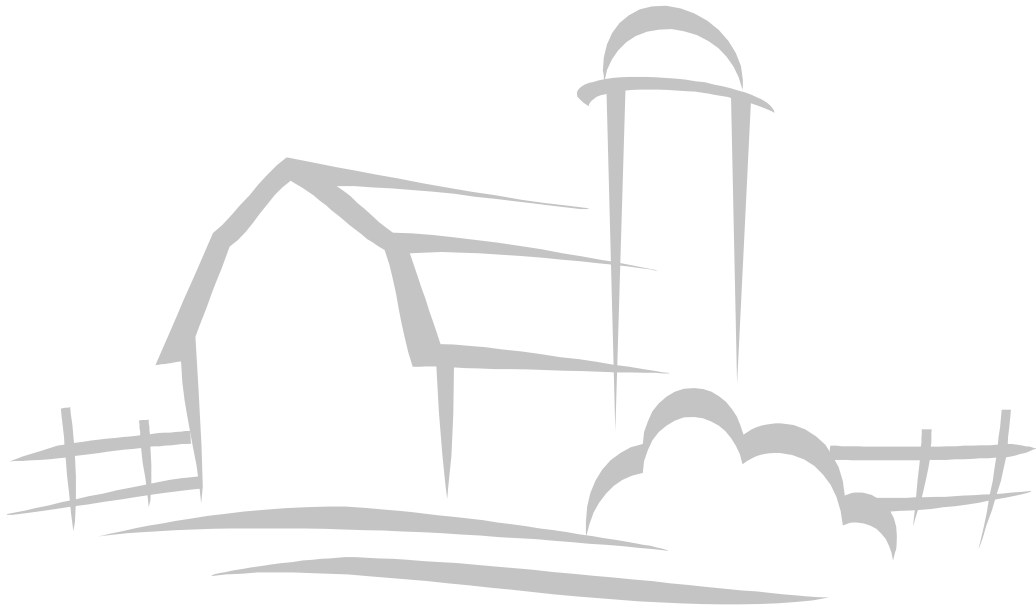
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STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Long-Term Disability Fund</u> | <u>Employees' Assistance Fund</u> | <u>Human Resources Fund</u> | <u>Total Internal Service Fund</u> |
|---|--|---|-------------------------------------|--|
| OPERATING REVENUES | | | | |
| Charges for sales and services..... | \$ 190,199 | \$ 273,514 | \$ 6,449,979 | \$ 403,939,889 |
| Rental income..... | - | - | - | 20,478,747 |
| Other operating revenues..... | - | - | - | 5,960,324 |
| Total operating revenues..... | <u>190,199</u> | <u>273,514</u> | <u>6,449,979</u> | <u>430,378,960</u> |
| OPERATING EXPENSES | | | | |
| Cost of sales and services..... | - | - | - | 40,484,444 |
| Claims expenses..... | - | - | - | 228,832,669 |
| Salaries and benefits..... | - | - | 6,215,046 | 77,996,477 |
| Insurance premium expenses..... | 191,634 | 274,636 | 103 | 7,913,893 |
| Contractual services..... | - | - | 112,277 | 39,299,878 |
| Repairs and maintenance..... | - | - | - | 9,519,166 |
| Depreciation..... | - | - | 57,954 | 22,316,458 |
| Rental expenses..... | - | - | 37,631 | 3,011,656 |
| Utilities and property management..... | - | - | 60,638 | 14,712,320 |
| Non-capital equipment purchased..... | - | - | 19,362 | 1,123,348 |
| Promotions and advertising..... | - | - | 24,811 | 58,813 |
| Administrative expenses..... | - | - | 27,737 | 11,205,543 |
| Supplies and parts..... | - | - | 15,967 | 2,827,400 |
| Distribution and postage..... | - | - | 291 | 61,932 |
| Travel expenses..... | - | - | 539 | 52,475 |
| Other operating expenses..... | - | - | 76 | 2,856,871 |
| Total operating expenses..... | <u>191,634</u> | <u>274,636</u> | <u>6,572,432</u> | <u>462,273,343</u> |
| Operating income (loss)..... | <u>(1,435)</u> | <u>(1,122)</u> | <u>(122,453)</u> | <u>(31,894,383)</u> |
| NONOPERATING REVENUES | | | | |
| Gain/(loss) on disposal of capital assets..... | - | - | - | 1,353,578 |
| Investment income..... | - | - | - | 152,787 |
| Interest expense..... | - | - | - | (1,314,266) |
| Total nonoperating revenues (expenses).... | <u>-</u> | <u>-</u> | <u>-</u> | <u>192,099</u> |
| Income (loss) before other revenues, expenses, gains, losses, and transfers..... | <u>(1,435)</u> | <u>(1,122)</u> | <u>(122,453)</u> | <u>(31,702,284)</u> |
| OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS | | | | |
| Capital contributions..... | - | - | - | 102,297 |
| Transfers in..... | - | - | - | 22,028,431 |
| Total other revenues, expenses, gains, losses, and transfers..... | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,130,728</u> |
| Change in net position..... | <u>(1,435)</u> | <u>(1,122)</u> | <u>(122,453)</u> | <u>(9,571,556)</u> |
| Total net position, July 1, as restated..... | <u>64,061</u> | <u>14,232</u> | <u>(354,229)</u> | <u>75,811,327</u> |
| Total net position, June 30..... | <u>\$ 62,626</u> | <u>\$ 13,110</u> | <u>\$ (476,682)</u> | <u>\$ 66,239,771</u> |

See Independent Auditor's Report.

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**STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

| | Highway Garage Fund | Offender Work Programs | Single Audit Revolving Fund | Financial & HR Information Fund |
|--|---------------------------|------------------------------|--------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers..... | \$ 20,109,690 | \$ 2,329,113 | \$ 2,952,061 | \$ 10,245,943 |
| Cash paid to suppliers for goods and services..... | (6,744,452) | (1,792,125) | (1,615,915) | (4,178,696) |
| Cash paid to employees for services..... | (4,590,444) | (1,134,459) | (1,665,756) | (6,185,366) |
| Cash paid to claimants..... | - | - | - | - |
| Other operating revenues..... | 81,029 | - | - | - |
| Other operating expenses..... | (11,514) | (94,479) | - | (231) |
| Net cash provided (used) by operating activities..... | 8,844,309 | (691,950) | (329,610) | (118,350) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Operating transfers in..... | 1,428,431 | 1,900,000 | - | - |
| Interfund loans and advances..... | - | (1,208,050) | - | - |
| Net cash provided (used) by noncapital financing activities..... | 1,428,431 | 691,950 | - | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets..... | (4,694,940) | - | - | (11,400) |
| Principal payments on leases and loans..... | - | - | - | - |
| Interest paid on leases and loans..... | - | - | - | - |
| Proceeds from capital loans..... | - | - | - | - |
| Proceeds from sale of capital assets..... | 302,629 | - | - | - |
| Net cash (used) by capital and related financing activities..... | (4,392,311) | - | - | (11,400) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest earned on investments..... | - | - | - | - |
| Proceeds from loan repayments..... | - | - | - | - |
| Loans issued..... | - | - | - | - |
| Net cash provided by investing activities..... | - | - | - | - |
| Net increase (decrease) in cash and cash equivalents..... | 5,880,429 | - | (329,610) | (129,750) |
| Cash and cash equivalents, July 1..... | 1,071,454 | - | 749,784 | 3,338,227 |
| Cash and cash equivalents, June 30..... | \$ 6,951,883 | \$ - | \$ 420,174 | \$ 3,208,477 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss)..... | \$ 2,133,141 | \$ (562,968) | \$ (52,871) | \$ 424,353 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation..... | 6,415,562 | 56,624 | - | 7,506 |
| Effect of changes in assets, deferred outflows, liabilities and deferred inflows: | | | | |
| Accounts receivable..... | (229,000) | (234,258) | - | 95,183 |
| Lease receivable..... | - | - | - | - |
| Due from other funds..... | (252,906) | 23,017 | (85,200) | (2,538) |
| Inventories..... | (131,179) | (192,728) | - | - |
| Prepaid expenses..... | - | - | - | (34,175) |
| Accounts payable..... | 846,144 | 222,622 | (125,762) | (322,207) |
| Accrued salaries and benefits..... | (83,459) | (21,937) | (40,056) | (169,193) |
| Claims payable..... | - | - | - | - |
| Due to other funds..... | 146,006 | 8,222 | (1,022) | (117,279) |
| Unearned revenue..... | - | - | - | - |
| Other current liabilities..... | - | 9,456 | (24,699) | - |
| Deferred inflows..... | - | - | - | - |
| Total adjustments..... | 6,711,168 | (128,982) | (276,739) | (542,703) |
| Net cash provided (used) by operating activities..... | \$ 8,844,309 | \$ (691,950) | \$ (329,610) | \$ (118,350) |
| Noncash investing, capital, and financing activities: | | | | |
| Contributions of capital assets to/from other funds..... | - | - | - | - |
| Retirement of assets not fully depreciated..... | (541,445) | - | - | - |
| Fair market value of donated inventory sold..... | - | - | - | - |
| Acquisition of capital assets via financing..... | - | - | - | - |

See Independent Auditors' Report.

| Communications & Information Technology Fund | Fleet Fund | E-Procurement Fund | Copy Center Fund | Postage Fund | Facilities Operations Fund | Property Management Fund |
|--|---------------------|-----------------------|------------------------|-------------------|----------------------------------|--------------------------------|
| \$ 90,146,593 | \$ 4,175,121 | \$ 7,094,865 | \$ 2,414,625 | \$ 2,802,830 | \$ 32,374,249 | \$ 25,574,212 |
| (52,200,397) | (2,475,257) | (7,070,710) | (1,302,883) | (1,840,470) | (16,827,114) | (7,729,190) |
| (39,961,389) | (658,609) | - | (754,104) | (667,908) | (15,270,941) | (1,197,789) |
| - | - | - | - | - | - | - |
| 3,147 | 174,538 | - | - | 82,511 | 2,188,714 | 687,147 |
| (1,545) | (1,789) | - | (191) | (271) | (99,726) | (293,510) |
| <u>(2,013,591)</u> | <u>1,214,004</u> | <u>24,155</u> | <u>357,447</u> | <u>376,692</u> | <u>2,365,182</u> | <u>17,040,870</u> |
| - | - | - | - | - | - | 10,000,000 |
| <u>2,333,692</u> | <u>(1,587,399)</u> | <u>(24,155)</u> | <u>(165,480)</u> | <u>(376,692)</u> | <u>(1,047,885)</u> | <u>(14,936,376)</u> |
| <u>2,333,692</u> | <u>(1,587,399)</u> | <u>(24,155)</u> | <u>(165,480)</u> | <u>(376,692)</u> | <u>(1,047,885)</u> | <u>(4,936,376)</u> |
| - | (632,941) | - | (191,967) | - | (1,131,808) | (110,449) |
| (318,720) | - | - | - | - | (229,648) | (10,839,532) |
| (1,381) | - | - | - | - | (24,951) | (1,183,438) |
| - | - | - | - | - | - | 26,902 |
| - | 1,006,336 | - | - | - | 69,110 | - |
| <u>(320,101)</u> | <u>373,395</u> | <u>-</u> | <u>(191,967)</u> | <u>-</u> | <u>(1,317,297)</u> | <u>(12,106,517)</u> |
| - | - | - | - | - | - | 2,023 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 2,023 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ (2,986,607)</u> | <u>\$ (548,741)</u> | <u>\$ -</u> | <u>\$ (176,049)</u> | <u>\$ 183,349</u> | <u>\$ (251,624)</u> | <u>\$ (33,085)</u> |
| 1,016,845 | 2,186,356 | - | 229,378 | 8,427 | 292,886 | 12,044,920 |
| 1,755,793 | 117,534 | 254,496 | 102,584 | 36,430 | 878,596 | 5,050,456 |
| - | - | - | - | - | - | 287,027 |
| (2,209,057) | (391,727) | (376,949) | 208,946 | 55,889 | 1,963,920 | 51,393 |
| (194,983) | - | - | - | 165,483 | - | - |
| (1,175,074) | - | - | (38) | 3,443 | - | 36,873 |
| 2,609,837 | (105,310) | 146,608 | 110,008 | 41 | 24,759 | (105,990) |
| (1,122,734) | 4,079 | - | (16,373) | (63,625) | (411,396) | (34,023) |
| - | - | - | - | - | - | - |
| 5,051 | (48,187) | - | (101,009) | (12,745) | (131,959) | 36,710 |
| - | - | - | - | - | - | - |
| 287,338 | - | - | - | - | - | - |
| - | - | - | - | - | - | (293,411) |
| <u>973,016</u> | <u>1,762,745</u> | <u>24,155</u> | <u>533,496</u> | <u>193,343</u> | <u>2,616,806</u> | <u>17,073,955</u> |
| <u>\$ (2,013,591)</u> | <u>\$ 1,214,004</u> | <u>\$ 24,155</u> | <u>\$ 357,447</u> | <u>\$ 376,692</u> | <u>\$ 2,365,182</u> | <u>\$ 17,040,870</u> |
| - | 102,297 | - | - | - | - | - |
| (2,417) | (67,591) | - | - | - | - | (207,225) |
| - | - | - | - | - | - | - |
| 957,788 | - | - | - | - | - | 93,373,563 |

Continued on next page

STATE OF VERMONT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Equipment Revolving Fund | State Resource Management Fund | State Energy Revolving Fund | State Surplus Property Fund |
|--|--------------------------------|---|--------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers..... | \$ - | \$ - | \$ - | \$ 2,335,401 |
| Cash paid to suppliers for goods and services..... | - | - | - | (3,146,916) |
| Cash paid to employees for services..... | - | - | - | (303,160) |
| Cash paid to claimants..... | - | - | - | - |
| Other operating revenues..... | - | - | - | 2,011,590 |
| Other operating expenses..... | - | - | - | (541) |
| Net cash provided (used) by operating activities..... | - | - | - | 896,374 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Operating transfers in..... | - | - | - | - |
| Interfund loans and advances..... | - | (44,772) | (318,346) | - |
| Net cash provided (used) by noncapital financing activities..... | - | (44,772) | (318,346) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets..... | - | - | - | - |
| Principal payments on leases and loans..... | - | - | - | - |
| Interest paid on leases and loans..... | - | - | - | - |
| Proceeds from capital loans..... | - | - | - | - |
| Proceeds from sale of capital assets..... | - | - | - | - |
| Net cash (used) by capital and related financing activities..... | - | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest earned on investments..... | - | - | - | - |
| Proceeds from loan repayments..... | 272,480 | 110,210 | 345,248 | - |
| Loans issued..... | - | (65,438) | (26,902) | - |
| Net cash provided by investing activities..... | 272,480 | 44,772 | 318,346 | - |
| Net increase (decrease) in cash and cash equivalents..... | 272,480 | - | - | 896,374 |
| Cash and cash equivalents, July 1..... | 69,928 | - | - | 131,632 |
| Cash and cash equivalents, June 30..... | \$ 342,408 | \$ - | \$ - | \$ 1,028,006 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss)..... | \$ - | \$ - | \$ - | \$ 642,908 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation..... | - | - | - | - |
| Effect of changes in assets, deferred outflows, liabilities and deferred inflows: | | | | |
| Accounts receivable..... | - | - | - | (545) |
| Lease receivable..... | - | - | - | - |
| Due from other funds..... | - | - | - | (25,491) |
| Inventories..... | - | - | - | (33,637) |
| Prepaid expenses..... | - | - | - | - |
| Accounts payable..... | - | - | - | 3,069 |
| Accrued salaries and benefits..... | - | - | - | 12,261 |
| Claims payable..... | - | - | - | - |
| Due to other funds..... | - | - | - | 264,172 |
| Unearned revenue..... | - | - | - | 33,637 |
| Other current liabilities..... | - | - | - | - |
| Deferred inflows..... | - | - | - | - |
| Total adjustments..... | - | - | - | 253,466 |
| Net cash provided (used) by operating activities..... | \$ - | \$ - | \$ - | \$ 896,374 |
| Noncash investing, capital, and financing activities: | | | | |
| Contributions of capital assets to/from other funds..... | - | - | - | - |
| Retirement of assets not fully depreciated..... | - | - | - | (149) |
| Fair market value of donated inventory sold..... | - | - | - | 2,006,950 |
| Acquisition of capital assets via financing..... | - | - | - | - |

See Independent Auditor's Report.

| State Liability Insurance Fund | Risk Management - All Other Fund | Workers' Compensation Fund | Medical Insurance Fund | Dental Insurance Fund | Life Insurance Fund |
|---|---|----------------------------------|------------------------------|-----------------------------|---------------------------|
| \$ 5,061,647 | \$ 3,750,536 | \$ 12,537,045 | \$ 195,622,188 | \$ 6,477,334 | \$ 3,352,050 |
| (2,439,118) | (4,064,054) | (515,753) | (10,420,901) | (246,337) | (3,037,176) |
| (233,139) | - | (249,770) | (900,489) | (17,770) | (5,924) |
| (1,857,809) | - | (12,584,108) | (206,590,073) | (6,216,076) | - |
| - | - | - | 711,648 | - | - |
| - | - | (109,839) | (2,183,573) | (59,586) | - |
| <u>531,581</u> | <u>(313,518)</u> | <u>(922,425)</u> | <u>(23,761,200)</u> | <u>(62,435)</u> | <u>308,950</u> |
| 6,700,000 | - | 2,000,000 | - | - | - |
| - | 313,518 | - | - | - | - |
| <u>6,700,000</u> | <u>313,518</u> | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 25,481 | - | 38,316 | 82,139 | 4,187 | 477 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>25,481</u> | <u>-</u> | <u>38,316</u> | <u>82,139</u> | <u>4,187</u> | <u>477</u> |
| 7,257,062 | - | 1,115,891 | (23,679,061) | (58,248) | 309,427 |
| 9,054,159 | - | 24,064,062 | 69,914,436 | 2,357,109 | 144,705 |
| <u>\$ 16,311,221</u> | <u>\$ -</u> | <u>\$ 25,179,953</u> | <u>\$ 46,235,375</u> | <u>\$ 2,298,861</u> | <u>\$ 454,132</u> |
| <u>\$ (1,109,584)</u> | <u>\$ 362,506</u> | <u>\$ (642,399)</u> | <u>\$ (28,786,834)</u> | <u>\$ (325,267)</u> | <u>\$ (39,601)</u> |
| - | - | - | - | - | - |
| 33,663 | (514,607) | 62,675 | 5,137,233 | 261,587 | 74,621 |
| - | - | - | - | - | - |
| 1 | (837) | - | - | - | 7,724 |
| - | - | - | - | - | - |
| - | (99,703) | - | - | - | - |
| 427 | 1,572 | 10,868 | (421,450) | 38,368 | 266,741 |
| (8,048) | 1,744 | (23,980) | (38,075) | (579) | (192) |
| 1,614,932 | - | (397,366) | 402,554 | (35,517) | - |
| 190 | (84,538) | 67,777 | (54,628) | (1,027) | (343) |
| - | 20,345 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,641,165</u> | <u>(676,024)</u> | <u>(280,026)</u> | <u>5,025,634</u> | <u>262,832</u> | <u>348,551</u> |
| <u>\$ 531,581</u> | <u>\$ (313,518)</u> | <u>\$ (922,425)</u> | <u>\$ (23,761,200)</u> | <u>\$ (62,435)</u> | <u>\$ 308,950</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Long-Term Disability Fund | Employees' Assistance Fund | Human Resources Fund | Total Internal Service Fund |
|--|---------------------------------|----------------------------------|----------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers..... | \$ 197,439 | \$ 283,248 | \$ 6,458,253 | \$ 436,294,443 |
| Cash paid to suppliers for goods and services..... | (191,186) | (272,574) | (300,651) | (128,411,875) |
| Cash paid to employees for services..... | - | - | (6,293,757) | (80,090,774) |
| Cash paid to claimants..... | - | - | - | (227,248,066) |
| Other operating revenues..... | - | - | - | 5,940,324 |
| Other operating expenses..... | - | - | (76) | (2,856,871) |
| Net cash provided (used) by operating activities..... | 6,253 | 10,674 | (136,231) | 3,627,181 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Operating transfers in..... | - | - | - | 22,028,431 |
| Interfund loans and advances..... | - | - | - | (17,061,945) |
| Net cash provided (used) by noncapital financing activities..... | - | - | - | 4,966,486 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets..... | - | - | - | (6,773,505) |
| Principal payments on leases and loans..... | - | - | - | (11,387,900) |
| Interest paid on leases and loans..... | - | - | - | (1,209,770) |
| Proceeds from capital loans..... | - | - | - | 26,902 |
| Proceeds from sale of capital assets..... | - | - | - | 1,378,075 |
| Net cash (used) by capital and related financing activities..... | - | - | - | (17,966,198) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest earned on investments..... | - | - | - | 152,623 |
| Proceeds from loan repayments..... | - | - | - | 727,938 |
| Loans issued..... | - | - | - | (92,340) |
| Net cash provided by investing activities..... | - | - | - | 788,221 |
| Net increase (decrease) in cash and cash equivalents..... | 6,253 | 10,674 | (136,231) | (8,584,310) |
| Cash and cash equivalents, July 1..... | 65,296 | 61,497 | 189,597 | 111,211,886 |
| Cash and cash equivalents, June 30..... | \$ 71,549 | \$ 72,171 | \$ 53,366 | \$ 102,627,576 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss)..... | \$ (1,435) | \$ (1,122) | \$ (122,453) | \$ (31,894,383) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | |
| Depreciation..... | - | - | 57,954 | 22,316,458 |
| Effect of changes in assets, deferred outflows, liabilities and deferred inflows: | | | | |
| Accounts receivable..... | 7,240 | 9,734 | 300 | 12,899,715 |
| Lease receivable..... | - | - | - | 287,027 |
| Due from other funds..... | - | - | 7,974 | (1,025,841) |
| Inventories..... | - | - | - | (387,044) |
| Prepaid expenses..... | - | - | - | (1,268,674) |
| Accounts payable..... | 448 | 2,062 | (4,290) | 3,198,565 |
| Accrued salaries and benefits..... | - | - | (78,711) | (2,094,297) |
| Claims payable..... | - | - | - | 1,584,603 |
| Due to other funds..... | - | - | 2,995 | (21,614) |
| Unearned revenue..... | - | - | - | 53,982 |
| Other current liabilities..... | - | - | - | 272,095 |
| Deferred inflows..... | - | - | - | (293,411) |
| Total adjustments..... | 7,688 | 11,796 | (13,778) | 35,521,564 |
| Net cash provided (used) by operating activities..... | \$ 6,253 | \$ 10,674 | \$ (136,231) | \$ 3,627,181 |
| Noncash investing, capital, and financing activities: | | | | |
| Contributions of capital assets to/from other funds..... | - | - | - | 102,297 |
| Retirement of assets not fully depreciated..... | - | - | - | (818,826) |
| Fair market value of donated inventory sold..... | - | - | - | 2,006,950 |
| Acquisition of capital assets via financing..... | - | - | - | 94,331,351 |

See Independent Auditor's Report.

Vermont State Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State employees.

State Teachers' Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State teachers.

Vermont Municipal Employees' Retirement Fund – This is the public pension plan administered by the State of Vermont for participating municipalities' employees.

Vermont State Defined Contribution Fund – This is a retirement plan for those exempt State employees that elected to participate in the defined contribution plan for the Vermont State Retirement System.

Single Deposit Investment Account Fund – This is a tax sheltered account funded through employee transfers from a non-contributing system years ago.

Vermont Municipal Employees' Defined Contribution Fund – This is a retirement plan for those participating municipalities' employees that elected to participate in the defined contribution plan for the Vermont Municipal Employees' Retirement Fund.

Vermont State Postemployment Benefits Trust Fund – This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the Vermont state employees' retirement system.

Vermont Retired Teachers' Health and Medical Benefits Fund - This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the State Teachers' Retirement System.

Vermont Municipal Employees' Health Benefit Fund – This is a fund established by the Vermont Municipal Employees' Retirement System's Board of Directors as a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement.

STATE OF VERMONT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 June 30, 2022

| | Defined Benefit Plans | | |
|--|--|--|--|
| | Vermont State Retirement Fund | State Teachers' Retirement Fund | Vermont Municipal Employees' Retirement Fund |
| ASSETS | | | |
| Cash and short-term investments..... | \$ 22,781,881 | \$ 16,761,257 | \$ 5,407,263 |
| Investments | | | |
| Fixed income..... | 128,651,224 | 131,966,139 | 48,155,258 |
| Equities..... | 209,763,371 | 216,064,666 | 73,932,086 |
| Mutual and commingled funds..... | 1,496,507,550 | 1,538,800,643 | 558,488,401 |
| Private partnerships..... | 431,376,299 | 444,112,262 | 154,043,839 |
| Total investments..... | <u>2,266,298,444</u> | <u>2,330,943,710</u> | <u>834,619,584</u> |
| Receivables | | | |
| Contributions - current..... | 6,981,973 | 6,425,073 | 6,221,909 |
| Contributions - non-current..... | - | - | 5,736,798 |
| Investments sold..... | 5,309,603 | 5,386,423 | 1,977,271 |
| Interest and dividends..... | 905,847 | 932,351 | 651,292 |
| Due from other funds..... | 74,822 | 10,269 | 247,773 |
| Other..... | 1,610,939 | 5,656,091 | 898,204 |
| Total receivables..... | <u>14,883,184</u> | <u>18,410,207</u> | <u>15,733,247</u> |
| Prepaid expenses..... | <u>68,602</u> | <u>78,130</u> | <u>43,984</u> |
| Capital assets | | | |
| Capital assets being depreciated | | | |
| Equipment..... | 3,150,979 | 3,750,864 | 1,408,881 |
| Less accumulated depreciation..... | <u>(2,629,148)</u> | <u>(3,134,852)</u> | <u>(1,179,214)</u> |
| Total capital assets, net of depreciation..... | <u>521,831</u> | <u>616,012</u> | <u>229,667</u> |
| Total assets..... | <u>2,304,553,942</u> | <u>2,366,809,316</u> | <u>856,033,745</u> |
| LIABILITIES | | | |
| Accounts payable..... | 1,423,394 | 280,210 | 131,222 |
| Investments purchased..... | 26,479,971 | 27,111,406 | 9,909,559 |
| Due to other funds..... | 5,033 | 4,755 | 13,493 |
| Interfund loan payable..... | <u>420</u> | <u>-</u> | <u>-</u> |
| Total liabilities..... | <u>27,908,818</u> | <u>27,396,371</u> | <u>10,054,274</u> |
| NET POSITION RESTRICTED FOR EMPLOYEES' PENSION AND OTHER POSTEMPLOYMENT BENEFITS..... | <u>\$ 2,276,645,124</u> | <u>\$ 2,339,412,945</u> | <u>\$ 845,979,471</u> |

See Independent Auditors' Report.

| Defined Contribution Plans | | | Other Postemployment Benefit Funds | | | Eliminations | Total |
|---|--|--|--|--|--|------------------|-------------------------|
| Vermont State Defined Contribution Fund | Single Deposit Investment Account Fund | Vermont Municipal Employees' Defined Contribution Fund | Vermont State Postemployment Benefits Trust Fund | Vermont Retired Teachers' Health and Medical Benefits Fund | Municipal Employees' Health Benefit Fund | | |
| \$ 76,474 | \$ - | \$ 58,337 | \$ 1,607,816 | \$ 26,503,401 | \$ 1,541,647 | \$ - | \$ 74,738,076 |
| - | - | - | - | - | - | - | 308,772,621 |
| - | - | - | - | - | - | - | 499,760,123 |
| 73,002,124 | 28,448,281 | 25,997,894 | 103,200,029 | 6,852,913 | 12,336,108 | - | 3,843,633,943 |
| - | - | - | - | - | - | - | 1,029,532,400 |
| <u>73,002,124</u> | <u>28,448,281</u> | <u>25,997,894</u> | <u>103,200,029</u> | <u>6,852,913</u> | <u>12,336,108</u> | - | <u>5,681,699,087</u> |
| 84,120 | - | 14,051 | 33,958 | - | - | - | 19,761,084 |
| - | - | - | - | - | - | - | 5,736,798 |
| - | - | - | - | - | - | - | 12,673,297 |
| - | - | - | - | - | - | - | 2,489,490 |
| - | - | - | - | - | - | (332,864) | - |
| <u>7,660</u> | - | <u>1,179</u> | <u>9,232</u> | <u>7,368,268</u> | - | - | <u>15,551,573</u> |
| <u>91,780</u> | - | <u>15,230</u> | <u>43,190</u> | <u>7,368,268</u> | - | <u>(332,864)</u> | <u>56,212,242</u> |
| <u>27,673</u> | - | <u>221</u> | - | <u>22,936</u> | - | - | <u>241,546</u> |
| - | - | - | - | - | - | - | 8,310,724 |
| - | - | - | - | - | - | - | (6,943,214) |
| - | - | - | - | - | - | - | 1,367,510 |
| <u>73,198,051</u> | <u>28,448,281</u> | <u>26,071,682</u> | <u>104,851,035</u> | <u>40,747,518</u> | <u>13,877,755</u> | <u>(332,864)</u> | <u>5,814,258,461</u> |
| 21,512 | - | 385 | 50,992 | 239,668 | - | - | 2,147,383 |
| - | - | - | - | - | - | - | 63,500,936 |
| 74,822 | - | 247,773 | - | - | - | (332,864) | 13,012 |
| - | - | - | - | - | - | - | 420 |
| <u>96,334</u> | - | <u>248,158</u> | <u>50,992</u> | <u>239,668</u> | - | <u>(332,864)</u> | <u>65,661,751</u> |
| <u>\$ 73,101,717</u> | <u>\$ 28,448,281</u> | <u>\$ 25,823,524</u> | <u>\$ 104,800,043</u> | <u>\$ 40,507,850</u> | <u>\$ 13,877,755</u> | <u>\$ -</u> | <u>\$ 5,748,596,710</u> |

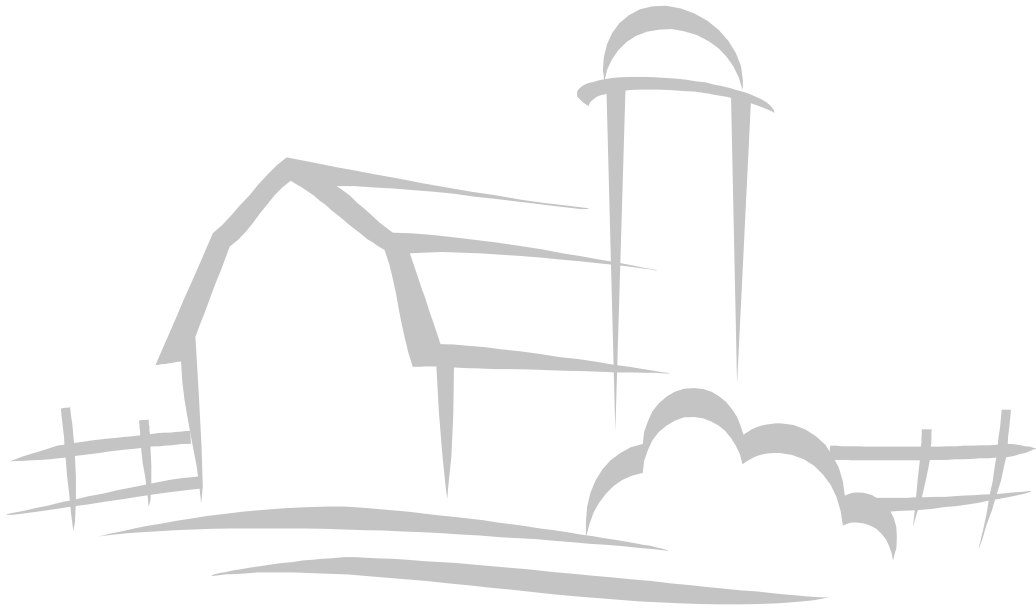
STATE OF VERMONT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Defined Benefit Plans | | |
|---|--|--|--|
| | Vermont State Retirement Fund | State Teachers' Retirement Fund | Vermont Municipal Employees' Retirement Fund |
| ADDITIONS | | | |
| Contributions | | | |
| Employer - pension benefit..... | \$ 197,523,008 | \$ - | \$ 25,217,676 |
| Employer - healthcare benefit..... | - | - | - |
| Non-employer - pension benefit..... | - | 314,663,632 | - |
| Non-employer - healthcare benefit..... | - | - | - |
| Plan member..... | 44,654,960 | 44,597,049 | 25,025,242 |
| Transfers from other pension trust funds..... | 862,283 | 466,281 | 650,984 |
| Transfers from non-state systems..... | - | - | - |
| Other revenues..... | - | 10,581,196 | - |
| Total contributions..... | 243,040,251 | 370,308,158 | 50,893,902 |
| Investment Income (loss) | | | |
| Net appreciation (depreciation) in fair value of investments..... | (229,545,692) | (238,234,426) | (87,174,094) |
| Dividends..... | 14,389,796 | 15,295,950 | 5,342,116 |
| Interest..... | 2,393,146 | 2,551,174 | 1,346,625 |
| Other income..... | 2,942 | 3,495 | 726 |
| Total investment income (loss)..... | (212,759,808) | (220,383,807) | (80,484,627) |
| Less Investment Expenses | | | |
| Investment managers and consultants..... | 2,714,103 | 2,891,218 | 1,023,138 |
| Total investment expenses..... | 2,714,103 | 2,891,218 | 1,023,138 |
| Net investment income (loss)..... | (215,473,911) | (223,275,025) | (81,507,765) |
| Total additions..... | 27,566,340 | 147,033,133 | (30,613,863) |
| DEDUCTIONS | | | |
| Retirement benefits..... | 167,690,557 | 224,727,608 | 44,227,059 |
| Other postemployment benefits..... | - | - | - |
| Refund of contributions..... | 4,386,131 | 2,253,448 | 2,541,159 |
| Death claims..... | 813,731 | 484,143 | 387,362 |
| Transfers to other pension trust funds..... | 901,054 | 233,245 | 982,827 |
| Transfers to non-state systems..... | - | - | - |
| Depreciation..... | 248,439 | 292,837 | 110,188 |
| Operating expenses..... | 2,103,712 | 2,422,415 | 1,192,401 |
| Total deductions..... | 176,143,624 | 230,413,696 | 49,440,996 |
| Change in net position..... | (148,577,284) | (83,380,563) | (80,054,859) |
| Net position restricted for employees' pension and postemployment benefits | | | |
| Restricted Net position, July 1..... | 2,425,222,408 | 2,422,793,508 | 926,034,330 |
| Restricted Net position, June 30..... | \$ 2,276,645,124 | \$ 2,339,412,945 | \$ 845,979,471 |

See Independent Auditors' Report.

| Defined Contribution Plans | | | Other Postemployment Benefit Funds | | | | | |
|---|--|--|--|--|--|--------------------|-------------------------|--|
| Vermont State Defined Contribution Fund | Single Deposit Investment Account Fund | Vermont Municipal Employees' Defined Contribution Fund | Vermont State Postemployment Benefits Trust Fund | Vermont Retired Teachers' Health and Medical Benefits Fund | Municipal Employees' Health Benefit Fund | Eliminations | Total | |
| \$ 1,909,740 | \$ - | \$ 461,566 | \$ - | \$ - | \$ - | \$ - | \$ 225,111,990 | |
| - | - | - | 35,170,057 | - | - | - | 35,170,057 | |
| - | - | - | - | - | - | - | 314,663,632 | |
| - | - | - | - | 54,202,861 | - | - | 54,202,861 | |
| 744,962 | - | 452,676 | - | - | - | - | 115,474,889 | |
| 111,339 | - | 26,239 | - | - | - | (2,117,126) | - | |
| 41,955 | - | - | - | - | - | - | 41,955 | |
| - | - | - | - | - | - | - | 10,581,196 | |
| <u>2,807,996</u> | <u>-</u> | <u>940,481</u> | <u>35,170,057</u> | <u>54,202,861</u> | <u>-</u> | <u>(2,117,126)</u> | <u>755,246,580</u> | |
| (13,775,560) | - | (5,457,933) | (17,918,713) | (1,295,626) | (1,513,543) | - | (594,915,587) | |
| 1,592,961 | 588,357 | 545,026 | 2,328,643 | 149,375 | 228,637 | - | 40,460,861 | |
| 269 | - | 308 | 21,518 | 87,062 | 5,082 | - | 6,405,184 | |
| 11,402 | - | 1,670 | - | 874,252 | - | - | 894,487 | |
| <u>(12,170,928)</u> | <u>588,357</u> | <u>(4,910,929)</u> | <u>(15,568,552)</u> | <u>(184,937)</u> | <u>(1,279,824)</u> | <u>-</u> | <u>(547,155,055)</u> | |
| - | 41,934 | - | 11,753 | 661 | - | - | 6,682,807 | |
| - | 41,934 | - | 11,753 | 661 | - | - | 6,682,807 | |
| <u>(12,170,928)</u> | <u>546,423</u> | <u>(4,910,929)</u> | <u>(15,580,305)</u> | <u>(185,598)</u> | <u>(1,279,824)</u> | <u>-</u> | <u>(553,837,862)</u> | |
| <u>(9,362,932)</u> | <u>546,423</u> | <u>(3,970,448)</u> | <u>19,589,752</u> | <u>54,017,263</u> | <u>(1,279,824)</u> | <u>(2,117,126)</u> | <u>201,408,718</u> | |
| 2,228,582 | 2,885,673 | 306,308 | - | - | - | - | 442,065,787 | |
| - | - | - | 35,055,680 | 28,140,745 | 682,819 | - | 63,879,244 | |
| - | - | - | - | - | - | - | 9,180,738 | |
| - | - | - | - | - | - | - | 1,685,236 | |
| - | - | - | - | - | - | (2,117,126) | - | |
| 6,533,268 | 389,844 | 2,004,228 | - | - | - | - | 8,927,340 | |
| - | - | - | - | - | - | - | 651,464 | |
| 145,393 | 205 | 135,271 | 1,842 | 2,160 | 15,099 | - | 6,018,498 | |
| <u>8,907,243</u> | <u>3,275,722</u> | <u>2,445,807</u> | <u>35,057,522</u> | <u>28,142,905</u> | <u>697,918</u> | <u>(2,117,126)</u> | <u>532,408,307</u> | |
| (18,270,175) | (2,729,299) | (6,416,255) | (15,467,770) | 25,874,358 | (1,977,742) | - | (330,999,589) | |
| <u>91,371,892</u> | <u>31,177,580</u> | <u>32,239,779</u> | <u>120,267,813</u> | <u>14,633,492</u> | <u>15,855,497</u> | <u>-</u> | <u>6,079,596,299</u> | |
| <u>\$ 73,101,717</u> | <u>\$ 28,448,281</u> | <u>\$ 25,823,524</u> | <u>\$ 104,800,043</u> | <u>\$ 40,507,850</u> | <u>\$ 13,877,755</u> | <u>\$ -</u> | <u>\$ 5,748,596,710</u> | |

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Vermont

Child Support Collections Fund – This fund collects child support receipts that are held until paid to the correct recipient.

Local Option Taxes Fund – This fund holds local option taxes collected on behalf of other governments.

Human Services Fund – This fund holds assets for the benefit of individuals, such as patients under the supervision of the Vermont State Hospital and Department of Disabilities, Aging and Independent Living, and inmate under the supervision of the Vermont Department of Corrections.

Judiciary Fund – This fund collects fines and fees on behalf of other governments, and holds escrowed amounts for tenant/landlord disputes until the resolution of the matter.

Other Deposits Fund – This fund collections various other deposits, such as the International Fuel Tax and the International Registration Plan fees that are collected on behalf of other jurisdictions, and unpaid wages recoveries collected on behalf of individuals.

STATE OF VERMONT
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

| | Child Support Collections Fund | Local Option Taxes Fund | Human Services Fund | Judiciary Fund | Other Deposits Fund | Total |
|--|-----------------------------------|----------------------------|------------------------|---------------------|------------------------|---------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents..... | \$ - | \$ 2,835,495 | \$ 1,771,900 | \$ 1,791,777 | \$ 11,292 | \$ 6,410,464 |
| Receivables: | | | | | | |
| Tax receivables, net..... | - | 2,934,110 | - | - | - | 2,934,110 |
| Other receivables, net..... | 350,590 | - | - | 2,010,066 | - | 2,360,656 |
| Due from other funds..... | 108,053 | - | - | - | - | 108,053 |
| Total receivables..... | 458,643 | 2,934,110 | - | 2,010,066 | - | 5,402,819 |
| Total assets..... | 458,643 | 5,769,605 | 1,771,900 | 3,801,843 | 11,292 | 11,813,283 |
| LIABILITIES | | | | | | |
| Intergovernmental payable - other governments..... | - | 5,769,605 | - | 2,366,576 | - | 8,136,181 |
| Payable to individuals..... | 79,041 | - | - | 3,146 | 300 | 82,487 |
| Other Payable..... | 5,617 | - | - | - | - | 5,617 |
| Interfund Payable..... | 373,985 | - | - | - | - | 373,985 |
| Total liabilities..... | 458,643 | 5,769,605 | - | 2,369,722 | 300 | 8,598,270 |
| NET POSITION RESTRICTED FOR INDIVIDUALS, ORGANIZATIONS AND OTHER GOVERNMENTS..... | \$ - | \$ - | \$ 1,771,900 | \$ 1,432,121 | \$ 10,992 | \$ 3,215,013 |

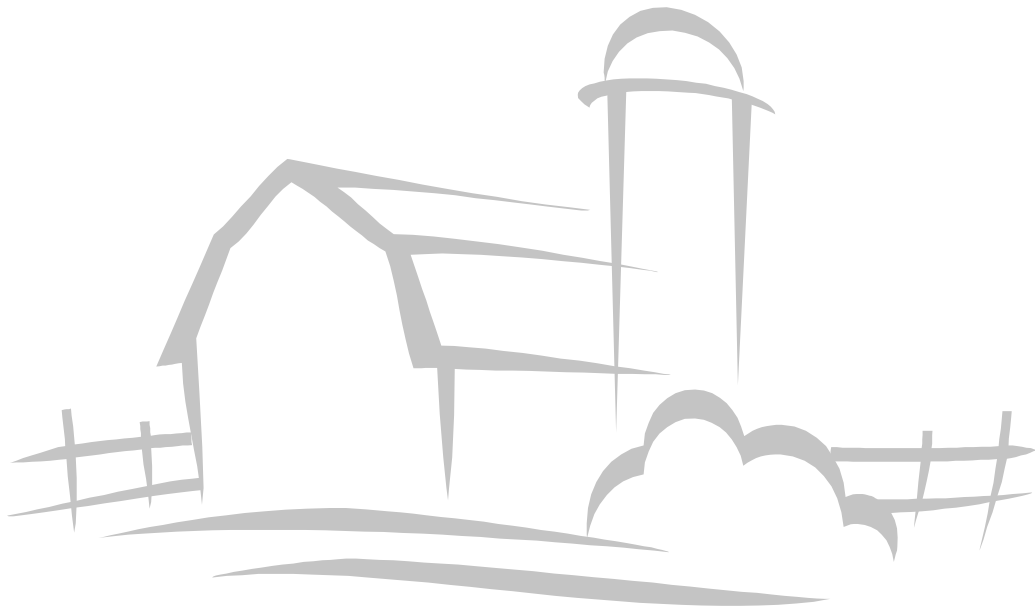
See Independent Auditors' Report.

STATE OF VERMONT
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Child Support Collections Fund | Local Option Taxes Fund | Human Services Fund | Judiciary Fund | Other Deposits Fund | Total |
|--|-----------------------------------|----------------------------|------------------------|---------------------|------------------------|---------------------|
| ADDITIONS | | | | | | |
| Collection of local option taxes for other governments..... \$ | - | \$ 27,129,062 | \$ - | \$ - | \$ - | \$ 27,129,062 |
| Collection of fines and fees for other governments..... | - | - | - | 4,604,017 | - | 4,604,017 |
| Collection of child support for individuals..... | 41,993,391 | - | - | - | - | 41,993,391 |
| Collection for the benefit of individuals..... | - | - | 6,972,230 | - | - | 6,972,230 |
| Other custodial fund collections..... | - | - | - | - | 14,400 | 14,400 |
| Interest income..... | - | - | 107 | - | - | 107 |
| Total additions..... | 41,993,391 | 27,129,062 | 6,972,337 | 4,604,017 | 14,400 | 80,713,207 |
| DEDUCTIONS | | | | | | |
| Payment of local option taxes to other governments..... | - | 27,129,062 | - | - | - | 27,129,062 |
| Payment of fines and fees to other governments..... | - | - | - | 4,341,202 | - | 4,341,202 |
| Payments of child support to individuals..... | 41,992,492 | - | - | - | - | 41,992,492 |
| Payments for the benefit of individuals..... | - | - | 7,374,119 | - | - | 7,374,119 |
| Other custodial fund payments..... | 899 | - | - | - | 3,408 | 4,307 |
| Total deductions..... | 41,993,391 | 27,129,062 | 7,374,119 | 4,341,202 | 3,408 | 80,841,182 |
| Change in net position..... | - | - | (401,782) | 262,815 | 10,992 | (127,975) |
| Net position restricted for individuals, organizations, and other governments | | | | | | |
| Restricted Net position, July 1..... | - | - | 2,173,682 | 1,169,306 | - | 3,342,988 |
| Restricted Net position, June 30..... | \$ - | \$ - | \$ 1,771,900 | \$ 1,432,121 | \$ 10,992 | \$ 3,215,013 |

See Independent Auditors' Report.

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Vermont

Vermont Economic Development Authority – This is a tax-exempt entity whose purpose is to promote economic prosperity within the State of Vermont by providing capital and direct financing to eligible borrowers.

Vermont Housing & Conservation Board – This is a not-for-profit entity whose mission is to create affordable housing for Vermonters and to conserve and protect agricultural, historic, natural, and recreational sites within Vermont.

Vermont Municipal Bond Bank – The Bond Bank's purpose is to create large bond issues on behalf of the States' municipalities and loan the proceeds back to the participating municipalities.

Vermont Educational and Health Buildings Financing Agency – This purpose of this agency is to provide tax-exempt financing to libraries, educational and healthcare providers to assist in the purchase and construction of real and personal property.

Vermont Veterans' Home – The Vet's home provides care to those that have given to their country and the State of Vermont.

STATE OF VERMONT
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
 June 30, 2022

| | Vermont Economic Development Authority 6/30/2022 | Vermont Housing & Conservation Board 6/30/2022 | Vermont Municipal Bond Bank 12/31/2021 | Vermont Educational and Health Buildings Financing Agency 12/31/2021 | Vermont Veterans' Home 6/30/2022 | Total Non-major Component Units |
|---|--|--|--|--|---|--|
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents..... | \$ 13,609,000 | \$ 18,373,726 | \$ 7,501,985 | \$ 100,002 | \$ 50 | \$ 39,584,763 |
| Cash and cash equivalents - restricted..... | 6,879,000 | - | - | - | - | 6,879,000 |
| Investments..... | - | - | 24,094,895 | 1,695,096 | - | 25,789,991 |
| Accounts receivable, net..... | - | - | 140,573 | - | 1,777,998 | 1,918,571 |
| Accrued interest receivable - loans..... | 826,000 | - | 1,699,244 | - | - | 2,525,244 |
| Loans and notes receivable - current portion..... | 30,749,000 | 571,785 | 49,722,188 | - | - | 81,042,973 |
| Other receivables..... | - | 57,916 | - | - | 8,603,471 | 8,661,387 |
| Lease receivable..... | 76,000 | - | - | - | - | 76,000 |
| Due from federal government..... | - | 1,158,645 | - | - | - | 1,158,645 |
| Due from primary government..... | - | 106,576,538 | - | - | - | 106,576,538 |
| Inventories, at cost..... | - | - | - | - | 457,199 | 457,199 |
| Other current assets..... | 960,000 | 37,149 | 5,000 | - | 6,325 | 1,008,474 |
| Total current assets..... | 53,099,000 | 126,775,759 | 83,163,885 | 1,795,098 | 10,845,043 | 275,678,785 |
| Noncurrent Assets | | | | | | |
| Cash and cash equivalents - restricted..... | - | - | 2,293,497 | - | 392,922 | 2,686,419 |
| Investments..... | 1,262,000 | - | - | - | - | 1,262,000 |
| Investments - restricted..... | 27,795,000 | - | 65,036,720 | - | 1,456,923 | 94,288,643 |
| Loans and notes receivable, net..... | 219,987,000 | 256,092,803 | 501,367,120 | - | - | 977,446,923 |
| Lease receivable..... | 1,267,000 | - | - | - | - | 1,267,000 |
| Other assets..... | - | 22,710,288 | - | - | - | 22,710,288 |
| Total noncurrent assets..... | 250,311,000 | 278,803,091 | 568,697,337 | - | 1,849,845 | 1,099,661,273 |
| Capital Assets | | | | | | |
| Land..... | 500,000 | - | - | - | 102,470 | 602,470 |
| Construction in progress..... | - | - | - | - | 599,130 | 599,130 |
| Capital assets being depreciated | | | | | | |
| Intangible right-to-use lease assets..... | 1,243,000 | - | 75,442 | - | - | 1,318,442 |
| Buildings and leasehold improvements..... | 6,374,000 | 225,146 | 46,273 | - | 30,296,306 | 36,941,725 |
| Equipment, furniture and fixtures..... | 1,688,000 | 327,685 | 54,350 | - | 5,204,511 | 7,274,546 |
| Less accumulated depreciation..... | (3,997,000) | (339,164) | (16,222) | - | (26,846,586) | (31,198,972) |
| Total capital assets, net of depreciation..... | 5,808,000 | 213,667 | 159,843 | - | 9,355,831 | 15,537,341 |
| Total assets..... | 309,218,000 | 405,792,517 | 652,021,065 | 1,795,098 | 22,050,719 | 1,390,877,399 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Loss on refunding of bonds payable..... | - | - | 15,109,268 | - | - | 15,109,268 |
| Pension related outflows..... | - | - | - | - | 5,965,422 | 5,965,422 |
| OPEB related outflows..... | - | - | - | - | 9,897,365 | 9,897,365 |
| Total deferred outflows of resources..... | - | - | 15,109,268 | - | 15,862,787 | 30,972,055 |

See Independent Auditors' Report.

| | Vermont Economic Development Authority 6/30/2022 | Vermont Housing & Conservation Board 6/30/2022 | Vermont Municipal Bond Bank 12/31/2021 | Vermont Educational and Health Buildings Financing Agency 12/31/2021 | Vermont Veterans' Home 6/30/2022 | Total Non-major Component Units |
|--|--|--|--|--|---|--|
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable and accrued liabilities..... | 1,269,000 | 300,821 | 89,231 | 11,074 | 2,038,543 | 3,708,669 |
| Accrued interest payable..... | 311,000 | - | - | - | - | 311,000 |
| Bond interest payable..... | - | - | 2,133,871 | - | - | 2,133,871 |
| Other current liabilities..... | 89,000,000 | - | - | - | - | 89,000,000 |
| Current portion of long-term liabilities..... | 61,412,000 | - | 45,391,228 | - | - | 106,803,228 |
| Due to primary government..... | - | 781,779 | - | - | 5,380,731 | 6,162,510 |
| Escrowed cash deposits..... | 968,000 | - | - | - | - | 968,000 |
| Total current liabilities..... | 152,960,000 | 1,082,600 | 47,614,330 | 11,074 | 7,419,274 | 209,087,278 |
| Noncurrent Liabilities | | | | | | |
| Bonds and notes payable..... | 76,336,000 | 230,210 | 579,330,565 | - | - | 655,896,775 |
| Lease liabilities..... | 1,192,000 | - | - | - | - | 1,192,000 |
| Accrued arbitrage rebate..... | - | - | 25,771 | - | - | 25,771 |
| Advances from primary government..... | 5,500,000 | - | - | - | - | 5,500,000 |
| Net pension liabilities..... | - | - | - | - | 13,251,411 | 13,251,411 |
| Net other postemployment benefits liabilities..... | - | - | - | - | 9,902,708 | 9,902,708 |
| Other noncurrent liabilities..... | - | - | - | - | 30,800 | 30,800 |
| Total noncurrent liabilities..... | 83,028,000 | 230,210 | 579,356,336 | - | 23,184,919 | 685,799,465 |
| Total liabilities..... | 235,988,000 | 1,312,810 | 626,970,666 | 11,074 | 30,604,193 | 894,886,743 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Lease related inflows..... | 1,261,000 | - | 24,522 | - | - | 1,285,522 |
| Pension related inflows..... | - | - | - | - | 4,636,112 | 4,636,112 |
| OPEB related inflows..... | - | - | - | - | 22,708,272 | 22,708,272 |
| Total deferred inflows of resources..... | 1,261,000 | - | 24,522 | - | 27,344,384 | 28,629,906 |
| NET POSITION | | | | | | |
| Net investment in capital assets..... | 4,565,000 | 213,667 | 159,843 | - | 9,355,831 | 14,294,341 |
| Restricted | | | | | | |
| Investment in limited partnerships..... | 6,183,000 | - | - | - | - | 6,183,000 |
| Collateral for commercial paper program..... | 21,672,000 | - | - | - | - | 21,672,000 |
| Project and program commitments..... | 1,201,000 | 125,121,374 | 13,508,892 | - | 1,819,045 | 141,650,311 |
| Loans receivable..... | - | 279,144,666 | - | - | - | 279,144,666 |
| Unrestricted (deficit)..... | 38,348,000 | - | 26,466,410 | 1,784,024 | (31,209,947) | 35,388,487 |
| Total net position..... | \$ 71,969,000 | \$ 404,479,707 | \$ 40,135,145 | \$ 1,784,024 | \$ (20,035,071) | \$ 498,332,805 |

**STATE OF VERMONT
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2022**

| | Vermont Economic Development Authority 06/30/2022 | Vermont Housing & Conservation Board 06/30/2022 | Vermont Municipal Bond Bank 12/31/2021 | Vermont Educational and Health Buildings Financing Agency 12/31/2021 | Vermont Veterans' Home 06/30/2022 | Total Non-major Component Units |
|---|---|---|--|--|--|--|
| Expenses | | | | | | |
| Salaries and benefits..... | \$ 5,527,000 | \$ 4,357,289 | \$ 337,999 | \$ - | \$ 15,313,872 | \$ 25,536,160 |
| Other expenses..... | 1,438,000 | 36,969,398 | 2,997,833 | 220,078 | 8,925,873 | 50,551,182 |
| Depreciation..... | 233,000 | 35,059 | 16,222 | - | 1,175,030 | 1,459,311 |
| Interest on debt..... | 3,830,000 | - | 23,386,962 | - | - | 27,216,962 |
| Total expenses..... | 11,028,000 | 41,361,746 | 26,739,016 | 220,078 | 25,414,775 | 104,763,615 |
| Program Revenues | | | | | | |
| Charges for services..... | 12,502,000 | 820,497 | 20,480,418 | 179,983 | 23,519,836 | 57,502,734 |
| Operating grants and contributions..... | 2,000 | 39,034,484 | - | - | 5,005,069 | 44,041,553 |
| Capital grants and contributions..... | - | 103,963,947 | - | - | 21,150 | 103,985,097 |
| Total program revenues..... | 12,504,000 | 143,818,928 | 20,480,418 | 179,983 | 28,546,055 | 205,529,384 |
| Net revenue (expense)..... | 1,476,000 | 102,457,182 | (6,258,598) | (40,095) | 3,131,280 | 100,765,769 |
| General revenues | | | | | | |
| Property transfer tax..... | - | 10,804,840 | - | - | - | 10,804,840 |
| Investment income/(loss)..... | 1,225,000 | 71,190 | 573,441 | 106,202 | (211,553) | 1,764,280 |
| Miscellaneous..... | 2,212,000 | 574,124 | 1,647,542 | - | 121,686 | 4,555,352 |
| Total general revenues..... | 3,437,000 | 11,450,154 | 2,220,983 | 106,202 | (89,867) | 17,124,472 |
| Changes in net position..... | 4,913,000 | 113,907,336 | (4,037,615) | 66,107 | 3,041,413 | 117,890,241 |
| Total net position, July 1, as restated..... | 67,056,000 | 290,572,371 | 44,172,760 | 1,717,917 | (23,076,484) | 380,442,564 |
| Total net position, June 30..... | \$ 71,969,000 | \$ 404,479,707 | \$ 40,135,145 | \$ 1,784,024 | \$ (20,035,071) | \$ 498,332,805 |

See Independent Auditor's Report.

STATISTICAL SECTION CONTENTS

JUNE 30, 2022

The Statistical Section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the State of Vermont's overall financial health. Below is a summary of the components and purpose of the tables provided in this section.

Financial Trends – Tables 1 through 4

These schedules contain trend information extracted from the State's financial statements, to help the reader understand how the State's financial performance and financial position have changed over time.

Revenue Capacity – Tables 5 through 7

These schedules contain information to help the reader assess the State's most significant revenue source – the personal income tax.

Debt Capacity – Tables 8 and 9

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt, the State's ability to issue additional debt in the future, and related historical trend data.

Demographic and Economic Information – Tables 10 and 11

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Indicators – Tables 12 through 15

These schedules contain service levels and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides to its citizens and visitors.

This information is unaudited.

STATE OF VERMONT
Statistical Section - Table 1
Financial Trends
Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Primary Government | | | | |
| Governmental Activities | | | | |
| Net investment in capital assets..... | \$ 2,945,703 | \$ 2,879,107 | \$ 2,750,188 | \$ 2,656,898 |
| Restricted..... | 619,996 | 562,524 | 528,815 | 540,574 |
| Unrestricted..... | <u>(3,259,546)</u> | <u>(3,764,434)</u> | <u>(3,990,147)</u> | <u>(3,796,022)</u> |
| Total governmental activities net position..... | <u>306,153</u> | <u>(322,802)</u> | <u>(711,144)</u> | <u>(598,550)</u> |
| Business-type Activities | | | | |
| Net investment in capital assets..... | 3,309 | 3,767 | 4,071 | 4,373 |
| Restricted..... | 276,215 | 260,408 | 390,672 | 525,180 |
| Unrestricted..... | <u>2,898</u> | <u>3,357</u> | <u>(2,772)</u> | <u>8,308</u> |
| Total business-type activities net position..... | <u>282,422</u> | <u>267,532</u> | <u>391,971</u> | <u>537,861</u> |
| Primary Government Totals | | | | |
| Net investment in capital assets..... | 2,949,012 | 2,882,874 | 2,754,259 | 2,661,271 |
| Restricted..... | 896,211 | 822,933 | 919,487 | 1,065,754 |
| Unrestricted..... | <u>(3,256,648)</u> | <u>(3,761,077)</u> | <u>(3,992,919)</u> | <u>(3,787,714)</u> |
| Total primary government net position..... | <u>\$ 588,575</u> | <u>\$ (55,270)</u> | <u>\$ (319,173)</u> | <u>\$ (60,689)</u> |
| Discretely Presented Component Units | | | | |
| Net investment in capital assets..... | \$ 250,421 | \$ 219,898 | \$ 213,682 | \$ 217,067 |
| Restricted..... | 1,484,804 | 1,396,850 | 1,216,191 | 1,177,718 |
| Unrestricted..... | <u>5,725</u> | <u>(32,806)</u> | <u>(208,360)</u> | <u>(232,988)</u> |
| Total discretely presented component units net position..... | <u>\$ 1,740,950</u> | <u>\$ 1,583,942</u> | <u>\$ 1,221,513</u> | <u>\$ 1,161,798</u> |

See Independent Auditors' Report

Totals may not add due to rounding.

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,591,000 | \$ 2,543,114 | \$ 2,428,107 | \$ 2,184,684 | \$ 2,010,724 | \$ 1,781,928 |
| 582,021 | 601,214 | 639,446 | 609,149 | 579,356 | 605,531 |
| <u>(3,831,618)</u> | <u>(2,263,168)</u> | <u>(2,137,808)</u> | <u>(2,050,617)</u> | <u>(856,544)</u> | <u>(758,397)</u> |
| <u>(658,597)</u> | <u>881,160</u> | <u>929,744</u> | <u>743,216</u> | <u>1,733,536</u> | <u>1,629,062</u> |
| 2,414 | 897 | 859 | 2,166 | 985 | 682 |
| 459,553 | 384,431 | 302,400 | 221,946 | 149,345 | 86,006 |
| <u>(1,476)</u> | <u>6,704</u> | <u>5,473</u> | <u>3,586</u> | <u>7,086</u> | <u>6,811</u> |
| <u>460,491</u> | <u>392,032</u> | <u>308,733</u> | <u>227,698</u> | <u>157,416</u> | <u>93,499</u> |
| 2,593,414 | 2,544,011 | 2,428,966 | 2,186,850 | 2,011,709 | 1,782,610 |
| 1,041,574 | 985,646 | 941,846 | 831,095 | 728,701 | 691,537 |
| <u>(3,833,094)</u> | <u>(2,256,464)</u> | <u>(2,132,335)</u> | <u>(2,047,031)</u> | <u>(849,458)</u> | <u>(751,586)</u> |
| <u>\$ (198,106)</u> | <u>\$ 1,273,193</u> | <u>\$ 1,238,477</u> | <u>\$ 970,914</u> | <u>\$ 1,890,952</u> | <u>\$ 1,722,561</u> |
| \$ 199,287 | \$ 181,407 | \$ 165,955 | \$ 169,077 | \$ 163,417 | \$ 172,470 |
| 1,144,636 | 904,126 | 850,224 | 831,553 | 811,175 | 751,082 |
| <u>(249,843)</u> | <u>97,022</u> | <u>119,606</u> | <u>125,125</u> | <u>167,184</u> | <u>180,383</u> |
| <u>\$ 1,094,080</u> | <u>\$ 1,182,555</u> | <u>\$ 1,135,784</u> | <u>\$ 1,125,755</u> | <u>\$ 1,141,776</u> | <u>\$ 1,103,935</u> |

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|---------------------|--------------------|
| Governmental activities | | | | |
| Expenses | | | | |
| General government..... | \$ 393,180 | \$ 454,773 | \$ 301,977 | \$ 159,738 |
| Protection to persons and property..... | 632,820 | 512,381 | 376,983 | 326,012 |
| Human services..... | 3,117,729 | 3,053,817 | 2,690,565 | 2,538,921 |
| Labor..... | 42,286 | 132,791 | 46,573 | 31,132 |
| General education..... | 2,500,261 | 2,608,373 | 2,267,430 | 2,157,187 |
| Natural resources..... | 149,483 | 150,275 | 149,166 | 143,796 |
| Commerce and community development..... | 213,349 | 269,888 | 36,434 | 41,801 |
| Transportation..... | 490,367 | 478,846 | 467,781 | 460,589 |
| Interest on long-term debt..... | 14,450 | 17,563 | 18,346 | 17,824 |
| Total expenses..... | <u>7,553,925</u> | <u>7,678,707</u> | <u>6,355,255</u> | <u>5,877,001</u> |
| Program revenues | | | | |
| Charges for services | | | | |
| General government..... | 74,144 | 62,015 | 188,169 | 54,050 |
| Protection to persons and property..... | 171,411 | 169,160 | 150,341 | 162,506 |
| Human services..... | 87,607 | 36,298 | 24,991 | 19,806 |
| Natural resources..... | 48,723 | 49,322 | 49,328 | 58,557 |
| Transportation..... | 128,424 | 125,125 | 122,269 | 130,464 |
| Other..... | 5,217 | 6,580 | 11,259 | 9,191 |
| Operating grants and contributions..... | 3,166,074 | 3,435,925 | 2,116,202 | 1,860,725 |
| Capital grants and contributions..... | 193,309 | 200,230 | 184,337 | 175,159 |
| Total program revenues..... | <u>3,874,909</u> | <u>4,084,655</u> | <u>2,846,896</u> | <u>2,470,458</u> |
| Total governmental activities net program expense..... | <u>(3,679,016)</u> | <u>(3,594,052)</u> | <u>(3,508,359)</u> | <u>(3,406,543)</u> |
| General revenues and other changes in net position | | | | |
| Taxes | | | | |
| Personal and corporate income..... | 1,500,228 | 1,335,228 | 954,940 | 1,045,392 |
| Sales and use..... | 550,261 | 509,693 | 439,103 | 416,817 |
| Meals and rooms..... | 218,662 | 146,144 | 158,422 | 184,570 |
| Purchase and use..... | 137,302 | 133,902 | 105,055 | 111,812 |
| Motor fuel..... | 74,080 | 69,309 | 66,364 | 79,791 |
| Statewide property..... | 1,228,803 | 1,197,455 | 1,144,068 | 1,105,532 |
| Other taxes..... | 511,914 | 507,812 | 446,409 | 462,141 |
| Unrestricted investment earnings..... | 2,274 | 1,094 | 5,231 | 6,272 |
| Tobacco litigation settlement..... | 26,178 | 25,510 | 23,994 | 23,651 |
| Miscellaneous..... | 1,484 | 834 | 528 | 423 |
| Transfers..... | 54,832 | 55,414 | 51,652 | 31,735 |
| Total general revenues and other changes in net position..... | <u>4,306,018</u> | <u>3,982,394</u> | <u>3,395,766</u> | <u>3,468,136</u> |
| Total governmental activities change in net position..... | <u>\$ 627,002</u> | <u>\$ 388,342</u> | <u>\$ (112,593)</u> | <u>\$ 61,593</u> |

See Independent Auditors' Report

Totals may not add due to rounding.

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 158,631 | \$ 137,924 | \$ 86,493 | \$ 132,709 | \$ 139,920 | \$ 176,506 |
| 407,264 | 385,012 | 340,173 | 347,503 | 344,315 | 348,122 |
| 2,471,653 | 2,509,094 | 2,411,445 | 2,445,968 | 2,271,233 | 2,210,850 |
| 29,758 | 31,835 | 30,562 | 31,115 | 30,580 | 34,795 |
| 2,092,459 | 1,995,530 | 1,941,060 | 1,881,413 | 1,803,049 | 1,735,794 |
| 135,030 | 112,199 | 109,593 | 104,427 | 105,590 | 94,616 |
| 43,388 | 48,320 | 53,533 | 38,024 | 44,004 | 33,763 |
| 461,988 | 432,898 | 430,221 | 433,567 | 425,563 | 479,411 |
| 18,998 | 17,138 | 18,389 | 17,122 | 11,259 | 20,948 |
| <u>5,819,169</u> | <u>5,669,950</u> | <u>5,421,469</u> | <u>5,431,848</u> | <u>5,175,513</u> | <u>5,134,805</u> |
| 42,049 | 32,170 | 34,407 | 36,797 | 33,744 | 31,204 |
| 212,561 | 215,255 | 168,908 | 168,306 | 165,869 | 163,635 |
| 23,797 | 29,092 | 27,871 | 26,917 | 31,886 | 64,336 |
| 53,058 | 39,052 | 37,792 | 33,502 | 32,139 | 30,662 |
| 127,163 | 127,361 | 119,230 | 122,617 | 120,607 | 123,249 |
| 20,813 | 30,829 | 27,544 | 25,692 | 23,495 | 19,180 |
| 1,823,611 | 1,838,474 | 1,861,803 | 1,895,061 | 1,775,500 | 1,739,160 |
| <u>202,544</u> | <u>178,778</u> | <u>183,726</u> | <u>214,747</u> | <u>190,092</u> | <u>152,851</u> |
| <u>2,505,596</u> | <u>2,491,011</u> | <u>2,461,281</u> | <u>2,523,639</u> | <u>2,373,332</u> | <u>2,324,277</u> |
| <u>(3,313,573)</u> | <u>(3,178,939)</u> | <u>(2,960,188)</u> | <u>(2,908,209)</u> | <u>(2,802,181)</u> | <u>(2,810,528)</u> |
| 947,631 | 830,797 | 871,212 | 846,960 | 743,818 | 760,334 |
| 397,119 | 376,362 | 370,374 | 366,748 | 355,569 | 348,137 |
| 175,746 | 169,127 | 158,298 | 152,274 | 143,473 | 136,623 |
| 109,434 | 103,235 | 100,166 | 97,192 | 91,922 | 83,618 |
| 80,889 | 38,204 | 38,161 | 34,607 | 58,051 | 61,375 |
| 1,059,024 | 1,049,359 | 1,050,701 | 1,022,319 | 974,466 | 932,973 |
| 469,207 | 498,162 | 482,201 | 478,850 | 475,368 | 411,663 |
| 4,775 | 2,116 | 990 | 419 | 1,229 | 1,240 |
| 58,946 | 34,633 | 34,993 | 33,566 | 37,278 | 34,514 |
| 1,007 | 863 | 951 | 1,126 | 1,159 | 4,700 |
| <u>25,468</u> | <u>27,497</u> | <u>28,510</u> | <u>24,629</u> | <u>24,322</u> | <u>23,953</u> |
| <u>3,329,246</u> | <u>3,130,355</u> | <u>3,136,557</u> | <u>3,058,690</u> | <u>2,906,655</u> | <u>2,799,130</u> |
| <u>\$ 15,673</u> | <u>\$ (48,584)</u> | <u>\$ 176,369</u> | <u>\$ 150,481</u> | <u>\$ 104,474</u> | <u>\$ (11,398)</u> |

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

| | <u>2022¹</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------------------|---------------------|---------------------|-------------------|
| Business-type activities | | | | |
| Expenses | | | | |
| State Lottery..... | \$ 120,392 | \$ 129,685 | \$ 109,967 | \$ 110,221 |
| Liquor Control..... | 80,771 | 76,306 | 71,572 | 66,678 |
| Unemployment Compensation..... | 151,968 | 852,808 | 801,125 | 65,658 |
| Electric power sales and efficiency..... | 64,961 | - | - | - |
| Federal surplus property..... | 288 | - | - | - |
| Other..... | - | 62,051 | 82,830 | 60,111 |
| Total expenses..... | <u>418,380</u> | <u>1,120,849</u> | <u>1,065,494</u> | <u>302,668</u> |
| Program revenues | | | | |
| Charges for services | | | | |
| State Lottery..... | 151,471 | 161,540 | 137,388 | 139,274 |
| Liquor Control..... | 102,789 | 96,667 | 91,118 | 67,591 |
| Unemployment Compensation..... | 62,421 | 63,408 | 120,164 | 108,978 |
| Electric power sales and efficiency..... | 72,035 | - | - | - |
| Federal surplus property..... | 284 | - | - | - |
| Other..... | - | 69,463 | 75,383 | 80,612 |
| Operating grants and contributions..... | 95,218 | 655,021 | 535,115 | 2,549 |
| Total program revenues..... | <u>484,218</u> | <u>1,046,100</u> | <u>959,168</u> | <u>399,004</u> |
| Total business-type activities net program expense..... | <u>65,838</u> | <u>(74,750)</u> | <u>(106,326)</u> | <u>96,336</u> |
| General revenues and other changes in net position | | | | |
| Unrestricted investment earnings..... | 3,865 | 5,722 | 12,076 | 11,188 |
| Miscellaneous..... | 19 | 3 | 11 | 36 |
| Transfers..... | (54,832) | (55,414) | (51,652) | (31,735) |
| Total general revenues and other changes in net position..... | <u>(50,948)</u> | <u>(49,689)</u> | <u>(39,565)</u> | <u>(20,511)</u> |
| Total business-type activities change in net position..... | <u>\$ 14,890</u> | <u>\$ (124,439)</u> | <u>\$ (145,891)</u> | <u>\$ 75,825</u> |
| Total primary government change in net position..... | <u>\$ 641,892</u> | <u>\$ 263,903</u> | <u>\$ (258,484)</u> | <u>\$ 137,418</u> |
| Component units | | | | |
| Expenses | | | | |
| Vermont Student Assistance Corporation..... | \$ 61,859 | \$ 63,884 | \$ 69,516 | \$ 74,670 |
| University of Vermont and State Agricultural College..... | 745,702 | 721,874 | 743,797 | 732,124 |
| Vermont State Colleges..... | 209,999 | 193,332 | 187,587 | 191,090 |
| Vermont Housing Finance Agency..... | 33,487 | 26,735 | 25,519 | 25,482 |
| Other..... | 104,764 | 119,307 | 87,430 | 92,361 |
| Total expenses..... | <u>1,155,811</u> | <u>1,125,132</u> | <u>1,113,849</u> | <u>1,115,727</u> |
| Program revenues | | | | |
| Charges for services | | | | |
| Vermont Student Assistance Corporation..... | 28,802 | 34,988 | 41,478 | 45,473 |
| University of Vermont and State Agricultural College..... | 468,353 | 432,041 | 459,857 | 466,580 |
| Vermont State Colleges..... | 99,381 | 94,290 | 105,770 | 114,124 |
| Vermont Housing Finance Agency..... | 3,332 | 21,788 | 26,016 | 24,874 |
| Other..... | 57,502 | 53,115 | 59,446 | 57,817 |
| Operating grants and contributions..... | 587,065 | 621,091 | 426,897 | 399,130 |
| Capital grants and contributions..... | 109,065 | 9,870 | 9,023 | 10,484 |
| Total program revenues..... | <u>1,353,500</u> | <u>1,267,183</u> | <u>1,128,487</u> | <u>1,118,482</u> |
| Total component units net program expense..... | <u>197,689</u> | <u>142,051</u> | <u>14,638</u> | <u>2,755</u> |
| General revenues and other changes in net position | | | | |
| Taxes..... | 10,805 | 10,581 | 10,805 | 9,805 |
| Unrestricted investment earnings/(loss)..... | (58,953) | 206,287 | 31,546 | 53,254 |
| Other..... | 7,933 | 3,510 | 3,312 | 1,980 |
| Total general revenues and other changes in net position..... | <u>(40,215)</u> | <u>220,378</u> | <u>45,663</u> | <u>65,039</u> |
| Total component units changes in net position..... | <u>\$ 157,474</u> | <u>\$ 362,430</u> | <u>\$ 60,301</u> | <u>\$ 67,794</u> |

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¹In fiscal year 2022 changed the reporting of business-type activities

Totals may not add due to rounding.

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|----|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 105,505 | \$ 96,897 | \$ 97,688 | \$ 88,832 | \$ 79,875 | \$ 79,210 |
| | 64,229 | 60,715 | 59,527 | 57,176 | 55,218 | 52,151 |
| | 64,096 | 68,817 | 69,417 | 77,245 | 87,783 | 109,211 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 4,465 | 4,779 | 7,447 | 7,080 | 7,202 | 6,218 |
| | <u>238,295</u> | <u>231,208</u> | <u>234,079</u> | <u>230,333</u> | <u>230,078</u> | <u>246,790</u> |
| | 132,425 | 122,375 | 124,264 | 111,759 | 102,312 | 102,089 |
| | 65,843 | 63,210 | 60,732 | 59,504 | 57,343 | 54,781 |
| | 129,954 | 143,119 | 143,599 | 145,660 | 143,987 | 148,866 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 5,557 | 5,534 | 8,670 | 6,627 | 6,666 | 6,065 |
| | 499 | 787 | 1,071 | 1,459 | 5,928 | 19,705 |
| | <u>334,278</u> | <u>335,025</u> | <u>338,336</u> | <u>325,009</u> | <u>316,236</u> | <u>331,506</u> |
| | 95,983 | 103,817 | 104,257 | 94,676 | 86,158 | 84,716 |
| | 8,810 | 6,917 | 5,282 | 3,687 | 2,079 | 514 |
| | 26 | 62 | 8 | 11 | - | 18 |
| | <u>(25,468)</u> | <u>(27,496)</u> | <u>(28,510)</u> | <u>(24,629)</u> | <u>(24,321)</u> | <u>(23,953)</u> |
| | <u>(16,632)</u> | <u>(20,517)</u> | <u>(23,220)</u> | <u>(20,931)</u> | <u>(22,242)</u> | <u>(23,421)</u> |
| \$ | <u>79,351</u> | <u>83,300</u> | <u>81,037</u> | <u>73,745</u> | <u>63,916</u> | <u>61,295</u> |
| \$ | <u>95,024</u> | <u>34,716</u> | <u>257,406</u> | <u>224,226</u> | <u>168,390</u> | <u>49,897</u> |
| \$ | 72,073 | \$ 68,649 | \$ 78,835 | \$ 84,801 | \$ 85,695 | \$ 105,927 |
| | 720,596 | 655,120 | 680,844 | 658,746 | 652,107 | 642,630 |
| | 190,651 | 189,633 | 191,999 | 195,711 | 201,204 | 200,920 |
| | 23,176 | 19,486 | 22,136 | 24,312 | 27,165 | 38,291 |
| | 85,278 | 81,319 | 72,785 | 77,517 | 93,898 | 90,217 |
| | <u>1,091,774</u> | <u>1,014,207</u> | <u>1,046,599</u> | <u>1,041,087</u> | <u>1,060,069</u> | <u>1,077,985</u> |
| | 45,704 | 44,989 | 49,297 | 49,627 | 55,462 | 58,349 |
| | 445,643 | 440,391 | 415,663 | 393,763 | 374,032 | 368,358 |
| | 115,036 | 119,893 | 119,453 | 118,629 | 119,477 | 119,811 |
| | 17,289 | 1,178 | 987 | 840 | 1,032 | 792 |
| | 57,395 | 49,362 | 47,890 | 47,734 | 51,271 | 45,531 |
| | 441,473 | 350,774 | 352,401 | 370,035 | 384,000 | 385,610 |
| | 10,145 | 9,483 | 10,404 | 3,058 | 3,386 | 18,609 |
| | <u>1,132,685</u> | <u>1,016,070</u> | <u>996,095</u> | <u>983,686</u> | <u>988,660</u> | <u>997,060</u> |
| | 40,911 | 1,863 | (50,504) | (57,401) | (71,409) | (80,925) |
| | 9,805 | 11,305 | 9,555 | 14,955 | 14,014 | 13,689 |
| | 52,015 | 23,218 | 32,429 | 36,998 | 98,110 | 86,835 |
| | 670 | 8,854 | 12,488 | 2,526 | 3,373 | 20,535 |
| | <u>62,490</u> | <u>43,377</u> | <u>54,472</u> | <u>54,479</u> | <u>115,497</u> | <u>121,059</u> |
| \$ | <u>103,401</u> | <u>45,240</u> | <u>3,968</u> | <u>(2,922)</u> | <u>44,088</u> | <u>40,134</u> |

STATE OF VERMONT
Statistical Section - Table 3
Financial Trends
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|--------------------------|--------------------------|
| General Fund (GASB 54) | | | | |
| Nonspendable..... | \$ 39,838 | \$ 50,005 | \$ 56,608 | \$ 60,718 |
| Assigned..... | 36,998 | 15,577 | 12,403 | 9,303 |
| Unassigned..... | <u>770,136</u> | <u>587,002</u> | <u>195,458</u> | <u>142,762</u> |
| Total General Fund..... | <u>\$ 846,972</u> | <u>\$ 652,584</u> | <u>\$ 264,469</u> | <u>\$ 212,783</u> |
| All Other Governmental Funds (GASB 54) | | | | |
| Nonspendable..... | \$ 7,417 | \$ 7,416 | \$ 7,416 | \$ 7,417 |
| Restricted..... | 564,984 | 609,272 | 532,767 | 530,776 |
| Committed..... | 612,641 | 408,597 | 287,949 | 330,262 |
| Assigned..... | - | 656 | 2,613 | 3,046 |
| Unassigned..... | <u>(80,125)</u> | <u>-</u> | <u>-</u> | <u>(27,782)</u> |
| Total All Other Governmental Funds..... | <u>\$ 1,104,917</u> | <u>\$ 1,025,941</u> | <u>\$ 830,745</u> | <u>\$ 843,719</u> |

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| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 73,163 | \$ 121,751 | \$ 114,561 | \$ 106,283 | \$ 92,613 | \$ 1,739 |
| 6,830 | 687 | 5,863 | 5,797 | 6,456 | 5,274 |
| <u>90,394</u> | <u>-</u> | <u>18,868</u> | <u>20,960</u> | <u>26,062</u> | <u>152,171</u> |
| <u>\$ 170,387</u> | <u>\$ 122,438</u> | <u>\$ 139,292</u> | <u>\$ 133,040</u> | <u>\$ 125,131</u> | <u>\$ 159,184</u> |
| | | | | | |
| \$ 7,416 | \$ 7,416 | \$ 7,416 | \$ 7,416 | \$ 7,416 | \$ 7,416 |
| 574,843 | 592,310 | 626,236 | 605,045 | 569,971 | 579,996 |
| 317,628 | 213,649 | 227,137 | 210,094 | 210,014 | 194,159 |
| 1,510 | - | 5,739 | - | - | - |
| <u>-</u> | <u>(8,852)</u> | <u>-</u> | <u>(22,130)</u> | <u>(4,826)</u> | <u>(6,458)</u> |
| <u>\$ 901,397</u> | <u>\$ 804,523</u> | <u>\$ 866,528</u> | <u>\$ 800,425</u> | <u>\$ 782,575</u> | <u>\$ 775,113</u> |

STATE OF VERMONT
Statistical Section - Table 4
Financial Trends
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
(expressed in thousands)

| | 2022 | 2021 | 2020 | 2019 |
|--|-------------------|-------------------|------------------|--------------------|
| Revenues | | | | |
| Taxes..... | 4,221,308 | \$ 3,842,366 | \$ 3,353,706 | \$ 3,382,074 |
| Fees..... | 180,601 | 173,625 | 150,451 | 162,247 |
| Sales of services, rents and leases..... | 22,483 | 21,260 | 18,260 | 20,243 |
| Federal grants..... | 3,343,133 | 3,604,985 | 2,273,261 | 2,006,409 |
| Fines, forfeits and penalties..... | 11,217 | 10,477 | 22,222 | 21,523 |
| Investment income/(loss)..... | (1,956) | 8,767 | 12,564 | 15,034 |
| Licenses..... | 141,135 | 141,567 | 132,805 | 132,480 |
| Special assessments..... | 37,474 | 31,501 | 28,887 | 27,801 |
| Other revenues..... | 110,076 | 108,172 | 99,610 | 100,701 |
| Total revenues..... | 8,065,471 | 7,942,720 | 6,091,766 | 5,868,514 |
| Expenditures | | | | |
| General government..... | 417,868 | 426,554 | 116,546 | 135,736 |
| Protection to persons and property..... | 604,256 | 495,725 | 360,311 | 314,506 |
| Human services..... | 3,060,424 | 3,003,129 | 2,645,660 | 2,495,910 |
| Labor..... | 41,130 | 123,029 | 46,285 | 32,913 |
| General education..... | 2,581,146 | 2,350,924 | 2,152,797 | 2,071,627 |
| Natural resources..... | 145,209 | 144,304 | 140,545 | 131,653 |
| Commerce and community development..... | 206,951 | 261,066 | 31,927 | 33,934 |
| Transportation..... | 619,430 | 584,587 | 565,414 | 534,342 |
| Capital outlay..... | 53,022 | 44,440 | 58,938 | 83,947 |
| Debt service | | | | |
| Interest..... | 23,473 | 24,821 | 24,361 | 24,702 |
| Principal..... | 72,649 | 55,825 | 56,135 | 53,395 |
| Total expenditures..... | 7,825,558 | 7,514,404 | 6,198,919 | 5,912,667 |
| Excess of revenues over (under) expenditures..... | 239,913 | 428,316 | (107,153) | (44,153) |
| Other financing sources (uses) | | | | |
| Issuance of bonds..... | - | 82,185 | 88,255 | - |
| Issuance of refunding bonds..... | - | 71,140 | 39,525 | - |
| Premium from the issuance of bonds..... | - | 29,776 | 16,914 | - |
| Payment to bond escrow agent..... | - | (82,515) | (44,375) | - |
| Leases issued..... | 646 | - | - | - |
| Transfers in..... | 818,441 | 814,557 | 857,547 | 993,924 |
| Transfers out..... | (785,637) | (760,148) | (811,999) | (963,507) |
| Total other financing sources (uses)..... | 33,450 | 154,995 | 145,867 | 30,416 |
| Net change in fund balances..... | \$ 273,363 | \$ 583,311 | \$ 38,714 | \$ (13,737) |

Debt service as a percentage of noncapital expenditures..... 1.31% 1.16% 1.42% 1.39%

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Totals may not add due to rounding.

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| \$ 3,232,052 | \$ 3,074,928 | \$ 3,066,310 | \$ 2,985,073 | \$ 2,867,311 | \$ 2,734,774 |
| 142,462 | 156,007 | 107,629 | 124,482 | 105,764 | 131,497 |
| 22,631 | 17,367 | 17,972 | 15,060 | 23,031 | 25,011 |
| 1,996,808 | 1,991,665 | 2,021,636 | 2,087,160 | 1,938,208 | 1,865,540 |
| 15,003 | 13,627 | 18,299 | 15,689 | 27,777 | 31,393 |
| 9,151 | 6,097 | 2,705 | 1,794 | 5,575 | 3,794 |
| 131,693 | 130,704 | 119,918 | 113,039 | 112,692 | 110,313 |
| 89,511 | 89,333 | 81,789 | 70,240 | 68,323 | 55,486 |
| 151,135 | 109,931 | 117,929 | 120,234 | 128,168 | 131,060 |
| <u>5,790,446</u> | <u>5,589,659</u> | <u>5,554,187</u> | <u>5,532,771</u> | <u>5,276,849</u> | <u>5,088,868</u> |
| 105,995 | 107,375 | 112,244 | 126,158 | 126,159 | 139,725 |
| 385,757 | 373,552 | 334,029 | 343,144 | 324,341 | 321,811 |
| 2,419,697 | 2,467,049 | 2,424,808 | 2,442,992 | 2,325,405 | 2,211,947 |
| 29,922 | 32,856 | 29,559 | 30,199 | 28,986 | 34,000 |
| 1,986,177 | 1,915,800 | 1,865,637 | 1,817,577 | 1,756,437 | 1,678,815 |
| 116,252 | 103,885 | 102,494 | 97,660 | 92,146 | 87,579 |
| 35,740 | 40,441 | 47,362 | 35,116 | 37,555 | 30,936 |
| 568,456 | 538,693 | 539,590 | 558,226 | 520,760 | 507,219 |
| 66,771 | 38,817 | 85,121 | 89,885 | 119,775 | 73,416 |
| 24,226 | 25,463 | 23,278 | 21,244 | 22,936 | 19,842 |
| 48,934 | 51,529 | 50,005 | 49,710 | 53,865 | 52,120 |
| <u>5,787,927</u> | <u>5,695,460</u> | <u>5,614,127</u> | <u>5,611,911</u> | <u>5,408,365</u> | <u>5,157,410</u> |
| <u>2,519</u> | <u>(105,801)</u> | <u>(59,940)</u> | <u>(79,140)</u> | <u>(131,516)</u> | <u>(68,542)</u> |
| 106,095 | - | 89,860 | 73,555 | 78,975 | 104,005 |
| - | - | 25,720 | 36,205 | 18,935 | - |
| 10,937 | - | 12,126 | 15,536 | 5,500 | 9,923 |
| - | - | (28,292) | (39,935) | (20,046) | - |
| - | - | - | - | - | - |
| 1,122,291 | 1,170,319 | 1,097,972 | 1,078,509 | 1,036,177 | 985,963 |
| <u>(1,097,019)</u> | <u>(1,143,377)</u> | <u>(1,068,990)</u> | <u>(1,059,147)</u> | <u>(1,014,615)</u> | <u>(963,675)</u> |
| <u>142,304</u> | <u>26,942</u> | <u>128,396</u> | <u>104,723</u> | <u>104,926</u> | <u>136,216</u> |
| <u>\$ 144,823</u> | <u>\$ (78,859)</u> | <u>\$ 68,456</u> | <u>\$ 25,583</u> | <u>\$ (26,590)</u> | <u>\$ 67,674</u> |
| 1.34% | 1.42% | 1.40% | 1.36% | 1.54% | 1.46% |

Statistical Section - Table 5
Revenue Capacity
Personal Income and Earnings by Major Industry
Last Ten Calendar Years
(expressed in thousands)

| | 2022 ⁽¹⁾ | 2021 | 2020 | 2019 |
|--|---------------------|---------------|---------------|---------------|
| Total personal income..... | \$ 40,487,377 | \$ 38,542,936 | \$ 36,894,247 | \$ 34,569,620 |
| <i>Earnings</i> | 26,433,455 | 24,474,566 | 22,876,998 | 22,877,826 |
| Farm earnings..... | 302,733 | 158,422 | 289,189 | 241,656 |
| Non-farm earnings..... | 26,130,722 | 24,316,144 | 22,587,809 | 22,636,170 |
| <i>Private earnings</i> | 21,784,631 | 20,087,734 | 18,360,554 | 18,477,134 |
| Forestry, fishing and related activities..... | 80,726 | 93,655 | 86,268 | 86,197 |
| Mining..... | 60,949 | 66,533 | 58,318 | 61,544 |
| Utilities..... | 257,961 | 262,687 | 261,610 | 240,636 |
| Construction..... | 1,897,010 | 1,880,349 | 1,627,406 | 1,622,347 |
| <i>Manufacturing</i> | 2,476,193 | 2,476,193 | 2,293,780 | 2,342,564 |
| Durable goods..... | 1,658,394 | 1,520,156 | 1,473,043 | 1,561,527 |
| Nondurable goods..... | 817,799 | 893,072 | 820,737 | 781,037 |
| Wholesale trade..... | 904,926 | 819,565 | 783,291 | 756,256 |
| Retail trade..... | 1,807,342 | 1,817,945 | 1,669,490 | 1,624,873 |
| Transportation and warehousing..... | 485,772 | 515,260 | 476,305 | 483,180 |
| Information..... | 480,545 | 399,424 | 376,061 | 378,595 |
| Finance and insurance..... | 1,213,544 | 1,099,595 | 1,051,601 | 1,007,608 |
| Real estate, rental and leasing..... | 517,397 | 404,180 | 381,894 | 363,805 |
| Professional and technical services..... | 2,736,246 | 2,301,915 | 2,052,623 | 1,916,444 |
| Management of companies and enterprises..... | 319,674 | 297,259 | 268,199 | 270,703 |
| Administrative and waste services..... | 1,153,414 | 927,510 | 778,599 | 786,697 |
| Education services..... | 775,192 | 759,455 | 766,405 | 795,916 |
| Healthcare and social assistance..... | 3,929,872 | 3,800,175 | 3,533,516 | 3,395,815 |
| Arts, entertainment and recreation..... | 328,917 | 192,034 | 160,244 | 252,319 |
| Accommodations and food services..... | 1,426,837 | 1,134,784 | 889,554 | 1,211,788 |
| Other services, except public administration..... | 932,114 | 902,181 | 845,390 | 879,847 |
| <i>Government and government enterprises</i> | 4,346,091 | 4,228,410 | 4,227,255 | 4,159,036 |
| Federal, civilian..... | 849,047 | 819,919 | 832,659 | 816,512 |
| Military..... | 240,150 | 197,952 | 155,989 | 159,751 |
| <i>State and local</i> | 3,256,894 | 3,210,539 | 3,238,607 | 3,182,773 |
| State..... | (NA) | (NA) | 1,395,639 | 1,346,961 |
| Local..... | (NA) | (NA) | 1,842,968 | 1,835,812 |
| Other personal income ⁽²⁾ | 14,053,922 | 14,068,370 | 14,017,249 | 11,691,794 |
| Average effective tax rate ⁽³⁾ | (NA) | 2.99% | 2.46% | 2.26% |

(1) Data for 2022 are projected annual estimates based on information through 2022 second quarter.

The estimates for 2012 - 2016 are based on the 2012 NAICS. The estimates for 2017 forward are based on the 2017 NAICS.

(2) Includes non-earned income, such as interest and dividends, rental income, and government transfers to individuals.

(3) Total direct tax rate is not available. Average effective tax rate equals personal income tax collections (see Statistical Section Table 6) divided by total personal income. Source of collections data: Vermont Department of Taxes

Some data previously reported for prior years has been modified to reflect updated estimates

Source: U.S. Department of Commerce, Bureau of Economic Analysis

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| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 33,437,205 | \$ 32,406,144 | \$ 31,575,635 | \$ 31,078,990 | \$ 30,195,918 | \$ 28,964,344 |
| 22,082,042 | 21,379,770 | 20,642,809 | 20,318,578 | 19,836,769 | 19,531,088 |
| 141,158 | 209,020 | 177,524 | 209,748 | 351,602 | 295,410 |
| 21,940,884 | 21,170,750 | 20,465,285 | 20,108,830 | 19,485,167 | 19,235,678 |
| 17,887,237 | 17,244,800 | 16,625,811 | 17,244,800 | 15,804,610 | 15,583,531 |
| 84,524 | 82,761 | 82,259 | 82,761 | 85,865 | 82,382 |
| 63,813 | 56,531 | 49,541 | 56,531 | 45,549 | 47,229 |
| 236,934 | 197,304 | 204,623 | 197,304 | 270,083 | 270,566 |
| 1,587,308 | 1,593,511 | 1,568,924 | 1,593,511 | 1,572,558 | 1,589,582 |
| 2,299,757 | 2,225,724 | 2,155,755 | 2,225,724 | 2,213,569 | 2,280,512 |
| 1,521,534 | 1,457,245 | 1,424,225 | 1,457,245 | 1,522,611 | 1,605,794 |
| 778,223 | 768,479 | 731,530 | 768,479 | 690,958 | 674,718 |
| 747,149 | 722,980 | 734,406 | 722,980 | 650,197 | 653,390 |
| 1,597,580 | 1,554,605 | 1,516,037 | 1,554,605 | 1,434,827 | 1,387,214 |
| 462,004 | 443,397 | 412,013 | 443,397 | 412,087 | 403,430 |
| 355,291 | 358,519 | 364,882 | 358,519 | 370,819 | 366,656 |
| 963,815 | 951,356 | 860,041 | 951,356 | 786,582 | 778,291 |
| 312,034 | 288,637 | 278,381 | 288,637 | 253,412 | 273,821 |
| 1,816,315 | 1,747,527 | 1,655,583 | 1,747,527 | 1,542,063 | 1,502,210 |
| 226,709 | 224,583 | 227,546 | 224,583 | 215,260 | 193,640 |
| 747,749 | 710,487 | 645,904 | 710,487 | 625,798 | 596,560 |
| 801,782 | 794,361 | 767,638 | 794,361 | 634,001 | 608,707 |
| 3,308,883 | 3,167,461 | 3,097,245 | 3,167,461 | 2,828,998 | 2,790,443 |
| 248,986 | 230,833 | 234,401 | 230,833 | 249,714 | 221,796 |
| 1,147,666 | 1,073,725 | 979,523 | 1,073,725 | 849,269 | 809,421 |
| 878,938 | 820,498 | 791,109 | 820,498 | 763,959 | 727,681 |
| 4,053,647 | 3,925,950 | 3,839,474 | 3,925,950 | 3,680,557 | 3,652,147 |
| 798,029 | 753,331 | 725,026 | 753,331 | 659,411 | 629,604 |
| 153,655 | 145,830 | 139,468 | 145,830 | 141,586 | 148,646 |
| 3,101,963 | 3,026,789 | 2,974,980 | 3,026,789 | 2,879,560 | 2,873,897 |
| 1,330,193 | 1,308,716 | 1,279,374 | 1,308,716 | 1,225,463 | 1,206,059 |
| 1,771,770 | 1,718,073 | 1,695,606 | 1,718,073 | 1,654,097 | 1,667,838 |
| 11,355,163 | 11,026,374 | 10,932,826 | 10,760,412 | 10,359,149 | 9,433,256 |
| 2.53% | 2.46% | 2.31% | 2.33% | 2.11% | 2.24% |

STATE OF VERMONT
Statistical Section - Table 6
Revenue Capacity
Personal Income Tax Rates and Tax Calculations
Last Ten Calendar Years

| Calendar Year | Tax Rates for Taxable Income Within Range Single Filing Status ⁽¹⁾⁽²⁾ | | | | | Tax Collections | Personal Income ⁽⁴⁾ | Average Effective Tax Rate |
|------------------|---|------------------------|-------------------------|--------------------------|----------------------|--------------------|-----------------------------------|----------------------------------|
| | 3.35% | 6.60% | 7.60% | 8.75% | 8.95% ⁽³⁾ | (000's) | (000's) | |
| 2021 | \$0 - \$40,950 | \$40,950 - \$99,200 | \$99,200 - \$206,950 | > \$206,950 | | \$ 1,151,562 | \$ 38,542,936 | 2.99% |
| 2020 | \$0 - \$40,350 | \$40,350 - \$97,800 | \$97,800 - \$204,000 | > \$204,000 | | \$ 907,062 | \$ 36,894,247 | 2.46% |
| 2019 | \$0 - \$39,600 | \$39,600 - \$96,000 | \$96,000 - \$200,200 | > \$200,200 | | \$ 880,545 | \$ 34,502,323 | 2.55% |
| 2018 | \$0 - \$38,700 | \$38,700 - \$93,700 | \$93,700 - \$195,450 | > \$195,450 | | \$ 847,047 | \$ 33,422,671 | 2.53% |
| 2017 | \$0 - \$37,900 | \$37,900 - \$91,850 | \$91,850 - \$191,650 | \$191,650 - \$416,650 | > \$416,650 | \$ 792,402 | \$ 32,276,946 | 2.46% |
| 2016 | \$0 - \$37,650 | \$37,650 - \$91,150 | \$91,150 - \$190,150 | \$190,150 - \$413,350 | > \$413,350 | \$ 727,920 | \$ 31,444,997 | 2.31% |
| 2015 | \$0 - \$37,450 | \$37,450 - \$90,750 | \$90,750 - \$189,300 | \$189,300 - \$411,500 | > \$411,500 | \$ 720,103 | \$ 30,882,295 | 2.33% |
| 2014 | \$0 - \$36,900 | \$36,900 - \$89,350 | \$89,350 - \$186,350 | \$186,350 - \$405,100 | > \$405,100 | \$ 630,337 | \$ 29,886,823 | 2.11% |
| 2013 | \$0 - \$36,250 | \$36,251 - \$87,850 | \$87,851 - \$183,250 | \$183,251 - \$398,350 | > \$398,350 | \$ 645,069 | \$ 28,768,855 | 2.24% |
| 2012 | \$0 - \$35,350 | \$35,351 - \$85,650 | \$85,651 - \$178,650 | \$178,651 - \$388,350 | > \$388,350 | \$ 622,109 | \$ 28,395,737 | 2.19% |

⁽¹⁾ Different taxable income ranges apply to these rates for other filing statuses, including Married Filing Jointly, Married Filing Separately, Head of Household, etc.

⁽²⁾ The *Tax Cuts and Jobs Act of 2017* reform changes to brackets and rates commenced for 2018 taxpayers.

⁽³⁾ For 2012 - 2017, the tax rates applied to the five income ranges for single status filers were 3.55%, 6.80%, 7.80%, 8.80%, and 8.95%, respectively.

⁽⁴⁾ See Statistical Section Table 5 for additional detail regarding personal income.

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STATE OF VERMONT
Statistical Section - Table 7
Revenue Capacity
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2021 and 2012

| Income Level | Calendar Year 2021 | | | | |
|-----------------------|--------------------|----------------------------|-------------------------------------|--|---------------------------|
| | Number of Filers | Percentage of Total Filers | State Taxable Income ⁽²⁾ | State Personal Income Tax (net) ⁽³⁾ | Percentage of Total State |
| \$300,000 and higher | 7,942 | 2.09% | \$ 6,825,805,670 | \$ 446,759,041 | 38.80% |
| \$150,000 - \$299,999 | 17,560 | 4.63% | 3,551,666,988 | 188,512,629 | 16.37% |
| \$100,000 - \$149,999 | 24,601 | 6.48% | 2,972,082,907 | 135,901,459 | 11.80% |
| \$75,000 - \$99,999 | 25,098 | 6.61% | 2,170,053,304 | 86,964,305 | 7.55% |
| \$50,000 - \$74,999 | 40,892 | 10.78% | 2,511,670,325 | 90,756,098 | 7.88% |
| \$25,000 - \$49,999 | 65,229 | 17.19% | 2,384,731,930 | 77,339,121 | 6.72% |
| \$10,000 - \$24,999 | 52,897 | 13.94% | 917,327,815 | 28,725,304 | 2.49% |
| \$9,999 and lower | 94,924 | 25.02% | 205,687,155 | 6,432,510 | 0.56% |
| Out of State | 50,295 | 13.26% | 31,550,347,281 | 90,171,156 | 7.83% |
| Totals | 379,438 | 100.00% | \$ 53,089,373,375 | \$ 1,151,561,623 | 100.00% |

| Income Level | Calendar Year 2012 | | | | |
|-----------------------|--------------------|----------------------------|-------------------------------------|--|---------------------------|
| | Number of Filers | Percentage of Total Filers | State Taxable Income ⁽²⁾ | State Personal Income Tax (net) ⁽³⁾ | Percentage of Total State |
| \$300,000 and higher | 2,789 | 0.78% | \$ 2,267,389,820 | \$ 165,170,294 | 26.55% |
| \$150,000 - \$299,999 | 6,780 | 1.88% | 1,364,736,745 | 78,797,888 | 12.67% |
| \$100,000 - \$149,999 | 11,686 | 3.24% | 1,401,489,412 | 69,859,666 | 11.23% |
| \$75,000 - \$99,999 | 16,253 | 4.50% | 1,396,608,570 | 62,803,018 | 10.10% |
| \$50,000 - \$74,999 | 33,436 | 9.26% | 2,047,013,942 | 79,776,281 | 12.82% |
| \$25,000 - \$49,999 | 61,358 | 17.00% | 2,220,602,185 | 78,963,831 | 12.69% |
| \$10,000 - \$24,999 | 58,570 | 16.25% | 1,006,014,859 | 34,499,438 | 5.55% |
| \$9,999 and lower | 120,515 | 33.44% | 237,310,508 | 8,824,413 | 1.42% |
| Out of State | 43,637 | 13.64% | 7,051,606,364 | 43,414,392 | 6.98% |
| Totals | 355,024 | 100.00% | \$ 18,992,772,406 | \$ 622,109,222 | 100.00% |

Source: Vermont Department of Taxes

¹ Information for Tax Year 2021 is preliminary data for returns processed through November 16, 2022

² State Taxable Income is the total taxable income reported on line 15 less returns for taxpayers with an income adjustment of zero.

³ State Personal Income Tax is net of taxable income adjustments, Vermont credits and other tax credits.

STATE OF VERMONT
Statistical Section - Table 8
Debt Capacity
Ratios of Outstanding Debt by Type, Last Ten Years
(Expressed in Thousands, Except per Capita)

| Fiscal Year | Governmental Activities ⁽¹⁾ | | | | | Leases ⁽⁴⁾ | Total Primary Government | Ratio of Debt to Personal Income ⁽²⁾ | Debt Per Capita ⁽³⁾ |
|----------------|---|---|---|----------------|-----------|-----------------------|--------------------------------|--|--------------------------------------|
| | General Obligation Current Interest Bonds | Special Obligation Current Interest Bonds | General Obligation Capital Appreciation Bonds | Total Bonds | | | | | |
| 2022 | \$ 628,866 | \$ - | \$ - | \$ 628,866 | \$ 84,100 | \$ 712,966 | 1.76% | \$ 1,098 | |
| 2021 | 689,788 | 21,704 | - | 711,492 | 8,862 | 720,354 | 1.87% | 1,116 | |
| 2020 | 651,698 | 23,448 | - | 675,146 | 9,157 | 684,303 | 1.85% | 1,065 | |
| 2019 | 613,380 | 25,151 | - | 638,531 | 9,418 | 647,949 | 1.87% | 1,010 | |
| 2018 | 672,382 | 26,829 | - | 699,211 | 9,751 | 708,962 | 2.12% | 1,107 | |
| 2017 | 609,893 | 28,479 | - | 638,372 | 10,359 | 648,731 | 2.00% | 1,015 | |
| 2016 | 667,832 | 30,103 | - | 697,935 | 10,920 | 708,855 | 2.24% | 1,114 | |
| 2015 | 621,161 | 31,712 | - | 652,873 | 11,875 | 664,748 | 2.14% | 1,045 | |
| 2014 | 586,977 | 33,303 | - | 620,280 | 1,630 | 621,910 | 2.06% | 981 | |
| 2013 | 577,628 | 23,435 | 1,945 | 603,008 | 2,054 | 605,062 | 2.09% | 956 | |

⁽¹⁾ Net of premiums, discounts, and unaccreted interest

⁽²⁾ See Statistical Section Table 5 for additional detail regarding personal income.

⁽³⁾ See Statistical Section Table 10 for population statistics.

⁽⁴⁾ GASB Statement No. 87, Leases implementation effective July 1, 2021.

Note: The State has no constitutional or other limit on its power to issue obligations or incur indebtedness except for the requirement except for the requirement that borrowing only be for public purposes.

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STATE OF VERMONT
Statistical Section - Table 9
Debt Capacity
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years*
(Expressed in Thousands, Except Per Capita)

| Fiscal Year | General Obligation Bonded Debt | State Taxable Personal Income ⁽¹⁾ | Ratio of General Bonded Debt to Taxable Personal Income | General Bonded Debt Per Capita ⁽²⁾ |
|------------------------|---|---|--|--|
| 2022 | \$ 628,866 | \$ 53,089,373 | 1.18% | 969 |
| 2021 | 689,788 | 53,457,179 | 1.29% | 1,068 |
| 2020 | 651,698 | 41,525,219 | 1.57% | 1,014 |
| 2019 | 613,380 | 35,172,784 | 1.74% | 956 |
| 2018 | 672,382 | 28,064,363 | 2.40% | 1,050 |
| 2017 | 609,893 | 26,251,655 | 2.32% | 954 |
| 2016 | 667,832 | 25,367,561 | 2.63% | 1,049 |
| 2015 | 621,161 | 18,496,577 | 3.36% | 977 |
| 2014 | 586,977 | 23,345,413 | 2.51% | 926 |
| 2013 | 579,573 | 18,992,772 | 3.05% | 916 |

* State Taxable Personal Income is for the calendar year that ended during the fiscal year.

⁽¹⁾ Source: Vermont Department of Taxes.

⁽²⁾ Source: Regional Economic Information System, Bureau of Economic Analysis updated September 30, 2022 for 2022:Q2.

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STATE OF VERMONT
Statistical Section - Table 10
Demographic and Economic Statistics
Population, Per Capita Personal Income, Civilian Labor Force,
Public School Enrollment, and Motor Vehicle Registration Data
Last Ten Years*

| Year | Population ¹ | | | | Per Capita Personal Income ¹ | | |
|------|-------------------------|--------------------------------|---------------------|--------------------------------|---|---------------------|--|
| | U.S. | Change From Prior Period | State of Vermont | Change From Prior Period | U.S. | State of Vermont | Vermont as a Percentage of U.S. |
| 2021 | 331,893,745 | 0.12% | 645,570 | 0.48% | \$64,143 | 61,882 | 96.48% |
| 2020 | 331,501,080 | 0.38% | 642,495 | 0.10% | \$59,765 | 59,296 | 99.22% |
| 2019 | 330,233,102 | 0.51% | 641,838 | 0.18% | \$56,250 | 55,442 | 98.56% |
| 2018 | 328,542,157 | 0.59% | 640,667 | 0.25% | \$53,786 | 52,409 | 97.44% |
| 2017 | 326,623,063 | 0.70% | 639,061 | 0.43% | \$51,550 | 50,771 | 98.49% |
| 2016 | 324,367,742 | 0.79% | 636,342 | 0.07% | \$49,613 | 49,621 | 100.02% |
| 2015 | 321,829,327 | 0.80% | 635,874 | 0.32% | \$48,725 | 48,876 | 100.31% |
| 2014 | 319,270,047 | 0.80% | 633,827 | 0.16% | \$46,887 | 47,641 | 101.61% |
| 2013 | 316,735,375 | 0.76% | 632,824 | 0.34% | \$44,798 | 45,770 | 102.17% |
| 2012 | 314,344,331 | 0.89% | 630,661 | 0.76% | \$44,548 | 45,277 | 101.64% |

*Most of the information for this table is not available for the 2022 year, so the data reported here is for the ten years 2012 - 2021. Some data previously reported for prior years has been modified to reflect updated estimates.

¹Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Last updated: September 30, 2022.

²Source: Local Area Unemployment Statistics, Vermont Department of Labor, Economic & Labor Market Information Not Seasonally Adjusted. Released April 28, 2022: 1976 - 2021 Annual Benchmark revisions and 2021 Annual Averages. Last updated September 16, 2022.

³Source: Vermont Department of Education, "Number of Equalized Pupils in School Districts."

⁴Source: Vermont Department of Motor Vehicles, All Registered Vehicle Types; excludes agriculture vehicles, motorcycles and trailers; data is on a calendar year basis.

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Civilian Labor Force²

| State Employed | State Unemployed | State Total | State Unemploy- ment Rate | Public School Enrollment³ | Motor Vehicles Registered⁴ |
|---------------------------|-----------------------------|------------------------|--|---|--|
| 316,941 | 11,275 | 328,216 | 3.4% | 87,304 | 625,531 |
| 311,645 | 18,413 | 330,058 | 5.6% | 87,839 | 607,546 |
| 336,403 | 7,982 | 344,385 | 2.3% | 88,359 | 607,220 |
| 337,608 | 9,113 | 346,721 | 2.6% | 87,745 | 605,076 |
| 336,659 | 10,469 | 347,128 | 3.0% | 89,025 | 592,150 |
| 335,043 | 10,808 | 345,851 | 3.1% | 89,163 | 590,545 |
| 334,262 | 12,250 | 346,512 | 3.5% | 89,257 | 585,347 |
| 334,742 | 13,955 | 348,697 | 4.0% | 89,899 | 580,562 |
| 334,684 | 15,491 | 350,175 | 4.4% | 90,606 | 582,685 |
| 336,899 | 17,048 | 353,947 | 4.8% | 91,572 | 615,585 |

STATE OF VERMONT
Statistical Section - Table 11
Demographic and Economic Information
Annual Average Non-Farm Employment by Industry
For the Years 2021 and 2012

| | <u>2021</u> | | | <u>2012</u> | | |
|--|------------------|-------------|-------------------------|------------------|-------------|-------------------------|
| | <u>Employees</u> | <u>Rank</u> | <u>Percent of Total</u> | <u>Employees</u> | <u>Rank</u> | <u>Percent of Total</u> |
| Total non-farm employment | 321,700 | | 100.0% | 329,000 | | 100.0% |
| Private total | 269,600 | | 83.8% | 273,700 | | 83.2% |
| Natural resources and mining | 800 | | 0.2% | 800 | | 0.2% |
| Construction | 15,100 | 8 | 4.7% | 14,200 | 7 | 4.3% |
| Manufacturing: | | | | | | |
| Durable goods | 17,400 | 6 | 5.4% | 21,700 | 6 | 6.6% |
| Nondurable goods | 11,300 | 10 | 3.5% | 10,200 | | 3.1% |
| Wholesale trade | 8,700 | | 2.7% | 9,200 | | 2.8% |
| Retail trade | 34,800 | 2 | 10.8% | 37,700 | 2 | 11.5% |
| Transportation, warehousing and utilities | 7,900 | | 2.5% | 8,600 | | 2.6% |
| Information | 4,000 | | 1.2% | 4,700 | | 1.4% |
| Financial activities: | | | | | | |
| Finance and insurance | 8,900 | | 2.8% | 9,000 | | 2.7% |
| Real estate and rental and leasing | 3,000 | | 0.9% | 3,000 | | 0.9% |
| Professional and business services: | | | | | | |
| Professional and technical services | 15,900 | 7 | 4.9% | 14,000 | 8 | 4.3% |
| Management of companies and enterprises | 30,000 | 3 | 9.3% | 26,100 | 4 | 7.9% |
| Administrative and waste services | 12,100 | 9 | 3.8% | 10,100 | | 3.1% |
| Educational and health services: | | | | | | |
| Education services | 11,200 | | 3.5% | 12,700 | 9 | 3.9% |
| Healthcare and social assistance | 49,400 | 1 | 15.4% | 48,100 | 1 | 14.6% |
| Leisure and hospitality: | | | | | | |
| Arts, entertainment and recreation | 3,700 | | 1.2% | 4,000 | | 1.2% |
| Accommodations and food services | 25,900 | 4 | 8.1% | 29,500 | 3 | 9.0% |
| Other services, except public administration | 9,500 | | 3.0% | 10,100 | 10 | 3.1% |
| Government total | 52,100 | | 16.2% | 55,300 | | 16.8% |
| Federal | 6,900 | | 2.1% | 6,500 | | 2.0% |
| State government education | 8,200 | | 2.5% | 9,300 | | 2.8% |
| Local government education | 20,500 | 5 | 6.4% | 23,000 | 5 | 7.0% |
| Other state government | 9,100 | | 2.8% | 9,100 | | 2.8% |
| Other local government | 7,400 | | 2.3% | 7,400 | | 2.2% |

Source: Vermont Department of Labor, Labor Market Information, data release date October 21, 2022.

Note - Data for specific businesses that comprise the top employers in the state is not available, due to confidentiality regulations; thus, information by industry is presented.

Totals may not add due to rounding.

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STATE OF VERMONT
Statistical Section - Table 12
Operating Information
Full-Time Equivalent State Government Employees by Function/Program
Last Ten Years

| <u>Function/Program</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government | | | | | | | | | | |
| Agency of Administration | 23 | 19 | 18 | 16 | 19 | 20 | 48 | 50 | 38 | 7 |
| Auditor of Accounts | 16 | 14 | 13 | 14 | 14 | 15 | 12 | 15 | 15 | 15 |
| Buildings and General Services | 311 | 308 | 328 | 316 | 328 | 326 | 325 | 318 | 310 | 347 |
| Finance and Management | 24 | 28 | 27 | 27 | 29 | 26 | 26 | 27 | 34 | 35 |
| Executive (Governor's) Office | 11 | 11 | 11 | 12 | 10 | 11 | 13 | 15 | 13 | 13 |
| Agency of Digital Services | 335 | 332 | 341 | 346 | 100 | 104 | 103 | 113 | 110 | 86 |
| Libraries | 17 | 16 | 17 | 16 | 18 | 13 | 13 | 22 | 26 | 26 |
| Lieutenant Governor | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Human Resources | 96 | 90 | 95 | 100 | 94 | 92 | 77 | 71 | 85 | 87 |
| State Treasurer | 33 | 34 | 36 | 36 | 33 | 35 | 32 | 35 | 36 | 37 |
| State Ethics Commission | 1 | 1 | 1 | 1 | 1 | n/a | n/a | n/a | n/a | n/a |
| Taxes | 136 | 138 | 144 | 138 | 157 | 156 | 149 | 161 | 157 | 153 |
| Vermont Labor Relations Board | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 |
| VOSHA Review Board | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Protection to Persons and Property | | | | | | | | | | |
| Agency of Agriculture, Food and Markets | 134 | 132 | 130 | 121 | 120 | 121 | 109 | 99 | 95 | 94 |
| Attorney General | 80 | 85 | 80 | 83 | 78 | 77 | 76 | 77 | 77 | 77 |
| Cannabis Control Board | 10 | 3 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Financial Regulation | 91 | 101 | 99 | 95 | 99 | 97 | 104 | 101 | 101 | 112 |
| Criminal Justice Training Council | 10 | 11 | 11 | 11 | 11 | 9 | 8 | 10 | 11 | 11 |
| Defender General | 76 | 73 | 69 | 70 | 70 | 69 | 64 | 68 | 71 | 68 |
| Enhanced 911 Board | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 11 | 11 |
| Liquor and Lottery | 61 | 67 | 65 | 67 | 73 | 73 | 72 | 70 | 71 | 68 |
| Military | 143 | 141 | 144 | 140 | 137 | 129 | 122 | 120 | 116 | 121 |
| Public Safety | 530 | 541 | 576 | 562 | 571 | 566 | 563 | 572 | 592 | 587 |
| Public Service Department | 52 | 42 | 46 | 44 | 47 | 50 | 49 | 47 | 49 | 46 |
| Public Utility Commission | 25 | 24 | 25 | 26 | 25 | 22 | 25 | 22 | 26 | 25 |
| Secretary of State | 77 | 74 | 78 | 74 | 72 | 71 | 69 | 64 | 66 | 67 |
| State's Attorneys and Sheriffs | 156 | 159 | 165 | 167 | 160 | 161 | 157 | 154 | 153 | 152 |
| Vermont Human Rights Commission | 5 | 5 | 6 | 5 | 4 | 5 | 5 | 5 | 5 | 5 |
| Human Services | | | | | | | | | | |
| Children and Families | 922 | 897 | 950 | 970 | 1004 | 1016 | 1,114 | 1,088 | 990 | 977 |
| Vermont Department of Health Access | 318 | 332 | 336 | 348 | 330 | 320 | 177 | 187 | 180 | 154 |
| Aging, Disabilities, and Independent Living | 285 | 262 | 268 | 269 | 271 | 266 | 268 | 268 | 274 | 275 |
| Corrections | 838 | 897 | 998 | 977 | 1002 | 1065 | 1,036 | 1,038 | 1,052 | 1,057 |
| Health | 562 | 494 | 486 | 482 | 511 | 501 | 486 | 489 | 476 | 472 |
| Mental Health Services | 196 | 220 | 223 | 242 | 242 | 237 | 232 | 234 | 225 | 171 |
| Secretary of Human Services | 58 | 55 | 58 | 56 | 129 | 142 | 137 | 136 | 108 | 109 |
| Governor's Commission on Women | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Green Mountain Care Board | 28 | 30 | 29 | 28 | 27 | 26 | 24 | 29 | 25 | 20 |
| Veteran's Home (discrete component unit) | 133 | 155 | 173 | 178 | 183 | 175 | 178 | 179 | 199 | 206 |
| Labor | | | | | | | | | | |
| Department of Labor | 220 | 214 | 204 | 212 | 238 | 244 | 254 | 261 | 261 | 261 |
| General Education | | | | | | | | | | |
| Agency of Education | 150 | 151 | 148 | 138 | 161 | 150 | 139 | 150 | 150 | 159 |
| Natural Resources | | | | | | | | | | |
| Natural Resources Board | 22 | 24 | 24 | 24 | 22 | 23 | 24 | 26 | 27 | 26 |
| Environmental Conservation | 283 | 276 | 288 | 284 | 300 | 291 | 283 | 294 | 282 | 268 |
| Fish and Wildlife | 137 | 133 | 137 | 138 | 141 | 141 | 131 | 134 | 136 | 127 |
| Forests, Parks and Recreation | 116 | 115 | 116 | 117 | 119 | 113 | 99 | 102 | 102 | 101 |
| Secretary of Natural Resources | 30 | 20 | 18 | 20 | 35 | 35 | 32 | 31 | 35 | 32 |
| Commerce and Community Development | | | | | | | | | | |
| Agency of Commerce and Community Development | 91 | 73 | 75 | 74 | 92 | 91 | 96 | 90 | 91 | 85 |
| Transportation | | | | | | | | | | |
| Agency of Transportation | 1,159 | 1,150 | 1,199 | 1,188 | 1,255 | 1,275 | 1,233 | 1,228 | 1,238 | 1,254 |
| Total | 8,018 | 7,965 | 8,272 | 8,250 | 8,350 | 8,377 | 8,182 | 8,218 | 8,127 | 8,011 |

Source: Vermont Department of Human Resources - State of Vermont Workforce Report

See Independent Auditors' Report

STATE OF VERMONT
Statistical Section - Table 13
Operating Information
Operating Indicators by Function
Last Ten Years

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|-------------|-------------|
| Function | | | | |
| General Government | | | | |
| Square feet of State owned facilities ⁽¹⁾ | 2,920,109 | 2,932,868 | 2,965,032 | 2,975,834 |
| State Pension Plan membership ⁽²⁾ | 60,919 | 58,440 | 57,197 | 55,607 |
| Number of State employees (full-time and part-time) ⁽³⁾ | 8,059 | 8,004 | 8,317 | 8,300 |
| Protections to Persons and Property ⁽⁴⁾ | | | | |
| Number of State Agency law enforcement officers | n/a | 371 | 404 | 402 |
| Number of Sheriff's Department law enforcement officers | n/a | 137 | 158 | 147 |
| Human Services ⁽⁵⁾ | | | | |
| Total Corrections population | 5,672 | 6,402 | 7,749 | 8,758 |
| Immunization coverage, ages 19-35 months | n/a | n/a | 80% | 78% |
| Bed nights in homeless shelters | 162,569 | 123,823 | 154,674 | 193,864 |
| Labor ⁽⁶⁾ | | | | |
| Number of Unemployment Compensation payments | n/a | 281,465 | 1,099,066 | 169,007 |
| General Education ⁽⁷⁾ | | | | |
| Statewide expenditure per equalized student | 17,207 | 16,975 | 16,237 | 18,934 |
| Total local education agencies | 118 | 121 | 126 | 213 |
| Natural Resources | | | | |
| Gallons of maple syrup produced ⁽⁸⁾ | 2,550,000 | 1,750,000 | 1,950,000 | 2,070,000 |
| Number of regular season moose permit applications ⁽⁹⁾ | n/a | 84 | 44 | 2,994 |
| Number of archery season moose permit applications ⁽⁹⁾ | n/a | 16 | 10 | - |
| Commerce and Community Development | | | | |
| Net change in employer businesses ⁽¹⁰⁾ | n/a | 452 | (55) | (36) |
| Median purchase price of a new home ⁽¹¹⁾ | n/a | 457,714 | 388,000 | 227,500 |
| Number of skier visits ⁽¹²⁾ | 3.8 Million | 3.5 Million | 3.7 Million | 4.2 Million |
| Transportation ⁽¹³⁾ | | | | |
| Total snowplowing hours | n/a | 379,210 | 278,747 | 124,898 |
| Structurally deficient bridges | n/a | 35 | 36 | 38 |
| Paving projects (miles) | n/a | 325 | 250 | 180 |

n/a - Information not available at time of printing.

Sources:

⁽¹⁾ Vermont Department of Buildings & General Services, Space Book

⁽²⁾ Vermont Office of the State Treasurer

⁽³⁾ Vermont Department of Human Resources

⁽⁴⁾ Vermont Department of Public Safety

⁽⁵⁾ Vermont Agency of Human Services

^{5.1} Combined 7-vaccine series, 2020 estimate by age 24 months† among children born 2017-2018, 2017 and prior years ages 19-35 months

⁽⁶⁾ Vermont Department of Labor

⁽⁷⁾ Agency of Education

⁽⁸⁾ US Department of Agriculture

⁽⁹⁾ Vermont Agency of Natural Resources

⁽¹⁰⁾ bls.gov

⁽¹¹⁾ Vermont Housing Finance Agency

⁽¹²⁾ skivermont.com

⁽¹³⁾ Vermont Agency of Transportation

See Independent Auditors' Report

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 3,013,214 | 2,953,602 | 2,960,415 | 3,002,302 | 2,919,433 | 3,100,220 |
| 54,040 | 52,639 | 51,210 | 49,787 | 48,630 | 47,547 |
| 8,396 | 8,432 | 8,237 | 8,284 | 8,189 | 8,073 |
| 380 | 394 | 374 | 389 | 394 | 370 |
| 131 | 137 | 131 | 137 | 124 | 129 |
| 9,809 | 9,692 | 9,809 | 10,159 | 10,404 | 10,743 |
| 74% | 74% | 77% | 76% | 72% | 67% |
| 194,505 | 175,997 | 173,840 | 153,361 | 141,778 | 122,893 |
| 178,394 | 196,281 | 214,023 | 226,588 | 255,447 | 284,585 |
| 18,778 | 18,877 | 18,427 | 17,993 | 17,351 | 16,621 |
| 283 | 327 | 341 | 337 | 339 | 344 |
| 1,940,000 | 1,980,000 | 1,990,000 | 1,410,000 | 1,350,000 | 1,480,000 |
| 100 | 4,436 | 7,773 | 7,788 | 9,666 | 10,378 |
| - | 1,265 | 2,228 | 1,769 | 1,977 | 1,756 |
| 98 | (34) | 51 | (26) | (45) | 95 |
| 215,000 | 210,000 | 205,000 | 198,000 | 193,000 | 200,000 |
| 4.0 Million | 3.9 Million | 3.2 Million | 4.7 Million | 4.5 Million | 4.5 Million |
| 214,828 | 191,208 | 180,069 | 98,729 | 166,616 | 172,658 |
| 40 | 45 | 44 | 68 | 65 | 72 |
| 204 | 203 | 220 | 208 | 230 | 195 |

STATE OF VERMONT
Statistical Section - Table 14
Operating Information
Capital Asset Statistics by Function
Last Ten Years

| Function | 2022 | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|-------------|
| General Government⁽¹⁾ | | | | |
| Department of Buildings & General Services | | | | |
| Land holdings (acres) | 1,731 | 1,732 | 1,732 | 1,732 |
| State-owned space (square feet) | 2,920,109 | 2,932,868 | 2,965,032 | 2,975,834 |
| Protection to Persons and Property | | | | |
| Number of state police vehicles ⁽²⁾ | 541 | 578 | 525 | 545 |
| Number of armory locations ⁽³⁾ | 17 | 17 | 19 | 19 |
| Number of agriculture lab instruments ⁽²⁾ | 68 | 68 | 67 | 70 |
| Human Services⁽²⁾ | | | | |
| Department of Health - Number of lab instruments (analyzer, module, counters, meters, etc.) | 191 | 177 | 153 | 150 |
| Department of Children and Families - number of vans | - | - | - | - |
| Department of Corrections - number of vehicles | 3 | 3 | 3 | 3 |
| Labor⁽²⁾ | | | | |
| Department of Labor - number of capitalized computer assets | 29 | 29 | 27 | 28 |
| General Education⁽²⁾ | | | | |
| Agency of Education - number of capitalized computer assets | 5 | 24 | 24 | 20 |
| Natural Resources⁽²⁾ | | | | |
| Number of dams | 100 | 100 | 94 | 94 |
| Agency of Natural Resources | | | | |
| Number of vehicles | 241 | 270 | 247 | 253 |
| Number of building and improvement assets | 543 | 529 | 519 | 510 |
| Commerce and Community Development⁽⁴⁾ | | | | |
| Number of historic sites | 18 | 19 | 19 | 19 |
| Number of covered and iron truss bridges | 7 | 7 | 7 | 7 |
| Number of underwater preserves | 100+ | 100+ | 100+ | 100+ |
| Transportation⁽⁵⁾ | | | | |
| Number of bridges over 20 feet | 1,125 | 1,124 | 1,124 | 1,124 |
| State highway miles | 2,709 | 2,709 | 2,709 | 2,709 |
| Agency of Transportation buildings (square feet) | 1,399,709 | 1,367,329 | 1,367,329 | 1,367,329 |

See Independent Auditors' Report

Sources:

- ⁽¹⁾ VT Department of Buildings and General Services, Space Book
- ⁽²⁾ VT Department of Finance and Management
- ⁽³⁾ VT Department of Military
- ⁽⁴⁾ VT Agency of Commerce and Community Development, Historic Preservation
- ⁽⁵⁾ VT Agency of Transportation

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1,732 | 1,697 | 1,741 | 2,499 | 2,499 | 2,752 |
| 3,013,214 | 2,953,602 | 2,960,415 | 3,002,302 | 2,919,433 | 3,100,220 |
| 516 | 496 | 528 | 541 | 485 | 503 |
| 19 | 20 | 20 | 20 | 20 | 20 |
| 61 | 58 | 54 | 33 | 32 | 34 |
| 164 | 166 | 165 | 169 | 115 | 129 |
| - | - | 17 | 27 | 27 | 27 |
| - | - | - | - | - | 1 |
| 28 | 28 | 24 | 19 | 16 | 16 |
| 17 | 17 | 18 | 22 | 26 | 26 |
| 93 | 93 | 94 | 93 | 93 | 93 |
| 236 | 227 | 238 | 227 | 219 | 229 |
| 502 | 498 | 490 | 484 | 476 | 471 |
| 19 | 19 | 19 | 20 | 20 | 20 |
| 7 | 7 | 7 | 7 | 7 | 7 |
| 100+ | 100+ | 100+ | 100+ | 100+ | 100+ |
| 1,090 | 1,089 | 1,089 | 1,089 | 1,089 | 1,086 |
| 2,709 | 2,709 | 2,709 | 2,707 | 2,707 | 2,703 |
| 1,366,929 | 1,355,569 | 1,341,139 | 1,334,339 | 1,327,397 | 1,361,017 |

STATE OF VERMONT
Statistical Section - Table 15
Operating Information
Tax Increment Financing Districts*
Last Ten Years*

| Year | Incremental Revenues Generated | | | Incremental Revenues Paid To | | Incremental Revenues used for TIF District Debt | | |
|-------------------|--------------------------------|------------------------------|--------------|------------------------------|----------------------|---|------------------------------|-------------|
| | Municipal Property Tax | State Education Property Tax | Total | Municipal General Fund | State Education Fund | Municipal Property Tax | State Education Property Tax | Total |
| 2021 | \$ 3,510,918 | \$ 6,840,288 | \$10,351,206 | \$ 194,497 | \$ 933,949 | \$ 3,316,421 | \$ 5,906,339 | \$9,222,760 |
| 2020 ² | 3,280,022 | 6,285,804 | 9,565,826 | 170,983 | 841,218 | 3,109,039 | 5,444,586 | 8,553,625 |
| 2019 | 3,352,790 | 6,658,087 | 10,010,877 | 294,065 | 935,821 | 3,058,725 | 5,722,266 | 8,780,991 |
| 2018 | 2,978,746 | 5,908,057 | 8,886,803 | 223,176 | 816,246 | 2,755,570 | 5,091,811 | 7,847,381 |
| 2017 | 2,794,643 | 5,368,800 | 8,163,443 | 285,446 | 696,024 | 2,509,197 | 4,672,776 | 7,181,973 |
| 2016 | 2,339,947 | 4,480,310 | 6,820,257 | 197,738 | 528,591 | 2,142,209 | 3,951,719 | 6,093,928 |
| 2015 | 2,391,208 | 3,632,516 | 6,023,724 | 203,541 | 393,116 | 2,187,667 | 3,239,400 | 5,427,067 |
| 2014 ¹ | 936,870 | 1,532,952 | 2,469,822 | 64,920 | 150,020 | 871,950 | 1,382,932 | 2,254,882 |
| 2013 | 1,501,890 | 2,858,900 | 4,360,790 | 79,014 | 273,236 | 1,422,876 | 2,585,664 | 4,008,540 |
| 2012 | 1,320,217 | 2,430,576 | 3,750,793 | 47,416 | 183,741 | 1,272,801 | 2,246,835 | 3,519,636 |

* Incremental revenues are not available for the 2022 year, so the actual data reported here is for the ten years 2012-2021.

* In Annual Reports prior to 2018, the projected revenues were represented assuming growing tax rates. This table is now updated annually using current tax rates applied to projected taxable values which are based on anticipated real property developments.

¹ 2014 represents a 6-month period to move into alignment with municipalities fiscal year; Barre reported a 12-month cycle .

² 2020 includes an additional payment made to the Education Fund by the City of St. Albans in the amount of \$9,325.58. An error discovered by the City in their Grand List excluded a property value from the Original Taxable Value and caused an underpayment of tax increment to the Education Fund in prior years.

Source: Agency of Commerce and Community Development - TIF Program Annual Report - 2022

See Independent Auditor's Report

A Tax Increment Financing (TIF) district is a method to provide revenues, beyond normal municipal revenue sources, for public infrastructure improvements which will encourage private development within the district, provide employment opportunities, improve and broaden the tax base, or enhance general economic vitality in a manner and location preferred by a municipality and the State. TIF Districts are established and managed under 24 V.S.A. chapter 53 subchapter 5, and 32 V.S.A. 5404a(f) subject to approval by the Vermont Economic Progress Council. There is no individual or entity tax abatement due to the approval of a TIF. An approved TIF allows the municipality to use incremental Education Fund statewide education property tax revenues for the specified public infrastructure costs.

**STATE OF VERMONT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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LEGEND OF ACRONYMS

| <u>Acronym</u> | <u>Description</u> |
|-----------------------|---|
| ACFR | Annual Comprehensive Financial Report |
| ADC | Actuarially Determined Contribution |
| ADS | Agency of Digital Services |
| AD&D | Accidental Death and Dismemberment |
| AFC | Average Final Compensation |
| AHS | Agency of Human Services |
| AOA | Agency of Administration |
| ARPA | American Rescue Plan |
| BFS | Basic Financial Statements |
| CARES | Coronavirus Aid, Relief, and Economic Security Act |
| CMO | Collateralized Mortgage Obligations |
| COLA | Cost of Living Adjustment |
| CP | Covered Payroll |
| CPI | Consumer Price Index |
| DEC | Department of Environmental Conservation |
| DVHA | Department of Vermont Health Access |
| EAN | Entry Age Normal |
| EAP | Employee Assistance Program |
| FASB | Financial Accounting Standards Board |
| FDIC | Federal Deposit Insurance Corporation |
| FEMA | Federal Emergency Management Assistance |
| FICA | Federal Insurance Contributions Act |
| FSA | Flexible Spending Account |
| FX | Foreign Exchange |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| GASB | Governmental Accounting Standards Board |
| GDP | Gross Domestic Product |
| GSP | Gross State Product |
| GFOA | Government Finance Officers Association of the United States and Canada |
| GME | Graduate Medical Education program (University of Vermont Medical Center) |
| HMO | Health Maintenance Organization |
| HR | Human Resources |
| HRS | Human Resources Services (Fund) |
| IBNR | Incurred But Not Reported |
| ICMA-RC | International City/County Management Association - Retirement Corporation |
| ISDA | International Swaps and Derivatives Association |
| IT | Information Technology |
| JFO | Joint Fiscal Office |
| LLP | Limited Liability Partnership |
| MD&A | Management's Discussion and Analysis |
| MERS | Municipal Employees' Retirement System |
| NAICS | North American Industry Classification System |
| NAV | Net Asset Value |
| NOL | Net OPEB Liability |
| NPL | Net Pension Liability |

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**STATE OF VERMONT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

LEGEND OF ACRONYMS

| <u>Acronym</u> | <u>Description</u> |
|-----------------------|---|
| OPEB | Other Post Employment Benefits |
| OTC | Over The Counter |
| PAC | Planned Amortization Classes |
| PCB | Polychlorinated Biphenyls |
| PFAS | Polyfluoroalkyl Substances |
| PRO | Pollution Remediation Obligation |
| PRP | Potentially Responsible Parties |
| RHS | Retirement Health Savings |
| RSI | Required Supplementary Information |
| RTHMB | Retired Teachers' Health and Medical Benefits Fund |
| S&P | Standard & Poor's |
| SDIA | Single Deposit Investment Account |
| SIB | State Infrastructure Bank |
| SIR | Self-insured Retention |
| STRS | State Teachers Retirement System |
| TIF | Tax Increment Financing |
| TIPS | Treasury Inflation-Protected Securities |
| UMEA | University Medical Education Associates, Inc. |
| USD | United States Dollar |
| USEPA | United States Environmental Protection Agency |
| UTF | Unemployment Trust Fund |
| UVM | University of Vermont and State Agricultural College |
| UVMF | University of Vermont and State Agricultural College Foundation, Inc. |
| VCI | Vermont Correctional Industries |
| V.S.A. | Vermont Statutes Annotated |
| VEDA | Vermont Economic Development Authority |
| VEGI | Vermont Economic Growth Incentive |
| VEHBFA | Vermont Educational and Health Buildings Financing Agency |
| VEHI | Vermont Education Health Initiative |
| VEPC | Vermont Economic Progress Council |
| VHC | Vermont Health Connect |
| VHCB | Vermont Housing and Conservation Board |
| VHFA | Vermont Housing Finance Agency |
| VITL | Vermont Information Technology Leaders |
| VMBB | Vermont Municipal Bond Bank |
| VOSHA | Vermont Occupational Safety and Health |
| VPIC | Vermont Pension Investment Committee |
| VSAC | Vermont Student Assistance Corporation |
| VSC | Vermont State College System |
| VSPB | Vermont State Postemployment Benefits Trust Fund |
| VSRS | Vermont State Retirement System |
| VTA | Vermont Transportation Authority |

See Independent Auditors' Report